

# Interim Report

1st Quarter 2013 (January – March)



## Solid 1st quarter of 2013 for BASF

- Sales and EBIT before special items up from previous first quarter
- High earnings from Agricultural Solutions segment
- Outlook for 2013 confirmed: increase in sales and earnings targeted

 **BASF**  
The Chemical Company

# BASF Group

## 1st Quarter 2013

		1st Quarter <sup>4</sup>		
		2013	2012	Change in %
Sales	million €	19,738	18,840	4.8
Income from operations before depreciation and amortization (EBITDA)	million €	2,854	3,304	(13.6)
Income from operations (EBIT) before special items	million €	2,214	2,010	10.1
Income from operations (EBIT)	million €	2,169	2,598	(16.5)
Financial result	million €	(126)	(158)	20.3
Income before taxes and minority interests	million €	2,043	2,440	(16.3)
Net income	million €	1,446	1,703	(15.1)
Earnings per share	€	1.57	1.85	(15.3)
Adjusted earnings per share <sup>1</sup>	€	1.67	1.54	8.4
Cash provided by operating activities	million €	2,041	1,539	32.6
Additions to long-term assets <sup>2</sup>	million €	1,566	717	118.4
Research and development expenses	million €	429	403	6.5
Amortization and depreciation <sup>2</sup>	million €	685	706	(3.0)
Segment assets (as of March 31) <sup>3</sup>	million €	56,447	52,219	8.1
Personnel costs	million €	2,279	2,370	(3.8)
Number of employees (as of March 31)		111,687	109,161	2.3

<sup>1</sup> For further information, see page 36

<sup>2</sup> Intangible assets and property, plant and equipment (including acquisitions)

<sup>3</sup> Intangible assets, property, plant and equipment, inventories and business-related receivables

<sup>4</sup> We have applied International Financial Reporting Standards 10 and 11 and International Accounting Standard 19 (revised) since January 1, 2013; the figures for 2012 have been restated accordingly. For more, see the Notes to the Interim Financial Statements from page 21 onward.

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<sup>5</sup> This section is not part of the Interim Management's Analysis.

<sup>6</sup> This section is not part of the Interim Financial Statements.

## 1st Quarter 2013

### Sales

Change compared with 1st quarter 2012

### EBIT before special items

(Change compared with 1st quarter 2012)

Million €

+5%

2,214 (+204)

## BASF's Segments



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### Chemicals [Page 5](#)

The Chemicals segment comprises our business with basic chemicals and intermediates. Its portfolio ranges from glues and electronic chemicals to solvents, plasticizers and high-volume monomers as well as starting materials for detergents, plastics, textile fibers, paints and coatings and pharmaceuticals. In addition to supplying customers in the chemical industry and numerous other sectors, we also ensure that other BASF segments are supplied with chemicals for producing downstream products.



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### Performance Products [Page 6](#)

Our Performance Products lend stability and color to countless everyday items and help to improve their application properties. Our product portfolio also includes vitamins and food additives as well as ingredients for pharmaceuticals and for hygiene, home and personal care items. Other products from this segment improve processes in the paper industry, oil and gas production, mining and water treatment. They can also enhance the efficiency of fuels and lubricants, the effectiveness of adhesives and coatings, and the stability of plastics.



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### Functional Materials & Solutions [Page 8](#)

In the Functional Materials & Solutions segment, we bundle system solutions, services and innovative products for specific sectors and customers, in particular for the automotive, electrical, chemical and construction industries as well as for household applications and for sports and leisure. Our portfolio comprises catalysts, battery materials, engineering plastics, polyurethane systems, automotive and industrial coatings and concrete admixtures as well as construction systems such as tile adhesives and decorative paints.



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### Agricultural Solutions [Page 10](#)

Our crop protection products guard against fungal diseases, insects and weeds, increase the quality of agricultural products and secure crop yields. Our research in plant biotechnology concentrates on plants for greater efficiency in agriculture, better nutrition, and use as renewable raw materials.

Research and development expenses, sales, earnings and all other data pertaining to BASF Plant Science are not included in the Agricultural Solutions segment; they are reported in Other.



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### Oil & Gas [Page 11](#)

As the largest German producer of oil and gas, we focus our exploration and production on oil and gas-rich regions in Europe, North Africa, South America, Russia, the Middle East and the Caspian Sea region. Together with our Russian partner Gazprom, we are active in the transport, storage and trading of natural gas in Europe.

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# BASF Innovations

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## Formic acid: a real all-rounder

→ Formic acid allows runways and roads to be de-iced in an environmentally friendly manner – and proves its worth in numerous other applications

**It preserves feed in animal nutrition, is used in leather and textile manufacturing and serves as a component of oil-field chemicals. In short: Formic acid is a real all-rounder. Airports are also among its users. They employ formic acid salts to de-ice their runways and taxiways.**

Formic acid salts, also known as formates, reduce the freezing point of water to as low as minus 50 degrees Celsius, depending on the concentration of the de-icing agent. They can then rapidly remove thin layers of ice and effectively prevent new snow from sticking to the runway.

They are also very environmentally friendly: If formates make their way into an airport's wastewater treatment facility along with the meltwater, their high biodegradability and the lower amount of oxygen needed to break them down means far less wastewater contamination than with other de-icing agents. Many winter road maintenance companies use formates to de-ice sensitive areas like boulevards with mature trees. Conventional road salts would disrupt the plants' natural water and nutrient balance.

The uses of formic acid today are nearly limitless – and new applications are being discovered constantly. Formic acid is used, for example, to protect bees from the *Varroa destructor* mite. The acid is carefully released from a protective casing made of our ecoflex® biodegradable plastic, rendering the mites harmless.

BASF is one of the largest producers of formic acid worldwide. With the startup of another production plant in Geismar, Louisiana, in 2014, our annual production capacity will exceed 300,000 metric tons.

We are also working on innovative solutions for formic acid production, and have developed a catalyst suitable for a method that makes formic acid out of CO<sub>2</sub> and hydrogen. We are currently testing this process for cost-effectiveness in a pilot plant.



Using formates to de-ice runways: Very environmentally friendly, formic acid salts are effective in removing thin sheets of ice.



Beekeepers use formic acid to combat the *Varroa destructor* mite, which is a pest to bees.

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## BASF Innovations – Formic Acid

- Formic acid salts quickly remove thin layers of ice and prevent new snow from sticking
  - At the same time, contamination of wastewater and environment is far lower than from other de-icing agents
  - Formic acid also proves its worth in countless new applications, such as protecting bees
  - With startup of another production plant in Geismar, Louisiana, our annual production capacity for formic acid will exceed 300,000 metric tons in 2014
  - We are currently developing an innovative formic acid production method that uses CO<sub>2</sub> as a raw material
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## BASF Group Business Review 1st Quarter 2013

**Our business developed solidly in the first quarter of 2013. At €19.7 billion, sales exceeded the level of the previous first quarter by 5%. Sales volumes grew particularly as a result of intensified demand for our crop protection products and increased volumes in the Oil & Gas segment.**

**Income from operations before special items rose by 10% to €2.2 billion. In addition to our successful business with crop protection products, this increase was also due to considerable earnings improvement in the Chemicals segment thanks to higher margins.**

Sales volumes grew in comparison with the first quarter of 2012. In some business areas, we were able to raise our sales prices and pass increased raw material costs on to our customers. Currency effects reduced sales growth.

### Factors influencing sales (% of sales)

	1st Quarter
Volumes	5
Prices	1
Portfolio	-
Currencies	(1)
	5

We have applied international accounting standards IFRS 10 and 11 since January 1, 2013. As a result, four companies which had previously been fully consolidated, along with 14 which had been proportionally consolidated, are accounted for using the equity method in the BASF Group Financial Statements. We have adjusted the figures for the 2012 business year in order to ensure comparability. These adjusted prior-year figures also take into account the new segment structure effective January 1, 2013.

→ For more on IFRS 10 and 11, see the Notes to the Interim Financial Statements from page 21 onward

The **Chemicals** segment posted a decline in sales. This was mostly due to lower sales volumes, which were mainly attributable to plant shutdowns in the Petrochemicals division. We were able to increase sales volumes in the Monomers and Intermediates divisions thanks to higher demand. As a result of better margins, earnings considerably surpassed the level of the first quarter of 2012.

Sales declined in the **Performance Products** segment, largely because of lower sales prices and negative currency effects. While sales in the Nutrition & Health division saw a portfolio-driven increase, sales fell in the Dispersions & Pigments and Paper Chemicals divisions, especially as a result of lower sales volumes. Earnings did not match the level of the previous first quarter due mainly to lower margins resulting from higher raw material costs.

### First-quarter sales (million €, relative change)

Chemicals	2013	4,396	(3%)	
	2012	4,513		
Performance Products	2013	3,880	(2%)	
	2012	3,963		
Functional Materials & Solutions	2013	4,181	0%	
	2012	4,168		
Agricultural Solutions	2013	1,556	17%	
	2012	1,327		
Oil & Gas	2013	4,660	20%	
	2012	3,893		
Other	2013	1,065	9%	
	2012	976		

Sales in the **Functional Materials & Solutions** segment matched the level of the first quarter of 2012. Higher sales volumes compensated for negative currency effects. The Performance Materials division in particular posted an increase in volumes. By contrast, sales volumes declined in the Construction

### BASF Group 1st Quarter 2013

- BASF's business develops solidly in first quarter of 2013
- Sales grow by 5% to €19.7 billion, mainly due to higher volumes
- Especially in Agricultural Solutions and Oil & Gas, sales volumes significantly above level of previous first quarter
- Income from operations before special items rises by 10% to €2.2 billion
- Successful business with crop protection products and margin-driven, significantly higher contribution from Chemicals segment decisive for earnings improvement
- Application of International Financial Reporting Standards 10 and 11 since January 1, 2013; previous year's figures adjusted

Chemicals division on account of weather conditions. Earnings for the segment decreased due to the lower contribution from the Catalysts division.

Sales rose significantly in the **Agricultural Solutions** segment. The very good start to the season in Europe and North America largely contributed to this. In addition to sharply increased sales volumes, sales growth was also boosted by higher prices as well as the acquisition of Becker Underwood. We significantly increased our earnings thanks to higher volumes.

Despite lower crude oil prices, sales grew considerably in the **Oil & Gas** segment. This was mainly attributable to higher production and trading volumes. Pressure continued to rise on trading margins in the Natural Gas Trading business sector. Earnings for the segment therefore remained just below the level of the first quarter of 2012.

Sales in **Other** grew compared with the same quarter of the previous year. Income from operations before special items improved, as well. This was essentially due to valuation effects for the long-term incentive program; provisions could be reversed in the first quarter of 2013 on account of BASF share price development. This earnings improvement contrasted with expenses for recognizing provisions in the previous first quarter.

**Special items** in EBIT totaling minus €45 million in the first quarter of 2013 were related to the integration of Becker Underwood and Pronova BioPharma in addition to various restructuring measures. The previous first quarter's EBIT had included special items totaling €588 million, arising mainly from income of €645 million from the divestiture of our fertilizer business.

Compared with the previous first quarter, **EBIT** declined by €429 million to €2,169 million. Special income from the divestiture of our fertilizer business in the first quarter of 2012 was primarily responsible for this reduction. EBITDA decreased by €450 million to €2,854 million.

#### First-quarter EBIT before special items (Million €, absolute change)

	2013	2012	Change
Chemicals	650	556	94
Performance Products	379	452	(73)
Functional Materials & Solutions	239	257	(18)
Agricultural Solutions	498	419	79
Oil & Gas	630	640	(10)
Other	(182)	(314)	132

The **financial result** amounted to minus €126 million. This improvement of €32 million resulted primarily from special income of €55 million from the market valuation of options for the disposal of our participation in the Styrolution joint venture. The interest result improved slightly, while income from participations declined.

**Income before taxes and minority interests** decreased by €397 million to €2,043 million compared with the first quarter of 2012. The tax rate fell to 24.4% (first quarter of 2012: 26.4%).

**Net income** declined by €257 million to €1,446 million.

**Earnings per share** were €1.57 in the first quarter of 2013, compared with €1.85 in the same period of 2012. Adjusted for special items and amortization of intangible assets, earnings per share rose to €1.67 (first quarter of 2012: €1.54).

