



HZM5

HZM2

 **BASF**
We create chemistry

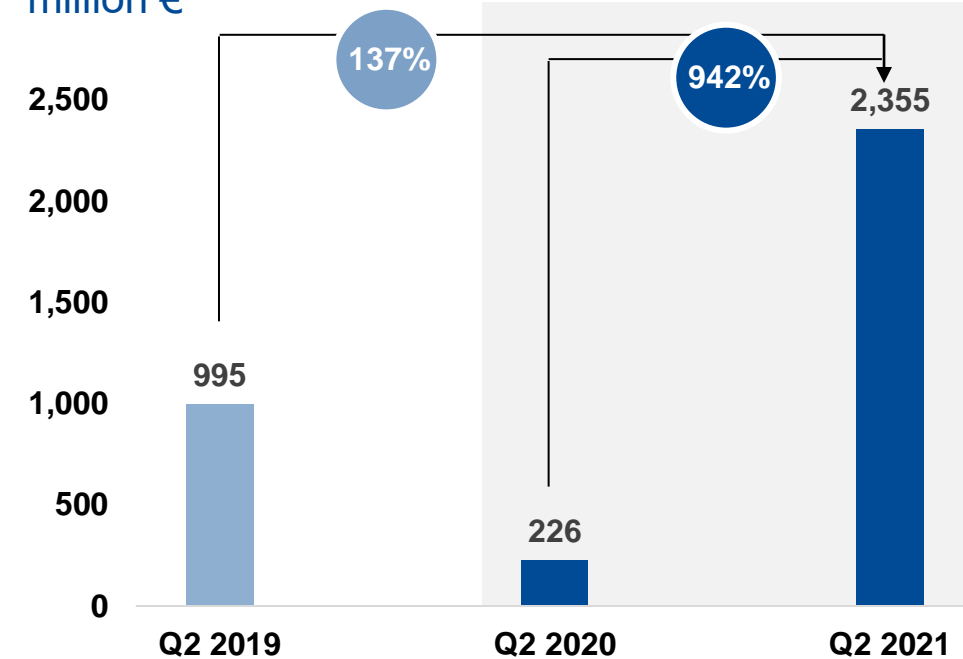
Media Phone Conference Q2 2021

Ludwigshafen am Rhein, July 28, 2021

Q2 2021: BASF with very strong second quarter supported by higher prices and volumes

- Strong growth momentum continued in Q2 2021
- In Q2 2021, volumes and prices grew across all regions and all segments
- Earnings in upstream businesses considerably above Q2 2020, despite a slight sequential decline in margins compared with Q1 2021
- Downstream businesses with strong demand and increased prices but continued pressure from raw materials prices

