We create chemistry for a sustainable future

Investor Visit Ludwigshafen
June 27, 2017

Dr. Stefanie Wettberg
Senior Vice President
Investor Relations
Cautionary note regarding forward-looking statements

This presentation contains forward-looking statements. These forward-looking statements are based on current estimates and projections of the Board of Executive Directors and on currently available information. These forward-looking statements are not guarantees of the future developments and results outlined therein. Rather, they depend on a number of factors, involve various risks and uncertainties, and are based on assumptions that may not prove to be accurate. Such risk factors particularly include those discussed on pages 111 to 118 of the BASF Report 2016. The BASF Report is available online at basf.com/report. BASF does not assume any obligation to update the forward-looking statements contained in this presentation.
Agenda

1. At a glance
2. Strategic levers
3. Segments
BASF shares – an attractive investment

- **Growth above chemical industry average** – driven by innovative and sustainable products and solutions

- **Unique Verbund concept** – competitive advantage based on integrated sites, operational excellence and best-in-class technologies

- **Broad and resilient portfolio** – with global market access and strong customer relationships

- **Earnings growth and strong cash flow generation** – based on operational and financial strength

- **Long-term value creation with progressive dividend policy** – grow or at least maintain dividend at the previous year’s level
Chemicals – a growth industry
Global annual growth rate of ~3.6%*

Agriculture  Health & Nutrition  Energy & Resources  Construction & Housing  Consumer products  Automotive & Transport  Electric & Electronics

Chemistry as enabler to meet current and future needs

~10 bn
...people by 2050

70%
...of the world population will live in cities by 2050

50%
...more primary energy consumption by 2050

30%
...more food needed by 2050

* Forecast average annual real change 2017 – 2019; BASF Report 2016, p.121
Broad and resilient portfolio
2016: Sales of €57.6 billion; EBITDA of €10.5 billion

Percentage of sales 2016*

- **23%**
  - Chemicals
  - EBITDA €3.2 billion
  - Petrochemicals
  - Monomers
  - Intermediates

- **26%**
  - Performance Products
  - EBITDA €2.5 billion
  - Dispersions & Pigments
  - Care Chemicals
  - Nutrition & Health
  - Performance Chemicals

- **33%**
  - Functional Materials & Solutions
  - EBITDA €2.9 billion
  - Catalysts
  - Construction Chemicals
  - Coatings
  - Performance Materials

- **10%**
  - Agricultural Solutions
  - EBITDA €1.3 billion
  - Crop Protection

- **5%**
  - Oil & Gas
  - EBITDA €1.6 billion
  - Exploration & Production;
    Natural Gas Transport

* Not depicted here: ‘Other’ 3% of Group sales and EBITDA €(1.0) billion
Global market access through regional presence

North America
- Sales: €14,042 million
- EBIT: €1,113 million
- Employees: 17,583

South America, Africa, Middle East
- Sales: €5,304 million
- EBIT: €432 million
- Employees: 7,307

Europe
- Sales: €26,039 million
- EBIT: €3,632 million
- Employees: 70,784

Asia Pacific
- Sales: €12,165 million
- EBIT: €1,098 million
- Employees: 18,156

Regional centers
Selected sites
Verbund sites
Selected research and development sites

BASF Capital Market Story, June 2017
2016: Sales by location of customer; EBIT by location of company
Verbund – unique competitive advantage
Actively managed in line with market requirements

- Annual cost savings of more than €1 billion through integrated production
- Verbund concept supports sustainability, reduces waste and avoids CO₂ emissions of 6 million tons p.a.

Energy savings
>€300 million p.a.

Logistics savings
>€600 million p.a.

Infrastructure savings
>€100 million p.a.
### BASF Group Q1 2017

Sales and earnings considerably above prior-year quarter

<table>
<thead>
<tr>
<th>Financial figures</th>
<th>Q1 2017</th>
<th>Q1 2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>€16.9 billion</td>
<td>€14.2 billion</td>
<td>19%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>€3.5 billion</td>
<td>€2.8 billion</td>
<td>25%</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>€2.5 billion</td>
<td>€1.9 billion</td>
<td>29%</td>
</tr>
<tr>
<td>EBIT</td>
<td>€2.5 billion</td>
<td>€1.9 billion</td>
<td>31%</td>
</tr>
<tr>
<td>Net income</td>
<td>€1.7 billion</td>
<td>€1.4 billion</td>
<td>23%</td>
</tr>
<tr>
<td>Reported EPS</td>
<td>€1.86</td>
<td>€1.51</td>
<td>23%</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>€1.97</td>
<td>€1.64</td>
<td>20%</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>€833 million</td>
<td>€1,046 million</td>
<td>(20)%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales development</th>
<th>Volumes</th>
<th>Prices</th>
<th>Portfolio</th>
<th>Currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2017 vs. Q1 2016</td>
<td>↑ 8%</td>
<td>↑ 8%</td>
<td>↑ 1%</td>
<td>↑ 2%</td>
</tr>
</tbody>
</table>
Stepwise increase of earnings level

