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BASF 3rd Quarter 2016 Analyst Conference Call

October 27, 2016, 2:00 p.m. (CEST)
Ludwigshafen

Analyst Conference Call Script – long version

Kurt Bock
Hans-Ulrich Engel

The spoken word applies.

Cautionary note regarding forward-looking statements

This presentation may contain forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein. Forward-looking statements may include, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. BASF has based these forward-looking statements on its views and assumptions with respect to future events and financial performance. Actual financial performance could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated. Given these uncertainties, readers should not put undue reliance on any forward-looking statements. The information contained in this presentation is subject to change without notice and BASF does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations.

Kurt Bock

Ladies and gentlemen,

welcome to our third quarter conference call and thank you for joining us.

I would like to address the accident that took place last week at the North Harbor in Ludwigshafen. Two BASF firemen and a crew member of a barge lost their lifes. Several people were injured, some of them severely. I would like to express my deepest sympathy to the families and friends of those who passed away during the fire at our site. I also share my best wishes for a full recovery to those who were injured. Our thoughts are with all of those who were impacted and their families during this difficult time.

BASF continues to closely support the relevant authorities in investigating the cause of the accident.

[Current information on the accident at the North Harbor at BASF’s site in Ludwigshafen will be provided during the conference call.]

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%)

[Chart 3: Q3 2016: Financial figures for BASF Group]

Let me now address BASF’s business performance in Q3 2016.

On October 11, 2016, we released preliminary figures for the third quarter 2016, as the earnings of BASF Group considerably exceeded the average analysts’ estimates. Today, we will provide the comprehensive overview of our performance in the third quarter and our outlook for the full-year 2016.

BASF’s volumes rose by 4 percent compared to the same period last year. In our chemicals business, which comprises the Chemicals, Performance Products and Functional Materials & Solutions segments, volumes increased by 6 percent. Continued robust demand from the automotive and construction industries contributed to this increase.

Let’s briefly look at the economic development in the regions.

In Europe, we saw moderate growth across all sectors. The summer lull in July and August was less pronounced than in prior years. The UK’s Brexit decision had no material impact.

In Asia, the upward trend since the end of Q1 2016 continued. Growth in China was slightly higher than we had expected at the beginning of the year.

Demand in North America developed modestly. However, we experienced continued positive momentum in the automotive and construction industries.

Economic development in South America remained weak and business confidence remained low. Volumes decreased, especially in Brazil, our largest market in this region.

Let me now highlight BASF's business performance in Q3 2016:

- Sales in the third quarter of 2016 decreased by almost 20 percent to 14.0 billion euros, in particular due to portfolio effects of minus 18 percent. These were related to the asset swap with Gazprom, which we completed at the end of September 2015. The disposed gas trading and storage activities had accounted for 2.9 billion euros of sales in the prior-year quarter.

- As mentioned, sales volumes rose by 4 percent. All operating segments, except Agricultural Solutions, contributed to this increase. The Functional Materials & Solutions and Chemicals segments reported particularly higher volumes.

- Sales prices declined by 5 percent, following lower raw material prices. Currency effects were almost neutral.

- EBITDA declined by 15 percent to 2.4 billion euros.

- Income from operations (EBIT) before special items came in at 1.5 billion euros, 5 percent lower than in the prior-year quarter. Excluding Oil & Gas and Other, EBIT before special items of BASF Group considerably exceeded the level achieved in the prior-year quarter. This resulted from considerable increases in Performance Products, Functional Materials & Solutions as well as Agricultural Solutions. In Oil & Gas, Chemicals and in Other, earnings decreased sharply.

- Special items in EBIT amounted to minus 52 million euros and were mainly related to restructuring measures. Please keep in mind that in the prior-year quarter, we booked disposal gains following the asset swap with Gazprom.

- EBIT declined by 22 percent to 1.5 billion euros.

- Income taxes amounted to 204 million euros. The tax rate was 17.3 percent compared with 26.0 percent in the prior-year quarter. This decrease resulted mainly from the release of tax provisions for previous years as well as higher income from deferred taxes due to currency effects in the Oil & Gas segment.

