The spoken word applies.
Cautionary note regarding forward-looking statements

This presentation contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. Such risk factors include those discussed in the Opportunities and Risks Report from page 111 to 118 of the BASF Report 2017. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.

BASF Group increases sales and earnings slightly – solid volume growth in Q2, prices raised, currency headwinds persisted

<table>
<thead>
<tr>
<th>Financial figures</th>
<th>Q2 2018</th>
<th>Q2 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€</td>
<td>€</td>
<td>%</td>
</tr>
<tr>
<td>Sales</td>
<td>16,782 million</td>
<td>16,264 million</td>
<td>3</td>
</tr>
<tr>
<td>EBITDA before special items</td>
<td>3,295 million</td>
<td>3,291 million</td>
<td>0</td>
</tr>
<tr>
<td>EBITDA</td>
<td>3,232 million</td>
<td>3,233 million</td>
<td>0</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>2,356 million</td>
<td>2,251 million</td>
<td>5</td>
</tr>
<tr>
<td>EBIT</td>
<td>2,291 million</td>
<td>2,181 million</td>
<td>5</td>
</tr>
<tr>
<td>Net income</td>
<td>1,480 million</td>
<td>1,496 million</td>
<td>(1)</td>
</tr>
<tr>
<td>Reported EPS</td>
<td>1.61</td>
<td>1.63</td>
<td>(1)</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>1.77</td>
<td>1.78</td>
<td>(1)</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>2,224 million</td>
<td>2,969 million</td>
<td>(25)</td>
</tr>
</tbody>
</table>

Sales development

<table>
<thead>
<tr>
<th>Q2 2018 vs. Q2 2017</th>
<th>Volumes</th>
<th>Prices</th>
<th>Portfolio</th>
<th>Currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>↑ 3%</td>
<td>↑ 6%</td>
<td>0%</td>
<td>↓ (6%)</td>
</tr>
</tbody>
</table>
Ladies and gentlemen, good morning and thank you for joining us.

In Q2 2018, we raised sales prices in all segments. Volume development was solid, supported by all segments except Performance Products, which was negatively impacted by the supply shortages in our citral value chain. Currency headwinds persisted.

EBIT before special items of BASF Group increased by 5 percent compared to Q2 2017 and amounted to 2.4 billion euros. We recorded strong earnings in the Chemicals segment, albeit slightly below the prior-year figure. In the Oil & Gas segment we considerably increased earnings, while Agricultural Solutions and Performance Products slightly improved earnings. In Functional Materials & Solutions, the business remained challenging and earnings declined considerably.

Turning to BASF Group’s financial figures for Q2 2018 compared to the prior-year quarter in more detail:

- **Sales** in the second quarter of 2018 increased slightly to 16.8 billion euros. Volumes increased by 3 percent and prices were up by 6 percent. Currency effects amounted to minus 6 percent, mainly due to the appreciation of the euro versus the U.S. dollar. Overall, portfolio measures had no impact on sales.

- **EBITDA before special items** and **EBITDA** were on a level with the prior-year quarter figures, at 3.3 billion euros and 3.2 billion euros, respectively.
- **EBIT before special items** increased by 5 percent to 2.4 billion euros in Q2 2018, mainly attributable to considerably higher earnings in Oil & Gas. Earnings in Agricultural Solutions and in Performance Products improved slightly.

- With minus 65 million euros, **special items** in EBIT were related to restructuring and integration measures and were on a comparable level with Q2 2017.

- **EBIT** increased by 5 percent to 2.3 billion euros in Q2 2018.

- The **tax rate** increased from 22.1 percent to 27.1 percent. This increase was mainly driven by higher earnings contributions from high-tax countries, particularly Norway.

- **Net income** almost reached the level of the prior-year quarter and came in at 1.5 billion euros.

- **Reported earnings per share** decreased by 1 percent to 1.61 euros in Q2 2018. **Adjusted EPS** amounted to 1.77 euros; this compares with 1.78 euros in the prior-year quarter.

- **Cash flows from operating activities** amounted to 2.2 billion euros in the second quarter of 2018 compared to 3.0 billion euros in the prior-year quarter. The decrease was largely driven by a negative swing in miscellaneous items and a lower cash inflow from changes in net working capital.

