The spoken word applies.
Good morning ladies and gentlemen,

Thank you for joining us.

We hope that you and your families are doing well in this still challenging environment, which continues to be dominated by the pandemic.

Recent developments – such as the mutations of the coronavirus and the slower than expected vaccination progress in Europe – show us that it will take more time before we will see a significant and lasting relief from the pandemic.

Despite these challenges, we had a strong finish to the year. EBIT before special items exceeded our October forecast for the full year and was considerably above analyst consensus.

Today, we will provide you with further details.

[Chart 3: Strong performance in Q4 2020 due to higher volumes and prices; EBIT before special items of €3.6 billion in 2020]

Let me begin with some highlights of the strong fourth quarter of 2020.

In Q4, we increased volumes across all regions. In Greater China, we continued to record double-digit volume growth.

Volumes increased in almost all segments. In some commodity product lines, such as isocyanates, we considerably expanded our margins. Lower fixed costs also contributed to BASF’s strong performance in the fourth quarter of 2020.

Since the pandemic is still not behind us, we are doing everything we can to ensure safe operations for our employees that have to be on site. All employees that can work from home are strongly encouraged to do so.
We continued to put a strong focus on cash generation, cost control and the reduction of capital expenditures for our ongoing business. We also maintained a higher liquidity level than usual. Our strong balance sheet and good credit ratings ensure BASF’s unrestricted access to debt markets.

[Chart 4: Broad recovery of chemical production in all major regions in second half of 2020]

Let us now turn to the macroeconomic data to put BASF’s performance into perspective. The indicators for Q4 are estimates as most of the countries have not yet published their figures for the quarter.

In Q4 2020, global chemical production increased by 4.9 percent, mainly on account of the growth in China. China continued with its strong recovery which already started in Q2 2020. Europe and North America also experienced a continued recovery of chemical production in the second half of 2020.

[Chart 5: BASF Group: Volume growth across all regions in Q4 2020]

On this slide you can see our volume growth by region over the last four quarters compared with the respective quarters of 2019.

During the last three quarters of the year, we recorded double-digit volume growth in Greater China across almost all segments. We continued to benefit from our strong position in China. The planned Verbund site in Guangdong province will further increase our presence and customer proximity in the dynamically growing Chinese market.
In Europe and North America, our volumes turned positive in Q4 2020 and were above market growth according to current macroeconomic estimates. During the second and third quarter of 2020, sales volumes in Europe and North America were still negatively impacted by the lockdowns.

[Chart 6: BASF Group: Volume growth across almost all segments in Q4 2020]

We now take a look at the volume development by segment.

In the fourth quarter of 2020 – this is the upper graph – BASF Group sales volumes increased by 7 percent. All segments were able to grow volumes, except for Agricultural Solutions where volumes remained stable. The volume increase was most pronounced in the Surface Technologies, Materials and Industrial Solutions segments. The global recovery in automotive production was the main driver for this.

In 2020 – this is the lower graph – we were able to almost match the volume level of 2019. Higher volumes in Agricultural Solutions and Nutrition & Care could almost offset the decline in the remaining segments as well as in Other.

Overall, BASF with its diversified portfolio serving a broad range of customer industries has again proven to be resilient.

[Chart 7: BASF Group: Strong finish to the year in Q4 2020]

On this slide, we will first focus on the graph on the left, the earnings development in Q4 2020 compared with the prior-year quarter.

EBIT before special items increased by 32 percent to 1.1 billion euros. Considerably higher earnings in the Materials, Chemicals and Industrial Solutions segments were the driver for this. Lower contributions from the remaining segments as well as from Other were more than offset.
Hans will provide you with further details on the quarterly earnings development by segment.

I will move on to the full-year earnings development depicted on the right-hand side. Details can be found in the BASF Report.

EBIT before special items came in at 3.6 billion euros, 23 percent below the prior-year figure. Due to the impact of the pandemic all segments recorded lower earnings, with one exception: The Industrial Solutions segment matched the 2019 level of EBIT before special items.

