



We create chemistry

Analyst Conference Call Full Year 2017

Ludwigshafen, February 27, 2018



Cautionary note regarding forward-looking statements

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

BASF with considerable sales and earnings increase in the fourth quarter and the full year 2017

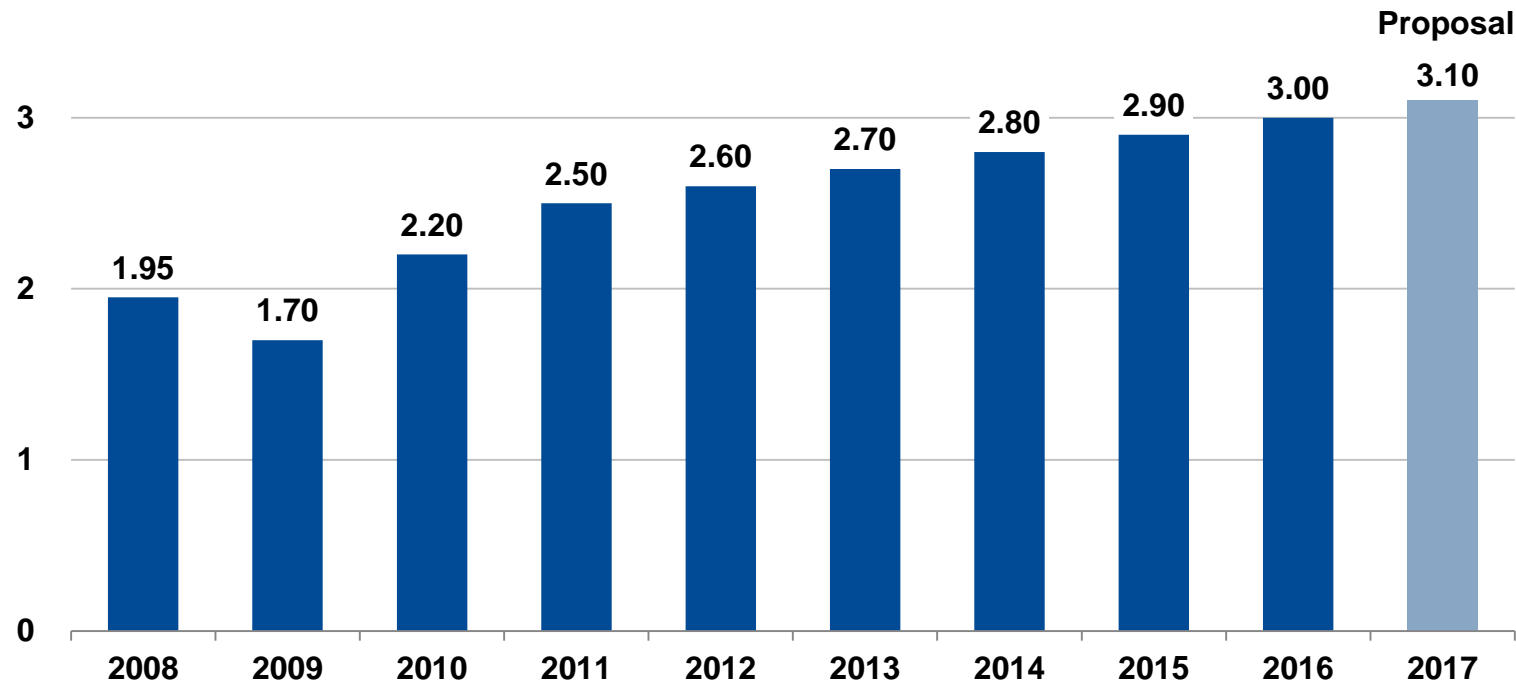
| Financial figures | Q4 2017 | Change Q4 2016 | FY 2017 | Change FY 2016 |
|-----------------------------|----------------|----------------|------------------|-------------------|
| | billion € | % | billion € | % |
| Sales | 16.1 | 8 | 64.5 | 12 |
| EBITDA before special items | 2.9 | 27 | 12.5 | 21 |
| EBITDA | 3.0 | 20 | 12.7 | 21 |
| EBIT before special items | 1.9 | 58 | 8.3 | 32 |
| EBIT | 1.9 | 57 | 8.5 | 36 |
| Net income | 1.5 | 123 | 6.1 | 50 |
| Operating cash flow | 1.2 | (37) | 8.8 | 14 |
| Reported EPS (€) | 1.68 | 124 | 6.62 | 50 |
| Adjusted EPS (€) | 1.29 | 63 | 6.44 | 33 |
| Sales development | Volumes | Prices | Portfolio | Currencies |
| Q4 2017 vs. Q4 2016 | ↑ 4% | ↑ 9% | 0% | ↓ (5)% |
| FY 2017 vs. FY 2016 | ↑ 4% | ↑ 8% | ↑ 1% | ↓ (1)% |