EBIT and EBITDA*
billion €, 2001–2016

* 2010, 2011 indicative, adjusted for IFRS 10 & 11; 2001–2009 as reported, without non-compensable foreign income taxes on oil production
Strong cash flow development

billion €, 2001–2016

Operating cash flow  Free cash flow
Attractive dividend
We want to grow or at least maintain dividend at the previous year’s level

Dividend per share
€

Yield*  3.1%  3.9%  3.1%  3.2%  3.1%  4.1%  3.8%  7.0%  3.9%  3.7%  4.6%  3.7%  3.5%  4.0%  4.1%  3.4%

* Dividend yield based on share price at year-end
Delivering consistent, long-term value
Current market capitalization: €77 billion*

Average annual performance
(with dividends reinvested)

Last 10 years
June 2007 – May 2017

- BASF: +10.0%
- Euro Stoxx 50: +4.8%
- DAX 30: +6.5%
- MSCI World Chemicals: +0.7%

Last 5 years
June 2012 – May 2017

- BASF: +11.3%
- Euro Stoxx 50: +14.0%
- DAX 30: +15.0%
- MSCI World Chemicals: +12.2%

* As of May 31, 2017
Financial targets for the coming years

- **Sales growth** – slightly faster than global chemical production
- **EBITDA growth** – well above global chemical production
- **Deliver attractive returns** – earn a significant premium on cost of capital
- **Remain a strong cash provider** – continuously generate high levels of free cash flow
- **Progressive dividend policy** – grow or at least maintain dividend at previous year’s level
Our priorities

We aim to grow sales and earnings faster than global chemical production in the coming years, driven by

- **Innovations** for a **sustainable future**
- **Investments** in organic growth
- **M&A** opportunities and **portfolio pruning** measures
- **Operational excellence** and **cost discipline**
Outlook 2017 for BASF Group confirmed

Assumptions 2017

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth</td>
<td>+2.3%</td>
</tr>
<tr>
<td>Growth in industrial production</td>
<td>+2.3%</td>
</tr>
<tr>
<td>Growth in chemical production*</td>
<td>+3.4%</td>
</tr>
<tr>
<td>Exchange rate</td>
<td>US$1.05 per euro</td>
</tr>
<tr>
<td>Oil price (Brent)</td>
<td>US$55 per barrel</td>
</tr>
</tbody>
</table>

Outlook 2017**

- We expect BASF Group sales to grow considerably in the 2017 business year.
- We want to slightly raise EBIT before special items compared with 2016.
- BASF Group EBIT is also expected to grow slightly in 2017.
- We are likely to once again earn a significant premium on our cost of capital in 2017.

* Excluding pharma; ** For sales, “slight” represents a change of 1–5%, while “considerable” applies to changes of 6% and higher. For earnings, “slight” means a change of 1–10%, while “considerable” is used for changes of 11% and higher.
Agenda

1 At a glance

2 Strategic levers
   - Portfolio development
   - Investments
   - Innovation
   - Sustainability
   - Operational excellence

3 Segments
Continuous global portfolio development

Specialties and solutions
- Attractive markets
- Differentiation by customer proximity and innovations

Differentiated commodities
- Attractive markets
- Differentiation by process technologies and integration

Growth fields

Innovation pipeline

Acquisitions

Divestment of businesses, e.g., due to lower market attractiveness

Commoditization leads to restructuring

Divestment of businesses, e.g., due to loss of differentiation

Maintaining a balanced portfolio

~50%

~50%

* Excluding Oil & Gas sales
Portfolio development towards more market-driven and innovative businesses

**Acquisitions**
- Functional crop care
- Personal care & food
- Omega-3 fatty acids
- Enzymes
- Battery materials
- Specialty plastics
- Selected assets in Oil & Gas
- Refinish coatings
- Surface treatment

