



BASF

We create chemistry

BASF in Korea

Report 2019





Cover photo:

Process technicians and technical engineers at Ulsan Chemicals site during an on-site inspection.

On this page:

The PolyTHF® plant at Ulsan chemicals site



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About this report

The “BASF in Korea - Report” is published annually as a concise document about the performance of our activities across the three dimensions of sustainability - economy, environment, and society - in Korea. The reporting period for this publication is the financial year 2019. This report also carries an overview of BASF Group along with its financial performance, prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS), and, where applicable, the German Commercial Code as well as the German Accounting Standards (GAS). The emissions, waste, energy and water use of fully consolidated joint ventures are reported on a proportional basis, while those accounted according to the equity method are not included. However, work-related accidents at all sites of BASF Group and its subsidiaries as well as joint operations and joint ventures in which we have sufficient authority in terms of safety management, are compiled regardless of our stake, and reported in full. The employee numbers refer to employees within the BASF Group scope of consolidation as of December 31, 2019.

BASF Group 2019 at a glance

Key data

		2019	2018	+/-
Sales ¹	million €	59,316	60,220	(1.5%)
EBITDA before special items ¹	million €	8,217	9,271	(11.4%)
EBITDA ¹	million €	8,036	8,970	(10.4%)
EBIT before special items ¹	million €	4,536	6,281	(27.8%)
EBIT ¹	million €	4,052	5,974	(32.2%)
Net income	million €	8,421	4,707	78.9%
ROCE ¹	%	7.7	12.0	-
Earnings per share	€	9.17	5.12	79.1%
Assets	million €	86,950	86,556	0.5%
Investments including acquisitions ²	million €	4,097	10,735	(61.8%)

		2019	2018	+/-
Employees at year-end		117,628	122,404	(3.9%)
Personnel expenses	million €	10,924	10,659	2.5%
Research and development expenses ¹	million €	2,158	1,994	8.2%
Greenhouse gas emissions ³	million metric tons of CO ₂ equivalents	20.1	21.9	(8.2%)
Energy efficiency in production processes	kilogram of sales product/MWh	598	626	(4.5%)
Accelerator sales	million €	15,017	14,284	5.1%
Number of on-site sustainability audits of raw material suppliers		81	100	(19.0%)

¹ Restated figures, for more information, see basf.com/report
² Additions to intangible assets and property, plant and equipment
³ Excluding sale of energy to third parties

Segment data ¹



Chemicals

Million €

Sales	2019	9,532
	2018	11,694
EBIT before special items	2019	791
	2018	1,587



Materials

Million €

Sales	2019	11,466
	2018	13,270
EBIT before special items	2019	1,003
	2018	2,400



Industrial Solutions

Million €

Sales	2019	8,389
	2018	9,120
EBIT before special items	2019	820
	2018	668



Surface Technologies

Million €

Sales	2019	13,142
	2018	11,199
EBIT before special items	2019	722
	2018	617



Nutrition & Care

Million €

Sales	2019	6,075
	2018	5,940
EBIT before special items	2019	793
	2018	736



Agricultural Solutions

Million €

Sales	2019	7,814
	2018	6,156
EBIT before special items	2019	1,095
	2018	734

¹ The segment data for 2018 has been restated to reflect the new segment structure. Figures do not include the construction chemicals activities presented as discontinued operations.



Welcome

Letter from the representative director

*Dear Stakeholders and Supporters
of BASF in Korea,*

I am so pleased to share with you that BASF achieved a solid performance despite the unfavorable market circumstances.

2019 turned out to be a very challenging year due to a variety of adverse developments, including trade conflicts, political uncertainties, and unexpected export regulations in major industries. In particular, lower demand from the automotive industry weighed on our businesses in the Chemicals and Materials segments.

In the face of a challenging economic climate, BASF never ceases its efforts to strengthen innovation capabilities and optimize its portfolio, allowing it to respond to rapidly changing markets. Internally, we have simplified processes and procedures, transforming ourselves into a more agile and customer-centric company. We have also realigned our organization and streamlined our administration with the implementation of our excellence programs.

We further optimized our portfolio to focus more on our customers. With the acquisition of polyamide businesses from Solvay, we strengthened our engineering plastic portfolio through backward integration into the key raw material adipodinitrile (ADN). In mid-2019, we completed the integration of the agricultural businesses acquired from Bayer. Farmers worldwide can now enjoy a combined portfolio of agricultural solutions ranging from seeds, traits, and crop protection to digital solutions.

BASF also supports circular economy development in Korea through its innovation. In September, we were honored to receive the KGCCI (Korean-German Chamber of Commerce & Industry) Innovation Award for our biodegradable plastic ecovio®. The biopolymer address-

ses society's need for a sustainable alternative solution to conventional plastic.

We value the health and safety of people above all else. We are proud that our Ulsan Chemical site achieved the zero-lost time goal 20 times, for a total of 6,781 consecutive safe working days from August 2000 to March 2019. This milestone reaffirms our commitment to safety and demonstrates the effectiveness of our safety management systems. We will continue to promote a safety culture in the workplace for our employees.

Meanwhile, we have organized a range of programs for our local communities near our sites in Ulsan, Yeosu, and the laboratory in Suwon in the past 12 years. In October, Daejeon Chemical Festival was held for students to experience the chemical world of BASF.

Such achievements would not be possible without our customers, business partners and employees. We will continue to develop innovative products and solutions that make tangible contributions to a sustainable future of Korea.

Young-Yull Kim
Representative Director, BASF in Korea

BASF in Korea - Executive Committee



“We want our customers to have a new experience with BASF.”

Young-Yull Kim

Representative Director, Chairman of
BASF Company Ltd.

“Our world-class service delivery units challenge the status quo every day. We are committed to making a difference by looking for excellence and exceeding expectations for sustainable business growth.”

Mark Bueltel-Herz

Vice President, Business Services Korea, CFO



“Our employees make a significant contribution to BASF’s long-term success.”

SamLyul Kwon

Head of HR and Administration Korea





“Sustainability is at the core of what we do, a driver for growth as well as an element of our risk management”

Byoung Yeon Kim
Vice President, Technology and
Operation Monomers Asia Pacific

“Making the difference for our Korean customers together with a motivated and empowered team”

Dr. Dschun Song
Vice President, Business Management Specialties



“Korea is at the cutting edge of the electronics industry and of electronic materials research. Since 2018, BASF has managed its global Semiconductor Materials Business out of Korea - the center of the industry. I am proud to be part of it”

Jens Liebermann
Vice President for Global Semiconductors Business

The BASF Group

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The approximately 118,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is divided into the Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions segments.

Organization of the BASF Group in 2019

As of January 1, 2019, we have 11 divisions grouped into six segments as follows:

- **Chemicals:** Petrochemicals, Intermediates
- **Materials:** Performance Materials, Monomers
- **Industrial Solutions:** Dispersions & Pigments, Performance Chemicals
- **Surface Technologies:** Catalysts, Coatings
- **Nutrition & Care:** Care Chemicals, Nutrition & Health
- **Agricultural Solutions:** Agricultural Solutions

The segment data for 2018 presented in this report has been restated to reflect the new segment structure.

On December 21, 2019, BASF and an affiliate of Lone Star, a global private equity firm, signed an agreement on the sale of BASF's construction chemicals business. The purchase price on a cash and debt-free basis is €3.17 billion. The transaction is expected to close in the third quarter of 2020, subject to the approval of the relevant competition authorities. The Construction Chemicals division was previously reported under the Surface Technologies segment. The signing of the agreement had an immediate effect on the reporting of BASF Group. Retroactively as of January 1, 2018, sales and earnings of the Construction Chemicals division are no longer included in sales, EBITDA, EBIT and EBIT before special items of the BASF Group. Until closing, the income after taxes of the construction chemicals business will be presented in the income after taxes of BASF Group as a separate item ("Income after taxes from discontinued operations").

Following the approval of all relevant authorities, BASF and LetterOne completed the merger of Wintershall and DEA on May 1, 2019. In September 2018, BASF and LetterOne had signed a transaction agreement to merge their respective oil and gas businesses in a joint venture. Shareholder loans were replaced by bank loans in the course of the merger. Since May 1, 2019, BASF's participating interest in Wintershall Dea has been reported in the Consolidated Financial Statements of the BASF Group according to the equity method, with an initial valuation at fair value. The gain from the transition from full consolidation to the equity method is shown in income after taxes from discontinued operations.

