



 **BASF**

We create chemistry

Analyst Conference Call Q2 2024

July 26, 2024

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 in particular those discussed in Opportunities and Risks on pages 173 to 183 of the BASF Report 2023. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.

Q2 2024: EBITDA before special items at prior-year quarter level; outlook 2024 unchanged

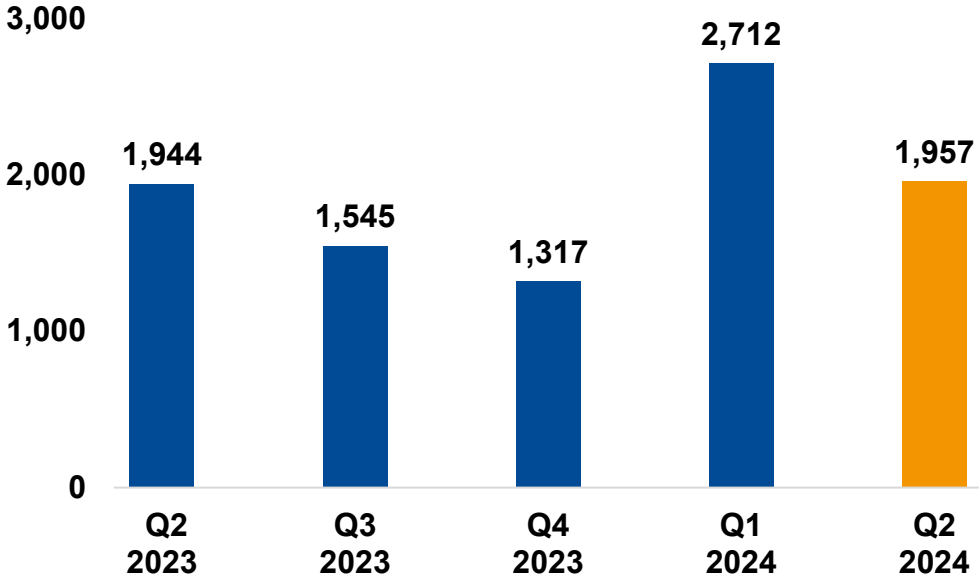
- **Sales 7% down** on Q2 2023 at €16.1 billion, **mainly due to lower prices**; however, **pressure on sales prices eased**
- **Volumes** of BASF Group, excluding precious and base metals, **increased by 2.4%**
- Q2 2024 **EBITDA before special items** of €2.0 billion **at prior-year level** (+0.6% compared with Q2 2023)
- **Overall stronger earnings in chemical businesses** offset by considerably lower earnings in Agricultural Solutions due to a difficult market environment

Sales development

Q2 2024 vs. Q2 2023	Volumes	Prices	Portfolio	Currency
BASF Group adjusted¹	↑ 2.4%	↓ -3.8%	↓ -0.1%	↓ -1.1%
BASF Group IFRS¹	↑ 0.5%	↓ -6.4%	↓ -0.1%	↓ -0.9%

EBITDA before special items

Million €



¹ The IFRS figures correspond to the Consolidated Financial Statements. The adjusted figures exclude sales in precious metal trading as well as precious and base metal sales in the catalysts business