- **Free cash flow** decreased from 2.1 billion euros to 1.4 billion euros.
BASF investigates establishment of second Verbund site in China

**Parameters**

- 100% BASF-owned and operated
- Potential investment of up to US$10 billion until around 2030
- Investment to evolve in phases
- Startup of first plants in 2026 at the latest
- Most advanced Verbund site with smart manufacturing concept
- Environment, health and safety concept according to BASF’s global standards and local laws and regulations
- Next step: Pre-feasibility study
Let me now briefly touch on our announcement of July 9.

BASF has entered into negotiations regarding the establishment of a Verbund site in the South Chinese province of Guangdong. BASF would be the first foreign company to use the opportunity to establish a fully owned and operated Verbund site including a steam cracker in China.

What is the rationale behind this step? We intend to further invest in China, because the country – with a world market share of around 40 percent – is already today, and even more so in the future, the key market for the chemical industry. If you aim to be the leading chemical company, which is BASF’s ambition, you have to participate in this growth market. Furthermore, the new Verbund site is an important step to participate in the opening up of the chemical industry in China.

The total investment is estimated to reach up to 10 billion U.S. dollars by completion of the project around 2030, with the first investments expected in 2021 at the earliest. The first plants could be completed by 2026 at the latest.

Please keep in mind that the signing of the Memorandum of Understanding is only a first step, many further steps will have to follow. The immediate next step is the completion of a pre-feasibility study.
Acquisition adds excellent businesses and assets from Bayer and enhances our innovation potential in Agricultural Solutions

New parts of portfolio
- Significant seed businesses for key row crops, such as canola/oilseed rape, cotton and soybeans
- Global vegetable seeds business

Complementary additions to portfolio
- Non-selective herbicides with strong market presence, ideal extension of our herbicide portfolio
- Attractive seed treatment business
- Promising seed and trait research, e.g., hybrid wheat and further R&D projects
- Highly innovative digital Ag activities

* Including seed treatment
Today’s conference call gives me the opportunity to also provide you with some further details on the transactions we agreed to with Bayer in October 2017 and April 2018. We expect to close these transactions in August.

By combining our existing crop protection business, biotechnology and digital farming activities with the new businesses and assets we purchase from Bayer, BASF will become an even stronger partner for farmers worldwide:

- The acquisition marks BASF’s entry into the seeds business. In the future, we will have a meaningful position in seeds for key row crops, such as canola/oilseed rape, cotton and soybeans as well as for vegetable seeds.
- We extend our herbicide portfolio by adding glufosinate-ammonium-based non-selective herbicides.
- Our seed treatment offering will be strengthened by a leading portfolio in key markets in North and South America.
- And we will use our extended digital capabilities to further enhance our offerings for farmers.

It is important to note that we do not only acquire fully enabled businesses and assets but also very promising research projects that will amplify our innovation potential in Agricultural Solutions.

Furthermore, over the last decade, BASF’s plant science research has developed a strong trait library. In the future, we will be able to commercialize these traits also through our own seed businesses.
Acquisition ensures an even more comprehensive and attractive offering to our customers in the different regions

**North America**
Integrated solutions provider for soybeans, cotton, canola and vegetables
- Seeds
- Traits
- Seed treatment
- Crop protection
- Digital solutions

**Europe**
Entry into seed markets for vegetables, oilseed rape and cotton
- Seeds
- Seed treatment
- Crop protection
- Digital solutions

**South America**
Enhanced portfolio integration for soybeans and cotton
- Seeds
- Traits
- Seed treatment
- Crop protection
- Digital solutions

**Asia Pacific**
Entry into seed markets for vegetables and oilseed rape
- Seeds
- Seed treatment
- Crop protection
- Digital solutions
BASF now has an even more comprehensive portfolio for farmers in all key markets worldwide:

- **In North America**, we will offer a very broad portfolio and will become a provider of integrated solutions.
- **In South America**, we will significantly enhance our offering for soybean and cotton growers.
- **In Europe**, the transaction marks our entry into the seed markets for vegetables, oilseed rape and cotton.
- **In Asia**, we enter the seed markets for vegetables and significantly enhance our herbicide portfolio.

Farmers around the world will benefit from our more comprehensive and attractive offering with access to more tools to increase their yields, crop quality and profitability.
Pro-forma 2017 figures of future Agricultural Solutions segment
[Chart 7: Pro-forma 2017 figures of future Agricultural Solutions segment]

On this slide, we provide you with a pro-forma overview on our new Agricultural Solutions segment. Based on 2017 figures, the combined business had sales of almost 8 billion euros and generated an EBITDA of 1.8 billion euros.

