Analyst Conference Call
Q1 2017
April 27, 2017

Analyst Conference Call Script – long version

Kurt Bock, Chairman of the Board of Executive Directors
Hans-Ulrich Engel, Chief Financial Officer

The spoken word applies.

Cautionary note regarding forward-looking statements

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

BASF Group Q1 2017

Sales and earnings considerably above prior-year quarter

Financial figures	Q1 2017	Q1 2016	Change
Sales	€16.9 billion	€14.2 billion	19%
EBITDA	€3.5 billion	€2.8 billion	25%
EBIT before special items	€2.5 billion	€1.9 billion	29%
EBIT	€2.5 billion	€1.9 billion	31%
Net income	€1.7 billion	€1.4 billion	23%
Reported EPS	€1.86	€1.51	23%
Adjusted EPS	€1.97	€1.64	20%
Operating cash flow	€833 million	€1,046 million	(20)%

Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2017 vs. Q1 2016	↑ 8%	↑ 8%	↑ 1%	↑ 2%

Kurt Bock

Ladies and gentlemen, good morning and thank you for joining us.

[Chart 3: BASF Group Q1 2017: Sales and earnings considerably above prior-year quarter]

We had a good start to the year and finished the first quarter 2017 with considerable growth in sales and earnings compared to the prior-year quarter. We were able to further increase our sales volumes. The demand trend we saw in the course of 2016 continued into Q1 2017. In some of our key value chains, supply and demand balances improved.

- Sales in the first quarter of 2017 increased by 19 percent to 16.9 billion euros. This was mainly due to higher volumes and prices. For BASF Group, volumes rose by 8 percent, supported by all segments. With that, we achieved increasing volume growth for the fourth consecutive quarter. Sales prices increased by 8 percent following higher raw material prices and favorable market conditions, especially in Chemicals. Currency effects positively impacted sales by 2 percent, while portfolio effects amounted to 1 percent. This was mainly related to our acquisition of Chemetall, which overcompensated the divestiture of smaller businesses including industrial coatings and polyolefin catalysts.
- EBITDA increased by 25 percent to 3.5 billion euros, EBITDA before special items by 23 percent to 3.5 billion euros.
- EBIT before special items came in 29 percent higher at 2.5 billion euros. Considerably higher earnings in our chemicals business and in Oil & Gas drove the earnings increase.

  At 2.0 billion euros, EBIT before special items in our chemicals business increased by 536 million euros respectively 37 percent.

This increase was supported by a first insurance payment of 100 million euros related to business interruptions and physical damages in Q4 2016 following the accident in the North Harbor in Ludwigshafen. About three-quarters of this amount was recognized in the Chemicals segment.

- At around 2.5 billion euros, EBIT was 31 percent higher than in the same period last year. Special items amounted to minus 6 million euros.
- From a regional perspective, we significantly improved sales and earnings in Asia Pacific, where we succeeded in growing volumes strongly in all segments; China was the main contributor to this development. Sales prices increased, especially in Chemicals.
- The tax rate grew from 15.4 percent to 22.9 percent, mainly due to higher taxes in Norway.
- At 1.7 billion euros, net income rose by 23 percent compared with the prior-year quarter. Earnings per share were 1.86 euros in Q1 2017 versus 1.51 euros in the same period last year. Adjusted earnings per share amounted to 1.97 euros compared to 1.64 euros in the prior-year quarter.
- Cash provided by operating activities was 833 million euros compared to 1 billion euros in the prior-year quarter. This was attributable to changes in net working capital. We saw the usual seasonal increase in trade accounts receivable as well as higher sales in the chemicals business. Nevertheless, free cash flow rose from 45 million euros to 66 million euros in the first quarter of 2017 due to lower capital expenditures.


Milestones
BASF
We create chemistry
Innovation
Inauguration of Innovation Campus Asia Pacific in Mumbai, India
BASF selects HPE to build supercomputer for global chemical research
BASF to strengthen digital farming offer with acquisition of ZedX
Investments
BASF doubles production capacity for mobile emissions catalysts in Chennai, India
BASF expands production capacity for herbicide dicamba in Beaumont, Texas
Portfolio management
BASF's leather chemicals business to be combined with Stahl Group
BASF to sell its bleaching clay and mineral adsorbents businesses to EP Minerals
BASF to acquire THERMOTEK, a leading construction chemicals supplier based in Mexico
BASF Q1 2017 Analyst Conference Call, April 27, 2017
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[Chart 4: Milestones]

We continue to implement our “We create chemistry” strategy. Our commitment to research and development is core to this strategy.