→ **Information on the calculation of adjusted earnings per share can be found on page 36**

#### Special items reported in earnings before taxes (million €)

	2013	2012
1st quarter	10	588
2nd quarter		(261)
3rd quarter		(68)
4th quarter		(252)
<b>Full year</b>		<b>7</b>

#### Adjusted earnings per share (€)

	2013	2012
1st quarter	1.67	1.54
2nd quarter		1.59
3rd quarter		1.16
4th quarter		1.35
<b>Full year</b>		<b>5.64</b>

## BASF on the Capital Market

### Overview of BASF shares

		1st Quarter 2013	Full Year 2012
<b>Performance (with dividends reinvested)</b>			
BASF	%	(4.0)	37.3
DAX 30	%	2.4	29.1
DJ EURO STOXX 50	%	0.2	17.7
DJ Chemicals	%	1.9	20.7
MSCI World Chemicals	%	6.0	20.7
<b>Share prices and trading (XETRA)</b>			
Average	€	72.68	62.17
High	€	75.85	73.09
Low	€	67.98	51.89
Close (end of period)	€	68.32	71.15
Average daily trade	million shares	2.7	3.3
Outstanding shares (end of period)	million shares	918.5	918.5
Market capitalization (end of period)	billion €	62.8	65.4

### Market trend

At the end of the first quarter of 2013, BASF shares traded at €68.32, a decline of 4.0% compared with the closing price at the end of 2012. The performance of BASF stock was thus weaker than that of the German stock index DAX 30 and the European benchmark index DJ EURO STOXX 50, both of which improved slightly during the same period by 2.4% and 0.2%, respectively. In the first quarter of 2013, the global industry indexes DJ Chemicals and MSCI World Chemicals rose by 1.9% and 6.0%, respectively.

→ For up-to-date information on BASF shares online, visit [basf.com/share](http://basf.com/share)

### Dividend increase to €2.60 per share

The Board of Executive Directors and the Supervisory Board proposed to the Annual Shareholders' Meeting that a dividend of €2.60 per share be paid for the 2012 business year. This represents a payout of around €2.4 billion to our shareholders. Based on the year-end share price for 2012, BASF shares thus

offer a high dividend yield of 3.7%. BASF is part of the DivDAX share index, which contains the 15 companies with the highest dividend yield in the DAX 30. We stand by our ambitious dividend policy and aim to increase our dividend each year, or at least maintain it at the previous year's level.

### Good credit ratings and solid financing

With "A+/A-1 outlook stable" from rating agency Standard & Poor's and "A1/P-1 outlook stable" from Moody's, BASF has good credit ratings, especially compared with its competitors in the chemical industry. We continue to have solid financing. Since the beginning of the year, we have reduced our net debt by €299 million to around €10.9 billion.

In the first quarter of 2013, we issued a total of €1.2 billion in bonds with favorable conditions. Furthermore, a revolving credit line of \$2.25 billion with a term until 2014 was replaced by a credit line of €3 billion with a term until 2018. Another credit line of €3 billion with a term until 2017 remains unchanged.

## BASF on the Capital Market

- Proposed dividend of €2.60 per share; increase of €0.10 compared with previous year
- High dividend yield of 3.7%
- Good credit ratings and solid financing; net debt reduced by €299 million
- You can reach our Investor Relations team by phone at +49 621 60-48230 or by email at [ir@basf.com](mailto:ir@basf.com)

### Dividend per share<sup>1</sup> (€ per share)



<sup>1</sup> Adjusted for two-for-one stock split conducted in 2008

## Significant Events

We are taking a number of steps to strengthen the competitiveness of the Performance Products segment. In some market segments, increasing standardization and the entry of new competitors have changed the business environment significantly. This especially applies to the markets for plastic additives and pigments as well as for water, leather and textile chemicals. We aim to adapt our businesses to the changed market environment by streamlining processes, investing in new technologies and adjusting our portfolio and organizational setup. The currently planned measures will lead to a reduction of around 500 positions worldwide by the end of 2015.

We aim to improve the efficiency and profitability of the Plastic Additives and Pigments & Resins business units in Europe, which are mainly located in the area around Basel, Switzerland. The functions for the Pigments & Resins business unit will be pooled in Ludwigshafen, Germany, and Hong Kong, China. In the Plastic Additives unit, a more market-oriented setup will be introduced. The product-related development and application technology will be organized more efficiently through a global network of competence centers. In addition, supporting functions will be consolidated in Ludwigshafen. As a result, we will also scale down the Research Center Basel and Business Center Switzerland.

We are combining our businesses with water, oilfield and mining chemicals into a new global business unit. Efficiency increases in the polyacrylamide value chain will lead to a reduction of positions in the water business, mainly at the production sites in Bradford, United Kingdom, and Grimsby, United Kingdom. Additionally, we are about to divest the industrial water management business in Lyon, France.

In the business with leather and textile chemicals, we will focus our activities on the growing Asia Pacific region and high value-adding applications such as applications for automotive leather and premium textile articles. The global research and development activities for both businesses will be established at our Innovation Campus Asia Pacific in Shanghai, China.

We plan to establish two joint ventures with Xinjiang Markor Chemical Industry Co., Ltd. (Markor) in Korla, China: one for the production of butanediol and one for PolyTHF®. The joint venture agreements have already been signed but are still subject to regulatory approvals and other conditions. The planned butanediol plant will have an annual capacity of 100,000 metric tons and the production facility for PolyTHF® will have an annual capacity of 50,000 metric tons. Both plants are scheduled to go onstream in 2015.

After completing a joint feasibility study, we are taking the next steps with China Petroleum & Chemical Corporation (SINOPEC) in the establishment of a world-scale isononanol (INA) plant in Maoming, China. INA is used as a raw material for the production of the next generation of plasticizers. Under the terms of the feasibility study, we will establish the BASF MPCC Co. Ltd. joint venture. We expect to begin production at the plant in the middle of 2015.

By mutual agreement, we have terminated the memorandum of understanding for a joint venture in Pengerang, Malaysia, with PETRONAS. The arrangement had proposed the joint ownership, development, construction and operation of production facilities for various specialty chemicals. Notwithstanding this decision, we will continue our long-term partnership in the BASF PETRONAS Chemicals joint venture in Kuantan, Malaysia.

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### Significant Events

- We take a number of measures to strengthen the competitiveness of the Performance Products segment
  - These include restructuring our businesses with plastic additives and pigments as well as water, leather and textile chemicals
  - The currently planned measures will result in a reduction of around 500 positions worldwide by the end of 2015
  - Together with Markor, we plan two joint ventures for butanediol and for PolyTHF® in Korla, China
  - We take the next steps with SINOPEC in planning a world-scale isononanol plant in Maoming, China
  - Memorandum of understanding terminated for a joint project in Pengerang, Malaysia, with PETRONAS
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## Chemicals

### Segment data Chemicals (million €)

	1st Quarter		
	2013	2012 <sup>1</sup>	Change in %
Sales to third parties	4,396	4,513	(3)
Thereof Petrochemicals	2,016	2,219	(9)
Monomers	1,680	1,623	4
Intermediates	700	671	4
Income from operations before depreciation and amortization (EBITDA)	841	760	11
Income from operations (EBIT) before special items	650	556	17
Income from operations (EBIT)	650	556	17
Assets (as of March 31)	10,646	10,247	4
Research and development expenses	42	47	(11)
Additions to property, plant and equipment and intangible assets	324	208	56

<sup>1</sup> Figures restated according to IFRS 10 and 11 and the new segment structure of the BASF Group

### 1st Quarter 2013

In a varying market environment, sales in the Chemicals segment were below the level of the previous first quarter. Volumes declined despite increased demand; this was the result of plant shutdowns in the Petrochemicals division. We raised our sales prices (volumes -2%, prices 1%, portfolio -1%, currencies -1%). Through better margins, we were able to significantly increase income from operations before special items.

### Petrochemicals

Sales in the Petrochemicals division were below the strong level of the first quarter of 2012. Scheduled and unscheduled plant shutdowns led to a decline in volumes, particularly for steam cracker products. We raised sales prices in almost all product lines, thus passing high raw material costs on to our customers. We achieved significant margin-driven earnings improvement.

### Monomers

Sales rose in the Monomers division due to higher sales prices and volumes. We were able to improve sales of isocyanates in all regions. We significantly increased our earnings. This was mostly due to the higher contribution from the isocyanates MDI and TDI as well as to improved margins for ammonia. Weaker margins for caprolactam reduced this earnings growth.

### Intermediates

We increased sales in the Intermediates division as a result of stronger demand. The butanediol and derivatives business sector particularly contributed to this, as did acids and specialties. Lower sales prices weakened sales growth. Thanks to increased volumes, we were able to improve earnings despite growing pressure on margins.

### Chemicals

- Sales down compared with previous first quarter
- Volumes decline as a result of plant shutdowns in the Petrochemicals division
- Earnings rise significantly due to better margins

### 1st Quarter 2013

**Sales**  
Change compared with  
1st quarter 2012

-3%

**EBIT before special items**  
(Change compared with  
1st quarter 2012)  
Million €

650 (+94)

## Performance Products

### Segment data Performance Products (million €)

	1st Quarter		
	2013	2012 <sup>1</sup>	Change in %
Sales to third parties	3,880	3,963	(2)
Thereof Dispersions & Pigments	859	928	(7)
Care Chemicals	1,275	1,271	0
Nutrition & Health	493	476	4
Paper Chemicals	362	393	(8)
Performance Chemicals	891	895	0
Income from operations before depreciation and amortization (EBITDA)	568	632	(10)
Income from operations (EBIT) before special items	379	452	(16)
Income from operations (EBIT)	367	429	(14)
Assets (as of March 31)	14,537	13,619	7
Research and development expenses	92	80	15
Additions to property, plant and equipment and intangible assets	837	124	.

<sup>1</sup> Figures restated according to IFRS 10 and 11

### 1st Quarter 2013

In the Performance Products segment, sales were down compared with the previous first quarter due to lower prices and negative currency effects (volumes 0%, prices -2%, portfolio 1%, currencies -1%). Income from operations before special items did not match the level of the first quarter of 2012, mainly owing to lower margins resulting from higher raw material costs.

### Dispersions & Pigments

Sales decreased in the Dispersions & Pigments division due mainly to negative currency effects and lower demand for pigments. The divestiture of our offset printing inks business (IMEX) in the third quarter of 2012 also contributed to this sales decline. The sustained cold period in Europe was detrimental for sales volumes in dispersions. By contrast, we were able to increase volumes for formulation additives. Earnings fell despite successfully implemented measures to cut costs. This was largely due

to lower demand for pigments and the intense pressure placed on margins by high raw material costs in the dispersions and resins businesses.

### Care Chemicals

The Care Chemicals division's sales were at the level of the first quarter of 2012. We were especially able to increase sales volumes for hygiene and personal care product ingredients. Sales prices decreased particularly as a result of lower raw material costs for lauric oils. Because of higher sales volumes as well as better margins for personal care product ingredients, we increased our earnings despite higher spending on research and development.

### Performance Products

- Sales decline owing to lower prices and negative currency effects
- Volumes match level of previous first quarter
- Earnings decline due primarily to lower margins on account of higher raw material costs

### 1st Quarter 2013

**Sales**  
Change compared with  
1st quarter 2012

**EBIT before special items**  
(Change compared with  
1st quarter 2012)  
Million €

-2%

379 (-73)

### **Nutrition & Health**

Sales in the Nutrition & Health division grew as a result of the inclusion of the acquired Pronova BioPharma businesses. The human nutrition and animal feed businesses saw a demand-related reduction in volumes; this could not be entirely offset by higher sales volumes for aroma chemicals. Sales growth was additionally weakened by negative currency effects and declining sales prices. Increased raw material costs and intensified competition adversely affected our margins. Earnings therefore remained below the previous first quarter's level.

### **Paper Chemicals**

The Paper Chemicals division posted a mainly volumes-related decline in sales. Due in part to lower demand from the European and Asian paper industry, sales volumes for graphic paper decreased. Lower sales prices and negative currency effects also contributed to this decline in sales. Earnings fell particularly as a result of lower volumes.

