



BASF: Earnings and volumes increase in chemicals business

Analyst Conference Call Q3 2016
October 27, 2016

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Q3 2016: Financial figures for BASF Group

Financial figures	Q3 2016	Q3 2015	Change
Sales	€14.0 billion	€17.4 billion	(20%)
EBITDA	€2.4 billion	€2.9 billion	(15%)
EBIT before special items	€1.5 billion	€1.6 billion	(5%)
EBIT	€1.5 billion	€1.9 billion	(22%)
Net income	€0.9 billion	€1.2 billion	(27%)
Reported EPS	€0.97	€1.31	(26%)
Adjusted EPS	€1.10	€1.07	+3%
Operating cash flow	€2.5 billion	€3.4 billion	(25%)

Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2016 vs. Q3 2015	↑ 4%	↓ (5%)	↓ (18%)	↓ (1%)

Milestones

Investments and collaborations

- Negotiations with TODA KOGYO CORP. to collaborate in cathode active materials in North America
- Commissioning of PVP production facility in Shanghai, China
- Construction of a world-scale plant for vitamin A in Ludwigshafen planned
- Replacement of acetylene plant in Ludwigshafen announced

Structural measures and operational excellence

- Realignment of caprolactam production in Europe
- Optimization of R&D network

Hyundai Motor and BASF showcase joint development of RN30 concept car

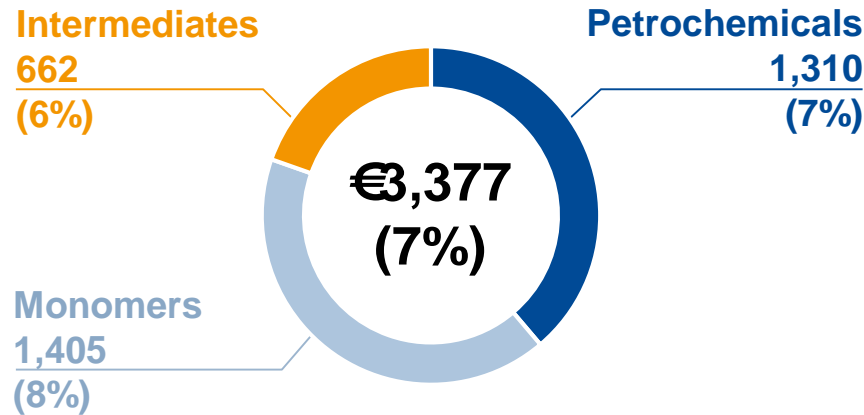


- **Body coating:** Color Pro IC waterborne basecoat and iGloss® clearcoat
- **Fender and spoiler:** Elastolit® rigid foam and reaction injection molding systems
- **Seat cover and steering wheel:** unique surface technology valure™
- **Electronics and electric:** Ultramid® advanced plastics for sophisticated components

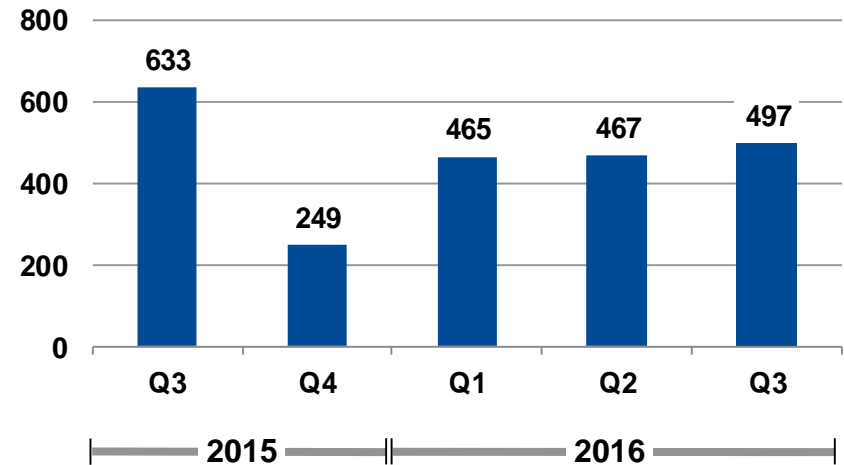
Chemicals

Higher volumes, but margin pressure in Petrochemicals and Intermediates

Sales Q3 2016 vs. Q3 2015
million €



EBIT before special items
million €



Sales development

Q3 2016 vs. Q3 2015

Volumes

↑ 5%

Prices

↓ (12%)

