

Quarterly Statement

3rd Quarter 2016



Earnings and volumes increase in chemicals business

- Sales down considerably and EBIT before special items slightly below prior third-quarter level, mainly from decline in Oil & Gas
- Earnings rise in chemicals business due to considerable growth in Performance Products and Functional Materials & Solutions
- Outlook 2016 for BASF Group confirmed

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We create chemistry

Key Figures

BASF Group 3rd Quarter 2016

		3rd Quarter			January – September		
		2016	2015	Change %	2016	2015	Change %
Sales	million €	14,013	17,424	(20)	42,704	56,569	(25)
Income from operations before depreciation and amortization (EBITDA) ¹	million €	2,437	2,872	(15)	8,039	8,756	(8)
Amortization and depreciation ²	million €	973	983	(1)	2,991	2,833	6
Income from operations (EBIT)	million €	1,464	1,889	(22)	5,048	5,923	(15)
Special items	million €	(52)	286	.	(81)	207	.
Income from operations (EBIT) before special items ¹	million €	1,516	1,603	(5)	5,129	5,716	(10)
Financial result	million €	(283)	(175)	(62)	(648)	(491)	(32)
Income before taxes and minority interests	million €	1,181	1,714	(31)	4,400	5,432	(19)
Net income	million €	888	1,209	(27)	3,367	3,648	(8)
Earnings per share	€	0.97	1.31	(26)	3.67	3.97	(8)
Adjusted earnings per share ¹	€	1.10	1.07	3	4.04	3.99	1
Research expenses	million €	426	487	(13)	1,324	1,456	(9)
Personnel costs	million €	2,509	2,447	3	7,432	7,718	(4)
Number of employees (September 30)		112,055	112,981	(1)	112,055	112,981	(1)
Assets (September 30)	million €	73,103	72,318	1	73,103	72,318	1
Investments ³	million €	992	1,497	(34)	2,958	4,357	(32)
Equity ratio (September 30)	%	40.7	41.6	(2)	40.7	41.6	(2)
Net debt (September 30) ⁴	million €	12,337	13,764	(10)	12,337	13,764	(10)
Cash provided by operating activities	million €	2,501	3,351	(25)	5,840	8,494	(31)
Free cash flow ⁴	million €	1,565	1,809	(13)	2,925	4,107	(29)

¹ For more information on this KPI, see page 15.

² Impairments, amortization of intangible assets, and depreciation of property, plant and equipment (including write-ups)

³ Additions to intangible assets and property, plant and equipment (including acquisitions)

⁴ For more information on this KPI, see page 4.

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Changes to the German Securities Trading Act (*Wertpapierhandelsgesetz*) and the rules of the Frankfurt Stock Exchange have lifted the requirement for BASF to publish a quarterly financial report for the first and third quarters of each business year. In accordance with Section 51a of the rules of the Frankfurt Stock Exchange, we have adapted our reporting for the first and third quarters of the business year to take the form of a Quarterly Statement, starting with the third quarter of 2016. All relevant information has been retained.


Business Review

BASF Group 3rd Quarter 2016

Significant Events

On October 17, 2016, a fire broke out at the North Harbor at BASF's site in Ludwigshafen, Germany. Three people were killed and others were injured, eight of whom severely. An explosion had occurred after work on a pipeline, with ensuing fires. One consequence was the interruption of the raw material supply to the site's steam crackers; further Verbund facilities were also shut down. BASF is taking various measures to minimize the impact on customer supplies. We assume that

the logistics and supply bottlenecks will negatively impact earnings for the 2016 business year. They have not, however, resulted in a change to our outlook for 2016.






 For more information, see the Outlook on page 5.

During the third quarter of 2016, there were no events that had a significant impact on the results of operations, net assets or financial position of the BASF Group.

Results of Operations

Compared with the third quarter of 2015, **sales** declined by €3,411 million to €14,013 million, mainly as a result of the divestiture of the gas trading and storage business as part of the asset swap with Gazprom at the end of September 2015. This business had contributed €2.9 billion to sales in the third quarter of 2015. In addition, lower raw material prices led to a drop in sales prices, reducing sales in the chemicals business¹ – especially in the Chemicals segment – and in the Oil & Gas segment. We raised volumes by 4%, primarily supported by the Functional Materials & Solutions and Chemicals segments.

Factors influencing sales, BASF Group 3rd Quarter 2016

Volumes	4%	
Prices	(5%)	
Portfolio	(18%)	
Currencies	(1%)	
Sales	(20%)	

Income from operations (EBIT) before special items² declined by €87 million to €1,516 million, primarily as a result of smaller contributions from the Oil & Gas segment and from Other. In the chemicals business and Agricultural Solutions segment, however, we were able to increase EBIT before special items.

In the third quarter of 2016, **special items** in EBIT were minus €52 million compared with €286 million in the previous third quarter. This was largely the result of expenses from restructuring measures. The third quarter of 2015 had particularly included income from the asset swap with Gazprom.

Compared with the previous third quarter, **EBIT** declined from €1,889 million to €1,464 million. **EBITDA²** decreased to €2,437 million, compared with €2,872 million in the same period of the prior year.