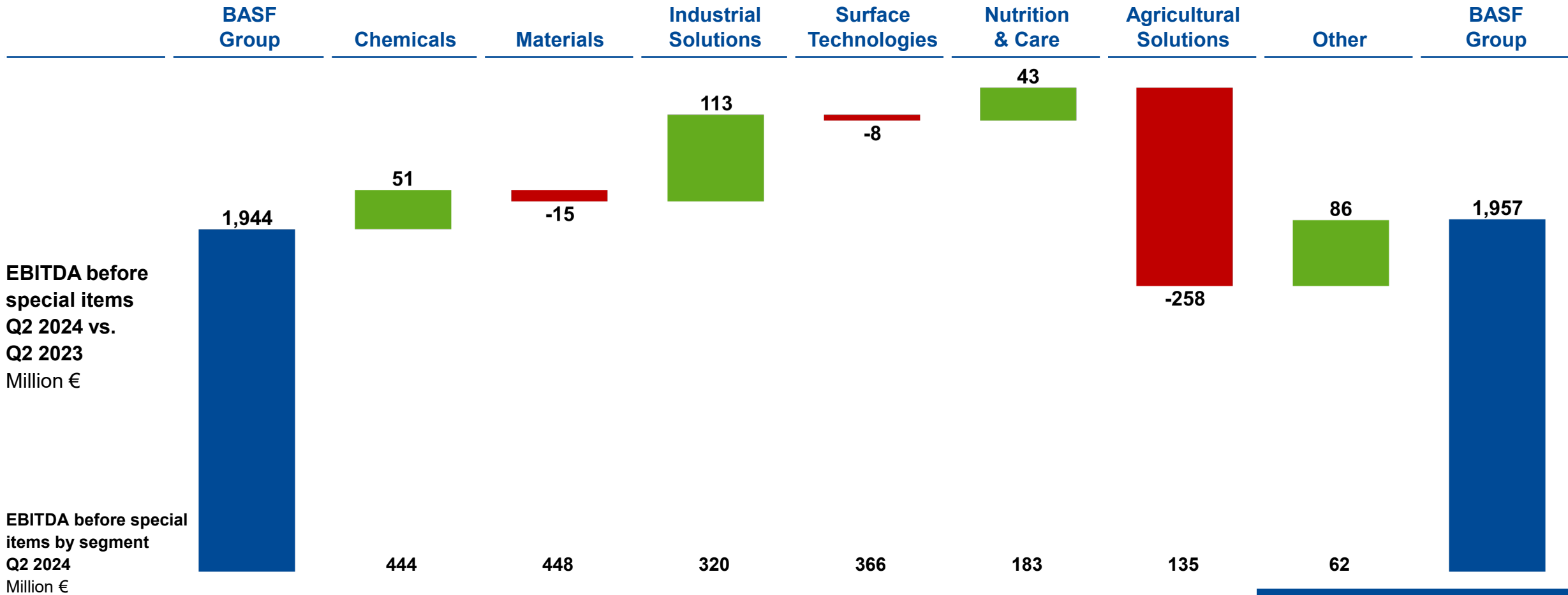
Snapshot Q2 2024: Market development and BASF's performance

	Market environment	Volume development	Specific margin
Chemicals			
Materials			
Industrial Solutions			
Surface Technologies ¹			
Nutrition & Care			
Agricultural Solutions			

Impact on BASF's EBITDA before special items in Q2 2024 vs. Q2 2023

¹ Excluding precious metal trading in the catalysts business

EBITDA before special items at prior-year quarter level, despite considerably lower earnings in Agricultural Solutions



Agricultural Solutions: We are taking decisive action to secure profitability

- **Mainly driven by herbicides**, particularly **glufosinate-ammonium (GA)**, **EBITDA before special items in the first half of 2024** declined by 18% compared with the strong first half of the prior year and reached **€1,496 million**
- While cost reductions have been achieved in GA production, the **GA business has been increasingly affected by generic competition, alternative technologies** as well as high energy and raw material prices
- The announced **closure of the GA production and formulation facilities** in Knapsack and Frankfurt will result in **additional special charges in a low triple-digit million-euro range in Q3 2024**
- In future, we will source the active ingredient **GA from third-party suppliers to secure long-term competitiveness**