On BASF Group level, the decline in earnings was particularly driven by considerably lower contributions from our upstream businesses. The sharp drop in demand from the automotive industry especially burdened the earnings development in the Surface Technologies segment.

[Chart 8: BASF Group 2020: Review of financial and nonfinancial targets]

Let’s now look at BASF’s financial and nonfinancial targets:

- As mentioned before, our sales volumes were almost stable and came in just 0.5 percent below the 2019 level. Global chemical production decreased in the same order of magnitude.

- EBITDA before special items declined by around 11 percent to 7.4 billion euros, mainly on account of lower contributions from the Chemicals and Surface Technologies segments as well as Other.

- ROCE was 1.7 percent, down from 7.7 percent in 2019. This was due to considerably lower EBIT, which was negatively impacted by non-cash-effective impairments in the amount of 2.9 billion euros.
Let me also touch on the performance-based compensation of our employees at this point. ROCE determines the variable compensation. In 2020, ROCE was below the threshold for a bonus payment. However, the Board of Executive Directors, decided to pay a bonus of appreciation in these difficult times. With this, we want to acknowledge the great commitment of the BASF team during the coronavirus pandemic in 2020. In total, we will pay out 360 million euros in bonuses.

- Furthermore, we propose to pay a dividend of 3 euros and 30 cents per share. I will later elaborate on this proposal in some more detail.

Before that, let’s move on to our nonfinancial targets:

- We aim to grow CO₂-neutrally until 2030. That means we aim to maintain total greenhouse gas emissions from our production sites and our energy purchases at the 2018 level of 21.9 million metric tons of CO₂ equivalents, while increasing production. In 2020, these emissions amounted to 20.8 million metric tons of CO₂ equivalents, an increase of 3.5 percent compared with the previous year. The decline in emissions due to measures to increase energy efficiency and optimize processes as well as lower production volumes were more than offset, particularly by the integration of the polyamide business acquired from Solvay in January 2020.

- In addition, we aim to achieve 22 billion euros in Accelerator sales by 2025. In 2020, we generated sales of 16.7 billion euros with Accelerator products. This is an increase of 11 percent compared with 15 billion euros in 2019. The positive development of Accelerator sales in the Surface Technologies and Agricultural Solutions segments was the main reason for the increase.
In our effort to transition towards a more sustainable business, we have reached important milestones in 2020.

- In our **Carbon Management program**, we have completed the construction of a pilot reactor for methane pyrolysis and started it up. This is an important step towards industrial-scale production of hydrogen without CO\textsubscript{2} emissions and in the mid-term a more energy efficient alternative to water electrolysis.

  Two of our sites in Texas – Freeport and Pasadena – have recently secured access to renewable energy. In total, 19 of our sites globally are already powered partially or fully with renewable energy.

  Currently, we are pursuing more than 5,000 operational effectiveness measures, of which around 25 percent are related to carbon management.

  In addition, we are advancing with the roll-out of product carbon footprints for all our 45,000 products.

- Regarding our **Circular Economy program**, we have successfully marketed first commercial volumes of Cycled\textsuperscript{TM} products. This year, we will further expand volumes and support our customers with their plans to launch more commercial applications. The plant of our partner Quantafuel in Denmark has started up with our support, enabling the chemical recycling of mixed plastic waste.

  We have broadened the raw material base to end-of-life tires through an investment into the German start-up company Pyrum Innovations and a supply agreement with the Hungarian start-up company New Energy.
By setting ambitious targets for circularity, we have defined our path forward and underlined our commitment to contribute to a circular economy.

[Chart 10: Excellence Program 2019–2021: On track to achieve the targeted annual EBITDA contribution]

Let us move on to the status of our Excellence Program. In 2020, we realized positive EBITDA contributions of around 1.4 billion euros. The associated costs amounted to around 200 million euros. We are well on track to achieve the targeted 2 billion-euro annual EBITDA contribution by the end of this year. These values are run rates. The associated one-time costs in 2021 are estimated to be between 50 and 150 million euros.