Since May 1, 2019, BASF has reported its share of Wintershall Dea's net income in EBIT before special items and in EBIT of the BASF Group, presented under Other. BASF and LetterOne intend to list Wintershall Dea on the stock exchange by way of an initial public offering (IPO) in the second half of 2020, provided market conditions are suitable.

The disclosures and indicators in the Management's Report on sustainability in 2019 no longer include data on Wintershall. The construction chemicals business is included in the disclosures on environmental protection, health and safety, employees and compliance, but has already been removed from the sales-related sustainability figures. The business acquired from Bayer in 2018 is included in the indicators. For more information, see basf.com/report.

BASF's new segment structure allows for a more differentiated steering of our businesses according to their market-specific competitive environment. It increases transparency regarding the results of our segments and divisions and highlights the importance of the Verbund and value chains to our business success. BASF aims to clearly position its businesses against their relevant competitors and establish a high-performance organization to enable BASF to be successful in an increasingly competitive market environment.

Our divisions bear operational responsibility here and are organized according to sectors or products. They manage our 54 global and regional business units and develop strategies for the 76 strategic business units.¹

Our regional and country organizations help to leverage market potential. For financial reporting purposes, we organize the regional divisions into four regions: Europe; North America; Asia Pacific; South America, Africa, Middle East.

Together with our divisions, the three global research divisions – Process Research & Chemical Engineering, Advanced Materials & Systems Research and Bioscience Research – safeguard our innovative capacity and competitiveness.

Business processes such as the procurement of raw materials and services, production and transport to customers were the shared responsibility of the divisions and the functional units in 2019. Seven functional units and eight corporate units supported the BASF Group's business activities. The functional and corporate units provided services in the areas of finance, human resources, tax and legal, engineering, site management, purchasing and logistics, environmental protection, health and safety, investor relations, and communications. As part of the further development of the corporate strategy, in 2019 BASF embedded business-critical parts of its functional units into the divisions, such as engineering services, procurement and logistics. This increased customer proximity and improved customer-specific agility. We have also created leaner structures in our functional units, research and development and in governance functions.

¹ Excluding the construction chemicals activities presented as discontinued operations

Organizational realignment as of January 1, 2020

BASF has created the conditions for greater customer proximity, increased competitiveness and profitable growth with an organizational realignment as part of the implementation of its strategy. We are streamlining our administration, sharpening the roles of services and regions, and simplifying procedures and processes as part of our ongoing Excellence Program. Customer-focused operating divisions, cross-functional service units and regions as well as a lean Corporate Center are the cornerstones of the new organization.

The Corporate Center units support the Board of Executive Directors in steering the company as a whole. These include central tasks from the following areas: strategy; finance; law, compliance and tax; environmental protection, health and safety; human resources; communications; investor relations and internal audit.

In addition, four global service units were established: Global Engineering Services and Global Digital Services offer services for individual sites, globally for the divisions or other units of the BASF Group. Global Procurement makes purchasing even more effective. The newly established Global Business Services unit will be a global, flexible and demand-driven service unit that strengthens the competitiveness of the divisions and provides services in areas such as finance, human resources, environmental protection, health and safety, intellectual property, communications, supply chain and consulting.

The role of regions and countries is being sharpened. Going forward, they will primarily represent BASF locally and even better support the growth of business units with local proximity to customers.

The ongoing Excellence Program is expected to contribute €2 billion to EBITDA annually from the end of 2021 onward compared with baseline 2018. BASF expects a reduction of a total of around 6,000 positions worldwide until the end of 2021. This decrease results from the organizational simplification and from efficiency gains in administration, the service units and the operating divisions. In addition, central, functional and regional structures are being streamlined in the context of the announced portfolio changes.

Sites and Verbund

BASF has companies in more than 90 countries. We operate six Verbund sites and 361 additional production sites worldwide. Our Verbund site in Ludwigshafen, Germany, is the world's largest chemical complex owned by a single company that was developed as an integrated network. This was where the Verbund principle was originally established and continuously optimized before being implemented at additional sites.

The Verbund system is one of BASF's great strengths. We add value by using our resources efficiently. The Production Verbund intelligently links production units and their energy supply so that, for example, the waste heat of one plant provides energy to others. Furthermore, one facility's by-products can serve as feedstock

elsewhere. This not only saves us raw materials and energy, it also avoids emissions, lowers logistics costs and leverages synergies.

We also make use of the intelligent Verbund principle for more than production, applying it for technologies, the market and digitalization as well. Expert knowledge is pooled in our global research divisions.

Procurement and sales markets

BASF supplies products and services to around 100,000 customers¹ from various sectors in almost every country in the world. Our customer portfolio ranges from major global customers and medium-sized businesses to end consumers. We work with over 75,000 Tier 1 suppliers² from different sectors worldwide. They supply us with important raw materials, chemicals, investment goods and consumables, and perform a range of services. Important raw materials (based on volume) include naphtha, liquid gas, natural gas, benzene and caustic soda.

Business and competitive environment

BASF's global presence means that it operates in the context of local, regional and global developments and a wide range of conditions. These include:

- Global economic environment
- Legal and political requirements (such as European Union regulations)
- International trade agreements
- Industry standards
- Environmental agreements (such as the E.U. Emissions Trading System)
- Social aspects (such as the U.N. Universal Declaration of Human Rights)

BASF holds one of the top three market positions in around 70% of the business areas in which it is active. Our most important global competitors include Arkema, Bayer, Clariant, Corteva, Covestro, Dow, Dupont, DSM, Evonik, Formosa Plastics, Huntsman, Lanxess, SABIC, Sinopec, Solvay, Syngenta, Wanhua and many hundreds of local and regional competitors. We expect competitors from Asia and the Middle East in particular to gain increasing significance in the years ahead.

Corporate legal structure

As the publicly traded parent company of the BASF Group, BASF SE takes a central position: Directly or indirectly, it holds the shares in the companies belonging to the BASF Group, and is also one of the largest operating companies. The majority of Group companies cover a broad spectrum of our business. In the BASF Group Consolidated Financial Statements, 295 companies including BASF SE are fully consolidated. We consolidate seven joint operations on a proportional basis, and account for 25 companies using the equity method.

¹ The number of customers refers to all external companies (sold-to parties) that had contracts with the BASF Group in the business year concerned under which sales were generated.

² BASF considers all direct suppliers of the BASF Group in the business year concerned as Tier 1 suppliers. These are suppliers that provide us with raw materials, investment goods, consumables and services. Suppliers can be natural persons, companies or legal persons under public law.

Our Strategy

Corporate Strategy

At BASF, we are passionate about chemistry and our customers. To be the world's leading chemical company for our customers, we will grow profitably and create value for society. Thanks to our expertise, our innovative and entrepreneurial spirit, and the power of our Verbund integration, we make a decisive contribution to changing the world we live in for the better. This is our goal. This is what drives us and what we do best: We create chemistry for a sustainable future.

Today, the world is changing more rapidly than ever before, driven by demographic change and new digital technologies. Our customers in different industries and regions face diverse social and environmental challenges due to limited natural resources, climate change and the increasing demands of a growing global population. Chemistry is key to solving many of these challenges. By combining our unique expertise with our customers' competence, we can jointly develop profitable, innovative and sustainable solutions for these global challenges.

Our purpose reflects what we do and why we do it: We create chemistry for a sustainable future. We want to contribute to a world that provides a viable future with enhanced quality of life for everyone. This is why we offer products and solutions that are designed to make the best use of available resources and help to overcome challenges.

Our aspiration is to be the world's leading chemical company and achieve profitable growth. We aim to primarily grow organically and thus are strengthening our customer focus. Our growth strategy is based on investment in strategic growth markets and innovation-driven sectors. The Asian market continues to play a key role here. With a share of more than 40%, China is already the world's largest chemical market and drives the growth of global chemical production. By 2030, China's share will increase to nearly 50% – and we want to participate in this growth. To further our growth in this dynamic market, we plan to build an integrated Verbund site in Zhanjiang in the southern Chinese province of Guangdong. We also want to expand our existing joint venture with Sinopec at the Verbund site in Nanjing.

