



BASF

We create chemistry

We create chemistry for a sustainable future Virtual Green Bond Roadshow

Dirk Elvermann, President Corporate Finance

Christoph Jäkel, Vice President Corporate Sustainability

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Speakers



Dr. Dirk Elvermann
President Corporate Finance, BASF



Dr. Christoph Jäkel
Vice President Corporate Sustainability, BASF

Key measures to lead BASF through the COVID-19 crisis



Customer focus

- The customer is at the center of all our activities
- We are committed to ensure the supply of our customers
- Close interaction to immediately recognize changes in the demand pattern



Global steering of BASF's production network

- Adapting utilization rates according to market demand using proprietary Verbund simulator
- Securing supply of key raw materials and distribution of products to our customers



Focus on safeguarding cash

- Strong focus on liquidity management
- Strict working capital management
- Elevated cost discipline and implementation of BASF's Excellence Program
- Review of investment projects

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Our purpose:

We create
chemistry for a
sustainable future



What we want to achieve

- We want to be a thought and action leader in the area of sustainability.
- We want to increase the role of sustainability in our business decisions.
- We want to show how we add value to society along the value chain.

Key measures

- Decouple our CO₂ emissions from organic growth through a Carbon Management program.
- Invest in cutting-edge technologies to speed up the transition to a circular economy, such as our ChemCycling™ project.
- Further increase our sales from Accelerator products, which make a substantial sustainability contribution in the value chain.

Our ambitious corporate targets – financial and nonfinancial¹ targets

Grow sales volumes faster than global chemical production every year



Achieve a return on capital employed (ROCE)² considerably above the cost of capital percentage every year



Increase EBITDA before special items by 3% to 5% per year



Increase the dividend per share every year based on a strong free cash flow



Grow CO₂-neutrally until 2030 (compared with baseline 2018)



Achieve €22 billion in Accelerator sales³ by 2025



¹ For BASF's additional nonfinancial targets see BASF Report 2019 p. 27.
² Return on capital employed (ROCE) is a measure of the profitability of our operations. We calculate this indicator as the EBIT generated by the segments as a percentage of the average cost of capital basis.
³ Accelerator products are products that make a substantial sustainability contribution in the value chain.

Q1 2020: BASF Group shows resilience amid corona crisis with diversified portfolio and financial solidity

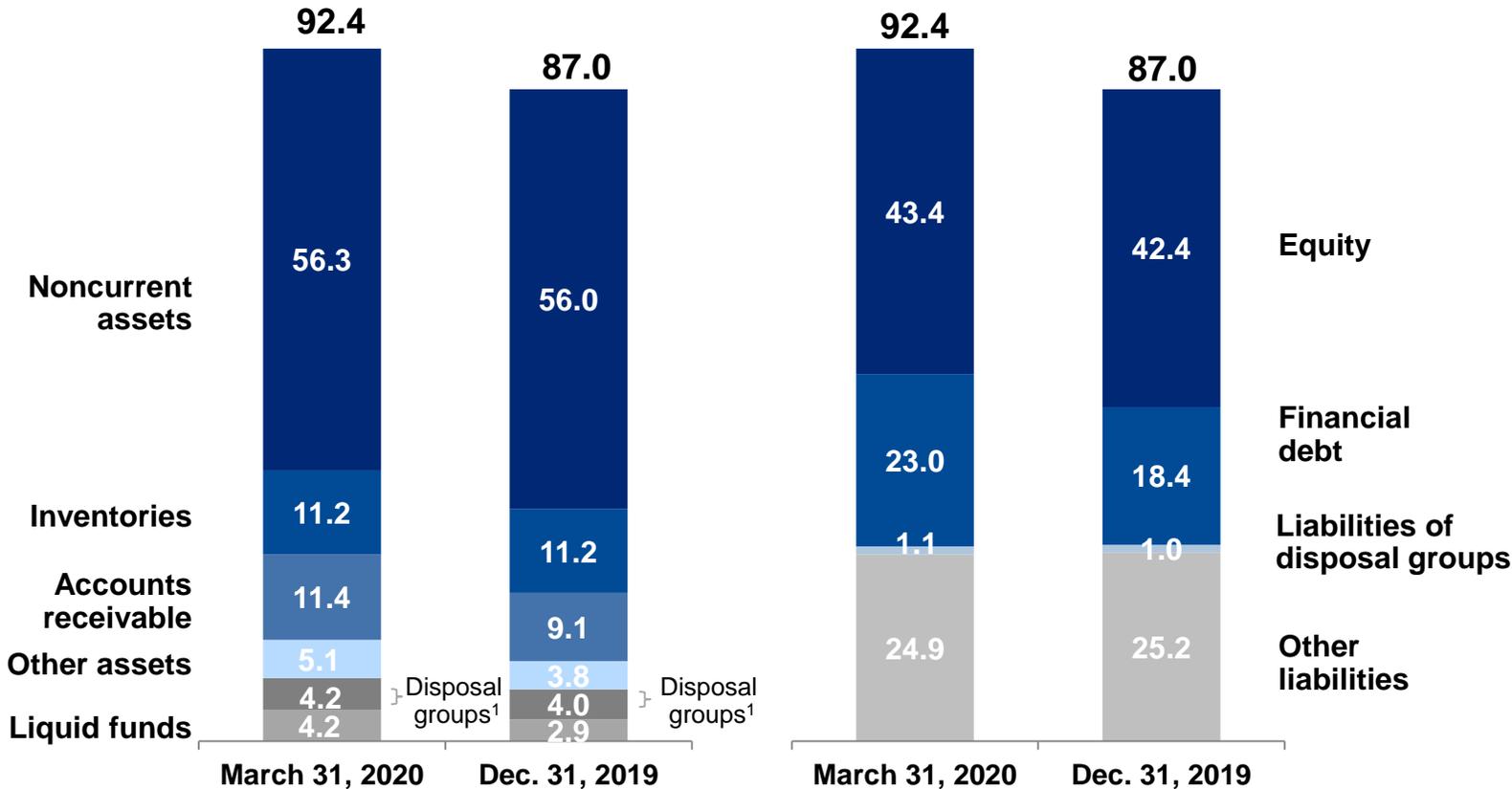
Financial figures	Q1 2020	Q1 2019	Change
	€	€	%
Sales	16,753 million	15,596 million	7
EBITDA before special items ¹	2,579 million	2,642 million	(2)
EBIT before special items ¹	1,640 million	1,750 million	(6)
Special items	-184 million	29 million	.
Net income	885 million	1,406 million	(37)

Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2020 vs. Q1 2019	↑ 4%	↑ 1%	↑ 1%	↑ 1%

¹ The 2019 figures have been restated to reflect the reclassification of income from non-integral companies accounted for using the equity method to net income from shareholdings.