### **Performance Chemicals**

Sales in the Performance Chemicals division were at the level of the previous first quarter. Slightly increased volumes and sales prices almost fully compensated for negative currency effects. We were able to particularly increase sales in the oilfield and mining chemicals business. In the plastic additives business, higher raw material costs in a weak market environment negatively affected our business. Earnings therefore did not match the level of the first quarter of 2012.

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### **Performance Products**

- Dispersions & Pigments: sales down mostly as a result of negative currency effects and weaker demand for pigments; earnings also decline due to high pressure on margins in dispersions and resins
  - Care Chemicals: sales match level of previous first quarter; earnings improve on account of higher sales volumes and better margins for personal care product ingredients
  - Nutrition & Health: portfolio effects lead to sales increase; earnings below level of previous first quarter
  - Paper Chemicals: sales and earnings decline mainly as a result of lower volumes
  - Performance Chemicals: negative currency effects keep sales at prior-year level, despite slightly increased volumes and prices; earnings down
-

## Functional Materials & Solutions

### Segment data Functional Materials & Solutions (million €)

	1st Quarter		
	2013	2012 <sup>1</sup>	Change in %
Sales to third parties	4,181	4,168	0
Thereof Catalysts	1,453	1,470	(1)
Construction Chemicals	458	502	(9)
Coatings	698	713	(2)
Performance Materials	1,572	1,483	6
Income from operations before depreciation and amortization (EBITDA)	352	401	(12)
Income from operations (EBIT) before special items	239	257	(7)
Income from operations (EBIT)	240	290	(17)
Assets (as of March 31)	12,639	12,059	5
Research and development expenses	87	80	9
Additions to property, plant and equipment and intangible assets	118	160	(26)

<sup>1</sup> Figures restated according to IFRS 10 and 11 and the new segment structure of the BASF Group

### 1st Quarter 2013

Sales in the Functional Materials & Solutions segment matched the level of the previous first quarter (volumes 2%, prices 0%, currencies –2%). Sales rose in the Performance Materials division, mainly due to higher sales volumes. However, we posted lower volumes in the Construction Chemicals division. This was due in part to a weather-related decline in construction activity in Europe and North America. Income from operations before special items did not match the level of the previous first quarter as a result of a lower contribution from the Catalysts division.

### Catalysts

Sales in the Catalysts division decreased due to lower sales prices and negative currency effects. While demand grew for refinery and mobile emissions catalysts, our business with chemical catalysts developed weaker than in the first quarter of 2012. The sales contribution from precious metal trading remained nearly unchanged at €622 million (first quarter of 2012: €618 million). Earnings decreased due to research and

startup costs for the new Battery Materials business unit and because of the lower contribution from our chemical catalysts business.

### Construction Chemicals

In the Construction Chemicals division, sales and volumes were down compared with the previous first quarter. Cold weather-related weak demand in Europe and North America contributed significantly to this decline in volumes. Currency effects also had a negative impact on sales. We were able to keep prices stable in a difficult market environment. We improved earnings thanks to the initial effects of our global cost-cutting program.

### Functional Materials & Solutions

- Sales at the level of the previous first quarter
- Negative currency effects offset by higher volumes
- Earnings down mainly as a result of lower contribution from Catalysts

### 1st Quarter 2013

#### Sales

Change compared with  
1st quarter 2012

0%

#### EBIT before special items

(Change compared with  
1st quarter 2012)  
Million €

239 (–18)

### Coatings

Sales decreased in the Coatings division, particularly as a result of negative currency effects. In the decorative paints sector, both the divestiture of our business with Relius® paints and lower demand in South America contributed to this decline in sales. Demand for industrial coatings decreased, especially in Europe. Sales volumes for our automotive OEM coatings matched the high level of the first quarter of 2012, despite the weak European market. With sales prices increased, we achieved earnings at the level of the previous first quarter.

### Performance Materials

Sales grew in the Performance Materials division, primarily driven by volumes. We were able to raise sales volumes for our polyurethane systems, with our business in products for household appliances developing especially well. Higher sales prices additionally supported sales growth. Despite increased raw material costs, earnings were above the level of the previous first quarter.

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### Functional Materials & Solutions

- Catalysts: price and currency effects lead to decline in sales; earnings down due to costs for new Battery Materials business unit and lower contribution from chemical catalysts business
  - Construction Chemicals: sales decrease mainly as a result of lower volumes; earnings improve thanks to initial effects of our global cost-cutting program
  - Coatings: lower sales due particularly to negative currency effects; earnings at prior-year level
  - Performance Materials: increase in sales thanks mainly to higher sales volumes; earnings improve despite increased raw material costs
-

## Agricultural Solutions

### Segment data Agricultural Solutions (million €)

	1st Quarter		
	2013	2012	Change in %
Sales to third parties	1,556	1,327	17
Income from operations before depreciation and amortization (EBITDA)	532	459	16
Income from operations (EBIT) before special items	498	419	19
Income from operations (EBIT)	492	419	17
Assets (as of March 31)	7,651	6,189	24
Research and development expenses	100	94	6
Additions to property, plant and equipment and intangible assets	59	31	90

### 1st Quarter 2013

We began 2013 very dynamically in the Agricultural Solutions segment. With prices slightly higher, we were able to considerably increase volumes. Sales grew significantly. Portfolio effects from the acquisition of Becker Underwood additionally boosted sales development (volumes 13%, prices 1%, portfolio 4%, currencies -1%).

The season started successfully in **Europe**, particularly in France, Germany and eastern Europe. The region's considerable sales increase was mainly the result of higher volumes for herbicides and fungicides. The growing season in some applications and areas was delayed, however, due to sustained cold weather conditions.

Thanks to an early start to the season for herbicides and higher demand for our new fungicide Xemium®, we were able to significantly increase our sales in **North America**. The expansion of our portfolio resulting from the Becker Underwood acquisition also contributed to this sales growth.

Sales in **Asia** grew compared with the first quarter of 2012. This was mainly brought about by high demand for fungicides in China. The depreciation of the Japanese yen relative to the euro had a negative impact on sales.

In **South America**, sales were lower than the level of the previous first quarter. Sales of fungicides declined due to intensified competition. We raised sales volumes for insecticides, thereby largely compensating for lower sales prices.

We were able to significantly increase income from operations before special items thanks to higher volumes.

### Agricultural Solutions

- Considerable sales increase thanks to higher volumes and sales prices
- Positive portfolio effects from the acquisition of Becker Underwood
- Earnings rise significantly compared with previous first quarter, driven by sales volumes

### 1st Quarter 2013

**Sales**  
Change compared with  
1st quarter 2012

+17%

**EBIT before special items**  
(Change compared with  
1st quarter 2012)  
Million €

498 (+79)

## Oil & Gas

### Segment data Oil & Gas (million €)

	1st Quarter		
	2013	2012 <sup>1</sup>	Change in %
Sales to third parties	4,660	3,893	20
Thereof Exploration & Production	789	694	14
Natural Gas Trading	3,871	3,199	21
Income from operations before depreciation and amortization (EBITDA)	734	762	(4)
Thereof Exploration & Production	529	516	3
Natural Gas Trading	205	246	(17)
Income from operations (EBIT) before special items	630	640	(2)
Thereof Exploration & Production	468	439	7
Natural Gas Trading	162	201	(19)
Income from operations (EBIT)	630	640	(2)
Thereof Exploration & Production	468	439	7
Natural Gas Trading	162	201	(19)
Assets (as of March 31)	10,974	10,105	9
Thereof Exploration & Production	5,707	5,452	5
Natural Gas Trading	5,267	4,653	13
Exploration expenses	28	23	22
Additions to property, plant and equipment and intangible assets	195	158	23
Net income	397	415	(4)

<sup>1</sup> Figures restated according to IFRS 10 and 11

### 1st Quarter 2013

Sales in the Oil & Gas segment considerably surpassed the level of the previous first quarter, despite lower crude oil prices. This was the result of higher sales volumes in both business sectors (volumes 19%, prices/currencies 1%). Income from operations before special items decreased due to a lower contribution from the Natural Gas Trading business sector. Net income also declined compared with the high level of the previous first quarter.

→ **More information on net income in the Oil & Gas segment can be found in the Notes on page 26**

In the **Exploration & Production** business sector, we achieved a significant increase in sales. This was due to higher volumes. The average price for Brent crude oil was \$113 per barrel, compared with \$119 per barrel (-5%) in the first quarter of 2012. Earnings grew thanks to higher volumes.

In the **Natural Gas Trading** business sector, we significantly increased sales, mostly by way of intensified trade on the European spot trading markets. Long-lasting cold weather conditions were favorable for natural gas sales volumes. Earnings declined as a result of lower trading margins.

### Oil & Gas

- Sales rise considerably as a result of higher volumes in both business sectors
- Lower crude oil prices reduce sales growth
- Earnings decline due to lower contribution from Natural Gas Trading business sector

### 1st Quarter 2013

**Sales**  
Change compared with  
1st quarter 2012

+20%

**EBIT before special items**  
(Change compared with  
1st quarter 2012)  
Million €

630 (-10)

## Regional Results

### 1st Quarter 2013

#### Overview of regions (million €)

	Sales Location of company			Sales Location of customer			EBIT before special items		
	2013	2012 <sup>1</sup>	Change in %	2013	2012 <sup>1</sup>	Change in %	2013	2012 <sup>1</sup>	Change in %
<b>1st Quarter</b>									
Europe	12,238	11,296	8	11,656	10,854	7	1,477	1,363	8
Thereof Germany	8,928	8,139	10	4,238	4,230	0	763	768	(1)
North America	3,721	3,808	(2)	3,650	3,663	0	454	366	24
Asia Pacific	2,824	2,723	4	3,019	2,956	2	245	202	21
South America, Africa, Middle East	955	1,013	(6)	1,413	1,367	3	38	79	(52)
	<b>19,738</b>	<b>18,840</b>	<b>5</b>	<b>19,738</b>	<b>18,840</b>	<b>5</b>	<b>2,214</b>	<b>2,010</b>	<b>10</b>

<sup>1</sup> Figures restated according to IFRS 10 and 11

Sales at companies located in **Europe** grew by 8%, driven primarily by sales volumes. We posted a considerable increase in production volumes in the Oil & Gas segment. Sales volumes were also significantly above the level of the previous first quarter in the Agricultural Solutions segment and the Catalysts division. Income from operations before special items grew by €114 million to €1,477 million. This was due to our successful business with crop protection products as well as lower expenses in Other.

In **North America**, sales fell by 2% both in U.S. dollars and in euro terms. Sales declined in the chemicals business<sup>2</sup> mainly as a result of lower volumes. Plant shutdowns in the Petrochemicals division were largely responsible for this. However, we significantly improved our volumes and sales in the Agricultural Solutions segment. At €454 million, earnings surpassed the level of the previous first quarter by €88 million, thanks primarily to higher contributions from the Chemicals and Agricultural Solutions segments.

Sales in **Asia Pacific** grew by 6% in local-currency terms and by 4% in euro terms. Volumes were up in all segments compared with the first quarter of 2012. Negative currency effects and slightly declining sales prices weakened sales growth in the region. Our earnings rose by €43 million to €245 million. This was mainly due to the significantly increased contribution from the Chemicals segment that resulted from better margins for basic products.

In **South America, Africa, Middle East**, we improved sales by 2% in local currency terms, while they fell by 6% in euro terms. Higher sales prices could only partly offset negative currency effects and lower sales volumes. Particularly in the Catalysts division and the Agricultural Solutions segment, we posted a considerable decline in sales. At €38 million, earnings were €41 million below the level of the previous first quarter. This was mainly due to lower contributions from the Agricultural Solutions and Performance Products segments.

#### 1st Quarter 2013

- Europe: volumes-driven sales increase compared with first quarter of 2012; earnings rise especially as a result of successful business with crop protection products and lower expenses in Other
- North America: sales decline, mainly due to lower volumes resulting from plant shutdowns; earnings improve thanks especially to increased contributions from Chemicals and Agricultural Solutions
- Asia Pacific: sales grow through volumes increase in all segments; earnings up, due in particular to higher margins for basic products in Chemicals
- South America, Africa, Middle East: sales down owing to volumes and currency effects; earnings decline mostly as a result of lower contributions from Agricultural Solutions and Performance Products segments

<sup>2</sup> Our chemicals business includes the Chemicals, Performance Products and Functional Materials & Solutions segments.



