



We create chemistry

Quarterly Statement 1st Quarter 2018

BASF Group posts earnings growth in first quarter of 2018

- Sales down 1% to €16.6 billion due to currency effects
- EBIT before special items increased by 2% to €2.5 billion
- Outlook for 2018 confirmed

Key Figures

BASF Group 1st Quarter 2018

		1st quarter		
		2018	2017	Change in %
Sales	million €	16,646	16,857	(1)
Income from operations before depreciation, amortization and special items	million €	3,439	3,507	(2)
Income from operations before depreciation and amortization (EBITDA)	million €	3,448	3,502	(2)
Amortization and depreciation ¹	million €	927	1,051	(12)
Income from operations (EBIT)	million €	2,521	2,451	3
Special items	million €	9	(6)	.
EBIT before special items	million €	2,512	2,457	2
Financial result	million €	(186)	(152)	(22)
Income before taxes and minority interests	million €	2,335	2,299	2
Net income	million €	1,679	1,709	(2)
EBIT after cost of capital	million €	1,120	987	13
Earnings per share	€	1.83	1.86	(2)
Adjusted earnings per share	€	1.93	1.97	(2)
Research and development expenses	million €	428	424	1
Personnel expenses	million €	2,616	2,641	(1)
Number of employees (March 31)		115,770	113,873	2
Assets (March 31)	million €	80,453	79,074	2
Investments including acquisitions ²	million €	666	806	(17)
Equity ratio (March 31)	%	45.2	43.7	3
Net debt (March 31)	million €	10,482	14,933	(30)
Cash flows from operating activities	million €	1,231	833	48
Free cash flow	million €	604	66	.

¹ Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

² Additions to intangible assets and property, plant and equipment

Contents

Business Review

BASF Group	3
Significant Events	3
Results of Operations, Net Assets, Financial Position	3, 4, 4
Outlook	5
Chemicals	6
Performance Products	7
Functional Materials & Solutions	9
Agricultural Solutions	11
Oil & Gas	12
Other	13
Regions	14

Selected Financial Data

Statement of Income	15
Balance Sheet	16
Statement of Cash Flows	17

Business Review

BASF Group 1st Quarter 2018

Significant Events

On April 26, 2018, BASF and Bayer announced that they have signed an agreement on the acquisition of additional businesses and assets by BASF, which Bayer offered to divest in the context of its planned acquisition of Monsanto. The expanded scope includes Bayer's entire vegetable seeds business, operating under the global trademark Nunhems®, as well as seed treatment products sold under the Poncho®, VOTIVO®, COPeO® and ILeVO® brands. The transaction also includes the R&D platform for hybrid wheat, the digital farming platform xarvio™ and further businesses and research projects.

On October 13, 2017, BASF had signed an agreement on the acquisition of the global glufosinate-ammonium non-selective herbicide business, the seeds businesses for key row crops in select markets and trait research and breeding capabilities for these crops along with the LibertyLink® trait and trademark.

The transactions, with combined 2017 sales of €2.2 billion and combined 2016 sales of €2.0 billion, complement BASF's crop protection business and biotechnology activities, adding new capabilities and opportunities for growth and innovation. The all-cash purchase price amounts to a total of €7.6 billion,

subject to certain adjustments at closing. In 2016, the combined businesses generated EBITDA of €550 million (on a pro forma adjusted basis). The transactions remain subject to the closing of Bayer's acquisition of Monsanto, expected in the second quarter of 2018, and approval by the relevant merger control authorities.

On May 3, 2018, BASF and Solenis announced that they have signed an agreement to join forces by combining BASF's paper wet-end and water chemicals business with Solenis. Solenis is a global producer of specialty chemicals for water intensive industries. The combined business with pro forma sales of around €2.4 billion and around 5,000 employees in 2017 aims to deliver additional value for paper and water treatment customers. The goal is to create a customer-focused global solutions provider for the industry. BASF will hold a 49% share of the combined entity that will operate under the Solenis name and be headquartered in Wilmington, Delaware. 51% of the shares will be held by funds managed by Clayton, Dubilier & Rice. Pending approval by the relevant authorities, closing is anticipated for the end of 2018 at the earliest.

Results of Operations

Sales declined by €211 million compared with the first quarter of 2017 to €16,646 million. This was attributable to significantly negative currency effects in all segments. Higher sales prices, especially in the Functional Materials & Solutions and Chemicals segments, and increased volumes had a positive impact on sales. All segments except Performance Products recorded volumes growth.

