Press Conference
Ludwigshafen, November 20, 2018

Dr. Martin Brudermüller, Chairman of the Board of Executive Directors and CTO
Dr. Hans-Ulrich Engel, Vice Chairman of the Board of Executive Directors and CFO
EBITDA growth above fixed costs

BASF Group* 2012–2017
indexed (2012 = 100), CAGR** 2012–2017

EBITDA before special items
CAGR: 8%

Fixed Costs CAGR: 3%

Sales CAGR: 1%

* Excluding Oil & Gas
** CAGR: Compound Annual Growth Rate
What will we do differently?

1. Intensify customer focus to accelerate growth
2. Sharpen our portfolio and strengthen the Verbund
3. Transform our organization to be more agile and customer-focused
4. Focus capital allocation on organic growth
5. Drive growth particularly in largest market China
6. Set the tone with CO₂-neutral growth
Established and growing presence in Asia Pacific

- **BASF Group** in Asia Pacific (2017)
  - 18,256 employees**
  - ~€14.3 billion sales***
  - ~€2.2 billion EBIT

- **China** is the major growth driver for global chemical production

- The new **Verbund site in Zhanjiang** and the expanded **Nanjing Verbund** will foster considerable growth in China

* BASF investigates establishment of a second Verbund site in China.
** As of December 31, 2017.
*** Sales by location of customer.
Our ambitious financial and non-financial targets

**Growth**
Grow sales volumes faster than global chemical production

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

**Return**
Achieve a ROCE* well above the cost of capital percentage every year

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

€22 billion of sales with Accelerator products** by 2025

CO₂-neutral growth until 2030

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* Return on capital employed (ROCE) is a measure of the profitability of our operations. We calculate this indicator as the EBIT generated by the operating divisions as a percentage of the average cost of capital basis.

** Accelerator products are products that make a particular contribution to sustainable development.
Excellence program 2019–2021

Key facts

- **Operational excellence** will focus on production, logistics and planning

- In **digitalization and automation**, smart supply chains and smart manufacturing are major contributors

- **Organizational development** targets leaner structures in the areas of services, R&D and governance
  - Significant parts of **functional services** will be embedded in businesses, closer to our customers
  - **Simplification** of process landscape

€2 billion annual EBITDA contribution from 2021 onwards
Focusing our strengths on our customers

Our customers will have a new experience with BASF

Portfolio – businesses with customer relevance
Sustainability – live our purpose
Operations – be the leader
Innovation – with impact
People and organisation – become more agile and faster
Digitalization – leverage across the company
New segment structure strengthens performance- and market-orientation and provides more transparency

* Target picture, until signing of a transaction agreement Construction Chemicals will be reported under Surface Technologies
A multiple of Verbund effects strengthens our portfolio

- Confirmed annual cost savings of more than €1 billion through integrated production
- Ensure competitive supply of key products to all segments
- Harvest the advantages offered by digitalization across BASF
- Create customer relevance through size and broad portfolio
- Leverage technological advantages and innovation across all segments
## Each new segment has a clear and compelling path forward

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<thead>
<tr>
<th>SHARE*</th>
<th>CHEMICALS</th>
<th>MATERIALS</th>
<th>INDUSTRIAL SOLUTIONS</th>
<th>SURFACE TECHNOLOGIES**</th>
<th>NUTRITION &amp; CARE</th>
<th>AGRICULTURAL SOLUTIONS</th>
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### Core theme
- Chemicals: Verbund
- Materials: Advanced materials
- Industrial Solutions: Additives platform
- Surface Technologies**: Surface modification platform
- Nutrition & Care: Consumer ingredients
- Agricultural Solutions: Integrated offering of seeds, crop protection, digital

### Innovation focus
- Chemicals: Improved or new processes
- Materials: Applications, biomaterials
- Industrial Solutions: Formulations
- Surface Technologies**: Battery materials, surface effects
- Nutrition & Care: Biotechnology, formulations
- Agricultural Solutions: Crop protection, seeds, digital farming

### Capex relevance
- Chemicals: Medium
- Materials: Low
- Industrial Solutions: Medium
- Surface Technologies**: High
- Nutrition & Care: Medium
- Agricultural Solutions: Low

### M&A relevance
- Chemicals: Low
- Materials: Medium
- Industrial Solutions: Low
- Surface Technologies**: Medium
- Nutrition & Care: High
- Agricultural Solutions: High

### Sustainability
- Chemicals: ChemCycling
- Materials: Bio-based materials
- Industrial Solutions: More from less
- Surface Technologies**: Low emission mobility
- Nutrition & Care: Bio-based and natural, traceability
- Agricultural Solutions: Better with less

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* Percentage of EBITDA before special items in 2017; Other: minus €0.4 billion.
** Target picture, until signing of a transaction agreement Construction Chemicals will be reported under Surface Technologies.
People and organisation

We will change our internal processes and the way we work together by...

...equipping employees with tools and skills

...simplifying structures and processes

...transforming our organisation

...setting up a Task Force Process Simplification
We want to develop the most attractive innovations for our customers and significantly increase our sales through innovations by

- adjusting our R&D setup to better align R&D activities with business and customer’s needs.
- increasing the excellence of our innovation processes – starting from the lab and continuing up the chain, all the way to the customer.
- developing and executing better innovation strategies as a key element of our business strategies.
- intensifying our collaboration with external partners.
ChemCycling enables sustainable growth in the circular economy

1. Waste companies supply recyclers with plastic waste
2. Plastic waste is converted into feedstock
3. Feedstock can be used to create all kinds of chemicals and products, including new plastics
4. Customers use these chemicals to make their own products
5. Consumers use and dispose of products
6. The waste is collected and sorted by waste companies

Successful business proof in October 2018

67 million tons of plastic packaging waste per year
We want to achieve best-in-class operations to continue supplying our customers with high quality products in the most reliable way.

Operational Excellence measures

High environmental and safety standards

Drive digitalization

Dynamic site logistics

Budget of €400 million per year
With digital technologies and services we will create new exciting customer experiences and business growth as well as drive efficiencies in processes.

Availability and quality of data

350 plants until 2022

Digital capabilities

Faster IT processes

Digital roadmaps

Digital officers