

**BASF Conference Call
Speech (including slides)
October 13, 2017**



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The spoken word applies.

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.



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BASF signs agreement to acquire significant parts of Bayer’s seed and non-selective herbicide businesses

Transaction highlights

- Excellent opportunity to acquire high-quality and fully-enabled seed businesses for canola/oilseed rape, soybean and cotton as well as a global non-selective herbicide business
- High-growth and profitable business: CAGR 2014–2016 of 15%; EBITDA margin > 25%
- Transaction will expand BASF’s agricultural solutions offering and leverage its crop protection expertise to cater to a broader range of farmers’ needs
- Significant top-line growth potential identified based on complementary portfolios
- All-cash purchase price* of €5.9 billion; EBITDA multiple* of ~15x (asset deal)
- Financing through a combination of cash on hand, commercial papers and bonds
- Cash EPS accretive in the first full fiscal year, EPS accretive by 2020
- Closing expected in Q1 2018, subject to the closing of the Bayer/Monsanto transaction and relevant regulatory approvals



* The purchase price excludes the value of net working capital and will be subject to certain adjustments at closing; the multiple is based on the 2016 EBITDA of ~€385 million 3

[Kurt Bock]

[\[Slide 3: BASF signs agreement to acquire significant parts of Bayer's seed and non-selective herbicide businesses – Transaction highlights\]](#)

Good morning.

Please go to slide 3 of the presentation we published this morning.

We reached an agreement with Bayer to acquire significant parts of their seed and non-selective herbicide businesses. Bayer intends to divest these assets in the context of its planned acquisition of Monsanto.

For BASF, this is an excellent opportunity to enter the seed market and to add high-quality and fully-enabled seed businesses for canola/oilseed rape, soybean and cotton to our portfolio. Furthermore, the transaction allows us to complement our herbicide business with glufosinate-ammonium-based non-selective herbicides. Overall, this will expand our offering to cater to farmers' needs globally.

The businesses show high growth and strong profitability. We identified further significant top-line growth potential based on the complementary portfolios including the relevant R&D capabilities.

The all-cash purchase price is 5.9 billion euros. Based on an EBITDA of 385 million euros in 2016, the EBITDA multiple of the transaction is around 15-times. Please keep in mind that the transaction will be an asset deal. Thus, the multiple is slightly higher than in a common share deal. We will finance the transaction through a combination of cash on hand, commercial papers and bonds. We expect the transaction to be cash EPS accretive in the first full fiscal year and EPS accretive at the latest in 2020.

The transaction is subject to the closing of Bayer's acquisition of Monsanto and approval by the relevant authorities.

Strong seed and non-selective herbicide portfolio and excellent R&D platform

Facts

- Fully enabled seed and trait businesses
- Attractive and sizeable seed portfolio for canola/oilseed rape, soybean and cotton in the Americas and Europe
 - Excellent trait research for canola, soybean and cotton
 - LibertyLink® technology for herbicide tolerance and related trademarks
- Complementary crop protection business
- Global glufosinate-ammonium-based non-selective herbicide business
 - State-of-the-art production facilities in the U.S., Canada and Germany
- Experienced team of dedicated professionals



Figures

Sales 2016	~€1.3 billion
Sales by region	~70% North America ~15% South America ~10% Asia Pacific ~5% Europe, Middle East, Africa
EBITDA 2016	~€385 million
R&D pipeline and IP	>250 patent families
Employees	>1,800
Sites	<ul style="list-style-type: none"> ■ 5 chemical production and formulation sites ■ 10 R&D sites ■ Regional seed production and breeding facilities

[Slide 4: Strong seed and non-selective herbicide portfolio and excellent R&D platform]

In the following, I will mention the key figures for the businesses to be acquired. They are also summarized on slide 4. Saori will describe the businesses later in more detail:

- For 2016, sales were around 1.3 billion euros; the EBITDA reached around 385 million euros last year.
- For 2017, we expect the businesses to continue to grow profitably.
- Regionally, sales are focused on the Americas: with 70 percent of total sales in North America and 15 percent in South America.
- The purchase includes the relevant R&D pipeline and intellectual property, which comprises more than 250 patent families in total.
- More than 1,800 employees from commercial, R&D, breeding and production shall transfer from Bayer to BASF. These employees are primarily located in the United States, Germany, Brazil, Canada and Belgium. They are highly experienced and dedicated professionals, who will enrich our team with their expert knowledge in crop protection, seeds and traits.
- The acquisition includes five chemical production and formulation sites in Germany, the U.S. and Canada. Furthermore, we will acquire ten R&D sites that are complemented by regional seed production and breeding facilities.