Factors influencing BASF Group sales, 1st quarter 2018

Volumes	2%	
Prices	5%	
Portfolio	0%	
Currencies	(8%)	
Sales	(1%)	

Income from operations (EBIT) before special items¹ rose by €55 million to €2,512 million, mainly due to the significant improvement in contributions from the Chemicals and Oil & Gas segments. EBIT before special items declined slightly in the Performance Products segment, and decreased considerably in the Functional Materials & Solutions and Agricultural Solutions segments.

Special items in EBIT totaled €9 million in the first quarter of 2018, compared with minus €6 million in the prior-year quarter. Special income from divestitures, particularly in the Oil & Gas segment, exceeded special charges, which included restructuring measures and integration costs.

EBIT² rose by €70 million as against the first quarter of 2017 to €2,521 million.

Compared with the prior-year quarter, **income from operations before depreciation, amortization and special items (EBITDA before special items)³** decreased by €68 million to €3,439 million and **EBITDA³** by €54 million to €3,448 million.

EBITDA before special items, 1st quarter (million €)

	2018	2017
EBIT	2,521	2,451
- Special items	9	(6)
EBIT before special items	2,512	2,457
+ Depreciation, amortization and valuation allowances on property, plant and equipment and intangible assets before special items	927	1,050
EBITDA before special items	3,439	3,507

¹ For an explanation of this indicator, see page 28 of the BASF Report 2017.

² The calculation of income from operations (EBIT) is shown in the Statement of Income on page 15.

³ For an explanation of this indicator, see page 54 of the BASF Report 2017.

EBITDA, 1st quarter (million €)

	2018	2017
EBIT	2,521	2,451
+ Depreciation, amortization and valuation allowances on property, plant and equipment and intangible assets	927	1,051
EBITDA	3,448	3,502

The **financial result** declined by €34 million year on year to minus €186 million. This was primarily attributable to the lower other financial result from higher hedging expenses. The improvement in the interest result and net income from shareholdings had an offsetting effect.

Income before taxes and minority interests rose by €36 million to €2,335 million. The tax rate increased from 22.9% to 24.7%, mainly as a result of higher earnings contributions from companies in countries with a high tax rate such as Norway.

Net income declined by €30 million to €1,679 million.

Earnings per share were €1.83 in the first quarter of 2018, compared with €1.86 in the prior-year period. **Earnings per share adjusted¹** for special items and amortization of intangible assets amounted to €1.93 (first quarter of 2017: €1.97).

Adjusted earnings per share, 1st quarter (million €)

	2018	2017
Income before taxes and minority interests	2,335	2,299
- Special items	9	(6)
+ Amortization and valuation allowances on intangible assets	134	141
- Amortization and valuation allowances on intangible assets contained in special items	-	-
Adjusted income before taxes and minority interests	2,460	2,446
- Adjusted income taxes	609	578
Adjusted income before minority interests	1,851	1,868
- Adjusted minority interests	79	63
Adjusted net income	1,772	1,805
Weighted average number of outstanding shares	918,479	918,479
Adjusted earnings per share	€ 1.93	€ 1.97

Net Assets

Total assets rose by €1,685 million as against the end of 2017, from €78,768 million to €80,453 million. At €46,728 million, **noncurrent assets** were down €895 million on the figure as of December 31, 2017, largely due to currency effects, while **current assets** rose by €2,580 million.

This was mainly attributable to higher receivables and cash and cash equivalents, which were primarily increased with a view to payment of the purchase prices for the planned acquisitions.

Financial Position

Compared with December 31, 2017, **equity** increased from €34,756 million to €36,387 million. The equity ratio rose from 44.1% to 45.2%.

Noncurrent liabilities declined from €29,132 million to €27,765 million. This was largely attributable to the €765 million decrease in noncurrent financial indebtedness following the reclassification of a eurobond with a carrying amount of €750 million from noncurrent to current financial indebtedness. In addition, provisions for pensions and similar obligations

decreased by €458 million, mainly as a result of actuarial gains from higher discount rates.

Current liabilities rose from €14,880 million to €16,301 million due, among other factors, to higher current financial indebtedness, other liabilities and tax liabilities. The €524 million increase in current financial indebtedness primarily reflected the above reclassification, which was partially offset by the scheduled repayment of a eurobond with a carrying amount of €300 million.