The acquisition enhances BASF’s Agricultural Solutions business in several aspects. It significantly improves our position in the large markets in North and South America, where seeds, seed treatment solutions and non-selective herbicides are additions to our existing portfolio. Let me also stress that we will remain strongly committed to providing innovative products and solutions. Our business model is and will continue to be innovation-driven. We will keep R&D expenses at a high level, because investing in innovation pays off in this industry. An attractive EBITDA margin of around 23 percent clearly demonstrates that.
**Integration concept in place to ensure seamless transition of businesses and realization of top-line growth potential**

<table>
<thead>
<tr>
<th>Objectives for a successful integration</th>
<th>Organizational aspects</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Strengthen and develop the acquired businesses and assets</td>
<td>- Glufosinate-ammonium activities to be integrated into BASF’s herbicide business</td>
</tr>
<tr>
<td>- Ensure business continuity and seamless transition for customers</td>
<td>- New global business unit for seeds and traits</td>
</tr>
<tr>
<td>- Meet the local market and customer needs</td>
<td>- Vegetable seeds to be managed as a dedicated business within the global business unit for seeds and traits</td>
</tr>
<tr>
<td>- Capture growth synergies</td>
<td></td>
</tr>
</tbody>
</table>

**Timeline**

<table>
<thead>
<tr>
<th>August 2018</th>
<th>December 2018</th>
<th>January 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing / Day 1</td>
<td>Discovery phase and integration planning</td>
<td>Structural integration</td>
</tr>
</tbody>
</table>
[Chart 8: Integration concept in place to ensure seamless transition of businesses and realization of top-line growth potential]

Finally, let me provide you with some insights on our integration plan.

We used the nine months since the announcement in October last year to very carefully prepare for the integration. We now have a concept in place for the seamless transition of businesses and smooth onboarding of employees. We are very much looking forward to welcoming about 4,500 highly experienced new colleagues to the BASF team. We are happy that practically all Bayer employees in scope of the transactions accepted the offer to join BASF.

The integration concept focuses on strengthening and developing the acquired businesses. We want to ensure business continuity and a seamless transition for our customers.

In a first step, we will create a new global business unit for seeds and traits. It will also include the vegetable seeds business, which will be managed rather independently. The glufosinate-ammonium business will be integrated into BASF’s existing herbicide business.

The next three to four months will be used for the so-called discovery phase. During this phase we will also rely on the know-how and expertise of our new colleagues to further develop the strategy for our Agricultural Solutions business and fine-tune our organizational setup. The structural integration will begin in January 2019.

Let me summarize: This is an important step for BASF to significantly strengthen our portfolio of agricultural solutions for farmers. The market for crop protection products and seeds is highly attractive and provides a lot of opportunities. I am convinced that BASF is well-positioned to further accelerate profitable growth in this segment.
Update on further recently announced M&A activities

- BASF and LetterOne intend to merge their oil and gas subsidiaries
  - Pro-forma sales 2017: ~€4.7 billion
  - Pro-forma EBITDA 2017: ~€2.8 billion
  - BASF and LetterOne conducted a confirmatory due diligence and are negotiating transaction agreements
  - Closing could be expected in Q1 2019

- BASF and Solenis to join forces by combining paper and water chemicals
  - Pro-forma sales 2017: ~€2.4 billion
  - BASF to hold a 49% share of the combined entity; funds managed by Clayton, Dubilier & Rice to hold 51%
  - Closing is anticipated for the end of 2018 at the earliest

- BASF to acquire Solvay’s integrated global polyamide business
  - Purchase price: ~€1.6 billion
  - Sales 2016: ~€1.3 billion
  - EBITDA 2016: ~€200 million
  - On June 26, 2018 the EU Commission opened an in-depth investigation and will likely take a decision in Q4 2018
Let me also provide you with an update on the further M&A activities we recently announced:

In December 2017, BASF and LetterOne signed a letter of intent to merge their respective oil and gas businesses. We aim for a signing of the contracts within the next weeks. If an agreement is reached, closing could be expected in Q1 2019, subject to customary regulatory approvals and approvals of the mining authorities.

Beginning of May 2018, BASF and Solenis signed an agreement to join forces by combining BASF’s paper wet-end and water chemicals business with Solenis, a global producer of specialty chemicals for water intensive industries. Currently, necessary merger control filings are being prepared or have been submitted. Pending approval by the relevant authorities, closing is anticipated for the end of 2018 at the earliest.