~€5.4 billion sales in emerging and innovation-driven businesses

**BASF core business**

Selected transactions 2010–today

**Strong Partnerships**
- Gazprom
- PETRONAS
- Sinopec
- Total

**Divestitures**
- Styrenics
- Fertilizers
- Selected assets in Oil & Gas
- Natural gas trading & storage
- Custom synthesis business
- Textile chemicals
- Polyolefin catalysts
- Industrial coatings

~€20.7 billion sales in businesses with limited fit and differentiation potential
Clear acquisition criteria

**Strategic acquisition criteria**

- generate profitable growth above the industry average
- are innovation-driven
- offer a special value proposition to customers
- reduce earnings cyclicality

**Financial acquisition criteria**

- provide a return on investment above the WACC
- are EPS accretive by year three at the latest
Chemetall – a global leader in surface treatment products and services

Significant global presence and record of accelerated expansion in emerging markets

Key facts

- One of the strongest globally managed brands in the sector
- Proprietary manufacturing technologies, rigorous product quality and performance standards
- Leading market positions in the automotive, aerospace and cold forming segments
- Long-standing, service-intensive customer relationships
- Track record of strong growth and high profitability

An excellent strategic fit for BASF Coatings
Investments in organic growth
Investments of ~€3.9 billion planned for 2017

Capex budget 2017–2021
(by segment)

- Other: 13%
- Oil & Gas: 23%
- Agricultural Solutions: 4%
- Chemicals: 24%
- Performance Products: 21%
- Functional Materials & Solutions: 15%

€19.0 billion

Capex budget 2017–2021
(by region)

- Other**: 3%
- South America*: 10%
- Asia Pacific: 16%
- North America: 22%
- Europe: 49%

€19.0 billion

* Including Africa and Middle East, ** Alternative sites currently being investigated
Investment projects with startup in 2017

**Aroma ingredients complex**  
**Kuantan, Malaysia**
- BASF and PETRONAS further expand joint activities in Malaysia
- Investment: around €500 million

**Ammonia plant**  
**Freeport, Texas**
- BASF and Yara are building world-scale ammonia plant in the U.S.
- 750,000 tons per year; hydrogen-based process

**Engineering plastics**  
**Schwarzheide, Germany**
- Expansion of annual capacity by 70,000 tons
- Increasing BASF’s global compounding capacity to more than 700,000 tons
Innovation will drive future growth

R&D expenditures 2016

- Corporate Research: 21%
- Oil & Gas: 2%
- Agricultural Solutions: 26%
- Functional Materials & Solutions: 21%
- Performance Products: 20%
- Chemicals: 10%

€1.86 billion

Key facts

- €1.86 billion R&D expenditures in 2016
- R&D expense to sales ratio ~3%
- ~10,000 employees in R&D
- ~3,000 projects
- ~850 new patents in 2016
- Research Verbund: Cooperations with more than 600 excellent partners from universities, startups and industry
- In 2016, sales of >€10 billion with products launched during last 5 years
Innovations for a sustainable future
Examples with significant contributions to sustainability

- **SLENTITE®** high-performance insulation material
- **Trilon M®** phosphate alternative for dishwashing detergents
- **Acronal® MB** – from biomass to dispersions
- **ecovio®** biodegradable polymer solution
- **Green Sense®** resource-efficient concrete production
- **FWC™ Four-Way Conversion catalyst removes particulates**
Sustainable Solution Steering®
Novel methodology to screen and steer our portfolio

- >60,000 product applications analyzed (€53.2 billion sales, 95.9% of BASF’s portfolio)
- 27.2% Accelerators
  - outgrow their markets
  - deliver margins above the average
  - represent majority of BASF’s R&D pipeline
- 68.3% Performers
- <1% Challenged products

Increase the share of Accelerators from 23% in 2014 to 28% by 2020
Operational excellence
DrivE with ~€1 billion targeted earnings contribution

Annual earnings contribution DrivE
million €

- **Earnings contribution 2016**: €350 million
- **2017–2018**: €650 million
- **Total**: €1 billion
- **Goal**: €1 billion

**DrivE program**

- Targeted annual earnings contribution of €1 billion from end of 2018 on
- Optimization of processes and structures in all regions, including
  - manufacturing
  - incremental capacities
  - productivity increase
- Project timeline: 2016–2018
Strong track record in operational excellence

BASF Group* 2001–2016
indexed; CAGR 2001–2016

EBITDA

CAGR 8%

Sales

CAGR 4%

Fixed Costs

CAGR 3%

* Excl. companies with major IFRS 10/11 restatements, i.e. BASF YPC Nanjing, Libya onshore, other Oil & Gas and Catalysts companies
Digitalization will support BASF’s growth and efficiency

