

150 years



News Release

BASF: Sales and EBIT before special items decline slightly in difficult environment

3rd quarter 2015:

- **Sales €17.4 billion (minus 5%)**
- **EBIT before special items €1.6 billion (minus 10%)**
 - **Earnings increase in Chemicals and Functional Materials & Solutions segments**
 - **Earnings in the remaining segments below prior year quarter**
- **EBIT €1.9 billion (plus 8%)**
- **Cash provided by operating activities in the first nine months of the year €8.5 billion (plus €3.6 billion)**

Outlook 2015:

- **Subdued economy, oil price decline and asset swap with Gazprom to burden sales and earnings in 4th quarter**
- **Slight decrease now expected in sales and EBIT before special items in 2015**

Ludwigshafen, Germany – October 27, 2015 – In a weaker than expected market environment, BASF sales in the third quarter of 2015 were €17.4 billion, 5% below the level of the previous third quarter. EBITDA increased by €358 million to €2.9 billion, mainly due to higher depreciation. In contrast, income from operations (EBIT) before special items declined by €171 million to €1.6 billion. In the Chemicals segment, EBIT before special items rose slightly, while it increased sharply in the Functional Materials & Solutions segment. In the remaining segments, earnings declined significantly.

October 27, 2015
P369/15e
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

“We experienced a pronounced summer lull and no volume momentum in September. Major markets like Brazil are in a recession or face lower growth rates, such as China,” said Dr. Kurt Bock, Chairman of the Board of Executive Directors of BASF SE.

The sharp drop in the price of oil led to lower prices (minus 8%), primarily in the Chemicals and Oil & Gas segments. Sales volumes were slightly lower (minus 1%) than in the previous third quarter. Volumes in the chemicals business, which comprises the Chemicals, Performance Products and Functional Materials & Solutions segments, were below the level of the prior-year quarter, but they rose in the Agricultural Solutions and Oil & Gas segments. Currency effects were positive (plus 4%) in every division except Crop Protection.

Special items in EBIT totaled €286 million in the third quarter of 2015, compared with minus €32 million in the third quarter of 2014. This was particularly the result of gains from the asset swap with Gazprom concluded at the end of September 2015. Compared with the previous third quarter, EBIT grew by €147 million to €1.9 billion. Net income rose by €195 million to €1.2 billion. Earnings per share were €1.31 in the third quarter of 2015, compared with €1.11 in the same quarter of 2014.

In the first nine months of 2015, sales of BASF Group were around €56.6 billion, 1% higher than in the same period of the previous year. EBIT before special items declined by €182 million to €5.7 billion. At €5.9 billion, EBIT in the first nine months of 2015 reached the same level as in the same period of the previous year.

Cash provided by operating activities in the first three quarters of 2015 rose year-on-year by €3.6 billion to €8.5 billion. This was predominantly the result of a decline in inventories.

Outlook for full year 2015

In the first three quarters of 2015, growth in the global economy remained considerably below the company's expectations. The economic environment clouded over in important emerging markets,

especially in China. BASF has further reduced its expectations for the global economy in 2015 (previous forecast in parentheses):

- Gross domestic product growth: 2.3% (2.4%)
- Growth in industrial production: 2.0% (2.9%)
- Growth in chemical production: 3.5% (3.8%)
- An average euro/dollar exchange rate of \$1.12 per euro (\$1.15 per euro)
- An average oil price for the year of \$55 per barrel (\$60 to \$70 per barrel)

BASF had been expecting higher growth rates at the beginning of the year: Growth for the gross domestic product had been assumed to be 2.8%, for industrial production 3.6% and for chemical production 4.2%. “Besides weaker economic development, the oil price fell further than expected. In addition, the divestitures concluded in the third quarter of 2015 will put a strain on sales and earnings development. We are therefore adjusting our outlook for 2015. We now expect a slight decrease in sales and EBIT before special items,” said Bock.

It is unlikely that the BASF Group will achieve the slight sales growth forecast for 2015. BASF now expects sales to decline slightly. This assumption is based on the divestiture of the natural gas trading and storage business concluded in the third quarter of 2015 as well as on the lower price of oil. The company continues to aim to raise sales volumes, excluding the effects of acquisitions and divestitures.