At the end of June 2018, the EU Commission informed BASF that it will continue to review the planned acquisition of Solvay’s integrated polyamide business in an in-depth investigation. The EU Commission will gather and evaluate more data during this in-depth investigation and will likely take a decision in Q4 2018. BASF will continue to respond to the concerns of the EU Commission and will evaluate different scenarios.

I will now hand things over to Hans. He will give you more details regarding the business development of our segments.
**Chemicals**

Earnings slightly down due to higher fixed costs and lower cracker margins, but still on a high level.

Sales Q2 2018 vs. Q2 2017 (million €)
- Intermediates: 808 (+7%)
- Petrochemicals: 1,593 (+1%)
- Monomers: 1,731 (+1%)

EBIT before special items (million €)
- Q2 2017: 1,200
- Q3 2017: 1,102
- Q4 2017: 1,063
- Q1 2018: 1,134
- Q2 2018: 1,074

Sales development
- Q2 2018 vs. Q2 2017: +1%
- Volumes: +1%
- Prices: +5%
- Portfolio: 0%
- Currencies: (4%)
Good morning ladies and gentlemen,

Let me highlight the financial performance of each segment in the second quarter of 2018 compared with the second quarter of 2017.

[Chart 10: Chemicals – Earnings slightly down due to higher fixed costs and lower cracker margins, but still on a high level]

Sales in Chemicals increased slightly. Higher prices in all divisions, particularly in Monomers and Intermediates, more than compensated for negative currency effects. Volume growth in the segment was slightly positive, driven by Petrochemicals and Intermediates.

EBIT before special items decreased slightly, but still came in at a high level of almost 1.1 billion euros. Higher volumes and strong margins in Monomers and Intermediates could not fully compensate for overall higher fixed costs and lower cracker margins in all regions, particularly in North America.
Performance Products
Slightly higher earnings driven by higher margins

<table>
<thead>
<tr>
<th>Sales Q2 2018 vs. Q2 2017</th>
<th>EBIT before special items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Chemicals</td>
<td>€3,949 (5%)</td>
</tr>
<tr>
<td>Nutrition &amp; Health</td>
<td></td>
</tr>
<tr>
<td>Care Chemicals</td>
<td></td>
</tr>
<tr>
<td>Dispersions &amp; Pigments</td>
<td></td>
</tr>
</tbody>
</table>

Sales development

<table>
<thead>
<tr>
<th>Sales development</th>
<th>Volumes</th>
<th>Prices</th>
<th>Portfolio</th>
<th>Currencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2018 vs. Q2 2017</td>
<td>↓ (2%)</td>
<td>↑ 2%</td>
<td>↓ (1%)</td>
<td>↓ (4%)</td>
</tr>
</tbody>
</table>
Sales in Performance Products declined slightly, mainly due to negative currency effects. All divisions of the segment were able to increase prices. The unplanned shutdown of the citral plant in Ludwigshafen and the respective force majeure declarations for citral, isoprenol-based aroma ingredients, vitamin A and E, as well as several carotenoid products continued to negatively impact the segment’s volume development. At the end of April, we restarted the citral plant. Production is stable and on July 2, we were able to lift force majeure for vitamin A and E products in our animal nutrition business. Slightly negative portfolio effects were related to the transfer of BASF’s leather chemicals business to the Stahl Group and the divestment of a production site for paper dispersions in Austria.

An insurance payment related to the unplanned shutdown of the citral plant compensated for lower earnings contributions and force majeure related costs in the Nutrition & Health division. Overall, we could slightly increase EBIT before special items due to lower fixed costs and higher margins.
Functional Materials & Solutions
Sales growth on higher prices and volumes, earnings decline due to higher fixed and raw material costs

Sales Q2 2018 vs. Q2 2017

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales Q2 2018 (€ million)</th>
<th>Sales Q2 2017 (€ million)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Materials</td>
<td>1,997</td>
<td>1,884</td>
<td>+5%</td>
</tr>
<tr>
<td>Catalysts</td>
<td>1,884</td>
<td></td>
<td>+13%</td>
</tr>
<tr>
<td>Coatings</td>
<td>995</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Construction Chemicals</td>
<td>664</td>
<td></td>
<td>+3%</td>
</tr>
<tr>
<td>Performance Materials</td>
<td>1,997</td>
<td>1,884</td>
<td>+5%</td>
</tr>
<tr>
<td>Catalysts</td>
<td>1,884</td>
<td></td>
<td>+13%</td>
</tr>
<tr>
<td>Coatings</td>
<td>995</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Construction Chemicals</td>
<td>664</td>
<td></td>
<td>+3%</td>
</tr>
</tbody>
</table>