¹ For an explanation of this indicator, see page 54 of the BASF Report 2017.

Overall, **financial indebtedness** decreased by €241 million to €17,791 million. **Net debt**¹ declined by €1,003 million as against December 31, 2017, to €10,482 million.

Net debt (million €)

	Mar. 31, 2018	Dec. 31, 2017
Noncurrent financial indebtedness	14,770	15,535
+ Current financial indebtedness	3,021	2,497
Financial indebtedness	17,791	18,032
– Marketable securities	36	52
– Cash and cash equivalents	7,273	6,495
Net debt	10,482	11,485

In the first quarter of 2018, **cash flows from operating activities** amounted to €1,231 million, €398 million above the figure for the prior-year quarter. This was primarily attributable to the lower level of cash tied up in net working capital, largely in receivables. The main offsetting factors were lower amortization and depreciation of intangible assets and property, plant and equipment.

Cash flows from investing activities amounted to minus €634 million in the first quarter of 2018, compared with minus €1,215 million in the prior-year quarter. This was mainly due to the year-on-year decline in additions to other financing-related receivables. Furthermore, at €627 million, payments made for property, plant and equipment and intangible assets were down €140 million on the figure for the first quarter of 2017.

Cash flows from financing activities amounted to €201 million in the first quarter of 2018, compared with €831 million in the prior-year quarter. The year-on-year decrease was largely the result of lower net additions to financial and similar liabilities, with additions and repayments both down on

the prior-year level. Payments of around €0.8 billion were received in the first quarter of 2018, mainly from hedging transactions and the increase in liabilities to credit institutions. In the prior-year quarter, we issued bonds with an aggregate nominal value of €1.9 billion. The above repayment of the eurobond with a carrying amount of €300 million in the current year contrasted with the repayment of bonds with a carrying amount of €767 million and the scaling back of BASF SE's commercial paper program by €420 million in the prior-year quarter.

Free cash flow rose from €66 million in the prior-year quarter to €604 million. Both the higher cash flows from operating activities and the lower payments made for property, plant and equipment and intangible assets contributed to the increase.

Free cash flow, 1st quarter (million €)

	2018	2017
Cash flows from operating activities	1,231	833
– Payments made for property, plant and equipment and intangible assets	627	767
Free cash flow	604	66


Our **ratings** have remained unchanged since the publication of the BASF Report 2017. Rated “A1/P-1/outlook stable” by Moody's, “A/A-1/outlook stable” by Standard & Poor's and “A/S-1/outlook stable” by Scope, BASF enjoys good credit ratings, especially compared with competitors in the chemical industry. These ratings were most recently confirmed by Moody's on December 19, 2017, by Standard & Poor's on October 18, 2017, and by Scope on March 6, 2018.

Outlook

Our expectations for the **global economic environment in 2018** remain unchanged:


- Growth in gross domestic product: 3.0%
- Growth in industrial production: 3.2%
- Growth in chemical production: 3.4%
- Average euro/dollar exchange rate of \$1.20 per euro
- Average Brent blend oil price for the year of \$65 per barrel

Overall, the **statements on opportunities and risks** made in the BASF Report 2017 continue to apply.

 For more detailed information, see the Opportunities and Risks Report on pages 111 to 118 of the BASF Report 2017

We are confirming the **sales and earnings forecast**² for the BASF Group made in the BASF Report 2017:

- Slight sales growth
- Slight increase in EBIT before special items
- Slight decline in EBIT
- Significant premium on cost of capital with considerable decline in EBIT after cost of capital³

 For more information, see the Outlook 2018 on page 122 of the BASF Report 2017

¹ For an explanation of this indicator, see page 58 of the BASF Report 2017.

² For sales, “slight” represents a change of 1–5%, while “considerable” applies to changes of 6% and higher. “At prior-year level” indicates no change (+/–0%). For earnings, “slight” means a change of 1–10%, while “considerable” is used for changes of 11% and higher. “At prior-year level” indicates no change (+/–0%).

³ For an explanation of this indicator, see page 28 of the BASF Report 2017.