Strong balance sheet

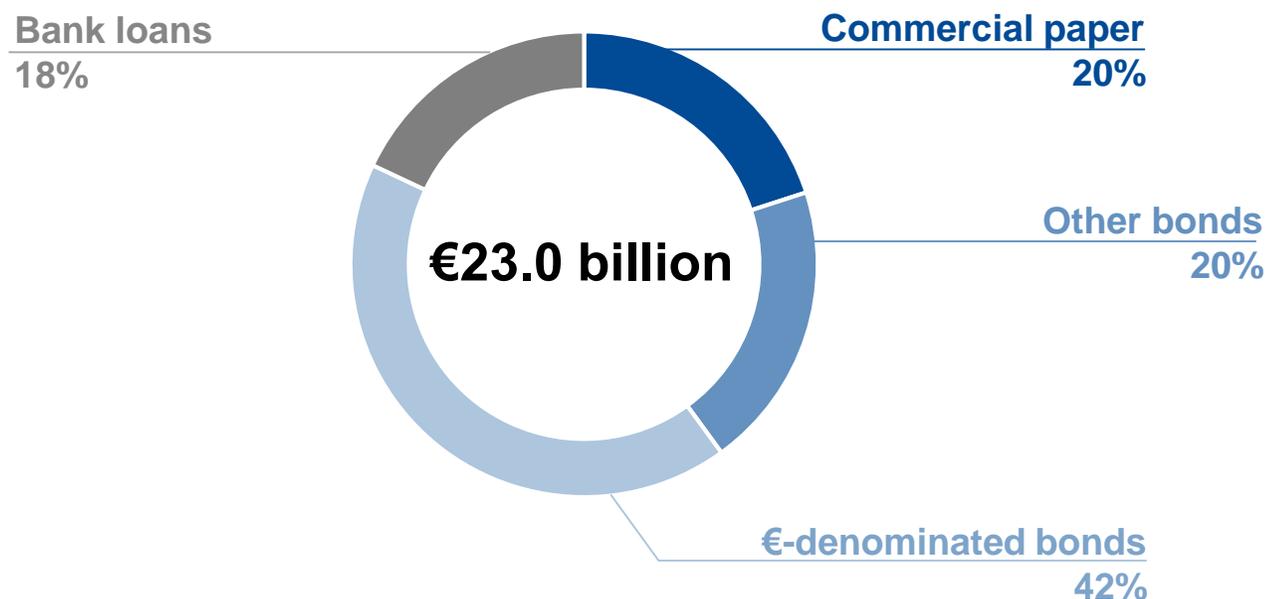
Balance sheet March 31, 2020 vs. December 31, 2019
billion €



- Total assets increased by €5.4 billion to €92.4 billion
- Current assets up by €5 billion, due to higher accounts receivable, increased cash and cash equivalents and other receivables
- Net debt increased by €3.3 billion to €18.8 billion
- Equity ratio on March 31, 2020: 47.0%

Well-balanced financing instruments with strong focus on liquidity and net debt

as of March 31, 2020



BASF's target: maintain a solid A rating

BASF's liquidity position

- **€4.2 billion cash and cash equivalents¹**
(on March 31, 2020)

BASF's financing facilities

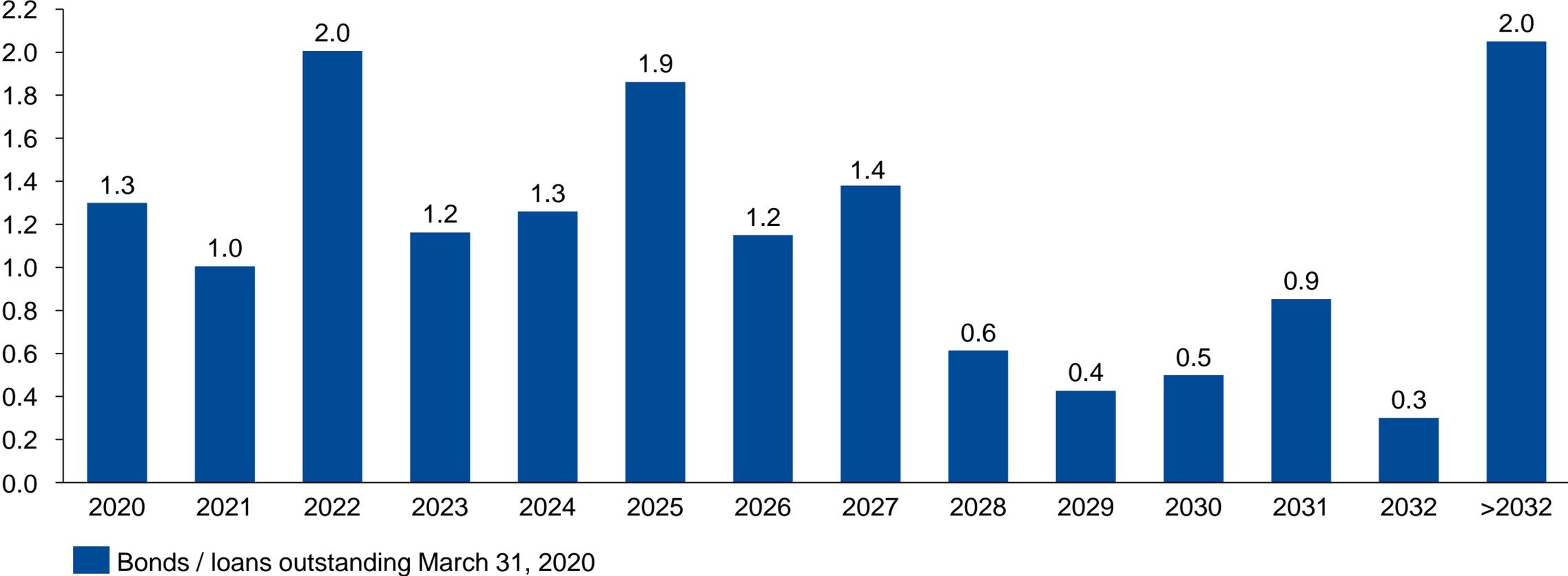
- **US\$12.5 billion commercial paper program**
(for short-term debt financing)
- **€3 billion short-term revolving credit facility**
(maturing in 2021)
- **€20 billion debt issuance program**
(for long-term debt financing)
- **€6 billion broadly syndicated backup line**
(maturing in 2025)

