



**BASF**

We create chemistry

# Analyst Conference Call Q1 2020

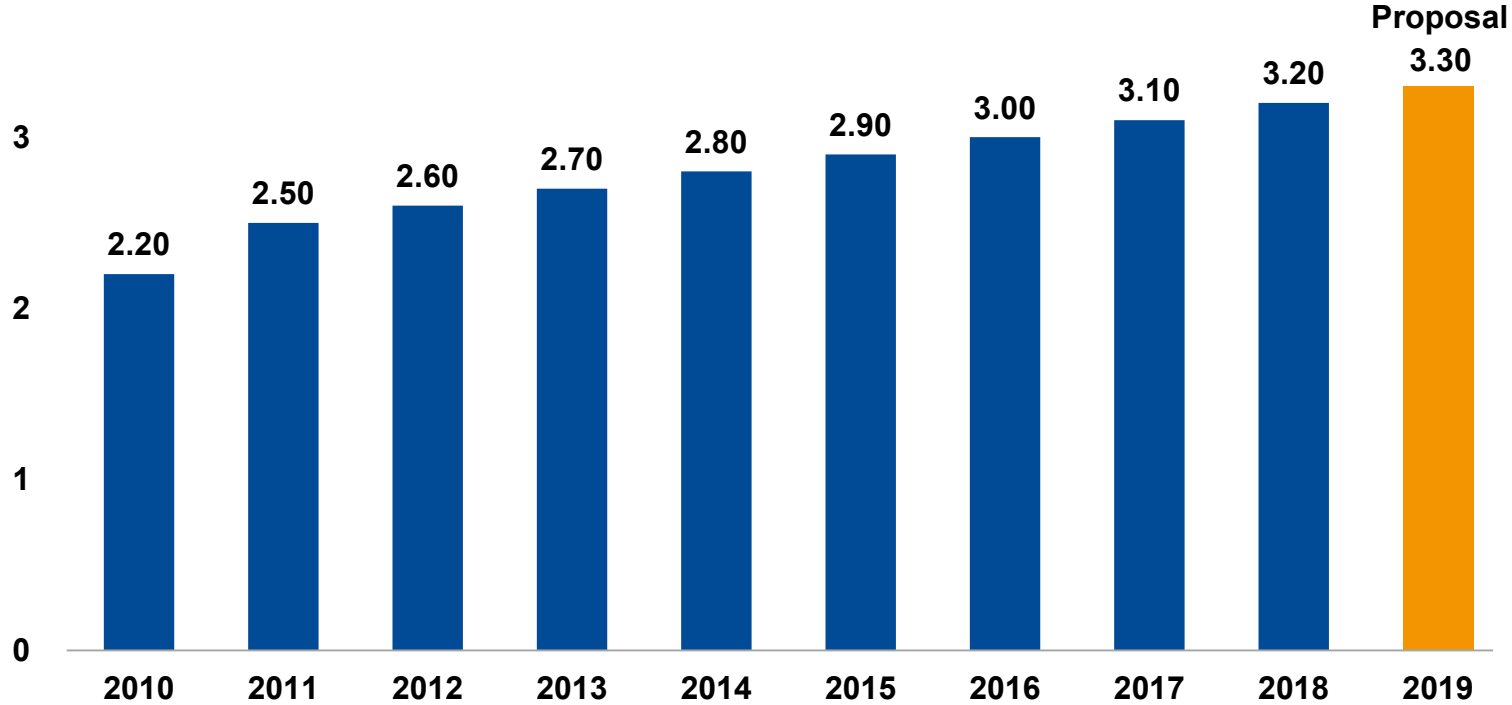
Ludwigshafen, April 30, 2020

# 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 Opportunities and Risks on pages 139 to 147 of the BASF Report 2019. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.*

# BASF stands by progressive dividend policy

Dividend per share  
€



Yield<sup>1</sup> 3.7% 4.6% 3.7% 3.5% 4.0% 4.1% 3.4% 3.4% 5.3% 4.9%

### Dividend policy

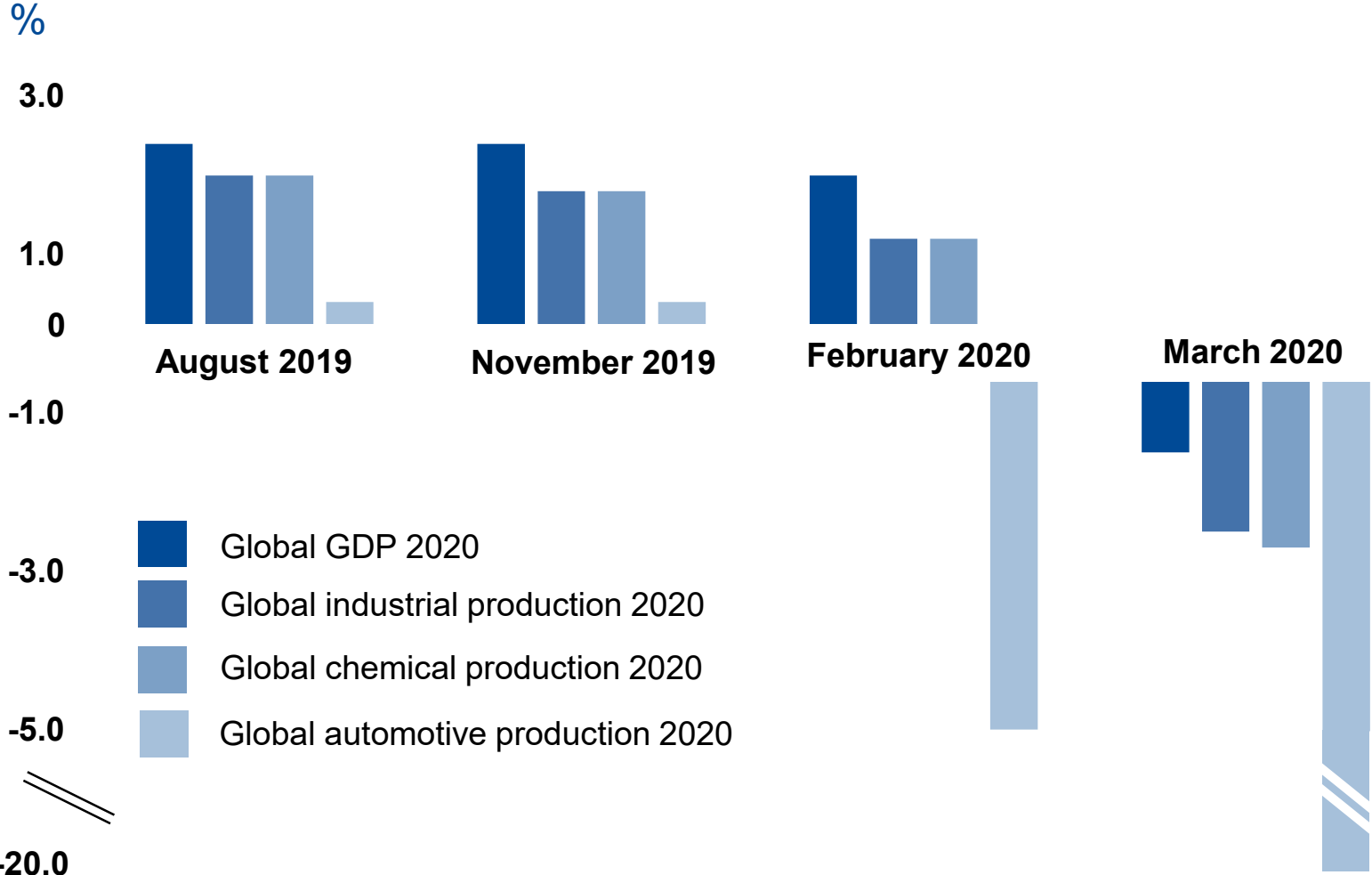
- Aim to increase the dividend per share every year