Chemicals

Segment data Chemicals (million €)

	2018	1st quarter	
		2017	Change in %
Sales to third parties	4,286	4,105	4
of which Petrochemicals	1,779	1,654	8
Monomers	1,723	1,699	1
Intermediates	784	752	4
Income from operations before depreciation and amortization (EBITDA)	1,386	1,239	12
Amortization and depreciation ¹	260	265	(2)
Income from operations (EBIT)	1,126	974	16
Special items	(8)	16	.
EBIT before special items	1,134	958	18
Assets (March 31)	13,141	13,468	(2)
Investments including acquisitions ²	191	183	4
Research and development expenses	31	29	7

¹ Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

² Additions to intangible assets and property, plant and equipment

1st Quarter 2018

Sales in the Chemicals segment slightly exceeded the figure for the prior-year quarter. This was largely due to higher prices in the Monomers and Intermediates divisions as well as volumes growth in the Petrochemicals division. Sales were however significantly weighed down by currency effects, mainly relating to the U.S. dollar. We considerably increased income from operations (EBIT) before special items compared with the first quarter of 2017 as a result of higher margins and volumes.

Factors influencing sales, Chemicals 1st quarter 2018

Volumes	3%	
Prices	8%	
Portfolio	0%	
Currencies	(7%)	
Sales	4%	

Petrochemicals

The Petrochemicals division posted considerable year-on-year sales growth. This was driven by strong demand in Europe, which we were able to meet since the supply of raw materials through the North Harbor was no longer restricted, enabling higher plant capacity utilization in Ludwigshafen, Germany. Sales were dampened by negative currency effects. EBIT before special items was down considerably on the strong prior-year figure, primarily due to lower margins. Significantly lower steam cracker margins in all regions contrasted with higher margins for acrylic monomers, plasticizers and oxo alcohols, particularly in Europe.

Monomers

We recorded slight sales growth in the Monomers division compared with the first quarter of 2017. This was attributable to higher prices, especially for isocyanates and polyamides. By contrast, currency effects had a negative impact on sales. Sales volumes also declined significantly as a result of plant shutdowns. EBIT before special items rose considerably. This was mainly due to higher margins, in particular for isocyanates.

Intermediates

In the Intermediates division, sales rose slightly as against the prior-year quarter on the back of higher prices and volumes. We achieved higher prices, particularly for butanediol and derivatives as well as acids and polyalcohols. Volumes rose in Asia and Europe, while our delivery capabilities in North America were negatively impacted by weather-related plant shutdowns at the beginning of 2018, especially in the butanediol value chain. Sales were dampened by currency effects and the sale of the Evans City site in Pennsylvania in 2017. EBIT before special items rose considerably due to improved margins.

Performance Products

Segment data Performance Products (million €)

	1st quarter		
	2018	2017	Change in %
Sales to third parties	3,991	4,260	(6)
of which Dispersions & Pigments	1,324	1,399	(5)
Care Chemicals	1,305	1,362	(4)
Nutrition & Health	424	486	(13)
Performance Chemicals	938	1,013	(7)
Income from operations before depreciation and amortization (EBITDA)	694	714	(3)
Amortization and depreciation ¹	212	215	(1)
Income from operations (EBIT)	482	499	(3)
Special items	12	(16)	.
EBIT before special items	470	515	(9)
Assets (March 31)	14,434	15,404	(6)
Investments including acquisitions ²	124	213	(42)
Research and development expenses	91	93	(2)

¹ Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

² Additions to intangible assets and property, plant and equipment

1st Quarter 2018

Sales in the Performance Products segment declined considerably year on year. This was primarily attributable to negative currency effects in all divisions, mainly relating to the U.S. dollar. Sales were also reduced by lower volumes in the Nutrition & Health and Care Chemicals divisions as well as portfolio effects. We raised sales prices and, adjusted for currency effects, increased the average margin compared with the prior-year quarter. Income from operations (EBIT) before special items nevertheless declined slightly, largely as a result of negative currency effects.

Factors influencing sales, Performance Products 1st quarter 2018

Volumes	(1%)	
Prices	2%	
Portfolio	(1%)	
Currencies	(6%)	
Sales	(6%)	

Dispersions & Pigments

In the Dispersions & Pigments division, sales were slightly lower than in the prior-year quarter, mainly as a result of negative currency effects. The divestiture of the production site for styrene butadiene-based paper dispersions in Pischelsdorf, Austria, also reduced sales slightly. By contrast, sales were positively impacted by higher sales volumes in the dispersions, electronic materials, pigments and resins businesses. EBIT before special items was considerably below the figure for the first quarter of 2017, primarily due to currency effects.

