



We create chemistry

Quarterly Statement Q3 2021

BASF with continued strong performance in Q3 2021

- Considerable sales growth of 42% to €19,669 million
- EBIT before special items increases significantly to €1,865 million
- 2021 outlook for sales raised to between €76 billion and €78 billion and for EBIT before special items to between €7.5 billion and €8.0 billion

Contents

On the cover:

Shaping the future of e-mobility: BASF is conducting research globally on innovative battery materials. Cathode active materials for high-performance lithium-ion batteries usually consist of mixed metal oxides. On the cover, the first step of synthesis is shown in which various metal salts are precipitated using sodium hydroxide. At the end of the reaction, the green solid matter is left to settle after which it is filtered, washed and dried. It is then calcined at more than 700 °C to form the final cathode active material.

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Key Figures

BASF Group Q3 2021

		Q3			January–September		
		2021	2020	+/-	2021	2020	+/-
Sales	Million €	19,669	13,811	42%	58,822	43,244	36%
Income from operations before depreciation, amortization and special items	Million €	2,771	1,542	80%	9,169	5,350	71%
Income from operations before depreciation and amortization (EBITDA)	Million €	2,729	1,044	161%	9,104	4,542	100%
EBITDA margin	%	13.9	7.6	–	15.5	10.5	–
Depreciation and amortization ^a	Million €	907	3,682	–75%	2,655	5,665	–53%
Income from operations (EBIT)	Million €	1,822	–2,638	.	6,449	–1,123	.
Special items	Million €	–43	–3,219	99%	–92	–3,570	97%
EBIT before special items	Million €	1,865	581	221%	6,541	2,447	167%
Income before income taxes	Million €	1,777	–2,786	.	6,213	–2,509	.
Income after taxes from continuing operations	Million €	1,424	–2,177	.	5,028	–2,184	.
Income after taxes from discontinued operations	Million €	–43	13	.	–43	49	.
Net income	Million €	1,253	–2,122	.	4,625	–2,115	.
Earnings per share	€	1.36	–2.31	.	5.03	–2.30	.
Adjusted earnings per share	€	1.56	0.60	160%	5.59	2.11	165%
Research and development expenses	Million €	523	518	1%	1,579	1,492	6%
Personnel expenses	Million €	2,654	2,590	2%	8,525	8,095	5%
Employees (September 30)		110,672	117,922	–6%	110,672	117,922	–6%
Assets (September 30)	Million €	86,102	86,973	–1%	86,102	86,973	–1%
Investments including acquisitions ^b	Million €	1,792	811	121%	3,168	3,601	–12%
Equity ratio (September 30)	%	47.2	39.8	–	47.2	39.8	–
Net debt (September 30)	Million €	16,680	15,702	6%	16,680	15,702	6%
Cash flows from operating activities	Million €	1,896	2,100	–10%	3,908	3,312	18%
Free cash flow	Million €	1,077	1,364	–21%	1,866	1,281	46%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)
^b Additions to property, plant and equipment and intangible assets

Business Review

BASF Group

Significant events

Following approval of the relevant antitrust authorities, BASF and Shanshan announced the formation of the BASF Shanshan Battery Materials Co., Ltd. joint venture on August 31, 2021. A corresponding agreement between the two partners was signed in May 2021. The newly formed entity is majority-owned by BASF (BASF 51%; Shanshan 49%). It has four sites in Hunan and Ningxia, China, with more than 1,600 employees. BASF Shanshan Battery Materials Co., Ltd. will focus primarily on the rapidly growing electric vehicle (EV) market while serving global consumer electronic and energy storage segments.

Following approval of the relevant authorities, BASF completed the purchase of 49.5% of Vattenfall's Hollandse Kust Zuid wind farm on September 1, 2021, which had been announced in June of this year. The purchase price amounts to €0.3 billion. Including BASF's contribution to fund wind farm construction, BASF's financial commitment totals around €1.6 billion. BASF intends to reduce its investment by selling shares to a financial co-investor. Wind farm construction began in July 2021. The offshore wind farm does not receive any subsidies for the power produced and is expected to become fully operational in 2023. It will then be the largest offshore wind farm in the world with a total installed capacity of 1.5 gigawatt.

Results of operations

At €19,669 million, **sales** were €5,858 million higher than in the prior-year quarter. Higher prices in all segments, especially in Chemicals, Surface Technologies and Materials, were the primary factors for this growth. It was also due to a significant increase in volumes in almost all segments. Currency effects had a slightly positive impact on sales. Negative portfolio effects, particularly in the Industrial Solutions segment following the sale of the global pigments business, had an offsetting effect.

Factors influencing BASF Group sales in Q3 2021

Volumes	6%	
Prices	36%	
Portfolio	-1%	
Currencies	1%	
Sales	42%	

Compared with the third quarter of 2020, **income from operations (EBIT) before special items¹** rose by €1,284 million to €1,865 million. This was mainly driven by the significantly higher EBIT before special items in the Chemicals segment. The significant earnings increases in the Materials and Industrial Solutions segments as well as in Other also drove earnings. By contrast, earnings contributions from the Agricultural Solutions, Surface Technologies and Nutrition & Care segments declined considerably.

Special items in EBIT amounted to -€43 million in the third quarter of 2021. Expenses resulted primarily from restructuring measures, divestitures and integration costs. Other income totaling €42 million had an offsetting effect. Special items in the previous year were -€3,219 million, mainly from impairments in all segments as well as restructuring measures.

EBIT² amounted to €1,822 million, considerably above the prior-year quarter (-€2,638 million). This figure includes income from integral companies accounted for using the equity method, which rose by €144 million to €200 million, due largely to the higher earnings contribution from BASF-YPC Company Ltd., Nanjing, China.

Compared with the third quarter of 2020, **income from operations before depreciation, amortization and special items (EBITDA before special items)³** increased by €1,229 million to €2,771 million and **EBITDA³** rose by €1,685 million to €2,729 million.