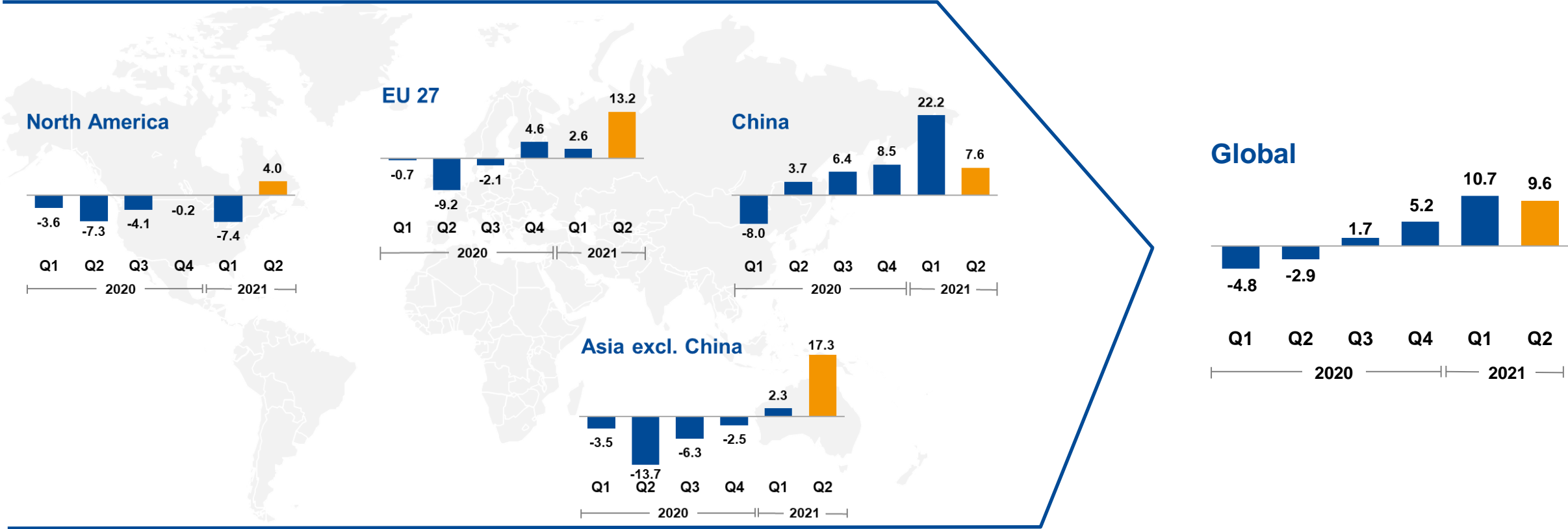
EBIT before special items by quarter
million €



Recovery of global chemical production continued in Q2 2021

Chemical production compared with prior-year quarter¹

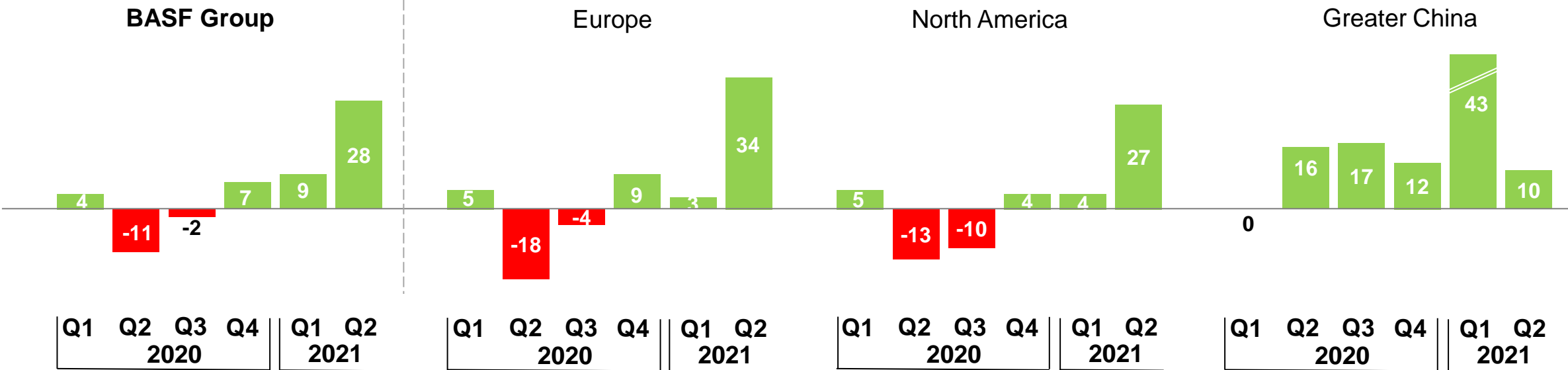
%



Source: BASF, data: IHS, Feri, NBS China, FED, Eurostat, Statistics Canada;
 Asia: India, Japan, South Korea, Taiwan, Thailand; North America: USA and Canada
¹ Estimates, data available for China and the U.S. until June, for all other countries/regions until May or April.
 Historical data partly preliminary and subject to revision. China data based on BASF seasonal adjustment

