

News Release

BASF increases earnings in the 4th quarter and full year 2014

■ 4th quarter 2014:

- Sales €18.0 billion (minus 0.6%)
- EBIT before special items €1.5 billion (plus 2.8%)
- Considerable earnings increase in Chemicals and Agricultural Solutions; significant earnings decrease in the Oil & Gas segment due to lower oil price

■ Full year 2014:

- Sales €74.3 billion (plus 0.5%)
- EBIT before special items €7.4 billion (plus 4.0%)
- Earnings per share €5.61 (plus 7.5%)
- Dividend proposal €2.80 (2013: €2.70)

■ Outlook 2015: Slight increase in sales expected, EBIT before special items likely to match level of 2014

Ludwigshafen, Germany – February 27, 2015 – “We achieved our goal for 2014: We increased earnings – despite the disappointing economic development in Europe. We grew profitably. We further strengthened our chemicals business and in turn improved our margins. We have our costs firmly under control. This is an outstanding achievement of the entire BASF team,” said Dr. Kurt Bock, Chairman of the Board of Executive Directors of BASF SE, at the Annual Press Conference in Ludwigshafen.

In the fourth quarter of 2014, BASF Group sales of €18.0 billion almost matched the level of the previous year (fourth quarter of 2013: €18.1 billion). Sales volumes increased by 1%.

February 27, 2015
P127/15e
Jennifer Moore-Braun
Phone: +49 621 60-99123
jennifer.moore-braun@basf.com

BASF SE
67056 Ludwigshafen
Phone: +49 621 60-0
<http://www.basf.com>
Media Relations
Phone: +49 621 60-20916
Fax: +49 621 60-92693
presse.kontakt@basf.com

The Catalysts division as well as the Agricultural Solutions and Oil & Gas segments mainly contributed to this increase. Positive currency effects (plus 2%) could not compensate for the mainly oil-price related decline in sales prices (minus 4%). Income from operations (EBIT) before special items rose by €40 million to €1.5 billion (fourth quarter of 2013: €1.4 billion). EBIT before special items rose significantly in the Chemicals and Agricultural Solutions segments compared with the same period of the previous year.

At €74.3 billion, sales in 2014 matched the level of the previous year (2013: €74.0 billion). Sales volumes increased in all segments in 2014. Overall volumes grew by 4%. Prices decreased by 3%, largely due to significant decreases in oil and gas prices. Negative currency effects dampened sales in almost all divisions.

EBIT before special items grew by €280 million to €7.4 billion in 2014. This was primarily the result of a larger contribution from the chemicals business – comprising the Chemicals, Performance Products and Functional Materials & Solutions segments. EBIT was up €466 million from the previous year's level and reached €7.6 billion. Net income amounted to €5.2 billion, exceeding the previous year's level of €4.8 billion. Earnings per share rose from €5.22 to €5.61. Adjusted earnings per share were €5.44 compared with €5.31 in the previous year.

"We stand by our dividend policy and will propose a dividend of €2.80 per share at the Annual Shareholders' Meeting," said Bock. This is an increase of 3.7% compared with the previous year. Based on the year-end share price for 2014, BASF shares again offer a high dividend yield of 4.0%.

Outlook for full year 2015

"The outlook for the 2015 business year is subject to significant uncertainty. Oil and raw material prices are volatile, as are currencies; the emerging markets are growing more slowly; and the global economy is being dampened by geopolitical conflict. For 2015, we nevertheless anticipate somewhat stronger growth in the

global economy, industrial production and the chemical industry than in 2014,” said Bock. One reason for this is the lower oil price. For 2015, the company assumes the following economic conditions (previous year figures in parentheses):

- Global economic growth: +2.8% (+2.5%)
- Growth in global chemical production (excluding pharmaceuticals): +4.2% (+4.0%)
- An average euro/dollar exchange rate of \$1.20 per euro (\$1.33 per euro)
- An average oil price (Brent) of \$60 to \$70 per barrel (\$99 per barrel)

“The global economy will continue to face substantial risks. In this volatile and challenging environment, we want to perform well and increase sales slightly in 2015,” said Bock. EBIT before special items in 2015 will likely match the previous year’s level. The company expects considerably larger contributions from Performance Products, Functional Materials & Solutions and Agricultural Solutions. EBIT before special items in the Chemicals segment is likely to decline slightly because of expenses for starting up several plants. The earnings contribution of the Oil & Gas segment is expected to decrease considerably due to the lower price of oil.

“Through the largest investment program in decades, we are laying the foundation for future growth. We have strengthened our Production Verbund over the past years. We are investing in emerging markets. We are investing to take advantage of shale gas in the United States, and we are investing in the competitiveness of our European sites. A whole range of new plants will start up operations in 2015 – plants that will keep producing for the next 10, 20 or 30 years,” said Bock. As examples he named plants for polyurethane basic chemicals in Ludwigshafen (TDI) and in Chongqing, China (MDI) as well as a production complex for acrylic acid and superabsorbent polymers in Camaçari, Brazil. Following the conclusion of major projects, the company will invest substantially less in 2015. In the Oil & Gas segment, investment

levels will be lower than in the year before. BASF plans total capital expenditures of €4.0 billion, compared with €5.1 billion in 2014.

In order to remain competitive, BASF continuously improves its operational excellence. “Our excellence program, STEP, is also contributing to this. Starting at the end of 2015, we now expect the more than 100 individual projects to contribute around €1.3 billion to our earnings each year, compared with baseline 2011. As of the end of 2014, we have already achieved an earnings contribution of €1 billion compared with the beginning of the program,” said Bock.