The €133 million improvement in **net income from shareholdings** was primarily attributable to the earnings contribution from Wintershall Dea AG amounting to €97 million (Q3 2020: -€3 million), as well as to the nonrecurrence of the earnings contribution from the non-integral equity-accounted shareholding in Solenis (Q3 2020: -€18 million), which has been classified as held for sale since July 2021.

The €30 million decrease in **financial result** compared with the prior-year quarter mainly reflected the €27 million decrease in other financial result owing largely to higher interest expenses on income taxes.

Q3 EBITDA before special items

Million €	2021	2020
EBIT	1,822	-2,638
- Special items	-43	-3,219
EBIT before special items	1,865	581
+ Depreciation and amortization before special items	891	948
+ Impairments and reversals of impairments on property, plant and equipment and intangible assets before special items	15	13
Depreciation, amortization, impairments and reversals of impairments on property, plant and equipment and intangible assets before special items	906	961
EBITDA before special items	2,771	1,542

Q3 EBITDA

Million €	2021	2020
EBIT	1,822	-2,638
+ Depreciation and amortization	891	948
+ Impairments and reversals of impairments on property, plant and equipment and intangible assets	16	2,734
Depreciation, amortization, impairments and reversals of impairments on property, plant and equipment and intangible assets	907	3,682
EBITDA	2,729	1,044

¹ For an explanation of this indicator, see page 33 onward of the BASF Report 2020, Value-Based Management

² The calculation of income from operations (EBIT) is shown in the Statement of Income on page 17 of this quarterly statement.

³ For an explanation of this indicator, see page 56 onward of the BASF Report 2020, Results of Operations

Q3 adjusted earnings per share

Million €

	2021	2020
Income after taxes	1,381	-2,164
- Special items	-43	-3,240
+ Amortization, impairments and reversals of impairments on intangible assets	156	979
- Amortization, impairments and reversals of impairments on intangible assets contained in special items	-	815
- Adjustments to income taxes	59	684
- Adjustments to income after taxes from discontinued operations	-43	-9
Adjusted income after taxes	1,564	565
- Adjusted noncontrolling interests	132	17
Adjusted net income	1,432	548
Weighted average number of outstanding shares	in thousands 918,479	918,479
Adjusted earnings per share	€ 1.56	0.60

Income before income taxes amounting to €1,777 million increased by €4,563 million compared with the third quarter of 2020, which had been significantly burdened by the aforementioned impairments. The tax rate was 19.9%.

Compared with the prior-year period, **income after taxes from continuing operations** rose by €3,601 million to €1,424 million. **Income after taxes from discontinued operations** amounting to -€43 million in the third quarter of 2021 resulted from expected purchase price adjustments for the divestiture of the construction chemicals business.

Income after taxes in the amount of €1,381 million included €1,253 million attributable to shareholders of BASF SE (Q3 2020: -€2,122 million). **Noncontrolling interests** amounted to €128 million compared with -€42 million in the prior-year period. The rise was due in particular to positive earnings contributions from

BASF TOTAL Petrochemicals LLC, Port Arthur, Texas, and from BASF Petronas Chemicals Sdn. Bhd., Petaling Jaya, Malaysia.

Earnings per share amounted to €1.36 in the third quarter of 2021 (Q3 2020: -€2.31). **Earnings per share adjusted¹** for special items and amortization of intangible assets amounted to €1.56 (Q3 2020: €0.60).

Net assets

Total assets were €86,102 million, which was €5,810 million higher than at the end of 2020.

Noncurrent assets increased by €1,154 million. This was positively affected by the €959 million from integral shareholdings accounted for using the equity method mainly due to positive after-tax earnings and the initial inclusion of the shareholdings in the Hollandse Kust Zuid wind farm. The value of property, plant and equipment was €917 million above the level as of December 31, 2020. This was due to positive currency effects, additions related to the formation of the BASF Shanshan Battery Materials Co., Ltd. joint venture, and investments exceeding depreciation by €192 million. The value of intangible assets rose by €391 million also mainly because of positive currency effects and additions related to the formation of the joint venture with Shanshan. The increase of €649 million in other receivables and miscellaneous assets resulted primarily from higher defined benefit assets and from derivatives with positive fair values. Deferred taxes decreased by €921 million due largely to lower pension provisions. The €773 million decline in the carrying amounts of non-integral shareholdings accounted for using the equity method compared with the end of last year resulted largely from the reclassification of the shareholding in Solenis to assets of disposal groups and from dividend payments by Wintershall Dea AG.

Current assets increased by €4,656 million to €34,524 million. This was mainly due to higher trade accounts receivable resulting from positive business performance and to increased inventories resulting from higher raw materials prices. Other receivables and miscellaneous assets rose by €1,507 million primarily due to higher positive fair values of derivatives and higher precious metal trading items. The decline in cash and cash equivalents had an offsetting effect. The assets of the disposal group as of September 30, 2021, included the shareholding in Solenis.

¹ For an explanation of this indicator, see page 56 onward of the BASF Report 2020, Results of Operations

Financial position

Equity rose by €6,216 million compared with December 31, 2020, to €40,614 million. Net income was a contributing factor. Dividend payments disbursed in the second quarter of 2021 in the amount of €3,031 million had an offsetting effect. The increase in other comprehensive income was especially a result of actuarial gains and translation effects. The equity ratio increased from 42.8% to 47.2%.

Noncurrent liabilities decreased by €4,448 million to €25,166 million primarily due to lower pension provisions resulting from higher interest rates. Furthermore, noncurrent financial indebtedness fell by €727 million largely because of the reclassification of two bonds and a loan to current financial indebtedness in the total amount of around €900 million. Exchange rates and interest had an offsetting effect.

