



BASF

We create chemistry

BASF Investor Update

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Ludwigshafen, December 7, 2023

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 157 to 167 of the BASF Report 2022. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.

At BASF, we are determined to master current and future challenges



**Continuous improvement
of competitiveness**



**Adjustment of regional
footprint to market dynamics**

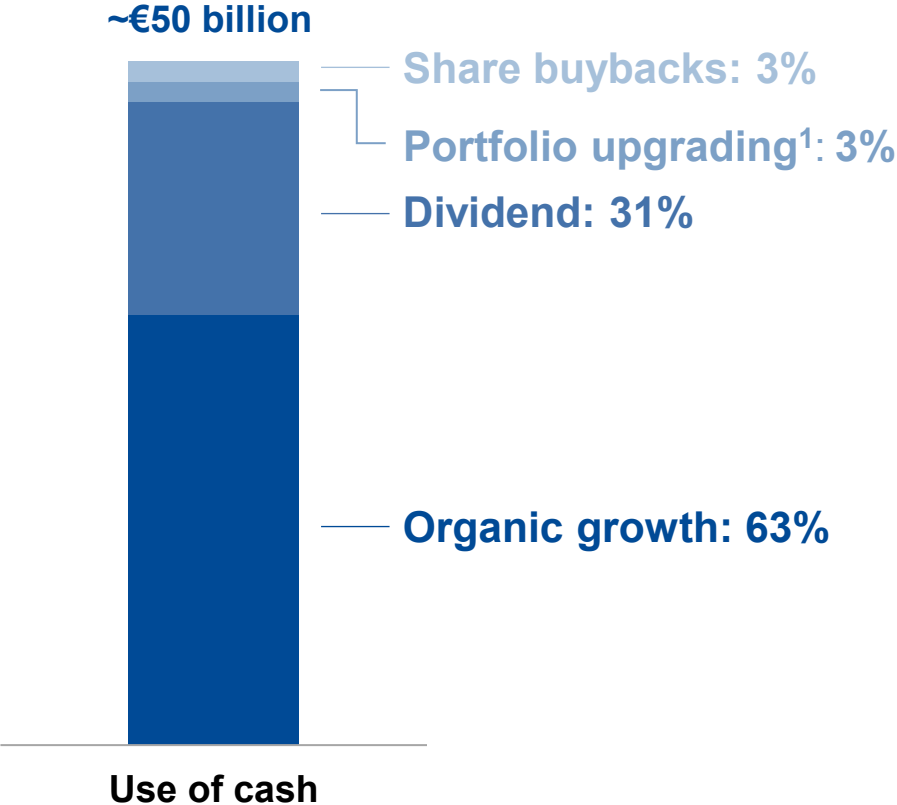


**Execution on net zero
transformation by 2050**

- 
- 1 | Delivering on priorities for the use of cash**
 - 2 | Differentiating the steering of businesses for more profitability
 - 3 | Taking the next step on our path to net zero

We delivered on our priorities for the use of cash between 2018 and 2022

Use of cash of BASF Group 2018–2022



1 Organic growth

We have spent €21.0 billion on capital expenditures² and €10.7 billion on R&D

3 Portfolio upgrading

We have made net payments related to acquisitions and divestitures amounting to €1.4 billion

2 Progressive dividend

We have paid out a total of €15.8 billion in dividends to shareholders³

4 Share buybacks

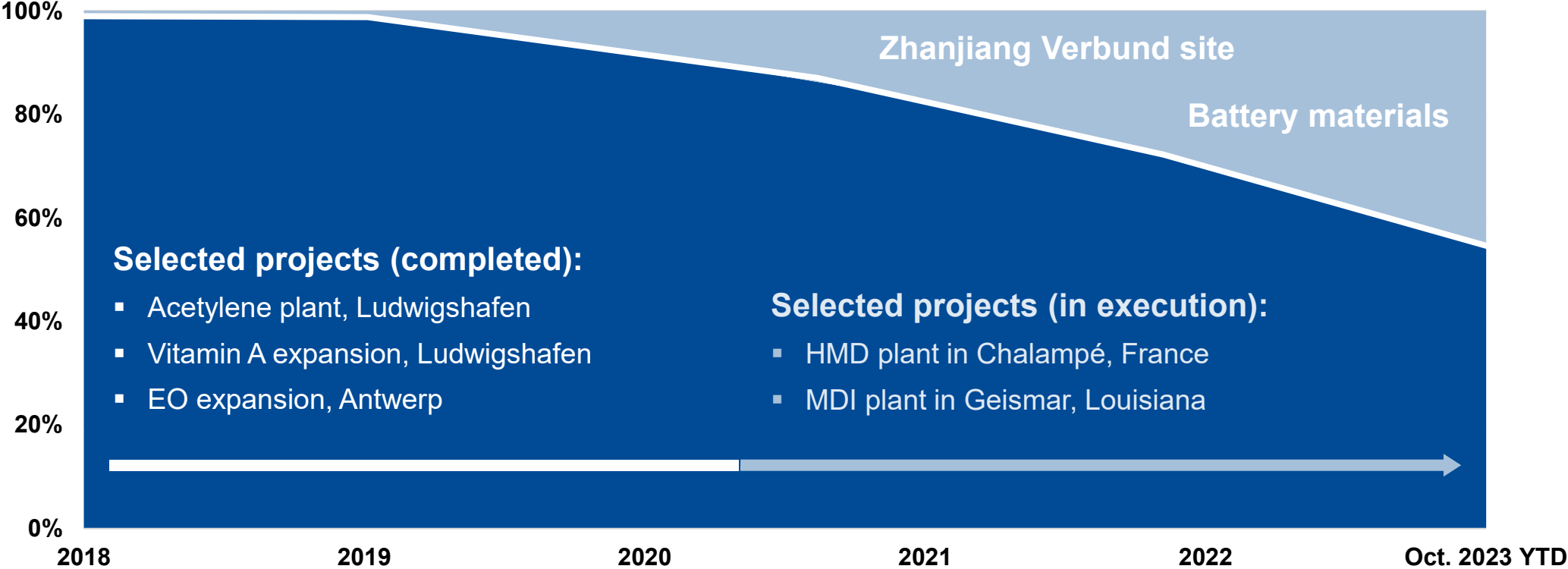
We repurchased shares for around €1.4 billion between January 2022 and February 2023