BASF grew strongly in all regions

| Financial figures | Q4 2017 | Change Q4 2016 | FY 2017 | Change FY 2016 |
|--------------------------------------|-------------|----------------|-------------|----------------|
| | billion € | % | billion € | % |
| Sales by location of customer | 16.1 | 8 | 64.5 | 12 |
| Europe | 6.9 | 11 | 29.2 | 12 |
| North America | 3.7 | 7 | 15.4 | 9 |
| Asia Pacific | 3.8 | 8 | 14.3 | 18 |
| South America, Africa, Middle East | 1.7 | 5 | 5.6 | 5 |
| EBIT by location of company | 1.9 | 57 | 8.5 | 36 |
| Europe | 0.9 | 36 | 4.7 | 31 |
| North America | 0.2 | . | 1.2 | 11 |
| Asia Pacific | 0.6 | 39 | 2.2 | 101 |
| South America, Africa, Middle East | 0.2 | 69 | 0.3 | (22) |

Attractive shareholder return

Dividend per share €



| Year | Yield* |
|------|--------|
| 2008 | 7.0% |
| 2009 | 3.9% |
| 2010 | 3.7% |
| 2011 | 4.6% |
| 2012 | 3.7% |
| 2013 | 3.5% |
| 2014 | 4.0% |
| 2015 | 4.1% |
| 2016 | 3.4% |
| 2017 | 3.4% |

Dividend policy

- We want to grow or at least maintain our dividend at the previous year's level

Key facts

- Dividend proposal of €3.10 per share, an increase of 10 cents
- Dividend yield of 3.4% in 2017

BASF to acquire Solvay's global polyamide business



Broader global scope

- Enhanced presence, especially in Asia and South America
- Stronger capabilities to serve global and regional customers

Wider range of engineering plastics

- Technyl[®], Ultramid[®], Ultradur[®], Ultraform[®], Ultracom[®]

Broadening technical skills and innovation capabilities*

- Heat-resistant and high-voltage electrical and electronic parts
- Tailor-made solutions for components in automotive
- Mechanically strong and thermally stable consumer goods

Improved reliability of supply

- Backward integration into all key raw materials for polyamide 6.6
- Fully integrated engineering plastics value chain

BASF signed agreement to acquire significant parts of Bayer's seed and non-selective herbicide businesses



Fully enabled seed and trait businesses

- Attractive and sizeable seed portfolio for canola/oilseed rape, soybean and cotton in the Americas and Europe
- Excellent trait research for canola, soybean and cotton
- LibertyLink® technology for herbicide tolerance and related trademarks

Complementary crop protection business

- Global glufosinate-ammonium-based non-selective herbicide business
- State-of-the-art production facilities in the U.S., Canada and Germany

BASF and LetterOne signed letter of intent to merge their oil and gas subsidiaries Wintershall and DEA

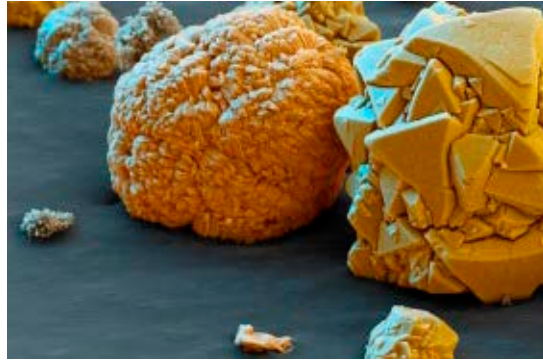
- Combined business with pro-forma 2016 sales of €4.3 billion, EBITDA of €2.2 billion and net income of €326 million
- Creation of one of the largest independent European exploration and production companies with significant growth potential, optimization of the portfolio footprint of the combined business and realization of synergies
- BASF to initially hold 67% and LetterOne 33% in Wintershall DEA; value of Wintershall's gas transportation business to be reflected through the issuance of a mandatory convertible bond to BASF*
- BASF and LetterOne are currently conducting a confirmatory due diligence and negotiating definitive transaction agreements; closing could be expected in the second half of 2018, subject to customary regulatory approvals
- Initial Public Offering (IPO) envisaged in the medium term



BASF further invested in its global asset base to serve the automotive industry



BASF to expand its mobile emissions catalysts site in Poland



BASF and TODA to strengthen collaboration in the U.S. and increase investments in CAM