- In early March, we inaugurated our Innovation Campus Asia Pacific in Mumbai, India. The Innovation Campus will expand BASF’s existing R&D activities in India and include regional as well as global research on a wide range of specialty chemicals.
- In mid-March, BASF and Hewlett Packard Enterprise announced to jointly develop one of the world’s largest supercomputers for industrial chemical research. The supercomputer will support the digitalization of BASF’s research worldwide.
- This week, BASF signed an agreement to acquire US-based company ZedX, a leader in the development of digital agricultural intelligence. The company’s expertise lies in the development of agronomic weather, crop, and pest models that can rapidly translate data into insights for more efficient agricultural production.

Our current strong volume development is largely enabled by the capital expenditures of the last few years. We will continue to fill the new capacities. In addition, further investments – at an average level slightly above depreciation – will support our organic growth.

- In early March, we inaugurated our mobile emissions catalysts manufacturing site in Chennai, India, doubling capacity for mobile emissions catalysts in that country.

- In mid-March, we started up our expanded production facility for dicamba in Beaumont, Texas. Dicamba is the active ingredient in our latest herbicide product Engenia™, which is used to combat glyphosate-resistant weeds.

We are also continuously optimizing our portfolio.

- On March 22, BASF and Stahl signed an agreement to combine BASF's leather chemicals business with Stahl Group. Under the terms of the agreement, BASF will receive a 16 percent minority stake in the Stahl Group as well as a payment that will lead to special income at closing. Furthermore, BASF will supply significant volumes of leather chemicals to Stahl under mid- to long-term supply agreements.
- On April 6, we announced the sale of our non-core bleaching clay and mineral adsorbents businesses to EP Minerals. These activities are currently part of the process catalysts business unit of BASF's Catalysts division.
- At the beginning of this week, we announced the acquisition of Grupo THERMOTEK, a leading construction chemicals supplier based in Monterrey, Mexico. THERMOTEK is a privately held company founded in 1992 and the leader in waterproofing systems in Mexico and Central America.

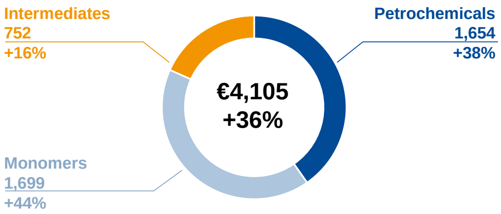
I will now hand over to Hans, who will provide some more detail on the development of our segments.

Chemicals

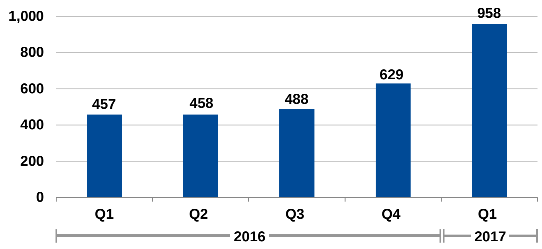
Considerably higher earnings driven by increased margins and volumes

BASF We create chemistry

Sales Q1 2017 vs. Q1 2016*
million €



EBIT before special items*
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2017 vs. Q1 2016	↑ 10%	↑ 24%	0%	↑ 2%

* Effective January 1, 2017, the Monomers and Dispersions & Pigments divisions' activities for the electronics industry were combined into the global Electronic Materials business unit and allocated to the Dispersions & Pigments division in the Performance Products segment. The 2016 figures have been adjusted accordingly.

Hans-Ulrich Engel

Good morning ladies and gentlemen,

Let me highlight the financial performance of each segment in comparison with the first quarter of 2016.

[Chart 5: Chemicals – Considerably higher earnings driven by increased margins and volumes]

Sales in **Chemicals** increased considerably. The main drivers were higher prices in Petrochemicals and Monomers as well as increased volumes in all divisions. In a tight market environment, we were able to expand margins, especially in isocyanates, cracker products, and acrylics. Overall, fixed costs went up due to the startup of new plants. Improved margins, higher volumes and an increased contribution from our joint venture BASF-YPC in Nanjing resulted in an EBIT before special items of 958 million euros, more than doubling the earnings of the prior-year quarter. During the first quarter, we continued to experience the negative impact associated with insufficient supply of raw materials due to the North Harbor accident. However, this impact was offset by the first insurance payment related to business interruption losses and physical damages incurred in Q4 2016.

