News Release

BASF plans new Automotive Application Center for Asia Pacific

- Focus areas are automotive solutions for coatings, and process catalyst research and development
- €33.7 million center to be based at BASF Innovation Campus Asia Pacific (Shanghai), China
- Provides automotive manufacturers with access to advanced R&D facilities, including the 3-D robot
- Opening planned by end of 2018

Shanghai, China – June 7, 2017 – BASF announces its investment to build its first regional Automotive Application Center in Asia Pacific, to be located at the BASF Innovation Campus Asia Pacific (Shanghai), China. Start of operations is planned for the end of 2018, pending relevant approvals by authorities.

As an integrated part of BASF's existing research and development (R&D) facilities for coatings solutions within the Innovation Campus, the €33.7 million investment will include an automotive application center – equipped with a state-of-the-art spray booth for electrostatic applications, a physical testing lab, and the 3-D robot – as well as process catalyst research and development laboratories. These facilities, occupying a combined floor space of 5,000 square meters, are designed to enable customer oriented R&D activities, and perform an accurate simulation of OEM paint shops.

With 48.6 million light vehicle units produced in 2016, Asia Pacific is by far the world's largest automotive market, covering 52 percent of global production. China is already the world's largest car producer, June 7, 2017 P243/17e Joerg Zumkley Phone: +49 2501 14-3453 joerg.zumkley@basf.com

We create chemistry

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BASF SE Media Relations Phone: +49 621 60-20916 presse.kontakt@basf.com with 27 million light vehicle units produced in 2016.¹ "This investment is a significant milestone in our effort to strengthen our R&D footprint in Asia Pacific and improve our proximity to customers in the fastest growing region for our automotive coatings solutions," said Dirk Bremm, President, Coatings division, BASF. "With this new automotive application center, we aim not only to continue our successful investment in automotive OEM coatings in China, but also to address long-term competitiveness in this important automotive market."

"Our R&D capabilities in Asia Pacific will be further strengthened by integrating the new facilities and teams at the Innovation Campus in Shanghai," said Harald Lauke, President, Advanced Materials & Systems Research and Regional Research Representative for Asia Pacific, BASF. "Technology leadership is a key enabler to support growth in China and to increase our competitiveness in the long run."

In addition to the new facilities for automotive coatings solutions, this investment also includes the new Process Catalyst R&D Center, focusing on the development of new process catalyst to meet specific needs in Asia. With strong research competencies in catalyst preparation, scaling up and performance evaluation, this R&D Center will further strengthen the collaboration with partners in the region, and provide support to BASF's world-scale process catalyst manufacturing site which is under construction in Caojing, Shanghai.

The 3-D robot can simulate nearly any situation at a paint line anywhere in the world, which enables the new center to optimize application processes and products. It can apply the automotive coatings not only on horizontal and vertical surfaces, but also on three-dimensional objects, for instance, car doors and bumpers. The 3-D robot will allow BASF to develop new products for its automotive customers, and will also provide design solutions for OEM products as well as new developments specifically to the automotive coatings industry. The application unit of the robot consists of control software

¹ Source: LMC Automotive report as of April 2017

which is specifically designed and developed only for BASF. The 3-D robot will be in housed in a large state-of-the-art spray booth and will have its own oven room.

About BASF's Coatings division

The Coatings division of BASF is a global expert in the development, production and marketing of innovative and sustainable automotive OEM and refinish coatings, as well as decorative paints. We create advanced performance solutions and drive performance, design and new applications to meet our partners' needs all over the world. BASF shares skills, knowledge and resources of interdisciplinary and global teams for the benefit of customers by operating a collaborative network of sites in Europe, North America, South America and Asia Pacific. In 2016, the Coatings division achieved global sales of about $\in 3.2$ billion.

In 2016, BASF acquired Chemetall, a leading global supplier of applied surface treatments for metal, plastic and glass substrates in a wide range of industries and end markets. With this expansion in portfolio, BASF becomes a more complete solution provider for coatings.

Solutions beyond your imagination – Coatings by BASF. For more information about the Coatings division of BASF and its products, visit <u>www.basf-coatings.com</u>.

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The approximately 114,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is organized into five segments: Chemicals, Performance Products, Functional Materials & Solutions, Agricultural Solutions and Oil & Gas. BASF generated sales of about €58 billion in 2016. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (BAS). Further information at www.basf.com.