- Net income, at around 900 million euros, came in 27 percent lower than in the third quarter of last year.

- Reported earnings per share decreased from 1.31 euros to 0.97 euros in Q3 2016. Adjusted EPS, however, increased to 1.10 euros; this compares with 1.07 euros in the prior-year quarter.

- At 2.5 billion euros, operating cash flow in the third quarter 2016 was below the same period of 2015, when we had a higher impact from measures to reduce net working capital. In Q3 2016, payments related to tangible and intangible assets were down by 39 percent and amounted to 936 million euros. Free cash flow came in at 1.6 billion euros compared to 1.8 billion euros in the third quarter 2015.

- Our fixed cost management continues to pay off and significantly contributed to the financial performance of our business in the third quarter 2016.

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

[Chart 4: Milestones]

Ladies and gentlemen,

We continue to invest in future growth. With the completion of several large projects, capital expenditures will decline by about 1 billion euros this year. Going forward, we are shifting our investments as planned from upstream building blocks to downstream businesses.

Let me mention a few recent announcements:

- In early August, we confirmed negotiations with TODA KOGYO Corporation to collaborate in producing battery materials in North America. The proposed collaboration would focus on a broad range of cathode active materials and precursors for use in lithium-ion batteries for the automotive, consumer electronics and stationary energy storage markets.

- In late September, we commissioned a complex for the production of polyvinylpyrrolidone (PVP) at the BASF site in Shanghai, China. The plant will produce a polymer used as a pharma excipient in detergents, cosmetics and other technical applications.

- Earlier this month, we announced plans to build a new world-scale plant for vitamin A in Ludwigshafen. The facility will increase BASF's total annual production capacity for vitamin A by 1,500 metric tons and is scheduled to come on stream in 2020.

At the same time, we are continuing to strengthen and further develop our Verbund sites. At the end of September, we announced plans to build a world-scale production plant for acetylene in Ludwigshafen, replacing our existing facility. The new plant is scheduled to start up at the end of 2019 and will have the capacity to produce 90,000 metric tons of acetylene per year. Aside from butanediol, around 20 production facilities at the Ludwigshafen site use acetylene as a starting material for many products and value chains.

Furthermore, we continue to improve our structures and processes to support profitable growth:

- We realign our caprolactam production in Europe and gradually reduce capacity by 100,000 metric tons, to 400,000 metric tons, over the next 18 months. In Ludwigshafen, parts of the caprolactam production as well as plants producing precursors will be closed. This will allow us to further strengthen the competitiveness of BASF’s polyamide 6 value chain.

- Our global research and development organization works on long-term strategic topics as well as product and process development to meet the current needs of our customers. As part of our ongoing structural review, we have decided to discontinue R&D activities at a small facility in Singapore and to restructure our research units in Basel and Düsseldorf, allowing us to better support the operating divisions at those sites. This transition will be phased-in over time, resulting in a reduction of about 200 positions by the end of 2018.

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 value™
- **Electronics and electric**: Ultramid® advanced plastics for sophisticated components

[Chart 5: Hyundai Motor and BASF showcase joint development of RN30 concept car]

Before Hans presents the Q3 2016 figures in more detail, let me briefly share a tangible example for BASF's innovation power and the way we collaborate with our partners in the automotive industry. BASF is the largest chemical supplier to the automotive industry with more than 10 billion euros in sales in 2015.

Hyundai Motor Company and BASF have partnered once again to create an exceptional concept car. The RN30 combines key solutions from the chemical industry with aerodynamic design and specialized high-performance technologies. BASF contributes significantly with lightweight plastics, various design possibilities as well as durable and eco-friendly materials. Jointly developed components of the RN30 include the clearcoat iGloss®, the fender and spoiler made from Elastolit®, and the seat covering using our unique surface technology valure™ – just to name a few.

And now Hans will comment on the performance of our segments.

