Robust third quarter 2013 for BASF

- Third quarter 2013
  - Sales €17.7 billion (plus 1.5%)
  - EBIT before special items €1.7 billion (plus 15.0%)
- January – September 2013
  - Sales €55.8 billion (plus 3.1%)
  - EBIT before special items €5.7 billion (plus 5.9%)
- Successful business development for Functional Materials & Solutions
- Outlook for 2013 confirmed: increase in sales and earnings expected; environment to remain challenging

Presentation by Dr. Kurt Bock, Chairman of the Board of Executive Directors of BASF SE, Ludwigshafen

Presentation by Dr. Hans-Ulrich Engel, Chief Financial Officer of BASF SE, Ludwigshafen

The spoken word applies.
Robust business development for BASF in the third quarter 2013

- Sales rose by 1.5% to around €17.7 billion in the third quarter despite negative currency effects
- Volumes increased by 6% compared with the third quarter of the previous year
- EBIT before special items increased by €221 million to €1.7 billion in the third quarter
- Higher contributions from Functional Materials & Solutions and Performance Products; improved earnings in Other
Ladies and gentlemen,

Welcome to our press conference.

In the third quarter, the global economy only grew modestly and the economic environment remains challenging. The structural crisis in Europe has not yet been resolved. The expected better German economic development is being dampened by the sluggish performance in large European economies such as Spain and Italy. The United States grew slightly, but the markets were unsettled by the budget crisis. The Japanese economy benefited from the weak yen and government stimulus measures. Growth in China also picked up somewhat. The ASEAN countries saw a slowdown in growth, partially impacted by currency effects. Growth in South America was below our expectations from the beginning of the year, but showed signs of recovery. Overall, the economic environment remains volatile.

Our business performance was robust in the third quarter of 2013. Despite significantly negative currency effects, we raised sales by 1.5% to around €17.7 billion. This growth was mainly the result of increased volumes, particularly in the Oil & Gas segment. We posted lower sales in the Chemicals segment. Income from operations (EBIT) before special items rose by €221 million to just under €1.7 billion. This was largely due to higher contributions from the Functional Materials & Solutions and Performance Products segments in addition to improved earnings in Other.

We increased sales volumes by 6% compared with the same quarter of the previous year. Sales prices declined on average by 1%. Portfolio measures increased sales by 1%. Currency effects negatively impacted sales in all segments by an average of 5%.

Further implementation of the “We create chemistry” strategy

In the past months, we have continued to implement our “We create chemistry” strategy. In the strategy, we identified innovation topics for different industries, which we call growth fields. They offer
Milestones

- Cash offer to acquire specialized enzyme company Verenium
- BASF and Yara evaluating a joint investment in an ammonia plant at the U.S. Gulf Coast
- BASF implements measures in pigment business to increase competitiveness and customer focus
attractive business potential for BASF, but perseverance is needed to be successful. We want to tap into these growth fields by using our research and development competence and working on solutions together with our customers.

As was the case with battery materials, we will supplement our competencies through acquisitions to expand our growth fields. Thus, at the beginning of October, we made a tender offer for the acquisition of the California-based specialized enzyme biotechnology company Verenium at a cash offer price of US$4.00 for each Verenium share. We aim to acquire the majority of shares by the end of October. The tender offer is subject to customary closing conditions. Based on all outstanding shares and including all net financial liabilities, the enterprise value would be approximately US$62 million (approximately €48 million).

We also want to further expand the BASF Verbund, our network of production plants. Main success factors are operational and technological excellence, scale, integration, access to raw materials as well as reliable and low-cost logistics. We are currently evaluating a joint investment in an ammonia plant at the U.S. Gulf Coast with the Norwegian company Yara. Through this investment, we would be able to benefit from the low gas prices there and strengthen our backward integration in important value chains such as polyamide and polyurethane in North America.

In addition to acquisitions and investments, we are continuing the restructuring of our portfolio. One focus is on the Performance Products segment where the growth and profitability of some standard products do not yet meet our requirements. As announced, we are implementing a number of measures in the pigments business to strengthen competitiveness and sharpen our customer focus. At the same time, as the market leader in pigments, we will continue to invest in our production network as well as in research and development.
Outlook for BASF Group

Economic environment 2013 unchanged
- GDP growth: +2.0%
- Growth in industrial production: +2.7%
- Growth in chemical production*: +3.1%
- Exchange rate: $1.30 per euro
- Oil price (Brent): $105/barrel

Outlook for full year 2013
- BASF still aims to exceed the 2012 levels in sales and EBIT before special items; environment remains challenging
- We want to earn a high premium on our cost of capital again in 2013