**Growth**
- Digital business models
- Customer connectivity
- Digitalization in R&D
  - New revenue streams
  - Increased supply share
  - Higher innovation output

**Efficiency**
- Predictive maintenance
- Augmented reality in production
- Smart supply chain
  - Increased capacity
  - Increased work efficiency
  - Reduced working capital
Agenda

1  At a glance

2  Strategic levers

3  Segments
   ▶ Chemicals
   ▶ Performance Products
   ▶ Functional Materials & Solutions
   ▶ Agricultural Solutions
   ▶ Oil & Gas
Chemicals
Considerably higher earnings driven by increased margins and volumes

Sales Q1 2017 vs. Q1 2016*
million €

<table>
<thead>
<tr>
<th>Category</th>
<th>Q1 2017</th>
<th>Q1 2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intermediates</td>
<td>752</td>
<td>662</td>
<td>+16%</td>
</tr>
<tr>
<td>Petrochemicals</td>
<td>1,654</td>
<td>1,214</td>
<td>+38%</td>
</tr>
<tr>
<td>Monomers</td>
<td>1,699</td>
<td>1,141</td>
<td>+44%</td>
</tr>
</tbody>
</table>

EBIT before special items*
million €

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>457</td>
<td>458</td>
</tr>
<tr>
<td>Q2</td>
<td>458</td>
<td>488</td>
</tr>
<tr>
<td>Q3</td>
<td>488</td>
<td>629</td>
</tr>
<tr>
<td>Q4</td>
<td>629</td>
<td>958</td>
</tr>
</tbody>
</table>

Sales development

<table>
<thead>
<tr>
<th>Q1 2017 vs. Q1 2016</th>
<th>Volumes</th>
<th>Prices</th>
<th>Portfolio</th>
<th>Currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>↑ 10%</td>
<td>↑ 24%</td>
<td>0%</td>
<td>↑ 2%</td>
</tr>
</tbody>
</table>

* Effective January 1, 2017, the Monomers and Dispersions & Pigments divisions' activities for the electronics industry were combined into the global Electronic Materials business unit and allocated to the Dispersions & Pigments division in the Performance Products segment. The 2016 figures have been adjusted accordingly.
### Performance Products
Sales increased, earnings impacted by lower margins

#### Sales Q1 2017 vs. Q1 2016*

<table>
<thead>
<tr>
<th>Division</th>
<th>2017 Sales (€ million)</th>
<th>2016 Sales (€ million)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Chemicals</td>
<td>1,013</td>
<td>950</td>
<td>+6%</td>
</tr>
<tr>
<td>Nutrition &amp; Health</td>
<td>486</td>
<td>486</td>
<td>0%</td>
</tr>
<tr>
<td>Dispersions &amp; Pigments</td>
<td>1,399</td>
<td>1,273</td>
<td>+11%</td>
</tr>
<tr>
<td>Care Chemicals</td>
<td>1,362</td>
<td>1,189</td>
<td>+13%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>€4,260</strong></td>
<td><strong>€3,998</strong></td>
<td>+9%</td>
</tr>
</tbody>
</table>

#### EBIT before special items*

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2016 EBIT</th>
<th>2017 EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>555</td>
<td>512</td>
</tr>
<tr>
<td>Q2</td>
<td>512</td>
<td>473</td>
</tr>
<tr>
<td>Q3</td>
<td>473</td>
<td>237</td>
</tr>
<tr>
<td>Q4</td>
<td>237</td>
<td>515</td>
</tr>
</tbody>
</table>

#### Sales development

- **Q1 2017 vs. Q1 2016**
  - **Volumes**: +7%
  - **Prices**: +2%
  - **Portfolio**: -2%
  - **Currencies**: +2%

* Effective January 1, 2017, the Monomers and Dispersions & Pigments divisions' activities for the electronics industry were combined into the global Electronic Materials business unit and allocated to the Dispersions & Pigments division in the Performance Products segment. The 2016 figures have been adjusted accordingly.
Earnings grew significantly, mainly driven by continued strong demand from automotive Coatings.