Chemicals

Higher volumes, but margin pressure in Petrochemicals and Intermediates

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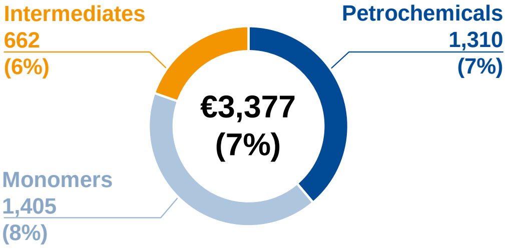
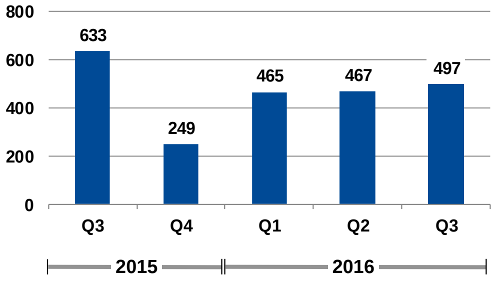
Sales Q3 2016 vs. Q3 2015
million €



EBIT before special items
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2016 vs. Q3 2015	↑ 5%	↓ (12%)	0%	0%

Hans-Ulrich Engel

Good afternoon ladies and gentlemen,

Let me highlight the financial performance of each segment in comparison with the third quarter of 2015.

[Chart 6: Chemicals – Higher volumes, but margin pressure in Petrochemicals and Intermediates]

Sales in the **Chemicals** segment declined considerably. This was driven by lower prices, especially in the Petrochemicals and Intermediates divisions, following lower raw material prices. We increased volumes, supported by new capacities. Lower margins in the Petrochemicals division and some intermediates businesses were only partially offset by higher margins in isocyanates. Fixed costs increased, particularly due to the expanded asset base. Overall, EBIT before special items decreased considerably.

- Lower sales prices led to a considerable sales decline in the **Petrochemicals** division. Sales volumes rose, primarily due to the resumption of operations at the Ellba C.V. joint operation's plant in Moerdijk, Netherlands. Volumes in North America declined mainly as a result of lower capacity utilization of the condensate splitter as well as unscheduled steam cracker shutdowns in Port Arthur, Texas. EBIT before special items was considerably below the level of the third quarter of 2015. In North America, earnings were negatively impacted by the lower levels of volumes and margins for steam cracker products, as well as lower margins for acrylic monomers and oxo alcohols. In Europe, margins for steam cracker products were not as strong as the previous third quarter, leading to a decline in earnings.

- The considerable year-on-year sales decrease in the **Monomers** division was primarily price-related. Developments for products in the polyamide value chain were a crucial factor. Here, our sales prices were reduced by a drop in raw material prices, and volumes declined mostly as a result of scheduled and unscheduled plant shutdowns. By contrast, we were able to raise volumes and prices for isocyanates. EBIT before special items grew considerably, thanks especially to the higher margins for isocyanates. Despite new production plant startups, fixed costs only slightly exceeded the level of the previous third quarter.

- Sales fell considerably in the **Intermediates** division, as well, largely influenced by price decreases brought about by lower raw material prices. Prices were additionally weighed down by overcapacity on the market, especially for butanediol and its derivatives. We were able to raise volumes in all regions except South America. EBIT before special items was considerably below the level of the previous third quarter, largely because of lower margins for butanediol and its derivatives as well as higher fixed costs. These rose compared with the third quarter of 2015 partly as a result of new production facilities in the United States, Asia and Europe that have started up since the end of 2015.