Current liabilities as of the end of the third quarter of 2021 rose by €4,042 million compared with December 31, 2020, to €20,322 million. This was attributable in part to the €1,899 million rise in provisions associated primarily with higher provisions for rebates and bonus payments. Additionally, current financial indebtedness increased by €1,292 million through BASF SE's increased commercial paper balance and the previously mentioned reclassification of two bonds and a loan from noncurrent to current financial indebtedness. The scheduled repayment of a eurobond in the amount of around €1 billion had an offsetting effect. Trade accounts payable rose due to positive business performance.

Net debt¹ increased by around €2 billion compared with December 31, 2020, to €16,680 million.

Net debt

Million €	September 30, 2021	December 31, 2020
Noncurrent financial indebtedness	15,092	15,819
+ Current financial indebtedness	4,687	3,395
Financial indebtedness	19,779	19,214
– Marketable securities	200	207
– Cash and cash equivalents	2,899	4,330
Net debt	16,680	14,677

Cash flows from operating activities amounted to €1,896 million in the third quarter of 2021, €204 million below the figure for the prior-year quarter. Cash tied up in net working capital was the main reason for the decline. Increased inventories negatively affected operating cash flows by €1,107 million, following a slight decrease in inventories in the prior-year period. Cash released from the decline in trade accounts receivable did not completely offset this. Cash flows from operating activities were bolstered by higher net income: Taking into account lower depreciation and amortization, which had included high impairments in the prior-year quarter, cash flows from operating activities improved by €600 million.

Cash flows from investing activities were –€1,818 million and included net payments of €627 million made for acquisitions/divestitures, primarily in connection with the formation of the joint venture with Shanshan. Cash inflow from the disposal of the construction chemicals business in the amount of €2,692 million had led to overall positive cash flows from investing activities in the third quarter of 2020. Payments made for property, plant and equipment and intangible assets were €83 million above the prior-year figure at €819 million. Net payments made for financial assets and miscellaneous items totaled €372 million and related mainly to the acquisition of shares in the Hollandse Kust Zuid wind farm.

Cash flows from financing activities were almost balanced at –€56 million. The decrease in financial and similar liabilities in the prior-year quarter had led to negative cash flows from financing activities in the amount of –€3,889 million.

Free cash flow² was €1,077 million, which reflects a €287 million decrease from the figure from the prior-year quarter due primarily to lower cash flows from operating activities.

Q3 free cash flow

Million €	2021	2020
Cash flows from operating activities	1,896	2,100
– Payments made for property, plant and equipment and intangible assets	819	736
Free cash flow	1,077	1,364

BASF enjoys good credit **ratings**, especially compared with competitors in the chemical industry. Standard & Poor's last confirmed its long and short-term rating for BASF of A/A-1 and revised its outlook from negative to stable on July 16, 2021. Fitch most recently confirmed its rating for BASF of A/F1/outlook stable on June 11, 2021. Moody's rating of A3/P-2/outlook stable from February 12, 2021, also remained unchanged.

¹ For an explanation of this indicator, see page 63 onward of the BASF Report 2020, Financial position

² For an explanation of this indicator, see page 63 onward of the BASF Report 2020, Financial position

Outlook

The global economy continued to recover in the third quarter of 2021 following the sharp decline in economic activity in the previous year. However, growth momentum slowed compared with the previous quarter due to supply bottlenecks in many value chains of the manufacturing sector. Further pandemic-related disruptions in production and logistics in Asia intensified the scarcity of precursors worldwide. The global automotive industry was especially affected by a chip shortage that led to significant drops in production. In addition, power cuts in some provinces of China had a negative impact on production, especially in energy-intensive industries. Global demand for consumables and consumer durables remained stable despite the burden of rising energy prices on companies as well as on end users.

BASF assumes that supply bottlenecks will continue to negatively impact global economic recovery in the fourth quarter of 2021. The assessment of the **global economic environment** in 2021 has therefore been slightly adjusted (figures for industrial and chemical production rounded to the nearest half percentage point; previous forecast in parentheses):

- Growth in gross domestic product: +5.3% (+5.5%)
- Growth in industrial production: +6.0% (+6.5%)
- Growth in chemical production: +6.0% (+6.5%)
- Average euro/dollar exchange rate of \$1.20 per euro (unchanged)
- Average annual oil price (Brent crude) of \$70 per barrel (\$65 per barrel)

Based on the BASF Group's sustained good business performance and the anticipated continuation of solid demand, especially in the Chemicals and Materials segments, the forecast for the 2021 business year was raised in accordance with market expectations (previous forecast from the Half-Year Financial Report 2021 in parentheses):

- Sales growth to between €76 billion and €78 billion (between €74 billion and €77 billion)
- EBIT before special items of between €7.5 billion and €8.0 billion (between €7.0 billion and €7.5 billion)
- Return on capital employed (ROCE) of between 13.2% and 14.1% (between 12.1% and 12.9%)
- Increase in Accelerator sales to between €21.5 billion and €22.5 billion (between €21.0 billion and €22.0 billion)
- Stabilization of CO₂ emissions at between 20.5 million metric tons and 21.5 million metric tons (unchanged)

Our forecast assumes that severe restrictions on economic activity to contain the coronavirus pandemic, such as lockdowns, will not be reintroduced.

Due to the previously mentioned developments, BASF continues to expect extremely volatile markets and the resulting uncertainties in the fourth quarter of 2021. Risks arise from further increases in energy and raw materials prices as well as from a faster-than-expected decrease in prices, particularly in basic chemicals. Opportunities could arise if positive demand and margin development continue and if supply shortages are overcome more quickly than expected, particularly in chips for the automotive industry. According to the company's assessment, there continue to be no individual risks that pose a threat to the continued existence of the BASF Group. The same applies to the sum of individual risks, even in the case of another global economic crisis.

Chemicals

Q3 2021

Sales¹ in the Chemicals segment increased considerably compared with the third quarter of 2020. Both divisions recorded significant sales growth, especially Petrochemicals.