BASF inaugurated automotive coatings plant in Shanghai

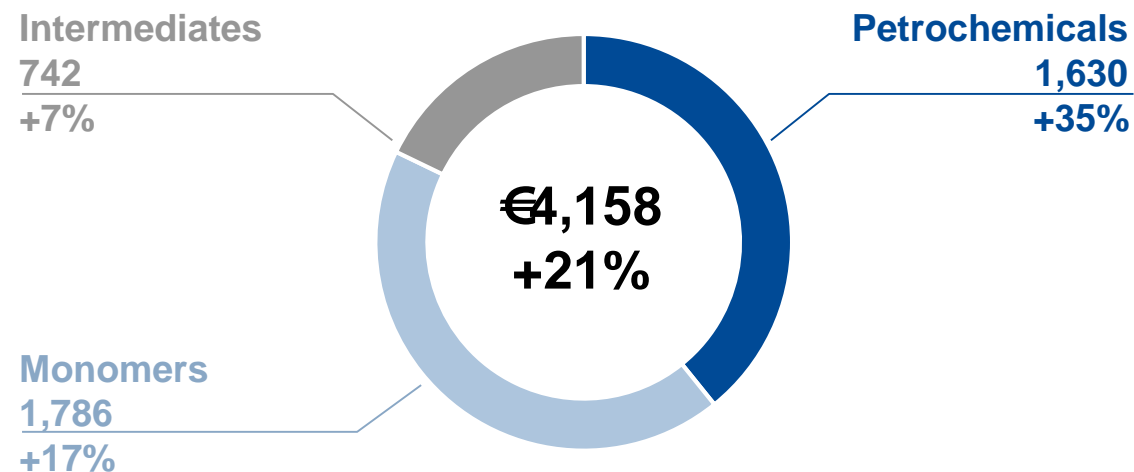


BASF opened its first automotive coatings plant in Thailand

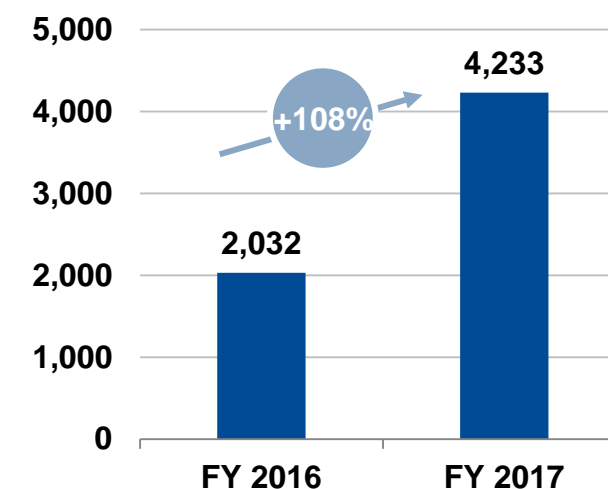
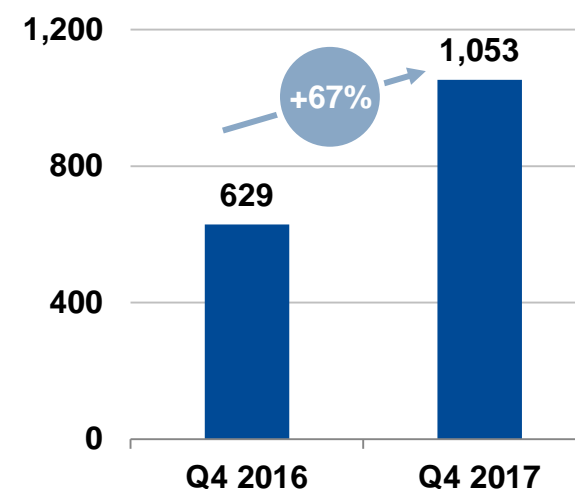
Chemicals

Higher earnings driven by strong margins and higher volumes

Sales Q4 2017 vs. Q4 2016*
million €



EBIT before special items*
million €



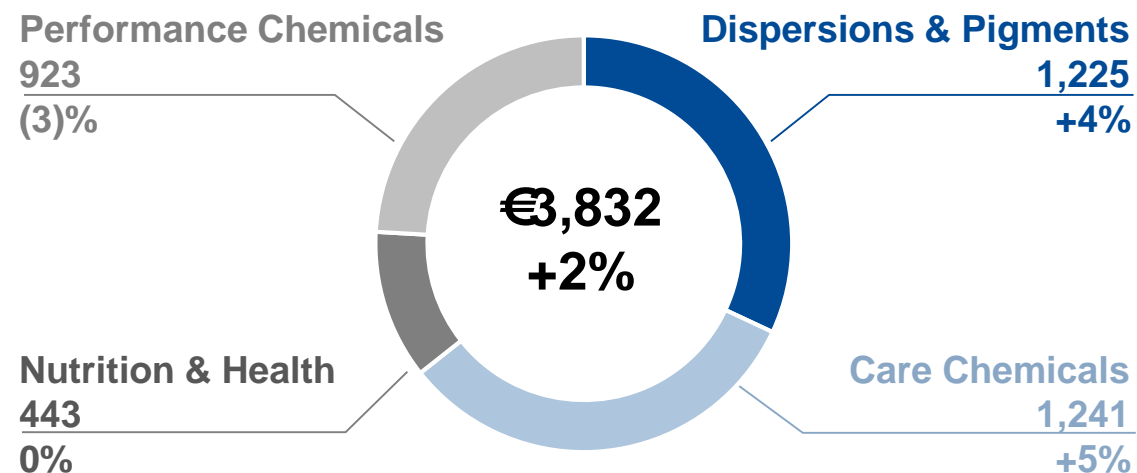
| Sales development | Volumes | Prices | Portfolio | Currencies |
|---------------------|---------|--------|-----------|------------|
| Q4 2017 vs. Q4 2016 | ↑ 6% | ↑ 21% | 0% | ↓ (6)% |
| FY 2017 vs. FY 2016 | ↑ 5% | ↑ 23% | 0% | ↓ (1)% |

* 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.