Performance Products

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

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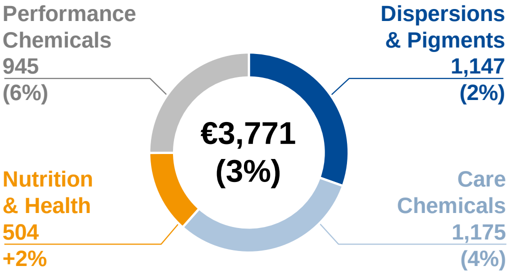
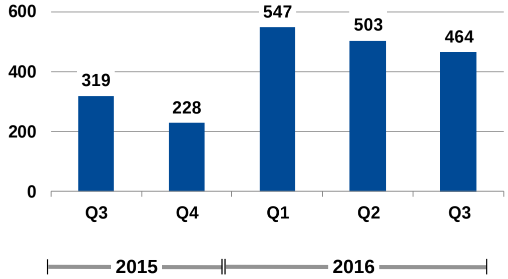
Sales Q3 2016 vs. Q3 2015
million €



EBIT before special items
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2016 vs. Q3 2015	↑ 2%	↓ (3%)	↓ (2%)	0%

[Chart 7: Performance Products – Significant increase in earnings driven by higher volumes, improved margins and lower fixed costs]

Sales in **Performance Products** declined slightly. Prices decreased as a result of lower raw material costs and continued competitive pressure in the hygiene business. Portfolio effects caused by several divestitures in 2015 also contributed to the sales decline. However, we were able to increase volumes in all operating divisions. EBIT before special items rose considerably, supported by strongly reduced fixed costs, higher volumes and overall improved margins.

- In the **Dispersions & Pigments** division, sales were slightly below the level of the previous third quarter. This was essentially due to lower price levels resulting from decreased raw material prices. We were able to slightly raise sales volumes overall. A slight volumes decline in the resins business after the closure of our production plant in Kankakee, Illinois, was more than offset by volumes growth in all other business areas. Reduced fixed costs and overall margin and volumes improvement enabled us to achieve a considerable increase in EBIT before special items.

- Sales in the **Care Chemicals** division were slightly down compared with the third quarter of 2015. This was predominantly the result of price declines brought about by lower raw material prices, although intense competition in the hygiene business was also a factor. Sales volumes rose especially through higher volumes of ingredients for the detergents and cleaners industry. Our strict cost discipline contributed decisively toward reducing fixed costs, more than compensating for slightly reduced margins. As a result, we were able to considerably improve EBIT before special items.

- In the **Nutrition & Health** division, sales rose slightly compared with the third quarter of the previous year. Volumes grew in all business areas, especially pharmaceuticals and animal nutrition. We were also able to significantly raise price levels overall, particularly through considerable price increases for vitamins in the animal nutrition business. The sale of parts of the pharmaceutical ingredients and services business in October 2015 slowed sales growth. EBIT before special items improved considerably thanks to significantly reduced fixed costs and higher volumes and margins. Restructuring measures were the main driver behind this cost reduction. Improved capacity utilization at our production facilities also contributed.

- Sales were considerably down in the **Performance Chemicals** division compared with the previous third quarter. This was largely a consequence of sales price reductions due to a sharp drop in raw material prices, as well as the sale of our paper hydrous kaolin business in the fourth quarter of 2015. Sales volumes rose slightly, and saw particular growth in the plastic additives business. EBIT before special items improved slightly as a result of the higher volumes, as well as of a reduction in fixed costs. We achieved this primarily through restructuring measures and strict cost discipline.

Functional Materials & Solutions

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

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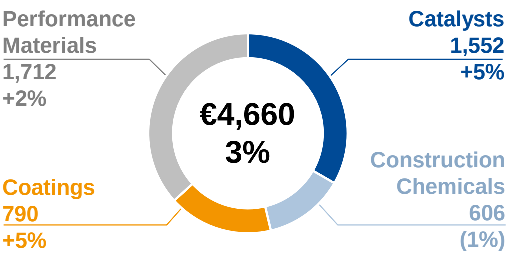
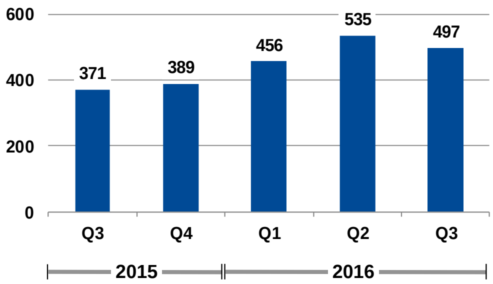
Sales Q3 2016 vs. Q3 2015
million €