¹ Net payments related to acquisitions and divestitures
² Including repayment of lease liabilities
³ Including dividends paid to noncontrolling interests

Capex now focused on Zhanjiang Verbund site and battery materials

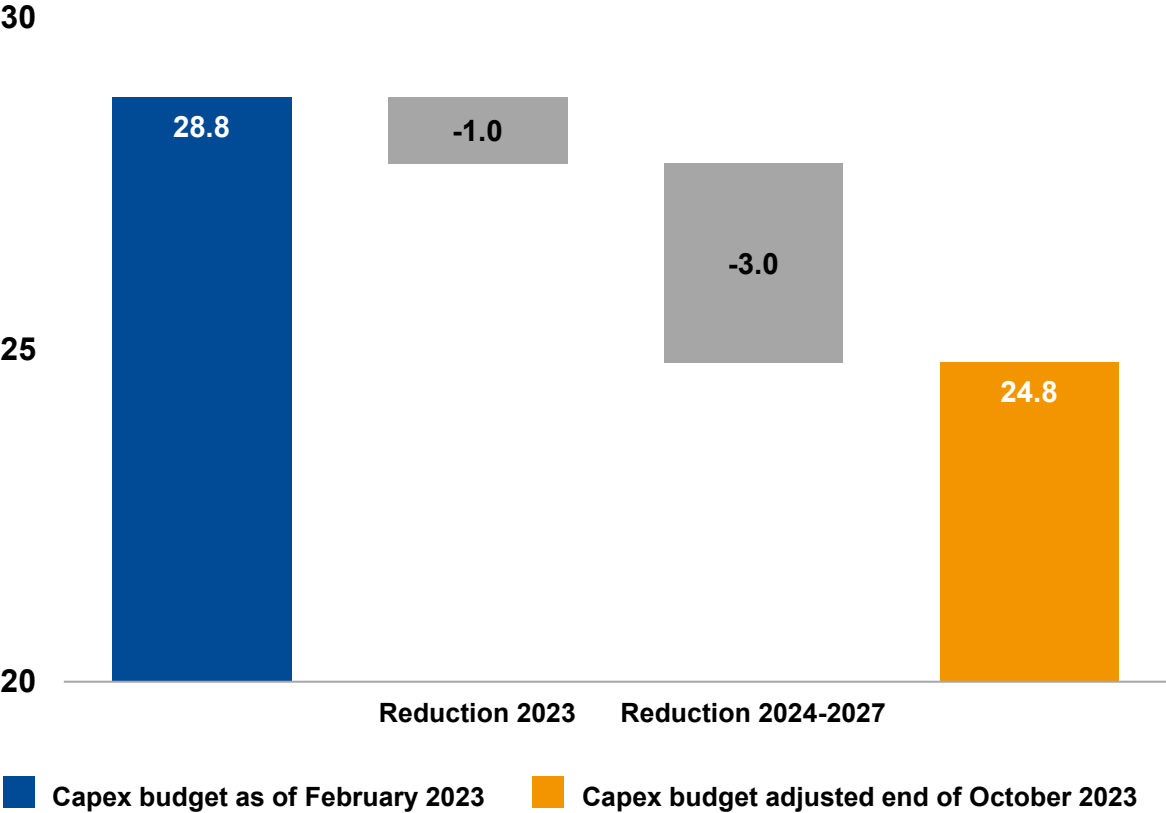
Capital expenditures 2018–Oct. 2023 YTD

Relative share of spend per year



Capex reduction by ~€4.0 billion from 2023 to 2027

Capex budget
Billion €, 2023–2027



- We respond flexibly to changes in the market environment:
 - Expected demand development
 - Regional supply situation
- We focus on capital discipline across the entire portfolio of BASF Group

Major levers for capex reduction

Ongoing businesses

- Postpone non-critical projects
- Focus on highly capex-efficient measures, e.g., debottlenecking
- Postpone planned replacement investments

Growth projects

Zhanjiang Verbund site

- Leverage favorable procurement environment in China
- Adjust further investments to market demand