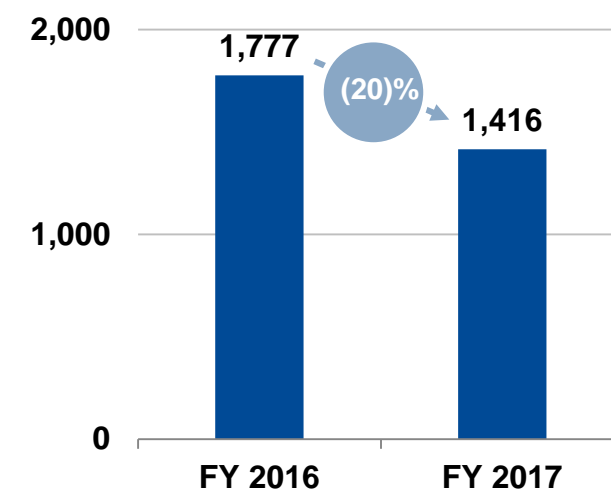
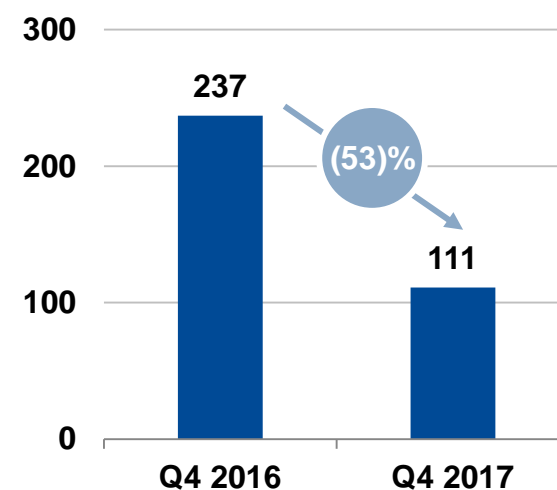
Performance Products

Higher volumes and prices could not offset increased raw materials costs; earnings declined

Sales Q4 2017 vs. Q4 2016*
million €



EBIT before special items*
million €



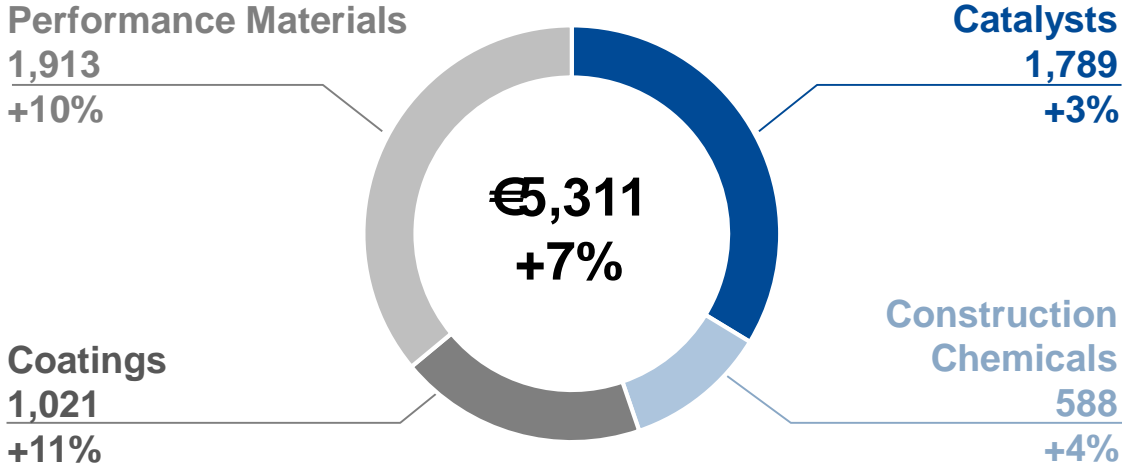
| Sales development | Volumes | Prices | Portfolio | Currencies |
|---------------------|---------|--------|-----------|------------|
| Q4 2017 vs. Q4 2016 | ↑ 7% | ↑ 1% | ↓ (1)% | ↓ (5)% |
| FY 2017 vs. FY 2016 | ↑ 5% | ↑ 1% | ↓ (1)% | ↓ (1)% |

* 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.