Economic environment 2013 unchanged
- GDP growth: +2.0%
- Growth in industrial production: +2.7%
- Growth in chemical production*: +3.1%
- Exchange rate: $1.30 per euro
- Oil price (Brent): $105/barrel

Lower earnings in Chemicals, earnings increase in Performance Products

<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>EBIT before special items</th>
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<tbody>
<tr>
<td></td>
<td>million €</td>
<td>million €</td>
</tr>
<tr>
<td>Q3 2013</td>
<td>4,224</td>
<td>527</td>
</tr>
<tr>
<td>Q3 2012</td>
<td>4,011</td>
<td>509</td>
</tr>
<tr>
<td></td>
<td>-8%</td>
<td>-7%</td>
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- Sales below the level of the previous third quarter largely due to lower prices and negative currency effects
- Earnings down primarily on account of weaker margins for isocyanates in Asia and for ammonia

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<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>million €</td>
<td>million €</td>
</tr>
<tr>
<td>Q3 2013</td>
<td>3,975</td>
<td>376</td>
</tr>
<tr>
<td>Q3 2012</td>
<td>3,975</td>
<td>344</td>
</tr>
<tr>
<td></td>
<td>+1%</td>
<td>+9%</td>
</tr>
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- Sales below third quarter 2012 level despite higher sales volumes, largely owing to negative currency effects and reduced prices resulting from lower raw material costs
- Earnings up, primarily due to decreased fixed costs
Outlook for full year 2013 confirmed

Our expectations for the global economic environment in 2013 remain unchanged:

- Growth of gross domestic product: 2.0%
- Growth in industrial production: 2.7%
- Growth in chemical production: 3.1%
- An average euro/dollar exchange rate of $1.30 per euro
- An average oil price for the year of $105 per barrel

We do not anticipate an upturn in the global economy for the fourth quarter of 2013. The environment is likely to remain challenging: We anticipate uneven development marked by economic uncertainty. Currency effects will continue to negatively impact sales and earnings in the fourth quarter. Nevertheless, we still aim to exceed the 2012 levels in sales and EBIT before special items.

Now Hans Engel will explain how the segments and the regions developed in the third quarter of 2013 and give you more details about the financials.

[Speech Hans-Ulrich Engel]

Business development in the segments in the third quarter

At €4.2 billion, sales in the Chemicals segment were 8% below the level of the third quarter of 2012. Reduced prices dampened sales, especially in the Monomers division. In addition to negative currency effects, lower volumes in all divisions contributed to this sales decrease. EBIT before special items in the segment declined to €527 million compared with €569 million in the previous year’s quarter, largely as a result of lower margins for isocyanates in Asia and ammonia.

We increased sales volumes in the Performance Products segment. Sales of €3.9 billion were just under the level of the previous year’s quarter, mostly due to currency effects. Margins were largely stable. At €376 million, EBIT before special items
Earnings increase in Functional Materials & Solutions, earnings in Agricultural Solutions at level of Q3 2012

- Sales rose in the Catalysts and Performance Materials divisions primarily thanks to higher volumes.
- Earnings improved considerably in all divisions except Coatings.
- Sales increased due to higher volumes, sales prices and the acquisition of Becker Underwood.
- With increased investments and negative currency effects, earnings at previous third-quarter level.

<table>
<thead>
<tr>
<th>Division</th>
<th>Sales 2013 (€ million)</th>
<th>Sales 2012 (€ million)</th>
<th>EBIT before special items 2013 (€ million)</th>
<th>EBIT before special items 2012 (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional Materials &amp; Solutions</td>
<td>4,439</td>
<td>4,264</td>
<td>300</td>
<td>231</td>
</tr>
<tr>
<td>Agricultural Solutions</td>
<td>1,054</td>
<td>1,008</td>
<td>172</td>
<td>171</td>
</tr>
</tbody>
</table>

Increase in sales and decline in earnings in Oil & Gas

- Considerable sales increase, mainly from higher volumes in natural gas trading.
- Earnings decline as a result of decreased production in Libya, higher field abandonment costs and continuing pressure on margins in natural gas trading.

<table>
<thead>
<tr>
<th>Division</th>
<th>Sales 2013 (€ million)</th>
<th>Sales 2012 (€ million)</th>
<th>EBIT before special items 2013 (€ million)</th>
<th>EBIT before special items 2012 (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Gas</td>
<td>3,300</td>
<td>2,407</td>
<td>422</td>
<td>499</td>
</tr>
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</table>
nevertheless exceeded the level of the third quarter of 2012 by 9%. This was mainly the result of our fixed-cost management.