## Overview of Other Topics

### Research and development

We are continuing to expand our global research network: Together with three top American universities – Harvard University, the Massachusetts Institute of Technology (MIT), and the University of Massachusetts (UMass) Amherst – we will jointly develop new functional materials. For this purpose, we have launched the North American Center for Research on Advanced Materials initiative. The collaboration, initially planned for five years, aims to develop new materials for the automotive, construction and energy industries – for example, lightweight construction materials for wind turbines or automobiles.

Furthermore, we are opening a new research laboratory and an application technology center for battery materials in Amagasaki, Japan. The laboratory will focus on researching electrolytes and electrode materials that improve the performance of batteries for electric vehicles and entertainment electronics. In the application technology center, we aim to develop tailor-made solutions for battery companies in the Japanese market.

We want to open a fluid catalytic cracking (FCC) catalysts testing and research laboratory in Heidelberg, Germany. FCC is a procedure that primarily converts heavy fractions of crude oil to gasoline, diesel and kerosene fractions, and yet also to olefins such as propylene. The new laboratory will conduct analyses and characterizations of hydrocarbons and FCC catalysts, and enable the development and examination of FCC catalyst testing methods.

We have added two grades to our assortment of Ultramid® products that have been optimized for water-injection technology in injection molding. This procedure enables the production of hollow plastic parts, for example, for pipes and tubes. While the Ultramid® grade with improved hydrolysis resistance is particularly suitable for components that convey coolant or come into contact with water, the glass-reinforced variety can be employed very well in oil tubes such as those used for dipsticks. These two materials have been available in commercial quantities since March.

Through an agreement signed with Zelfo Technology, we will gain the expertise and intellectual property rights for an efficient and cost-effective production method for micro-fibrillated cellulose (MFC). MFC is used in paper, cardboard and tissue products. This new technology allows for improvement in strength and weight reduction – for example in making paper-based packaging lighter and stronger at the same time. Together with Zelfo, we aim to further improve this technology with the help of chemical additives for paper making, and bring the method up to an industrial scale.

### Employees

Compared with the end of 2012, the number of BASF Group employees rose by 905 to a total of 111,687; 341 of these were gained through acquisitions. On March 31, 2013, 63.5% of BASF Group employees were employed in Europe, while North America accounted for 15.0% of employees, Asia Pacific for 14.8% and South America, Africa, Middle East for 6.7%.

Compared with the same quarter of the previous year, personnel costs in the first quarter of 2013 declined by 4.0% to €2,279 million. This was mainly due to income generated by the reversal of provisions for the long-term incentive program, which contrasted with expenses for recognizing provisions in the previous first quarter. The reduction in costs was counterbalanced by the increased number of employment contracts.

### Research and development

- Research initiative for new functional materials established with top American universities
- Opening of research laboratory and application technology center for battery materials in Japan
- New FCC catalysts testing and research laboratory
- New Ultramid® products for water injection technology
- Cooperation with Zelfo technology for micro-fibrillated cellulose

### Employees by region

	March 31, 2013	Dec. 31, 2012 <sup>1</sup>
Europe	70,951	70,638
North America	16,771	16,665
Asia Pacific	16,474	16,406
South America, Africa, Middle East	7,491	7,073
	<b>111,687</b>	<b>110,782</b>

<sup>1</sup> Figures restated according to IFRS 10 and 11

## Outlook

**Our business developed solidly in the first quarter of 2013. We increased sales and income from operations before special items compared with the previous first quarter. The Agricultural Solutions segment in particular made a strong contribution to this increase. Demand for our products rose overall.**

**We assume that the global economy will grow only slightly over the course of 2013. We still anticipate a volatile environment marked by economic uncertainty. We stand by our outlook for 2013: We continue to aim to exceed the 2012 levels in sales and income from operations before special items.**

### Opportunities and risks

In 2013, we may be presented with opportunities arising from stronger growth in the global economy and our customer industries. Furthermore, a stronger U.S. dollar would have positive effects on our earnings.

We also see opportunities in consistently implementing our “We create chemistry” strategy and further improving our operational excellence, as well as in strengthening research and development. We will continue to concentrate on expanding our business in growth markets as well as on innovations, portfolio optimization, restructuring and increasing efficiency. For example, our excellence program, STEP, serves to strengthen our competitiveness and profitability. Starting the end of 2015, it is expected to contribute around €1 billion to earnings each year. STEP comprises more than 100 individual projects that will lower fixed costs and raise profit margins, and is running right on schedule.

However, there are also risks to the development of our business. Economic growth would be impaired by an intensification of the debt crisis in the eurozone and the United States as well as by lower demand in Asia. Increasing raw material costs could also put pressure on our margins.

The statements on opportunities and risks made in the BASF Report 2012 remain valid.

→ More detailed information can be found in the BASF Report 2012 in the Opportunities and Risks Report on pages 107–115

### Forecast

Our expectations for the global economic environment in 2013 remain unchanged:

- Growth of gross domestic product: 2.4%
- Growth in industrial production: 3.4%
- Growth in chemical production: 3.6%
- An average euro/dollar exchange rate of \$1.30 per euro
- An average oil price for the year of \$110 per barrel

For 2013, we expect stronger demand than in 2012. Excluding the effects of acquisitions and divestitures, we therefore strive for an increase in our sales volumes. We want to exceed the 2012 levels in sales and income from operations before special items, supported by our measures to improve operational excellence and increase efficiency. We aim to earn a high premium on our cost of capital once again in 2013.

### Adjustment of financial goals for 2015 and 2020

In 2011, we set ourselves sales and earnings goals for 2015 and 2020 as part of the “We create chemistry” strategy. The application of International Financial Reporting Standards 10 and 11 as of January 1, 2013, will lead to lower reported sales and income from operations for the BASF Group. We have therefore adjusted our medium and long-term goals accordingly. Net income will not be affected by IFRS 10 and 11. The goal for earnings per share in 2015 remains unchanged at €7.50.

### Economic goals<sup>1</sup>

	Annual goals	2015 goals	2020 goals
Sales		approx. €80 billion	approx. €110 billion
EBITDA		approx. €14 billion	approx. €22 billion
Earnings per share		around €7.50	
Premium on cost of capital	average of at least €2.0 billion		

<sup>1</sup> Our goals are based on the assumptions that we will grow two percentage points faster than global chemical production annually and that global gross domestic product will grow by an average of 3% each year between 2011 and 2020 and worldwide chemical production by 4% every year.

## BASF Group Interim Financial Statements

### Statement of Income

#### Statement of income (million €)

	Explanations in Note	1st Quarter		
		2013	2012	Change in %
<b>Sales</b>		<b>19,738</b>	<b>18,840</b>	<b>4.8</b>
Cost of sales		(14,872)	(14,158)	(5.0)
<b>Gross profit on sales</b>		<b>4,866</b>	<b>4,682</b>	<b>3.9</b>
Selling expenses		(1,806)	(1,780)	(1.5)
General and administrative expenses		(329)	(314)	(4.8)
Research and development expenses		(429)	(403)	(6.5)
Other operating income	[5]	340	1,020	(66.7)
Other operating expenses	[5]	(560)	(747)	25.0
Income from companies accounted for using the equity method	[6]	87	140	(37.9)
<b>Income from operations</b>		<b>2,169</b>	<b>2,598</b>	<b>(16.5)</b>
Other income from participations		6	12	(50.0)
Other expenses from participations		(15)	(2)	.
Interest income		26	43	(39.5)
Interest expense		(154)	(178)	13.5
Other financial result		11	(33)	.
<b>Financial result</b>	[7]	<b>(126)</b>	<b>(158)</b>	<b>20.3</b>
<b>Income before taxes and minority interests</b>		<b>2,043</b>	<b>2,440</b>	<b>(16.3)</b>
Income taxes	[8]	(499)	(645)	22.6
<b>Income before minority interests</b>		<b>1,544</b>	<b>1,795</b>	<b>(14.0)</b>
Minority interests	[9]	(98)	(92)	(6.5)
<b>Net income</b>		<b>1,446</b>	<b>1,703</b>	<b>(15.1)</b>
<b>Earnings per share (€)</b>	[10]			
<b>Undiluted</b>		<b>1.57</b>	<b>1.85</b>	<b>(15.3)</b>
Diluted		1.57	1.85	(15.3)

## Statement of Income and Expense Recognized in Equity

### Statement of income and expense recognized in equity (million €)

	1st Quarter	
	2013	2012
Income before minority interests	1,544	1,795
Income and expense recognized directly in equity		
<b>Items that will not be recycled to the statement of income at a later date:</b>		
Remeasurements of defined benefit plans	394	(565)
Revaluation due to acquisition of majority of shares	-	(1)
Deferred taxes for items that will not be recycled to the statement of income	(94)	206
<b>Total items that will not be recycled to the statement of income at a later date</b>	<b>300</b>	<b>(360)</b>
<b>Items that will be recycled to the statement of income at a later date:</b>		
Foreign currency translation adjustment	263	(120)
Fair value changes in available-for-sale securities	-	2
Cash flow hedges	(7)	(13)
Hedges of net investments in foreign operations	-	1
Deferred taxes for items that will be recycled to the statement of income	3	-
<b>Total items that will be recycled to the statement of income at a later date</b>	<b>259</b>	<b>(130)</b>
Minority interests	14	(24)
<b>Total income and expense recognized directly in equity</b>	<b>573</b>	<b>(514)</b>
<b>Total income and expense for the period</b>	<b>2,117</b>	<b>1,281</b>
Thereof attributable to shareholders of BASF SE	2,005	1,213
Thereof attributable to minority interests	112	68

### Development of income and expense recognized directly in equity of shareholders of BASF SE (million €)

	Other comprehensive income						
	Remeasurements of defined benefit plans	Foreign currency translation adjustment	Fair value changes in available-for-sale securities	Cash flow hedges	Hedges of net investments in foreign operations	Revaluation due to acquisition of majority of shares	Total income and expense recognized directly in equity
<b>As of January 1, 2013</b>	(3,571)	165	17	(73)	-	1	(3,461)
Additions	-	-	-	-	-	-	-
Releases	394	263	-	(7)	-	-	650
Deferred taxes	(94)	(4)	(1)	8	-	-	(91)
<b>As of March 31, 2013</b>	<b>(3,271)</b>	<b>424</b>	<b>16</b>	<b>(72)</b>	<b>-</b>	<b>1</b>	<b>(2,902)</b>
<b>As of January 1, 2012</b>	<b>(1,686)</b>	<b>373</b>	<b>10</b>	<b>(71)</b>	<b>(2)</b>	<b>4</b>	<b>(1,372)</b>
Additions	(565)	-	2	(13)	-	-	(576)
Releases	-	(120)	-	-	1	(1)	(120)
Deferred taxes	206	2	-	(2)	-	-	206
<b>As of March 31, 2012</b>	<b>(2,045)</b>	<b>255</b>	<b>12</b>	<b>(86)</b>	<b>(1)</b>	<b>3</b>	<b>(1,862)</b>

## Balance Sheet

### Assets (million €)

	Explanations in Note	March 31, 2013	March 31, 2012	Change in %	Dec. 31, 2012	Change in %
Intangible assets	[11]	12,675	11,803	7.4	12,193	4.0
Property, plant and equipment	[11]	17,289	16,133	7.2	16,610	4.1
Investments accounted for using the equity method		3,457	3,569	(3.1)	3,459	(0.1)
Other financial assets		624	563	10.8	613	1.8
Deferred tax assets		1,569	1,097	43.0	1,473	6.5
Other receivables and miscellaneous assets		874	911	(4.1)	911	(4.1)
<b>Long-term assets</b>		<b>36,488</b>	<b>34,076</b>	<b>7.1</b>	<b>35,259</b>	<b>3.5</b>
Inventories	[12]	9,888	9,453	4.6	9,581	3.2
Accounts receivable, trade	[12]	11,051	11,995	(7.9)	9,506	16.3
Other receivables and miscellaneous assets	[12]	3,738	3,537	5.7	3,455	8.2
Marketable securities	[12]	16	15	6.7	14	14.3
Cash and cash equivalents	[12]	2,433	3,591	(32.2)	1,647	47.7
Assets of disposal groups		3,125	–	–	3,264	(4.3)
<b>Short-term assets</b>		<b>30,251</b>	<b>28,591</b>	<b>5.8</b>	<b>27,467</b>	<b>10.1</b>
<b>Total assets</b>		<b>66,739</b>	<b>62,667</b>	<b>6.5</b>	<b>62,726</b>	<b>6.4</b>