BASF's current ratings²

- Moody's: A2/P-1/Review for downgrade
- S&P: A/A-1/CreditWatch negative

Well-balanced bond and corporate loan maturity profile

Profile as of March 31, 2020
billion €¹



Outlook 2020 for BASF Group withdrawn

Qualitative statements provided end of April 2020

- The sales and earnings forecast for the 2020 business year provided by BASF on February 28, 2020, cannot be met due to the coronavirus pandemic. We are therefore withdrawing our outlook for 2020.
- It is currently impossible to reliably estimate both the length and the further spread of the coronavirus pandemic, as well as future measures to contain it. Consequently, concrete statements on the future development of sales and earnings cannot be made at present.
- BASF will quantify its expectations for the future development of sales and earnings as soon as it is again possible to provide a reliable forecast.



Active portfolio management



BASF closed acquisition of polyamide business from Solvay

- Sales 2018: ~€1 billion
- BASF acquired the global, non-European PA6.6 business from Solvay including its 50% share in Butachimie's adipodinitrile (ADN) production
- Purchase price of €1.3 billion¹
- Closing took place on January 31, 2020



Lone Star Funds to acquire BASF's construction chemicals business

- Sales 2019: ~€2.6 billion
- BASF and Lone Star Funds signed agreement for the acquisition of BASF's construction chemicals business
- Purchase price of €3.17 billion¹
- Closing is expected in Q3 2020²



DIC to acquire BASF's global pigments business

- Sales 2018: ~€1 billion
- BASF and DIC reached an agreement on the acquisition of BASF's global pigments business
- Purchase price of €1.15 billion¹
- Closing is expected in Q4 2020²

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Resource efficiency – BASF's Verbund is ideal for CO₂ emission reduction



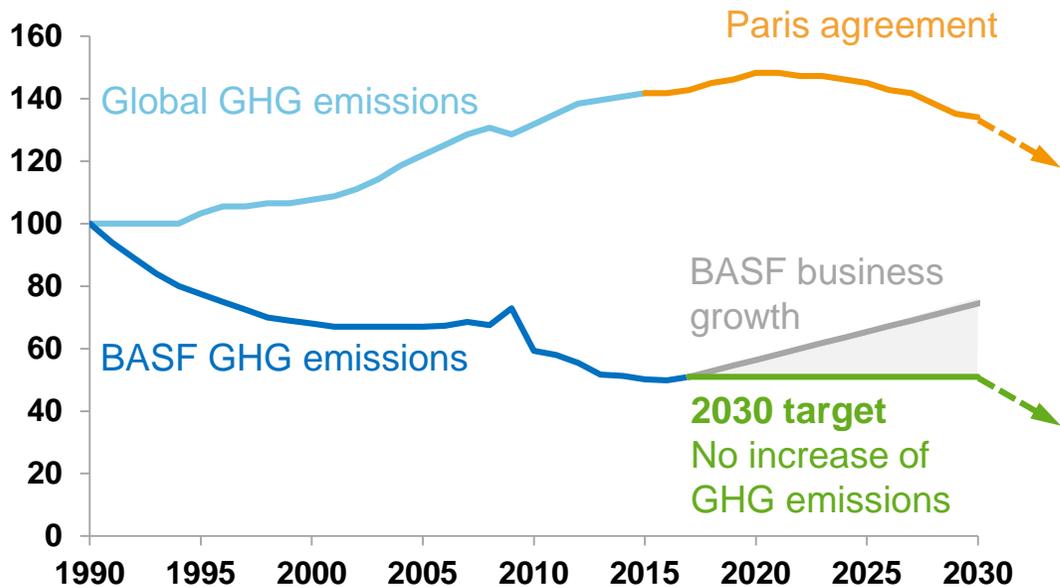
- Combined heat and power plants and integrated energy Verbund prevented 6.4 million metric tons of CO₂e emissions in 2019
- Synergies in logistics and infrastructure, minimization of waste
- BASF uses fossil raw materials responsibly: 75% of carbon converted to products, 25% consumed for process energy and converted to CO₂ equivalents¹
- European emissions trading benchmarks show that BASF's chemical plants operate at above-average energy efficiency

BASF has a strong track record of CO₂ emission reduction

– our goal: CO₂-neutral growth until 2030

Absolute greenhouse gas (GHG) emissions

Indexed (1990 = 100)



- Since 1990, we have doubled our production volumes and cut our GHG emissions in halves; the emission intensity thus decreased by 75%, from 2.2 tons of CO₂e per ton of product to 0.6 tons of CO₂e
- 20 million tons of CO₂e emissions by BASF Group in 2019
- Low-hanging fruits have been harvested; fundamentally new technologies are needed to reduce emissions on a large scale
- We will grow our production volumes without adding further CO₂e emissions¹ until 2030 (intensity to be reduced by 30%)
- BASF is committed to the Paris agreement for climate protection