### Key facts 2019

- Dividend proposal of €3.30 per share, an increase of 10 euro cents
- In total, we would pay out €3.0 billion, which is fully covered by our 2019 free cash flow of €3.7 billion

# Macroeconomic environment characterized by extreme uncertainty

## Forecast revisions for key macroeconomic indicators 2020



### Macroeconomic development Q1 2020 vs. Q1 2019

Indicator	%
Global GDP	-1.7%
Global industrial production	-2.9%
Global chemical production	-5.2%
Global automotive production	-24.2%

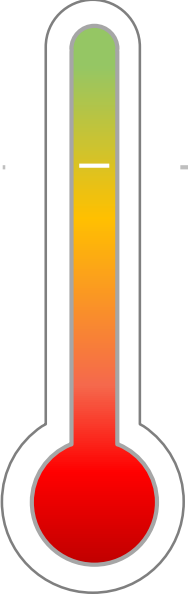
# How does the pandemic impact global chemical customer industries?

## BASF segments

- Nutrition & Care
- Agricultural Solutions
- Industrial Solutions
- Surface Technologies
- Materials
- Chemicals

## Chemical customer industries

- Health and nutrition
- Agriculture
- Construction
- Electronics
- Consumer goods
- Energy and resources
- Rubber and plastics
- Transportation incl. automotive
- Other industries and services



## Impact of lockdowns

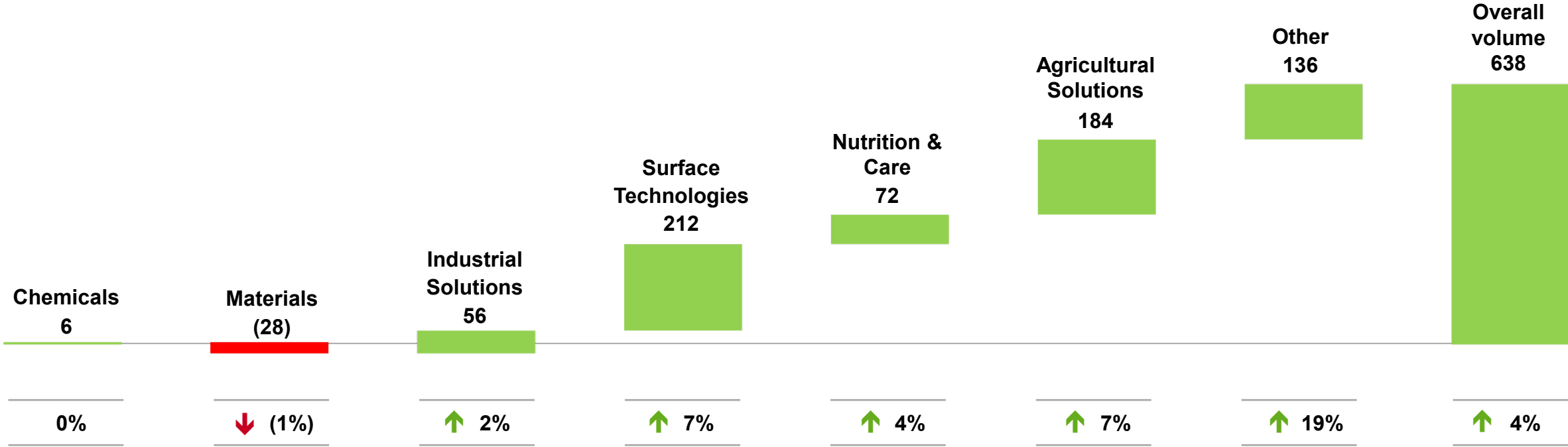
Not or only slightly affected, partly higher demand

Majority negatively impacted by lockdowns, cautious buying behavior and supply chain interruptions

No general statement possible

# BASF Group Q1 2020: Volume growth in all downstream segments

Volume development by segment  
 Q1 2020 vs. Q1 2019  
 absolute (million €) terms



relative (%) terms



# Key measures to lead BASF through the COVID-19 crisis



## Customer focus

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- The customer is at the center of all our activities
- We are committed to ensure the supply of our customers
- Close interaction to immediately recognize changes in the demand pattern



## Global steering of BASF's production network

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- Adapting utilization rates according to market demand using proprietary Verbund simulator
- Securing supply of key raw materials and distribution of products to our customers



## Focus on safeguarding cash

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- Strong focus on liquidity management
- Strict working capital management
- Elevated cost discipline and implementation of BASF's Excellence Program
- Review of investment projects



# Change in reporting of “non-integral” shareholdings as of Q1 2020

## Until December 31, 2019

### Statement of income BASF Group 2019 (reported)

Million €	2019
Sales revenue	59,316
Gross profit on sales	16,255
Income from companies accounted at equity	116
<b>Income from operations (EBIT)</b>	<b>4,052</b>
Net income from shareholdings	(45)
Financial result	(750)
Income before income taxes	3,302
Income taxes	(756)
<b>Income after taxes from continuing operations</b>	<b>2,546</b>
Income after taxes from discontinued operations	5,945
Noncontrolling interests	(70)
<b>Net income</b>	<b>8,421</b>

### At equity consolidation (share of net income shown in EBIT)

- BASF’s share in net income from all at equity consolidated companies (integral and non-integral) were reported in EBIT.