At minus €283 million, the **financial result** was €108 million below the level of the third quarter of 2015. Net income from shareholdings fell by €33 million to minus €39 million due to the write-down of shares in a subsidiary. The interest result declined by €38 million to minus €143 million, primarily as a consequence of higher interest expenses in conjunction with new bank loans outside the eurozone. The €37 million reduction to minus €101 million in other financial result was due in part to lower income from construction interest as well as higher hedging costs.

Income before taxes and minority interests declined from €1,714 million in the previous third quarter to €1,181 million. The tax rate decreased from 26.0% to 17.3%, mainly owing to the release of tax provisions for previous years as well as higher income from deferred taxes in the Oil & Gas segment. The latter resulted from the currency-driven decrease in temporary differences to the values used for the calculation of taxable income in Norway.

Net income fell from €1,209 million to €888 million.

Earnings per share² were €0.97 in the third quarter of 2016, compared with €1.31 in the same quarter of 2015. Adjusted for special items and amortization of intangible assets, earnings per share amounted to €1.10 (third quarter of 2015: €1.07).

¹ Our chemicals business comprises the Chemicals, Performance Products and Functional Materials & Solutions segments.

² For more information on this KPI, see page 15.

Net Assets

Compared with the end of 2015, **total assets** rose from €70,836 million to €73,103 million. At €46,455 million, **non-current assets** matched the level of December 31, 2015. The increase in **current assets** from €24,566 million to

€26,648 million was especially driven by a higher level of cash and cash equivalents in connection with the planned acquisition of Chemetall. Inventories and trade accounts receivable rose only marginally.

Financial Position

Compared with December 31, 2015, **equity** declined from €31,545 million to €29,737 million. The equity ratio decreased from 44.5% to 40.7%.

Noncurrent liabilities rose from €25,055 million to €27,379 million. This was largely due to higher provisions for pensions and similar obligations, caused by the decline in the discount rates in all relevant currency zones.

Current liabilities rose from €14,236 million to €15,987 million, mainly because of an increase in financial indebtedness: In addition to reclassifications of long-term financial indebtedness, this was predominantly from the expansion of the U.S. dollar commercial paper program.

Financial indebtedness increased overall by €600 million to €15,797 million. Because cash and cash equivalents rose at the same time by €1,219 million to €3,460 million, **net debt**¹ declined from €12,956 million on December 31, 2015, to €12,337 million.

At €2,501 million, **cash provided by operating activities** in the third quarter of 2016 was €850 million below the level of the previous third quarter. The release of funds in net working capital in the third quarter of 2016 was primarily related to a seasonal decline in trade accounts receivable. The same quarter of the previous year had seen a higher level of funds released from trade accounts receivable as well as from other operating receivables.

Cash used in investing activities amounted to €788 million in the third quarter of 2016 compared with €1,624 million in the same quarter of the previous year. At €936 million, payments related to property, plant and equipment and intangible assets were lower year-on-year (third quarter of 2015: €1,542 million).

Cash used in financing activities amounted to €84 million, compared with €2,471 million in the third quarter of 2015. Cash outflow in the previous third quarter had been mainly the result of scaling back BASF SE's U.S. dollar commercial paper program in the amount of nearly €2 billion.

Free cash flow² amounted to €1,565 million, compared with €1,809 million in the same period of the prior year.

Rated "A1/P-1 outlook stable" by Moody's and "A/A-1 outlook stable" by Standard & Poor's, BASF enjoys good **credit ratings**, especially compared with competitors in the chemical industry. Scope Ratings has also been evaluating our creditworthiness since September 2016. The agency, which focuses on European companies, rates BASF at "A/S-1 outlook stable."


In September 2016, BASF issued two **bonds** with a value date of October 6: one with a nominal value of €500 million, a 0.875% coupon and maturity of 15 years, the other with a nominal value of £250 million, a 0.875% coupon and maturity of seven years.

¹ Net debt is calculated by subtracting cash and cash equivalents from current and noncurrent financial indebtedness. This balance-related indicator provides information on effective indebtedness. The values of its components are provided in the Balance Sheet on page 17.

² Free cash flow is derived by subtracting payments related to property, plant and equipment and intangible assets from cash provided by operating activities. It provides information on cash flow available after investing activities. The values of its components are provided in the Cash Flow Statement on page 18.

Outlook

The fire at the North Harbor on October 17, 2016, negatively affected our supply and logistics at the Verbund site in Ludwigshafen. Based on the information available at the time of this publication, we expect the statements on opportunities and risks made in the BASF Report 2015 and updated in the Half-Year Financial Report 2016 to remain fundamentally valid.

 For more information, see the BASF Report 2015 from page 113 onward (Opportunities and Risks Report) and the Half-Year Financial Report 2016 on page 20.

We have adjusted our expectations for the global economic environment in 2016 as follows (previous forecast from the BASF Report 2015 in parentheses):

- Growth in gross domestic product: 2.3% (2.3%)
- Growth in industrial production: 2.0% (2.0%)
- Growth in chemical production: 3.4% (3.4%)
- Average euro/dollar exchange rate: \$1.10 per euro (\$1.10 per euro)
- Annualized average price of a barrel of oil: \$45 (\$40 per barrel)

We confirm our forecast for sales, EBIT before special items, and EBIT of the BASF Group:

Sales will decrease considerably in 2016.¹ As a consequence of the asset swap with Gazprom, contributions to the Oil & Gas segment have ceased from the natural gas trading and storage business in particular. In the first three quarters of 2015, these activities had contributed a total of around €10.1 billion to sales. Sales will be furthermore reduced by lower prices for oil and gas. We want to increase sales volumes, excluding the effects of acquisitions and divestitures.