EBIT before special items

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EBIT before special items (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2017</td>
<td>422</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>397</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>267</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>333</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>338</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>Q2 2018 vs. Q2 2017</td>
<td>+4%</td>
<td>+6%</td>
<td>0%</td>
<td>-(5%)</td>
</tr>
</tbody>
</table>
Sales in **Functional Materials & Solutions** increased slightly. Higher prices and volumes more than offset negative currency effects. We were able to raise prices in all divisions, but Construction Chemicals. In this division, prices were on a level with the prior-year quarter. Volumes increased mainly in transportation, which is the largest customer industry of the segment. Fixed costs went up, in particular due to the startup of new production plants. For example, we continued to expand our offering in Catalysts and Coatings with assets in Shanghai and globally started up several plants in Performance Materials. High raw material costs put additional pressure on margins. Overall, this resulted in a significant decline in EBIT before special items compared to the prior-year quarter.
Agricultural Solutions
Earnings increased slightly due to a more favorable product mix

Sales Q2 2018 vs. Q2 2017

Sales development
Q2 2018 vs. Q2 2017

Volumes
Prices
Portfolio
Currencies

Sales development | Volumes | Prices | Portfolio | Currencies
--- | --- | --- | --- | ---
Q2 2018 vs. Q2 2017 | 4% | 1% | 0% | (7%)
Sales in the **Agricultural Solutions** segment declined slightly compared to Q2 2017. This was attributable to strongly negative currency effects in all regions. However, especially in South America and Asia we were able to increase volumes. Sales prices were raised slightly.

- Sales in **Europe** decreased slightly as a result of negative currency effects. These could not be completely offset by higher volumes, particularly for herbicides in central and eastern Europe.
- In **North America**, sales were considerably lower than in the second quarter of 2017. Sales were reduced by lower volumes, particularly of fungicides in Canada due to the late start to the season and higher inventories at our customers. Negative currency effects also contributed to the decline in sales.
- We recorded considerable sales growth in **Asia** thanks to higher sales volumes of fungicides in India and China as well as a slight increase in prices in the region. Currency effects had a negative impact on sales.
- Sales in the region **South America, Africa, Middle East** rose considerably, mainly due to higher volumes. Volume growth in Brazil was driven by fungicides and insecticides, while Argentina saw particularly strong increases in herbicide volumes. Significantly negative currency effects had an offsetting effect.

EBIT before special items was slightly higher than in the previous year quarter. Despite the negative currency effects, a more favorable product mix lifted our average margin. This more than compensated for the slight increase in fixed costs.
Oil & Gas
Considerably higher sales and earnings

Sales Q2 2018 vs. Q2 2017

EBIT before special items million €

Net income million €

Sales development
Volumes
Prices/Currencies
Portfolio
Q2 2018 vs. Q2 2017
↑5%
↑18%
0%
[Chart 14: Oil & Gas – Considerably higher sales and earnings]

Sales in Oil & Gas were up considerably, mainly due to higher oil and gas prices and increased volumes. In Q2 2018, the average price of Brent crude was 74 U.S. dollars per barrel – 24 dollars higher than in the same period of 2017. In euro terms, the increase was 17 euros. Gas prices on the European spot markets were also significantly above the level of the prior-year quarter. The combined price and currency effect was plus 18 percent. The volume increase of 5 percent was mainly driven by higher volumes in Norway.

EBIT before special items increased considerably, from 183 million euros to 391 million euros. This was largely attributable to higher oil and gas prices. In Norway, we also saw volume growth and recorded lower depreciation as a result of higher reserves.

Net income in Oil & Gas increased from 122 million euros to 151 million euros.
### Review of “Other”

<table>
<thead>
<tr>
<th>Financial figures</th>
<th>Q2 2018 (million €)</th>
<th>Q2 2017 (million €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>662</td>
<td>476</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>(134)</td>
<td>(151)</td>
</tr>
<tr>
<td>Thereof Costs of corporate research</td>
<td>(90)</td>
<td>(93)</td>
</tr>
<tr>
<td>Costs of corporate headquarters</td>
<td>(66)</td>
<td>(58)</td>
</tr>
<tr>
<td>Foreign currency results, hedging and other measurement effects</td>
<td>31</td>
<td>142</td>
</tr>
<tr>
<td>Other businesses</td>
<td>17</td>
<td>(12)</td>
</tr>
<tr>
<td>Special items</td>
<td>(17)</td>
<td>(30)</td>
</tr>
<tr>
<td>EBIT</td>
<td>(151)</td>
<td>(181)</td>
</tr>
</tbody>
</table>
[Chart 15: Review of “Other”]