## As of January 1, 2020

### Statement of income BASF Group 2019 (restated)

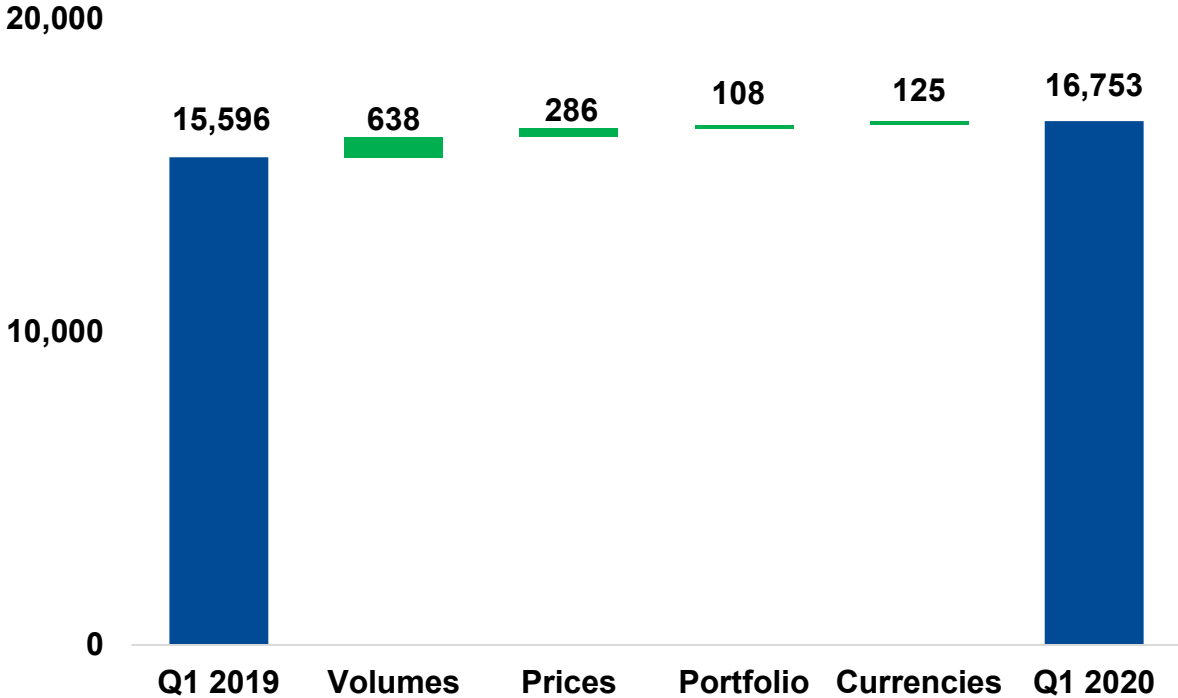
Million €	2019
Sales revenue	59,316
Gross profit on sales	16,255
Income from integral companies accounted at equity	265
<b>Income from operations (EBIT)</b>	<b>4,201</b>
Income from non-integral companies accounted at equity	(149)
<b>Net income from shareholdings</b>	<b>(194)</b>
Financial result	(705)
Income before income taxes	3,302
Income taxes	(756)
<b>Income after taxes from continuing operations</b>	<b>2,546</b>
Income after taxes from discontinued operations	5,945
Noncontrolling interests	(70)
<b>Net income</b>	<b>8,421</b>

### BASF’s share in net income from non-integral shareholdings are shown in net income from shareholdings. At equity consolidated integral shareholdings remain part of EBIT.

- Some of BASF’s at equity consolidated shareholdings<sup>1</sup> are not an integral part of the company.
- Integral shareholdings will remain part of the at equity consolidation in EBIT.
- As of January 1, 2020, non-integral shareholdings are reported under “net income from shareholdings,” which is a new subtotal of income before taxes.
- The prior-year figures are restated.

# BASF Group Q1 2020: EBIT before special items down due to considerably lower earnings in Chemicals, Materials and Other

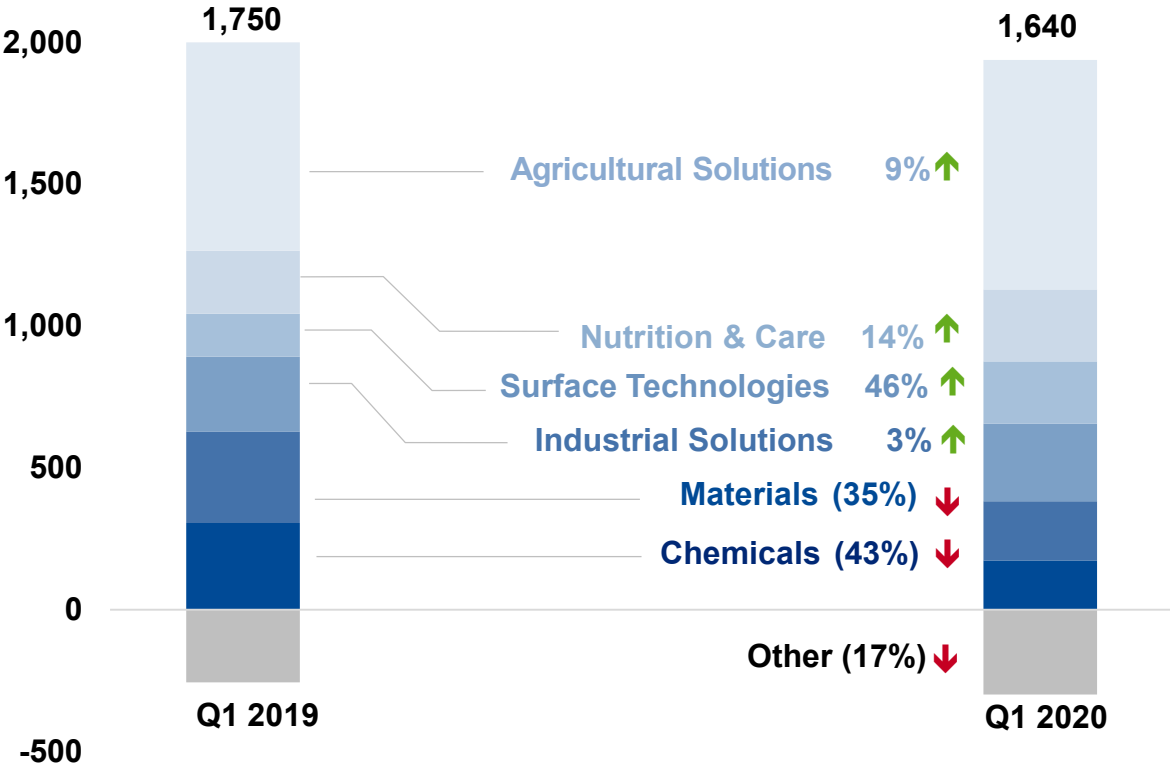
Sales bridge Q1 2020 vs. Q1 2019  
million €



Sales development

Q1 2020 vs. Q1 2019	Volumes	Prices	Portfolio	Currencies
	↑ 4%	↑ 1%	↑ 1%	↑ 1%

EBIT before special items<sup>1</sup> by segment Q1 2020 vs. Q1 2019  
million €



<sup>1</sup> The 2019 figures have been restated to reflect the reclassification of income from non-integral companies accounted for using the equity method to net income from shareholdings.