Factors influencing sales in Q3 2021 – Chemicals

	Chemicals	Petrochemicals	Intermediates
Volumes	12%	15%	8%
Prices	95%	114%	60%
Portfolio	0%	-1%	0%
Currencies	0%	-1%	2%
Sales	107%	127%	70%

Considerably higher price levels were a primary driver of sales performance. The rise in prices was largely due to strong demand alongside low product availability and higher raw materials prices. Prices rose in all business areas of both divisions. The Petrochemicals division raised them particularly for steam cracker products, styrene monomers and acrylic monomers. Prices in the Intermediates division were raised considerably, especially in the butanediol and derivatives business and in the acids and polyalcohols business.

Sales growth was supported by a considerable increase in volumes due to strong demand. Volumes in the Petrochemicals division grew mainly in steam cracker products and styrene monomers, while Intermediates increased volumes primarily in the acids and polyalcohols business and in the butanediol and derivatives business. The segment's sales volume development in the prior-year quarter had been significantly weighed down by the impact of the coronavirus

Segment data – Chemicals

Million €

	Q3			January–September		
	2021	2020	+/-	2021	2020	+/-
Sales to third parties	3,693	1,783	107%	9,848	5,924	66%
of which Petrochemicals	2,648	1,169	127%	7,052	3,981	77%
Intermediates	1,045	614	70%	2,796	1,943	44%
Income from operations before depreciation, amortization and special items	1,042	258	304%	2,947	865	241%
Income from operations before depreciation and amortization (EBITDA)	1,040	249	318%	2,986	845	253%
Depreciation and amortization ^a	190	753	-75%	550	1,197	-54%
Income from operations (EBIT)	850	-504	.	2,436	-352	.
Special items	-	-550	-	38	-570	.
EBIT before special items	850	46	.	2,398	218	.
Assets (September 30)	9,646	7,860	23%	9,646	7,860	23%
Investments including acquisitions ^b	248	169	47%	619	682	-9%
Research and development expenses	22	23	-4%	73	72	1%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

^b Additions to property, plant and equipment and intangible assets

pandemic and the unplanned outage at the steam cracker in Port Arthur, Texas.

Income from operations (EBIT) before special items¹ was considerably above the level of the prior-year quarter. This was mainly due to the significantly higher earnings contribution from Petrochemicals, resulting primarily from increased margins, higher volumes and improved income from shareholdings accounted for using the equity method. The Intermediates division also significantly increased EBIT before special items. The primary growth drivers were improved margins in the butanediol and derivatives business and increased income from shareholdings accounted for using the equity method.

The decline in special items in the third quarter of 2021 was due primarily to the special charges for impairments in the prior-year quarter.

¹ 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%).

Materials

Q3 2021

In the Materials segment, **sales** in both divisions increased considerably compared with the prior-year quarter.

Factors influencing sales in Q3 2021 – Materials

	Materials	Performance Materials	Monomers
Volumes	7%	10%	3%
Prices	41%	22%	63%
Portfolio	0%	0%	0%
Currencies	2%	1%	2%
Sales	50%	33%	68%

Sales growth was due mainly to significantly higher prices resulting from strong demand alongside low product availability and increased prices for raw materials. Production and supply chain disruptions associated with hurricanes in the United States and raw material shortages negatively impacted product market availability. The Monomers division achieved higher prices primarily in isocyanates and polyamides, while Performance Materials raised price levels mainly in polyurethane systems and engineering plastics.

A considerable increase in volumes due largely to strong demand contributed to sales growth. A primary driver was the higher volumes in the Performance Materials division, due mainly to increased sales volumes in the transportation and consumer goods industries. Monomers recorded volumes growth particularly in the isocyanates business.

Segment data – Materials

Million €

	Q3			January–September		
	2021	2020	+/-	2021	2020	+/-
Sales to third parties	3,973	2,657	50%	11,163	7,674	45%
of which Performance Materials	1,873	1,410	33%	5,417	4,012	35%
Monomers	2,100	1,247	68%	5,746	3,662	57%
Income from operations before depreciation, amortization and special items	832	439	90%	2,680	1,001	168%
Income from operations before depreciation and amortization (EBITDA)	822	430	91%	2,636	889	197%
Depreciation and amortization ^a	202	976	-79%	606	1,418	-57%
Income from operations (EBIT)	620	-546	.	2,030	-529	.
Special items	-11	-763	99%	-65	-875	93%
EBIT before special items	631	217	191%	2,095	346	.
Assets (September 30)	10,620	9,007	18%	10,620	9,007	18%
Investments including acquisitions ^b	166	135	23%	421	1,641	-74%
Research and development expenses	48	47	2%	142	133	7%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

^b Additions to property, plant and equipment and intangible assets

Positive currency effects, especially in Asia Pacific, supported sales slightly.

Income from operations (EBIT) before special items rose considerably compared with the third quarter of 2020. This was driven largely by significantly higher EBIT before special items in Monomers. Earnings growth was primarily due to higher margins in isocyanates and polyamides. The Performance Materials division also significantly increased EBIT before special items. This was mainly driven by positive volume development.

The decline in special items in the third quarter of 2021 was due primarily to the special charges for impairments in the prior-year quarter.

Industrial Solutions

Q3 2021

Sales in the Industrial Solutions segment were considerably above the level of the third quarter of 2020. Both the Dispersions & Resins division as well as the Performance Chemicals division contributed to this growth.

Factors influencing sales in Q3 2021 – Industrial Solutions

	Industrial Solutions	Dispersions & Resins	Performance Chemicals
Volumes	11%	10%	14%
Prices	18%	22%	11%
Portfolio	-10%	-16%	0%
Currencies	1%	1%	0%
Sales	20%	17%	25%

Sales growth was driven by higher price levels in both divisions resulting largely from increased prices for raw materials. Particularly Dispersions & Resins raised prices significantly.