Care Chemicals

Sales in the Care Chemicals division declined slightly as against the prior-year quarter. This was mainly attributable to significantly negative currency effects. Slightly lower sales volumes, especially for oleochemical surfactants and fatty alcohols, also reduced sales. Higher sales prices in all business areas had an offsetting effect. EBIT before special items rose slightly compared with the first quarter of 2017 as a result of lower fixed costs.

Nutrition & Health

In the Nutrition & Health division, sales were considerably below the figure for the prior-year quarter, largely due to lower volumes. Sales volumes declined, primarily because of the low availability of citral-based products. On October 31, 2017, a fire occurred during startup of the citral plant in Ludwigshafen, Germany. As a result, we had to declare Force Majeure for all citral and isoprenol-based aroma ingredients, and consequently for vitamin A, vitamin E and several carotenoid products. Sales were also weighed down by negative currency effects. By contrast, prices rose significantly, especially in the animal nutrition business. EBIT before special items declined slightly compared with the first quarter of 2017 due to the lower sales volumes.

Performance Chemicals

Sales in the Performance Chemicals division declined considerably year on year. This was primarily attributable to negative currency effects. Sales were also reduced by the transfer of BASF's leather chemicals business to the Stahl group. By contrast, prices – in particular for fuel, lubricant and plastic additives – trended slightly upward. Volumes were on a level with the prior-year quarter. EBIT before special items was down considerably on the prior-year quarter, mainly as a result of negative currency effects.

Functional Materials & Solutions

Segment data Functional Materials & Solutions (million €)

		1st quarter	
	2018	2017	Change in %
Sales to third parties	5,139	5,198	(1)
of which Catalysts	1,736	1,689	3
Construction Chemicals	544	560	(3)
Coatings	940	999	(6)
Performance Materials	1,919	1,950	(2)
Income from operations before depreciation and amortization (EBITDA)	492	688	(28)
Amortization and depreciation ¹	167	167	–
Income from operations (EBIT)	325	521	(38)
Special items	(8)	(10)	20
EBIT before special items	333	531	(37)
Assets (March 31)	17,096	17,730	(4)
Investments including acquisitions ²	128	163	(21)
Research and development expenses	104	99	5

¹ Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

² Additions to intangible assets and property, plant and equipment

1st Quarter 2018

Sales in the Functional Materials & Solutions segment were slightly lower than in the prior-year quarter. This was due to negative currency effects, which could not be completely offset by higher prices and slight volumes growth. Income from operations (EBIT) before special items declined considerably as a result of lower margins and higher fixed costs.

Factors influencing sales, Functional Materials & Solutions 1st quarter 2018

Volumes	1%	
Prices	6%	
Portfolio	0%	
Currencies	(8%)	
Sales	(1%)	

Catalysts

Sales in the Catalysts division rose slightly, primarily due to significantly higher prices. Higher volumes in precious metal trading as well as in the chemical and refining catalysts and battery materials businesses contributed to the sales increase. Currency effects in particular had a negative impact on sales. In precious metal trading, sales increased to €685 million (first quarter of 2017: €627 million), mainly as a result of higher prices. EBIT before special items declined considerably due, among other factors, to negative currency effects.

Construction Chemicals

The Construction Chemicals division recorded a slight year-on-year decline in sales. This was attributable to negative currency effects. Higher volumes and portfolio effects lifted sales slightly, while prices were on a level with the prior-year quarter. We increased sales in Europe thanks in particular to higher volumes in the admixture systems business. Negative currency effects reduced sales in Asia and in the region South America, Africa, Middle East, despite volumes growth. Currency effects were also the main driver behind the sales decline in North America. EBIT before special items was down considerably on the prior-year quarter, largely as a result of higher raw materials prices.

Coatings

In the Coatings division, sales declined considerably as against the first quarter of 2017. This was due to negative currency effects, which could only be partially offset by higher volumes. We recorded slight volumes growth for automotive OEM coatings, surface treatments and automotive refinish coatings, while sales volumes of decorative paints declined slightly. EBIT before special items declined considerably compared with the prior-year quarter, primarily due to lower margins resulting from negative currency effects and higher raw materials prices.