Battery materials

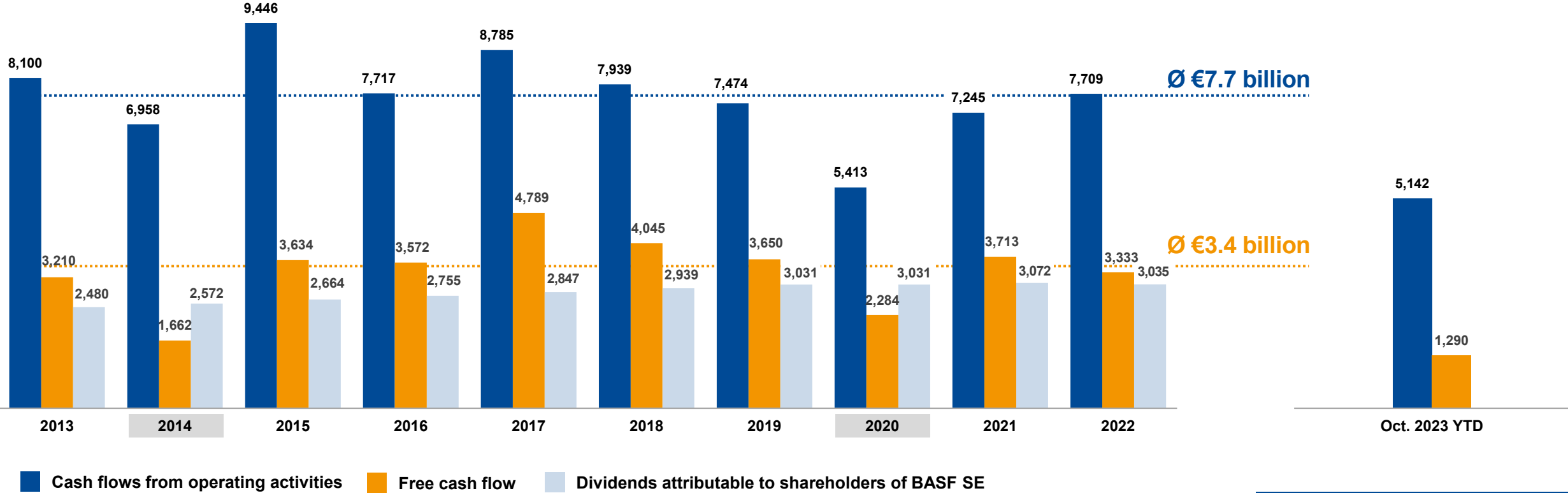
- Use flexibility in the scheduling of investments
- Evaluate partnerships

Net zero transformation

- Maintain overall investment scope with focus on CO₂ reduction, renewables and recycling
- Fund certain investments, e.g., wind farms, via project financing
- Strike the right balance between power purchase agreements and own investments

Dividend payments supported by strong cash flow generation

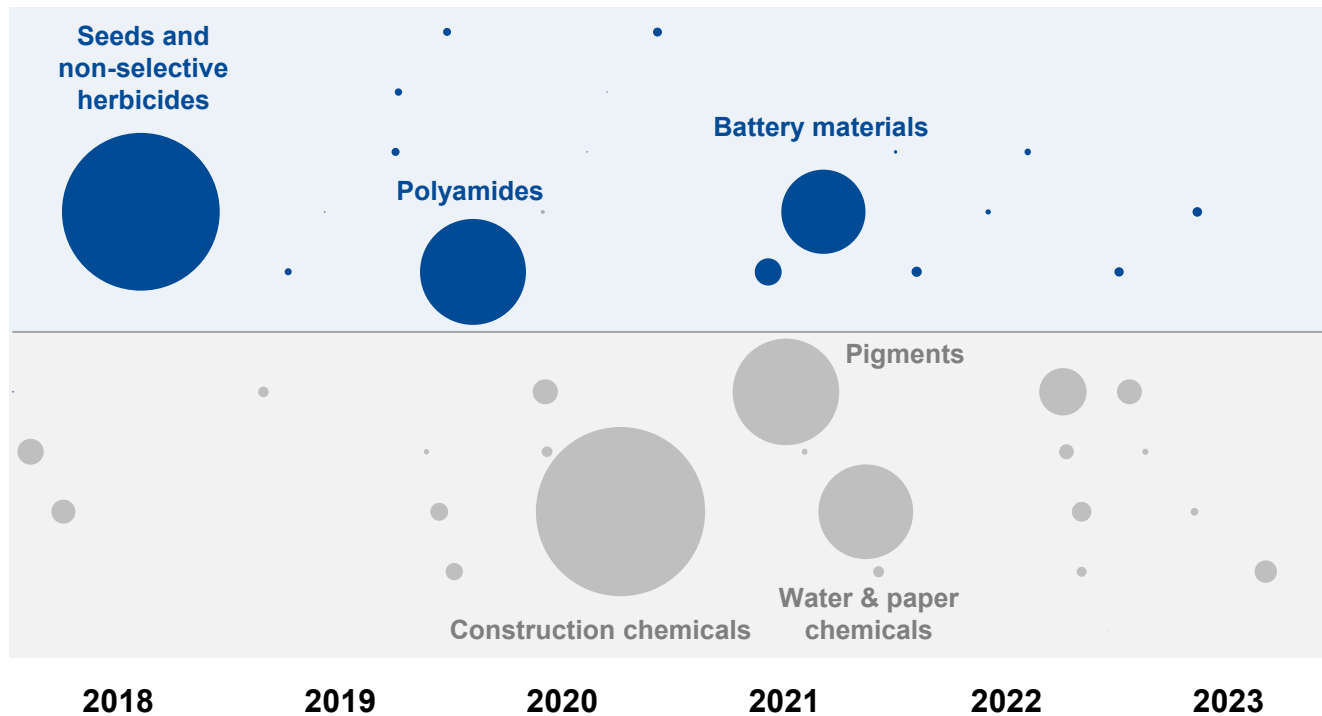
Cash flows from operating activities, free cash flow and dividends
Million €