Bayer's seed and non-selective herbicide businesses – an excellent fit with BASF's "We create chemistry" strategy

Customer focus

Businesses positioned close to customers and attuned to their needs; earlier touchpoints with farmers and distributors via seeds in key regions

Innovation-driven

Strong track record of successful innovation

Leading seed brands

Attractive and sizeable seed portfolio for canola/oilseed rape, soybean, cotton; strong premium brands: InVigor®, Credenz®, FiberMax®, Stoneville®

Complementary portfolio

Enhancement of BASF's agricultural solutions portfolio with seed and non-selective herbicide assets

Growth above industry average

Strong top-line growth potential identified due to complementary portfolios; potential for further growth via combination of complementary R&D pipelines

[Slide 5: Bayer's seed and non-selective herbicide businesses
– an excellent fit with BASF's "We create chemistry" strategy]

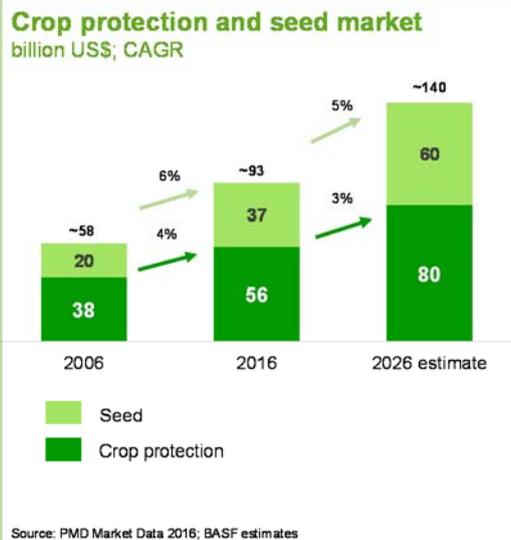
Slide 5 gives you an overview on the strategic fit of this acquisition. It also illustrates the topics we want to elaborate on in the following.

The businesses to be acquired are customer-focused and innovation-driven with a strong track record of successful innovation. They comprise leading seed brands and well-established non-selective herbicides to nicely complement BASF's agricultural solutions offering. Based on the complementary portfolios and R&D pipelines we identified strong top-line growth potential.

In a nutshell: This acquisition is in line with our "We create chemistry" strategy. It will strengthen BASF's agricultural solutions offering in key row crops and markets.

Attractive and globally growing agricultural market

Market development and key growth drivers



Fundamental growth drivers for agricultural market intact

- ~10 billion people by 2050
- 30% more food needed by 2050
- 70% higher productivity needed by 2050
- Need for sustainable yield increase drives growth

Key drivers for seed market growth

- Rapid adoption of GM seeds
- New breeding technologies

[Slide 6: Attractive and globally growing agricultural market
– Market development and key growth drivers]

When you look at the agricultural market development, depicted on slide 6, you see that both segments – crop protection and seed – are growing at rates above GDP.

During the last two to three years, we have experienced a challenging environment in the agricultural industry. However, the underlying trends remain intact:

- The world population continues to grow.
- More food is needed in the future.
- Therefore, the productivity per acre must further increase.

Innovative and sustainable crop protection products as well as high-quality and highly productive seeds will play a vital part in achieving this higher productivity.

Due to the rapid adoption of genetically modified seeds and new breeding technologies, we expect that seeds will show the strongest growth in the agricultural market during the coming years.

Seeds – an attractive opportunity arising from current market consolidation

Facts

- Canola/oilseed rape, soybean and cotton in the U.S., Canada, Brazil and Europe
- Businesses positioned close to customers and attuned to meeting local needs
- Market-leading canola business in North America with high cash conversion
- Well-established license business for LibertyLink®-technology with mid-term patent protection
- High-quality seed research for canola/oilseed rape, cotton and soybean

Figures

Growth 2014–2016	~14% p.a.
Sales 2016	~€830 million
Sales 2016 by crop	~45% canola/oilseed rape ~20% soybeans ~25% cotton ~10% LibertyLink® license

[Slide 7: Seeds – an attractive opportunity arising from current market consolidation]

In recent years, we strengthened our Crop Protection division, grew the seed treatment business and further developed trait technologies. We are convinced that we have a strong and viable stand-alone crop protection business. However, as we mentioned several times, a meaningful seeds business can be an attractive addition to complement our offering to farmers.