We expect both EBIT before special items and EBIT to be slightly below 2015 levels.¹ This remains an ambitious goal in the current volatile and challenging environment, and in light of the fire of October 17 and its consequences.

Due to the lower level of tied-down operating capital, we now expect EBIT after cost of capital² to considerably exceed the low level of the prior year (previous forecast: considerable decline).

¹ With reference to sales, "slight" represents a change of 1–5%, while "considerable" applies to changes of 6% and higher. "At prior-year level" indicates no change (+/-0%). For earnings, "slight" means a change of 1–10%, while "considerable" is used for changes of 11% and higher. "At prior-year level" indicates no change (+/-0%).

² For more information on this KPI, see the BASF Report 2015, page 30.

Chemicals

Segment data Chemicals (million €)

	3rd Quarter			January – September		
	2016	2015	Change %	2016	2015	Change %
Sales to third parties	3,377	3,640	(7)	9,899	11,481	(14)
Thereof Petrochemicals	1,310	1,411	(7)	3,828	4,606	(17)
Monomers	1,405	1,522	(8)	4,083	4,697	(13)
Intermediates	662	707	(6)	1,988	2,178	(9)
Income from operations before depreciation and amortization (EBITDA)	776	867	(10)	2,241	2,586	(13)
Amortization, depreciation and impairments ¹	277	236	17	807	681	19
Income from operations (EBIT)	499	631	(21)	1,434	1,905	(25)
Special items	2	(2)	.	5	(2)	.
Income from operations (EBIT) before special items	497	633	(21)	1,429	1,907	(25)
Assets (September 30)	12,869	12,817	0	12,869	12,817	0
Investments ²	258	524	(51)	858	1,342	(36)
Research expenses	44	50	(12)	135	153	(12)

¹ Amortization, depreciation and impairments on intangible assets and property, plant and equipment (including write-ups)

² Additions to intangible assets and property, plant and equipment (including acquisitions)

3rd Quarter 2016

Sales in the Chemicals segment were considerably down compared with the third quarter of 2015. This was essentially due to lower prices on account of decreased raw material prices, especially in the Petrochemicals and Intermediates divisions. We were able to raise sales volumes overall. Income from operations (EBIT) before special items was considerably below the level of the previous third quarter, mostly due to reduced margins in the Petrochemicals and Intermediates divisions. Margins increased in the Monomers division, however. Fixed costs rose as a particular result of the startup of new production facilities.

Factors influencing sales, Chemicals 3rd Quarter 2016

Volumes	5%	
Prices	(12%)	
Portfolio	0%	
Currencies	0%	
Sales	(7%)	

Petrochemicals

Lower sales prices led to a considerable sales decline in the Petrochemicals division. Sales volumes rose, primarily due to the resumption of operations at the Ellba C.V. joint operation's plant in Moerdijk, Netherlands. Volumes in North America declined mainly as a result of lower capacity utilization of the condensate splitter as well as unscheduled steam cracker shutdowns in Port Arthur, Texas. EBIT before special items was considerably below the level of the third quarter of 2015. In North America, earnings were negatively impacted by the

lower levels of volumes and margins for steam cracker products, as well as lower margins for acrylic monomers and oxo alcohols. In Europe, margins for steam cracker products were not as strong as the previous third quarter, leading to a decline in earnings.

Monomers

The considerable year-on-year sales decrease in the Monomers division was primarily price-related. Developments for products in the polyamide value chain were a crucial factor. Here, our sales prices were reduced by a drop in raw material prices, and volumes declined mostly as a result of scheduled and unscheduled plant shutdowns. By contrast, we were able to raise volumes and prices for isocyanates. EBIT before special items grew considerably, thanks especially to the higher margins for isocyanates. Despite new production plant startups, fixed costs only slightly exceeded the level of the previous third quarter.

Intermediates

Sales fell considerably in the Intermediates division, as well, largely influenced by price decreases brought about by lower raw material prices. Prices were additionally weighed down by overcapacity on the market, especially for butanediol and its derivatives. We were able to raise volumes in all regions except South America. EBIT before special items was considerably below the level of the previous third quarter, largely because of lower margins for butanediol and its derivatives as well as higher fixed costs. These rose compared with the third quarter of 2015 partly as a result of new production facilities in the United States, Asia and Europe that have started up since the end of 2015.

Performance Products

Segment data Performance Products (million €)

	3rd Quarter			January – September		
	2016	2015	Change %	2016	2015	Change %
Sales to third parties	3,771	3,899	(3)	11,400	12,021	(5)
Thereof						
Dispersions & Pigments	1,147	1,176	(2)	3,496	3,586	(3)
Care Chemicals	1,175	1,218	(4)	3,557	3,732	(5)
Nutrition & Health	504	496	2	1,489	1,569	(5)
Performance Chemicals	945	1,009	(6)	2,858	3,134	(9)
Income from operations before depreciation and amortization (EBITDA)	673	552	22	2,108	1,862	13
Amortization, depreciation and impairments ¹	215	237	(9)	629	688	(9)
Income from operations (EBIT)	458	315	45	1,479	1,174	26
Special items	(6)	(4)	(50)	(35)	36	.
Income from operations (EBIT) before special items	464	319	45	1,514	1,138	33
Assets (September 30)	14,328	14,463	(1)	14,328	14,463	(1)
Investments ²	194	255	(24)	562	706	(20)
Research expenses	85	94	(10)	262	283	(7)