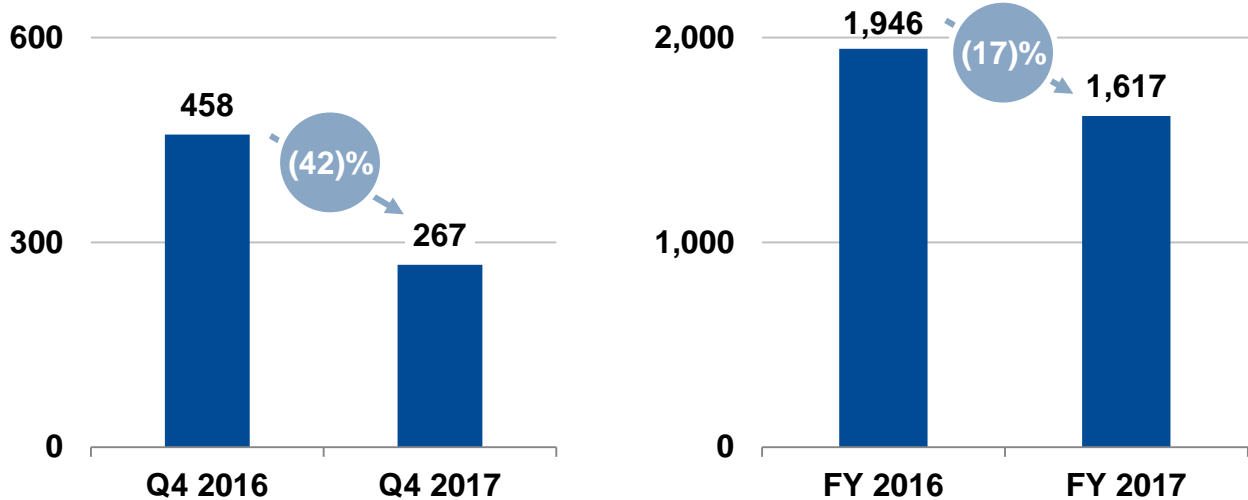
Functional Materials & Solutions

Sales growth on continued good demand; raw material price pressure led to earnings decrease

Sales Q4 2017 vs. Q4 2016
million €



EBIT before special items
million €



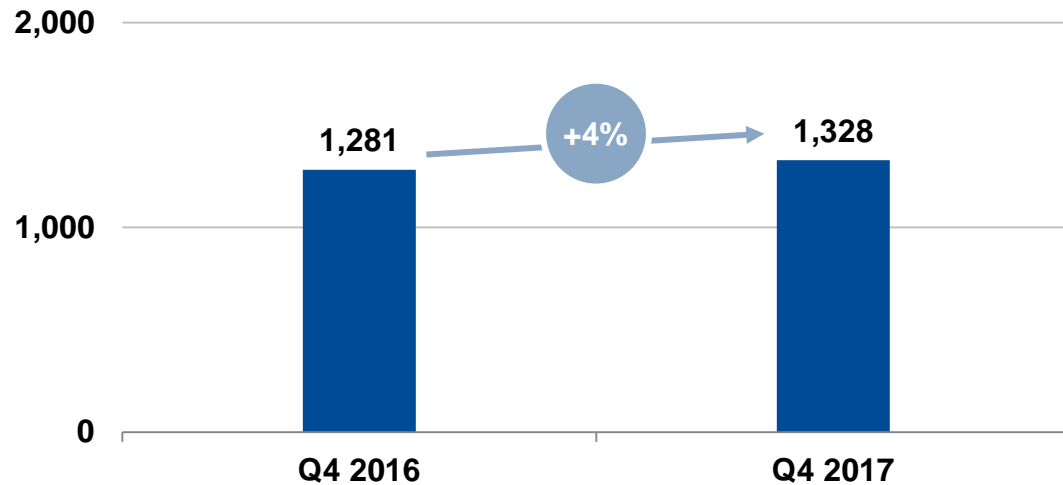
| Sales development | Volumes | Prices | Portfolio | Currencies |
|---------------------|---------|--------|-----------|------------|
| Q4 2017 vs. Q4 2016 | ↑ 2% | ↑ 8% | ↑ 3% | ↓ (6)% |
| FY 2017 vs. FY 2016 | ↑ 4% | ↑ 5% | ↑ 3% | ↓ (1)% |