Please have a look at slide 7 now and let me explain why the seed assets to be acquired from Bayer are an attractive opportunity to enter the seed business:

- They include canola/oilseed rape, soybean and cotton seed businesses in the U.S., Canada, Brazil and Europe.
- From 2014 to 2016, sales of these seed businesses grew by around 14 percent per year.
- They are positioned close to customers and attuned to meeting their local needs. The canola business is market-leading in North America.
- The package to be purchased also includes the well-established license business for the LibertyLink®-technology and high-quality trait research for canola, cotton and soybean.

With that I hand things over to Saori, who will give you more details.

Seed assets in scope – well-positioned in key row crops and with strong growth potential



- Canola/oilseed rape seed business in Canada, the U.S. and Europe
- Market-leading and well-recognized InVigor® brand
- Innovation-led growth drivers: superior Pod Shatter Reduction technology and clubroot resistance



- Soybean seed and trait business focused on the Americas
- Credenz®-branded business based on LibertyLink® trait
- Growth drivers: excellent germplasm for the U.S. and South America, tailored and enabled trait development



- Cotton seed business in the Americas, Greece and Turkey
- Well-recognized FiberMax® and Stoneville® brands
- Growth drivers: high yield and fiber quality, excellent germplasm

[Saori Dubourg]

[Slide 8: Seed assets in scope – well-positioned in key row crops and with strong growth potential]

Welcome to our call also from my side.

Let me start with emphasizing that with this acquisition we will significantly enhance the long-term value contribution of our agricultural solutions business.

Please go to slide 8 to find further details on this transaction.

The seed assets in scope include the following businesses:

- Canola hybrids in North America under the well-recognized and market-leading InVigor® brand and oilseed rape seeds mainly in European markets; these seeds represent around 50% of the seeds portfolio;
- Soybean seeds and traits focused on the Americas under the Credenz® brand;
- Cotton seeds in the Americas and Europe under the well-recognized FiberMax® and Stoneville® brands.

The transaction also includes Bayer's seed and trait research and breeding capabilities for these crops as well as the LibertyLink® trait and trademark. Innovation and sustainability are the key growth drivers for these businesses. The canola seed is differentiated through a superior Pod Shatter Reduction technology. The soybean seed has an excellent germplasm and an enabled trait development. Cotton seed is recognized for its high yield and good fiber quality.

Regionally we see most growth potential in the Americas, which represent more than 75 percent of the global canola, soybean and cotton seed markets.

Glufosinate-ammonium – non-selective herbicide to complement BASF’s herbicide portfolio

Facts

- Attractive non-selective herbicide with large global footprint and strong track record
- Growth drivers:
 - resistance management
 - market adoption in North America
 - growth potential in Asia and South America
- Premium brands: Liberty®, Basta® and Finale®
- State-of-the-art production network
- Novel mode of action in BASF’s portfolio to contribute to resistance management
- Linkage to herbicide tolerance research

Figures

Growth 2014–2016	~17% p.a.
Sales 2016	~€495 million
Sales 2016 by region	~55% North America ~10% South America ~25% Asia Pacific ~10% Europe
Sales 2016 by crop	~25% soybean ~15% canola/oilseed rape ~15% cotton ~5% corn ~40% fruits, vegetables and others

[Slide 9: Glufosinate-ammonium – non-selective herbicide to complement BASF's herbicide portfolio]

Key facts on the glufosinate-ammonium-based non-selective herbicide business are summarized on slide 9. Commercialized under the Liberty[®], Basta[®] and Finale[®] brands, it is complementary to BASF's selective herbicide business. With its large global footprint and strong growth track record it is an attractive business. It includes a state-of-the-art production network. There is also a linkage to our herbicide tolerance research in key row crops. Furthermore, it will add a novel mode of action in BASF's portfolio to contribute to resistance management – the main growth driver for this business. Further growth drivers include a broader market adoption in North America and increased growth in Asia and South America.

From 2014 to 2016, sales of the glufosinate-ammonium-based herbicide business grew by around 17 percent per year. It is applied in a large number of crops. Regionally, the majority of sales are generated in the Americas.

Significant top-line growth potential based on complementary portfolios

Mid triple-digit million euro top-line growth potential with high profitability identified

Base case:
BASF
+
acquired
businesses

Strengthened market presence in
key row crops and select countries

Opportunities from new formulations,
e.g., for herbicide resistance management

Enhanced portfolio opportunities
from entry into seeds business

Strong
top-line
growth
potential
in the
medium
term

[Slide 10: Significant top-line growth potential based on complementary portfolios]

Let me highlight at this point that the businesses we agreed to acquire from Bayer are highly complementary to our existing agricultural solutions portfolio. As shown on slide 10, this acquisition is about growing the combined businesses together with the experienced and dedicated professionals that will join us:

- We want to strengthen our market presence in key row crops and select countries.
- We want to offer new solutions for herbicide resistance management by using glufosinate-ammonium as an attractive mixing partner.
- We want to enhance our offering to farmers by adding seeds to our agricultural solutions portfolio.