¹ Amortization, depreciation and impairments on intangible assets and property, plant and equipment (including write-ups)

² Additions to intangible assets and property, plant and equipment (including acquisitions)

3rd Quarter 2016

In the Performance Products segment, sales were slightly below the level of the third quarter of 2015. Prices fell, owing particularly to the oil-price-related reduction in raw material costs, as well as ongoing pressure on prices in the hygiene business. The 2015 divestiture of parts of our pharmaceutical ingredients and services business and sale of the paper hydrous kaolin business also dampened sales development. All divisions raised their sales volumes. As a result of this and of significantly reduced fixed costs, as well as improved margins overall, we were able to considerably boost income from operations (EBIT) before special items.

Factors influencing sales, Performance Products 3rd Quarter 2016

Volumes	2%	
Prices	(3%)	
Portfolio	(2%)	
Currencies	0%	
Sales	(3%)	

Dispersions & Pigments

In the Dispersions & Pigments division, sales were slightly below the level of the previous third quarter. This was essentially due to lower price levels resulting from decreased raw material prices. We were able to slightly raise sales volumes overall. A slight volumes decline in the resins business after the closure of our production plant in Kankakee, Illinois, was more than offset by volumes growth in all other business areas. Reduced fixed costs and overall margin and volumes improvement enabled us to achieve a considerable increase in EBIT before special items.

Care Chemicals

Sales in the Care Chemicals division were slightly down compared with the third quarter of 2015. This was predominantly the result of price declines brought about by lower raw material prices, although intense competition in the hygiene business was also a factor. Sales volumes rose especially through higher volumes of ingredients for the detergents and cleaners industry. Our strict cost discipline contributed decisively toward reducing fixed costs, more than compensating for slightly reduced margins. As a result, we were able to considerably improve EBIT before special items.

Nutrition & Health

In the Nutrition & Health division, sales rose slightly compared with the third quarter of the previous year. Volumes grew in all business areas, especially pharmaceuticals and animal nutrition. We were also able to significantly raise price levels overall, particularly through considerable price increases for vitamins in the animal nutrition business. The sale of parts of the pharmaceutical ingredients and services business in October 2015 slowed sales growth. EBIT before special items improved considerably thanks to significantly reduced fixed costs and higher volumes and margins. Restructuring measures were the main driver behind this cost reduction. Improved capacity utilization at our production facilities also contributed.

Performance Chemicals

Sales were considerably down in the Performance Chemicals division compared with the previous third quarter. This was largely a consequence of sales price reductions due to a sharp drop in raw material prices, as well as the sale of our paper hydrous kaolin business in the fourth quarter of 2015. Sales volumes rose slightly, and saw particular growth in the plastic additives business. EBIT before special items improved slightly as a result of the higher volumes, as well as of a reduction in fixed costs. We achieved this primarily through restructuring measures and strict cost discipline.

Functional Materials & Solutions

Segment data Functional Materials & Solutions (million €)

	3rd Quarter			January – September		
	2016	2015	Change %	2016	2015	Change %
Sales to third parties	4,660	4,517	3	13,771	14,017	(2)
Thereof Catalysts	1,552	1,472	5	4,527	4,761	(5)
Construction Chemicals	606	614	(1)	1,768	1,742	1
Coatings	790	753	5	2,328	2,357	(1)
Performance Materials	1,712	1,678	2	5,148	5,157	0
Income from operations before depreciation and amortization (EBITDA)	631	510	24	1,981	1,708	16
Amortization, depreciation and impairments ¹	139	144	(3)	506	467	8
Income from operations (EBIT)	492	366	34	1,475	1,241	19
Special items	(5)	(5)	–	(13)	(19)	32
Income from operations (EBIT) before special items	497	371	34	1,488	1,260	18
Assets (September 30)	13,804	13,383	3	13,804	13,383	3
Investments ²	184	137	34	446	586	(24)
Research expenses	94	98	(4)	285	288	(1)

¹ Amortization, depreciation and impairments on intangible assets and property, plant and equipment (including write-ups)

² Additions to intangible assets and property, plant and equipment (including acquisitions)

3rd Quarter 2016

In the Functional Materials & Solutions segment, increased volumes led to slight sales growth compared with the third quarter of 2015. Volumes especially rose in our business with the automotive industry. Demand from the construction industry remained at an overall high level. Lower prices, negative currency effects and the divestiture of the global polyolefin catalysts business slightly dampened sales. As a result of the higher volumes and reduced fixed costs, income from operations (EBIT) before special items grew considerably.

Factors influencing sales, Functional Materials & Solutions 3rd Quarter 2016

Volumes	8%	
Prices	(3%)	
Portfolio	(1%)	
Currencies	(1%)	
Sales	3%	

Catalysts

Thanks to increased sales volumes, we achieved slight sales growth in the Catalysts division compared with the previous third quarter. Demand developed especially favorably in the mobile emissions catalysts business. Sales were dampened by lower prices, the divestiture of the polyolefin catalysts business in June 2016, and negative currency effects. In precious metal trading, higher volumes led to a sales increase to €614 million (third quarter of 2015: €538 million). As a result of improved volumes and reduced fixed costs, EBIT before special items grew considerably overall.