- The **Petrochemicals** division raised its sales considerably compared with the previous first quarter. A sharp increase in prices for raw materials such as naphtha, along with solid demand, led to higher sales prices – especially for steam cracker products. Volumes were slightly up compared with the previous first quarter. Margins improved for steam cracker products in all regions as well as for acrylic monomers in Asia.

The first insurance payment for the accident at the North Harbor resulted in lower fixed costs. EBIT before special items grew considerably as an effect of the higher margins and a significantly increased earnings contribution from our share in BASF-YPC Company Ltd., based in Nanjing, China.

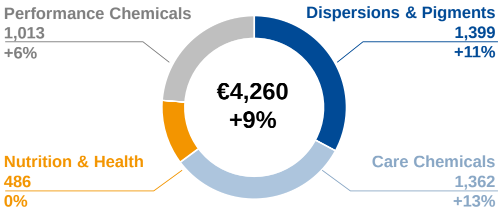
- Compared with the first quarter of 2016, sales in the **Monomers** division increased considerably. This was mainly the result of higher prices, especially for isocyanates. Sales volumes rose sharply, primarily for isocyanates and polyamides. EBIT before special items grew considerably as a consequence of increased margins. Earnings were also positively influenced by the restructuring of our caprolactam production in Europe. Predominantly on account of maintenance measures, fixed costs were higher than in the previous first quarter.
- Sales in the **Intermediates** division also rose considerably year-on-year, mostly through substantial volume growth in all regions and product lines. Overall, sales prices matched the level of the previous first quarter. EBIT before special items fell considerably, largely dampened by higher fixed costs arising from the startup of new facilities in all regions as well as from shutdowns. The ongoing intensely competitive environment and increased raw material prices both weighed down margins, especially for butanediol and derivatives.

Performance Products

Sales increased, earnings impacted by lower margins

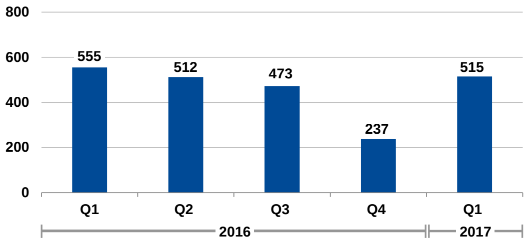
Sales Q1 2017 vs. Q1 2016*

million €



EBIT before special items*

million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2017 vs. Q1 2016	↑ 7%	↑ 2%	↓ (2%)	↑ 2%

* Effective January 1, 2017, the Monomers and Dispersions & Pigments divisions' activities for the electronics industry were combined into the global Electronic Materials business unit and allocated to the Dispersions & Pigments division in the Performance Products segment. The 2016 figures have been adjusted accordingly.

[Chart 6: Performance Products – Sales increased, earnings impacted by lower margins]

Sales in **Performance Products** increased by 9 percent, mainly due to higher volumes in Dispersions & Pigments, Care Chemicals and Performance Chemicals. Slightly higher prices and positive currency effects more than compensated for negative portfolio effects. However, higher prices could not fully offset increased raw material prices and higher fixed costs. EBIT before special items therefore declined slightly.

- In the **Dispersions & Pigments** division, we achieved considerably higher sales than in the previous first quarter. This was mostly attributable to significant volume growth in all business areas. Currency effects and slightly elevated prices also had a positive impact on sales. Sales were slightly dampened by the divestiture of the photoinitiator business in August 2016. EBIT before special items was considerably below the high level of the prior first quarter, owing to lower margins and slightly higher fixed costs. The margin decline was mainly brought about by rising raw material prices as well as the larger proportion of sales from the lower-margin dispersions business for paper coatings.
- Sales in the **Care Chemicals** division considerably exceeded the level of the previous first quarter, primarily through increased volumes of ingredients for the detergents and cleaners industry as well as the stronger demand for oleochemical surfactants and fatty alcohols. Higher prices in connection with increased raw material prices, together with currency effects, also supported sales growth. EBIT before special items declined slightly compared with the first quarter of 2016.