Agricultural Solutions

Earnings increase due to higher volumes and improved margins

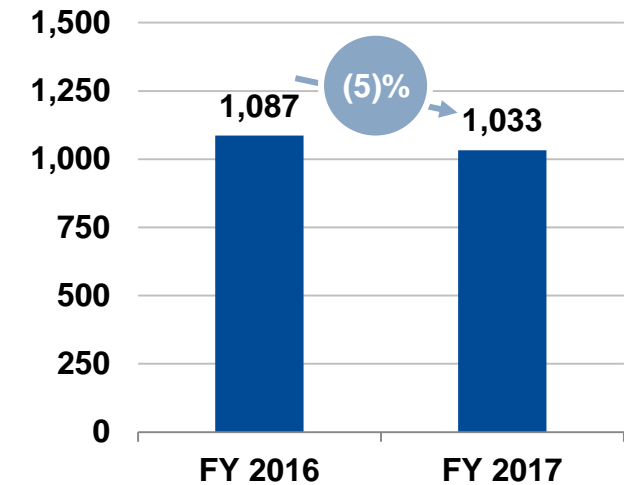
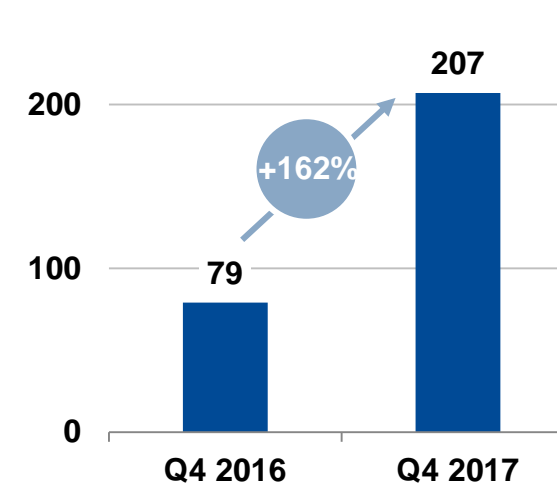
Sales Q4 2017 vs. Q4 2016

million €



EBIT before special items

million €



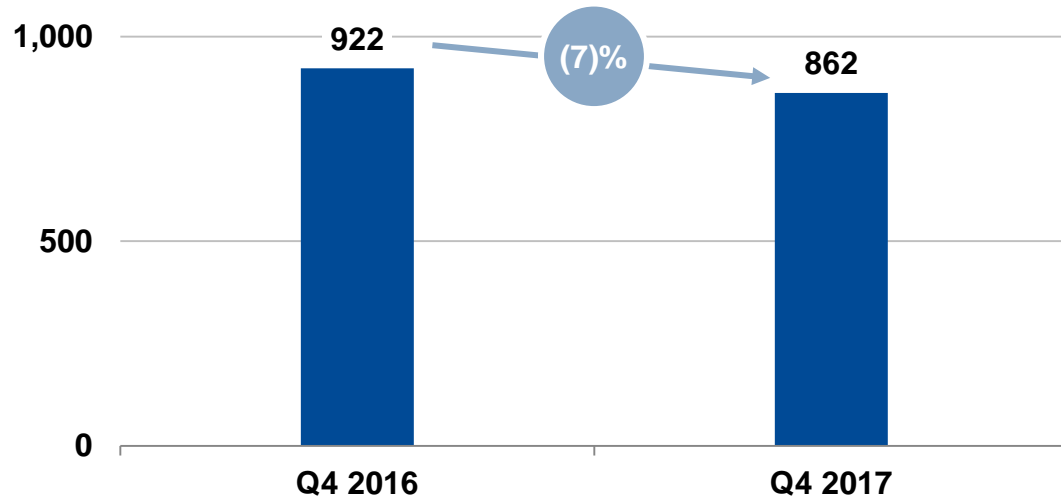
| Sales development | Volumes | Prices | Portfolio | Currencies |
|---------------------|---------|--------|-----------|------------|
| Q4 2017 vs. Q4 2016 | ↑ 14% | ↓ (3)% | 0% | ↓ (7)% |
| FY 2017 vs. FY 2016 | ↑ 6% | ↓ (3)% | 0% | ↓ (1)% |