From a linear to a more circular economy

– BASF contribution: ChemCycling™

- **Plastic waste** for which no high-value recycling processes are established yet **is turned into virgin-grade high performance materials**
- Using recycling feedstock from plastic waste in chemical production helps to **save fossil resources**
- **CO₂ emissions are prevented** against conventional plastic production and incineration of plastic waste



Our customers can achieve their recycling targets by using Ccycled™ materials – based on chemically recycled plastic waste



Alliance to End Plastic Waste (AEPW)

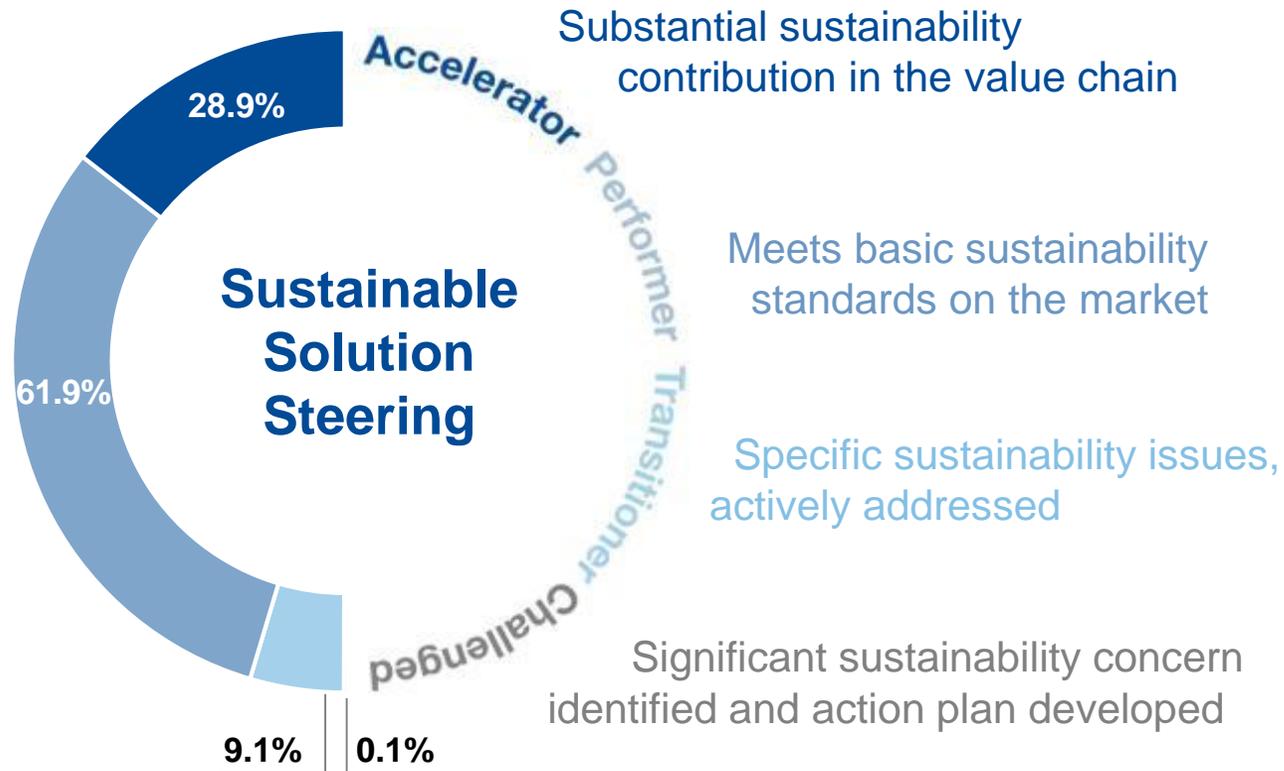
– take action, develop solutions and catalyze investment



- Founded in 2019, BASF is a founding member of the AEPW
- 46 members from entire plastics value chain
- Commitment to spend US\$1.5 billion over five years for infrastructure development, innovation, education, engagement and clean-up
- Example: collaboration with non-profit initiative RenewOceans in Varanasi, India (Ganges river)
 - ReFence technology to collect plastic from waterways
 - Waste management strategy for university campus
 - Strategy for scaling and franchising of the existing model

Around 30% of BASF Group sales from sustainable solutions – leveraging our innovation power

Percentage of sales 2019



- Portfolio segmentation: >50,000 specific product applications analyzed by 2019 (€51.9 billion in sales, 96.3% of relevant portfolio¹)
- >12,000 Accelerators across all business segments
- Accelerator margins on average ~6 percentage points above the rest of assessed portfolio
- Goal: €22 billion of sales with Accelerator products by 2025 (2019: €15.0 billion)
- Stronger integration in R&D pipeline, business strategies and M&A projects
- We will stop selling Challenged products within maximum five years after classification

Value balancing alliance – consistent assessment in monetary terms of the impact of business activities on the well-being of people

Stakeholders

Member companies

Policy advisors

Pro-bono consultants

Support from politics, financial markets, academia, business, standard setters, civil society

Companies

Member companies: BASF (We create chemistry), BOSCH (Invented for life), Deutsche Bank, LafargeHolcim, Mitsubishi Chemical Holdings, NOVARTIS, PORSCHE, VOLKSWAGEN, SAP, SK.

Policy advisors: OECD (BETTER POLICIES FOR BETTER LIVES).

Pro-bono consultants: Deloitte, EY, KPMG, pwc.

Support from politics, financial markets, academia, business, standard setters, civil society: European Commission, WORLD ECONOMIC FORUM, THE WORLD BANK, BLACKROCK, ...