In the **Functional Materials & Solutions** segment, sales rose by 3% to €4.4 billion compared with the prior third quarter. While the Catalysts and Performance Materials divisions were able to increase sales through higher volumes, we posted a sales decline in the Construction Chemicals and Coatings divisions. This was mostly attributable to negative currency effects. We significantly increased our earnings in all divisions except Coatings. EBIT before special items for the segment was €300 million compared with €231 million in the third quarter of 2012.

Sales grew in the **Agricultural Solutions** segment despite negative currency effects. As in the third quarter of 2012, sales were again more than €1 billion. We posted higher volumes and sales prices in all indications. The acquisition of Becker Underwood, which was completed in November 2012, also contributed to sales growth. Due to increased investments in research and development, production, and distribution, EBIT before special items of €172 million matched the level of the previous third quarter.

In the **Oil & Gas** segment, sales were up 25% to €3.1 billion thanks primarily to increased volumes in the Natural Gas Trading business sector. Sales rose in the Exploration & Production business sector predominantly as a result of the activities in Norway acquired from Statoil on July 31, 2013. EBIT before special items decreased by 15% to €422 million on account of a volumes-related earnings decline in Libya, higher field abandonment costs as well as a lower contribution from the Natural Gas Trading business sector.

Sales in **Other** were €947 million, about 13% below the third quarter of 2012. By contrast, EBIT before special items improved to minus €105 million as a result of lower charges, including those from the long-term incentive program.
Sales and EBIT before special items in the regions in the third quarter 2013*

million €
change to Q3 2012 for sales in %,
for EBIT** in million €

North America
Sales 3,602 0%
EBIT** 355 +128

South America,
Africa, Middle East
Sales 1,242 6%
EBIT** 203 +46

Asia Pacific
Sales 2,919 -4%
EBIT** 206 -14

Europe
Sales 9,972 +5%
EBIT** 928 +61

BASF Group
17,733

*by location of company, **before special items
**Business development in the regions in the third quarter**

Sales for companies headquartered in **Europe** rose by 5%, especially as a result of increased volumes in the Oil & Gas segment. In the Chemicals segment, however, we posted a primarily volume and price-related decline in sales. EBIT before special items grew by €61 million to €928 million. This was due to higher contributions from the Performance Products and Functional Materials & Solutions segments as well as improved earnings in Other.

In **North America**, sales increased by 6% in U.S. dollars while remaining stable in euro terms. Negative currency effects put a strain on sales growth in all divisions. This was offset by higher sales volumes, especially in the Catalysts division and in the Agricultural Solutions segment. We raised EBIT before special items by €128 million to €355 million, thanks in particular to a higher contribution from the Chemicals segment.

Sales in **Asia Pacific** rose by 4% in local-currency terms, but were down by 4% in euro terms. Higher sales volumes were only partly able to offset the negative currency effects. Lower prices additionally reduced sales in the region. EBIT before special items declined by €14 million to €206 million, especially as a result of reduced margins in the Chemicals segment.

In **South America, Africa, Middle East**, we raised sales by 8% in local currency terms, while they fell by 6% in euro terms, largely because of significantly negative currency effects. Higher volumes and prices partly offset this. Thanks to increased earnings in the Oil & Gas segment in Argentina and our successful business with crop protection products, EBIT before special items for the region improved by €46 million to €203 million.
Reconciliation to net income in the third quarter 2013

<table>
<thead>
<tr>
<th>Million €</th>
<th>% vs. Q3 2012</th>
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<tbody>
<tr>
<td>EBIT before special items</td>
<td>1,692</td>
</tr>
<tr>
<td>EBIT</td>
<td>1,682</td>
</tr>
<tr>
<td>Financial results</td>
<td>-167</td>
</tr>
<tr>
<td>Income before taxes and minority interests</td>
<td>1,515</td>
</tr>
<tr>
<td>Net income</td>
<td>1,096</td>
</tr>
</tbody>
</table>

Earnings per share (EPS) | 1.20 | 0.19 |
Adjusted EPS | 1.28 | 0.12 |

High operating cash flow January to September 2013

- Cash provided by operating activities increased to about €6.0 billion (previous year: €5.0 billion)
- Payments related to property, plant and equipment and intangible assets with €3.0 billion higher than the previous year’s level (€2.7 billion)
- At €2.9 billion, free cash flow above the previous year’s level (€2.3 billion)
Development of earnings and cash flows of BASF Group

Let me briefly elaborate on the income statement.

Special items in EBIT totaled minus €10 million in the third quarter of 2013, compared with minus €68 million in the same quarter of the previous year. Special income was predominantly attributable to the sale of a share in a Norwegian oil and gas field. This was partly offset by expenses from restructuring measures, impairment charges as well as the integration of Pronova BioPharma and Becker Underwood.