### Sales Q1 2017 vs. Q1 2016

- **Performance Materials**: 1,950 million €, +17%
- **Coatings**: 999 million €, +35%
- **Catalysts**: 1,689 million €, +15%
- **Construction Chemicals**: 560 million €, +5%
- **Total**: €5,198 million, +18%

### EBIT before special items

- **Q1 2016**: 2016
- **Q1 2017**: 2017

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>456</td>
<td>535</td>
</tr>
<tr>
<td>Q2</td>
<td>535</td>
<td>535</td>
</tr>
<tr>
<td>Q3</td>
<td>497</td>
<td>497</td>
</tr>
<tr>
<td>Q4</td>
<td>458</td>
<td>531</td>
</tr>
</tbody>
</table>

### Sales development

<table>
<thead>
<tr>
<th>Period</th>
<th>Volumes</th>
<th>Prices</th>
<th>Portfolio</th>
<th>Currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2017 vs. Q1 2016</td>
<td>↑ 8%</td>
<td>↑ 3%</td>
<td>↑ 4%</td>
<td>↑ 3%</td>
</tr>
</tbody>
</table>
Agricultural Solutions
Sales increased slightly, earnings impacted by less favorable product mix

Sales Q1 2017 vs. Q1 2016
million €

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,780</td>
<td>1,855</td>
<td>+4%</td>
</tr>
</tbody>
</table>

EBIT before special items
million €

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>591</td>
<td>533</td>
<td>-10%</td>
</tr>
</tbody>
</table>

Sales development
Q1 2017 vs. Q1 2016

<table>
<thead>
<tr>
<th>Component</th>
<th>Q1 2017 vs. Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volumes</td>
<td>↑ 2%</td>
</tr>
<tr>
<td>Prices</td>
<td>0%</td>
</tr>
<tr>
<td>Portfolio</td>
<td>0%</td>
</tr>
<tr>
<td>Currencies</td>
<td>↑ 2%</td>
</tr>
</tbody>
</table>
Oil & Gas
Sales and earnings up, mainly due to higher prices

Sales Q1 2017 vs. Q1 2016
million €

<table>
<thead>
<tr>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>611</td>
<td>829</td>
<td>+36%</td>
</tr>
</tbody>
</table>

EBIT before special items, net income
million €

<table>
<thead>
<tr>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>66</td>
<td>170</td>
</tr>
<tr>
<td>47</td>
<td>140</td>
</tr>
</tbody>
</table>

Sales development
Q1 2017 vs. Q1 2016

<table>
<thead>
<tr>
<th>Volumes</th>
<th>Prices/Currencies</th>
<th>Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>↑ 12%</td>
<td>↑ 24%</td>
<td>0%</td>
</tr>
</tbody>
</table>

BASF Capital Market Story, June 2017
### Review of “Other”

<table>
<thead>
<tr>
<th>million €</th>
<th>Q1 2017</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>610</td>
<td>477</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>(250)</td>
<td>(219)</td>
</tr>
<tr>
<td>Thereof</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs of corporate research</td>
<td>(81)</td>
<td>(99)</td>
</tr>
<tr>
<td>Costs of corporate headquarters</td>
<td>(52)</td>
<td>(55)</td>
</tr>
<tr>
<td>Foreign currency results, hedging and other measurement effects</td>
<td>(31)</td>
<td>68</td>
</tr>
<tr>
<td>Other businesses</td>
<td>5</td>
<td>18</td>
</tr>
<tr>
<td>Special items</td>
<td>7</td>
<td>(26)</td>
</tr>
<tr>
<td>EBIT</td>
<td>(243)</td>
<td>(245)</td>
</tr>
</tbody>
</table>
## Cash flow development Q1 2017

<table>
<thead>
<tr>
<th>million €</th>
<th>Q1 2017</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by operating activities</strong></td>
<td>833</td>
<td>1,046</td>
</tr>
<tr>
<td><strong>Thereof</strong> Changes in net working capital</td>
<td>(1,985)</td>
<td>(1,248)</td>
</tr>
<tr>
<td><strong>Miscellaneous items</strong></td>
<td>58</td>
<td>(39)</td>
</tr>
<tr>
<td><strong>Cash used in investing activities</strong></td>
<td>(1,215)</td>
<td>(1,258)</td>
</tr>
<tr>
<td><strong>Thereof</strong> Payments made for tangible / intangible assets</td>
<td>(767)</td>
<td>(1,001)</td>
</tr>
<tr>
<td><strong>Acquisitions / divestitures</strong></td>
<td>(22)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Cash provided by financing activities</strong></td>
<td>831</td>
<td>1,997</td>
</tr>
<tr>
<td><strong>Thereof</strong> Changes in financial liabilities</td>
<td>811</td>
<td>1,996</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>6</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>66</td>
<td>45</td>
</tr>
</tbody>
</table>