BASF Group Q2 2021: Volume growth across all regions

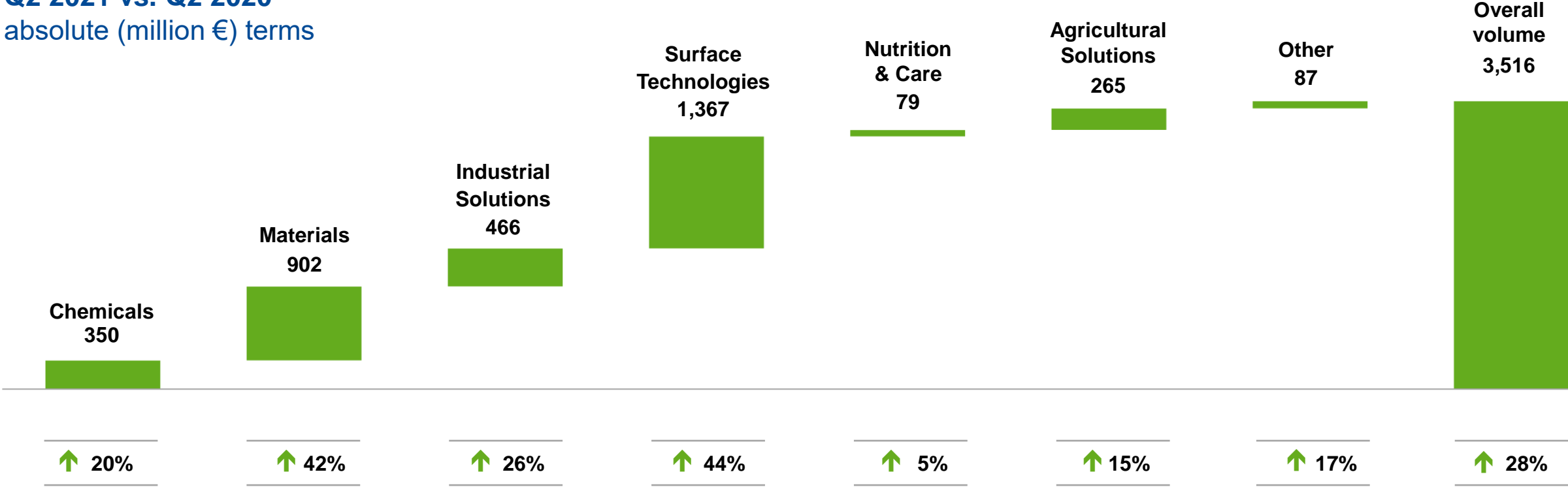
Sales volumes development by region¹
 quarters compared to prior-year quarters
 %