Performance Materials

Sales in the Performance Materials division were down slightly on the first quarter of 2017, mainly due to currency effects. Declining volumes also had a dampening effect on sales, particularly in the styrene foams business as a result of plant maintenance. Our price increases were only able to partially offset the higher raw materials prices. EBIT before special items declined considerably year on year as a result of lower margins and higher fixed costs due to the maintenance mentioned above and the startup of new plants.

Agricultural Solutions

Segment data Agricultural Solutions (million €)

	1st quarter		
	2018	2017	Change in %
Sales to third parties	1,728	1,855	(7)
Income from operations before depreciation and amortization (EBITDA)	481	595	(19)
Amortization and depreciation ¹	64	64	–
Income from operations (EBIT)	417	531	(21)
Special items	(6)	(2)	.
EBIT before special items	423	533	(21)
Assets (March 31)	8,869	10,012	(11)
Investments including acquisitions ²	34	36	(6)
Research and development expenses	117	109	7

¹ Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

² Additions to intangible assets and property, plant and equipment

1st Quarter 2018

Sales in the Agricultural Solutions segment declined considerably compared with the first quarter of 2017. This was primarily attributable to negative currency effects in all regions. Sales were also reduced by slightly lower prices in North America in particular. By contrast, we increased sales volumes. Business development in the Northern Hemisphere was dampened by the long and cold winter.

Factors influencing sales, Agricultural Solutions 1st quarter 2018

Volumes	3%	
Prices	(2%)	
Portfolio	0%	
Currencies	(8%)	
Sales	(7%)	

In **Europe**, sales were down slightly on the prior-year quarter, mainly as a result of negative currency effects. These could not be completely offset by slightly higher sales volumes, particularly in eastern Europe.

Sales in **North America** decreased considerably, largely due to strongly negative currency effects. Slightly lower prices for herbicides in particular also contributed to the sales decline.

Sales rose considerably in **Asia**. Significantly higher sales volumes, especially in Japan and China, more than offset the negative currency effects.

The region **South America, Africa, Middle East** saw slight sales growth, driven in particular by higher volumes of soy fungicides and sugarcane insecticides in Brazil. Sales were weighed down by negative currency effects.

Income from operations before special items was considerably lower than in the first quarter of 2017. This was mainly attributable to negative currency effects and higher fixed costs in areas such as production and research.

Oil & Gas

Segment data Oil & Gas (million €)

	2018	1st quarter	
		2017	Change in %
Sales to third parties	945	829	14
Income from operations before depreciation and amortization (EBITDA)	587	482	22
Amortization and depreciation ¹	195	313	(38)
Income from operations (EBIT)	392	169	132
Special items	27	(1)	.
EBIT before special items	365	170	115
Assets (March 31)	11,896	12,667	(6)
Investments including acquisitions ²	174	180	(3)
Research and development expenses	5	9	(44)
Exploration expenses	13	10	30
Net income	165	140	18

¹ Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

² Additions to intangible assets and property, plant and equipment

1st Quarter 2018

We recorded considerable year-on-year sales growth in the Oil & Gas segment. This was mainly due to price increases, as well as higher volumes from Norway and stronger trading volumes. The price of a barrel of Brent crude oil averaged \$67 in the first quarter of 2018 (first quarter of 2017: \$54). Gas prices on the European spot markets also rose significantly compared with the prior-year quarter. This was partially offset by currency effects, primarily relating to the U.S. dollar.

Factors influencing sales, Oil & Gas 1st quarter 2018

Volumes	11%	
Prices/currencies	3%	
Portfolio	0%	
Sales	14%	

Income from operations before special items also improved considerably. This was largely attributable to a higher earnings contribution from Norway due to lower depreciation as a result of higher reserves, as well as volumes growth. Higher oil and gas prices also contributed to the earnings increase. Net income rose considerably.

Other

Data on Other (million €)

		1st quarter	
	2018	2017	Change in %
Sales	557	610	(9)
Income from operations before depreciation and amortization (EBITDA)	(192)	(216)	11
Amortization and depreciation ¹	29	27	7
Income from operations (EBIT)	(221)	(243)	9
Special items	(8)	7	.
EBIT before special items	(213)	(250)	15
of which Costs for cross-divisional corporate research	(80)	(81)	1
Costs of corporate headquarters	(53)	(52)	(2)
Other businesses	(8)	5	.
Foreign currency results, hedging and other measurement effects	41	(31)	.
Miscellaneous income and expenses	(113)	(91)	(24)
Assets (March 31) ²	15,017	9,793	53
Investments including acquisitions ³	15	31	(52)
Research and development expenses	80	85	(6)

¹ Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

² Contains assets of businesses recognized under Other as well as reconciliation to assets of the BASF Group (see also the remarks on the BASF Group's assets on page 4)

³ Additions to intangible assets and property, plant and equipment

1st Quarter 2018

Sales in Other were down considerably on the prior-year quarter due, among other things, to lower sales of technical materials and workshop and engineering services. Income from operations before special items increased considerably, primarily as a result of valuation effects from our long-term incentive program.