Oil & Gas

Higher oil and gas prices led to earnings increase

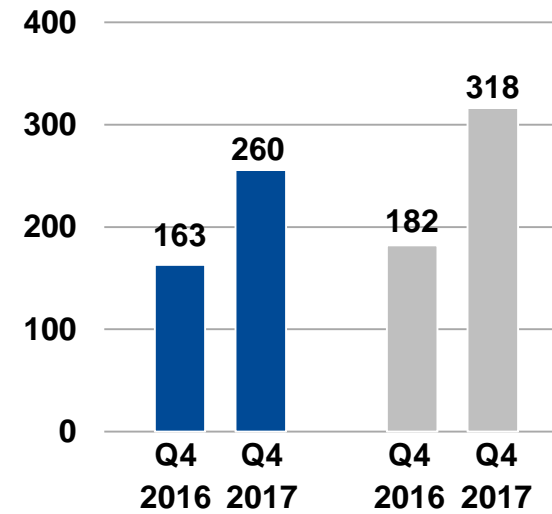
Sales Q4 2017 vs. Q4 2016

million €

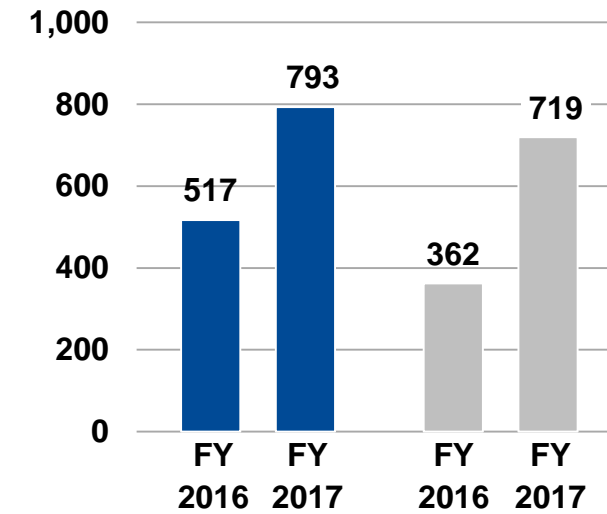


EBIT before special items / net income

million €



■ EBIT before special items ■ Net income



■ EBIT before special items ■ Net income

Sales development

Q4 2017 vs. Q4 2016

FY 2017 vs. FY 2016

Volumes

↓ (18)%

↑ 4%

Prices / Currencies

↑ 11%

↑ 13%

Portfolio

0%

0%

Review of “Other”

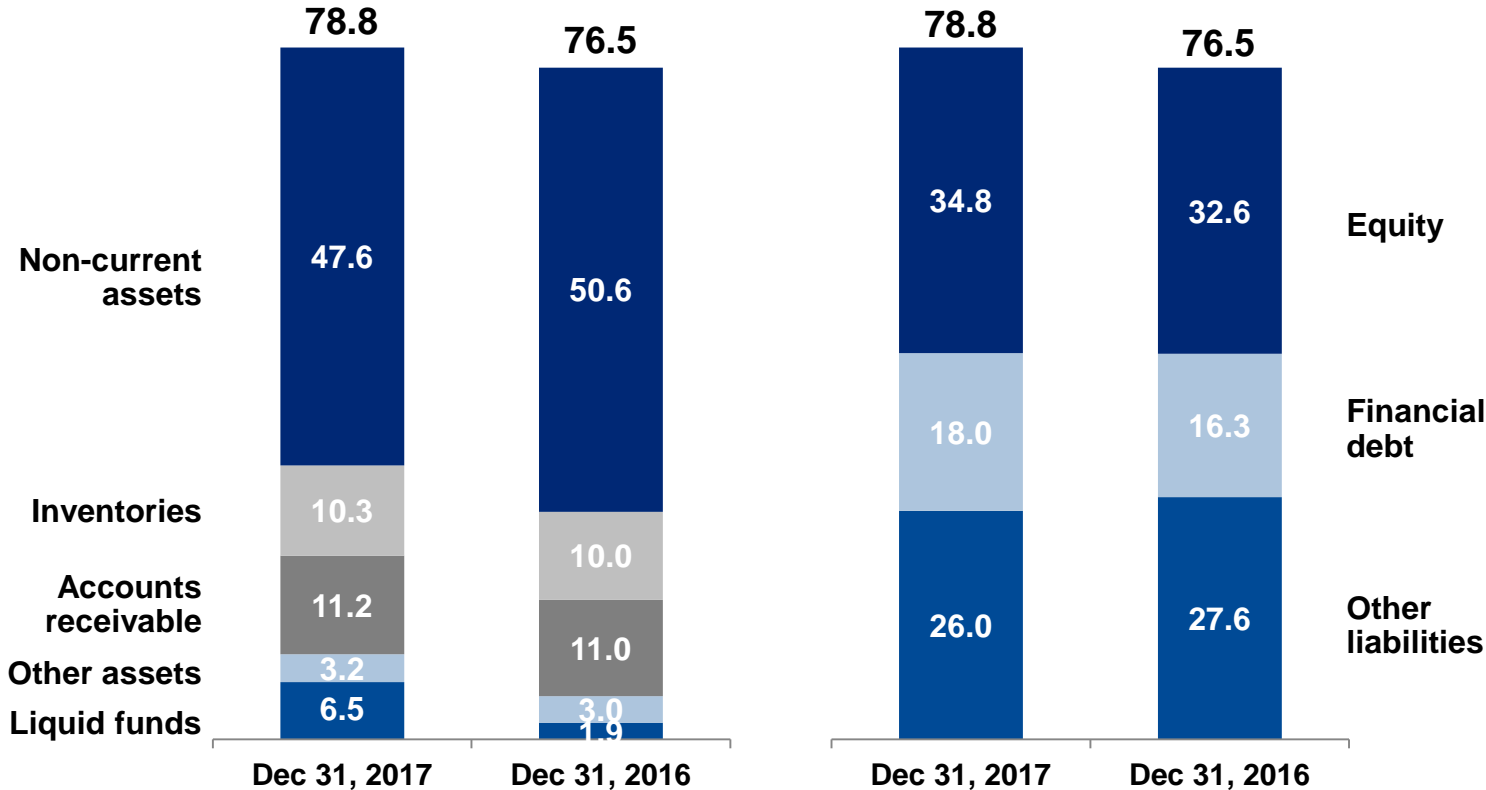
| Financial figures | Q4 2017 | Q4 2016 | FY 2017 | FY 2016 |
|---|-------------|--------------|--------------|----------------|
| | million € | million € | million € | million € |
| Sales | 608 | 518 | 2,242 | 2,018 |
| EBIT before special items | (38) | (386) | (764) | (1,050) |
| Thereof Costs of corporate research | (112) | (131) | (379) | (395) |
| Costs of corporate headquarters | (57) | (57) | (224) | (222) |
| Foreign currency results, hedging and other measurement effects | (23) | (182) | (28) | (331) |
| Other businesses | 54 | (12) | 60 | 54 |
| Special items | (7) | (57) | (35) | (41) |
| EBIT | (45) | (443) | (799) | (1,091) |