Compared with the previous third quarter, EBIT rose by €279 million to about €1.7 billion. EBITDA increased by €353 million to around €2.5 billion. In the third quarter of 2013, the financial result improved by €8 million to minus €167 million. Income before taxes and minority interests grew by €287 million to €1.5 billion compared with the previous third quarter. At 23.1%, the tax rate was higher than in the third quarter of 2012 (20.8%).

Net income rose by €171 million to around €1.1 billion. Earnings per share were €1.20 in the third quarter of 2013, compared with €1.01 in the same quarter of 2012. Adjusted for special items and amortization of intangible assets, earnings per share rose to €1.28 (third quarter of 2012: €1.16).

Cash provided by operating activities amounted to around €6.0 billion in the first three quarters of 2013, up by €957 million compared with the same period of the previous year. On balance, investing activities led to a cash outflow of €4.6 billion, compared with €2.0 billion in the same period of 2012. The increase was largely due to the change in the balance of acquisitions and divestitures: The first three quarters of 2013 particularly included payments related to the acquisition of assets from Statoil, as well as of Pronova BioPharma. In the same period of 2012, proceeds from divestitures had come predominantly from the disposal of the fertilizer activities. At €3.0 billion, payments for property, plant and
Energy prices as important location factor

Gas prices – on average Q1-Q3 2013 ($/mmBtu)

<table>
<thead>
<tr>
<th>Region</th>
<th>Q1-Q3 2013 ($)</th>
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<tbody>
<tr>
<td>USA</td>
<td>3.7</td>
</tr>
<tr>
<td>Germany</td>
<td>10.4</td>
</tr>
<tr>
<td>China</td>
<td>8.0 – 12.0</td>
</tr>
<tr>
<td>Middle East</td>
<td>1.0 – 4.0 *</td>
</tr>
</tbody>
</table>

* $/mmBtu for ongoing projects and up to $4/mmBtu for new projects
equipment and intangible assets were higher than in the same period of the previous year. Free cash flow was €2.9 billion compared with €2.3 billion in the first nine months of 2012.

Financing activities led to a cash outflow of €1.3 billion, compared with an outflow of €3.4 billion in the first three quarters of 2012. Dividends of €2.4 billion were paid to shareholders of BASF SE. The cash inflow resulting from the change in financial liabilities amounted to €1.3 billion. This was mainly from the issuance of several bonds with a principal amount of around €2.6 billion; counterbalancing this was the repayment of bank liabilities and several bonds.

Net debt rose to around €13.0 billion as of September 30, 2013, compared with €11.2 billion as of December 31, 2012. The equity ratio of BASF Group was 41% as of the end of the third quarter.

Now, I will hand back over to Kurt Bock.

[Continuation of speech by Kurt Bock]

Ladies and gentlemen,

A month after the German federal election and in the middle of ongoing coalition negotiations, I would like to talk about another topic: For the future success of Germany, one of the most important tasks for the new federal government will be to make adjustments in the Energiewende – the German energy transition. Competitive energy prices are crucial for the export-oriented German economy. With significantly lower energy prices in North America, rising electricity costs lead to a competitive disadvantage for German products on the world market. In the long term, this would result in a relocation of energy-intensive companies with a knock-on effect for the subsequent value chains. This is also shown in a recently published study by IHS about the long-term impacts of different energy scenarios on growth and jobs in Germany.
Economic growth and energy consumption cannot be fully decoupled from one another. To achieve economic growth, we need affordable energy as it is one of the most important location factors. Even though Germany is very enthusiastic about wind and solar power, they will not be enough to ensure our global competitiveness on their own. Renewable energy makes an important, but also very expensive, contribution to climate protection.

Therefore, we first need a fundamental reform of the German Renewable Energy Act (Erneuerbare-Energien-Gesetz, EEG) – more market-orientation, more competition for renewable energy sources should be the leading principles. For energy-intensive industries, exemptions from the EEG surcharge are essential. But whether these exemptions can continue also depends on an impending EU state aid proceeding, even though the exemptions for the energy-intensive industries are not subsidies. On the contrary, they are there to remove additional costs that do not exist in other European countries or in other regions of the world.

For this reason, an energy and climate policy aligned at the EU level is necessary. Only through a concerted effort of the EU will it be possible to define sensible and cost-efficient targets and measures for climate protection and renewable energy. The further expansion of solar and wind energy should not be stimulated by new legally binding goals, but rather by the market. In the upcoming debate about energy and climate goals for 2030, we need a pragmatic approach and we have to keep an eye on the competitiveness of European industry. It must not be weakened by too ambitious goals.

Ladies and gentlemen,

Hans Engel and I now look forward to your questions.