Construction Chemicals

Sales in the Construction Chemicals division declined slightly compared with the third quarter of 2015, largely weighed down by price decreases and negative currency effects. Volumes rose slightly, thanks especially to higher volumes in Europe, North America and Asia. Demand fell sharply in the region South America, Africa, Middle East, predominantly in Saudi Arabia, as public construction contracts declined in light of the falling price of oil. EBIT before special items was slightly below the level of the previous third quarter, mainly as a result of valuation allowances on receivables.

Coatings

We raised sales slightly in the Coatings division compared with the third quarter of 2015. This was primarily attributable to higher volumes, supported in large part by the automotive OEM coatings business. Slightly negative currency effects dampened sales development, while prices remained stable. In the automotive OEM coatings business, the increase in sales volumes in Asia and North America led to sales growth. Sales also rose in the decorative paints business, while they matched prior third-quarter levels for industrial coatings. We observed a slight sales decline in automotive refinish coatings. We were able to considerably raise EBIT before special items, mainly due to the volumes growth.

Performance Materials

Increased volumes in all business areas, especially in Asia, led to slight sales growth in the Performance Materials division. Our business with the automotive and construction industries contributed significantly to the positive volumes development, while demand matched prior third-quarter levels in the consumer goods sector. We observed lower sales prices in all regions on account of falling raw material prices. Currency effects and portfolio measures also slightly dampened sales growth. EBIT before special items rose considerably thanks to higher volumes and margins, as well as reduced fixed costs.

Agricultural Solutions

Segment data Agricultural Solutions (million €)

	3rd Quarter			January – September		
	2016	2015	Change %	2016	2015	Change %
Sales to third parties	1,049	1,077	(3)	4,288	4,653	(8)
Income from operations before depreciation and amortization (EBITDA)	151	68	122	1,169	1,116	5
Amortization, depreciation and impairments ¹	58	62	(6)	198	172	15
Income from operations (EBIT)	93	6	.	971	944	3
Special items	(4)	(1)	.	(37)	(2)	.
Income from operations (EBIT) before special items	97	7	.	1,008	946	7
Assets (September 30)	8,117	7,719	5	8,117	7,719	5
Investments ²	55	102	(46)	206	293	(30)
Research expenses	116	124	(6)	346	382	(9)

¹ Amortization, depreciation and impairments on intangible assets and property, plant and equipment (including write-ups)

² Additions to intangible assets and property, plant and equipment (including acquisitions)

3rd Quarter 2016

Sales declined slightly year-on-year in the Agricultural Solutions segment. Positive currency effects were unable to compensate for lower volumes. Prices matched the level of the previous third quarter.

Factors influencing sales, Agricultural Solutions 3rd Quarter 2016

Volumes	(4%)	
Prices	0%	
Portfolio	0%	
Currencies	1%	
Sales	(3%)	

In **Europe**, sales fell slightly, mainly as a result of negative currency effects from the British pound and slightly lower sales prices. Sales volumes grew especially in the herbicides business in western and northern Europe.

Sales decreased considerably in **North America**, essentially on account of lower sales prices. We were able to raise volumes, especially of the herbicides Kixor[®] and dicamba.

Sales also declined considerably in **South America** as a result of the ongoing difficult macroeconomic environment. High customers inventory levels, the weakened market for insecticides and the still-tense economic situation for farmers, especially in Brazil, all contributed to a considerable decline in sales volumes. Substantial price increases and currency effects both helped support sales.

We raised our sales considerably in **Asia**, thanks in particular to higher volumes in India. There – after a weak third quarter in 2015 – an increase in sales volumes for herbicides was the primary driver for sales growth.

Compared with the third quarter of 2015, income from operations before special items rose considerably in the Agricultural Solutions segment. This was mainly an effect of improved margins through a more favorable product mix in Europe, Asia and South America, as well as reduced fixed costs.

Oil & Gas

Segment data Oil & Gas (million €)

	3rd Quarter			January – September		
	2016	2015	Change %	2016	2015	Change %
Sales to third parties	618	3,606	(83)	1,846	12,267	(85)
Income from operations before depreciation and amortization (EBITDA)	437	917	(52)	1,101	2,243	(51)
Amortization, depreciation and impairments ¹	259	274	(5)	764	734	4
Income from operations (EBIT)	178	643	(72)	337	1,509	(78)
Special items	(16)	272	.	(17)	270	.
Income from operations (EBIT) before special items	194	371	(48)	354	1,239	(71)
Assets (September 30)	12,447	12,806	(3)	12,447	12,806	(3)
Investments ²	270	445	(39)	820	1,346	(39)
Research expenses	9	12	(25)	28	37	(24)
Exploration expenses	18	32	(44)	78	112	(30)
Net income	33	625	(95)	180	1,234	(85)

¹ Amortization, depreciation and impairments on intangible assets and property, plant and equipment (including write-ups)

² Additions to intangible assets and property, plant and equipment (including acquisitions)

3rd Quarter 2016

Sales in the Oil & Gas segment were considerably lower compared with the third quarter of 2015. As a result of the asset swap completed with Gazprom at the end of September 2015, the segment has no longer received contributions from the natural gas trading and storage business since the fourth quarter of 2015. This had contributed €2.9 billion to sales in the third quarter of 2015. In the continuing oil and gas business, we raised production by 13% year-on-year, whereas price and currency effects were minus 15%. The price of a barrel of Brent blend crude oil in the third quarter of 2016 was \$46 on average (third quarter of 2015: \$50 per barrel). Gas prices on European spot markets also fell sharply compared with the previous third quarter. We were able to ramp up our production, primarily in Russia and Norway.