# Q1 2020: BASF Group shows resilience amid corona crisis with diversified portfolio and financial solidity

Financial figures	Q1 2020	Q1 2019	Change
	€	€	%
Sales	16,753 million	15,596 million	7
EBITDA before special items <sup>1</sup>	2,579 million	2,642 million	(2)
EBITDA <sup>1</sup>	2,428 million	2,770 million	(12)
EBIT before special items <sup>1</sup>	1,640 million	1,750 million	(6)
EBIT <sup>1</sup>	1,456 million	1,779 million	(18)
Net income	885 million	1,406 million	(37)
Reported EPS	0.96	1.53	(37)
Adjusted EPS	1.36	1.70	(20)
Cash flows from operating activities	(1,030) million	373 million	.

Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2020 vs. Q1 2019	↑ 4%	↑ 1%	↑ 1%	↑ 1%

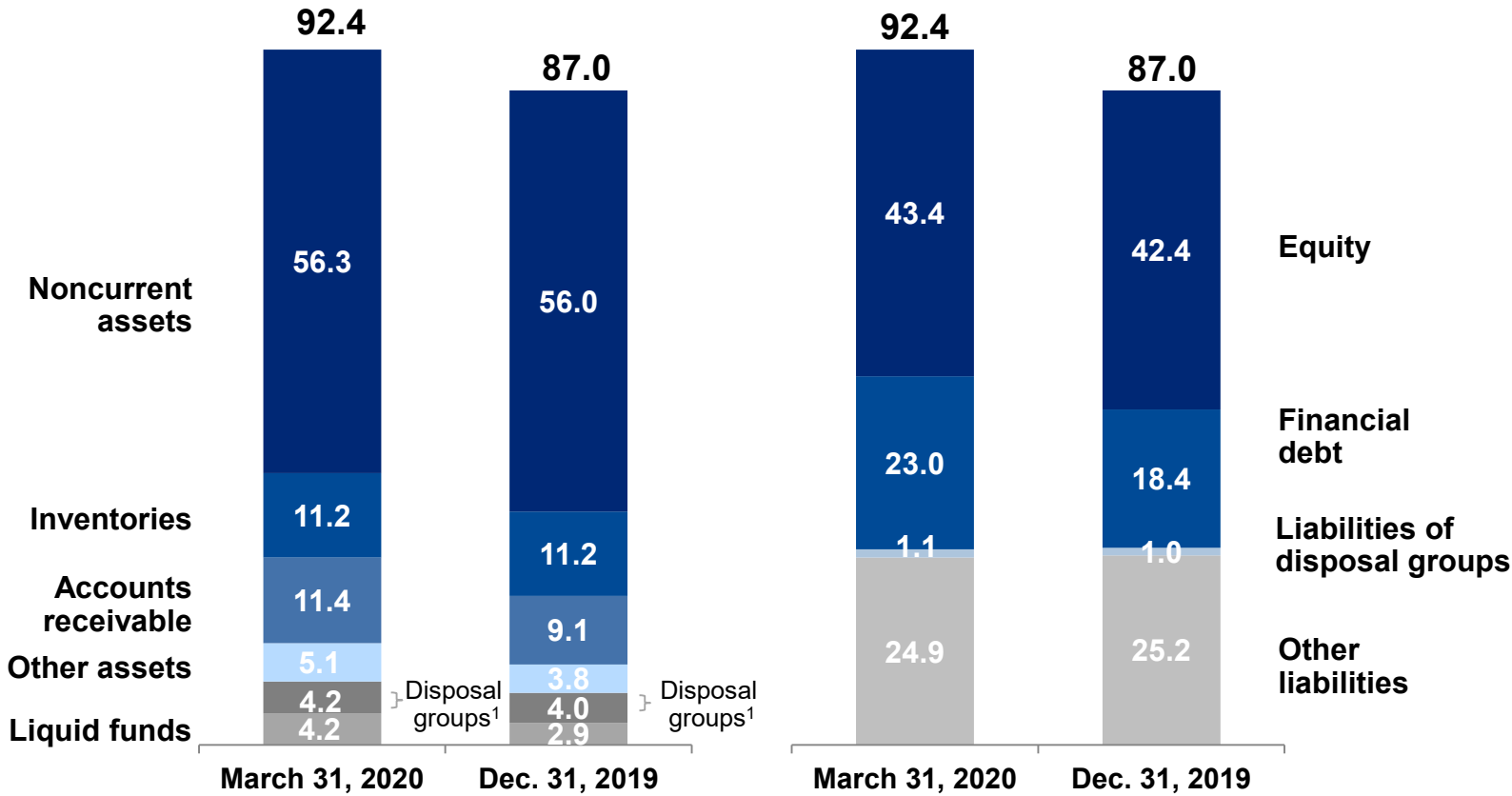
<sup>1</sup> The 2019 figures have been restated to reflect the reclassification of income from non-integral companies accounted for using the equity method to net income from shareholdings.

# Cash flow development Q1 2020

	<b>Q1 2020</b>	<b>Q1 2019</b>
	<b>million €</b>	<b>million €</b>
<b>Cash flows from operating activities</b>	<b>(1,030)</b>	<b>373</b>
Thereof      Changes in net working capital	(3,000)	(1,758)
Miscellaneous items	86	(306)
<b>Cash flows from investing activities</b>	<b>(1,820)</b>	<b>(837)</b>
Thereof      Payments made for intangible and tangible assets	(569)	(741)
Acquisitions / divestitures	(1,245)	118
<b>Cash flows from financing activities</b>	<b>4,294</b>	<b>620</b>
Thereof      Changes in financial and similar liabilities	4,329	620
Dividends	(36)	0
<b>Free cash flow</b>	<b>(1,599)</b>	<b>(368)</b>