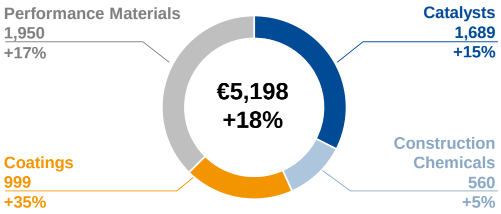
This was predominantly the result of lower margins in the hygiene business – driven downward by ongoing intense competition – as well as higher maintenance costs.

- Sales in the **Nutrition & Health** division matched the level of the previous first quarter. Portfolio effects dampened sales development. Volumes fell slightly: Increased volumes in the animal nutrition business were only partly able to offset declines in the other business areas. Sales were supported, however, by higher prices overall – especially for vitamins in the animal nutrition business – as well as by positive currency effects. EBIT before special items improved considerably on account of stronger margins.
- Sales in the **Performance Chemicals** division rose considerably compared with the first quarter of 2016. This was largely due to higher volumes in all business areas, especially plastic additives, as well as fuel and lubricant additives. Sales volumes increased in all regions, with Asia showing the fastest growth rates. Currency effects also provided a slight boost to sales, while slightly declining prices slowed sales development. EBIT before special items was considerably down year-on-year; the solid volume growth was only partly able to compensate for lower margins.

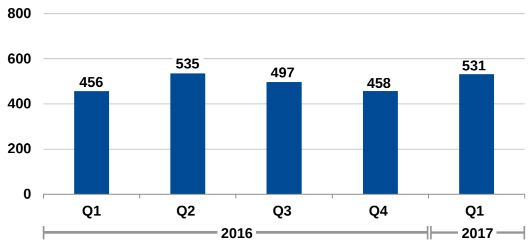
Functional Materials & Solutions

Earnings grew significantly, mainly driven by continued strong demand from automotive

Sales Q1 2017 vs. Q1 2016
million €



EBIT before special items
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2017 vs. Q1 2016	↑ 8%	↑ 3%	↑ 4%	↑ 3%

[Chart 7: Functional Materials & Solutions – Earnings grew significantly, mainly driven by continued strong demand from automotive]

Sales in **Functional Materials & Solutions** increased significantly as a result of considerably higher volumes. This was mainly driven by strong demand from the automotive industry. Slightly higher prices and positive currency effects also contributed to the sales increase. Portfolio effects were overall positive: The acquisitions of Chemetall as well as Henkel's Western European Building Material businesses more than offset the sales impact from the divestment of our industrial coatings and polyolefin catalyst activities. EBIT before special items for the segment was up significantly, in particular due to the volume growth and our acquisition of Chemetall.

- The **Catalysts** division achieved considerable sales growth compared with the first quarter of 2016. This was largely attributable to higher volumes, especially in the businesses with mobile emissions catalysts and chemical catalysts. Sales were additionally supported by price increases – especially for precious metals – and by currency effects. The divestiture of the polyolefin catalysts business in June 2016 had a slightly negative impact on sales. In precious metal trading, sales rose to 627 million euros due to the higher price levels and positive currency effects (first quarter of 2016: 499 million euros). EBIT before special items grew considerably, mainly as a result of increased volumes.
- Sales rose slightly in the **Construction Chemicals** division. This was primarily the result of acquiring the Henkel Group's western European building material business for professional users at the beginning of 2017, in addition to the slight increase in volumes. Prices declined slightly.

In Europe, the aforementioned acquisition allowed us to considerably boost sales. Sales grew slightly in North America and considerably in Asia. In the region South America, Africa, Middle East, we posted a considerable sales decline due to reduced volumes in the Middle East and to negative currency effects. EBIT before special items was considerably below the first quarter of the previous year. This resulted in part from lower margins on account of higher raw material prices.