### Equity and liabilities (million €)

	Explanations in Note	March 31, 2013	March 31, 2012	Change in %	Dec. 31, 2012	Change in %
Subscribed capital	[13]	1,176	1,176	–	1,176	–
Capital surplus	[13]	3,188	3,203	(0.5)	3,188	–
Retained earnings	[13]	25,158	22,879	10.0	23,708	6.1
Other comprehensive income		(2,902)	(1,862)	(55.9)	(3,461)	16.2
<b>Equity of shareholders of BASF SE</b>		<b>26,620</b>	<b>25,396</b>	<b>4.8</b>	<b>24,611</b>	<b>8.2</b>
Minority interests		1,056	1,031	2.4	1,010	4.6
<b>Equity</b>		<b>27,676</b>	<b>26,427</b>	<b>4.7</b>	<b>25,621</b>	<b>8.0</b>
Provisions for pensions and similar obligations	[14]	5,094	3,635	40.1	5,421	(6.0)
Other provisions	[15]	2,967	3,398	(12.7)	2,925	1.4
Deferred tax liabilities		2,493	2,430	2.6	2,234	11.6
Financial indebtedness	[16]	9,907	8,583	15.4	8,704	13.8
Other liabilities	[16]	1,014	1,190	(14.8)	1,111	(8.7)
<b>Long-term liabilities</b>		<b>21,475</b>	<b>19,236</b>	<b>11.6</b>	<b>20,395</b>	<b>5.3</b>
Accounts payable, trade		4,558	5,486	(16.9)	4,502	1.2
Provisions	[15]	2,918	3,393	(14.0)	2,628	11.0
Tax liabilities		1,118	1,393	(19.7)	870	28.5
Financial indebtedness	[16]	3,378	4,073	(17.1)	4,094	(17.5)
Other liabilities	[16]	3,144	2,659	18.2	2,623	19.9
Liabilities of disposal groups		2,472	–	–	1,993	24.0
<b>Short-term liabilities</b>		<b>17,588</b>	<b>17,004</b>	<b>3.4</b>	<b>16,710</b>	<b>5.3</b>
<b>Total equity and liabilities</b>		<b>66,739</b>	<b>62,667</b>	<b>6.5</b>	<b>62,726</b>	<b>6.4</b>

## Statement of Cash Flows

### Statement of cash flows (million €)

	1st Quarter	
	2013	2012
Net income	1,446	1,703
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	693	706
Changes in net working capital	(713)	(310)
Miscellaneous items	615	(560)
<b>Cash provided by operating activities</b>	<b>2,041</b>	<b>1,539</b>
Payments related to property, plant and equipment and intangible assets	(831)	(697)
Acquisitions/divestitures	(514)	683
Financial investments and other items	(292)	190
<b>Cash provided by / used in investing activities</b>	<b>(1,637)</b>	<b>176</b>
Capital increases/repayments, share repurchases	–	(5)
Changes in financial liabilities	429	33
Dividends	(66)	(72)
<b>Cash provided by / used in financing activities</b>	<b>363</b>	<b>(44)</b>
Net changes in cash and cash equivalents	767	1,671
Cash and cash equivalents as of beginning of year and other changes	1,666	1,920
<b>Cash and cash equivalents at end of quarter</b>	<b>2,433</b>	<b>3,591</b>

Cash provided by operating activities amounted to €2,041 million in the first quarter of 2013, up by €502 million year-on-year. The change in net working capital was particularly due to the increase in trade accounts receivable. The increase in miscellaneous items was primarily attributable to higher liabilities of the natural gas trading disposal group; the negative value in the previous first quarter had resulted mainly from the reclassification of the gain on the disposal of our fertilizer activities to cash provided by investing activities.

Investing activities resulted in a cash outflow of €1,637 million compared with an inflow of €176 million in the same period of the previous year. Payments for acquisitions amounted to €514 million and were primarily related to the acquisition of Pronova BioPharma ASA, headquartered in Lysaker, Norway; the proceeds from divestitures in the first quarter of 2012 had resulted predominantly from the disposal of the fertilizer activities. At €831 million, payments for property, plant and equipment and intangible assets were higher than the level of depreciation and amortization.

Financing activities led to a cash inflow of €363 million, compared with a cash outflow of €44 million in the previous first quarter. Payments to minority shareholders of Group companies amounted to €66 million. Financial liabilities rose by €429 million. This was mainly due to the issuance of several bonds with a nominal value of €1,200 million, counterbalanced by the repayment of USD commercial paper.

Cash and cash equivalents amounted to €2,433 million as of March 31, 2013, compared with €1,647 million at the end of 2012. Net debt was reduced to €10,852 million as of the end of the first quarter of 2013, compared with €11,151 million as of December 31, 2012.

## Statement of Changes in Equity

### 1st Quarter 2013 (million €)

	Number of subscribed shares outstanding	Subscribed capital	Capital surplus	Retained earnings	Other com- prehensive income <sup>1</sup>	Equity of shareholders of BASF SE	Minority interests	Equity
<b>As of January 1, 2013</b>	<b>918,478,694</b>	<b>1,176</b>	<b>3,188</b>	<b>23,708</b>	<b>(3,461)</b>	<b>24,611</b>	<b>1,010</b>	<b>25,621</b>
Effects of acquisitions achieved in stages	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(66) <sup>2</sup>	(66)
Net income	-	-	-	1,446	-	1,446	98	1,544
Change in income and expense recognized directly in equity	-	-	-	-	559	559	14	573
Changes in scope of consolidation and other changes	-	-	-	4	-	4	-	4
<b>As of March 31, 2013</b>	<b>918,478,694</b>	<b>1,176</b>	<b>3,188</b>	<b>25,158</b>	<b>(2,902)</b>	<b>26,620</b>	<b>1,056</b>	<b>27,676</b>

### 1st Quarter 2012 (million €)

<b>As of January 1, 2012</b>	<b>918,478,694</b>	<b>1,176</b>	<b>3,203</b>	<b>21,168</b>	<b>(1,372)</b>	<b>24,175</b>	<b>1,040</b>	<b>25,215</b>
Effects of acquisitions achieved in stages	-	-	-	-	-	-	(5)	(5)
Dividends paid	-	-	-	-	-	-	(72) <sup>2</sup>	(72)
Net income	-	-	-	1,703	-	1,703	92	1,795
Change in income and expense recognized directly in equity	-	-	-	-	(490)	(490)	(24)	(514)
Changes in scope of consolidation and other changes	-	-	-	8	-	8	-	8
<b>As of March 31, 2012</b>	<b>918,478,694</b>	<b>1,176</b>	<b>3,203</b>	<b>22,879</b>	<b>(1,862)</b>	<b>25,396</b>	<b>1,031</b>	<b>26,427</b>

<sup>1</sup> Details are provided in "Development of income and expense recognized directly in equity of shareholders of BASF SE" on page 16.

<sup>2</sup> Including profit and loss transfers

## Segment Reporting

### 1st Quarter (million €)

	Sales			EBITDA			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2013	2012	Change in %	2013	2012	Change in %	2013	2012	Change in %	2013	2012	Change in %
Chemicals	4,396	4,513	(2.6)	841	760	10.7	650	556	16.9	650	556	16.9
Performance Products	3,880	3,963	(2.1)	568	632	(10.1)	379	452	(16.2)	367	429	(14.5)
Functional Materials & Solutions	4,181	4,168	0.3	352	401	(12.2)	239	257	(7.0)	240	290	(17.2)
Agricultural Solutions	1,556	1,327	17.3	532	459	15.9	498	419	18.9	492	419	17.4
Oil & Gas	4,660	3,893	19.7	734	762	(3.7)	630	640	(1.6)	630	640	(1.6)
Other	1,065	976	9.1	(173)	290	.	(182)	(314)	42.0	(210)	264	.
	<b>19,738</b>	<b>18,840</b>	<b>4.8</b>	<b>2,854</b>	<b>3,304</b>	<b>(13.6)</b>	<b>2,214</b>	<b>2,010</b>	<b>10.1</b>	<b>2,169</b>	<b>2,598</b>	<b>(16.5)</b>

### 1st Quarter (million €)

	Research expenses			Assets			Additions to long-term assets <sup>1</sup>			Amortization and depreciation <sup>2</sup>		
	2013	2012	Change in %	2013	2012	Change in %	2013	2012	Change in %	2013	2012	Change in %
Chemicals	42	47	(10.6)	10,646	10,247	3.9	324	208	55.8	191	204	(6.4)
Performance Products	92	80	15.0	14,537	13,619	6.7	837	124	.	201	203	(1.0)
Functional Materials & Solutions	87	80	8.8	12,639	12,059	4.8	118	160	(26.3)	112	111	0.9
Agricultural Solutions	100	94	6.4	7,651	6,189	23.6	59	31	90.3	40	40	-
Oil & Gas	9	3	200.0	10,974	10,105	8.6	195	158	23.4	104	122	(14.8)
Other	99	99	-	10,292	10,448	(1.5)	33	36	(8.3)	37	26	42.3
	<b>429</b>	<b>403</b>	<b>6.5</b>	<b>66,739</b>	<b>62,667</b>	<b>6.5</b>	<b>1,566</b>	<b>717</b>	<b>118.4</b>	<b>685</b>	<b>706</b>	<b>(3.0)</b>

<sup>1</sup> Investments in intangible assets and property, plant and equipment (including acquisitions)

<sup>2</sup> Depreciation and amortization of intangible assets and property, plant and equipment

### Other<sup>3</sup> (million €)

	1st Quarter		
	2013	2012	Change in %
<b>Sales</b>	<b>1,065</b>	<b>976</b>	<b>9.1</b>
<b>EBIT before special items</b>	<b>(182)</b>	<b>(314)</b>	<b>42.0</b>
Thereof			
Group corporate costs	(56)	(58)	3.4
Corporate research	(97)	(97)	-
Currency results, hedges and other valuation effects	56	(206)	.
Other business	59	145	(59.3)
Special items	(28)	578	.
<b>EBIT</b>	<b>(210)</b>	<b>264</b>	<b>.</b>

<sup>3</sup> Further information about Other can be found in the Notes on pages 25 and 26.



## Notes to the Interim Financial Statements

### 1 – Basis of presentation

The Consolidated Financial Statements of the BASF Group for the year ending December 31, 2012 were prepared according to the International Financial Reporting Standards (IFRS) valid as of the balance sheet date. The Interim Financial Statements as of March 31, 2013 have been prepared in line with the rules of International Accounting Standard 34 in abbreviated form and, with the exception of the changes presented below, using the same accounting policies. The Interim Financial Statements and Interim Management's Analysis have been neither audited nor subject to an auditor's review.

→ The BASF Report 2012 containing the Consolidated Financial Statements as of December 31, 2012, can be found online at: [basf.com/report](http://basf.com/report)

#### Selected exchange rates

	Closing rates		Average rates 1st quarter	
	Mar. 31, 2013	Dec. 31, 2012	2013	2012
1 € equals				
Brazil (BRL)	2.57	2.70	2.64	2.32
China (CNY)	7.96	8.22	8.22	8.27
Great Britain (GBP)	0.85	0.82	0.85	0.83
Japan (JPY)	120.87	113.61	121.80	103.99
Malaysia (MYR)	3.97	4.03	4.07	4.01
Mexico (MXN)	15.81	17.18	16.70	17.02
Russian Federation (RUB)	39.76	40.33	40.15	39.55
Switzerland (CHF)	1.22	1.21	1.23	1.21
South Korea (KRW)	1,425.03	1,406.23	1,433.09	1,482.75
United States (USD)	1.28	1.32	1.32	1.31

#### Application of changes to International Financial Reporting Standards (IFRS) as of January 1, 2013

##### IFRS 10 – Consolidated Financial Statements

IFRS 10 contains a new, comprehensive definition of control. The new standard replaces the provisions of IAS 27 – Consolidated and Separate Financial Statements, which regulates the preparation of consolidated financial statements, as well as SIC-12 Consolidation – Special Purpose Entities. According to both IAS 27 and IFRS 10, a group consists of a parent entity and its subsidiaries. Consolidated financial statements must present all assets, liabilities, equity, income and expenses and cash flows of the parent company and its subsidiaries together as a single economic entity.