Factors influencing sales, Oil & Gas 3rd Quarter 2016

Volumes	3%	
Prices/currencies	(3%)	
Portfolio	(83%)	
Sales	(83%)	

Income from operations before special items declined considerably, as well. This was mainly attributable to the lower price levels, along with the divestiture of our gas trading and storage business to Gazprom. An additional factor was the reduced earnings contribution from our share in the Yuzhno Russkoye natural gas field. Net income fell considerably.

Other

Data on Other (million €)

	3rd Quarter			January – September		
	2016	2015	Change %	2016	2015	Change %
Sales	538	685	(21)	1,500	2,130	(30)
Income from operations before depreciation and amortization (EBITDA)	(231)	(42)	.	(561)	(759)	26
Amortization, depreciation and impairments ¹	25	30	(17)	87	91	(4)
Income from operations (EBIT)	(256)	(72)	.	(648)	(850)	24
Special items	(23)	26	.	16	(76)	.
Income from operations (EBIT) before special items	(233)	(98)	.	(664)	(774)	14
Thereof Corporate research costs	(77)	(104)	26	(264)	(307)	14
Costs of corporate headquarters	(54)	(53)	(2)	(165)	(172)	4
Other businesses	15	30	(50)	66	95	(31)
Foreign currency results, hedging and other valuation effects	(101)	22	.	(149)	(209)	29
Miscellaneous income and expenses	(16)	7	.	(152)	(181)	16
Assets (September 30) ²	11,538	11,130	4	11,538	11,130	4
Investments ³	31	34	(9)	66	84	(21)
Research costs	78	109	(28)	268	313	(14)

¹ Impairments, amortization of intangible assets, and depreciation of property, plant and equipment (including write-ups)

² Contains assets of businesses accounted for in Other as well as reconciliation with assets of the BASF Group

³ Additions to intangible assets and property, plant and equipment (including acquisitions)

3rd Quarter 2016

Sales in Other were considerably down compared with the third quarter of 2015. This was essentially due to the expiration of supply contracts at the end of 2015 in connection with the disposal of our share in the Ellba Eastern Private Ltd. joint

operation in Singapore at the end of 2014. Income from operations before special items declined considerably, primarily because of valuation effects for the long-term incentive (LTI) program. The third quarter of 2016 included additions to provisions for the LTI program, whereas provisions had been released in the same quarter of the previous year.

Regions

Regions (million €)

	Sales Location of company			Sales Location of customer			EBIT ¹ Location of company		
	2016	2015	Change %	2016	2015	Change %	2016	2015	Change %
3rd quarter									
Europe	6,548	9,676	(32)	6,390	9,422	(32)	731	1,372	(47)
Thereof Germany	4,310	7,344	(41)	1,791	3,421	(48)	327	634	(48)
North America	3,410	3,645	(6)	3,127	3,399	(8)	260	258	1
Asia Pacific	2,841	2,813	1	2,997	2,932	2	270	99	173
South America, Africa, Middle East	1,214	1,290	(6)	1,499	1,671	(10)	203	160	27
	14,013	17,424	(20)	14,013	17,424	(20)	1,464	1,889	(22)
January – September									
Europe	20,647	32,295	(36)	19,765	30,909	(36)	2,946	4,188	(30)
Thereof Germany	13,280	24,067	(45)	5,593	11,711	(52)	1,512	1,964	(23)
North America	10,977	12,182	(10)	10,580	11,975	(12)	1,101	1,110	(1)
Asia Pacific	8,225	8,841	(7)	8,670	9,313	(7)	681	355	92
South America, Africa, Middle East	2,855	3,251	(12)	3,689	4,372	(16)	320	270	19
	42,704	56,569	(25)	42,704	56,569	(25)	5,048	5,923	(15)

3rd Quarter 2016

Sales at companies located in **Europe** decreased by 32% compared with the third quarter of 2015. The asset swap with Gazprom meant a lack of contributions in the third quarter of 2016 from the gas trading and storage business in particular. Lower prices brought about by falling raw material prices additionally weighed down sales. We were able to increase sales volumes in all segments. Income from operations fell by €641 million to €731 million. This was mainly because of the reduced contribution from the Oil & Gas segment. Other and the Chemicals segment also posted considerably lower earnings, while earnings rose considerably in the remaining segments.

Compared with the previous third quarter, sales in **North America** declined by 6% in both local currency and euro terms, mostly due to the price declines following a drop in raw material prices. Sales were furthermore dampened by lower volumes in the Chemicals and Performance Products segments. At €260 million, income from operations was up by €2 million compared with the same quarter of the previous year. We observed a considerable decrease in the Chemicals segment, whereas the remaining segments and Other all raised their earnings.