¹ Location of customer

BASF Group Q2 2021: Volume growth across all segments

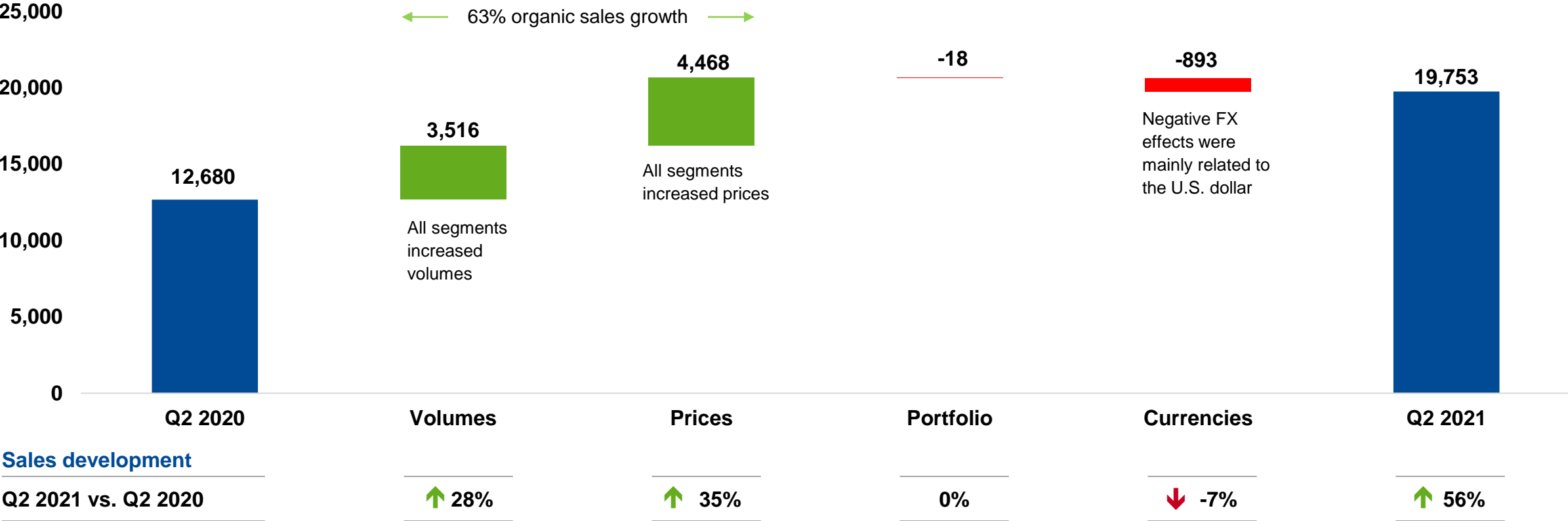
Volume development by segment
 Q2 2021 vs. Q2 2020
 absolute (million €) terms



relative (%) terms

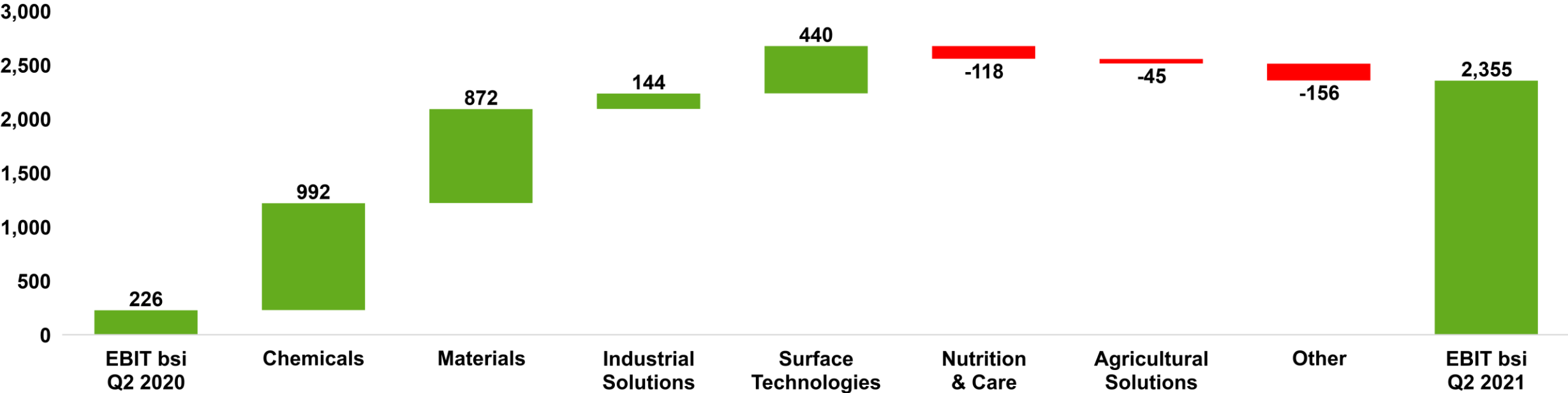
BASF Group Q2 2021: Sales increased considerably due to higher prices and volumes

Sales bridge Q2 2021 vs. Q2 2020
million €



BASF Group Q2 2021: Very strong earnings growth

EBIT before special items growth by segment Q2 2021 vs. Q2 2020
million €



EBIT before special items by segment

Q2 2021, million €	990	792	307	289	138	75	-236	2,355
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Nutrition & Care and Agricultural Solutions: Main drivers for EBIT before special items development in Q2 2021