Higher volumes in almost all business areas of both divisions supported sales performance. In the prior-year quarter, the segment's sales volume development had been negatively impacted by the effects of the coronavirus pandemic.

Currency effects, especially in Asia Pacific, had a slightly positive impact on sales.

Negative portfolio effects in Dispersions & Resins associated with the divestiture of the global pigments business had an offsetting impact.

Segment data – Industrial Solutions

Million €

	Q3			January–September		
	2021	2020	+/-	2021	2020	+/-
Sales to third parties	2,205	1,844	20%	6,672	5,761	16%
of which Dispersions & Resins	1,399	1,200	17%	4,322	3,674	18%
Performance Chemicals	806	644	25%	2,350	2,087	13%
Income from operations before depreciation, amortization and special items	347	274	27%	1,085	897	21%
Income from operations before depreciation and amortization (EBITDA)	315	264	19%	1,082	824	31%
Depreciation and amortization ^a	86	186	-54%	254	373	-32%
Income from operations (EBIT)	229	78	194%	828	451	84%
Special items	-33	-108	69%	-7	-171	96%
EBIT before special items	262	186	41%	835	622	34%
Assets (September 30)	6,010	6,556	-8%	6,010	6,556	-8%
Investments including acquisitions ^b	83	81	2%	215	216	0%
Research and development expenses	39	45	-13%	129	133	-3%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

^b Additions to property, plant and equipment and intangible assets

The segment's **income from operations (EBIT) before special items** grew considerably, mainly a result of the significant earnings increase in Dispersions & Resins. The division's higher EBIT before special items was primarily due to higher volumes. The Performance Chemicals division slightly increased EBIT before special items, largely because of the positive volume development.

The decline in special items in the third quarter of 2021 was due primarily to the special charges for impairments in the prior-year quarter.

Surface Technologies

Q3 2021

Sales in the Surface Technologies segment rose considerably compared with the prior-year quarter. This was due primarily to a significant sales increase in the Catalysts division. Slight sales growth was recorded in the Coatings division.

Factors influencing sales in Q3 2021 – Surface Technologies

	Surface Technologies	Catalysts	Coatings
Volumes	-3%	-3%	-3%
Prices	37%	45%	3%
Portfolio	1%	2%	0%
Currencies	1%	1%	1%
Sales	36%	45%	1%

The sales performance was primarily attributable to significantly higher precious metal prices in the Catalysts division. This also led to a considerable increase in sales in precious metal trading to €2,569 million (Q3 2020: €1,709 million). Prices could be raised in nearly all business areas of the Coatings division.

Portfolio effects in the Catalysts division following the formation of the BASF Shanshan Battery Materials Co., Ltd. joint venture had a positive impact on sales.

Slightly positive currency effects, especially in Asia Pacific, also contributed to sales.

The segment's sales volumes decreased primarily as a result of the ongoing shortage of semiconductors in the automotive market. This led to a decrease in volumes in both divisions, mainly in emission

Segment data – Surface Technologies

Million €

	Q3			January–September		
	2021	2020	+/-	2021	2020	+/-
Sales to third parties	5,631	4,142	36%	17,470	11,569	51%
of which Catalysts	4,793	3,310	45%	14,952	9,391	59%
Coatings	838	832	1%	2,518	2,178	16%
Income from operations before depreciation, amortization and special items	245	322	-24%	1,114	626	78%
Income from operations before depreciation and amortization (EBITDA)	229	308	-26%	1,095	598	83%
Depreciation and amortization ^a	125	1,111	-89%	346	1,360	-75%
Income from operations (EBIT)	104	-803	.	749	-762	.
Special items	-15	-1,003	99%	-19	-1,031	98%
EBIT before special items	119	200	-41%	768	269	186%
Assets (September 30)	13,788	11,305	22%	13,788	11,305	22%
Investments including acquisitions ^b	960	150	.	1,158	370	213%
Research and development expenses	69	56	23%	204	159	28%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

^b Additions to property, plant and equipment and intangible assets

catalysts and automotive OEM coatings. Sales volumes in precious metal trading also declined. Improved volumes in the remaining business areas of both divisions only partially compensated for this.

Income from operations (EBIT) before special items decreased considerably compared with the third quarter of 2020. The key factor for this was the significantly lower EBIT before special items in the Coatings division due especially to higher fixed costs and lower margins because of increased raw materials prices.

By contrast, EBIT before special items rose slightly in the Catalysts division due mainly to higher margins. Among other things, these resulted from a favorable product mix.

The decline in special items in the third quarter of 2021 was due primarily to the special charges for impairments in the prior-year quarter.

Nutrition & Care

Q3 2021

Sales in the Nutrition & Care segment rose considerably compared with the third quarter of 2020. This was due to considerable sales growth in the Care Chemicals division. Sales in the Nutrition & Health division matched the level of the prior-year quarter.

Factors influencing sales in Q3 2021 – Nutrition & Care

	Nutrition & Care	Care Chemicals	Nutrition & Health
Volumes	7%	10%	2%
Prices	7%	10%	0%
Portfolio	-2%	-2%	-2%
Currencies	0%	0%	0%
Sales	12%	18%	0%

The sales performance was mainly attributable to higher volumes in both divisions. Sales volumes in the Care Chemicals division increased especially in the personal care solutions business and in the home care, industrial and institutional cleaning and industrial formulators business. Volumes in the Nutrition & Health division grew primarily in the pharmaceutical business.

Overall higher price levels contributed to sales growth. Prices rose in the Care Chemicals division, particularly in the oleo surfactants and fatty alcohols business, as well as in the home care, industrial and institutional cleaning and industrial formulators business. Prices in the Nutrition & Health division matched the level of the prior-year quarter.

Portfolio effects from the sale of the production site in Kankakee, Illinois, had a negative impact on sales.