# Balance sheet remains strong

Balance sheet March 31, 2020 vs. December 31, 2019  
billion €



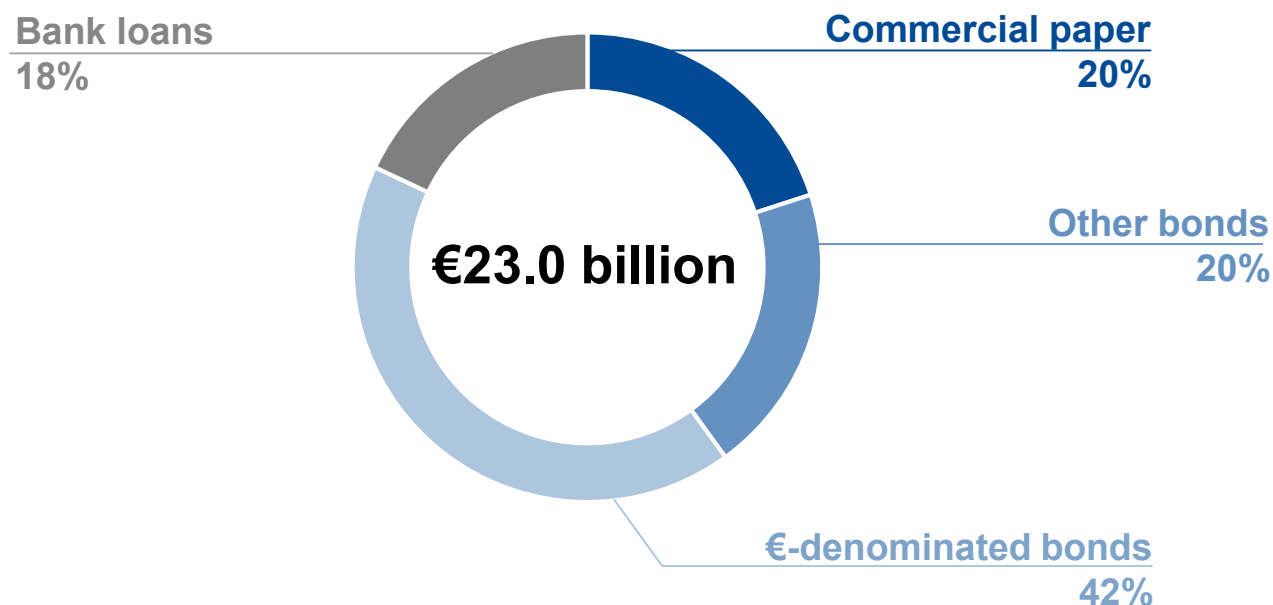
- Total assets increased by €5.4 billion to €92.4 billion
- Current assets up by €5 billion, due to higher accounts receivable, increased cash and cash equivalents and other receivables
- Net debt increased by €3.3 billion to €18.8 billion
- Equity ratio on March 31, 2020: 47.0%

<sup>1</sup> BASF's global pigments business and construction chemicals business



# Well-balanced financing instruments with strong focus on liquidity

as of March 31, 2020



## BASF's liquidity position

- **€4.2 billion cash and cash equivalents<sup>1</sup>** (on March 31, 2020)

## BASF's financing facilities

- **US\$12.5 billion commercial paper program** (for short-term debt financing)
- **€3 billion short-term revolving credit facility** (maturing in 2021)
- **€20 billion debt issuance program** (for long-term debt financing)
- **€6 billion broadly syndicated backup line** (maturing in 2025)

**BASF's target: maintain a solid A rating**

**Current ratings<sup>2</sup>: Moody's A2/P-1/Review for downgrade, S&P A/A-1/CreditWatch negative**

# Outlook 2020 for BASF Group

Forecast provided on February 28, 2020 withdrawn

## Outlook 2020

Sales	€60 billion – €63 billion
EBIT before special items	€4.2 billion – €4.8 billion
ROCE	6.7% – 7.7%

## Qualitative statements provided end of April 2020

- The sales and earnings forecast for the 2020 business year provided by BASF on February 28, 2020, cannot be met due to the coronavirus pandemic. We are therefore withdrawing our outlook for 2020.
- It is currently impossible to reliably estimate both the length and the further spread of the coronavirus pandemic, as well as future measures to contain it. Consequently, concrete statements on the future development of sales and earnings cannot be made at present.
- BASF will quantify its expectations for the future development of sales and earnings as soon as it is again possible to provide a reliable forecast.