- Founded in June 2019, BASF is a founding member of the value balancing alliance
- From traditional reporting of input and output (e.g., raw materials, CO₂ emissions) to impact valuation (e.g., climate change mitigation costs)
- Holistic view along the entire value chain
- Increase transparency by
 - standardizing calculations for comparable results
 - piloting in management accounting
 - making outcomes publicly available
- Ambition: transform business from maximizing profits to optimizing value creation

BASF in sustainability ratings and rankings

ISS ESG

Rating: B-
Status: Prime (decile rank 1)



CDP

Climate rating: A- (leadership status)
Water rating: A list



MSCI ESG Research

Rating: AA



FTSE4Good Global Index

Inclusion in the FTSE4Good Global Index 2019
Rating: Highest ESG score in the chemical industry



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Rationale for issuing green finance instruments



We create chemistry for a sustainable future



Alignment with BASF's sustainability strategy

- For decades, we are committed to **create environmental and social value** with sustainable solutions
- (Re)financing sustainable products (“**Accelerators**”) reflects our commitment to steer our product portfolio towards sustainability
- Green finance instruments **align our funding strategy with our stringent long-term corporate sustainability goals**

Contributing to the development of the green bond market

- Address the increasing **demand for more sustainable assets** by responsible investors
- Contribute to the **development of the green bond market** and green financing instruments
- Contribute and alignment with the **UN Sustainable Development Goals (“SDGs”)** and **EU Action Plan** for financing sustainable growth
- **Diversify our investor base** by targeting investors considering ESG, while fostering the relationship with existing investors

BASF's green finance framework



Pillars



Use of proceeds

Re-/financing of eligible projects from the **eligible green project categories**:

- *Eco-efficient and/or circular economy adapted products, production technologies and processes*
- *Renewable energy*



Project selection and evaluation

Carried out by the **BASF sustainable finance roundtable**



Management of proceeds

Proceeds of green finance instruments will be managed in a **portfolio approach**



Reporting

Allocation and impact reporting until **full allocation** of the green finance instrument proceeds



External review

BASF's portfolio assessment methodology "Sustainability Solution Steering" has been **externally audited** SPO¹ on GFF by **ISS-ESG**