Portfolio

0%

Currencies

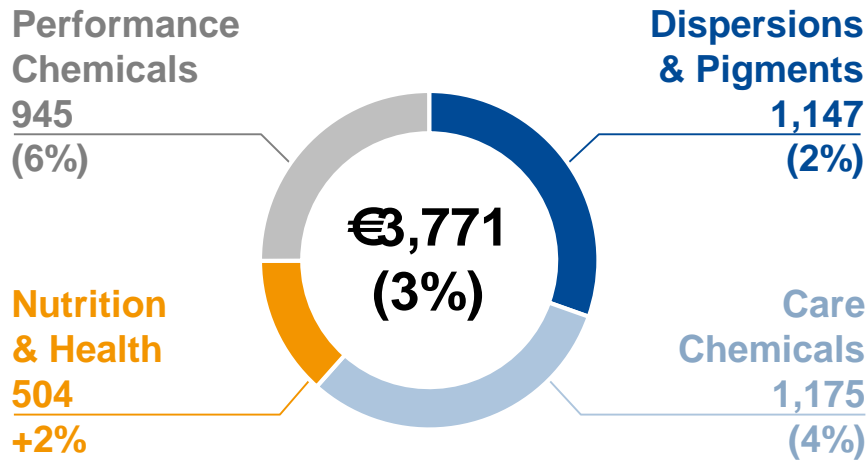
0%

Performance Products

Significant increase in earnings driven by higher volumes, improved margins and lower fixed costs

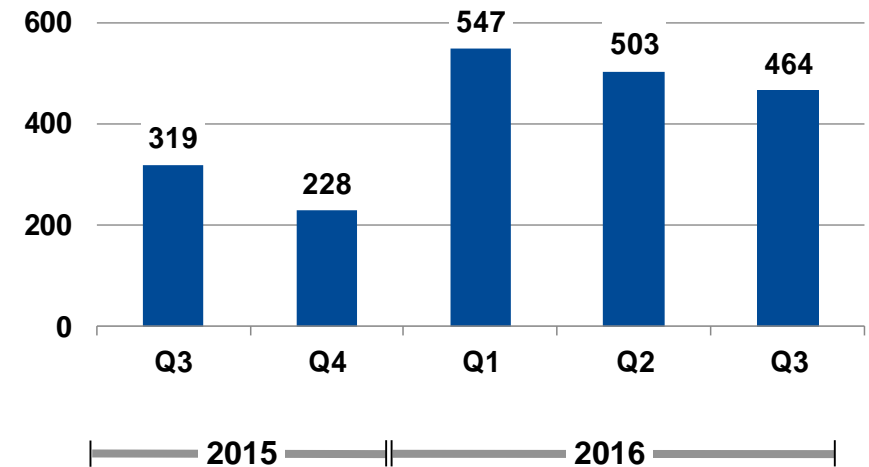
Sales Q3 2016 vs. Q3 2015

million €



EBIT before special items

million €



Sales development

Volumes

Prices

Portfolio

Currencies

Q3 2016 vs. Q3 2015

↑ 2%

↓ (3%)

↓ (2%)

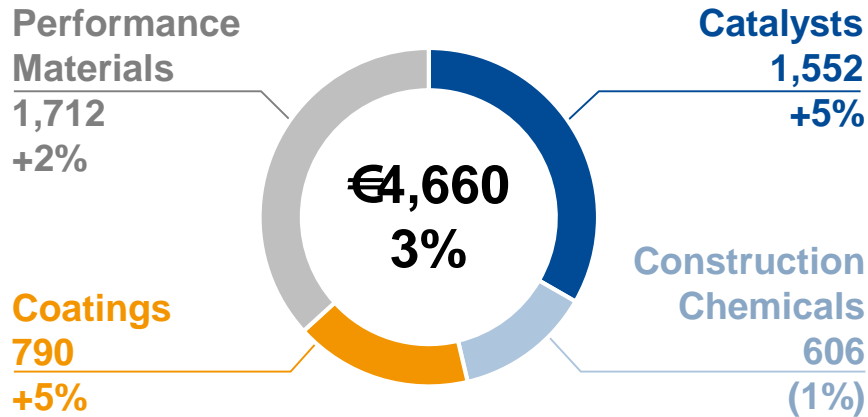
0%

Functional Materials & Solutions

Significantly higher earnings on continued good demand in automotive and construction as well as lower fixed costs