On top of this program, the realignment of our Global Business Services unit will result in additional savings of more than 200 million euros per year from 2023 onwards.

[Chart 11: Attractive shareholder return – also in challenging times]

Ladies and gentlemen,

Despite the pandemic we have achieved a solid cash flow and BASF has again proven to be resilient. A reliable dividend payment even in difficult times is a priority for the BASF Board. Therefore, we will propose a dividend of 3 euros and 30 cents per share at the Annual Shareholders’ Meeting. In total, we would pay out 3 billion euros to our shareholders, as in the previous year. Based on the year-end share price of 64 euros and 72 cents, BASF would offer a high dividend yield of 5.1 percent. And we want to continue offering you an attractive dividend in the future.

Let me provide you with some further rationale regarding our dividend policy going forward.
Our cash flows from operating activities in the coming years are expected to cover both the capital expenditures for our ongoing business and our dividend payments. Based on our mid-term projections, we will even have some headroom to reduce our financial debt.

The new Verbund site in South China and our investments in battery materials will boost BASF’s future growth. We will finance the strong organic growth in these areas with the proceeds from our divestitures. Despite high investments in these growth projects during the next years, our future portfolio is expected to be less capital intensive following this transformation.

And now Hans will give you more details regarding our active portfolio management, the business development in Q4 and the full year 2020.

Hans-Ulrich Engel

Good morning ladies and gentlemen,

[Chart 12: Major portfolio measures in 2020 and 2021]

I will start by giving you a short update on our major portfolio measures.

- On January 31, 2020, BASF closed the acquisition of Solvay’s polyamide business. In the meantime, the businesses have been successfully integrated into BASF’s Performance Materials and Monomers divisions.

- We closed the sale of the construction chemicals business to an affiliate of Lone Star on September 30, 2020. The construction chemicals business is now part of the newly founded MBCC Group.
The sale of our pigments business to DIC/Sun Chemical is now expected to close in the first half of 2021. The project teams are well prepared to allow for a swift and seamless cutover once merger clearance from all relevant authorities has been granted. As of now, the transaction obtained merger clearance from 10 of 11 jurisdictions globally, including the conditional clearances of the EU Commission and the Japan Fair Trade Commission, both granted in December 2020. Only the merger clearance process in the U.S. is still ongoing.

With respect to Wintershall Dea, we are realizing the announced synergies. The integration was completed. We assume an initial public offering in 2021, subject to market conditions.

[Chart 13: BASF Group: Q4 and full year 2020]

Let me turn to the financial figures of BASF Group for Q4 2020 compared with the prior-year quarter in more detail:

- **Sales** in the fourth quarter of 2020 increased by 8 percent to 15.9 billion euros. As explained by Martin, volumes were up by 7 percent. Prices also increased by 7 percent, mainly driven by the Surface Technologies, Agricultural Solutions and Materials segments. Portfolio effects contributed 1 percent and were related to the acquisition of Solvay’s polyamide business. Currency effects negatively impacted sales by 7 percent.

- **EBITDA before special items** increased by 15 percent to 2.1 billion euros. **EBITDA** amounted to 2.0 billion euros compared with 1.6 billion euros in Q4 2019.

- **EBIT before special items** came in at 1.1 billion euros, 32 percent higher than in Q4 2019.
I will provide you with some further details on the quarterly earnings development by segment – as this is not outlined in the BASF Report 2020 published today:

- EBIT before special items in the **Chemicals** segment improved considerably compared with Q4 2019. Both divisions – Petrochemicals and Intermediates – recorded significantly higher earnings due to lower fixed costs and improved at-equity results, especially from our participation in BASF-YPC Nanjing.

- EBIT before special items in the **Materials** segment improved even more considerably than in the Chemicals segment. Both divisions in Materials, particularly the Monomers division, recorded significantly higher earnings compared with Q4 2019. Higher margins as a result of demand recovery and partly due to lower product availability in the market were the main driver.