BASF Group Q2 2024: Key financial figures

EBITDA before special items
Q2 2024 vs. Q2 2023

€1,957 million
+0.6%

EBIT before special items
Q2 2024 vs. Q2 2023

€969 million
-3.7%

Net income
Q2 2024 vs. Q2 2023

€430 million
-14.0%

Operating cash flow
Q2 2024 vs. Q2 2023

€1,951 million
-10.4%

Free cash flow
Q2 2024 vs. Q2 2023

€471 million
-48.0%

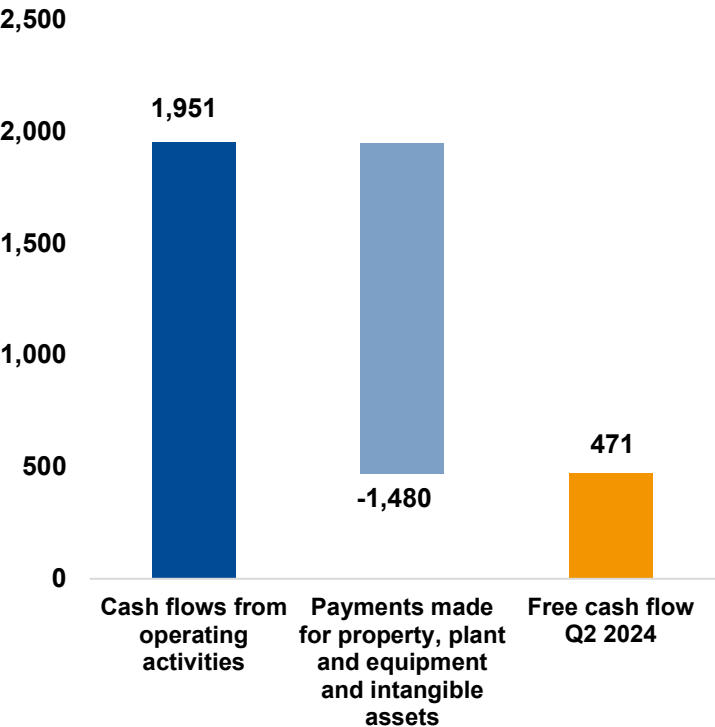
Equity ratio
June 30, 2024 / Dec. 31, 2023