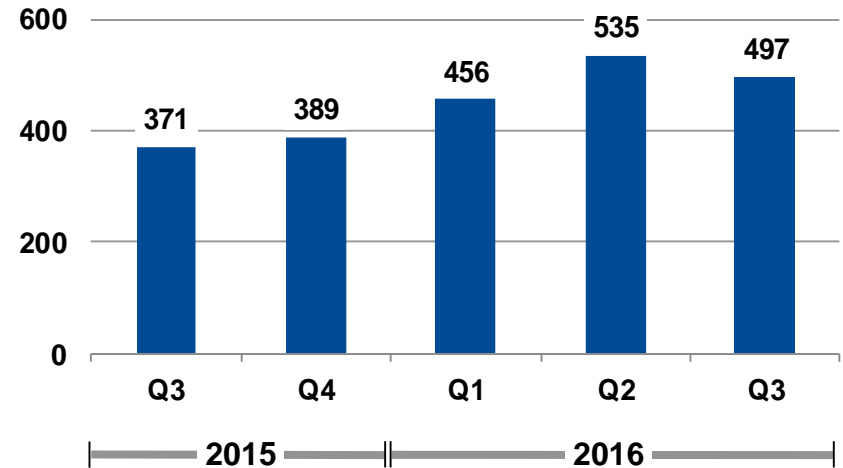
Sales Q3 2016 vs. Q3 2015

million €



EBIT before special items

million €



Sales development

Q3 2016 vs. Q3 2015

Volumes

↑ 8%

Prices

↓ (3%)

Portfolio

↓ (1%)

Currencies

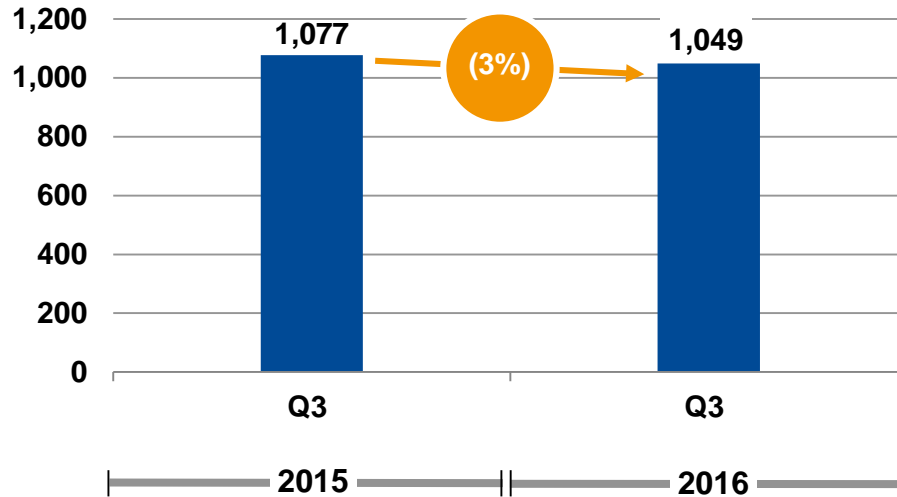
↓ (1%)

Agricultural Solutions

Significantly higher earnings due to improved margins and lower fixed costs

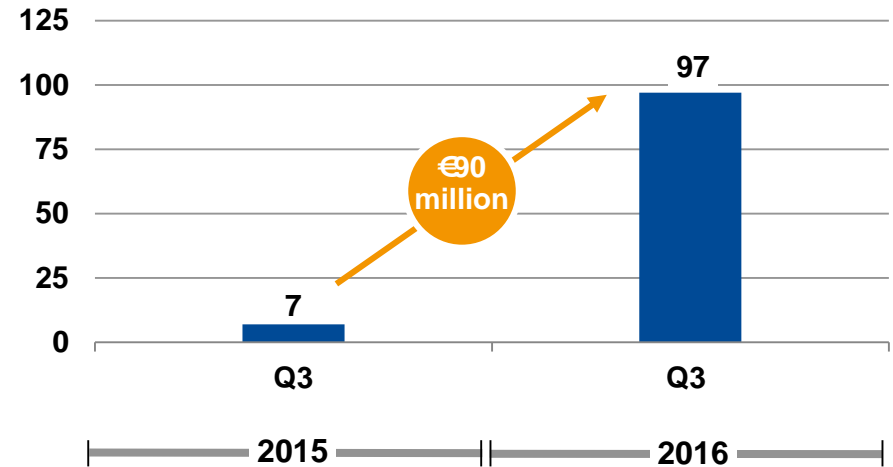
Sales Q3 2016 vs. Q3 2015

million €



EBIT before special items

million €



Sales development

Volumes

Prices

Portfolio

Currencies

Q3 2016 vs. Q3 2015

↓ (4%)