Development of the segments

In the **Chemicals** segment, fourth-quarter sales declined by 3% to €4.1 billion due to lower prices and volumes. EBIT before special items rose by €70 million to €580 million due to higher contributions from the Petrochemicals division. For the full year, sales in the Chemicals segment were €17.0 billion and matched the level of the previous year. Falling prices in all divisions were offset by higher sales volumes, especially in the Petrochemicals division. At €2.4 billion, EBIT before special items surpassed the level of 2013 by €185 million. This was predominantly on account of substantially larger contributions from the Petrochemicals and Intermediates divisions. The Monomers division, however, posted a considerable, margin-related decline in earnings.

At €3.7 billion, fourth-quarter sales in the **Performance Products** segment were slightly above the same period of the previous year. EBIT before special items was €217 million and thus at the same level as in the fourth quarter of 2013. For the full year, sales were down by 1% to €15.4 billion. Despite an increasingly gloomy market environment over the course of the year, BASF was able to increase sales volumes with stable prices and thus almost fully compensate for negative currency effects. EBIT before special items improved by €90 million to €1.5 billion. This was mainly because of the reduction in fixed costs due to restructuring and other measures.

In the **Functional Materials & Solutions** segment, sales in the fourth quarter rose by 8% to €4.4 billion due to higher volumes and positive currency effects. EBIT before special items decreased by €18 million to €220 million. For the full year, sales rose 3% to €17.7 billion due to significantly higher sales volumes – especially of products for the automotive industry. The increase was curbed by negative currency effects. Prices were stable overall. EBIT before special items rose by €127 million to €1.2 billion through considerable increases in the Catalysts and Coatings divisions.

In the fourth quarter sales in the **Agricultural Solutions** segment increased by 25% to €1.1 billion, mainly due to higher sales volumes. EBIT before special items grew by €56 million to €123 million. Full-year sales were €5.4 billion and exceeded the level of 2013 by 4% despite negative currency effects. This was largely due to robust business in Europe and North America as well as greater demand for fungicides and herbicides. Yet the drop in prices for agricultural products that resulted from the previous year's successful harvests put a considerable strain on the business. Negative currency effects, margin declines due to a less favorable product mix, and higher expenditures for research and development as well as for production and distribution all led to a decrease in EBIT before special items of €113 million to €1.1 billion. BASF nevertheless achieved the second-best full-year earnings in the Agricultural Solutions segment to date.

In the **Oil & Gas** segment, considerably higher volumes in the fourth quarter could not compensate for significantly lower oil and gas prices. Sales declined by 3% to €4.0 billion. At €347 million, EBIT before special items was €155 million below the same period of the previous year. Full-year sales grew by 2% to €15.1 billion in 2014, mainly through higher volumes in the natural gas trading business. Sharply falling oil and gas prices weakened sales growth. In the Exploration & Production business sector, the activities in Norway acquired from Statoil led to positive portfolio effects. EBIT before special items declined by €61 million to €1.8 billion as a result of

slightly smaller contributions from both business sectors. Net income declined by €266 million to €1.5 billion.

Sales in **Other** in the fourth quarter fell by 37% to €700 million. EBIT before special items improved by €86 million to minus €28 million. Full-year sales decreased by 14% to €3.6 billion. This was predominantly because of lower plant availability after a plant outage at the Ellba C.V. joint operation in Moerdijk, Netherlands. EBIT before special items improved by €52 million to minus €566 million. The reversal of provisions for the long-term incentive (LTI) program and an improvement in foreign currency results not assigned to the segments were partly offset by lower earnings contributions from other businesses.

About BASF

At BASF, we create chemistry – and have been doing so for 150 years. Our portfolio ranges from chemicals, plastics, performance products and crop protection products to oil and gas. As the world's leading chemical company, we combine economic success with environmental protection and social responsibility. Through science and innovation, we enable our customers in nearly every industry to meet the current and future needs of society. Our products and solutions contribute to conserving resources, ensuring nutrition and improving quality of life. We have summed up this contribution in our corporate purpose: We create chemistry for a sustainable future. BASF had sales of over €74 billion in 2014 and around 113,000 employees as of the end of the year. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (AN). Further information on BASF is available on the Internet at www.basf.com.

On February 27, 2015, you can obtain further information from the internet at the following addresses:

BASF Report 2014 (from 7:00 a.m. CET)

basf.com/overview
basf.com/uebersicht

(English)
(German)

Press Release (from 7:00 a.m. CET)

basf.com/pressrelease
basf.com/pressemitteilungen

(English)
(German)

Live Transmission (from 10:30 a.m. CET)

basf.com/pcon
basf.com/pk

(English)
(German)

Speech – print version (from 10:30 a.m. CET)

basf.com/pcon (English)
basf.com/pk (German)

**Live Transmission – Conference for analysts and investors
(from 3:00 p.m. CET)**

basf.com/share (English)
basf.com/aktie (German)

Photos

basf.com/pressphotos (English)
basf.com/pressefotos (German)

Current TV footage

tvservice.basf.com/en (English)
tvservice.basf.com (German)

Current photos of the Annual Press Conference

(from 1:00 p.m. CET)
basf.com/Pressphoto-Database/pc (English)
basf.com/Pressefoto-Datenbank/pk (German)

TV interview with Dr. Kurt Bock (from 2:00 p.m. CET)

basf.com/group/tv-interviews_en (English)
basf.com/group/tv-interviews_de (German)

Forward-looking statements

This release contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that may not be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. BASF does not assume any obligation to update the forward-looking statements contained in this release.