Portfolio developed in line with 2018 strategy

Transactions 2018–2023

Circle size represents net sales in €



Acquisitions

- Selective acquisitions with transformative character for distinct growth businesses
- Since 2018, BASF has acquired businesses with net sales of nearly €4 billion


Divestitures

- Businesses with limited differentiation potential divested
- Since 2018, BASF has sold businesses with net sales of €5 billion

Wintershall Dea is the major divestiture that remains to be completed

- BASF stands by its strategic goal of selling its 72.7% share in Wintershall Dea and continues to evaluate monetization options
- Wintershall Dea is currently in the process of legally separating its Russia-related business; the separation is planned to be completed by mid-2024
- Federal investment guarantees in place for Russian assets
- For the business year 2022, BASF received ~€290 million as common dividend from Wintershall Dea
- Wintershall Dea is adjusting its company structure:
 - Annual cost savings of €200 million planned
 - Management board reduced from five to three members
 - Reduction of around 500 jobs company-wide expected



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We are delivering on the strategic transformation of our organization and businesses

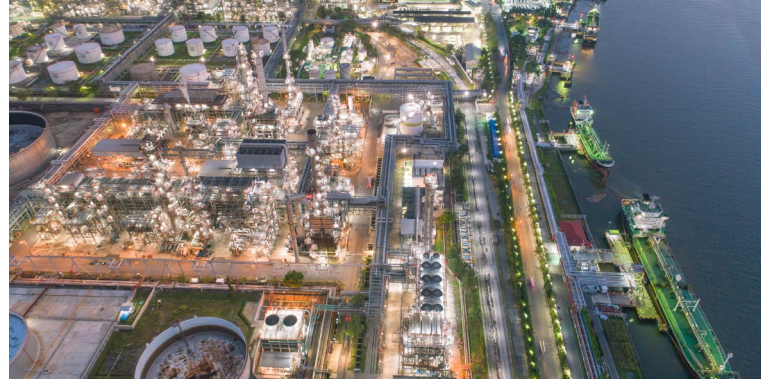
- We have **embedded all business-critical services** in the operating divisions
- We have **embedded customer-focused R&D** in the operating divisions
- We have **streamlined business services, digitalization and R&D** at the company level
- We are now ready to go a step further and **manage our businesses in a more differentiated manner** that also reflects changes in the global chemical market



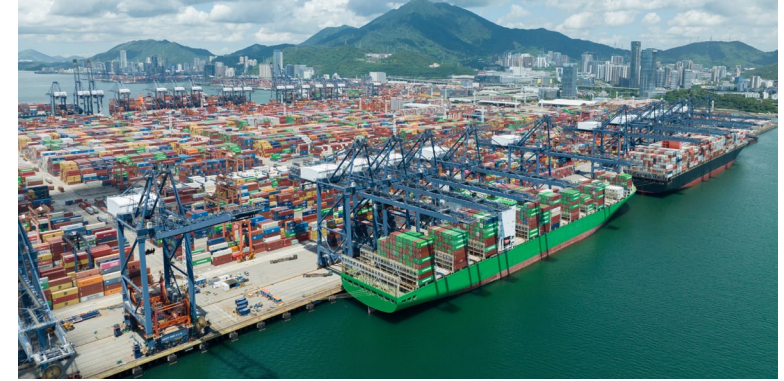
The global chemical market environment has changed since 2018



