

# News Release

P331/23e  
October 31, 2023

## **BASF Group's EBIT before special items in line with analysts' consensus in third quarter 2023; outlook for 2023 unchanged**

- **Sales in Q3 2023: €15.7 billion**  
(prior-year quarter: €21.9 billion)
- **EBIT before special items in Q3 2023: €0.6 billion**  
(prior-year quarter: €1.3 billion)
- **Cash flows from operating activities in Q3 2023: €2.7 billion** (prior-year quarter: €2.3 billion)
- **Sales and EBIT before special items in full year 2023 expected to be at lower end of forecast ranges published in July**

BASF Group's sales in the third quarter of 2023 amounted to €15.7 billion, down by €6.2 billion compared with the prior-year period. The decline was mainly due to considerably lower prices, primarily in the Materials, Chemicals and Surface Technologies segments. Higher prices in the Agricultural Solutions segment had a positive effect. In addition, sales performance was weighed down by considerably lower volumes in all segments. "Sales volumes were considerably lower than in the prior-year quarter across all customer industries – with the exception of automotive," said Dr. Martin Brudermüller, Chairman of the Board of Executive Directors of BASF, presenting the quarterly figures together with Chief Financial Officer Dr. Dirk Elvermann.

Compared with the prior-year quarter, income from operations (EBIT) before special items declined by €772 million to €575 million. This is in line with the average analyst estimates of €601 million compiled by the analysis service provider Vara Research on behalf of BASF in October 2023. Earnings development resulted primarily from

the considerably lower EBIT before special items of the Chemicals, Nutrition & Care, Industrial Solutions and Materials segments. Earnings also declined significantly in Other. The Agricultural Solutions segment increased EBIT before special items considerably, while the Surface Technologies segment slightly increased earnings.

Special items in EBIT amounted to minus €181 million in the third quarter of 2023, mainly due to restructuring measures. At €394 million, EBIT was considerably below the prior-year quarter (€1.3 billion).

Compared with the third quarter of 2022, income from operations before depreciation, amortization and special items (EBITDA before special items) decreased by €780 million to €1.5 billion and EBITDA declined by €892 million to €1.4 billion.

Net income amounted to minus €249 million, compared with €909 million in the prior-year quarter. Besides the lower EBIT, this decline was driven by the overall negative earnings of Wintershall Dea due to special items.

Total assets amounted to €82.6 billion as of September 30, 2023, €1.9 billion below the 2022 year-end figure. On September 30, 2023, net debt amounted to €18.9 billion. This was an increase of €2.6 billion compared with year-end 2022, but a decrease of €1.4 billion compared with June 30, 2023. The equity ratio at the end of the third quarter of 2023 was slightly higher than at the end of the year 2022 and stood at 48.8 percent. "Overall, this demonstrates BASF's financial strength with a strong balance sheet and good credit ratings," said Dr. Dirk Elvermann.

Cash flows from operating activities were €2.7 billion in the third quarter of 2023, above the €2.3 billion reported in the prior-year quarter. "This is a remarkable improvement in view of the significantly lower net income," said Elvermann. Cash released from net working capital improved considerably by €1.2 billion compared with the third quarter of 2022, amounting to €1.9 billion. The improvement was primarily due to the reduction in inventories. Free cash flow totaled €1.5 billion in the third quarter of 2023, after €1.3 billion in the prior-year period.

### **Savings programs will contribute a total of €1.1 billion annually by 2026**

BASF is consistently working on its cost structures to improve its competitiveness, particularly in Europe. At the end of February 2023, the company had announced a

cost savings program focusing on Europe as well as the adjustment of Verbund structures in Ludwigshafen.

BASF now expects annual cost savings in non-production areas to reach more than €600 million by the end of 2024 and more than €700 million by the end of 2026. This includes measures related to Europe in the Global Business Services and Global Digital Services units. Additional measures in these two service units in other regions will contribute a further €200 million. Elvermann: “Together with the €200 million in savings from the adaptation of the Verbund structures in Ludwigshafen, we will achieve total annual savings of around €1.1 billion by the end of 2026.”

### **BASF Group outlook for 2023**

In the fourth quarter of 2023, BASF expects production in the global chemical industry to further stabilize. However, the macroeconomic outlook remains extremely uncertain in the current interest rate policy environment and in view of increasing geopolitical risks. Rising raw materials prices in particular could weigh on demand and margins.

Against this background, BASF has maintained its assessment of the global economic environment in 2023 (growth assumptions from BASF’s Half-Year Financial Report 2023; values rounded to half percentage points):

- Growth in gross domestic product: 2.0 percent
- Growth in industrial production: 1.0 percent
- Growth in chemical production: 0.0 percent
- Average euro/dollar exchange rate of \$1.10 per euro
- Average annual oil price (Brent crude) of \$80 per barrel

The BASF Group’s forecast for the 2023 business year published in the Half-Year Financial Report 2023 also remains unchanged:

- Sales of between €73 billion and €76 billion
- EBIT before special items of between €4.0 billion and €4.4 billion
- Return on capital employed (ROCE) of between 6.5 percent and 7.1 percent
- CO<sub>2</sub> emissions of between 17.0 million metric tons and 17.6 million metric tons

“We meanwhile expect sales and EBIT before special items at the lower end of the respective ranges,” said Brudermüller. If chemical production does not stabilize,

there are risks from a further decline in volumes and a stronger price reduction than expected.

### About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. More than 111,000 employees in the BASF Group contribute to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio comprises six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF generated sales of €87.3 billion in 2022. BASF shares are traded on the stock exchange in Frankfurt (BAS) and as American Depositary Receipts (BASFY) in the United States. Further information at [www.basf.com](http://www.basf.com).

On October 31, 2023, you can obtain further information from the internet at the following addresses:

### Quarterly Statement (from 7.00 a.m. CET)

[basf.com/quarterlystatement](http://basf.com/quarterlystatement)

(English)

[basf.com/quartalsmitteilung](http://basf.com/quartalsmitteilung)

(German)

### News Release (from 7.00 a.m. CET)

[basf.com/pressrelease](http://basf.com/pressrelease)

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[basf.com/pressemitteilungen](http://basf.com/pressemitteilungen)

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### Live Transmission (from 9.00 a.m. CET)

[basf.com/pcon](http://basf.com/pcon)

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### Speech (from 9.00 a.m. CET)

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### Live Transmission – Telephone Conference for analysts and investors (from 11.00 a.m. CET)

[basf.com/share/conferencecall](http://basf.com/share/conferencecall)

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[tvservice.basf.com/en](http://tvservice.basf.com/en)

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**Forward-looking statements and forecasts**

This release contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. BASF does not assume any obligation to update the forward-looking statements contained in this release above and beyond the legal requirements.