Nutrition & Care

▪ Nutrition & Health

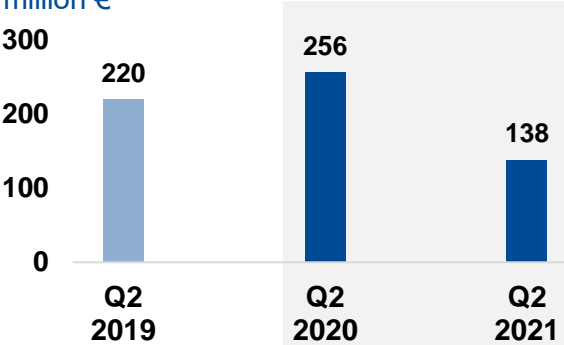
- The segment's earnings decline was mainly driven by Nutrition & Health. The division's margins declined due to negative currency effects, lower prices and higher variable costs compared with the strong prior-year quarter.
- The earnings decline was most pronounced in animal nutrition. Lower volumes in vitamin A, mainly due to the start-up of the vitamin A expansion, and higher costs from turnarounds were the main drivers.

▪ Care Chemicals

- Higher raw materials prices put pressure on margins compared with the strong prior-year quarter.

Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs.Q2 2020	↑ 5%	↑ 2%	↓ -1%	↓ -4%

EBIT before special items by quarter
million €

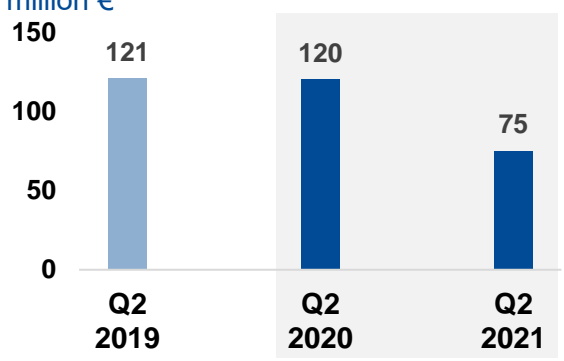


Agricultural Solutions

- Significant volume increase and higher prices could not compensate for
 - Strong FX headwind
 - Higher fixed costs and freight cost increases due to higher sales volumes
 - Unfavorable margin development on account of product mix effects

Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs.Q2 2020	↑ 15%	↑ 3%	0%	↓ -7%

EBIT before special items by quarter
million €



Major portfolio measures: Acquisitions



BASF and Shanshan to form a joint venture for battery materials production in China

- BASF to hold 51%, Shanshan 49%
- BASF investment in a mid-triple-digit million-euro range
- Hunan Shanshan Energy operates four production sites for CAM and PCAM in China, with an annual capacity of 90 kt by 2022
- By forming the JV, BASF further strengthens its position in Asia and is increasing its global annual capacity to 160 kt by 2022 with further expansions underway
- Closing is targeted for later this summer¹



Photo: Vattenfall/Jorrit Lousberg

BASF to acquire 49.5% of the offshore wind farm Hollandse Kust Zuid (HKZ) from Vattenfall

- Once fully commissioned HKZ will be the largest offshore wind farm in the world with a total installed capacity of 1.5 gigawatts
- BASF will use the zero-emission electricity for its sites in Europe, mainly in Antwerp, Belgium
- Purchase price of €0.3 billion, BASF's initial total commitment is ~€1.6 billion. BASF intends to reduce its investment by selling shares to a financial co-investor
- Closing is expected in Q4 2021¹

Major portfolio measures: Divestitures



DIC acquired BASF's pigments business

- Sales 2018: ~€1 billion
- BASF and DIC reached an agreement on the acquisition of BASF's pigments business in August 2019
- Purchase price of €1.15 billion¹
- Closing took place on June 30, 2021