Industry-specific
pure-play
competitors



New efficient and
focused **competitors**
for the Verbund

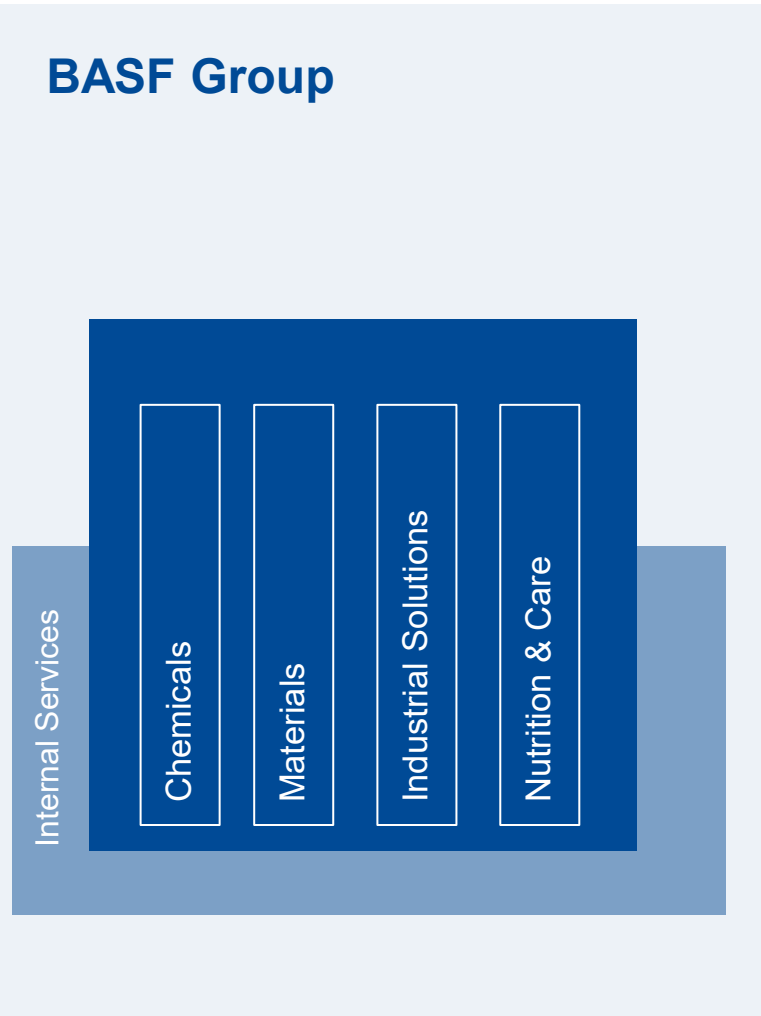


Shifting
demand pattern
toward Asia

We are also changing the way we steer BASF

Verbund businesses will benefit from focused value chain steering

BASF Group



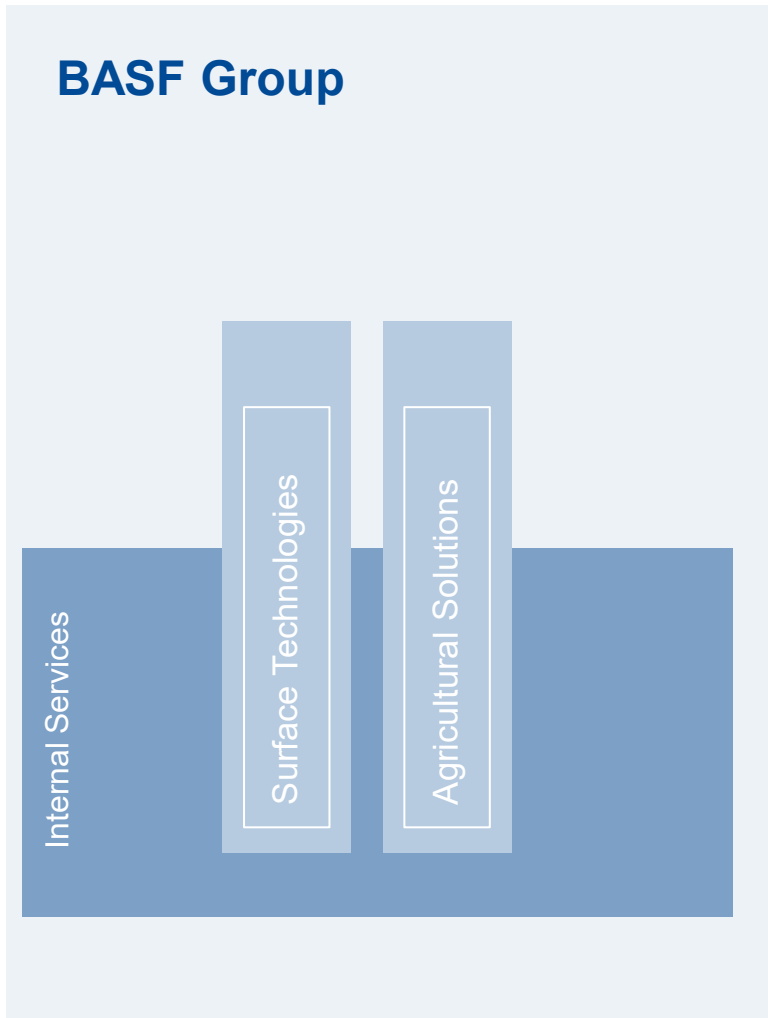
Verbund businesses

- Management along value chains
- Value generation through efficient use of resources, bundling of demand and synchronized, deeply integrated production
- Major advantages in terms of products that enable customers to achieve their net zero and circularity targets



EBITDA bsi margin
17%
over the cycle

Steering of businesses less integrated into Verbund value chains tailored to industry-specific needs



Battery Materials

- Set to become a growth driver in BASF's portfolio
- Business requires a high level of agility to respond to rapidly evolving market developments, for example by forming collaborations and partnerships



EBITDA bsi margin
≥30%
excluding metals
(by 2030)

Coatings

- Requires a high degree of flexibility and customization
- Managing complexity is crucial due to the large number of customers and formulations



EBITDA bsi margin
≥15%
(in the midterm)

Agricultural Solutions

- Moved from producing crop protection products to providing farmers with agricultural solutions that connect crop protection, seeds and traits as well as digital solutions
- Generates new business models by leveraging digital solutions and increasingly integrating data and mechanical hardware



EBITDA bsi margin
≥23%
(in the midterm)

Leveraging the benefits of Verbund, differentiation and an integrated company setup

Benefits of Verbund

- Interconnected value chains
- Synergies through scale
- Efficient transformation toward net zero