In contrast to IAS 27, IFRS 10 is geared more strongly toward the economic situation as opposed to the legal conditions. IFRS 10 contains a new definition of control, which is to be applied in determining the companies to be consolidated. Control now requires three elements:

- Decision-making power of the parent company over the relevant activities of the subsidiary,
- Variable returns from the subsidiary to the parent company, and
- The ability of the parent company to use decision-making power to affect the variable returns.

This new definition of control leads to a change in the consolidation method of some participations held by BASF. Upon application of the new standard as of January 1, 2013, four companies have been switched from full consolidation to the equity method. For three companies, no control exists according to IFRS 10, as our partners in these companies retain significant rights for determining and carrying out relevant activities through supervisory bodies. With an investment of 51%, operational management will continue to be exercised at Wintershall AG, which produces oil and gas in Libya. Yet contractual obligations with the Libyan government strictly limit influence on variable returns after income taxes, so that the company is not controlled according to IFRS 10.

##### IFRS 11 – Joint Arrangements

Until the end of 2012, BASF principally consolidated companies operated together with a partner in the financial statements on a proportional basis, pursuant to IAS 31. According to IFRS 11, which regulates the accounting of joint arrangements, joint ventures are distinct from joint operations. In the case of a joint venture, the parties that have joint control of a legally independent company have rights to the net assets of that arrangement. In joint operations, the parties that have joint control have direct rights to the assets and obligations for the liabilities relating to the arrangement. This requirement is also fulfilled if a joint arrangement's production output is almost entirely transferred to the partners.

While shares in joint ventures must now be accounted for using the equity method, for a joint operation, the proportional share of assets, liabilities, income and expenses are reported – that is, it is proportionally consolidated.

BASF has applied the standard since January 1, 2013; as of this date, the equity result is reported as part of EBIT. Upon application of the new standard, 14 companies were shifted to the equity method instead of being proportionally consolidated. This includes BASF-YPC Company Ltd., through which we operate the Verbund site in Nanjing with our partner, SINOPEC.

Eight companies will continue to be proportionally consolidated since they market their products directly to the partners, therefore classifying these as joint operations. The earnings for 14 associated companies which were previously accounted for using the equity method will likewise be disclosed in EBIT in the future.

### IAS 19 (revised) – Employee Benefits

The most significant change of IAS 19 (revised) requires that experience-based adjustments and effects from changes of actuarial assumptions, reported as actuarial gains and losses, must be recognized directly in other comprehensive income (OCI). The previous option of immediate reporting in profit and loss, reporting in equity or delayed reporting according to the corridor method has been abolished. The amendment does not affect the total amount of BASF's equity because actuarial gains and losses have already been treated in accordance with the approach required by IAS 19 (revised). The accumulated amount of actuarial losses has been reclassified from retained earnings to other comprehensive income. This reclassification amounted to €3,596 million at the end of the first quarter of 2013 and €2,048 million at the end of the previous first quarter.

With IAS 19 (revised), changes in the benefit levels resulting from plan amendments with retroactive effect on past service

are no longer to be amortized over the vesting period. The retroactive benefit amendments are to be recognized immediately in EBIT in the year of the plan amendment. The application of this accounting policy means an increase of €16 million in BASF's EBIT for 2012 and a likely reduction of €3 million in 2013.

Additionally, the revised standard requires that returns on plan assets recognized in profit or loss are no longer calculated according to expectations but are instead based on the discount rate applied for pension obligations. The application of this accounting method means a reduction of around €80 million in BASF's financial result for 2012 and likely around €100 million in 2013.

The clarified definition of termination benefits in IAS 19 (revised) and the resulting change in accounting policy for early-retirement agreements means a reduction in EBIT by €17 million for 2012 and around €7 million for 2013.

### Effects of the first-time application of IFRS 10/11 and IAS 19 (revised)

The figures for 2012 were restated to reflect the new and revised accounting standards and published March 22, 2013. Detailed information is available online.

→ For more on the adjusted figures for the previous year, see [www.basf.com/group/corporate/en/investor-relations/news-publications/reports/index](http://www.basf.com/group/corporate/en/investor-relations/news-publications/reports/index)

The following presents the effects of the retroactive application of these standards on the BASF Group for the 2012 reporting year:

### Effects of the first-time application of IFRS 10/11 and IAS 19 (revised)

#### Overview BASF Group statement of income (million €)

Statement of income	1st Quarter 2012			Full Year 2012		
	adjusted	previous	change	adjusted	previous	change
Sales	18,840	20,590	(1,750)	72,129	78,729	(6,600)
Income from operations (EBIT)	2,598	3,120	(522)	6,742	8,976	(2,234)
Financial result	(158)	(73)	(85)	(765)	(540)	(225)
Income from participations	10	82	(72)	32	203	(171)
Interest result	(135)	(141)	6	(547)	(573)	26
Other financial result	(33)	(14)	(19)	(250)	(170)	(80)
Income before taxes and minority interests	2,440	3,047	(607)	5,977	8,436	(2,459)
Income taxes	(645)	(1,206)	561	(910)	(3,214)	2,304
Minority interests	(92)	(117)	25	(248)	(343)	95
Net income	1,703	1,724	(21)	4,819	4,879	(60)
Earnings per share (in €)	1.85	1.88	(0.03)	5.25	5.31	(0.06)

## Overview BASF Group balance sheet (million €)

Assets	March 31, 2012			December 31, 2012		
	adjusted	previous	change	adjusted	previous	change
Long-term assets	34,076	34,289	(213)	35,259	35,538	(279)
Short-term assets	28,591	30,156	(1,565)	27,467	28,789	(1,322)
Total assets	62,667	64,445	(1,778)	62,726	64,327	(1,601)

  

Equity and liabilities	March 31, 2012			December 31, 2012		
	adjusted	previous	change	adjusted	previous	change
Equity	26,427	26,625	(198)	25,621	25,804	(183)
Long-term liabilities	19,236	20,022	(786)	20,395	21,191	(796)
Short-term liabilities	17,004	17,798	(794)	16,710	17,332	(622)
Total equity and liabilities	62,667	64,445	(1,778)	62,726	64,327	(1,601)

## Overview BASF Group statement of cash flows (million €)

Statement of cash flows	1st Quarter 2012			Full Year 2012		
	adjusted	previous	change	adjusted	previous	change
Cash provided by operating activities	1,539	1,571	(32)	6,602	6,733	(131)
Cash provided by / used in investing activities	176	159	17	(3,977)	(4,088)	111
Cash used in financing activities	(44)	(28)	(16)	(2,904)	(2,928)	24

## Amendments to IAS 1 – Presentation of individual items in other comprehensive income

Components of other comprehensive income (OCI) that will be recycled in the profit and loss statement under certain circumstances will have to be shown separately from those components which can never be recycled. The rule is to be applied for the first time in the first reporting period of the reporting year beginning on July 1, 2012, or thereafter. The application is reflected in the “Statement of income and expense recognized in equity” on page 16.

## Reclassification of loans within long-term assets

Long-term loans are now reported under other receivables and miscellaneous assets. These loans were previously reported in the balance sheet under other financial assets. The change in presentation better reflects the economic substance of this item as a receivable. The prior-year figures have been adjusted for comparability. As of March 31, 2012, €249 million in loans were reclassified from other financial assets to other receivables and miscellaneous assets; as of December 31, 2012, loans amounting to €259 million were reclassified.

## 2 – Scope of consolidation

In addition to BASF SE, all material subsidiaries are included in the BASF Group Financial Statements on a fully consolidated basis. Joint arrangements which are classified as joint operations according to IFRS 11 are proportionally consolidated. The development of the number of fully and proportionally consolidated companies is shown in the table.

There have been six first-time consolidations since the beginning of 2013, three of which were due to reclassifications and three because of acquisitions.

Since the beginning of 2013, two companies have been deconsolidated as a result of mergers with other BASF companies or decreased significance.

### Scope of consolidation

	2013	2012
As of January 1	312	299
Thereof proportionally consolidated	8	10
First-time consolidations	6	6
Thereof proportionally consolidated	-	-
Deconsolidations	2	6
Thereof proportionally consolidated	-	1
<b>As of March 31</b>	<b>316</b>	<b>299</b>
Thereof proportionally consolidated	8	9

## 3 – Acquisitions/divestitures

On January 31, 2013, BASF concluded the acquisition of Pronova BioPharma ASA, a company headquartered in Lysaker, Norway, which researches, develops and produces omega-3 fatty acids. With the acquisition of Pronova BioPharma, BASF aims to take a leading position in the global market for omega-3 fatty acids. Together with BASF's previous activities, Pronova's business has been integrated into the global business unit Business Management Omega-3 in the Nutrition & Health division. BASF now offers its customers the complete range of omega-3 fatty acids – from natural fish oil to medium and very high concentrates. In the first quarter of 2013, Pronova contributed €41 million to sales and minus €7 million to net income. The negative earnings contribution was attributable to the proportional use of inventories recognized at market value as well as the pro rata amortization of intangible assets.

The following table shows an overview of the preliminary fair values of the assets and liabilities acquired with the Pronova takeover as of January 31, 2013.

### Preliminary purchase price allocation for acquisition of Pronova BioPharma (million €)

	Fair value on acquisition date
Long-term assets	553
Short-term assets	201
<b>Total assets</b>	<b>754</b>
Long-term liabilities	132
Short-term liabilities	254
<b>Total liabilities</b>	<b>386</b>
<b>Net assets</b>	<b>368</b>
<b>Goodwill</b>	<b>158</b>
<b>Total purchase price</b>	<b>526</b>

Effective March 11, 2013, BASF completed its acquisition of parts of Ciech Group's TDI business, as announced in the third quarter of 2012. The acquisition largely comprises intellectual property rights and access to customers. TDI is used primarily in the furniture and automotive industries. The acquired business has been integrated into the Monomers division.

The purchase prices for the businesses acquired in the first quarter of 2013 totaled €569 million. The purchase price allocations were carried out in accordance with IFRS 3 and are based on estimates. The resulting goodwill amounted to €158 million. The purchase price allocations should be regarded as preliminary and can be adjusted within one year after the acquisition.

## 4 – Segment reporting

BASF optimized its organizational structure effective January 1, 2013. Since this date, BASF's business has been conducted by 14 (previously 15) operating divisions aggregated into five (previously six) segments for reporting purposes. The grouping into segments is based on the business model of each division. The Plastics segment has been dissolved; its businesses with high-volume products have been integrated into the Chemicals segment, and the businesses with innovative plastics have been bundled into the new Performance Materials division in the Functional Materials & Solutions segment.

The Chemicals segment comprises the classical chemicals business with basic chemicals and intermediates. It forms the core of BASF's Production Verbund and is the starting point for a majority of the value chains. In addition to supplying the chemical industry and other sectors, the segment ensures that other BASF divisions are supplied with chemicals for producing downstream products. Chemicals comprises the Petrochemicals, Monomers and Intermediates divisions.

The Performance Products segment consists of the Dispersions & Pigments, Care Chemicals, Nutrition & Health, Paper Chemicals and Performance Chemicals divisions. Customized products allow customers to make their production processes more efficient or give their products improved application properties.

The Functional Materials & Solutions segment bundles system solutions, services and innovative products for specific sectors and customers, in particular for the automotive, electrical, chemical and construction industries. It comprises the Catalysts, Construction Chemicals, Coatings and Performance Materials divisions.

Agricultural Solutions is made up of the Crop Protection division, whose products guard crops against fungal infections, insects and weeds and secure yields. Plant biotechnology research is not assigned to this segment; it is reported in Other.