44.5%
47.3%

Cash flow development in Q2 2024 and H1 2024

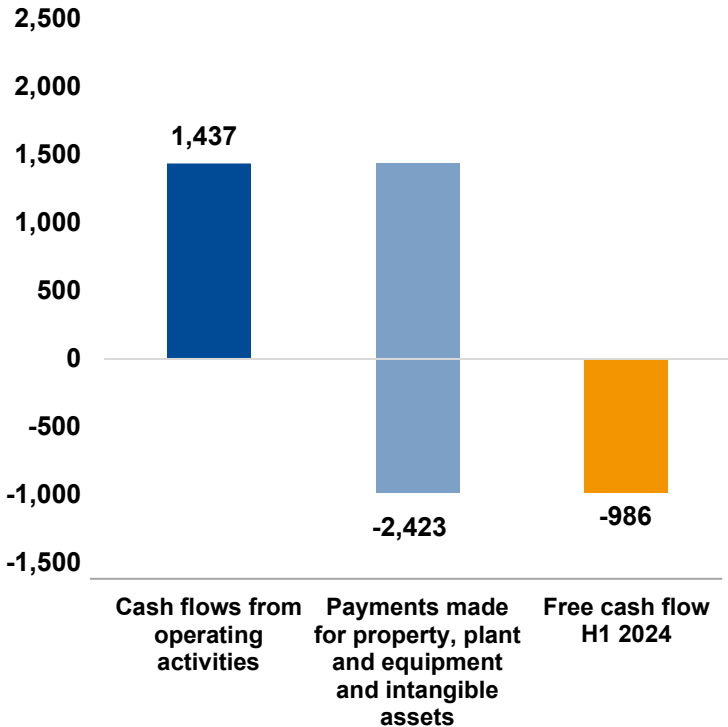
Q2 2024

Million €



H1 2024

Million €

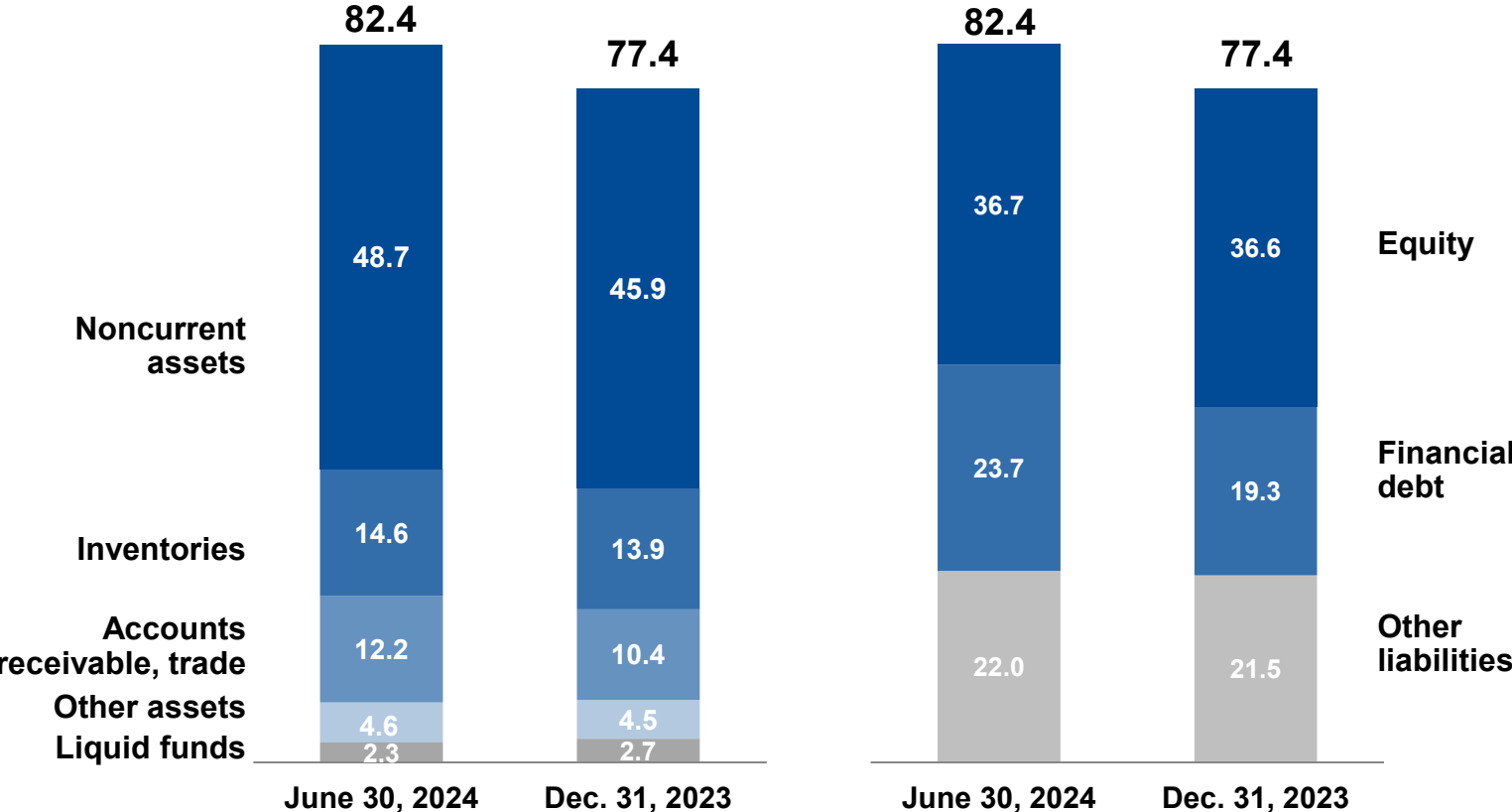


Q2 2024 vs. Q2 2023

- Cash flows from operating activities** decreased by €228 million to €2.0 billion, mainly due to lower dividend payments from equity-accounted companies and lower cash inflows from changes in net working capital
- Payments made for property, plant and equipment and intangible assets** rose by 16% to €1.5 billion, mainly due to the construction of our new Verbund site in South China, which is progressing on time and in budget
- Free cash flow** amounted to €471 million compared with €905 million in Q2 2023