Benefits of differentiation

- Business models tailored to industry-specific needs
- Sharpened focus on value creation along Verbund value chains
- Leaner, simpler and more tailored processes



Benefits of integrated company

- Bundled service units and Group Research
- Better customer engagement
- Better financing conditions

We will also steer BASF differently at the Group level

Today

Corporate steering

Corporate KPIs

- Sales/organic volume growth
- EBIT before special items
- EBITDA before special items
- ROCE (“most important KPI”)
- Capital expenditures

As of 2024

Short-term steering (annual)

Corporate KPIs

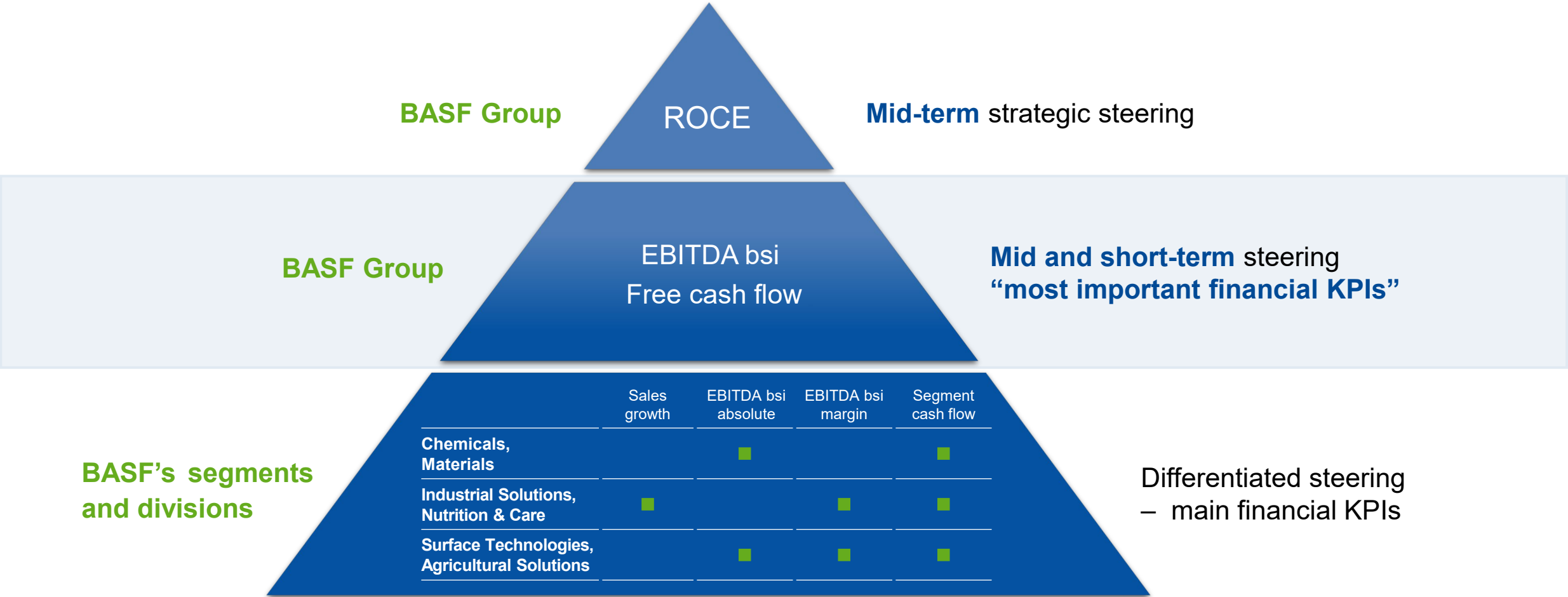
- EBITDA before special items
 - Cash flows from operating activities
 - Capital expenditures
- Free cash flow

Mid-term steering (next 4 years)

Corporate KPIs

- EBITDA before special items
- Free cash flow
- ROCE

Most important financial KPIs for steering and external reporting purposes going forward



Forecast in BASF Report 2023 will reflect the new most important financial KPIs

Today

Forecast by segment Million €	Sales		EBIT before special items		ROCE	
	2022	2023 forecast	2022	2023 forecast	2022	2023 forecast
	Chemicals	14,895	↘	1,956	↓	15.6%
Materials	18,443	↗	1,840	↓	14.9%	↓
Industrial Solutions	9,992	↘	1,091	↘	16.0%	↘
Surface Technologies	21,283	↘	902	↘	3.9%	↘
Nutrition & Care	8,066	↗	618	↘	7.5%	↓
Agricultural Solutions	10,280	↗	1,220	↗	7.1%	↗
Other	4,368	↗	-749	↓	-	-
BASF Group¹	87,327	€73 billion–€76 billion	6,878	€4.0 billion–€4.4 billion	10.0%	6.5%–7.1%

As of 2024

Million €	EBITDA before special items		Free cash flow	
	2023	2024 forecast	2023	2024 forecast
BASF Group		xxx-xxx		xxx-xxx

Million €	EBITDA before special items		Segment cash flow	
	2023	2024 forecast	2023	2024 forecast
Chemicals		↑ ⇄ ↓		↑ ⇄ ↓
Materials				
Industrial Solutions				
Surface Technologies				
Nutrition & Care				
Agricultural Solutions				

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TripleS method increases measurability and transparency on sustainability – developed by BASF, adopted by the industry