Sales in **Asia Pacific** rose by 2% in local currency terms and 1% in euros. We achieved sales growth in all segments as a result of considerably higher volumes. Sales in Other fell considerably, mostly due to the expiration of supply contracts at the end of 2015 in connection with the disposal of our share in the Ellba Eastern Private Ltd. joint operation in Singapore at the end of 2014. Income from operations grew by €171 million year-on-year to reach €270 million. All segments were able to considerably increase their contributions.

In the region **South America, Africa, Middle East**, sales declined by 5% in local currency terms and 6% in euros. The decrease was mainly the result of lower volumes, primarily in the Agricultural Solutions and Functional Materials & Solutions segments. Higher sales prices had a positive effect on sales. At €203 million, income from operations exceeded the prior third-quarter level by €43 million, supported especially by the Agricultural Solutions and Oil & Gas segments.

¹ For purposes of increased clarity in the presentation of regional results, income from operations (EBIT) before special items has been replaced by EBIT, a figure directly derivable from the Consolidated Financial Statements, starting in the second quarter of 2016. Neither EBIT before special items of the regions nor EBIT of the regions is drawn upon for internal management decisions.

Reconciliation of Alternative Performance Measures

To describe the results of operations of the BASF Group, this Quarterly Statement also makes use of the following alternative performance measures, not defined by IFRS. These should not be viewed in isolation, but treated as supplementary information.

The special items used to calculate some alternative performance measures arise from the integration of acquired businesses, restructuring measures, impairments, gains or losses resulting from divestitures and the sale of shareholdings, and other expenses and income outside of the ordinary course of business.

Income from operations (EBIT) before special items (million €)

	3rd Quarter			January – September		
	2016	2015	Change %	2016	2015	Change %
Income from operations (EBIT) ¹	1,464	1,889	(22)	5,048	5,923	(15)
Special items	52	(286)	.	81	(207)	.
EBIT before special items	1,516	1,603	(5)	5,129	5,716	(10)

Adjusting for special items makes income from operations (EBIT) before special items an especially suitable figure for illustrating the development of operating business over time as well as for forecasts. It is therefore among the most important performance measures for managing the BASF Group.

Income from operations before depreciation and amortization (EBITDA) (million €)

	3rd Quarter			January – September		
	2016	2015	Change %	2016	2015	Change %
Income from operations (EBIT) ¹	1,464	1,889	(22)	5,048	5,923	(15)
Amortization and depreciation of, and valuation allowances on, intangible assets and property, plant and equipment	973	983	(1)	2,991	2,833	6
EBITDA	2,437	2,872	(15)	8,039	8,756	(8)

Income from operations before depreciation and amortization (EBITDA) describes operational performance independently of age-related amortization and depreciation of assets and any valuation allowances (impairments or write-ups). It is therefore particularly useful for comparing companies.

Adjusted earnings per share

	million €	3rd Quarter		January – September	
		2016	2015	2016	2015
Income before taxes and minority interests	million €	1,181	1,714	4,400	5,432
Special items	million €	52	(286)	81	(219)
Amortization and impairment of intangible assets	million €	122	149	421	489
Impairment of intangible assets contained in special items	million €	–	–	(42)	(37)
Adjusted income before taxes and minority interests	million €	1,355	1,577	4,860	5,665
Adjusted income taxes	million €	(254)	(537)	(995)	(1,715)
Adjusted income before minority interests	million €	1,101	1,040	3,865	3,950
Adjusted minority interests	million €	(87)	(56)	(155)	(285)
Adjusted net income	million €	1,014	984	3,710	3,665
Weighted average number of outstanding shares	1,000	918,479	918,479	918,479	918,479
Adjusted earnings per share	€	1.10	1.07	4.04	3.99

Compared with earnings per share, this measure has been adjusted for special items and amortization and impairments of intangible assets. The latter primarily result from the purchase price allocation following acquisitions. The amortization of intangible assets is therefore of a temporary nature. Adjusted earnings per share is a suitable measure for long-term comparability and predicting future profitability.

¹ The calculation of income from operations (EBIT) is shown in the Statement of Income on page 16.

Selected Financial Data

Statement of Income

Statement of Income (million €)

	3rd Quarter			January – September		
	2016	2015	Change %	2016	2015	Change %
Sales revenue	14,013	17,424	(20)	42,704	56,569	(25)
Cost of sales	(9,674)	(12,860)	25	(29,014)	(41,637)	30
Gross profit on sales	4,339	4,564	(5)	13,690	14,932	(8)
Selling expenses	(1,900)	(2,015)	6	(5,691)	(6,021)	5
General administration expenses	(324)	(346)	6	(984)	(1,059)	7
Research expenses	(426)	(487)	13	(1,324)	(1,456)	9
Other operating income	388	895	(57)	1,136	1,652	(31)
Other operating expenses	(677)	(844)	20	(2,016)	(2,388)	16
Income from companies accounted for using the equity method	64	122	(48)	237	263	(10)
Income from operations (EBIT)	1,464	1,889	(22)	5,048	5,923	(15)
Income from other shareholdings	12	2	500	33	60	(45)
Expenses from other shareholdings	(51)	(8)	.	(62)	(37)	(68)
Net income from shareholdings	(39)	(6)	.	(29)	23	.
Interest income	41	48	(15)	138	162	(15)
Interest expense	(184)	(153)	(20)	(501)	(488)	(3)
Interest result	(143)	(105)	(36)	(363)	(326)	(11)
Other financial result	(101)	(64)	(58)	(256)	(188)	(36)
Financial result	(283)	(175)	(62)	(648)	(491)	(32)
Income before taxes and minority interests	1,181	1,714	(31)	4,400	5,432	(19)
Income taxes	(204)	(445)	54	(876)	(1,494)	41
Income before minority interests	977	1,269	(23)	3,524	3,938	(11)
Minority interests	(89)	(60)	(48)	(157)	(290)	46
Net income	888	1,209	(27)	3,367	3,648	(8)
Earnings per share						
Basic	€ 0.97	1.31	(26)	3.67	3.97	(8)
Diluted	€ 0.97	1.31	(26)	3.67	3.97	(8)