Corporate purpose

We create chemistry for a sustainable future

Customer Orientation

Our customers are our number one priority. We want to view everything we do through the lens of customer relevance. BASF supplies products and services to around 100,000 customers¹ from various sectors in almost every country in the world. Our customer portfolio ranges from major global customers and medium-sized businesses to end consumers.

Customer focus and customer industry orientation

- **BASF puts customers at the center of its decisions and activities**
- **Closer dialog with our customers to increase customer satisfaction**

To be the world's leading chemical company for our customers, we want to further strengthen our customer focus throughout the entire organization. This is why we are aligning our business even closer with the needs of our customers.

Our diverse portfolio – from basic chemicals to high value-added products and system solutions – means that we are active in many value chains and value creation networks. As a result, we use various business strategies, which we flexibly adapt to the needs of individual industries. These range from cost leadership to tailored, customer-specific solutions for downstream products. This industry orientation is primarily driven forward and enhanced by the divisions. Around half of our business units are oriented toward specific industries.



BASF and HYMER: Creating innovation together

The VisionVenture concept vehicle is a good example of how we create innovations for the future in close partnership with our customers. BASF and HYMER GmbH & Co. KG, Bad Waldsee, Germany, the European market leader for motor homes and campers, show what a campervan could look like in 2025. More than 20 BASF solutions open up entirely new design options and functionalities, including various high-performance plastics, over 100 3D-printed components, a tailored package of measures for preventing noises and vibrations, and a new coating technology. In less than twelve months, HYMER and BASF together turned their ideas and expertise into a near-production concept camper van. The VisionVenture was unveiled to the public in August 2019.

For more information on the collaboration with HYMER and the BASF materials used in the VisionVenture, see basf.com/en/vision-venture

¹ The number of customers refers to all external companies (sold-to parties) that had contracts with the BASF Group in the business year concerned under which sales were generated.

We are continually refining our organization to even better meet the different needs of our customers. In 2019, we embedded significant parts of our functional services – including parts of research and development, IT, procurement, human resources and communications – into the operating divisions. This makes the operating divisions more agile, enabling them to target specific market demands and differentiate themselves from the competition. We also simplified processes to make the way we work more effective, more efficient and more agile. The objective is to satisfy customer requests in a more focused and targeted way and improve our reaction times so that our customers experience a new BASF.

We aim to put the customer at the center of our decisions and everything we do. Our ability to optimally combine our in-depth expertise with our wide range of resources reflects our ambition to be more than just a supplier. We position ourselves as a solution-oriented system provider. We want to work closely with our partners to develop custom solutions that are both profitable and sustainable. We contribute our expertise to optimize processes and applications together with our customers.

To even better understand our customers' needs, we regularly ask them for feedback on our performance. In 2019, we rolled out the Net Promoter System® worldwide to establish ongoing, closer dialog with customers and further increase customer satisfaction and customer loyalty. This digital platform creates a framework to learn from feedback and respond quickly.

In 2019, we also worked on an expanded IT-based customer relationship management system. We want to roll out this state-of-the-art, even more user-friendly application in 2020 to help sales employees deliver customer support.

We are also pursuing a series of measures that will increase transparency for our customers, enhance customer service and explore joint growth potential. Our comprehensive understanding of value chains and value creation networks as well as our global setup and market knowledge remain key success factors.

Quality management

Our customers' satisfaction is the basis for our business success, which is why quality management is of vital significance for BASF. We strive to continually improve processes and products. This is also reflected in our Global Quality Policy. The majority of our production sites and business units are certified according to ISO 9001.¹ In addition, we also meet industry and customer-specific quality requirements that go beyond the ISO standard.

Customer awards

We again received awards from a number of satisfied customers in 2019. For example, in May 2019 we were named a 2018 General Motors (GM) Supplier of the Year for the fourteenth time since 2002. The award is presented to suppliers who distinguish themselves by meeting performance metrics for quality, execution, innovation and

total enterprise cost. GM also recognized us in June with the Sustainability Partner award, the first to be given to a supplier.

The Haier industrial group presented the Golden Magic Cube award to BASF-YPC Company Limited, a 50-50 joint venture between BASF and Sinopec, for the third time in a row in March 2019. The award recognizes, among other things, high product quality, service reliability and a strong customer focus.

In March 2019, Airbus presented us with our fifth Supply Chain & Quality Improvement award. Airbus highlighted in particular the consistently high delivery reliability and quality of the products Naftoseal® and Ardrox®, which we market under the Chemetall brand.

In July 2019, Jaguar Land Rover (JLR) recognized BASF for the first time with the Customer First Recognition Award in gold for outstanding customer focus. An interdisciplinary team at BASF has supported JLR for many years now with innovative solutions for automotive OEM coatings, including the CathoGuard® 800 RE technology and basecoats to realize the individual color preferences of JLR customers in the premium segment. The award honors partners that demonstrate JLR's principles – personalized, transparent, easy to do business with, dependable and make one feel special – which are crucial to the automotive manufacturer's success.



Creation Center: From inspiration to solution in one place

Discover, understand, create – this is what we offer our customers with the new Creation Centers. These creative centers bring together our comprehensive materials, design, and – in particular – our development expertise in high-performance plastics using the latest visualization technologies. This enables us to address the specific individual needs of our customers and partners, and together transform ideas into tailored products and applications even more quickly. The first Creation Center opened in Mumbai, India, in May 2019. Yokohama, Japan, and Shanghai, China, followed in August 2019. Our fourth Creation Center worldwide opened in Ludwigs-hafen, Germany, in early 2020.

For more information on BASF's Creation Centers, see basf.com/en/creation-center

¹ ISO 9001 is a standard published by the International Organization for Standardization (ISO) and sets out the requirements for a quality management system.

Our Targets

Business success tomorrow means creating value for the environment, society and business. We have set ourselves ambitious global targets along our entire value chain. We report transparently on our target achievement so that our customers, investors, employees and other stakeholders can track our progress.

We want to grow faster than the market and thus be economically successful and profitable. Furthermore, we want to provide answers to the most pressing challenges of our time. To combat climate change and global warming, we have resolved to limit total greenhouse gas emissions from our production sites and our energy purchases

to the 2018 level while growing production volumes. In other words, we want to decouple greenhouse gas emissions from organic growth. We have also defined targets for safety for people and the environment, a sustainable product portfolio, responsible procurement, sustainable water management, engaged employees, and inclusion of diversity.

The objective of these targets is to steer our business into a sustainable future and, at the same time, contribute to the implementation of the United Nations' Sustainable Development Goals (SDGs).¹ We are focusing on issues where we as a company can make a significant contribution, such as climate protection, sustainable consumption and production, and fighting hunger.

Status of Target Achievement in 2019



¹ For more information on the Sustainable Development Goals (SDGs), see sustainabledevelopment.un.org

² Return on capital employed (ROCE) is a measure of the profitability of our operations. We calculate this indicator as the EBIT generated by the segments as a percentage of the average cost of capital basis.

³ Dividend proposed by the Board of Executive Directors

⁴ Accelerator products are products that make a substantial sustainability contribution in the value chain.

⁵ We understand relevant spend as procurement volumes with suppliers defined as "relevant." For more information, see basf.com/report

Our strategic action areas

To reach our goals and be the leading company in the chemical industry for our customers, we are strengthening our performance in innovation and in operations as the leading chemical producer and plant operator. We leverage digital technologies and data to create additional value added for us and our customers. We are embedding sustainability even more deeply into the steering of our business. We want to foster a passion for our customers in all employees. We are expanding our portfolio and refining our organization to better meet customer needs using the power of our Verbund integration. To this end, we have defined six strategic action areas on which will continue to base our activities.

Innovation

Our ambition is to be the most attractive partner for our customers whenever they are confronted with challenges that can be approached with chemistry. Our research and development competences are industry-leading. We aim to build on and leverage this strength to develop innovations together with our customers. We want to continuously improve our innovation processes so that we can bring products to the market more quickly.

Sustainability

We are successful in the long term when our products, solutions and technologies add value to the environment, society and the economy. We want to be a thought leader in sustainability, which is why we are increasing the relevance of sustainability in our steering processes and business models. This secures the long-term success of our company, creates business opportunities and establishes us as a key partner supporting our customers.