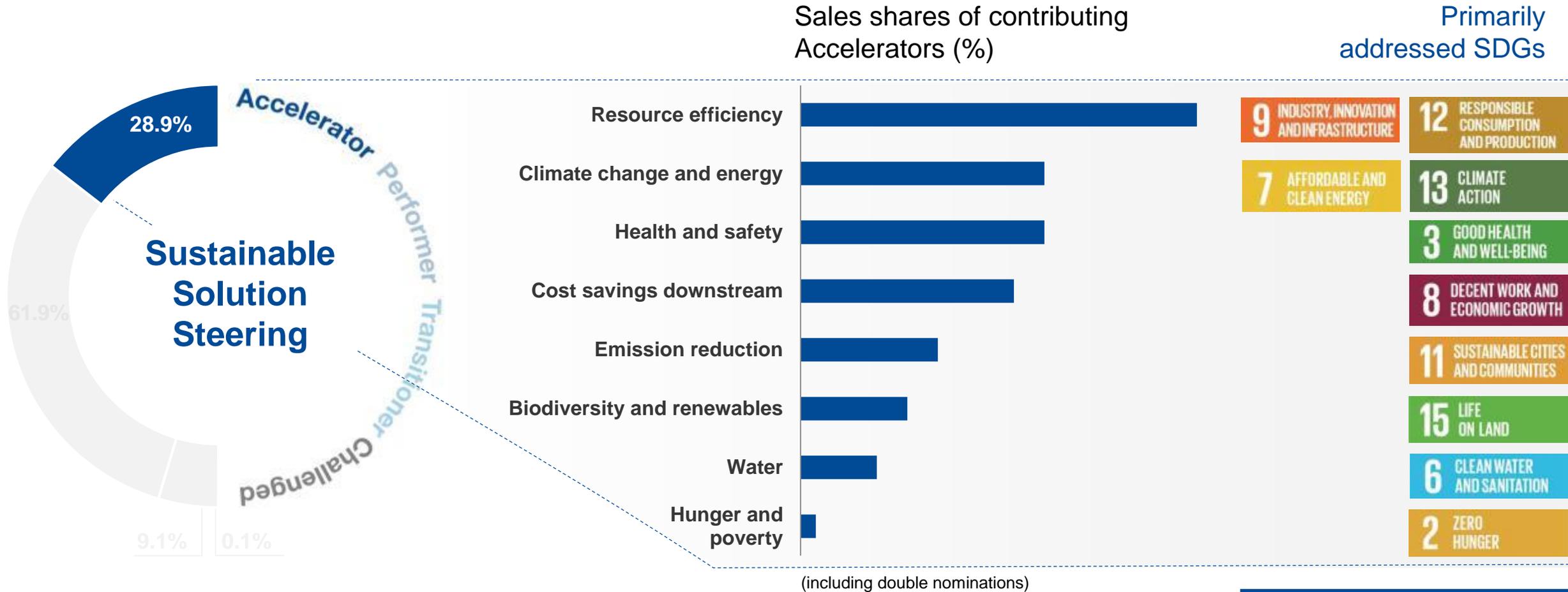
Focus on the use of proceeds

GBP / GLP category	Eligible green product/project category	UN SDGs	EU Environmental Objectives ¹
Eco-efficient and circular economy products, production technologies and processes	 <p>Accelerator solutions Only the highest level of sustainable products ('Accelerator') is eligible. These products have a substantial sustainability contribution in the value chain and no negative impacts on any other relevant sustainability criteria</p>	2, 3, 6, 7, 8, 9, 11, 12, 13, 15	<ul style="list-style-type: none"> ▪ EU Environmental Objective 1: article 6: substantial contribution to climate change mitigation ▪ EU Environmental Objective 2: article 7: substantial contribution to climate change adaptation ▪ EU Environmental Objective 3: article 8: substantial contribution to sustainable use and protection of water and marine resources ▪ EU Environmental Objective 4: article 9: substantial contribution to transition to the circular economy, waste prevention and recycling ▪ EU Environmental Objective 5: article 10: substantial contribution to pollution prevention and control. Including: article 10.1.c: minimizing significant adverse effects on human health and the environment of the production and use of chemicals ▪ EU Environmental Objective 6: article 11: substantial contribution to protection of healthy ecosystems
	 <p>Carbon Management Carbon Management bundles BASF's global activities and a long-term research and development program to reduce CO₂ emissions. The objective is to achieve the company's climate protection target and set the course for low-carbon chemical production</p>		
	 <p>Electric vehicle battery materials and plants Development, manufacturing, acquisition of low carbon transportation components, as for example battery materials</p>	11	
	 <p>Recycling: ChemCycling™ products and plants Innovative technologies that promote recycling of plastics: research and development on new materials and additives that facilitate recycling processes as well as several chemical recycling processes to create value out of waste. Chemical recycling allows to recycle waste for which there are no recycling solutions or missing capacities today and is therefore complementary to mechanical recycling.</p>	12	
Renewable energy	 <p>Renewable energy production and storage Provision of capital for the planning, construction, development and installation of renewable energy production and storage units</p>	7, 13	



1. Accelerator solutions

Sustainable Solution Steering – BASF’s Accelerators contribute to the UN Sustainable Development Goals





1. Accelerator solutions

Examples with significant contributions to sustainability



Cetiol® Ultimate
100% renewable-based emollient

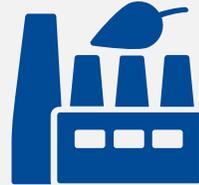


ecovio® – compostable cling film
for fresh-food packaging



Acronal® MB – from biomass
to dispersions

2. Carbon management at BASF: climate target 2030 and further reductions in the long term in scope



Reducing the CO₂ emissions from our production by improving energy and process efficiency



Increasing the share of renewable energies in our global power supply



Developing breakthrough technologies for low emission production in a research & development program



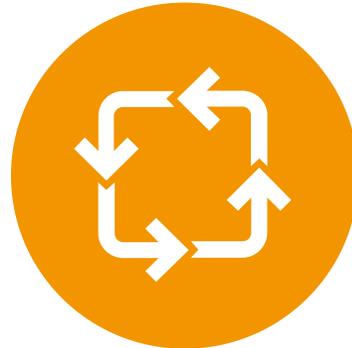
3. Circular economy – ChemCycling™

Chemical recycling represents a missing link for sustainable growth

Close the loop

ChemCycling™

- + can handle mixed plastic waste
- + produces virgin-like raw materials
- + replaces virgin fossil resources



- In 2019, BASF invested €20 million in Quantafuel (pyrolysis of mixed plastic waste and purification of the resulting oil)
- BASF providing technical support in the startup of Quantafuel's commercial plant in Skive, Denmark

Plastic waste is converted into liquid feedstock and fed into BASF's value chains