Cash flow development in 2017

| Cash flow development | | 2017 | 2016 |
|--|--|----------------|----------------|
| | | million € | million € |
| Cash provided by operating activities | | 8,785 | 7,717 |
| Thereof | Changes in net working capital | (1,167) | 104 |
| | Miscellaneous items | (339) | (734) |
| Cash used in investing activities | | (3,958) | (6,490) |
| Thereof | Payments made for tangible / intangible assets | (3,996) | (4,145) |
| | Acquisitions / divestitures | 27 | (2,164) |
| Cash provided by financing activities | | 394 | (2,160) |
| Thereof | Changes in financial liabilities | 3,248 | 579 |
| | Dividends | (2,873) | (2,767) |
| Free cash flow | | 4,789 | 3,572 |

Balance sheet remains strong

Balance sheet 2017 vs. 2016
billion €



- Total assets increased by €2.3 billion due to higher cash and cash equivalents related to the financing of the announced acquisitions
- Equity ratio at 44.1%
- Provisions for pensions and similar obligations decreased by €1.9 billion
- Net debt decreased by €2.9 billion to €11.5 billion

Underlying assumptions for outlook 2018

| Economic environment | 2018 | 2017 |
|---------------------------------|-------------------|-------------------|
| GDP growth | +3.0% | +3.1% |
| Growth in industrial production | +3.2% | +3.3% |
| Growth in chemical production* | +3.4% | +3.5% |
| Exchange rate | US\$1.20 per euro | US\$1.13 per euro |
| Oil price (Brent) | US\$65 per barrel | US\$54 per barrel |

| Transactions | Consideration in the 2018 outlook | Expected closing | Financial impact |
|---|--|-------------------------|---|
| Acquisition of Solvay's global polyamide business | included | Q3 2018 | No material effect on sales and earnings in 2018 expected |
| Acquisition of significant parts of Bayer's seed and non-selective herbicide businesses | included | H1 2018 | Likely to have a positive impact on sales and a negative impact on earnings for the Agricultural Solutions segment and BASF Group in 2018 |
| Merger of BASF's and LetterOne's oil and gas activities into Wintershall DEA | not included | H2 2018 | Deconsolidation only after signing of definitive transaction agreements |

Outlook 2018 for BASF Group*

- We anticipate **slightly higher sales** in 2018.
- **EBIT before special items** is expected to be **up slightly** on the 2017 level.
- **EBIT is forecast to decline slightly** in 2018.
- We aim to once again earn a **significant premium on our cost of capital** in 2018. However, **EBIT after cost of capital** will **decrease considerably**.

* With respect to EBIT before special items, "slight" means a change of 1-10%, while "considerable" is used for changes of 11% and higher. "At prior-year level" indicates no change (+/-0%). This outlook takes into account the agreed transactions with Bayer and Solvay. The intended merger of our oil and gas activities with the business of DEA Deutsche Erdoel AG and its subsidiaries is not taken into account in this outlook.

Outlook 2018 by segment

| EBIT before special items | Forecast 2018* | 2017 |
|----------------------------------|------------------------|------------------|
| | | million € |
| Chemicals | Considerable decline | 4,233 |
| Performance Products | Considerable increase | 1,416 |
| Functional Materials & Solutions | Considerable increase | 1,617 |
| Agricultural Solutions | Slight decline** | 1,033 |
| Oil & Gas | Considerable increase | 793 |
| Other | Slight increase | (764) |
| BASF Group | Slight increase | 8,328 |

* With respect to EBIT before special items, "slight" means a change of 1-10%, while "considerable" is used for changes of 11% and higher. "At prior-year level" indicates no change (+/-0%).

** Excluding the agreed transaction with Bayer, we expect a slight increase in EBIT before special items in the Agricultural Solutions segment.



We create chemistry