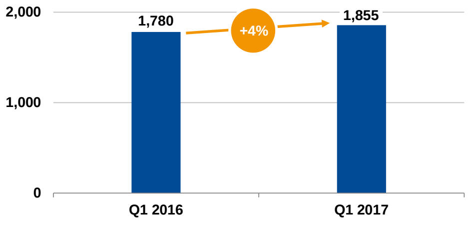
- Sales in the **Coatings** division grew considerably compared with the first quarter of 2016. This was predominantly attributable to the Chemetall business acquired from Albemarle in December 2016, as well as a sharp increase in sales volumes, primarily of automotive OEM coatings. We experienced positive currency effects and slightly lower prices overall, with price developments varying by region. In the automotive OEM coatings business, volume growth in Asia, Europe and North America led to a considerable increase in sales. Sales were also considerably up in the automotive refinish coatings and decorative paints businesses. We were able to considerably increase EBIT before special items as a result of the acquired Chemetall business and the growth in sales volumes.
- In the **Performance Materials** division, sales were considerably above the level of the first quarter of 2016. This was mostly the result of higher sales volumes arising from stronger demand from both the automotive industry and the consumer goods sector in Europe and Asia. In Asia, volumes also increased to the construction sector; higher demand in North America came from the automotive industry in particular.

Worldwide, business development was especially positive for polyurethane systems, engineering plastics, thermoplastic polyurethanes and styrene foams. Rising raw material prices led to sales price increases; currency effects, too, helped support sales development. Year-on-year, we slightly raised EBIT before special items as a result of this volume growth.

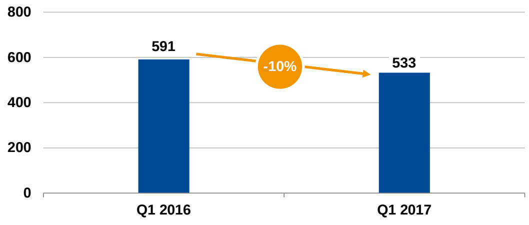
Agricultural Solutions

Sales increased slightly, earnings impacted by less favorable product mix

Sales Q1 2017 vs. Q1 2016
million €



EBIT before special items
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2017 vs. Q1 2016	↑ 2%	0%	0%	↑ 2%

[Chart 8: Agricultural Solutions – Sales increased slightly, earnings impacted by less favorable product mix]

Despite continued difficult market conditions, sales in **Agricultural Solutions** came in slightly higher than the prior-year quarter. Higher volumes and positive currency effects contributed to this, while prices were flat.

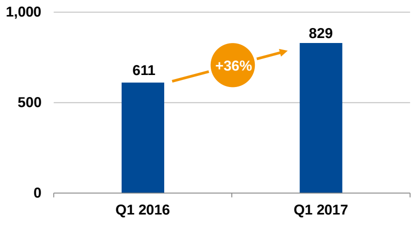
- Sales to customers in **Europe** nearly matched the prior-year level. Sales grew considerably in central and eastern Europe. In western Europe, we saw a volume decline.
- Sales in **North America** increased considerably as a result of positive currency effects and higher volumes. Volumes were up due to higher demand for herbicides, especially for our new solutions Engenia™ and Zidua® PRO.
- Sales in **Asia** rose considerably. Volumes grew in fungicides due to earlier demand in China and the successful market-launch of Seltima® in India, as well as solid herbicide sales volumes in Indonesia and Australia.
- In the region **South America, Africa, Middle East** sales increased considerably mainly driven by positive currency effects resulting from the Brazilian real. Higher volumes partially offset lower prices. Especially in Argentina, we have seen strong demand for herbicides. For insecticides, we experienced strong demand in Africa and the Middle East.

In comparison to the very strong prior-year quarter, EBIT before special items declined slightly. This was the result of lower average margins due to a different product mix. Fixed costs rose slightly, among others because of the startup of new plants.

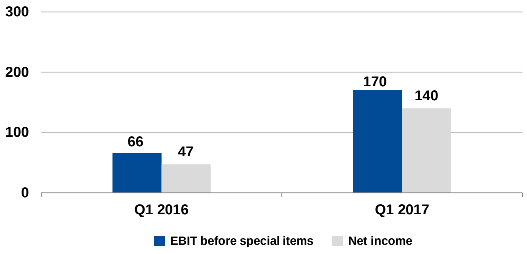
Oil & Gas

Sales and earnings up, mainly due to higher prices

Sales Q1 2017 vs. Q1 2016
million €



EBIT before special items, net income
million €



Sales development	Volumes	Prices/Currencies	Portfolio
Q1 2017 vs. Q1 2016	↑ 12%	↑ 24%	0%

[Chart 9: Oil & Gas – Sales and earnings up, mainly due to higher prices]

Sales in **Oil & Gas** increased significantly mainly due to higher oil and gas prices. In Q1 2017, the average price of Brent crude was 54 U.S. dollars per barrel, in the range of our expectations and 20 U.S. dollars higher than in the same period of 2016. In addition, gas prices on the European spot markets were significantly above the prior-year quarter. The combined price and currency effect amounted to plus 24 percent. Sales volumes increased by 12 percent. While production volumes matched the level of the previous first quarter, sales volumes – especially of natural gas – exceeded the level of Q1 2016.