Segment data – Nutrition & Care

Million €

	Q3			January–September		
	2021	2020	+/-	2021	2020	+/-
Sales to third parties	1,598	1,427	12%	4,715	4,564	3%
of which Care Chemicals	1,108	938	18%	3,250	3,033	7%
Nutrition & Health	490	489	0%	1,465	1,531	-4%
Income from operations before depreciation, amortization and special items	206	247	-17%	761	966	-21%
Income from operations before depreciation and amortization (EBITDA)	207	230	-10%	815	941	-13%
Depreciation and amortization ^a	102	144	-29%	301	356	-15%
Income from operations (EBIT)	105	86	22%	514	585	-12%
Special items	1	-57	.	54	-68	.
EBIT before special items	104	143	-27%	460	653	-30%
Assets (September 30)	6,911	6,423	8%	6,911	6,423	8%
Investments including acquisitions ^b	196	130	51%	414	336	23%
Research and development expenses	39	41	-5%	122	115	6%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

^b Additions to property, plant and equipment and intangible assets

The segment's **income from operations (EBIT) before special items** was considerably below the level of the prior-year quarter. This was largely due to the significantly lower EBIT before special items in the Nutrition & Health division resulting primarily from lower margins associated with higher raw material and energy prices, which could only be passed on partially. EBIT before special items in the Care Chemicals division decreased slightly due mainly to higher fixed costs.

The decline in special items in the third quarter of 2021 was due primarily to the special charges for impairments and provisions in the prior-year quarter.

Agricultural Solutions

Q3 2021

Compared with the third quarter of 2020, **sales** in the Agricultural Solutions segment rose considerably due to strong volume growth and higher prices.

Factors influencing sales in Q3 2021 – Agricultural Solutions

Volumes	7%
Prices	1%
Portfolio	0%
Currencies	0%
Sales	8%

In **Europe**, sales increased considerably over the prior-year quarter. Higher volumes, particularly in fungicides, more than offset slightly negative currency effects, especially in Turkey and eastern Europe. Price increases contributed to the positive sales performance.

Sales were considerably lower in **North America**. This was due primarily to lower volumes, mainly the result of premature demand caused by the early start to the season and the drought in Canada and the midwestern United States. Prices decreased slightly.

In **Asia**, sales increased slightly, primarily resulting from higher prices and positive currency effects. Overall, volumes were slightly below the level of the prior-year quarter.

Segment data – Agricultural Solutions

Million €

	Q3			January–September		
	2021	2020	+/-	2021	2020	+/-
Sales to third parties	1,593	1,474	8%	6,402	6,059	6%
Income from operations before depreciation, amortization and special items	74	201	-63%	1,284	1,489	-14%
Income from operations before depreciation and amortization (EBITDA)	120	151	-21%	1,288	1,393	-8%
Depreciation and amortization ^a	164	455	-64%	493	815	-40%
Income from operations (EBIT)	-44	-304	86%	795	578	38%
Special items	46	-330	.	3	-377	.
EBIT before special items	-90	26	.	792	955	-17%
Assets (September 30)	15,368	15,495	-1%	15,368	15,495	-1%
Investments including acquisitions ^b	91	108	-16%	224	244	-8%
Research and development expenses	223	207	8%	667	614	9%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

^b Additions to property, plant and equipment and intangible assets

Sales rose considerably in the **South America, Africa, Middle East** region. This was largely attributable to considerable volume growth particularly in seeds and traits. A rise in price levels also contributed to this development. This more than offset negative currency effects, especially in Argentina.

Income from operations (EBIT) before special items was considerably below the level of the prior-year quarter due to significantly higher fixed costs, increased raw materials prices and logistics costs, which could only be passed on partially, as well as an unfavorable product mix.

EBIT for the third quarter of 2021 included special income from the sale of non-capitalized know-how. Special charges for impairments and provisions had been recognized in the prior-year quarter.

Other

Q3 2021

Sales in Other rose considerably compared with the third quarter of 2020. This was due primarily to sales growth in commodity trading.

Income from operations (EBIT) before special items was considerably above the level of the prior-year quarter. This was mainly attributable to adjustments to provisions for variable compensation components (bonus) due to their divisional allocation in the third quarter of 2021.

Financial data – Other

Million €

	Q3			January–September		
	2021	2020	+/-	2021	2020	+/-
Sales	976	484	102%	2,552	1,693	51%
Income from operations before depreciation, amortization and special items	25	-199	.	-702	-494	-42%
Income from operations before depreciation and amortization (EBITDA)	-4	-588	99%	-798	-948	16%
Depreciation and amortization ^a	38	57	-33%	105	146	-28%
Income from operations (EBIT)	-42	-645	93%	-903	-1,094	17%
Special items	-31	-408	92%	-96	-478	80%
EBIT before special items	-11	-237	95%	-807	-616	-31%
of which costs for cross-divisional corporate research	-76	-95	20%	-223	-251	11%
costs of corporate headquarters	-65	-53	-23%	-184	-164	-12%
other businesses	40	21	90%	144	72	100%
foreign currency results, hedging and other measurement effects	-41	-15	.	-72	-4	.
miscellaneous income and expenses	131	-95	.	-472	-269	-75%
Assets (September 30) ^b	23,759	30,327	-22%	23,759	30,327	-22%
Investments including acquisitions ^c	48	38	26%	117	112	4%
Research and development expenses	83	99	-16%	242	266	-9%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

^b Contains assets of businesses recognized under Other as well as reconciliation to assets of the BASF Group

^c Additions to property, plant and equipment and intangible assets

Regions

Q3 2021

Sales at companies located in **Europe** rose by 40% compared with the third quarter of 2020. This was mainly due to significantly higher price levels in the Chemicals and Materials segments. Considerable volumes increases across almost all segments contributed to the sales growth. Negative portfolio effects, particularly in the Industrial Solutions segment following the sale of the global pigments business, had an offsetting effect. Income from operations (EBIT) increased by €2,100 million to €543 million. This was mainly due to considerable earnings increases in the Materials, Surface Technologies and Chemicals segments as well as in Other. The segments' earnings had been weighed down in the prior-year quarter by high impairments.