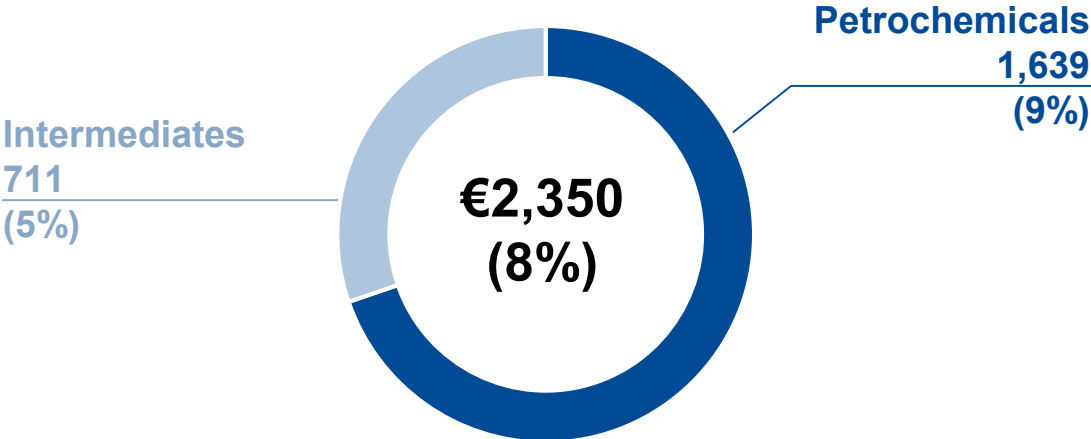


We create chemistry

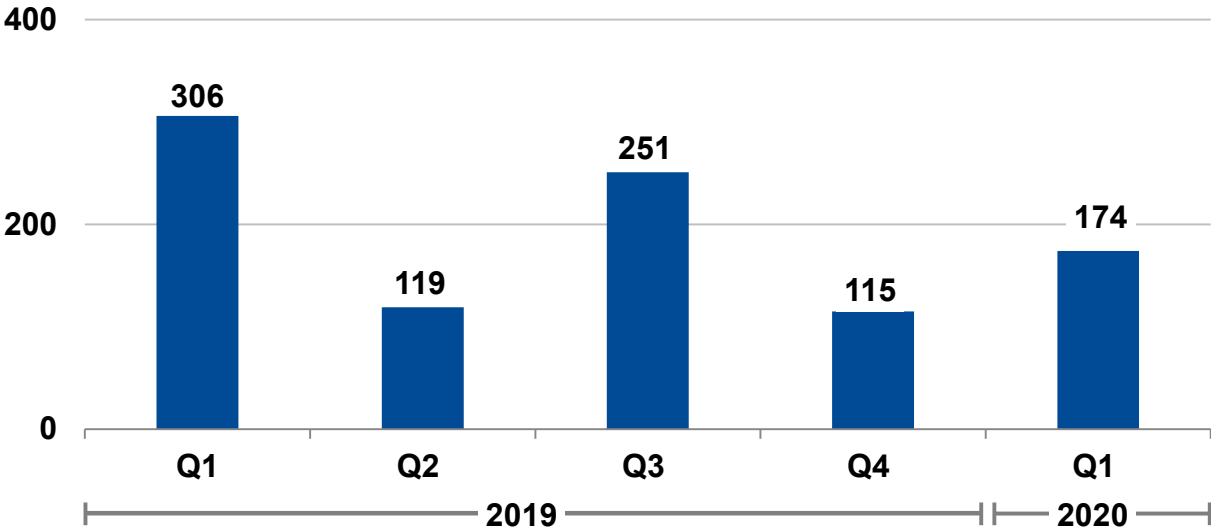


# Chemicals

**Sales Q1 2020 vs. Q1 2019**  
million €



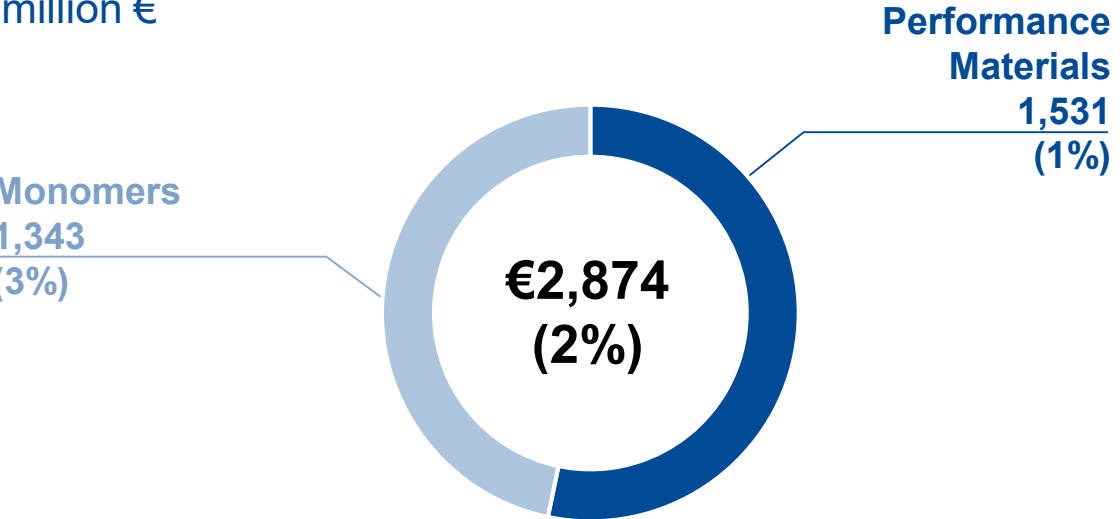
**EBIT before special items**  
million €



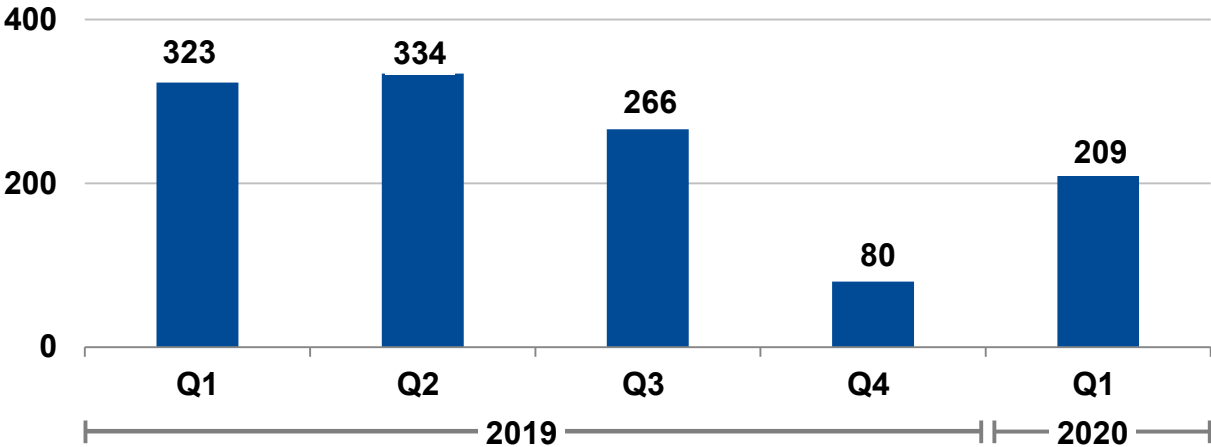
Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2020 vs. Q1 2019	0%	↓ (9%)	0%	↑ 1%

# Materials

**Sales Q1 2020 vs. Q1 2019**  
million €



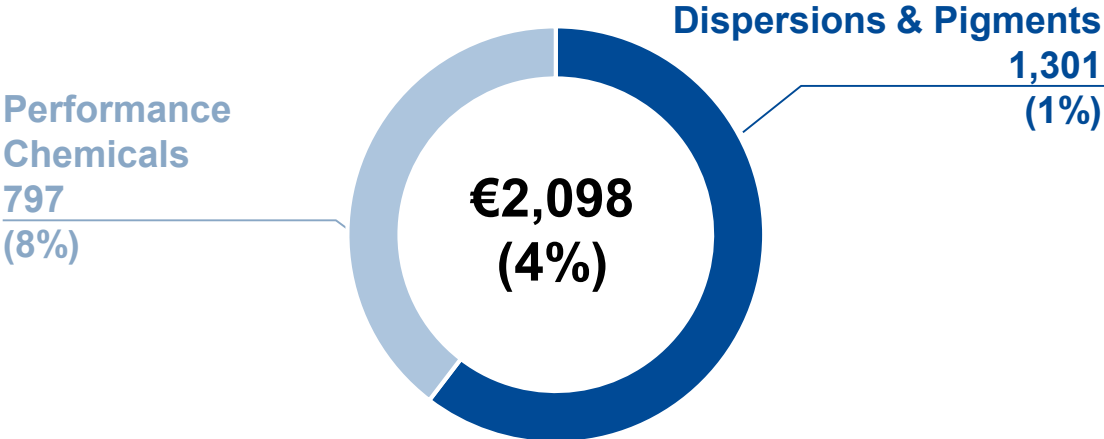
**EBIT before special items**  
million €



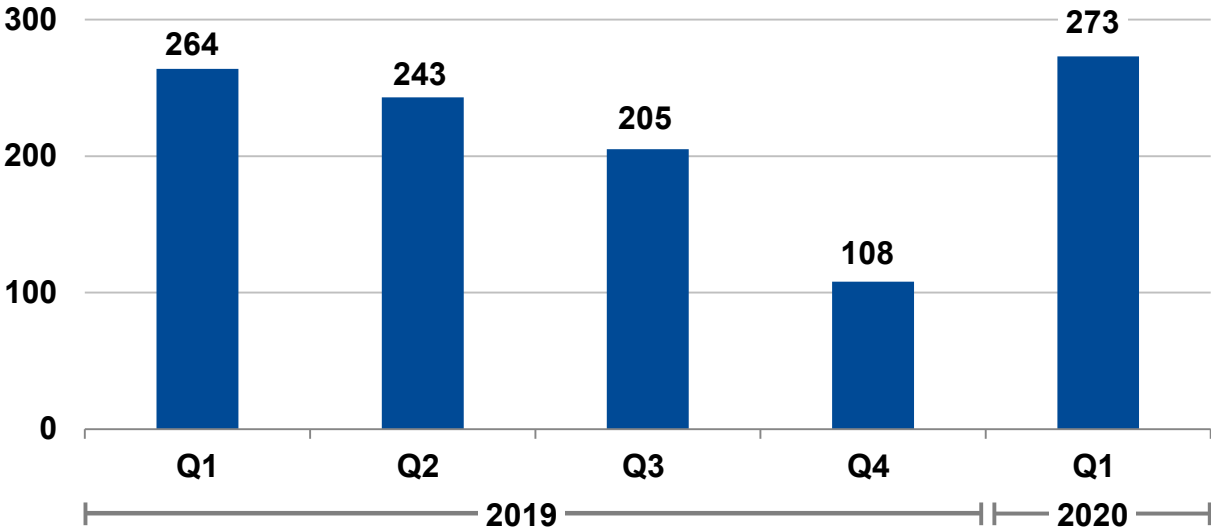
Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2020 vs. Q1 2019	↓ (1%)	↓ (7%)	↑ 6%	0%