EBIT before special items
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2016 vs. Q3 2015	↑ 8%	↓ (3%)	↓ (1%)	↓ (1%)

[Chart 8: Functional Materials & Solutions – Significantly higher earnings on continued good demand in automotive and construction as well as lower fixed costs]

Sales in **Functional Materials & Solutions** grew slightly, driven by higher volumes. Demand for our products and solutions further increased in the automotive market, and remained on a high level in construction. Lower prices, currency headwinds and portfolio effects negatively affected sales. The positive volume development and fixed cost reductions led to a considerable increase in EBIT before special items.

- Thanks to increased sales volumes, we achieved slight sales growth in the **Catalysts** division compared with the previous third quarter. Demand developed especially favorably in the mobile emissions catalysts business. Sales were dampened by lower prices, the divestiture of the polyolefin catalysts business in June 2016, and negative currency effects. In precious metal trading, higher volumes led to a sales increase to €614 million (third quarter of 2015: €538 million). As a result of improved volumes and reduced fixed costs, EBIT before special items grew considerably overall.

- Sales in the **Construction Chemicals** division declined slightly compared with the third quarter of 2015, largely weighed down by price decreases and negative currency effects. Volumes rose slightly, thanks especially to higher volumes in Europe, North America and Asia. Demand fell sharply in the region South America, Africa, Middle East, predominantly in Saudi Arabia, as public construction contracts declined in light of the falling price of oil. EBIT before special items was slightly below the level of the

previous third quarter, mainly as a result of valuation allowances on receivables.

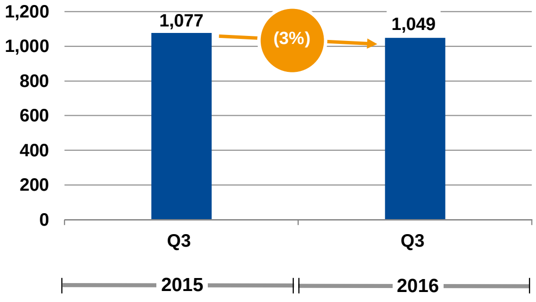
- We raised sales slightly in the **Coatings** division compared with the third quarter of 2015. This was primarily attributable to higher volumes, supported in large part by the automotive OEM coatings business. Slightly negative currency effects dampened sales development, while prices remained stable. In the automotive OEM coatings business, the increase in sales volumes in Asia and North America led to sales growth. Sales also rose in the decorative paints business, while they matched prior third-quarter levels for industrial coatings. We observed a slight sales decline in automotive refinish coatings. We were able to considerably raise EBIT before special items, mainly due to the volumes growth.

- Increased volumes in all business areas, especially in Asia, led to slight sales growth in the **Performance Materials** division. Our business with the automotive and construction industries contributed significantly to the positive volumes development, while demand matched prior third-quarter levels in the consumer goods sector. We observed lower sales prices in all regions on account of falling raw material prices. Currency effects and portfolio measures also slightly dampened sales growth. EBIT before special items rose considerably thanks to higher volumes and margins, as well as reduced fixed costs.

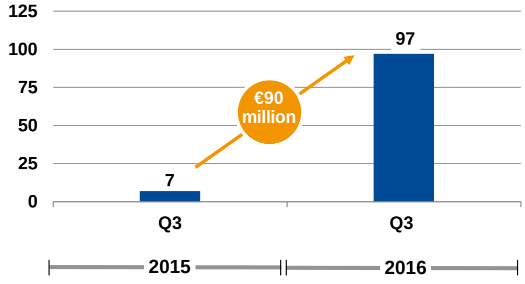
Agricultural Solutions

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%

[Chart 9: Agricultural Solutions – Significantly higher earnings due to improved margins and lower fixed costs]

The **Agricultural Solutions** segment continues to face challenging market conditions. Sales decreased slightly as lower volumes in South America could not be offset by higher volumes in all other regions. Prices were stable and currency effects slightly positive.