In **North America**, sales rose by 53% in euros and by 54% in local currency terms compared with the prior-year quarter. This was primarily driven by higher prices especially in the Surface Technologies and Chemicals segments. Higher sales volumes, especially in the Surface Technologies, Industrial Solutions and Chemicals segments, supported sales performance. Sales were lowered by portfolio effects, particularly in the Industrial Solutions segment following the sale of the global pigments business, as well as by negative currency effects. EBIT rose by €1,308 million to €262 million. This resulted largely from significant earnings growth in the Chemicals segment. EBIT also increased considerably in all the other segments as well as in Other. All segments' earnings had been burdened in the prior-year quarter by impairments, among other factors.

Compared with the third quarter of 2020, sales in the **Asia Pacific** region rose by 40% in euros and by 37% in local currency terms. This was due mainly to higher price levels in all segments, especially in Surface Technologies, Chemicals and Materials. Currency effects

Regions

Million €

	Sales by location of company			Sales by location of customer			Income from operations Location of company		
	2021	2020	+/-	2021	2020	+/-	2021	2020	+/-
Q3									
Europe	7,651	5,458	40%	7,343	5,313	38%	543	-1,557	.
of which Germany	3,159	2,368	33%	1,677	1,285	31%	43	-1,341	.
North America	5,313	3,474	53%	5,127	3,245	58%	262	-1,046	.
Asia Pacific	5,238	3,731	40%	5,412	3,804	42%	839	-177	.
South America, Africa, Middle East	1,467	1,148	28%	1,787	1,449	23%	178	142	25%
BASF Group	19,669	13,811	42%	19,669	13,811	42%	1,822	-2,638	.
January–September									
Europe	23,853	18,059	32%	22,905	17,213	33%	2,265	-852	.
of which Germany	9,545	7,790	23%	5,394	4,035	34%	688	-1,325	.
North America	16,842	12,253	37%	16,196	11,707	38%	1,415	-735	.
Asia Pacific	14,980	10,469	43%	15,450	10,866	42%	2,368	289	.
South America, Africa, Middle East	3,147	2,463	28%	4,271	3,458	24%	401	175	129%
BASF Group	58,822	43,244	36%	58,822	43,244	36%	6,449	-1,123	.

had a slightly positive impact on sales. Overall higher volumes also drove sales. Mainly the higher sales volumes in the Materials and Industrial Solutions segments more than compensated for the decline in volumes in Surface Technologies. At €839 million, EBIT increased by €1,016 million compared with the third quarter of 2020, which had been burdened mainly from impairments. The development was largely attributable to the considerable EBIT growth in the Chemicals segment. Earnings in Surface Technologies, Materials and Industrial Solutions also rose significantly.

In the region **South America, Africa, Middle East**, sales rose by 28% in euros and by 27% in local currency terms compared with the third quarter of 2020. This was primarily due to higher prices, especially in the Surface Technologies and Chemicals segments. A considerable increase in sales volumes, particularly in the Agricultural Solutions segment, contributed to sales growth. Slightly positive currency effects also supported sales performance. EBIT rose by €36 million to €178 million which was largely attributable to earnings growth in the Agricultural Solutions segment.

Selected Financial Data

Statement of Income

Statement of income

Million €

	Q3			January–September		
	2021	2020	+/-	2021	2020	+/-
Sales revenue	19,669	13,811	42%	58,822	43,244	36%
Cost of sales	-14,762	-10,388	-42%	-43,736	-32,163	-36%
Gross profit on sales	4,907	3,423	43%	15,086	11,081	36%
Selling expenses	-2,074	-1,832	-13%	-6,058	-5,630	-8%
General administrative expenses	-334	-304	-10%	-1,017	-941	-8%
Research and development expenses	-523	-518	-1%	-1,579	-1,492	-6%
Other operating income	250	306	-18%	1,089	910	20%
Other operating expenses	-604	-3,769	84%	-1,593	-5,141	69%
Income from integral companies accounted for using the equity method	200	56	257%	521	90	479%
Income from operations (EBIT)	1,822	-2,638	.	6,449	-1,123	.
Income from non-integral companies accounted for using the equity method	100	-24	.	173	-965	.
Income from other shareholdings	8	54	-85%	19	76	-75%
Expenses from other shareholdings	-22	-77	71%	-82	-114	28%
Net income from shareholdings	86	-47	.	110	-1,003	.
Interest income	41	47	-13%	120	130	-8%
Interest expenses	-117	-120	3%	-353	-413	15%
Interest result	-76	-73	-4%	-233	-283	18%
Other financial income	17	-2	.	44	71	-38%
Other financial expenses	-72	-26	.	-157	-171	8%
Other financial result	-55	-28	-96%	-113	-100	-13%
Financial result	-131	-101	-30%	-346	-383	10%
Income before income taxes	1,777	-2,786	.	6,213	-2,509	.
Income taxes	-353	609	.	-1,185	325	.
Income after taxes from continuing operations	1,424	-2,177	.	5,028	-2,184	.
Income after taxes from discontinued operations	-43	13	.	-43	49	.
Income after taxes	1,381	-2,164	.	4,985	-2,135	.
of which attributable to shareholders of BASF SE (net income)	1,253	-2,122	.	4,625	-2,115	.
attributable to noncontrolling interests	128	-42	.	360	-20	.
Earnings per share from continuing operations	€ 1.41	€ -2.32	.	€ 5.08	€ -2.35	.
Earnings per share from discontinued operations	€ -0.05	€ 0.01	.	€ -0.05	€ 0.05	.
Basic earnings per share	€ 1.36	€ -2.31	.	€ 5.03	€ -2.30	.
Diluted earnings per share	€ 1.36	€ -2.31	.	€ 5.03	€ -2.30	.