0%

0%

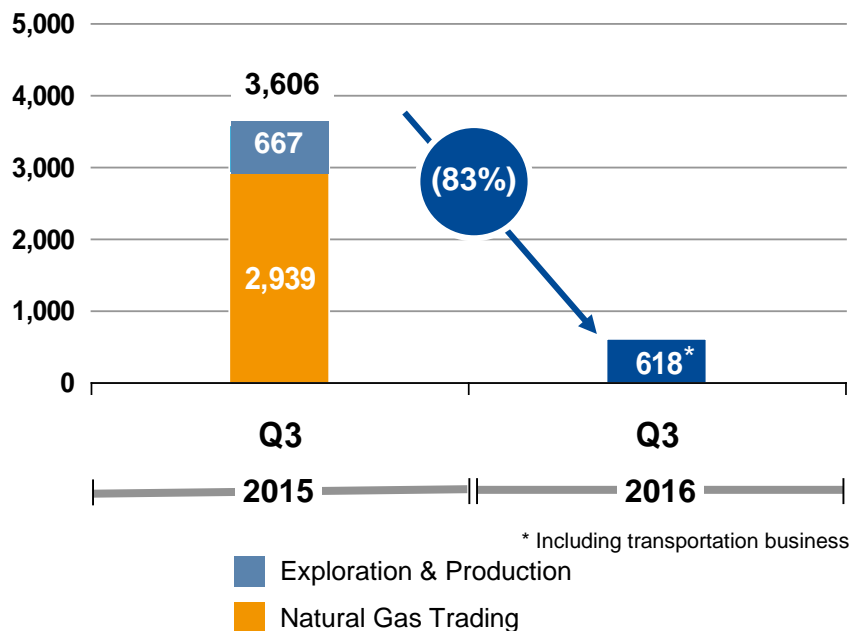
↑ 1%

Oil & Gas

Considerably lower sales and earnings due to disposal of gas trading business as well as lower prices

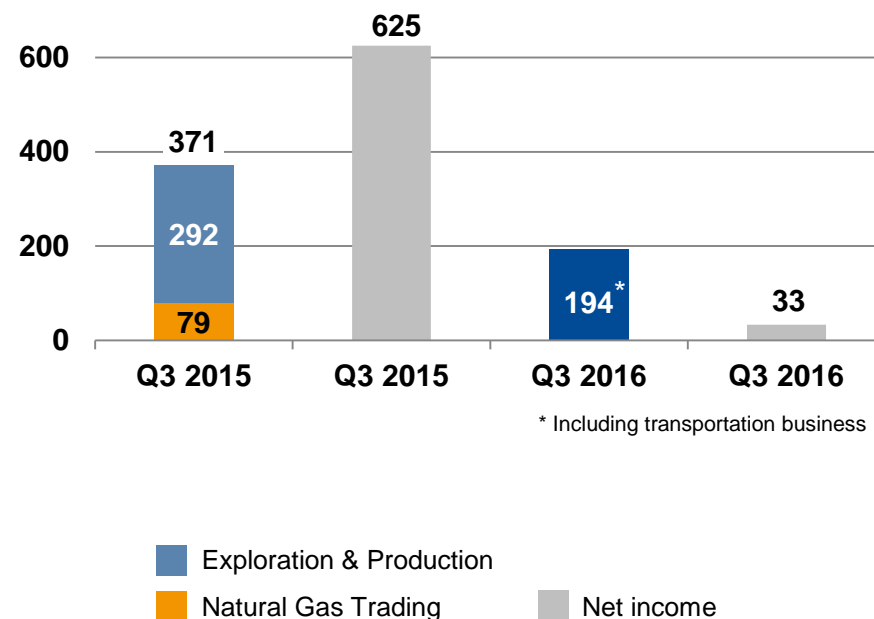
Sales Q3 2016 vs. Q3 2015

million €



EBIT before special items, net income

million €



Sales development

Q3 2016 vs. Q3 2015

Volumes

↑ 3%

Prices/Currencies

↓ (3%)

Portfolio

↓ (83%)

Review of “Other”

million €	Q3 2016	Q3 2015
Sales	538	685
EBIT before special items	(233)	(98)
Thereof Corporate research costs	(77)	(104)
Costs of corporate headquarters	(54)	(53)
Foreign currency results, hedging and other valuation effects	(101)	22
Other businesses	15	30
Special items	(23)	26
EBIT	(256)	(72)