# Industrial Solutions

Sales Q1 2020 vs. Q1 2019  
million €



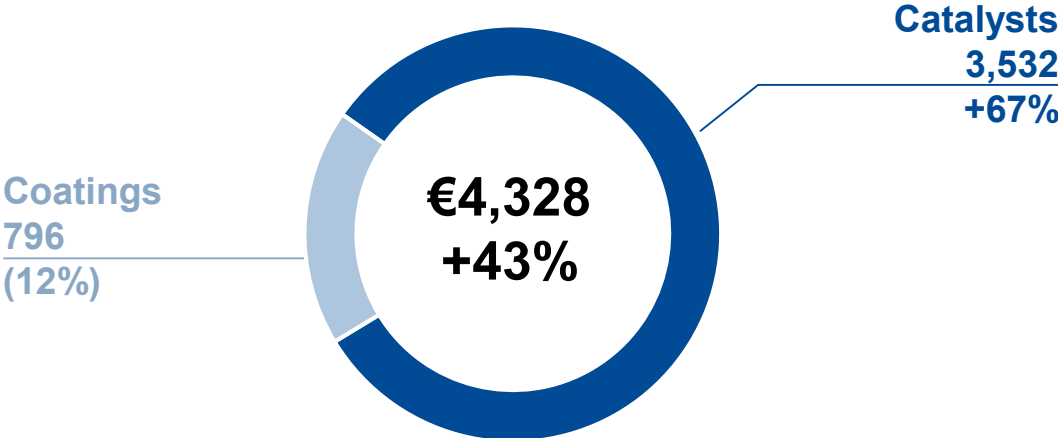
EBIT before special items  
million €



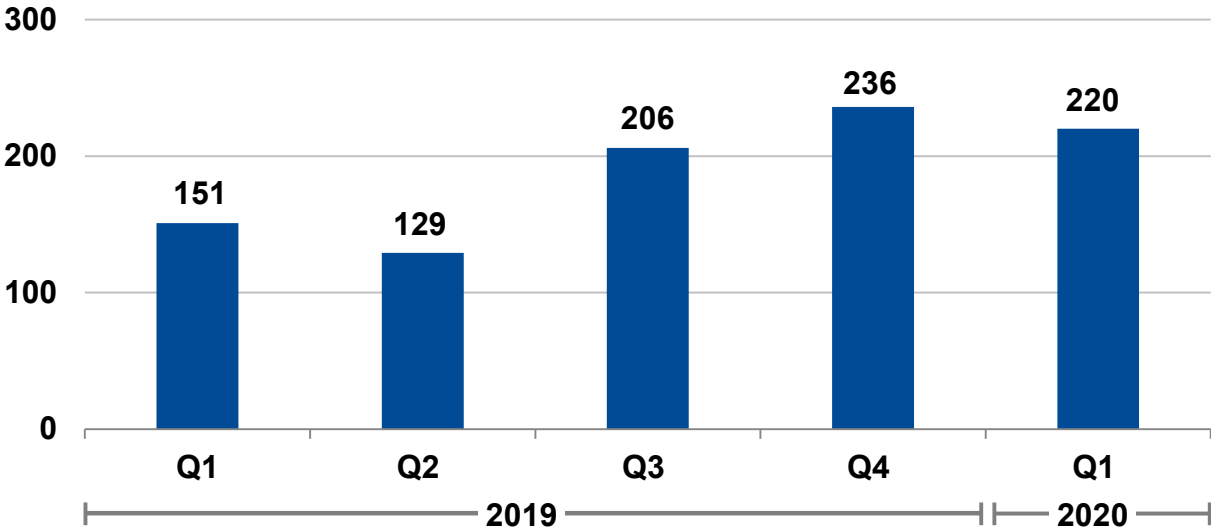
Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2020 vs. Q1 2019	↑ 2%	↓ (3%)	↓ (4%)	↑ 1%

# Surface Technologies

Sales<sup>1</sup> Q1 2020 vs. Q1 2019  
million €



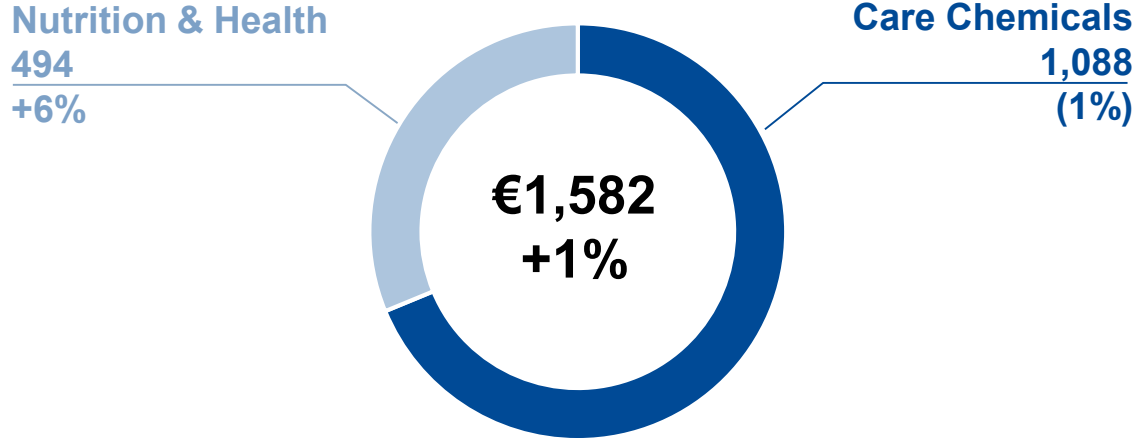
EBIT before special items<sup>1</sup>  
million €