Balance Sheet

Assets

Million €

	September 30, 2021	December 31, 2020	+/-	September 30, 2020	+/-
Intangible assets	13,536	13,145	3%	13,608	-1%
Property, plant and equipment	20,564	19,647	5%	19,496	5%
Integral investments accounted for using the equity method	2,837	1,878	51%	1,770	60%
Non-integral investments accounted for using the equity method	10,101	10,874	-7%	11,907	-15%
Other financial assets	514	582	-12%	613	-16%
Deferred tax assets	2,465	3,386	-27%	3,528	-30%
Other receivables and miscellaneous assets	1,561	912	71%	1,008	55%
Noncurrent assets	51,578	50,424	2%	51,930	-1%
Inventories	12,504	10,010	25%	10,463	20%
Accounts receivable, trade	12,291	9,466	30%	9,324	32%
Other receivables and miscellaneous assets	6,180	4,673	32%	5,062	22%
Marketable securities	200	207	-3%	346	-42%
Cash and cash equivalents ^a	2,899	4,330	-33%	5,514	-47%
Assets of disposal groups	450	1,182	-62%	4,334	-90%
Current assets	34,524	29,868	16%	35,043	-1%
Total assets	86,102	80,292	7%	86,973	-1%

^a For a reconciliation of the amounts in the statement of cash flows with the balance sheet item cash and cash equivalents, see page 20 of this quarterly statement.

Equity and liabilities

Million €	September 30, 2021	December 31, 2020	+/-	September 30, 2020	+/-
Subscribed capital	1,176	1,176	–	1,176	–
Capital reserves	3,115	3,115	–	3,115	–
Retained earnings	39,453	37,911	4%	36,909	7%
Other comprehensive income	–4,352	–8,474	49%	–7,268	40%
Equity attributable to shareholders of BASF SE	39,392	33,728	17%	33,932	16%
Noncontrolling interests	1,222	670	82%	700	75%
Equity	40,614	34,398	18%	34,632	17%
Provisions for pensions and similar obligations	4,879	8,566	–43%	9,003	–46%
Deferred tax liabilities	1,482	1,447	2%	1,888	–22%
Tax provisions	447	587	–24%	622	–28%
Other provisions	1,648	1,484	11%	1,387	19%
Financial indebtedness	15,092	15,819	–5%	16,508	–9%
Other liabilities	1,618	1,711	–5%	1,803	–10%
Noncurrent liabilities	25,166	29,614	–15%	31,211	–19%
Accounts payable, trade	6,235	5,291	18%	4,250	47%
Provisions	4,724	2,825	67%	3,623	30%
Tax liabilities	1,318	988	33%	1,045	26%
Financial indebtedness	4,687	3,395	38%	5,054	–7%
Other liabilities	3,358	3,440	–2%	5,895	–43%
Liabilities of disposal groups	–	341	–	1,263	–
Current liabilities	20,322	16,280	25%	21,130	–4%
Total equity and liabilities	86,102	80,292	7%	86,973	–1%

Statement of Cash Flows

Statement of cash flows

Million €

	Q3		January–September	
	2021	2020	2021	2020
Net income	1,253	-2,122	4,625	-2,115
Depreciation and amortization of property, plant and equipment and intangible assets	907	3,682	2,655	5,731
Changes in net working capital	-44	767	-2,808	-1,043
Miscellaneous items	-220	-227	-564	739
Cash flows from operating activities	1,896	2,100	3,908	3,312
Payments made for property, plant and equipment and intangible assets	-819	-736	-2,042	-2,031
Acquisitions/divestitures	-627	2,697	491	1,452
Changes in financial assets and miscellaneous items	-372	-110	-379	-95
Cash flows from investing activities	-1,818	1,851	-1,930	-674
Capital increases/repayments and other equity transactions	-	-	-	4
Changes in financial and similar liabilities	53	-3,886	-229	3,913
Dividends	-109	-3	-3,261	-3,139
Cash flows from financing activities	-56	-3,889	-3,490	778
Cash-effective changes in cash and cash equivalents ^a	22	62	-1,512	3,416
Cash and cash equivalents at the beginning of the period and other changes ^b	2,877	5,716	4,411	2,362
Cash and cash equivalents at the end of the period^b	2,899	5,778	2,899	5,778

^a In the first quarter of 2020, BASF SE transferred securities in the amount of €80 million to BASF Pensionstreuhand e.V., Ludwigshafen am Rhein, Germany. This transfer was not cash effective and therefore had no effect on the statement of cash flows.

^b In 2021 and 2020, cash and cash equivalents presented in the statement of cash flows deviate from the figures in the balance sheet, as the relevant amounts were reclassified in the balance sheet to assets of disposal groups. The disposal group for the pigments business contained cash and cash equivalents of €5 million as of January 1, 2021. Due to the derecognition of the disposal group of the pigments business, cash and cash equivalents since June 30, 2021, correspond to the value in the balance sheet. As of January 1, 2020, cash and cash equivalents deviate from the figure in the balance sheet due to the reclassification of cash and cash equivalents to the disposal groups for the construction chemicals business (€21 million) and the pigments business (€7 million). In the balance sheet, €538 million was reclassified to the disposal group for the construction chemicals business, and €12 million to the disposal group for the pigments business as of June 30, 2020. As of September 30, 2020, €258 million was reclassified to the disposal group for the construction chemicals business, and €6 million to the disposal group for the pigments business.

BASF Report 2021

February 25, 2022

Quarterly Statement Q1 2022 / Annual Shareholders' Meeting 2022

April 29, 2022

Half-Year Financial Report 2022

July 27, 2022

Quarterly Statement Q3 2022

October 26, 2022

BASF Report 2022

February 24, 2023



BASF supports the chemical industry's global Responsible Care initiative.

Further information

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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 Opportunities and Risks on pages 158 to 166 of the BASF Report 2020. 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.