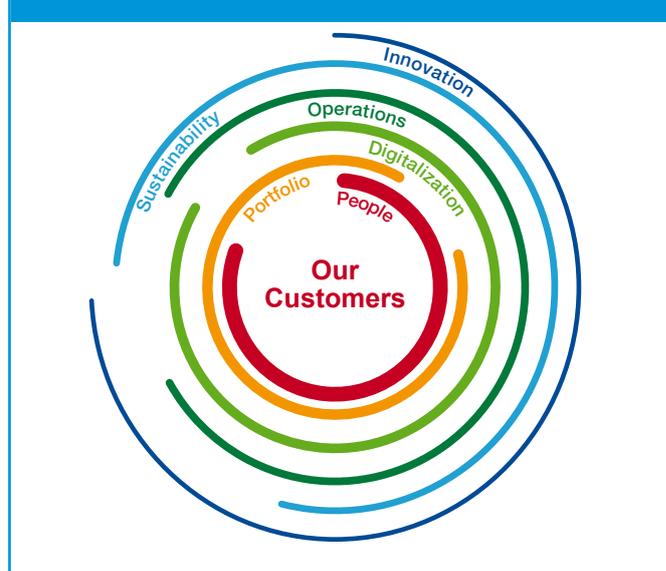
Operations

We produce safely, efficiently and reliably so that we can deliver products to our customers on spec and on time. We strive to continually improve the reliability and availability of our plants, as well as our agility. Above and beyond this, continuous process improvements and effective debottlenecking of our existing asset base are paramount to ensure our competitiveness.

Digitalization

Digitalization is an integral part of our business. This creates value added for our customers, grows our business and improves efficiency. We are extensively promoting digital skills among our employees to ensure that the necessary resources are always available to leverage the opportunities of digitalization to the benefit of our customers.

Action areas sharpen customer focus



Portfolio

We will sharpen our portfolio and focus our capital allocation toward growth areas. We will focus primarily on organic growth through capital expenditures and innovation. We also make targeted acquisitions where this makes strategic sense and creates value and divest businesses that are no longer a strategic match. Our segment structure creates a high level of transparency regarding the steering of our businesses, the importance of value chains and the role of our Verbund. The physical, technological, market and digital integration of the Verbund is at the core of our portfolio and our strengths.

Employees

We aim to clearly position each business against its relevant competitors and establish a high-performance organization to enable us to be successful in an increasingly competitive market environment. Our people are what will make the implementation of our strategy successful. We rely on the engagement of our employees and give them the tools and skills necessary to be able to offer our customers differentiated and customized products, services and solutions. Our tailored business models and organizational structures ensure that each business unit can optimally serve its market segment.

Corporate values

guide our conduct and actions

Creative: We make great products and solutions for our customers. This is why we embrace bold ideas and give them space to grow. We act with optimism and inspire one another.

Open: We value diversity, in people, opinions and experience. This is why we foster feedback based on honesty, respect and mutual trust. We learn from our setbacks.

Responsible: We value the health and safety of people above all else. We make sustainability part of every decision. We are committed to strict compliance and environmental standards.

Entrepreneurial: We focus on our customers, as individuals and as a company. We seize opportunities and think ahead. We take ownership and embrace personal accountability.

BASF in the regions

BASF Group sales 2019: €59,316 million;
EBIT 2019: €4,052 million

North America



16,420
Sales¹ (in million €)

692
EBIT (in million €)

19,355
Employees²

South America,
Africa, Middle East

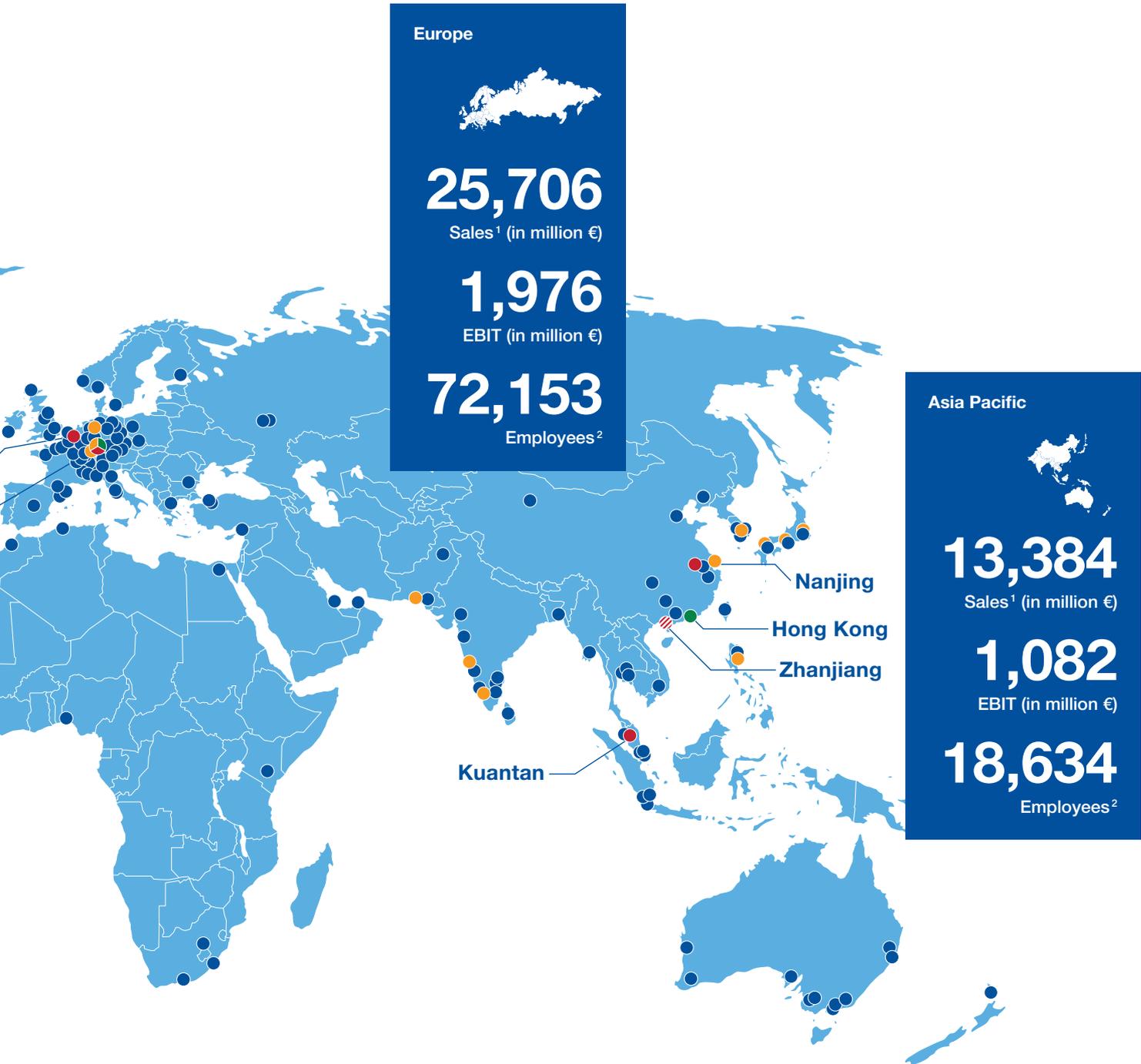


3,806
Sales¹ (in million €)