The Oil & Gas segment is composed of the Oil & Gas division with its Exploration & Production and Natural Gas Trading business sectors.

→ For more on the new segment structure and the adjusted figures for the previous year, see [www.basf.com/group/corporate/en/investor-relations/news-publications/reports/index](http://www.basf.com/group/corporate/en/investor-relations/news-publications/reports/index)

Activities not assigned to a particular division are reported in Other. These include the sale of raw materials, engineering and other services, rental income and leases.

With cross-divisional corporate research, BASF is developing growth fields and ensuring its long-term competence with regard to technology and methods. This includes plant biotechnology research. Corporate research costs are not allocated to the segments, but rather are also reported under Other, as are corporate costs that comprise expenses for steering the BASF Group.

Earnings from currency conversion that are not allocated to the segments are also reported under Other, as are earnings from the hedging of raw material prices and foreign currency exchange risks. Furthermore, revenues and expenses from the long-term incentive (LTI) program are reported here.

Transfers between the segments are almost always executed at market-based prices. Assets, as well as their depreciation and amortization, are allocated to the segments based on economic control. Assets used by more than one segment are allocated based on the percentage of usage.

Sales in Other grew by €89 million compared with the same quarter of the previous year. In the first quarter of 2013, income from operations in Other was significantly lower than the previous first quarter's level, which had been positively affected by the special income of €645 million from the sale of the fertilizer business. Counterbalancing this were valuation effects for the long-term incentive program; this provision could be partially reversed in the first quarter of 2013, while the previous first quarter had included an addition.

**Assets of Other** (million €)

	1st Quarter	
	2013	2012
Assets of businesses included under Other	3,315	2,944
Financial assets	624	563
Deferred tax assets	1,569	1,097
Cash and cash equivalents / marketable securities	2,449	3,606
Defined benefit assets	74	128
Miscellaneous receivables / prepaid expenses	2,261	2,110
<b>Assets of Other</b>	<b>10,292</b>	<b>10,448</b>

**Reconciliation reporting for Oil & Gas** (million €)

	1st Quarter	
	2013	2012
<b>Income from operations</b>	<b>630</b>	<b>640</b>
Income from participations	(9)	1
Other income	30	(40)
<b>Income before taxes and minority interests</b>	<b>651</b>	<b>601</b>
Income taxes	(196)	(124)
<b>Income before minority interests</b>	<b>455</b>	<b>477</b>
Minority interests	(58)	(62)
<b>Net income</b>	<b>397</b>	<b>415</b>

In the reconciliation reporting for Oil & Gas, the income from operations of the Oil & Gas segment is reconciled to the contribution of the companies in this segment to the net income of the BASF Group.

Other income includes all expenses and income not included in income from operations of the segment, the interest

result and the miscellaneous financial result. The increase in the first quarter of 2013 resulted predominantly from currency effects.

The higher tax rate was due to a higher earnings contribution from our participation in an offshore oilfield in Libya, which is held by a Dutch company.

## 5 – Other operating income and expenses

### Other operating income (million €)

	1st Quarter	
	2013	2012
Income from currency conversion and foreign currency transactions	86	41
Gains on the disposal of property, plant and equipment	9	13
Reversal and adjustment of provisions	47	1
Gains on the reversal of allowances for business-related receivables	15	9
Revenue from miscellaneous typical business activities	20	36
Special income	5	680
Miscellaneous	158	240
<b>Other operating income</b>	<b>340</b>	<b>1,020</b>

### Other operating expenses (million €)

	1st Quarter	
	2013	2012
Expenses from currency conversion and foreign currency transactions	62	75
Losses on the disposal of property, plant and equipment	5	8
Expenses from the addition of valuation allowances for business-related receivables	16	11
Oil and gas exploration expenses	28	23
Special charges	50	92
Miscellaneous	399	538
<b>Other operating expenses</b>	<b>560</b>	<b>747</b>

The improvement of €58 million to €24 million in income from foreign currency transactions was due especially to fewer losses from hedging transactions in U.S. dollars as well as to higher income from British pound-to-euro currency conversion.

The decline in special income was predominantly attributable to the €645 million gain on the disposal of the fertilizer business in the first quarter of 2012. The lower income reported in miscellaneous resulted especially from lower earnings in the fertilizer business.

Expenses shown in miscellaneous declined primarily due to the adjustment of provisions for the long-term incentive program; while the previous year had included expenses for additions to these provisions, the first quarter of 2013 included income from the reversal of provisions, which are reported under other operating income.

## 6 – Income from companies accounted for using the equity method

The largest portion of income from companies accounted for using the equity method originates from the Oil & Gas segment, particularly from OAO Severneftegazprom and Wintershall AG. Participations in Styrolution Holding GmbH and BASF-YPC Company Ltd. also contributed significantly to income.

Companies in the Oil & Gas segment were primarily responsible for the decline in income. The equity book values of participations for companies in the natural gas trading disposal group remain unchanged since its creation in November 2012, and are only tested for impairment. Lower foreign currency results at OAO Severneftegazprom also reduced equity income.

## 7 – Financial result

Million €	1st Quarter	
	2013	2012
Income from participations in affiliated and associated companies	2	6
Income from the disposal of participations	–	2
Income from profit transfer agreements	3	3
Income from tax allocation to participating interests	1	1
<b>Income from participations</b>	<b>6</b>	<b>12</b>
Expenses from profit transfer agreements	(10)	(1)
Write-downs on / losses from the sale of participations	(5)	(1)
<b>Expenses from participations</b>	<b>(15)</b>	<b>(2)</b>
Interest income from cash and cash equivalents	24	40
Interest and dividend income from securities and loans	2	3
<b>Interest income</b>	<b>26</b>	<b>43</b>
<b>Interest expenses</b>	<b>(154)</b>	<b>(178)</b>
Net interest income from overfunded pension plans and similar obligations	–	1
Net interest income from other long-term employee obligations	–	3
Income from the capitalization of construction interest	20	14
Miscellaneous financial income	55	–
<b>Other financial income</b>	<b>75</b>	<b>18</b>
Write-downs of / losses from the disposal of securities and loans	(1)	–
Net interest expense from underfunded pension plans and similar obligations	(48)	(28)
Net interest expense from other long-term employee obligations	(2)	–
Interest accrued on other long-term liabilities	(13)	(14)
Miscellaneous financial expenses	–	(9)
<b>Other financial expenses</b>	<b>(64)</b>	<b>(51)</b>
<b>Financial result</b>	<b>(126)</b>	<b>(158)</b>

The interest result improved compared with the previous first quarter. This was essentially due to lower interest expenses from financial indebtedness, as the bonds redeemed in 2012 were refinanced with more favorable conditions.

Net interest expense from underfunded pension plans and similar obligations rose compared with the previous year mainly as a result of the higher defined benefit obligation as of December 31, 2012.

Miscellaneous financial income included effects from the market valuation of options for the disposal of participations in the Styrolution joint venture in the amount of €55 million.

## 8 – Income taxes

### Income before taxes and minority interests (million €)

	1st Quarter	
	2013	2012
Germany	677	743
Other foreign	1,366	1,697
<b>Income before taxes and minority interests</b>	<b>2,043</b>	<b>2,440</b>



**Income taxes** (million €)

	1st Quarter	
	2013	2012
Germany	179	181
Foreign	320	464
	<b>499</b>	<b>645</b>
Tax rate (%)	24.4	26.4

The reduction in the tax rate resulted from lower foreign income before taxes and minority interests. In the previous first quarter, this had included gains on the disposal of the fertilizer business

in Belgium. Calculating the income taxes according to the Belgian tax rate led to an increase in the tax rate.

**9 – Minority interests**

Million €	1st Quarter	
	2013	2012
Minority interests in profits	98	92
Minority interests in losses	–	–
<b>Minority interests</b>	<b>98</b>	<b>92</b>

Minority interests in profits were higher, particularly at BASF Total Petrochemicals LLC in Port Arthur, Texas.

By contrast, minority interests in profits were lower at WINGAS GmbH.

**10 – Earnings per share**

		1st Quarter	
		2013	2012
Net income	million €	1,446	1,703
Number of outstanding shares (weighted average)	in thousands	918,479	918,479
<b>Earnings per share</b>	<b>€</b>	<b>1.57</b>	<b>1.85</b>

The calculation of earnings per share is based on the weighted average number of shares outstanding. The calculation of diluted earnings per common share reflects all possible outstanding common shares and the resulting effect on income of the BASF employee incentive share program “*plus*.”

In the first quarter of 2013, and in the corresponding period of 2012, there was no dilutive effect; undiluted earnings per share were the same as the diluted value per share.

## 11 – Long-term assets

### Development (million €)

	1st Quarter 2013			
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method	Other financial assets
<b>Acquisition costs</b>				
Balance as of January 1	14,876	53,919	3,459	792
Additions	482	1,084	–	26
Disposals	(108)	(201)	–	(5)
Transfers	58	(2)	(18)	2
Exchange differences	169	376	16	1
<b>Balance as of March 31</b>	<b>15,477</b>	<b>55,176</b>	<b>3,457</b>	<b>816</b>
<b>Amortization and depreciation</b>				
Balance as of January 1	2,683	37,309	–	178
Additions	153	532	–	8
Disposals	(108)	(167)	–	–
Transfers	53	(1)	–	6
Exchange differences	21	214	–	–
<b>Balance as of March 31</b>	<b>2,802</b>	<b>37,887</b>	<b>–</b>	<b>192</b>
<b>Net carrying amount as of March 31</b>	<b>12,675</b>	<b>17,289</b>	<b>3,457</b>	<b>624</b>

### Development (million €)

	1st Quarter 2012			
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method	Other financial assets
<b>Acquisition costs</b>				
Balance as of January 1	14,988	53,434	3,486	735
Additions	67	650	26	1
Disposals	(361)	(154)	–	(5)
Transfers	97	34	51	(11)
Exchange differences	(71)	(432)	6	(4)
<b>Balance as of March 31</b>	<b>14,720</b>	<b>53,532</b>	<b>3,569</b>	<b>716</b>
<b>Amortization and depreciation</b>				
Balance as of January 1	3,138	37,252	–	157
Additions	148	558	–	–
Disposals	(357)	(130)	–	(1)
Transfers	4	6	–	(3)
Exchange differences	(16)	(287)	–	–
<b>Balance as of March 31</b>	<b>2,917</b>	<b>37,399</b>	<b>–</b>	<b>153</b>
<b>Net carrying amount as of March 31</b>	<b>11,803</b>	<b>16,133</b>	<b>3,569</b>	<b>563</b>

Significant investments in the first quarter of 2013 were related to the construction of production facilities for TDI in Ludwigshafen, Germany, and for MDI in Chongqing, China, as well as the construction of oil and gas production facilities and wells in Europe. Investments for expansion purposes were mainly made at the sites in Ludwigshafen; Camaçari, Brazil; Antwerp, Belgium; Geismar, Louisiana; and Port Arthur, Texas. Property, plant and equipment grew by €285 million from the acquisition of Pronova BioPharma.

As a result of the acquisition of Pronova BioPharma and of Ciech's TDI business, intangible assets increased by a total of €457 million in the first quarter of 2013. In intangible assets, disposals were primarily attributable to the derecognition of fully amortized technologies and software.

## 12 – Short-term assets

Million €	March 31, 2013	March 31, 2012	Dec. 31, 2012
Raw materials and factory supplies	2,660	2,867	2,629
Work-in-process, finished goods and merchandise	7,095	6,474	6,865
Advance payments and services-in-process	133	112	87
<b>Inventories</b>	<b>9,888</b>	<b>9,453</b>	<b>9,581</b>
<b>Accounts receivables, trade</b>	<b>11,051</b>	<b>11,995</b>	<b>9,506</b>
Other receivables and miscellaneous short-term assets	3,738	3,537	3,455
Marketable securities	16	15	14
Cash and cash equivalents	2,433	3,591	1,647
Assets of disposal groups	3,125	-	3,264
<b>Other short-term assets</b>	<b>9,312</b>	<b>7,143</b>	<b>8,380</b>
<b>Short-term assets</b>	<b>30,251</b>	<b>28,591</b>	<b>27,467</b>

Work-in-process, finished goods and merchandise are combined into one item due to the production conditions in the chemical industry. Services-in-process relate primarily to services not invoiced as of the balance sheet date. Inventories are valued using the weighted average cost method.