- In the **Industrial Solutions** segment, EBIT before special items also increased considerably. In the Dispersions & Pigments division, lower fixed costs and higher margins were the main driver. In Performance Chemicals, EBIT before special items increased as well.

- In the **Surface Technologies** segment, EBIT before special items declined slightly. While margins were almost stable in Catalysts, EBIT before special items declined, mainly due to higher fixed costs. In Coatings, lower fixed costs could more than compensate for slightly lower margins. Therefore, EBIT before special items in the Coatings division increased slightly.
- EBIT before special items in the **Nutrition & Care** segment decreased slightly compared with Q4 2019. While EBIT before special items in the Care Chemicals division improved slightly due to lower fixed costs, Nutrition & Health recorded considerably lower EBIT before special items. Higher fixed costs offset the margin increase in the division.

- In **Agricultural Solutions**, earnings declined considerably compared with the strong fourth quarter of 2019. This was driven by negative currency effects, mainly from the Brazilian real as well as the U.S. dollar. Lower fixed costs partly had an offsetting effect.

- In **Other**, higher fixed costs, including higher provisions for BASF’s LTI program, and lower margins led to a significantly lower EBIT before special items compared with Q4 2019.

Now let us return to the BASF Group figures:

- **Special items** in EBIT amounted to minus 181 million euros compared with minus 263 million euros in Q4 2019. **EBIT** increased by 61 percent to 932 million euros in Q4 2020.

- **Net income** amounted to 1.1 billion euros compared with 150 million euros in Q4 2019. The tax rate was 24.7 percent compared with 19.2 percent in Q4 2019. Reported earnings per share increased from 16 cents in the prior-year quarter to 1 euro and 15 cents in Q4 2020. Adjusted EPS amounted to 1 euro and 10 cents; this compares with 64 cents in the prior-year quarter.

- **Cash flows from operating activities** decreased by 1.1 billion euros to 2.1 billion euros in Q4 2020. This decline was mainly driven by a lower cash inflow from changes in net working capital.
In Q4 2019, changes in net working capital led to a cash inflow of 1.6 billion euros compared with 0.6 billion euros in the operationally stronger Q4 2020. Payments made for intangible assets and property, plant, and equipment decreased by 78 million euros and amounted to 1.1 billion euros. Free cash flow came in at 1.0 billion euros compared with 2.0 billion euros in Q4 2019.

I will now only quickly comment on the earnings development in the full year 2020:

- **Sales** were almost stable and amounted to 59.1 billion euros. Negative currency and volume effects were almost offset by higher prices and positive portfolio effects.

- At 7.4 billion euros, **EBITDA before special items** was 11 percent lower than in the prior year. **EBITDA** amounted to 6.5 billion euros, compared with 8.2 billion euros in 2019.

- **EBIT before special items** decreased by 1.1 billion euros to 3.6 billion euros. **EBIT** decreased from 4.2 billion euros to minus 191 million euros.

- In total, **special items** in EBIT amounted to minus 3.8 billion euros compared with minus 442 million euros in 2019. This increase was mainly driven by non-cash-effective impairments in Q3 2020.

- **Net income** amounted to minus 1.1 billion euros; this compares with 8.4 billion euros in 2019. This significant decline can almost entirely be explained with this year’s higher special charges and last year’s book gain of around 5.7 billion euros from the deconsolidation of the Wintershall companies following the merger of Wintershall and DEA on May 1, 2019. The tax rate decreased from 22.9 percent to 5.8 percent.
Let’s now move on to our cash flow development in the full year 2020:

- **Cash flows from operating activities** amounted to 5.4 billion euros compared with 7.5 billion euros in the prior year. This was primarily due to lower net income and the higher level of cash tied up in net working capital, where the increase in accounts receivable and precious metal positions due to the strong business in Q4 and high precious metal prices could not be compensated by the reduction of inventories. In 2020, changes in net working capital led to a cash outflow of 400 million euros compared with a cash inflow of 1.4 billion euros in 2019.