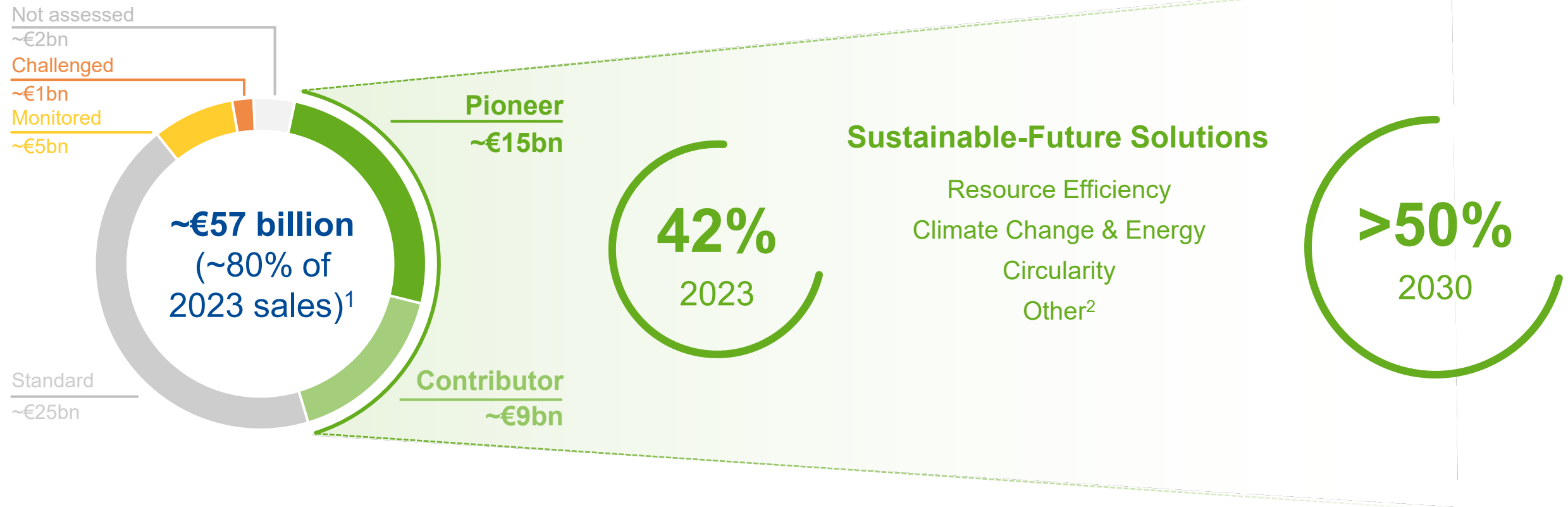


- Methodology refined after **achieving 2025 Accelerator target ahead of schedule** in 2021
- Approximately **45,000 products** are analyzed and classified worldwide
- Each product in its application is assigned to one of **five TripleS segments**
- Portfolio steered toward **climate protection, resource efficiency and circular economy** with Pioneer and Contributor products
- The World Business Council for Sustainable Development **adopted BASF's TripleS logic** for its Portfolio Sustainability Assessment (PSA)

We aim to increase the sales share of Sustainable-Future Solutions from 42% to more than 50% by 2030

Forecasted 2023 TripleS sales¹

Billion €



¹ Based on lower end of forecast range; not included: platinum group metals within ECMS, strategically non-relevant businesses such as IT services, licenses, etc.

² "Other" comprises Health & Safety, Pollution Reduction, Biodiversity, Water Protection and Zero Hunger

We want to create additional value for our customers with low-carbon and zero-PCF products

Originally

Infinergy® 230 (AP) midsole



Today

Infinergy® 230 RC midsole



Future



Since 2018, BASF has strengthened its climate ambition for Scope 1 and Scope 2 emissions

2030

25%

Scope 1 and Scope 2
CO₂ emission reduction
(compared with 2018)