Trade accounts receivable increased in comparison with year-end 2012 as a result of seasonal effects in the Agricultural Solutions segment.

## 13 – Equity

### Authorized capital

At the Annual Shareholders' Meeting of April 30, 2009, shareholders authorized the Board of Executive Directors, with the approval of the Supervisory Board, to increase the subscribed capital by issuing new shares in an amount of up to €500 million against cash through April 30, 2014. The Board of Executive Directors is empowered, following the approval of the Supervisory Board, to decide on the exclusion of shareholders' subscription rights for these new shares in certain predefined cases covered by the enabling resolution. Until now, this option has not been exercised and no new shares have been issued.

### Retained earnings

Transfers from other retained earnings reduced legal reserves by €3 million in the first quarter of 2013.

### Reserves (million €)

	Mar. 31, 2013	Dec. 31, 2012
Legal reserves	428	431
Other retained earnings	24,730	23,277
<b>Retained earnings</b>	<b>25,158</b>	<b>23,708</b>

## 14 – Provisions for pensions

### Assumptions used to determine the defined benefit obligation (weighted average in %)

	Germany		Foreign	
	March 31, 2013	Dec. 31, 2012	March 31, 2013	Dec. 31, 2012
Discount rate	3.50	3.50	3.58	3.46
Projected increase of wages and salaries	2.75	2.75	3.51	3.51
Projected pension increase	2.00	2.00	0.63	0.63

### Assumptions used to determine expenses for pension benefits (from January 1 through March 31 of the respective year; weighted average in %)

	Germany		Foreign	
	2013	2012	2013	2012
Discount rate	3.50	5.00	3.46	4.34
Projected increase of wages and salaries	2.75	2.75	3.51	3.71
Projected pension increase	2.00	2.00	0.63	0.70

The assumptions used to ascertain the defined benefit obligation as of December 31, 2012, are applied in the 2013 reporting year to determine the expenses for pension plans.

Since the first-time application of IAS 19 (revised), the standardized return on plan assets is calculated by multiplying plan assets at the beginning of the year with the discount rate used for existing obligations at the beginning of the year, taking into account benefit and contribution payments made during the year.

Returns on assets which exceeded the discount rate and the increase in the discount rate in the U.S. dollar zone led to positive remeasurements amounting to €394 million in the first quarter of 2013. These were recognized in other comprehensive income, taking into account deferred taxes of €94 million. These valuation effects were also mainly responsible for the €327 million decline in pension provisions.

## 15 – Other provisions

Development of other provisions from January 1 through March 31, 2013 (million €)

	Jan. 1, 2013	Additions	Accrued interest	Utilization	Reversals	Other changes	Mar. 31, 2013
Restoration obligations	748	37	8	(4)	–	1	790
Environmental protection and remediation costs	617	24	1	(19)	(1)	13	635
Employee obligations	1,905	413	2	(318)	(45)	34	1,991
Sales and purchase risks	635	233	–	(64)	(13)	21	812
Restructuring measures	198	18	–	(28)	(1)	(7)	180
Litigation, damage claims, guarantees and similar commitments	171	6	–	(4)	(1)	7	179
Other	1,279	114	–	(80)	(7)	(8)	1,298
<b>Total</b>	<b>5,553</b>	<b>845</b>	<b>11</b>	<b>(517)</b>	<b>(68)</b>	<b>61</b>	<b>5,885</b>

On March 31, 2013, other provisions had increased by €332 million compared with year-end 2012. This rise is particularly attributable to the recognition of new short-term provisions for rebates and other obligations from sales transactions which exceeded the utilization of provisions from the previous year. Moreover, there was also an increase in short-term provisions for employee obligations. Additions were made to provisions for employee obligations pertaining to variable compensation for the current reporting year. These exceeded the utilization of

provisions for the previous year, since variable compensation for 2012 will be mostly paid out in the second quarter of 2013. This was counterbalanced by the partial reversal of the provision for the long-term incentive program. Other provisions include long-term tax provisions, as well as further present obligations and accruals.

The increase resulting from other changes was largely due to currency effects.

## 16 – Liabilities

Liabilities (million €)

	March 31, 2013		March 31, 2012		Dec. 31, 2012	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
<b>Accounts payable, trade</b>	<b>4,558</b>	<b>-</b>	<b>5,486</b>	<b>-</b>	<b>4,502</b>	<b>-</b>
Bonds and other liabilities to the capital market	1,955	8,846	2,977	7,345	2,736	7,657
Liabilities to credit institutions	1,423	1,061	1,096	1,238	1,358	1,047
<b>Financial indebtedness</b>	<b>3,378</b>	<b>9,907</b>	<b>4,073</b>	<b>8,583</b>	<b>4,094</b>	<b>8,704</b>
<b>Tax liabilities</b>	<b>1,118</b>	<b>-</b>	<b>1,393</b>	<b>-</b>	<b>870</b>	<b>-</b>
Advances received on orders	172	-	202	-	266	-
Negative fair values from derivatives and liabilities for precious metal obligations	407	180	333	193	203	238
Liabilities related to social security	150	24	148	25	148	17
Miscellaneous liabilities	2,331	630	1,769	755	1,807	787
Deferred income	84	180	206	217	199	69
<b>Other liabilities</b>	<b>3,144</b>	<b>1,014</b>	<b>2,658</b>	<b>1,190</b>	<b>2,623</b>	<b>1,111</b>

Financial indebtedness (million €)

	Nominal value (million, in issuing currency)	Effective interest rate	Carrying amounts based on effective interest method		
			March 31, 2013	Dec. 31, 2012	March 31, 2012
3.375% Euro Bond 2005/2012 of BASF SE	1,400	3.42%	-	-	1,400
3.75% Euro Bond 2009/2012 of BASF SE	1,350	3.97%	-	-	1,354 <sup>1</sup>
4.5% Euro Bond 2006/2016 of BASF SE	500	4.62%	498	498	498
4.25% Euro Bond 2009/2016 of BASF SE	200	4.40%	199	199	199
5.875% GBP Bond 2009/2017 of BASF SE	400	6.04%	470	487	476
4.625% Euro Bond 2009/2017 of BASF SE	300	4.69%	299	299	299
Floating Rate Note 2013/2018 of BASF SE	300	variable	300	-	-
1.5% Euro Bond 2012/2018 of BASF SE	750	1.63%	745	745	-
1.875% Euro Bond 2013/2021 of BASF SE	500	2.03%	494	-	-
2% Euro Bond 2012/2022 of BASF SE	1,000	2.16%	986	986	-
3% Euro Bond 2013/2033 of BASF SE	200	3.12%	197	-	-
3.25% Euro Bond 2013/2043 of BASF SE	200	3.27%	199	-	-
6% Euro Bond 2008/2013 of BASF Finance Europe N.V.	1,250	6.15%	1,249	1,248	1,247
5% Euro Bond 2007/2014 of BASF Finance Europe N.V.	1,000	5.09%	999	999	998
5% Euro Bond 2007/2014 of BASF Finance Europe N.V.	250	4.83%	251	251	251
3.625% CHF Bond 2008/2015 of BASF Finance Europe N.V.	200	3.77%	164	165	165
5.125% Euro Bond 2009/2015 of BASF Finance Europe N.V.	1,500	5.30%	1,495	1,494	1,492
5.125% Euro Bond 2009/2015 of BASF Finance Europe N.V.	500	4.38%	508	508	511
4.5% Euro Bond 2009/2016 of BASF Finance Europe N.V.	150	4.56%	150	150	150
3.25% CHF Bond 2006/2012 of Ciba Spezialitätenchemie Finanz AG	225	3.32%	-	-	186
4.875% Euro Bond 2003/2018 of Ciba Spec. Chem. Finance Luxemburg S.A.	477	4.88%	420	418	411
USD Commercial Paper	650		507	1,288	37
Other bonds			671	659	648
<b>Bonds and other liabilities of the capital market</b>			<b>10,801</b>	<b>10,394</b>	<b>10,322</b>
Liabilities to credit institutions			2,484	2,404	2,334
<b>Financial indebtedness</b>			<b>13,285</b>	<b>12,798</b>	<b>12,656</b>

<sup>1</sup> Interest rate swaps were performed in July 2011 to hedge against interest rate risks for the 3.75% Euro Bond of BASF SE. Fair value hedge accounting was applied in this context, resulting in an adjustment of the carrying amount of the bond by €6 million on March 31, 2012.

## 17 – Related-party transactions

The BASF Group maintains relationships with several related parties over which it exercises material or significant influence, or which are controlled by the Group but are not consolidated due to their minor significance. The following table shows the scope of the Group's transactions with related parties.

### Sales to related parties (million €)

	1st quarter 2013	1st quarter 2012
Non-consolidated subsidiaries	199	180
Joint ventures	158	175
Joint operations	109	95
Associated companies and other participations	764	812

For joint arrangements, a distinction is made between joint ventures and joint operations (see also Note 1).

A significant portion of joint venture sales pertained to Wintershall Erdgas Handelshaus GmbH & Co. KG, Berlin; these amounted to €60 million in the first quarter of 2013 compared with €109 million in the previous first quarter.

Substantial sales to associated companies and other participations are attributable to the Styrolution Group. Sales to Styrolution Group companies amounted to €620 million in the first quarter of 2013 compared with €589 million in the first quarter of 2012.

There were no reportable related-party transactions with members of the Board of Executive Directors or the Supervisory Board and their related parties during the reporting period.

### Trade accounts receivable from / trade accounts payable to related parties (million €)

	Accounts receivable, trade		Accounts payable, trade	
	March 31, 2013	Dec. 31, 2012	March 31, 2013	Dec. 31, 2012
Non-consolidated subsidiaries	207	178	47	64
Joint ventures	113	109	510	172
Joint operations	38	57	55	55
Associated companies and other participations	306	268	51	34

## Calculation of Adjusted Earnings per Share

Million €	1st Quarter		
	2013	2012	
Income before taxes and minority interests	2,043	2,440	
Special items	(10)	(588)	
Amortization of intangible assets	153	148	
Amortization of intangible assets contained in the special items	–	–	
<b>Adjusted income before taxes and minority interests</b>	<b>2,186</b>	<b>2,000</b>	
Adjusted income taxes	557	491	
<b>Adjusted income before minority interests</b>	<b>1,629</b>	<b>1,509</b>	
Adjusted minority interests	99	95	
<b>Adjusted net income</b>	<b>1,530</b>	<b>1,414</b>	
Weighted average number of outstanding shares	in thousands	918,479	918,479
<b>Adjusted earnings per share</b>	<b>€</b>	<b>1.67</b>	<b>1.54</b>

Earnings per share adjusted for special items and amortization of intangible assets has become an internationally established key figure that can be compared over the course of time and is particularly suitable for forecasts of future earnings.

Special items are primarily the result of the integration of acquired businesses, restructuring measures, impairment losses, and gains or losses resulting from divestitures and sales of participations. These involve expenses and income that do not arise in conjunction with ordinary business activities.

Intangible assets primarily result from the purchase price allocation following acquisitions. The amortization of intangible assets is therefore of a temporary nature.

The calculation of earnings per share in accordance with the International Financial Reporting Standards (IFRS) is presented in the Notes on page 29. Adjusted income before taxes and minority interests, adjusted net income and adjusted earnings per share are key ratios that are not defined under IFRS. They should not be viewed in isolation, but rather treated as supplementary information.



**Forward-Looking Statements**

This report 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 prove to 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. Such factors include those discussed from pages 107 to 115 in the BASF Report 2012. The BASF Report can be found online at: [basf.com/report](http://basf.com/report). We do not assume any obligation to update the forward-looking statements contained in this report.

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Interim Report 1st Half 2013

# July 25, 2013

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Interim Report 3rd Quarter 2013

# Oct. 25, 2013

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Full-Year Results 2013

# Feb. 25, 2014

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Annual Shareholders' Meeting 2014 / Interim Report 1st Quarter 2014

# May 2, 2014

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## Further Information

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