302
EBIT (in million €)

7,486
Employees²



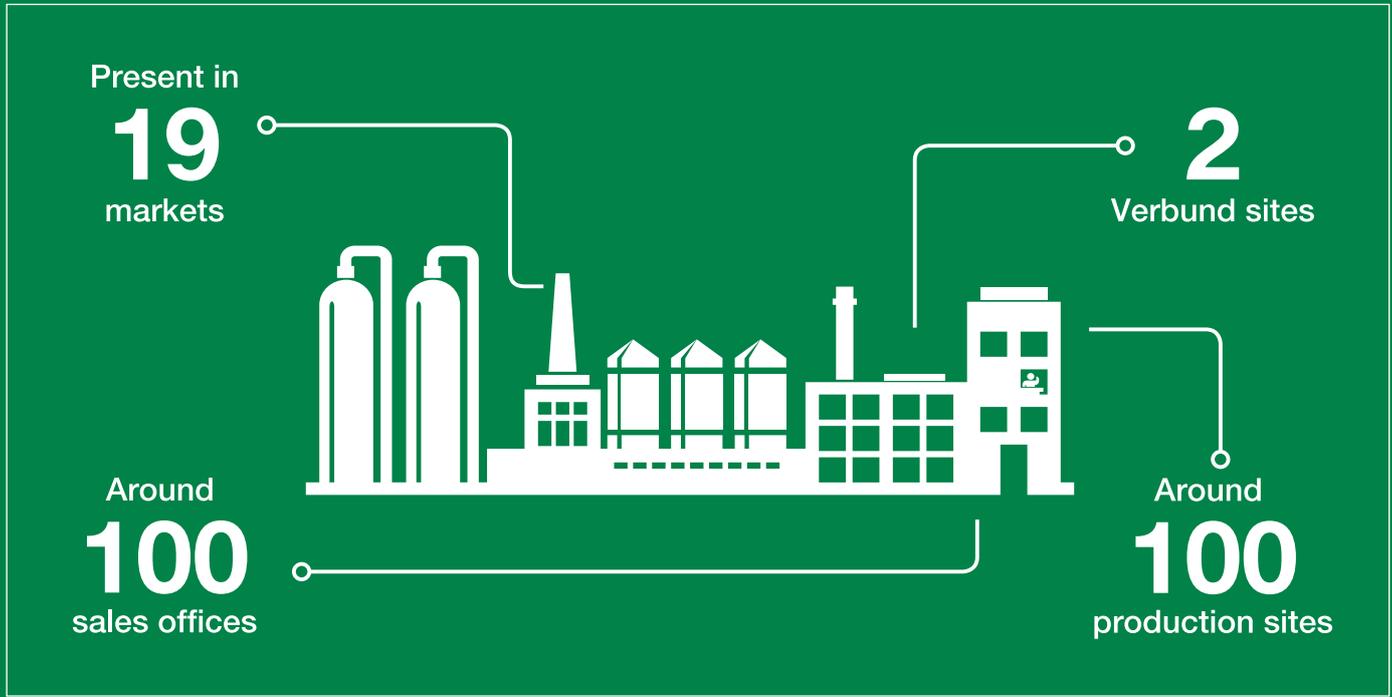


- Regional centers
- Selected sites
- Verbund sites
- ▨ Planned Verbund site
- Selected research and development sites

¹ In 2019, by location of company
² At year-end 2019

BASF in Asia Pacific

At a glance



Innovation

Innovation in chemistry enables economic, environmental, and social development. Thus, innovation plays a key role in meeting the needs of Asia Pacific's growing population in a period of rapid urbanization. BASF is committed to fostering innovation in this dynamic region by constantly enhancing its local research and development capabilities.

Growing R&D capabilities in Asia Pacific

- **BASF expanded innovation capabilities in Asia to strengthen collaboration with customers**
- **BASF Creation Centers empower customers to transform creative ideas into commercial solutions**

BASF has been continuously expanding its research and development footprints in Asia Pacific, to drive innovation by integrating customer and market needs at an early stage. BASF operates major R&D sites located in China, India, Japan and Korea.

BASF operates two Innovation Campuses, in Shanghai, China, and Mumbai, India. Their concept is unique to Asia Pacific and brings all parties – R&D, business and production units – to a single integrated site. Each Innovation Campus is an integral part of BASF's global Know-How Verbund and houses global, regional and local R&D projects.

The Innovation Campus Shanghai, located at the BASF Shanghai Pudong Innovation Park, was inaugurated in 2012 and expanded in 2015 and 2019. It is BASF's global headquarters of Advanced Materials & Systems Research division.

The Innovation Campus Shanghai has a broad research portfolio in the areas of advanced materials, chemical process engineering, and environmental catalysts. Combining technical development



The Innovation Campus Shanghai is the largest R&D site of BASF in the region and serves as the global headquarters of BASF's Advanced Materials & Systems Research division.

capabilities of the operating divisions, with industrial design expertise, the Innovation Campus Shanghai serves the innovation demand of almost all major industries.

To attract, develop and retain R&D talent in Asia Pacific, BASF set up a vocational training center at the Innovation Campus Shanghai to develop a tailor-made program for lab assistants in collaboration with a selected college in Shanghai. This program enables young talents to develop strong skills and pursue a successful career in R&D.

The Innovation Campus Mumbai, with complementary research focusing on crop protection and specialty chemicals, is an important pillar of BASF's growing R&D network in Asia Pacific. It includes state-of-the-art laboratories for chemical synthesis, application and process development, as well as analytics. The Innovation Campus Mumbai brings all new and existing R&D activities in Mumbai under one roof. It is located next to the office buildings and production plant of BASF's Thane site in Navi Mumbai.

BASF R&D setup in Asia Pacific



Asia Pacific R&D sites

Innovation Campus Shanghai

- Focus: Advanced Materials, Process Engineering, Catalysts
- Creation Center

Innovation Campus Mumbai

- Focus: Crop Protection, Specialty Chemicals
- Creation Center

R&D Center Amagasaki

- Focus: Battery Materials

R&D Center Suwon

- Focus: Electronics



The Creation Centers in Shanghai, Yokohama, and Mumbai bring customers and BASF's experts together to transform conceptual ideas into creative solutions.



A vocational training center has been set up at the Innovation Campus Shanghai developing a tailor-made concept for lab assistants.

In 2019, BASF launched three new Creation Centers in Mumbai, Yokohama, and Shanghai. The Centers bring customers and BASF's experts together to transform conceptual ideas into creative solutions. Equipped with world-class workshop facilities and interactive material showcases, BASF provides resources to discover, understand, and create new and improved products and solutions with BASF materials. Customers can explore materials, use interactive digital tools, and participate in ideation and material consultancy workshops.

Across Asia Pacific, BASF R&D centers with specialized focus areas contribute to developing innovative solutions that address the region's challenges of resource efficiency, and quality of life. BASF's R&D Center in Amagasaki, Japan, focuses on developing innovative materials to improve battery performance. The company's R&D Center in Suwon, Korea, specializes in electronic materials development in close collaboration with major customers in Korea and across the region.

Driving open innovation with academia and industry

- **BASF expanded Network for Asian Open Research (NAO) to India**
- **New collaboration with Tsinghua x-lab provides a platform to find the right partners for joint research projects**

BASF places great value on open innovation through close collaboration with academic and industry partners around the world. It maintains a global network of around 300 partners from universities, institutes, and companies, forming a key pillar of BASF's global Know-How Verbund. In Asia Pacific, the Network for Asian Open Research (NAO) has been a joint platform steered by BASF as well as leading universities and institutes in the region since 2014.

In 2019, BASF further expanded its partner network by including the Indian Institute of Technology Bombay (IITB) and the National Chemical Laboratory Pune (NCL) in India. The network has been expanded to 12 university partners across China, Japan, South Korea and India, further enhancing BASF's open innovation capabilities in Asia Pacific.

BASF is broadening its search to identify promising proposals that will generate innovative and sustainable solutions. BASF and Tsinghua x-lab, an innovative education platform of Tsinghua University, hosted innovate (48), a 48-hour entrepreneurship competition to search for scientific innovations projects contributing to environmental sustainability. 11 project teams presented their ideas to a judging panel comprising start-up investors and corporate incubators, including BASF Venture Capital. The team of Beijing TC air Tech won the first prize. The team will receive support and expertise in chemical innovation from BASF for further project development.

Since its establishment, BASF and its partners have completed more than 43 joint research projects, with 11 postdoctoral students joining BASF after the projects' completion. Currently, NAO projects cover research areas, including new monomers and polymers, surfaces and interfaces, coating, zeolites, insecticide, as well as digitalization in R&D. For example, BASF is partnering with Sichuan University to explore improved solutions addressing important market needs such as high chemical resistance of polyamide blends.

BASF in Korea

At a glance

BASF has been a committed partner to Korea since 1954. As a leading foreign investor in the chemical industry in Korea, BASF operates eight world-scale production sites in the country. The company also maintains the regional headquarters of its Electronic Materials business and the Electronic Materials R&D Center Asia Pacific in Suwon. In addition, three technical development centers are located across Korea. In 2019, BASF posted sales of approximately €1.3 billion to customers in Korea and employed 1,142 employees as of the end of the year.