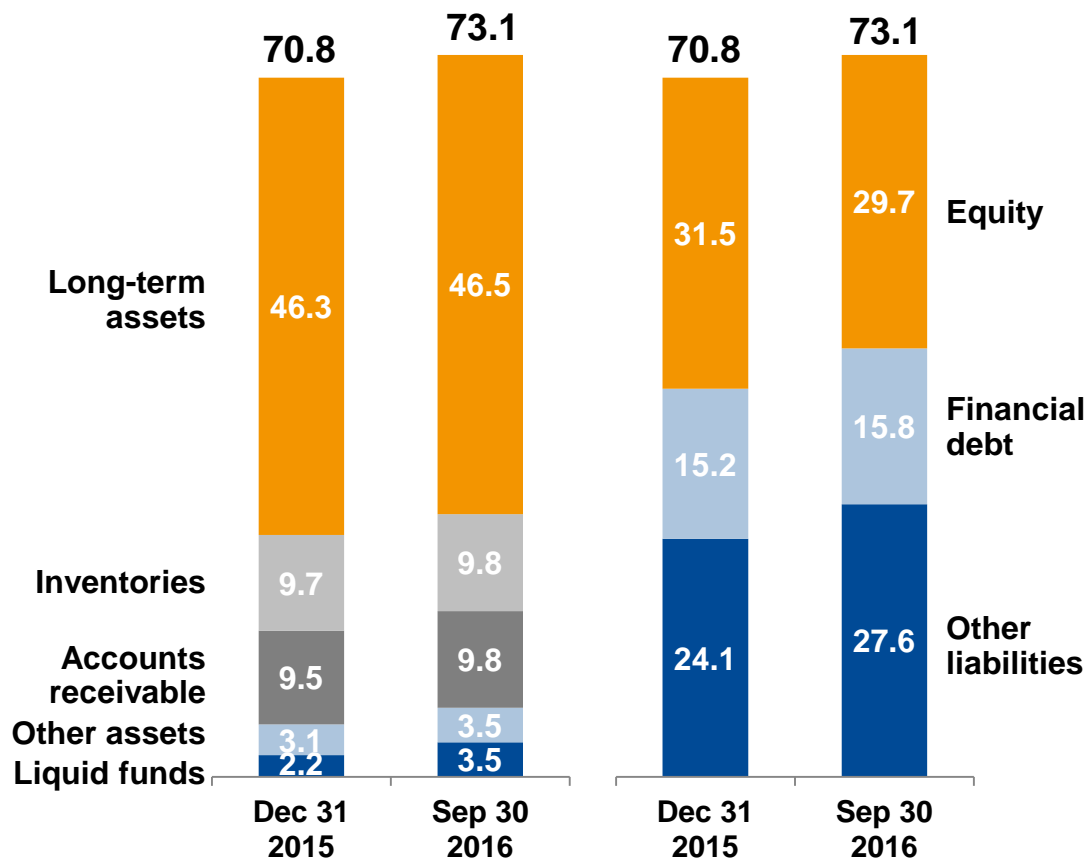
Cash flow Q1 – Q3 2016

million €	Q1 – Q3 2016	Q1 – Q3 2015
Cash provided by operating activities	5,840	8,494
Thereof changes in net working capital	(393)	2,500
miscellaneous items	(172)	(497)
Cash used in investing activities	(2,776)	(4,955)
Thereof payments related to tangible / intangible assets	(2,915)	(4,387)
acquisitions / divestitures	212	227
Cash used in financing activities	(1,898)	(3,504)
Thereof changes in financial liabilities	837	(649)
dividends	(2,753)	(2,900)

Strong balance sheet

Balance sheet September 30, 2016 vs. December 31, 2015

billion €



- Total assets increased by €2.3 billion, mainly due to higher liquid funds
- Inventories were stable
- Provisions for pensions and similar obligations increased by €3.6 billion
- Net debt declined by around €600 million to €12.3 billion
- Equity ratio: 41%

Outlook 2016 for BASF Group confirmed

Assumptions 2016

- GDP growth: +2.3%
- Growth in industrial production: +2.0%
- Growth in chemical production*: +3.4%
- Exchange rate: \$1.10 per euro
- Oil price (Brent): \$45 per barrel (previous forecast: \$40 per barrel)

Outlook 2016

- Sales will be considerably below prior year due to the divestiture of the natural gas trading and storage activities and the lower oil and gas prices.
- We expect EBIT before special items to be slightly below the previous year level due to significantly lower earnings in Oil & Gas.



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