Strong balance sheet

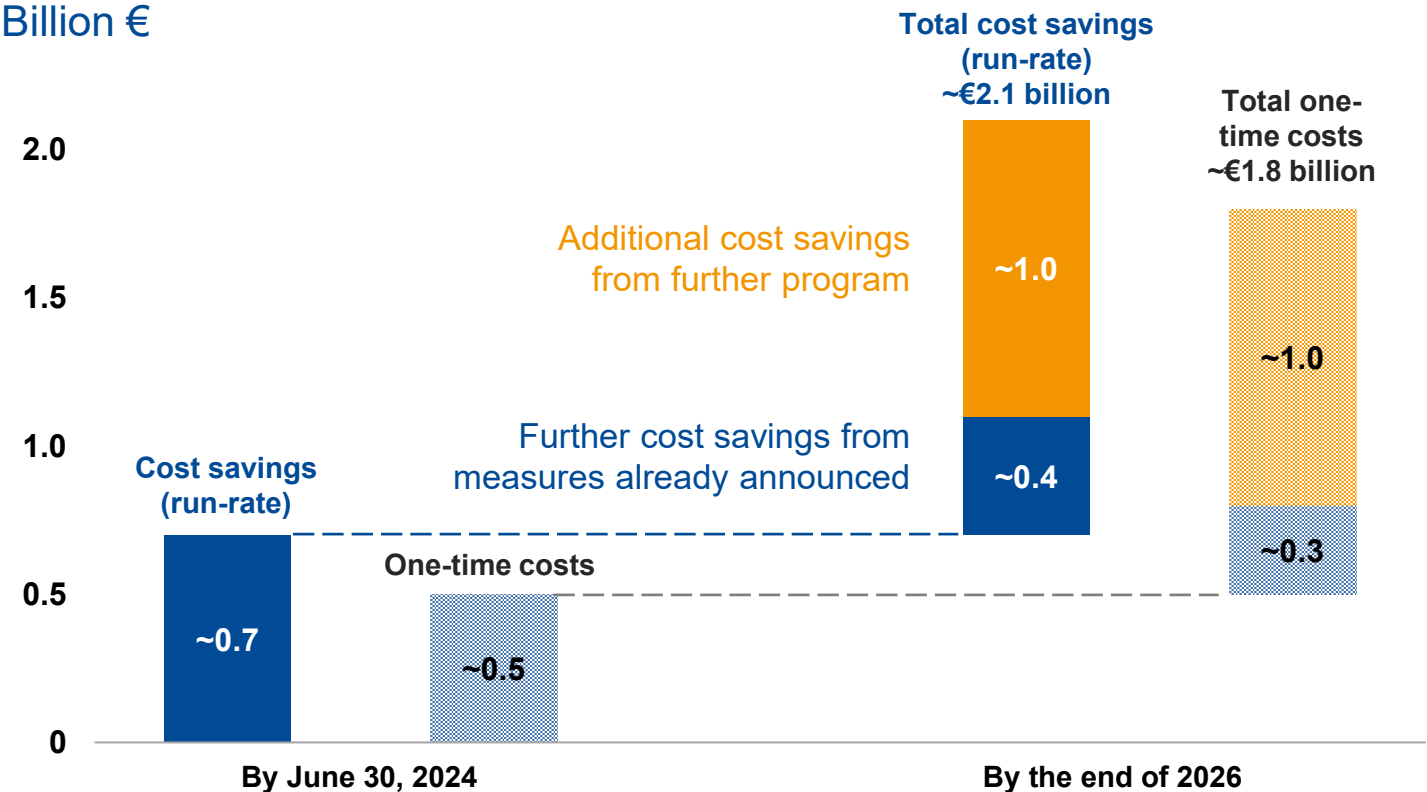
Balance sheet June 30, 2024, vs. December 31, 2023
Billion €



- **Total assets** increased by €5.1 billion to €82.4 billion, particularly due to higher trade accounts receivable and additions to property, plant and equipment
- **Net debt** amounted to €21.4 billion compared with €16.6 billion at the end of 2023 and €20.2 billion at the end of June 2023
- **Equity ratio: 44.5%** (Dec. 31, 2023: 47.3%)
- BASF has **good credit ratings**¹, especially compared with competitors

¹ Current ratings: Moody's A3/P-2/outlook stable, Fitch A/F1/outlook stable, S&P A-/A-2/outlook stable

Update on BASF's cost savings programs: On track to deliver targeted ~€2.1 billion total cost savings by the end of 2026



- Implementation of the cost savings programs announced in February 2023 in full swing
- Identification of cost savings measures related to the program with focus on Ludwigshafen announced in February 2024 almost completed; swift implementation in preparation
- By the end of 2024, we expect total annual cost savings of ~€800 million and one-time costs of ~€550 million

■ Expected annual cost savings¹ from further program in Ludwigshafen
 ■ Expected one-time costs for further program in Ludwigshafen