Overall, EBIT before special items increased from 66 million euros to 170 million euros, mainly due to higher prices. Higher earnings from our participation in the Yuzhno Russkoye gas field also contributed. Net income in Oil & Gas amounted to 140 million euros compared to 47 million euros in Q1 2016.

Review of "Other"

million €		Q1 2017	Q1 2016
Sales		**610**	**477**
EBIT before special items		**(250)**	**(219)**
Thereof	Costs of corporate research	(81)	(99)
	Costs of corporate headquarters	(52)	(55)
	Foreign currency results, hedging and other measurement effects	(31)	68
	Other businesses	5	18
Special items		7	(26)
EBIT		**(243)**	**(245)**

[Chart 10: Review of 'Other']

EBIT before special items in Other declined to minus 250 million euros, from minus 219 million euros in the prior-year quarter. This was mainly driven by our long-term incentive (LTI) program: While earnings in Q1 2017 were negatively affected by an increase in provisions, the prior-year quarter benefited from the release of provisions for the LTI program.

Cash flow development Q1 2017

million €		Q1 2017	Q1 2016
Cash provided by operating activities		**833**	**1,046**
Thereof	Changes in net working capital	(1,985)	(1,248)
	Miscellaneous items	58	(39)
Cash used in investing activities		**(1,215)**	**(1,258)**
Thereof	Payments made for tangible / intangible assets	(767)	(1,001)
	Acquisitions / divestitures	(22)	0
Cash provided by financing activities		**831**	**1,997**
Thereof	Changes in financial liabilities	811	1,996
	Dividends	6	(4)
Free cash flow		**66**	**45**

[Chart 11: Cash flow development Q1 2017]

Let’s now turn to our cash flow:

- In Q1 2017, cash provided by operating activities was 833 million euros, a decrease of 213 million euros. This was largely due to the higher amount of cash tied up in net working capital. It rose mainly because of the seasonal increase in trade accounts receivable as well as higher sales in the chemicals business.
- At 1.2 billion euros, cash used in investing activities was 43 million euros lower than the prior-year quarter. Payments made for tangible and intangible assets decreased by 23 percent and amounted to 767 million euros.
- Free cash flow rose from 45 million euros to 66 million euros in the first quarter of 2017.
- Financing activities led to a cash inflow of 831 million euros, compared to 2 billion euros in Q1 2016. We used the currently favorable market conditions to further optimize the financing costs of the BASF Group.

And with that, back to Kurt for the outlook.

Outlook 2017 for BASF Group confirmed

BASF
We create chemistry

Assumptions 2017

GDP growth:	+2.3%
Growth in industrial production:	+2.3%
Growth in chemical production*	+3.4%
Exchange rate:	US$1.05 per euro
Oil price (Brent):	US$55 per barrel

Outlook 2017

- We expect BASF Group **sales to grow considerably** in the 2017 business year.
- We want to **slightly raise EBIT before special items** compared with 2016.
- BASF Group **EBIT** is also expected **to grow slightly** in 2017.
- We are likely to once again earn a **significant premium on our cost of capital** in 2017.

* Excluding pharma

Kurt Bock

[Chart 12: Outlook 2017 for BASF Group confirmed]

Today, we are confirming our sales and earnings outlook 2017 for BASF Group, as provided at the end of February:

- We expect BASF Group **sales** to grow considerably in 2017, which means an increase of at least 6 percent according to our definition.
- We target to slightly raise **EBIT before special items** compared with 2016. As we previously shared, we expect this increase to be in the upper end of the up to 10 percent range.
- **EBIT** is also expected to grow slightly in 2017.
- We strive to once again earn a significant premium on our cost of capital in 2017. However, **EBIT after cost of capital** will decrease considerably due to higher cost of capital, mostly from the acquisition of Chemetall at the end of 2016.

Based on the good start to the year our outlook may seem cautious, but we see some elevated risks with regard to macroeconomic developments and the political environment. Therefore, we confirm our full-year outlook at this time.

And now, we are happy to take your questions.