BASF and Clayton, Dubilier & Rice to sell Solenis to Platinum Equity

- Sales 2020²: \$2.8 billion
- Enterprise value: \$5.25 billion for Solenis, which includes net debt of around \$2.5 billion
- BASF holds 49% of the shares in Solenis; 51% of the shares are held by Clayton, Dubilier & Rice and the Solenis management
- Closing of the transaction expected before the end of 2021³



Initial public offering of Wintershall Dea

- Sales 2020: ~€3.6 billion
- Merger took place on May 1, 2019
- Realization of synergies on track, integration completed
- Initial Public Offering planned beyond 2021, subject to market conditions

¹ On a cash and debt-free basis

² Fiscal year ending September 30, 2020; ³ Following the approval of the relevant authorities

BASF Group Q2 2021 and H1 2021: Financial figures

Financial figures	Q2 2021	Change	H1 2021	Change
	million €	%	million €	%
Sales	19,753	56	39,153	33
EBITDA before special items	3,217	162	6,398	68
EBITDA	3,199	199	6,375	82
EBIT before special items	2,355	.	4,676	151
EBIT	2,316	.	4,627	205
Net income from shareholdings	-44	94	24	.
Net income	1,654	.	3,372	.
Reported EPS	1.80	.	3.67	.
Adjusted EPS	2.03	.	4.03	167
Cash flows from operating activities	2,537	13	2,012	66

Cash flow development in Q2 2021 and H1 2021

	Q2 2021	Q2 2020	H1 2021	H1 2020
	million €	million €	million €	million €
Cash flows from operating activities	2,537	2,242	2,012	1,212
Thereof Changes in net working capital	9	1,190	-2,764	-1,810
Miscellaneous items	-9	880	-344	966
Cash flows from investing activities	323	-705	-112	-2,525
Thereof Payments made for property, plant and equipment and intangible assets	-767	-726	-1,223	-1,295
Acquisitions / divestitures	1,125	–	1,118	-1,245
Cash flows from financing activities	-4,144	373	-3,434	4,667
Thereof Changes in financial and similar liabilities	-999	3,470	-282	7,799
Dividends	-3,145	-3,100	-3,152	-3,136
Free cash flow	1,770	1,516	789	-83

BASF's plastic additives VALERAS™ enable customers to achieve their sustainability goals



- To enable customers to achieve their sustainability goals, BASF has focused its sustainable solutions for plastic additives under the new global brand VALERAS™:
 - Use of bio feedstocks and renewable feedstocks
 - Increased product carbon footprint transparency
- VALERAS™ includes additive solutions that make a substantial sustainability contribution to plastic applications. Examples:
 - Irgastab® PUR 70 reduces VOC emissions in foams
 - Tinuvin® NOR® 356 enhances biodiversity in plastic greenhouses
 - Irgatec® CR 76 reduces energy consumption for production of PP nonwoven fibers
- To help customers to reach global recycling targets (ranging from 25%-100% in packaging), the portfolio will expand to include BASF's additive packages for mechanically recycled plastics and applications. Examples:
 - Process stabilizers for rigid and flexible PP packaging
 - UV light protection of recycled polyethylene and polypropylene
 - Contaminant neutralizers for polyolefins

Outlook 2021 for BASF Group

Outlook 2021	revised forecast	previous forecast
Sales	€74 billion – €77 billion	€68 billion – €71 billion
EBIT before special items	€7.0 billion – €7.5 billion	€5.0 billion – €5.8 billion
ROCE	12.1% – 12.9%	9.2% – 11.0%
Accelerator sales	€21 billion – €22 billion	€19 billion – €20 billion
CO ₂ emissions	20.5 – 21.5 million metric tons	20.5 – 21.5 million metric tons

Underlying assumptions for 2021 (previous assumptions in parentheses)

- Growth in gross domestic product: 5.5% (5.0%)
- Growth in industrial production: 6.5% (5.0%)
- Growth in chemical production: 6.5% (5.0%)
- Average euro/dollar exchange rate: \$1.20 per euro (\$1.18 per euro)
- Average annual oil price (Brent): \$65 per barrel (\$60 per barrel)



We create chemistry