- In **Europe**, sales fell slightly, mainly as a result of negative currency effects from the British pound and slightly lower sales prices. Sales volumes grew especially in the herbicides business in western and northern Europe.
- Sales decreased considerably in **North America**, essentially on account of lower sales prices. We were able to raise volumes, especially of the herbicides Kixor® and dicamba.
- Sales also declined considerably in **South America** as a result of the ongoing difficult macroeconomic environment. High customers inventory levels, the weakened market for insecticides and the still-tense economic situation for farmers, especially in Brazil, all contributed to a considerable decline in sales volumes. Substantial price increases and currency effects both helped support sales.
- We raised our sales considerably in **Asia**, thanks in particular to higher volumes in India. There – after a weak third quarter in 2015 – an increase in sales volumes for herbicides was the primary driver for sales growth.

EBIT before special items came in significantly higher than in the same period of last year. Improved margins through a more favorable product mix in Europe, Asia and South America and lower fixed costs contributed to this result.

Oil & Gas

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

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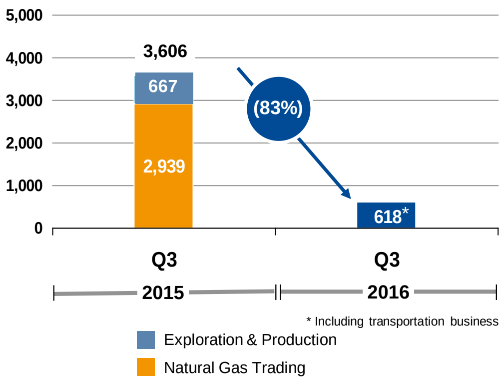
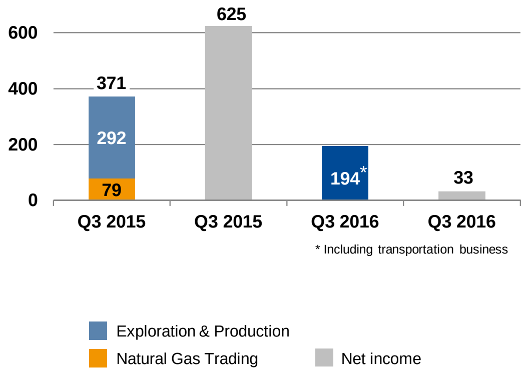
Sales Q3 2016 vs. Q3 2015
million €



EBIT before special items, net income
million €



Sales development	Volumes	Prices/Currencies	Portfolio
Q3 2016 vs. Q3 2015	↑ 3%	↓ (3%)	↓ (83%)

[Chart 10: Oil & Gas – Considerably lower sales and earnings due to disposal of gas trading business as well as lower prices]

Sales in **Oil & Gas** decreased significantly, mainly due to the lack of contributions from the natural gas trading and storage business following the asset swap with Gazprom. In addition, lower oil and in particular lower gas prices contributed to the drop in sales.

The average price of Brent crude in Q3 2016 was 46 U.S. dollars per barrel compared with 50 U.S. dollars in the prior-year quarter. Gas prices on the European spot markets fell sharply compared with the same period in 2015.

In the continuing oil and gas business, price and currency effects together were minus 15 percent in the third quarter 2016. Production rose by 13 percent year-on-year, mainly driven by higher production in Russia and Norway. Compared to the prior-year period, there was no offshore lifting in Libya in Q3 2016. This year, the lifting took place in October.

Overall, EBIT before special items decreased from 371 million euros to 194 million euros. Net income in Oil & Gas decreased from 625 million euros to just 33 million euros. As a result of the asset swap with Gazprom, the prior-year quarter benefited from disposal gains of 331 million euros.

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)**

[Chart 11: Review of “Other”]

EBIT before special items in Other declined to minus 233 million euros, down from minus 98 million euros. This was driven by lower sales but also by a swing of over 100 million euros related to our long-term incentive (LTI) program. While earnings in Q3 2016 were negatively affected by an increase in provisions, the prior-year quarter benefited from the release of provisions for our LTI program.