BASF Company Ltd., and BASF Colors & Effects Korea Ltd. are two wholly-owned subsidiaries of BASF SE. BASF maintains the Asia Pacific regional headquarters of BASF's electronic materials business close to its R&D center in Suwon. Along with the regional sales and marketing organizations, the electronic materials production plant started its operation in 2017. The plant produces ultra-pure NH₄OH (electronic-grade ammonia water) used in the semiconductor and display manufacturing processes.

BASF has also established a 50:50 joint venture in Korea with Kolon Plastics to manufacture POM (polyoxymethylene), an engineering plastic used in industrial, transportation, construction and consumer markets.

In Ulsan, there are 3 production sites including Plastics, Chemicals and Pigments. At the end of 2018, the Ulsan Plastics site switched its entire production line from the classic white EPS (expandable polystyrene) Styropor® to the improved insulation raw material Neopor® (gray EPS). This allows the company to meet the growing demand for the gray material in the Asian market. The Ulsan Chemicals site produces PolyTHF®, polyol, and polyurethane system A. BASF Colors & Effects Korea Ltd, a wholly owned company of BASF, operates a pigment site to produce organic pigments.

In the Yeosu site, BASF produces polyurethane raw materials (MDI, TDI), specialty plastics (Ultrason®), and ultra-pure NH₄OH (electronic-grade ammonia water) used in the semiconductor and display manufacturing processes.

To meet the customer needs in various local markets, such as automotive, industrial and consumer goods, BASF established an engineering plastics compounding site in Yesan and increased the production capability of engineering plastics at its Ansan site. BASF's technical development centers in Dongtan and Ansan also support customers to develop application systems and provide technical support.

The Gunsan site is BASF's only production plant outside of Germany that produces vitamin B2 used for human and animal nutrition.



At BASF's Asia Pacific Electronic Materials R&D Center located in Suwon, researchers are examining an electro-plating solution used in the semiconductor manufacturing processes.



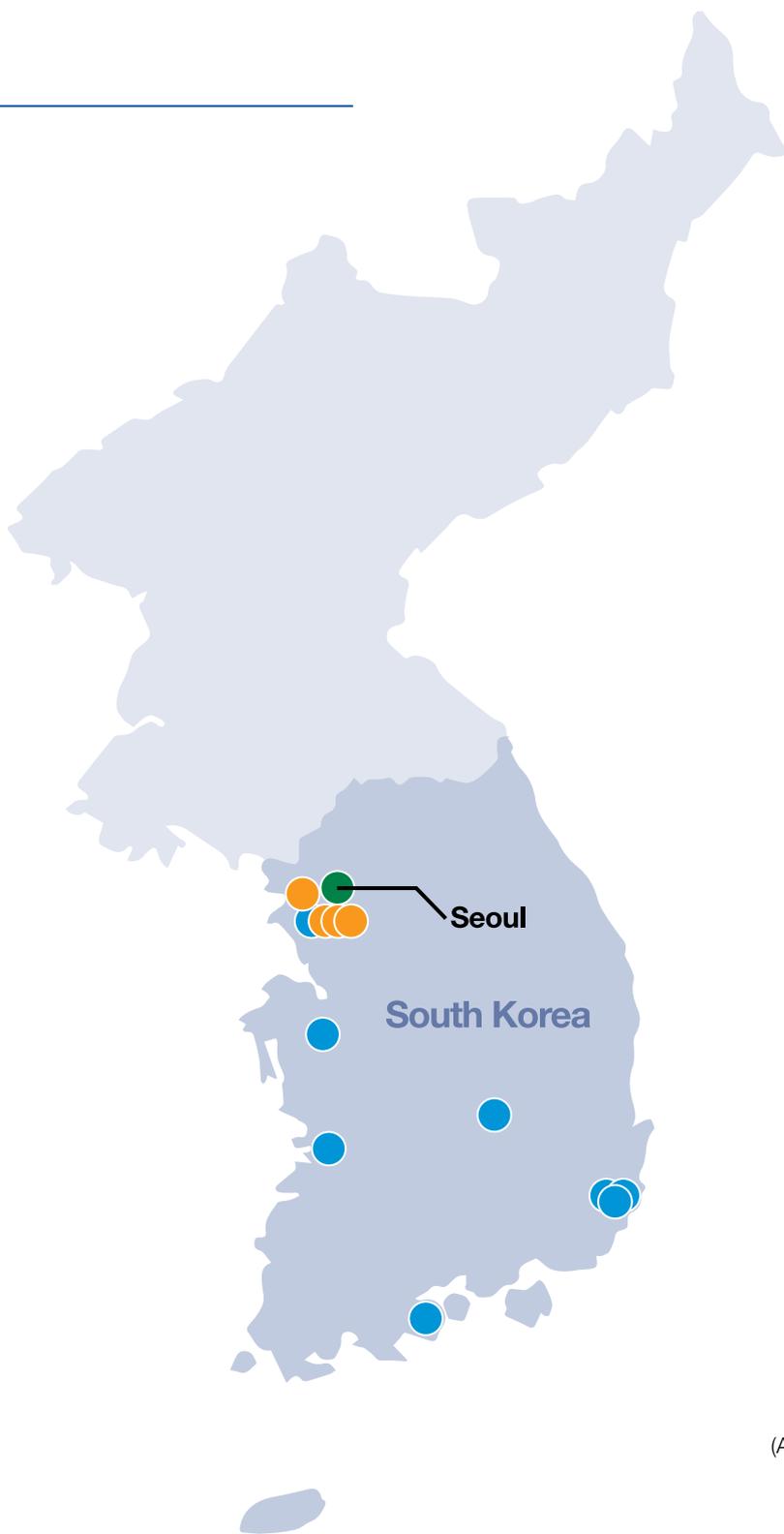
The Yeosu site produces raw materials for polyurethanes: MDI (methylene diphenyl diisocyanate), TDI (toluene diisocyanate), CCD (carbonyl chloride derivatives), Ultrason® polyarylsulfone and Ultra-pure NH₄OH for electronic-grade ammonia water.



BASF operates the Gimcheon site under the name of KOLON BASF InnoPOM, which is a 50:50 joint venture between BASF and KOLON plastics.

Business development

- Sub-regional headquarters
- Selected sites
- R&D/Technical centers



(As of December 31, 2019)

BASF in Korea

Sales in 2019 (by location of customer)

€1,255 million

Employees (as of December 31, 2019)

1,142

Major sites

Seoul Office

- First activities in 1954
- Provides marketing, sales, human resources and other functions for BASF in Korea
- BASF Colors & Effects Korea (a wholly-owned company of BASF) located in Seoul office

BASF Korea Technology Development Center (Dongtan)

- Established in 2015
- Consolidated polyurethane research center and research site for care chemicals and cosmetics
- Develops application systems and provides customer support
- Cellasto® testing lab established in 2016

Ansan Coatings Technology Center

- Established in 2010
- Develops environmentally friendly water-based coatings and coating methods for automotive applications

Ansan CAE Technology Center

- Established in 2006
- Develops automotive engineering plastic parts using CAE (Computer Aided Engineering) technology

Ansan Engineering Plastics Site

- Engineering plastics compounding site acquired from Honeywell in 2003
- Produces engineering plastics
- Supports automotive and electronics sector
- Produces polyoxymethylene compounding (Global Compounding Hub)

BASF Electronic Materials R&D Center Asia (Suwon)

- Established in 2014
- BASF Asia Pacific Electronic Materials Headquarters located in Suwon R&D center
- Conducts regional research and development on electronic materials

Gunsan Site

- Established in 2003
- Produces Vitamin B2

Yeosu Site

- First plants established in 1991 by Hanyang BASF Urethane Co., Ltd.
- Produces raw materials for polyurethanes: MDI (methylene diphenyl diisocyanate), TDI (toluene diisocyanate), CCD (carbonyl chloride derivatives)
- Ultrason® polyarylsulfone plant completed in 2014, first of its kind outside Germany
- Ultra-pure NH4OH (electronic-grade ammonia water) plant completed in 2017

Ulsan Site

Chemicals Site

- Established in 1998 to produce PolyTHF®, polyol, and polyurethane system A

Plastics Site

- Established in 1980 by Hyosung BASF Co., Ltd. to produce expandable polystyrene

Pigments Site

- Acquired in 2010 from Daihan Swiss Chemical; produces organic pigments
- Operated by BASF Colors & Effects Korea since 2016

Yesan Site

- Established in 2015
- Produces engineering plastics for automotive and consumer products

Gimcheon Site (Joint Venture)

- Established in 2016
- Joint venture (50:50) with Kolon Plastics
- Produces polyoxymethylene engineering plastics

BASF Korea in Figures

Despite the difficulties in the global market in 2019, BASF achieved solid business results in Korea, not only financially, but also in environmental and social terms. In cooperation with our customers, BASF is pursuing a diversified growth strategy in Korea to develop new products and solutions. BASF also engaged proactively with local communities in order to establish understanding and maintain the trust with all relevant stakeholders.