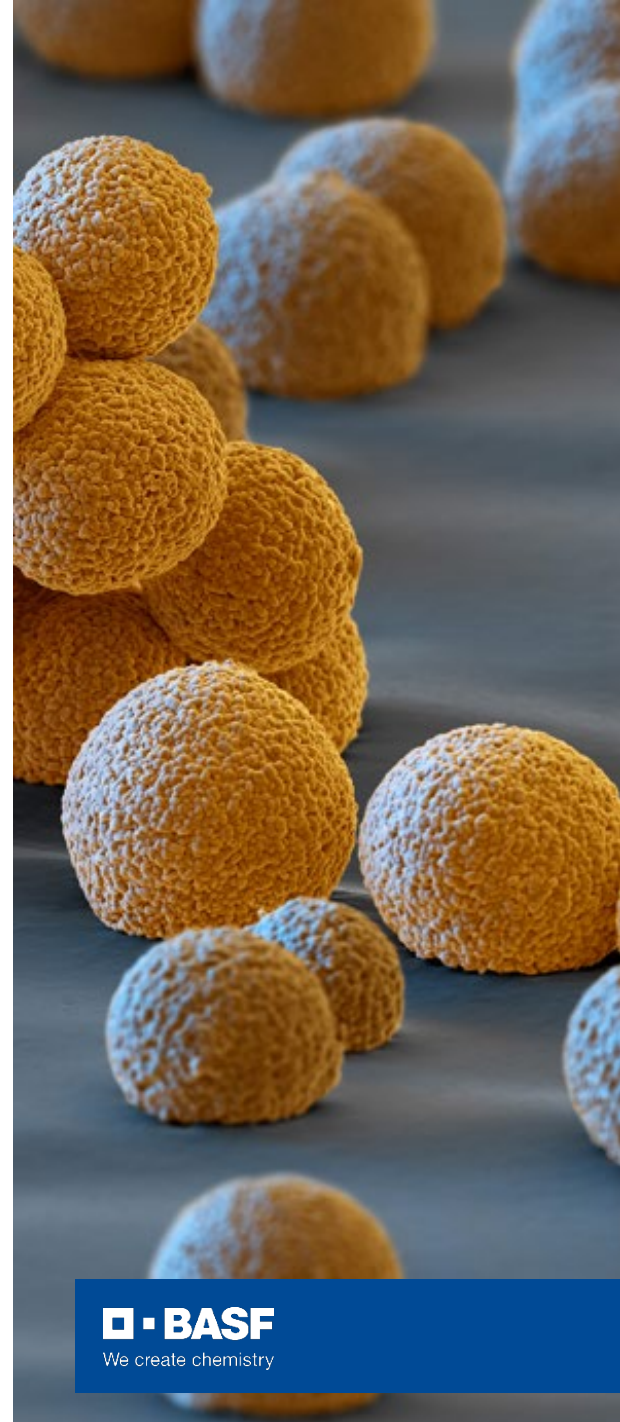
■ Expected annual cost savings¹ from measures already announced²
■ Expected one-time costs for measures already announced

¹ Run-rate by year end
² The figures include the cost savings program in non-production units with focus on Europe, measures in the Global Business Services and Global Digital Services units outside of Europe and the cost savings related to the adaptation of production structures at Ludwigshafen Verbund site.



Battery Materials: We are adapting in line with recent market developments

- The **trend toward electric vehicles will continue** and battery materials remain a significant growth opportunity for the chemical industry
- Over the last years, BASF has **established competitive cathode active materials production capacities in all regions**; we continue to ramp up and fill existing capacities worldwide
- In the light of recent market developments, BASF is **taking action to de-risk its path forward**
- BASF's **decision against an investment in a nickel-cobalt refining complex in Indonesia** significantly lowers future capital requirements; supply options have evolved and with that BASF's access to battery grade nickel
- BASF is **pausing its large-scale refinery project for battery recycling in Tarragona** until cell capacity build-up and xEV adoption rate in Europe regain momentum



Outlook 2024 for BASF Group unchanged

Outlook 2024

EBITDA before special items	€8.0 billion – €8.6 billion
Free cash flow	€0.1 billion – €0.6 billion
CO ₂ emissions	16.7 million – 17.7 million metric tons

Underlying assumptions

- Growth in gross domestic product: 2.3%
- Growth in industrial production: 2.2%
- Growth in chemical production: 2.7%
- Average euro/dollar exchange rate: \$1.10 per euro
- Average annual oil price (Brent crude): \$80 per barrel



BASF Capital Markets Day in September 2024 – Agenda

Thursday, September 26, 2024

- 12:30 CEST ▶ **Strategy keynote and Q&A**
- 15:00 CEST ▶ **Presentation Agricultural Solutions and Q&A**
- 17:00 CEST ▶ **Tour of the BASF Agricultural Center in Limburgerhof**
- 19:00 CEST ▶ **Dinner for analysts and investors**

Friday, September 27, 2024

- 09:00 CEST ▶ **Presentations Chemicals, Materials, Industrial Solutions, Nutrition & Care and Q&A**
- 12:30 CEST ▶ **Presentation Surface Technologies and Q&A**
- 14:30 CEST ▶ **End of program**





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