In total, we identified top-line growth potential in the order of magnitude of a mid triple-digit million euro amount in the medium term – with high profitability.

The transaction is driven by this significant top-line growth potential, but not by cost synergies.

BASF's R&D pipeline focused on innovative crop protection products and trait discovery

Crop protection research pipeline

Indication

Launch period: 2016–2020

Fungicides

Herbicides

Insecticides

Herbicide Tolerance

Functional Crop Care

Peak sales potential

>€2.0 billion

Launch period: 2021–2026

Fungicides

Herbicides

Insecticides

Herbicide Tolerance

Functional Crop Care

>€1.0 billion

>€3.0 billion

Trait discovery research pipeline



Fungal resistance



Herbicide tolerance

[Slide 11: BASF's R&D pipeline focused on innovative crop protection products and trait discovery]

Innovation and sustainability are the key growth drivers for agricultural solutions. On slide 11 we give you an overview on BASF's pipeline of novel crop protection products and the focus projects of our trait discovery research.

In crop protection, we spend approximately 500 million euros each year on research and development. The tangible outcome is a peak sales potential for our innovation pipeline of more than 3 billion euros.

Furthermore, BASF is active in trait discovery research, for which we spend more than 100 million euros per year. We established a strong expertise in gene identification as well as integration and multiplication of genes in model organisms. The trait discovery research focuses on high potential projects in herbicide tolerance and fungal resistant soybean with good progress in recent years.

Combined R&D pipelines and access to seed markets to drive innovation and growth



Combination of two innovation-driven businesses

Creates better solutions for farmers

- Tailored solutions for key markets to help farmers produce more and better crops

Connects expertise to find new solutions

- Earlier touchpoints with farmers and distributors

Boosts innovation output

- Robust foundation and market access for BASF's trait discovery research
- Enhanced innovation potential for relevant markets and key crops

[Slide 12: Combined R&D pipelines and access to seed markets to drive innovation and growth]

The combination of BASF's strong R&D pipeline and Bayer's seed assets as well as its trait research and breeding capabilities in scope of this transaction will strongly enhance our innovation potential, as illustrated on slide 12.

Together, we will strive to:

- create better solutions for farmers,
- connect expertise to find new solutions and
- boost our innovation output.

What will drive our success in future is the shared dedication for innovation of both teams, based on long-term commitment and passion for agriculture.

Integration concept to ensure seamless transfer of businesses and realization of top-line growth potential

Integration concept

- Integration team set up to ensure seamless integration
- BASF to take over sales responsibility in all major countries on day one
- Glufosinate-ammonium activities to be integrated in BASF's existing herbicide business
- Seed businesses to be set up in a dedicated global unit within BASF's agricultural solutions business
- Strong cultural fit between BASF and Bayer facilitating smooth integration

Closing expected in Q1 2018

Subject to:

- Closing of the Bayer/Monsanto transaction
- Relevant regulatory approvals

[Slide 13: Integration concept to ensure seamless transfer of businesses and realization of top-line growth potential]

The integration concept – described on slide 13 – will focus on ensuring a seamless transfer and on realizing the growth potential associated with the transaction. Therefore, we set up an integration team and intend to take over sales responsibility in all major countries on day one after closing.

The glufosinate-ammonium activities will be integrated in BASF's existing herbicide business. We will set up a dedicated global business unit for the seed businesses in BASF's agricultural solutions business.

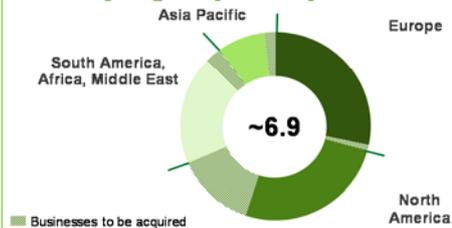
The strong cultural fit between BASF and Bayer should facilitate a smooth integration of the businesses. We particularly pay attention to securing the expertise and competencies to ensure the enablement of the combined businesses from day one on.

The transaction is subject to the closing of Bayer's acquisition of Monsanto and the approval by relevant authorities. We expect to close the acquisition of significant parts of Bayer's seed and non-selective herbicide businesses in the first quarter of 2018.