Business development

BASF has been continuously investing in Korea for more than 60 years. Through the acquisition of various businesses and the establishment of partnerships with customers, BASF continues to improve market competitiveness and to increase its flexibility for local industries.

BASF acquired Basta as part of its acquisition of selected businesses and assets from Bayer Crop Science in 2018. In 2019, BASF entered into two exclusive distribution and trademark licensing agreements with NongHyup Chemical Co., Ltd. and Sungbo Chemicals Co., Ltd. Under this agreement, BASF supplies high-quality active ingredients from its production plant in Germany to both companies. They will formulate BASF's non-selective herbicide under exact specifications and market final products under the Basta brand to farmers in Korea.

Coastal erosion has become a major issue for many beaches along the coastline of South Korea. In August 2019, BASF installed an

additional 820m² revetments with Elastocoast[®] along the Gwanmae-do coastline in Dadohae-haesang National Park, through a collaboration with SBB, the partner company of BASF. Elastocoast is an innovative solution to prevent erosion of the coast and protect surrounding natural landscape, offering both economic and environmental benefits in terms of simple application and restoration of ecological balance. The original 300-square-meter revetment built with Elastocoast, installed along the shorelines of Gwanmae-do Beach in 2012, has remained intact even after several strong typhoons. As such, it has been recognized by the Korean National Park Service as an excellent solution to protect the coastal line against erosion.

BASF's commitment to environmental protection through innovation has been recognized with its receipt of the "Innovation in Sustainability" award for its high-quality and versatile biopolymer, ecovio[®]. The biopolymer contains a variable bio-based content and is certified compostable, making it an environmentally friendly substitute for conventional plastic.



Elastocoast[®] developed by BASF defends and restores coastline at South Korea's largest national park.



Member of the jury Benjamin Kang, Vice President of SMEs Cooperation Division at KETI, with winner of 'Innovation in Sustainability' BASF Korea's Chairman/ Representative Director Young-Yull Kim and Sales Manager for Basotect[®], ecoflex[®] & ecovio[®] of BASF Korea Kyung Jin Jang (from left to right)

Ecovio used as an alternative to polyethylene (PE) to produce mulch films can increase crop yields and control weed growth in the agricultural industry.

Collecting PE mulch films is labor-intensive and is often not completely successful, resulting in soil contamination from plastic that is left behind. Thanks to ecovio's compostability and biodegradability, mulch films can be plowed into the ground after harvest. ecovio provides an eco-friendly solution to the decreasing and aging agri-

cultural workforce in rural Korea, as the collection of PE mulch films is no longer required. In addition, due to its high mechanical strength, durability and resistance to humidity, ecovio can also be used in a wide variety of applications including organic waste disposal bags and disposable food packing as it is approved for food contact.

BASF Korea also strives to explore collaboration opportunities with customers and startups to unlock joint growth potential. At CHINA-PLAS 2019, BASF introduced a prototype of the concept wheelchair, “Ren Chair,” co-created by Korean wheelchair maker, Wheel-Line, Korean design company REHTO Design and BASF. Specifically, lightweight materials from BASF used in Ren Chair offer greater convenience and comfort for both users and caregivers. Moreover, BASF’s high-performance material innovations offer freedom of design and superior mechanical properties such as high strength, abrasion resistance, and chemical resistance. The flexibility offered by the advanced materials opened up the creative space for the designers in shaping the overall design of the Ren Chair.



Ren Chair, a concept wheelchair helps users achieve a more active lifestyle.

BASF’s plastic additives package is also helping protect the roof at Incheon Airport’s Terminal 2, with thermoplastic polyolefin (TPO) sheets produced by Wonpoong Corporation in South Korea under the brand name SuperGuard™. TPO sheets are widely used as roofing membranes in commercial buildings and other structures as a more environmentally friendly alternative for high-performance waterproofing. The additives package, comprising a light stabilizer from the Tinuvin® range and an antioxidant from the Irgastab® range, helps protect the TPO membranes, hence the roofs, from wear and tear resulting from extreme heat and light exposure.



TPO roofing membranes produced with BASF’s polymer formulation and stabilization can perform in some of the most extreme climate conditions and meet current roofing and waterproofing standards.

To further build up a cooperative research network, BASF has been exploring opportunities to cooperate with Korean start-ups, companies and research institutes that are looking to enter the global markets, through the Global Alliance Program Series (GAPS) from Korea Trade-Investment Promotion Agency’s (KOTRA). With a focus on chemical materials, BASF has been evaluating the opportunities for a variety of partnerships for areas including abatement technologies for VOC emission reduction, sensor technology for autonomous driving, and material technology for advanced battery systems.

Environmental protection, health and safety

We value the health and safety of people above all else. This principle is anchored in our strategy and underlies our philosophy in operating our own facilities and dealing with third parties. Around the world, including in Korea, BASF has embraced the goals of the chemical industry’s voluntary Responsible Care® initiative, which covers environmental protection, health and safety (EHS) as well as security and energy efficiency, and applies them to its operation.

In 2019, steam consumption of BASF in Korea decreased due to the optimized manufacturing processes and effective energy analysis in all production sites as well as reduced overall production volume. Greenhouse gas emissions of BASF in Korea also decreased due to the government-led energy conservation program, including the electricity saving campaign.

There was a slight increase in air pollutants compared to the previous year due to a variety of production changes throughout the

year. Emission of organic substances (COD) and nitrogen to water returned to a normal level after the completion of the vitamin B2 fermentation process testing in Gunsan site in early 2019, thereby significantly reducing nitrogen and COD level in the waste water.

To enhance safety performance, the "Back to Basics, One, Two, Three" campaign was launched at Yeosu site to improve the overall management and supervising system for various areas including process safety, product stewardship and transportation and distribution safety. In 2019, the TDI plant was rated Green, the highest safety level, after the Responsible Care audit.



The safety equipment roadshow jointly held with 3M at the Yeosu site as part of the "Back to Basics, One, Two, Three" initiative.

In 2019, BASF's chemicals site in Ulsan set a record of reaching its zero lost time injuries goal 20 times. BASF Ulsan site voluntarily joined the Korea Occupational Safety and Health Agency (KOSHA)'s "accident-free campaign" in the year 2000. Through this campaign, companies that achieve the safety goals set by KOSHA will receive a certificate of approval. From August 29, 2000 to March 24, 2019, BASF Ulsan site has continuously operated with zero lost time injuries, thus meeting its 20th consecutive successful safety target and achieving a total of 6,781 safe working days. BASF has achieved this milestone with the help of its stringent corporate policies for safety, health and environmental protection, including comprehensive efforts to minimize risks across the entire process, including in the manufacture, transport, use and disposal of products. The Ulsan chemical site also implements CARE+ Safety Initiative proactively, which is an activity to establish a safety-first culture that involves BASF employees as well as business partners' employees.

Our global health management serves to promote and maintain the health and productivity of our employees. In 2019, we launched a global healthcare campaign, "moment_to_moment", aiming to sen-

sitize our employees to conscious and safe behavior in their every-day working and personal lives. A workshop was organized at the Yeosu site for employees to help them understand their stress levels and provide them with suggestions to reduce stress.