EBIT before special items in Other improved from minus 151 million euros to minus 134 million euros in Q2 2018 due to lower contributions to provisions and an improved foreign currency result.
## Cash flow development 1st half 2018

<table>
<thead>
<tr>
<th>Cash flow development</th>
<th>H1 2018</th>
<th>H1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>million €</td>
<td>million €</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>3,455</td>
<td>3,802</td>
</tr>
<tr>
<td>Thereof Changes in net working capital</td>
<td>(1,221)</td>
<td>(1,684)</td>
</tr>
<tr>
<td>Miscellaneous items</td>
<td>(351)</td>
<td>178</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(1,735)</td>
<td>(2,365)</td>
</tr>
<tr>
<td>Thereof Payments made for tangible / intangible assets</td>
<td>(1,449)</td>
<td>(1,642)</td>
</tr>
<tr>
<td>Acquisitions / divestitures</td>
<td>64</td>
<td>(65)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>(518)</td>
<td>(886)</td>
</tr>
<tr>
<td>Thereof Changes in financial liabilities</td>
<td>2,526</td>
<td>1,932</td>
</tr>
<tr>
<td>Dividends</td>
<td>(3,044)</td>
<td>(2,837)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>2,006</td>
<td>2,160</td>
</tr>
</tbody>
</table>
Let’s now turn to the cash flow development:

- In the first half of 2018, cash flows from operating activities decreased by 347 million euros to 3.5 billion euros. This was largely due to a negative swing in miscellaneous items. The cash outflow related to changes in net working capital amounted to minus 1.2 billion euros compared to minus 1.7 billion euros in the first half of 2017.

- At 1.7 billion euros, cash flows from investing activities were 630 million euros lower than in the first half of 2017. In the prior year period, the increase in other financial assets tied down higher amounts of cash than in 2018. Payments made for tangible and intangible assets decreased by 193 million euros and amounted to 1.4 billion euros.

- Free cash flow came in at 2.0 billion euros compared to 2.2 billion euros in the first half of 2017.

- Financing activities led to a cash outflow of 518 million euros, compared to a cash outflow of 886 million euros in the first six months of 2017.

And with that, back to Martin for the outlook.
Outlook 2018* for BASF Group confirmed

- Slight sales growth
- Slight increase in EBIT before special items
- Slight decline in EBIT
- Significant premium on cost of capital with considerable decline in EBIT after cost of capital

Underlying economic assumptions for 2018

- GDP growth: +3.0% (unchanged)
- Growth in global industrial production: +3.2% (unchanged)
- Growth in global chemical production: +3.4% (unchanged)
- Exchange rate: US$1.20 per € (unchanged)
- Oil price (Brent): US$70 per barrel (previous assumption: US$65 per barrel)

* 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. This outlook takes into account the agreed transactions with Bayer and Solvay. The intended merger of our oil and gas activities with the business of DEA Deutsche Erdoel AG and its subsidiaries is not taken into account in this outlook.
Global economic risks increased significantly over the course of the first half of 2018, driven by geopolitical developments and the trade conflicts between the U.S. and China, as well as between the U.S. and Europe. We are monitoring these developments and the potential effects on our business very closely. At this time, our assessment of the global economic environment in 2018 remains unchanged with one exception: We increased the expected average oil price for 2018 from 65 U.S. dollars per barrel to 70 U.S. dollars per barrel Brent.

Based on our assumptions regarding the economic environment, we confirm our outlook 2018 for BASF Group, as provided in February:

- We anticipate a slight sales growth.
- EBIT before special items is expected to increase slightly.
- EBIT is forecast to decline slightly.
- We expect to earn a significant premium on our cost of capital with a considerable decline in EBIT after cost of capital. This will mainly be due to lower EBIT – including M&A-related special charges – as well as the additional cost of capital from the agreed acquisitions.

Please keep in mind that the intended merger of our oil and gas activities with the business of DEA Deutsche Erdoel AG and its subsidiaries is not taken into account in this outlook. Upon signing of the final transaction agreements, the Oil & Gas segment’s earnings would no longer be included in sales and EBIT for BASF Group – retroactively as of January 1, 2018.

And now, Hans and I are glad to take your questions.