- Despite the adverse impact of the pandemic on our business, we achieved a solid **free cash flow** of 2.3 billion euros compared with 3.7 billion euros in 2019. The decrease was mainly driven by lower net income and the higher level of cash tied up in net working capital. Lower payments made for intangible assets and property, plant and equipment had an offsetting effect.

Turning to our balance sheet at the end of 2020 compared with year-end 2019:

- Total assets decreased by 6.7 billion euros to 80.3 billion euros.

- Compared with the end of December 2019, noncurrent assets decreased by 5.5 billion euros to 50.4 billion euros, mainly driven by non-cash-effective impairments and currency effects.

- Compared with the year-end 2019, net debt decreased by 829 million euros to 14.7 billion euros.

- At the end of 2020, the equity ratio amounted to 42.8 percent.
And now I will hand things back to Martin for the outlook.

**Martin Brudermüller**

[Chart 16: Outlook 2021 for BASF Group]

Ladies and gentlemen,

We expect the global economy to recover in 2021 after the sharp downturn resulting from the coronavirus pandemic. However, uncertainty about future developments remains exceptionally high. Our forecast therefore includes wide ranges to account for the possibility of significant disruptions to global supply chains and negative effects on the entire economy. At the same time, we are confident that without such negative impacts, we will be able to achieve earnings at the upper end of the forecast range.

Our forecast assumes growth in our customer industries. For the automotive industry in particular, we are forecasting significant production growth compared with 2020. The global economy should see significant growth of 4.3 percent compared with minus 3.7 percent in 2020. Global chemical production is expected to expand by 4.4 percent, well above the prior-year level of minus 0.4 percent.

We anticipate an average oil price of 50 dollars for a barrel of Brent crude and an exchange rate of 1 dollar 18 cents per euro.

Based on these assumptions, we aim to increase our sales to between 61 billion euros and 64 billion euros, up from 59.1 billion euros in 2020. The BASF Group’s EBIT before special items is expected to be between 4.1 billion euros and 5.0 billion euros, up from 3.6 billion euros in 2020. As I mentioned, the upper end of the forecast range should be achievable given the strong business development during the first weeks of the year. The return on capital employed is expected to be between 8.0 percent and 9.2 percent.
Let me also touch on the Accelerator sales and CO₂ emissions forecast for the BASF Group.

We expect Accelerator sales to increase to between 18 billion euros and 19 billion euros in 2021, up from 16.7 billion euros, in line with the global economic recovery and growing demand for chemical products.

Despite the global economic recovery and growing demand for chemical products, CO₂ emissions are expected to stabilize at between 20.5 million metric tons and 21.5 million metric tons in 2021. With targeted measures, we will keep emissions roughly at the prior-year level of 20.8 million metric tons.

[Chart 17: High capex discipline in ongoing business leads to lower capex budget in five-year planning period]

On this slide we give you a few more explanations regarding our capex budget. Between 2021 and 2025 we are planning capital expenditures of 22.9 billion euros. The capital expenditures in the next five years will thus be lower than in the prior planning period from 2020 to 2024.

We will allocate 41 percent of our investments to Asia Pacific and 39 percent to Europe. A focus area is our investment project in Guangdong province in China to expand our businesses in Asia.

For 2021, we are planning capital expenditures of 3.6 billion euros in total.

[Chart 18: BASF in excellent position to benefit from market recovery – priorities 2021]

Ladies and gentlemen,

Let me conclude with our priorities for 2021:

- We will further implement strategic measures and push the transformation of BASF into a more agile and customer-focused company.
To support faster profitable growth of BASF in the future, we will continue to pursue our investment project in Guangdong province and our investments in the production of battery materials.

We will energetically drive sustainability and innovation with our Carbon Management and Circular Economy programs. During our Capital Markets Day on March 26, we will share further information on our aspirations in this field.

We are executing the announced portfolio measures. The major upcoming portfolio changes will be the closing of the sale of our pigments business, and the IPO of Wintershall Dea, which is subject to market conditions.

We will successfully conclude our Excellence Program and maintain a strict focus on capital and cost discipline.

And now, we are glad to take your questions.