Regions

Regions (million €)

	Sales Location of company			Sales Location of customer			Income from operations Location of company		
	2018	2017	Change in %	2018	2017	Change in %	2018	2017	Change in %
1st quarter									
Europe	8,523	8,332	2	8,048	7,920	2	1,580	1,421	11
of which Germany	5,349	5,235	2	2,254	2,208	2	633	825	(23)
North America	3,963	4,371	(9)	3,833	4,230	(9)	317	513	(38)
Asia Pacific	3,356	3,317	1	3,566	3,530	1	588	496	19
South America, Africa, Middle East	804	837	(4)	1,199	1,177	2	36	21	71
	16,646	16,857	(1)	16,646	16,857	(1)	2,521	2,451	3

1st Quarter 2018

Sales at companies located in **Europe** rose by 2% compared with the first quarter of 2017. This was primarily attributable to higher sales prices, particularly in the Chemicals, Oil & Gas and Functional Materials & Solutions segments. Higher volumes also contributed to sales growth. Sales in all segments were dampened by negative currency effects. At €1,580 million, income from operations (EBIT) exceeded the figure for the prior-year quarter by €159 million. This was due to considerable growth in both the Chemicals and Oil & Gas segments.

In **North America**, sales declined by 9% in euros, mainly as a result of negative currency effects in all segments. In local currency terms, sales were up 5% year on year. Sales were boosted by significantly higher prices. EBIT decreased by €196 million to €317 million due to lower contributions from all segments.

Sales in **Asia Pacific** rose by 11% in local currency terms and 1% in euros. Higher prices, especially in the Functional Materials & Solutions and Chemicals segments, and improved sales volumes in all segments more than compensated for the negative currency effects. We increased EBIT by €92 million to €588 million compared with the first quarter of 2017. This was largely attributable to the Chemicals and Performance Products segments.

In the region **South America, Africa, Middle East**, sales in euros were down 4% on the prior-year quarter due to negative currency effects in all segments. In local currency terms, sales rose by 13%. Higher prices and volumes growth had a positive impact on sales. At €36 million, EBIT exceeded the figure for the first quarter of 2017 by €15 million. This increase was driven by the Oil & Gas and Performance Products segments.

Selected Financial Data

Statement of Income

Statement of income (million €)

		1st quarter	
	2018	2017	Change in %
Sales revenue	16,646	16,857	(1)
Cost of sales	(11,259)	(11,482)	2
Gross profit on sales	5,387	5,375	0
Selling expenses	(1,988)	(2,017)	1
General administrative expenses	(344)	(343)	(0)
Research and development expenses	(428)	(424)	(1)
Other operating income	715	307	133
Other operating expenses	(909)	(598)	(52)
Income from companies accounted for using the equity method	88	151	(42)
Income from operations (EBIT)	2,521	2,451	3
Income from other shareholdings	12	10	20
Expenses from other shareholdings	(5)	(5)	-
Net income from shareholdings	7	5	40
Interest income	50	74	(32)
Interest expenses	(118)	(153)	23
Interest result	(68)	(79)	14
Other financial income	10	19	(47)
Other financial expenses	(135)	(97)	(39)
Other financial result	(125)	(78)	(60)
Financial result	(186)	(152)	(22)
Income before taxes and minority interests	2,335	2,299	2
Income taxes	(577)	(527)	(9)
Income before minority interests	1,758	1,772	(1)
Minority interests	(79)	(63)	(25)
Net income	1,679	1,709	(2)
Earnings per share			
Basic	€ 1.83	1.86	(2)
Diluted	€ 1.83	1.86	(2)

Balance Sheet

Assets (million €)