Balance Sheet

Assets (million €)

	Sep. 30, 2016	Sep. 30, 2015	Change %	Dec. 31, 2015	Change %
Intangible assets	12,089	12,718	(5)	12,537	(4)
Property, plant and equipment	25,335	23,778	7	25,260	0
Investments accounted for using the equity method	4,443	4,543	(2)	4,436	0
Other financial assets	525	562	(7)	526	0
Deferred tax assets	2,877	2,106	37	1,791	61
Other receivables and miscellaneous assets	1,186	2,003	(41)	1,720	(31)
Noncurrent assets	46,455	45,710	2	46,270	0
Inventories	9,827	9,714	1	9,693	1
Accounts receivable, trade	9,842	9,697	1	9,516	3
Other receivables and miscellaneous assets	3,478	4,294	(19)	3,095	12
Marketable securities	41	20	105	21	95
Cash and cash equivalents ¹	3,460	1,750	98	2,241	54
Assets of disposal groups	-	1,133	.	-	-
Current assets	26,648	26,608	0	24,566	8
Total assets	73,103	72,318	1	70,836	3

¹ For a reconciliation of the amounts shown in the Statement of Cash Flows with the Balance Sheet item "cash and cash equivalents," see page 18.

Equity and liabilities (million €)

	Sep. 30, 2016	Sep. 30, 2015	Change %	Dec. 31, 2015	Change %
Subscribed capital	1,176	1,176	-	1,176	-
Capital surplus	3,141	3,143	0	3,141	-
Retained earnings	30,823	29,777	4	30,120	2
Other comprehensive income	(6,099)	(4,617)	(32)	(3,521)	(73)
Equity of shareholders of BASF SE	29,041	29,479	(1)	30,916	(6)
Minority interests	696	602	16	629	11
Equity	29,737	30,081	(1)	31,545	(6)
Provisions for pensions and similar obligations	9,865	7,471	32	6,313	56
Other provisions	3,337	3,262	2	3,369	(1)
Deferred tax liabilities	2,825	3,364	(16)	3,381	(16)
Financial indebtedness	10,478	11,364	(8)	11,123	(6)
Other liabilities	874	812	8	869	1
Noncurrent liabilities	27,379	26,273	4	25,055	9
Accounts payable, trade	3,875	3,953	(2)	4,020	(4)
Provisions	2,834	3,011	(6)	2,540	12
Tax liabilities	1,479	1,264	17	1,082	37
Financial indebtedness	5,319	4,150	28	4,074	31
Other liabilities	2,480	3,053	(19)	2,520	(2)
Liabilities of disposal groups	-	533	.	-	-
Current liabilities	15,987	15,964	0	14,236	12
Total equity and liabilities	73,103	72,318	1	70,836	3

Statement of Cash Flows

Statement of Cash Flows (million €)

	3rd Quarter		January – September	
	2016	2015	2016	2015
Net income	888	1,209	3,367	3,648
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	1,011	984	3,038	2,843
Changes in net working capital	652	1,623	(393)	2,500
Miscellaneous items	(50)	(465)	(172)	(497)
Cash provided by operating activities	2,501	3,351	5,840	8,494
Payments related to property, plant and equipment and intangible assets	(936)	(1,542)	(2,915)	(4,387)
Acquisitions/divestitures	161	242	212	227
Financial investments and other items	(13)	(324)	(73)	(795)
Cash used in investing activities	(788)	(1,624)	(2,776)	(4,955)
Capital increases/repayments and other equity transactions	8	(2)	18	45
Changes in financial liabilities	(107)	(2,372)	837	(649)
Dividends	15	(97)	(2,753)	(2,900)
Cash used in financing activities	(84)	(2,471)	(1,898)	(3,504)
Net changes in cash and cash equivalents	1,629	(744)	1,166	35
Cash and cash equivalents as of beginning of year and other changes	1,831	2,494	2,294	1,715
Cash and cash equivalents at end of quarter	3,460	1,750	3,460	1,750

Full-Year Results 2016

February 24, 2017

Quarterly Statement, 1st Quarter 2017 / Annual Shareholders' Meeting 2017

April 27, 2017 / May 12, 2017

Half-Year Financial Report 2017

July 27, 2017

Quarterly Statement, 3rd Quarter 2017

October 24, 2017

Forward-Looking Statements and Forecasts

This quarterly statement contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. Future statements are not guarantees of the future developments and results outlined therein. Rather, future developments and results are dependent on a number of factors; they involve various risks and uncertainties and are based upon assumptions that may not prove to be accurate. Such factors include those discussed on pages 113 to 120 of the BASF Report 2015. The BASF Report can be found online at: basf.com/report. We do not assume any obligation to update the forward-looking statements contained in this report.

Further information

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