Cash flow Q1 – Q3 2016

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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)

[Chart 12: Cash flow Q1 – Q3 2016]

Let me now turn to our cash flow development for the first nine months of 2016:

- Cash provided by operating activities decreased to 5.8 billion euros. Please keep in mind our working capital reduction initiative in 2015. This reduction cannot be repeated, but we continue to run our business on the reduced net working capital level.
- With 2.8 billion euros we used 2.2 billion euros less cash in investing activities. Payments related to tangible and intangible assets amounted to 2.9 billion euros compared to 4.4 billion euros in the first nine months of 2015. Acquisitions and divestitures resulted in a net cash inflow of 212 million euros.
- Financing activities led to a cash outflow of around 1.9 billion euros, mainly due to the payment of the dividend.
- Free cash flow amounted to 2.9 billion euros compared to 4.1 billion euros in the same period of 2015. Lower payments related to tangible and intangible assets partly offset the decline in cash provided by operating activities.

Strong balance sheet

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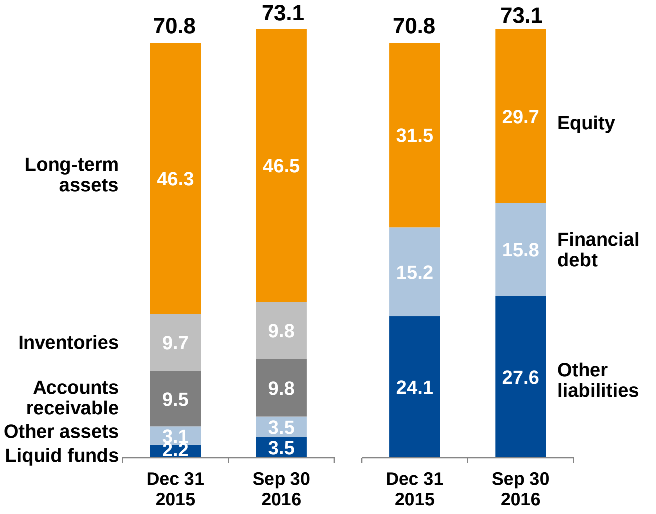
Balance sheet September 30, 2016 vs. December 31, 2015
billion €



- 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%

[Chart 13: Strong balance sheet]

Finally, let's look at our balance sheet.

- Compared to year-end 2015, total assets grew by 2.3 billion euros to 73.1 billion euros. This was mainly driven by higher cash and cash equivalents in preparation for the planned acquisition of Chemetall, which is expected to close in Q4 2016. Long-term assets were almost stable at 46.5 billion euros.

- Total equity decreased by 1.8 billion euros to 29.7 billion euros, due to non-cash actuarial losses related to provisions for pension obligations following the decline in interest rates.

- As a result of the lower interest rates, provisions for pensions and similar obligations increased by about 3.6 billion euros compared with December 31, 2015.

- While financial debt rose by 0.6 billion euros to 15.8 billion euros, net debt decreased by 0.6 billion euros to 12.3 billion euros.

- Our equity ratio remained at a healthy level of 41 percent.

And with that, back to Kurt for the outlook.

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.

* Excluding pharma

Kurt Bock

[Chart 14: Outlook 2016 for BASF Group confirmed]

We adjusted our average oil price assumption for 2016 from 40 U.S. dollars per barrel to 45 U.S. dollars per barrel. Our other assumptions for the global economic environment in 2016 remain unchanged.

We are confirming our 2016 sales and EBIT before special items outlook for BASF Group:

- Sales in 2016 will be considerably below prior year due to the divestiture of the natural gas trading and storage activities as well as lower oil and gas prices. Excluding the effects of acquisitions and divestitures, we aim to increase sales volumes, supported by our increased capacities.
- We expect EBIT before special items to be slightly below the previous year level due to significantly lower earnings in Oil & Gas.

This remains an ambitious goal in the current volatile and challenging environment, and in light of the fire of October 17 and its consequences.

And now, we are glad to take your questions.