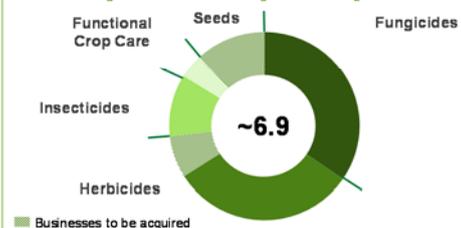
With that I hand things back to Kurt.

Pro-forma 2016 data of future Agricultural Solutions segment

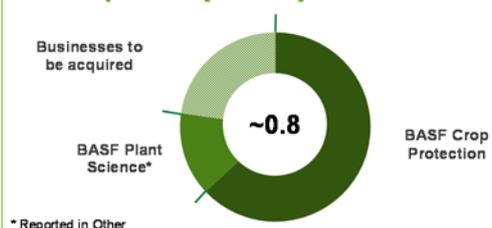
Sales by region [€ billion]



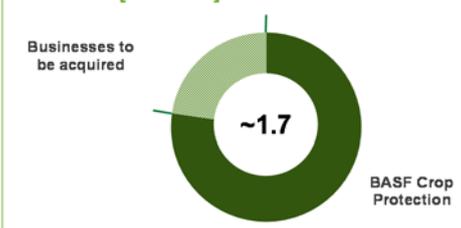
Sales by indication [€ billion]



R&D expenses [€ billion]



EBITDA [€ billion]



[Kurt Bock]**[Slide 14: Pro-forma 2016 data of future Agricultural Solutions segment]**

The proforma 2016 data of BASF's future Agricultural Solutions segment is depicted on slide 14:

- The combined business had pro-forma sales of almost 7 billion euros in 2016.
- Regionally, sales will mainly increase in the Americas and in Asia.
- We will enter the seed business with proprietary assets and will strengthen our existing herbicide business.
- Our R&D expenses will grow from about 600 to about 800 million euros per year. This confirms our strong and long-term commitment to R&D in this segment.
- The 2016 EBITDA of the segment would have been 1.7 billion euros.

The four graphs clearly reflect the relevance of this transaction for BASF's Agricultural Solutions segment and our commitment to this business and its customers.

Transaction meets BASF's acquisition criteria

We want to acquire businesses which ...

- generate profitable growth above the industry average
- are innovation-driven
- offer a special value proposition to customers
- reduce earnings cyclicality
- provide a return on investment above the WACC
- are EPS accretive by year three at the latest



[Slide 15: Transaction meets BASF's acquisition criteria]

The announced transaction meets all of BASF's strategic and financial acquisition criteria – as you see on slide 15:

- In the globally growing agricultural market, the business generated an EBITDA margin of more than 25 percent in recent years.
- With its focus on high-quality seed research it is strongly innovation-driven.
- The business offers innovative crop protection solutions and seeds for canola, soybean and cotton.
- With its strong earnings resilience, the transaction will reduce BASF's earnings cyclicality.
- The acquisition meets our requirements regarding the return on investment.
- Finally, the transaction is expected to be cash EPS accretive in the first full fiscal year and EPS accretive by 2020.

Let me briefly explain some technicalities which are important: The acquisition will be an asset deal. In this taxable transaction, the purchase price will be taxable at the seller's level, while the reduced tax liabilities at BASF's level will become effective over time. Higher depreciation and amortization after the asset step-up in the purchase price allocation will reduce future tax liabilities of BASF. The net present value (NPV) of the reduced tax liabilities is estimated to be a high triple-digit million euro amount. Considering this NPV, the EBITDA multiple based on the 2016 EBITDA comes down from 15-times to around 13-times.

A significant step to accelerate growth in BASF's agricultural solutions business



[Slide 16: A significant step to accelerate growth in BASF's agricultural solutions business]

With that we come to the final slide of today's presentation.

The seed assets to be acquired are a strategic addition to strengthen our agricultural solutions business in key crops and markets.

Biotechnology enhances the offering to our customers. Solutions beyond crop protection will continue to complement the portfolio and include for example soil and nutrient management. Solutions for digital farming increase customer proximity and will further enhance our go-to-market approach.

Crop protection will remain the core of BASF's agricultural solutions business enhanced by the glufosinate-ammonium-based non-selective herbicide business.

Let me conclude by emphasizing that this acquisition is an excellent opportunity for BASF. These assets will enable us to develop a more attractive and comprehensive agricultural solutions portfolio to support farmers globally. We will be able to grow even faster while maintaining the high margin level of this segment.

The "Grow with us" – you see on the slide – reflects our ambition and also our commitment. We look forward to welcoming the new colleagues in our team and contribute to the success of farmers around the world together.

Now we are happy to take your questions.