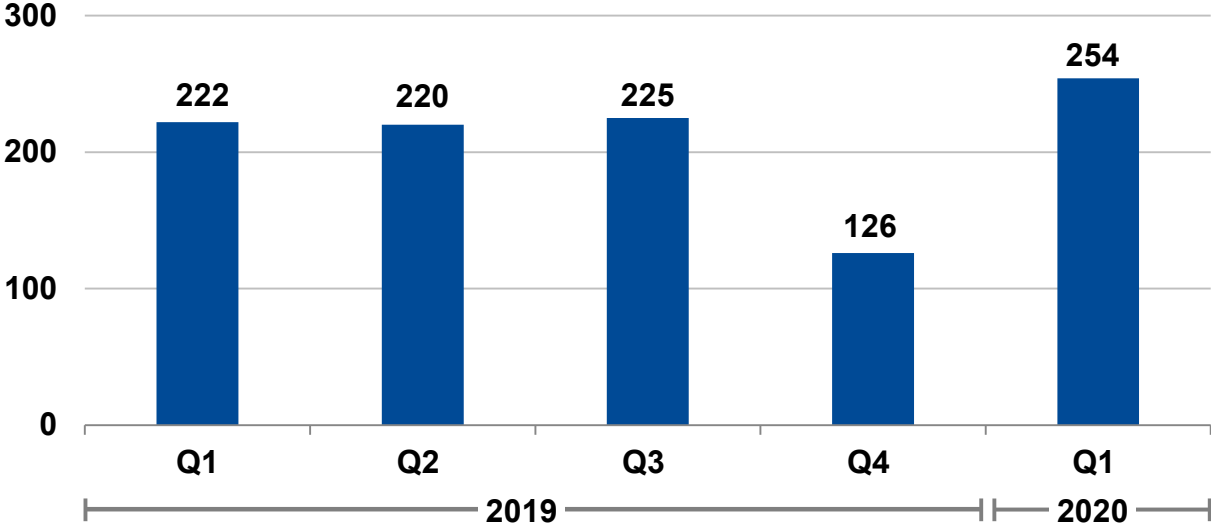
Sales development <sup>1</sup>	Volumes	Prices	Portfolio	Currencies
Q1 2020 vs. Q1 2019	↑ 7%	↑ 34%	0%	↑ 2%

# Nutrition & Care

Sales Q1 2020 vs. Q1 2019  
million €



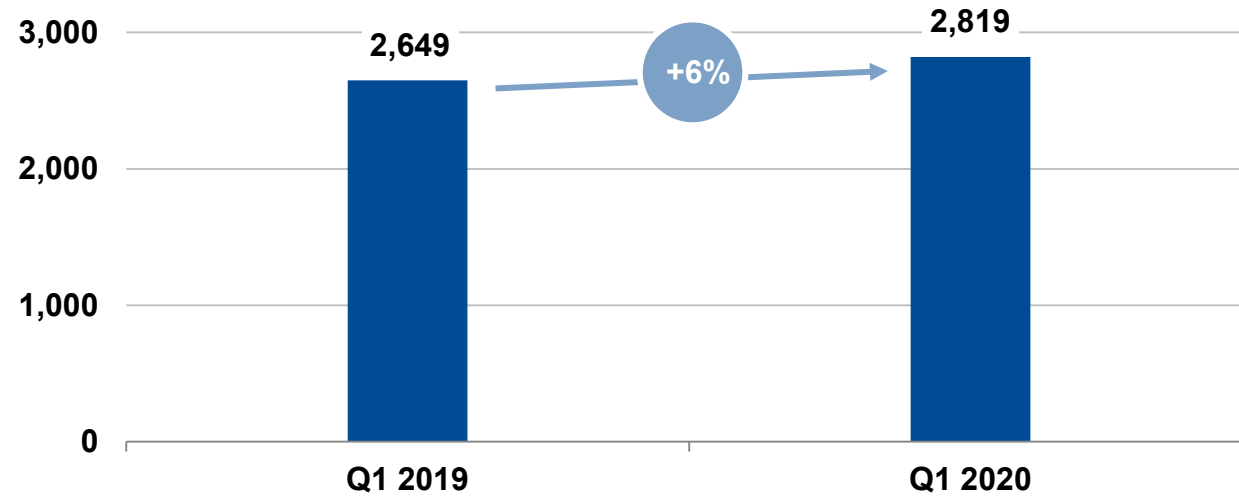
EBIT before special items  
million €



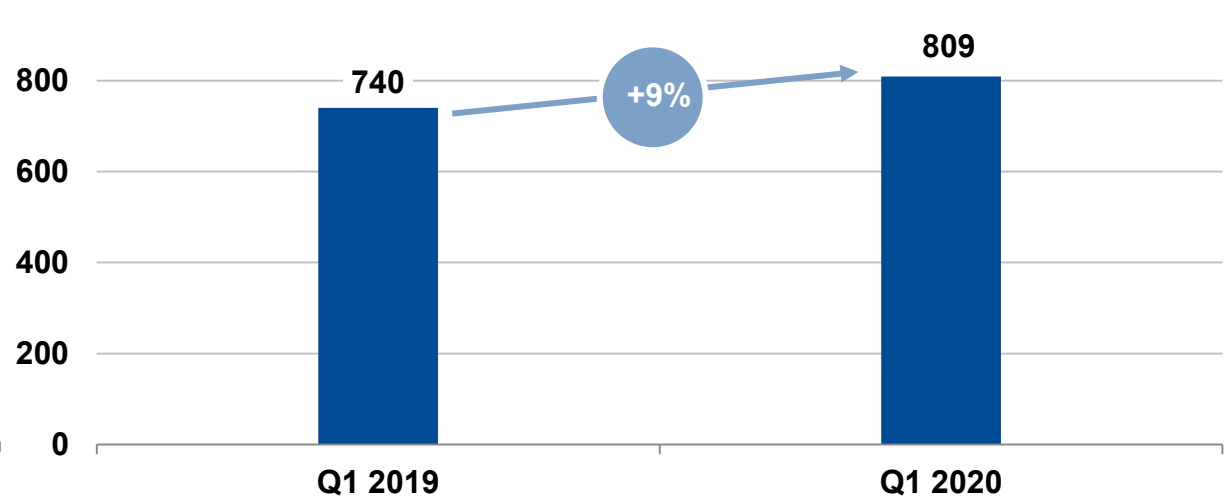
Sales development	Volumes	Prices	Portfolio	Currencies
Q1 2020 vs. Q1 2019	↑ 4%	↓ (3%)	0%	0%

# Agricultural Solutions

**Sales Q1 2020 vs. Q1 2019**  
million €



**EBIT before special items**  
million €



## Sales development

Q1 2020 vs. Q1 2019

## Volumes

↑ 7%

## Prices

↓ (1%)

## Portfolio

0%

## Currencies

0%

# Review of “Other”

Financial figures <sup>1</sup>		Q1 2020	Q1 2019
		million €	million €
<b>Sales</b>		<b>702</b>	<b>699</b>
<b>EBIT before special items</b>		<b>(299)</b>	<b>(256)</b>
Thereof	Costs of corporate research	(75)	(98)
	Costs of corporate headquarters	(54)	(58)
	Foreign currency results, hedging and other measurement effects	52	(25)
	Other businesses	27	37
Special items		(22)	(35)
<b>EBIT</b>		<b>(321)</b>	<b>(291)</b>

<sup>1</sup> The 2019 figures have been restated to reflect the reclassification of income from non-integral companies accounted for using the equity method to net income from shareholdings.