Linear economy



Mechanical recycling



Landfill



Incineration

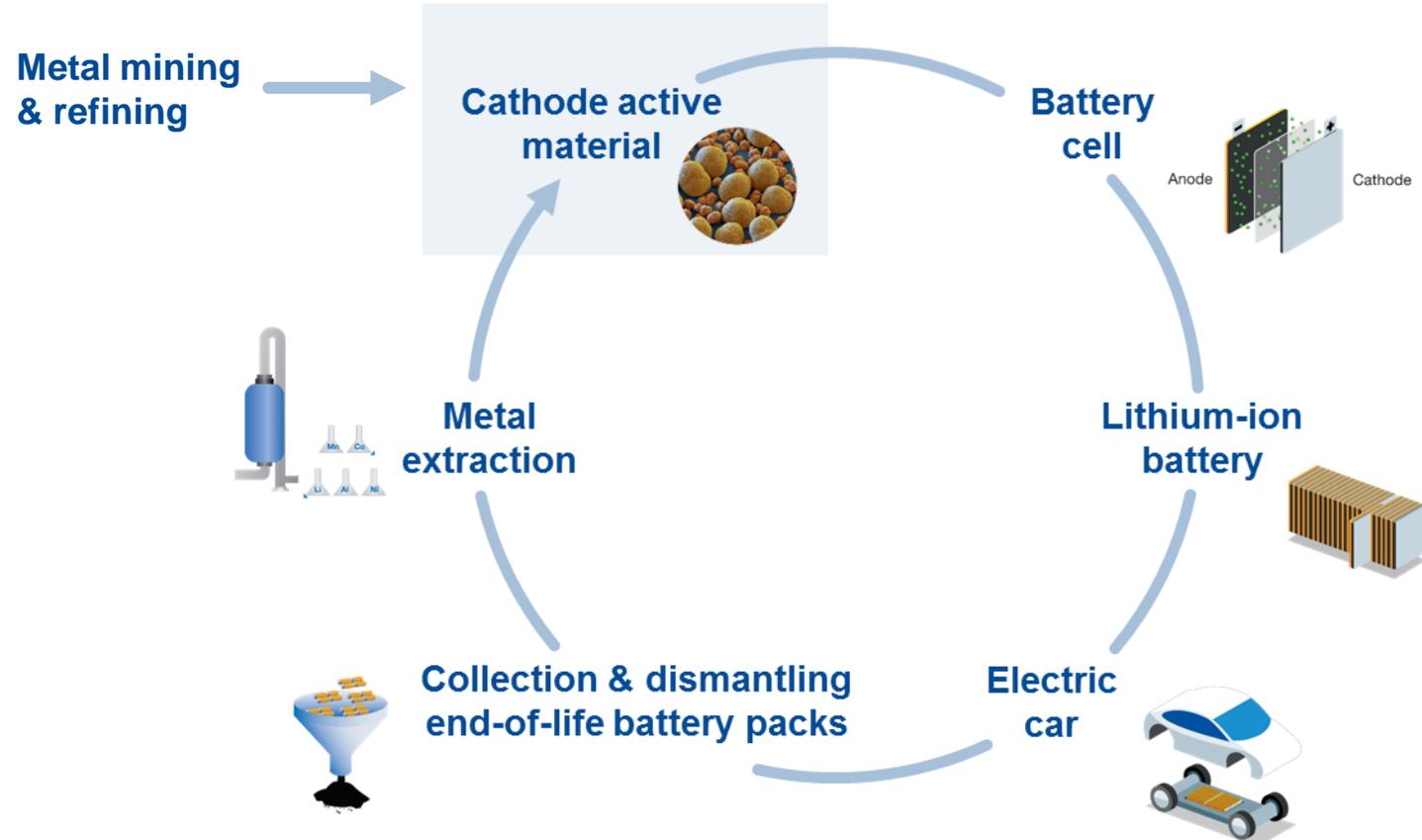


Littering



4. BASF combines battery-materials production and recycling with the goal of closing the loop in the circular economy

Battery materials circular economy



Battery materials circular economy

- BASF is well-positioned in the value chain with strategic partnerships to secure and recycle high-purity raw materials
- Chemistry of cathode active materials is key to address electromobility challenges

Key facts

- Regulation drives demand for recycling
- OEMs will need recycling partners to establish closed loop approaches
- Recycling provides sustainable and cost-efficient access to metals
- BASF has proprietary and differentiating technology along with expertise in recycling



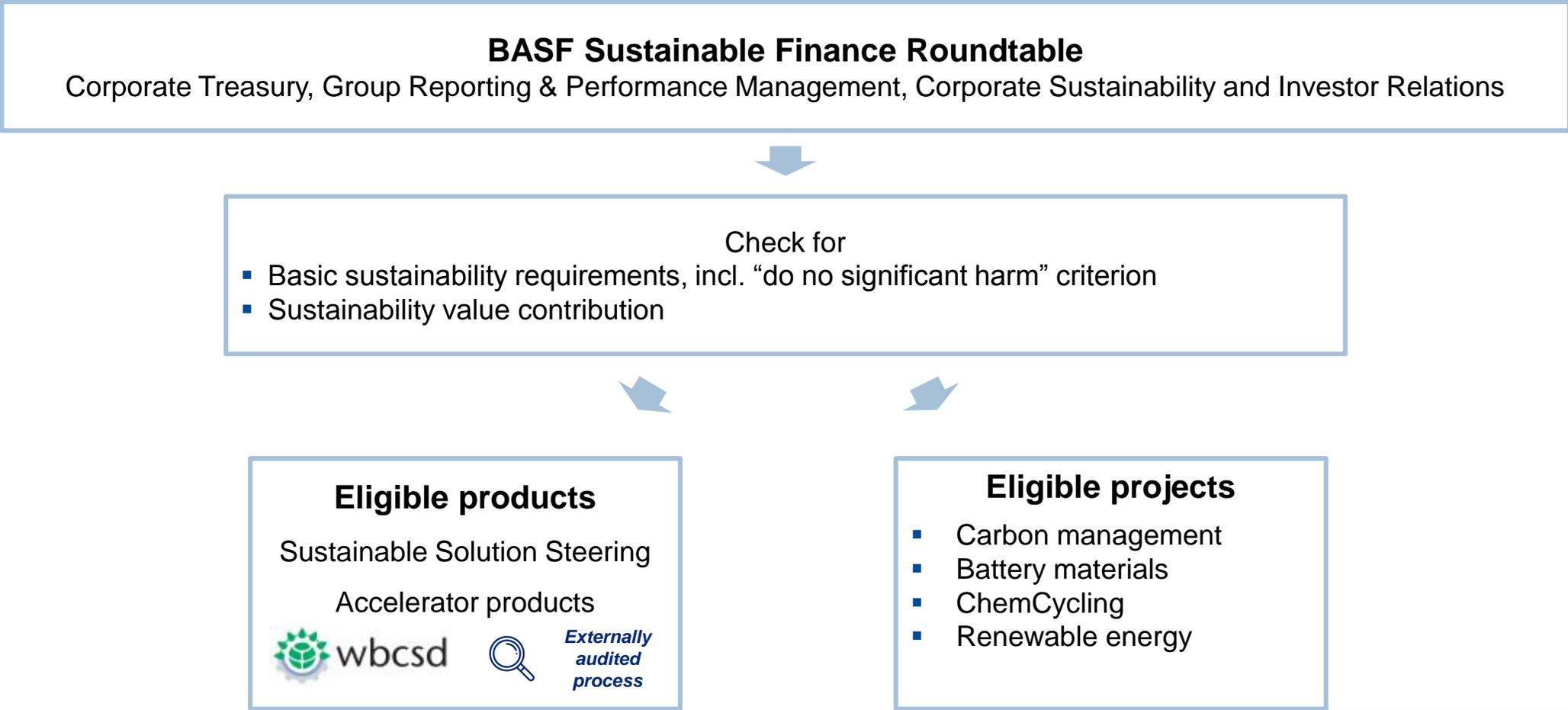
5. Increasing importance of renewable energy

- In 2019, internally generated power in the BASF Group had a carbon footprint of around 0.26 tons of CO₂ per MWh of electricity and was below the national grid factor at most BASF Group locations (purchased electricity: around 0.46 tons of CO₂ per MWh)
- In 2019, 23 BASF sites were partially or fully powered by emission-free electricity
- Demand for electricity from renewable sources will increase sharply with new, low-carbon electricity-based production processes
- At the Ludwigshafen site in Germany, we would need to roughly triple or quadruple our current electricity use (2019: 6.2 TWh) to fully implement the new production processes
- Availability and price of renewable power as critical success factors
- BASF is investigating different options for renewable power supply



