

News Release



BASF and LetterOne sign letter of intent to merge their oil and gas subsidiaries Wintershall and DEA

- **Creation of one of the largest independent European exploration and production companies targeted**
- **Initially 67% of the shares of Wintershall DEA would be held by BASF and 33% by LetterOne**
- **Listing on a stock exchange envisaged in the medium term**

Ludwigshafen, Germany – December 7, 2017 – BASF and LetterOne signed a letter of intent today to merge their respective oil and gas businesses in a joint venture, which would operate under the name Wintershall DEA. The oil and gas business of BASF is bundled in the Wintershall Group consisting of Wintershall Holding GmbH and its subsidiaries, including the gas transportation business. The oil and gas business of LetterOne comprises DEA Deutsche Erdöl AG and its subsidiaries. By combining these two German-based entities, their parent companies strive to create a basis for further profitable growth, optimize the portfolio footprint of the combined business and realize synergies. Wintershall DEA would have significant growth potential and be one of the largest independent European exploration and production companies. In the medium term, BASF and LetterOne envisage to list Wintershall DEA through an initial public offering.

In the coming months, BASF and LetterOne will prepare and conduct a confirmatory due diligence and negotiate definitive transaction agreements. Closing could be expected in the second half of 2018, subject to customary regulatory approvals. Until the closing, Wintershall and DEA will continue to operate as independent companies. There is no assurance that BASF and LetterOne will enter

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into definitive transaction agreements or that the intended transaction will be consummated.

It is intended to form Wintershall DEA by LetterOne contributing all its shares in DEA Deutsche Erdöl AG into Wintershall against issuance of new shares to LetterOne. Based on the valuation of the exploration and production businesses, BASF shall initially hold 67% and LetterOne shall hold 33% in Wintershall DEA. In this shareholding ratio, Wintershall's gas transportation business is not accounted for. As of closing, Wintershall DEA shall issue a mandatory convertible bond to BASF reflecting the value of Wintershall's gas transportation business. No later than 36 months after closing, this bond shall be converted into new shares in Wintershall DEA, resulting in a higher shareholding ratio for BASF.

In 2016, the combined business had pro-forma sales of €4.3 billion, EBITDA of €2.2 billion and net income of €326 million. Overall, production volumes of Wintershall and DEA amounted to 215 million barrels of oil equivalent (BOE) in 2016, this equals a production of around 590,000 BOE per day. Based on proven reserves (1P) of 2.1 billion BOE at the end of 2016, the reserve to production ratio of the combined business would be around 10 years.

BASF would determine the chief executive officer and LetterOne the deputy chief executive officer of Wintershall DEA. The company would be headquartered in Kassel and Hamburg, Germany. Following the closing of the transaction, BASF expects to account for its stake in the joint venture under the equity method in BASF's consolidated financial statements.

DEA is operating in the field of exploration and production of crude oil and natural gas and is headquartered in Hamburg, Germany. The company has long-standing experience along the entire value chain of the upstream business. In March 2015, DEA – formerly part of RWE AG – was acquired by LetterOne. With its workforce of around 1,150 employees, DEA has stakes in production facilities and concessions in Germany, Norway, Denmark, Egypt, Algeria and Mexico. For the full year 2016, net sales of the oil and gas activities

bundled in the DEA Group amounted to around €1.5 billion, EBITDA was €614 million and EBIT €44 million. For 2016, DEA reported a production of 50 million BOE and proven crude oil and natural gas 1P reserves of 483 million BOE at the end of the year.

Wintershall, headquartered in Kassel, Germany, focuses on exploration and production in oil and gas-rich regions in Europe, Russia, South America, North Africa, and the Middle East. Together with Gazprom, Wintershall is also active in the transportation of natural gas in Europe. The company has about 2,000 employees worldwide and is Germany's largest, internationally active crude oil and natural gas producer. For the full year 2016, net sales of the Oil & Gas segment of the BASF Group amounted to around €2.8 billion, EBITDA was around €1.6 billion and EBIT around €500 million. Crude oil and natural gas production of Wintershall amounted to 165 million BOE in 2016; the 1P reserves were 1.6 billion BOE at the end of 2016.

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.

Forward-looking statements

This release contains forward-looking statements. These forward-looking statements are based on current estimates and projections of the Board of Executive Directors and on currently available information. These forward-looking statements are not guarantees of the future developments and results outlined therein. Rather, they depend on a number of factors, involve various risks and uncertainties, and are based on assumptions that may not prove to be accurate. Such risk factors particularly include those discussed on pages 111 to 118 of the BASF Report 2016. The BASF Report is available online at basf.com/report. BASF does not assume any obligation to update the forward-looking statements contained in this release.