X/O quiz on safety promotes safety awareness at the Yeosu site on Global Safety Days

Employees and Society

In addition, BASF introduced the Korean version of Virtual Kids' Lab, an extension of its hands-on children's chemistry program Kids' Lab. Through the newly launched online platform, children can explore the wonders of chemistry at their fingertips, even if they have not attended Kids' Lab in person.



A researcher at BASF R&D Center volunteers to teach students from Yewon Elementary School to make marble ice cream at BASF Kids' Lab.

Co-organized by the KCMC (Korean CEO's Association of Multinational Companies), BASF employee volunteers went hiking with 20 visually impaired children from Seoul National School for the Blind. In this activity, BASF volunteers were matched one-on-one with visually impaired children, holding their hands and walking along the mountain in Ansan.

BASF and local communities have built strong relationships over the long term, and cooperate with each other to address social needs. In December, BASF Ulsan chemical site held a kimchi making event at Meary School, a special school for students with hearing and learning impairments. BASF has been making kimchi at Meary School annually since 2007, when they became a sister partner. In 2019, 20 employees from the Ulsan chemicals site made 700kg of kimchi and shared it with socially disadvantaged neighbors along with warm wishes for the winter.

BASF understands the importance of engaging with the local communities where its production sites are located. We have established the Community Advisory Panels (CAPs) to promote dialog among community members near our production sites. Each CAP consists of members of the local community, such as experts in health and safety, environmental issues, university professors, medical doctors, and community leaders. We regularly hold meetings every quarter to explain safety management of our plants in Korea and to focus on areas of interest in the community.



BASF employees are walking with the student with visually impaired in Ansan, Seoul

Key data 2019

		2019	2018	2017
Financial Results				
Sales	million €	1,255	1,366 ¹	1,201
Employees (as of December 31)				
Number of employees		1,142	1,182	1,154
Number of apprentices		-	-	-
Employee age structure				
Up to and including 25 years	%	1.7	1.9	2.5
Between 26 and 39 years	%	32.0	34.4	34.0
Between 40 and 54 years	%	52.6	52.4	53.7
55 years and older	%	13.7	11.3	9.8
Gender				
Women	%	12.6	-	-
Men	%	87.4	-	-
Donations and Sponsoring				
Total spend	million €	133,409	-	-
Of which Donations	%	56.5	-	-
Occupational and Process Safety				
Lost-time injury rate (BASF employees, leased personnel and contractors)	per 200,000 working hours	0.19	0.12	0.06
Fatalities (total)		0	0	0
Process Safety Incidents (PSIs)	per 200,000 working hours	0.06	0.06	0.19
Environment				
Energy				
Electricity consumption	MWh	447,642	462,846	471,276
Steam consumption	metric tons	1,734,961	1,906,442	1,880,039
Fuel consumption (central powerplants and boilers)	MWh	933,400	957,007	972,372
Emissions to air				
Greenhouse gas emissions	metric tons of CO ₂ equivalents	620,229	661,319	678,347
Air pollutants (without CH ₄)	metric tons	646.50	622	721
Water				
Emissions to water: Organic substances (COD)	metric tons	245	290	340
Emissions to water: Nitrogen	metric tons	157	187	137
Emissions to water: Heavy metals	metric tons	0.52	0.48	0.42
Water supply	million cubic meters	5.6	5.9	6.3
Water used for production	million cubic meters	3.4	3.5	3.6
Water used for cooling	million cubic meters	314	321	309
Waste				
Waste (total amount)	metric tons	41,596	43,058	40,813
Recycling and thermal recovery	%	51	52	46

¹ The sales data for 2018 has been restated.



A technical engineer at BASF Electronic Materials R&D Center in Asia Pacific located in Suwon, Korea, examines an electro-plating solution used in semiconductor processes.

Ten-Year-Summary

Million €

	2010	2011	2012 ¹	2013 ²	2014	2015	2016	2017 ³	2018	2019
Sales and earnings										
Sales	63,873	73,497	72,129	73,973	74,326	70,449	57,550	61,223	60,220 ⁴	59,316
Income from operations (EBIT)	7,761	8,586	6,742	7,160	7,626	6,248	6,275	7,587	5,974 ⁴	4,052
Income before income taxes	7,373	8,970	5,977	6,600	7,203	5,548	5,395	6,882	5,233 ⁴	3,302
Income after taxes from continuing operations	–	–	–	–	–	–	–	5,592	4,116 ⁴	2,546
Income after taxes from discontinued operations	–	–	–	–	–	–	–	760	863 ⁴	5,945
Income after taxes	5,074	6,603	5,067	5,113	5,492	4,301	4,255	6,352	4,979	8,491
Net income	4,557	6,188	4,819	4,792	5,155	3,987	4,056	6,078	4,707	8,421
Income from operations before depreciation and amortization (EBITDA)	11,131	11,993	10,009	10,432	11,043	10,649	10,526	10,765	8,970 ⁴	8,036
EBIT before special items	8,138	8,447	6,647	7,077	7,357	6,739	6,309	7,645	6,281 ⁴	4,536
Capital expenditures, depreciation and amortization										
Additions to property, plant and equipment and intangible assets	5,304	3,646	5,263	7,726	7,285	6,013	7,258	4,364	10,735	4,097
of which property, plant and equipment	3,294	3,199	4,084	6,428	6,369	5,742	4,377	4,028	5,040	3,842
Depreciation and amortization of property, plant and equipment and intangible assets	3,370	3,407	3,267	3,272	3,417	4,401	4,251	4,202	3,750 ⁴	4,146
of which property, plant and equipment	2,667	2,618	2,594	2,631	2,770	3,600	3,691	3,586	3,155 ⁴	3,408
Number of employees										
At year-end	109,140	111,141	110,782	112,206	113,292	112,435	113,830	115,490	122,404	117,628
Annual average	104,043	110,403	109,969	111,844	112,644	113,249	111,975	114,333	118,371	119,200
Personnel expenses										
	8,228	8,576	8,963	9,285	9,224	9,982	10,165	10,610	10,659	10,924
Research and development expenses										
	1,492	1,605	1,732	1,849	1,884	1,953	1,863	1,843	1,994⁴	2,158
Key data										
Earnings per share	€ 4.96	6.74	5.25	5.22	5.61	4.34	4.42	6.62	5.12	9.17
Adjusted earnings per share	€ 5.73	6.26	5.64	5.31	5.44	5.00	4.83	6.44	5.87	4.00
Cash flows from operating activities	6,460	7,105	6,602	8,100	6,958	9,446	7,717	8,785	7,939	7,474
EBITDA margin	% 17.4	16.3	13.9	14.1	14.9	15.1	18.3	17.6	14.9 ⁴	13.5
Return on assets	% 14.7	16.1	11.0	11.5	11.7	8.7	8.2	9.5	7.1	4.5
Return on equity after tax	% 24.6	27.5	19.9	19.2	19.7	14.4	13.3	18.9	14.1	21.6
Return on capital employed (ROCE)	% –	–	–	–	–	–	–	15.4	12.0 ⁴	7.7
Appropriation of profits										
Net income of BASF SE ⁴	3,737	3,506	2,880	2,826	5,853	2,158	2,808	3,130	2,982	3,899
Dividend	2,021	2,296	2,388	2,480	2,572	2,664	2,755	2,847	2,939	3,030
Dividend per share	€ 2.20	2.50	2.60	2.70	2.80	2.90	3.00	3.10	3.20	3.30
Number of shares as of December 31	million	918.5	918.5	918.5	918.5	918.5	918.5	918.5	918.5	918.5

¹ We have applied International Reporting Standards IFRS 10 and 11 as well as International Accounting Standard 19 (revised) since January 1, 2013. Figures for 2012 have been restated; no restatement was made for 2011 and earlier.

² Figures for 2013 have been adjusted to reflect the dissolution of the natural gas trading business disposal group. For more information, see the Consolidated Financial Statements at basf.com/report.

³ Figures for 2017 were restated with the presentation of the oil and gas activities as discontinued operations. For more information, see the Consolidated Financial Statements at basf.com/report.

⁴ Figures for 2018 were restated with the presentation of the construction chemicals activities as discontinued operations. For more information, see the Consolidated Financial Statements at basf.com/report.

⁵ Calculated in accordance with German GAAP

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BASF supports the worldwide Responsible Care initiative
of the chemical industry.