Increasing the share
of renewable
energies in our global
power supply

Process for project evaluation and selection

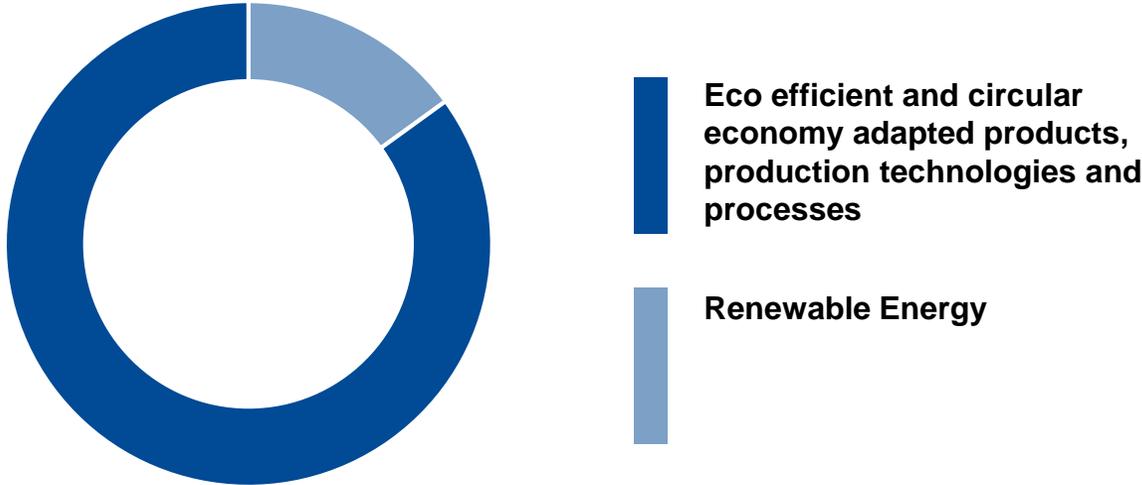


Management of proceeds

Green finance instruments net proceeds are tracked in a portfolio approach

- **Allocation:** BASF intends to allocate the proceeds from the green finance instruments to eligible green projects.
- **Portfolio approach:** BASF will strive to achieve a level of allocation which matches or exceeds the balance of net proceeds of the green bond.
- **Look-back:** Eligible green assets shall qualify for refinancing without a specific look-back period. Eligible green capex and opex measures shall qualify for refinancing with a maximum 3-year look-back period¹.
- **Unallocated proceeds:** BASF will hold and/or invest, at its own discretion the balance of unallocated net proceeds.

Indicative investment allocation



¹ Before the issuance year of the Green Finance Instrument

Reporting

Allocation reporting

The **allocation reporting** may provide:

- Allocation per green eligible project category
- Balance amount of unallocated net proceeds
- Portion of financing and refinancing (new vs existing projects)
- Break-down of what is financed/refinanced (assets, capex, opex)

Impact reporting

The **impact reporting** may provide:

- Description of the eligible projects
- Environmental impact metrics per eligible project category, such as:

Accelerator solutions

- Case studies of Accelerator solutions
- Amount or percentage of sales of Accelerators
- CO₂ emissions avoided/reduced (in tons of CO₂e)

Carbon Management

- Case study of research outcome of Carbon Management

ChemCycling™

- Tons of waste recycled

Battery Materials

- Number of electrical vehicles supplied with battery materials

Renewable Energy

- GHG emissions avoided/reduced (in tons of CO₂e)

External review

SPO provided by ISS ESG – “Sustainability Steering Methodology” assured by external auditor

- BASF’s Sustainable Solution Steering methodology **has been assured by an external auditor**
- The methodology is also adopted by other companies in the chemical industry and known as the Product Portfolio Steering Framework of the **World Business Council for Sustainable Development**
- ISS ESG has reviewed our framework and concluded that it is **“in line with the ICMA GBPs and the LMA GLPs”**¹
- Each of the Use of Proceeds categories has been assessed by ISS for its contribution to, or obstruction of, the SDGs:

Use of proceeds	Contribution or obstruction	Sustainable Development Goals
Accelerator Solutions	Significant contribution	
Carbon Management	Significant contribution	
ChemCycling™	Significant contribution	
Battery Materials	Limited contribution	
Renewable Energy	Significant contribution	

¹ ISS ESG opinion on the green finance framework can be found at: www.basf.com/green-finance

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Issuer	BASF SE	
Ratings (Moody's / S&P)	A2, Review for downgrade (Moody's) / A, CreditWatch negative (S&P)	
Currency	EUR	
Format/status	Senior, Unsecured, Reg S Bearer	
Tranche size	EUR Benchmark	EUR Benchmark
Maturity	2023 (3 year FXD)	2027 (7 year FXD)
Coupon	[] % annually in arrear, commencing on [] 2020	[] % annually in arrear, commencing on [] 2020
Use of proceeds	General corporate purposes	Green projects in alignment with BASF's GFF
Documentation	Debt Issuance Programme	
Issuer call features	[Make Whole Call], 3-months Par-Call, Tax Call	
Noteholder put feature	Change of Control - applicable in respect of each series of Notes	
Denominations	EUR [100k]	
Governing law	German law	
Listing	Luxembourg (regulated market)	

BASF's credit highlights

- **Unique Verbund concept**
 - competitive advantage based on integrated sites, operational excellence and best-in-class technologies
- **Industry-leading innovation platform**
 - covering a broad range of technologies and providing solutions for a multitude of customers
- **Creating value to society and contributing to a sustainable development**
 - e.g. CO₂-neutral growth until 2030 targeted; €22 billion in Accelerator sales by 2025 targeted
- **Strategy focused on profitable growth, e.g., through investments in fast growing markets**
 - driven by investments in Asia and the battery materials value chain
- **Solid financial policy with well-balanced financing instruments**
 - BASF's target: keep a solid A rating
 - strong balance sheet and cash generation
- **BASF's diversified portfolio provides resilience**
 - Our robust underlying financials and long track record as a reliable corporate lender make us an attractive investment



We create chemistry