Contrary to expectations, EBIT before special items in 2015 will probably not match the previous year’s level but will instead see a slight decrease. BASF continues to anticipate larger contributions from the chemicals business, whereas earnings in the Oil & Gas segment will decrease considerably. In the crop protection business, the difficult market environment will likely result in earnings that, against expectations, come in slightly below the level of 2014. BASF still foresees a slight decline in EBIT for the BASF Group. In 2014, higher levels of special income arose primarily from the disposal of the 50% share in Styrolution Holding GmbH.

Business development in the segments in the 3rd quarter

Sales in the **Chemicals** segment were €3.6 billion, 13% below the level of the previous third quarter. This was essentially due to lower prices on account of decreased raw material costs, especially in the Petrochemicals division. Sales were also reduced by the disposal of BASF's share in the Singapore-based Ellba Eastern Private Ltd. joint operation at the end of 2014. These developments were partially countered by positive currency effects and volumes increases in the Intermediates and Monomers divisions. EBIT before special items rose by €17 million to €633 million, mostly as a result of higher margins in the Petrochemicals division.

Compared with the third quarter of 2014, sales in the **Performance Products** segment declined 1% to €3.9 billion. This was due to lower prices, weaker volumes and the lack of sales from the textile chemicals business sold in June 2015. Currency effects had a positive influence on sales in all divisions. Decreased sales volumes were brought about by lower volumes in the pigments business as well as weak demand in the oilfield chemicals business in connection with oil price developments. Intense competition in the vitamin business put pressure on prices. The market environment for paper chemicals remained difficult. EBIT before special items was down €57 million to €319 million as a consequence of higher fixed costs, stemming particularly from the startup of new plants as well as currency effects.

In the **Functional Materials & Solutions** segment, sales matched the level of the third quarter of 2014 and were €4.5 billion. Positive currency effects counterbalanced lower prices and a slight decline in volumes. Continuing high demand from the automotive and construction industry was not able to fully offset lower sales volumes in precious metal trading. EBIT before special items grew by €61 million to €371 million, mainly thanks to an earnings increase in the Performance Materials division.

Compared with the previous third quarter, sales rose by 6% to €1.1 billion in the **Agricultural Solutions** segment through higher volumes and prices. The sharp depreciation of the Brazilian real

resulted in negative currency effects. EBIT before special items declined by €36 million to €7 million. This was largely the result of higher costs arising primarily from capacity increases and inventory reduction.

At €3.6 billion, the **Oil & Gas** segment's sales were down by 2% year-on-year, predominantly on account of a price-related sales decline in the Natural Gas Trading business sector. Despite a sharp drop in the price of oil, sales grew in the Exploration & Production business sector thanks to higher volumes and portfolio effects. The smaller contribution from Natural Gas Trading resulted in a considerable decrease in earnings; EBIT before special items declined by €65 million to €371 million.

Sales in **Other** fell by 30% to €685 million compared with the third quarter of 2014. Decreased raw material trading and the disposal of BASF's share in the Ellba Eastern Private Ltd. joint operation at the end of 2014 were primarily responsible for this development. EBIT before special items declined by €91 million to minus €98 million, primarily because of fewer reversals in provisions for the long-term incentive program as compared with the prior third quarter.

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

Interim Report (from 7:00 a.m. CET)

basf.com/interimreport (English)

basf.com/zwischenbericht (German)

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

basf.com/pressrelease (English)

basf.com/pressemitteilungen (German)

Live Transmission of the media telephone conference (from 9:00 a.m. CET)

basf.com/pcon (English)

basf.com/pressekonferenz (German)

Speech (from 9:00 a.m. CET)

basf.com/pcon (English)

basf.com/pressekonferenz (German)

Live Transmission of the telephone conference for analysts and investors (from 11:00 a.m. CET)

basf.com/share (English)

basf.com/aktie (German)

Photos

basf.com/pressphoto-database (English)

basf.com/pressefoto-datenbank (German)

TV footage

tvservice.basf.com/en (English)

tvservice.basf.com (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.