	Mar. 31, 2018	Mar. 31, 2017	Change in %	Dec. 31, 2017	Change in %
Intangible assets	13,316	15,091	(12)	13,594	(2)
Property, plant and equipment	24,863	26,104	(5)	25,258	(2)
Investments accounted for using the equity method	4,730	4,764	(1)	4,715	0
Other financial assets	535	618	(13)	606	(12)
Deferred tax assets	1,942	2,565	(24)	2,118	(8)
Other receivables and miscellaneous assets	1,342	1,257	7	1,332	1
Noncurrent assets	46,728	50,399	(7)	47,623	(2)
Inventories	10,357	10,218	1	10,303	1
Accounts receivable, trade	12,140	13,123	(7)	11,190	8
Other receivables and miscellaneous assets	3,919	3,457	13	3,105	26
Marketable securities	36	34	6	52	(31)
Cash and cash equivalents ¹	7,273	1,843	295	6,495	12
Current assets	33,725	28,675	18	31,145	8
Total assets	80,453	79,074	2	78,768	2

¹ For a reconciliation of the amounts in the statement of cash flows with the balance sheet item "cash and cash equivalents," see page 17.

Equity and liabilities (million €)

	Mar. 31, 2018	Mar. 31, 2017	Change in %	Dec. 31, 2017	Change in %
Subscribed capital	1,176	1,176	–	1,176	–
Capital surplus	3,117	3,130	0	3,117	–
Retained earnings	36,514	33,227	10	34,826	5
Other comprehensive income	(5,410)	(3,808)	(42)	(5,282)	(2)
Equity of shareholders of BASF SE	35,397	33,725	5	33,837	5
Minority interests	990	839	18	919	8
Equity	36,387	34,564	5	34,756	5
Provisions for pensions and similar obligations	5,835	7,590	(23)	6,293	(7)
Other provisions	3,398	3,660	(7)	3,478	(2)
Deferred tax liabilities	2,600	3,280	(21)	2,731	(5)
Financial indebtedness	14,770	14,309	3	15,535	(5)
Other liabilities	1,162	939	24	1,095	6
Noncurrent liabilities	27,765	29,778	(7)	29,132	(5)
Accounts payable, trade	4,726	4,882	(3)	4,971	(5)
Provisions	3,521	3,128	13	3,229	9
Tax liabilities	1,526	1,361	12	1,119	36
Financial indebtedness	3,021	2,501	21	2,497	21
Other liabilities	3,507	2,860	23	3,064	14
Current liabilities	16,301	14,732	11	14,880	10
Total equity and liabilities	80,453	79,074	2	78,768	2

Statement of Cash Flows

Statement of cash flows (million €)

	1st quarter	
	2018	2017
Net income	1,679	1,709
Amortization and depreciation of intangible assets and property, plant and equipment	927	1,051
Changes in net working capital	(1,345)	(1,985)
Miscellaneous items	(30)	58
Cash flows from operating activities	1,231	833
Payments made for property, plant and equipment and intangible assets	(627)	(767)
Acquisitions/divestitures	34	(22)
Financial assets and miscellaneous items	(41)	(426)
Cash flows from investing activities	(634)	(1,215)
Capital increases/repayments and other equity transactions	-	14
Changes in financial liabilities	220	811
Dividends	(19)	6
Cash flows from financing activities	201	831
Changes in cash and cash equivalents affecting liquidity	798	449
Cash and cash equivalents at the beginning of the period and other changes	6,475	1,394
Cash and cash equivalents at the end of the period	7,273	1,843

Half-Year Financial Report 2018

July 27, 2018

Quarterly Statement 3rd Quarter 2018

October 26, 2018

BASF Report 2018

February 26, 2019

Quarterly Statement 1st Quarter 2019 / Annual Shareholders' Meeting 2019

May 3, 2019

Half-Year Financial Report 2019

July 25, 2019

Forward-looking statements and forecasts

This quarterly statement contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. Such risk factors include those discussed in the Opportunities and Risks Report from page 111 to 118 of the BASF Report 2017. The BASF Report is available online at basf.com/report. We do not assume any obligation to update the forward-looking statements contained in this quarterly statement above and beyond the legal requirements.

Further information

Published on May 4, 2018

You can find this and other publications online at basf.com/publications

Contact

General inquiries

Headquarters, phone: +49 621 60-0

Media Relations

Jens Fey, phone: +49 621 60-99123

Investor Relations

Dr. Stefanie Wettberg, phone: +49 621 60-48002

Internet

basf.com

BASF SE, 67056 Ludwigshafen, Germany