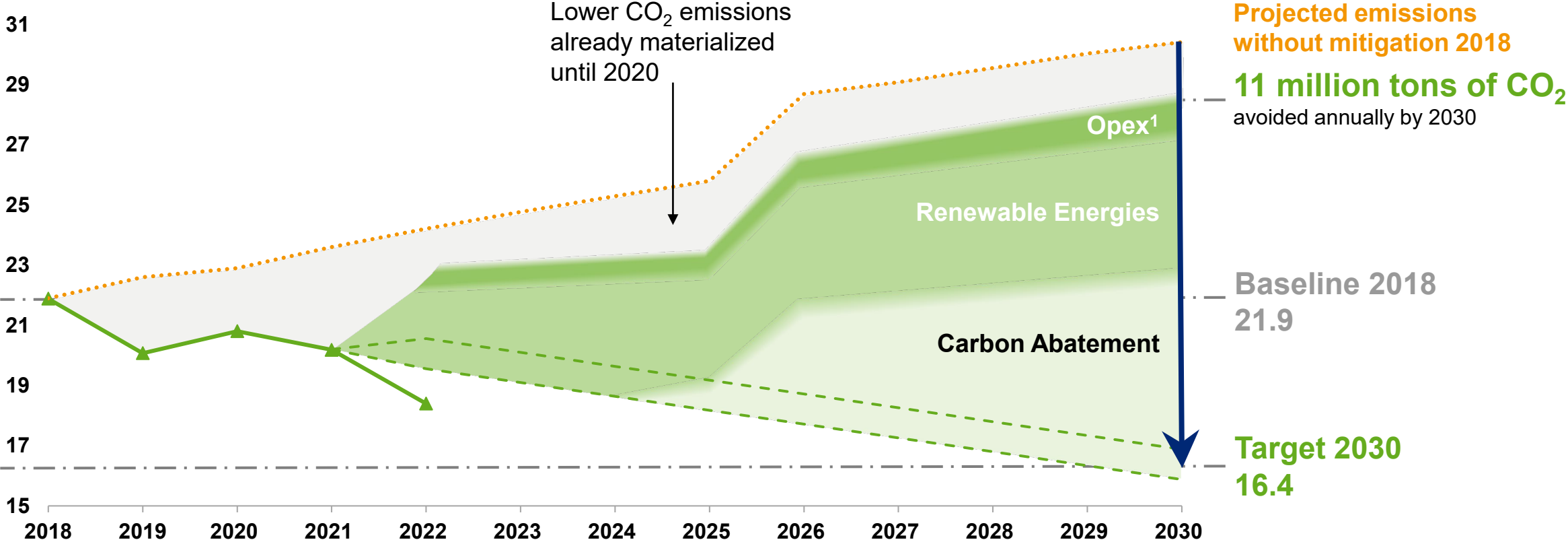
2050

net zero

Scope 1 and Scope 2
CO₂ emissions

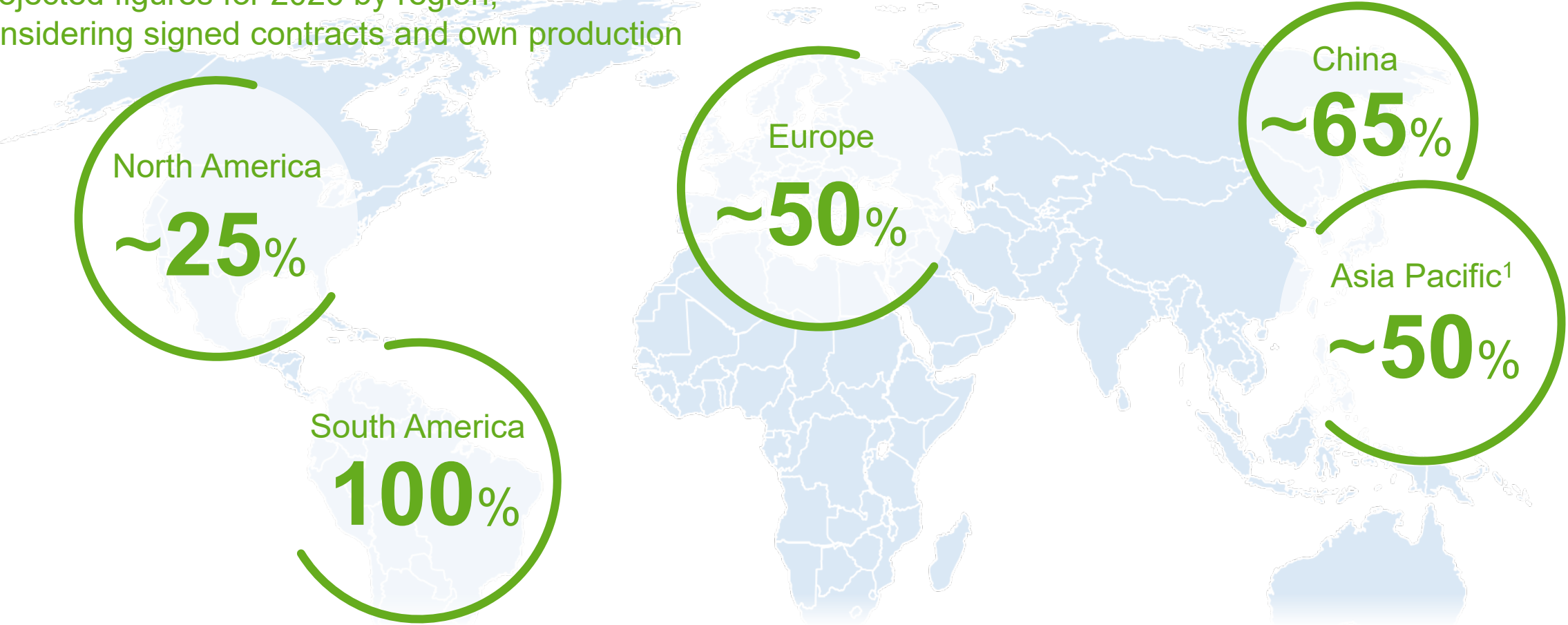
We have achieved further progress in reducing our own CO₂ emissions

Projected BASF greenhouse gas emissions
 Million metric tons CO₂ equivalents



On track to reaching at least 60% renewable electricity worldwide by 2030

Projected figures for 2026 by region, considering signed contracts and own production



Vattenfall and BASF to partner on German offshore wind farm projects Nordlicht 1 and 2



Facts & figures

- BASF to acquire minority shares (49%) in planned offshore wind farm projects Nordlicht 1 (N-6.6, 980 MW) and Nordlicht 2 (N-7.2, 630 MW)
- Nordlicht wind park zone is located 85 kilometers north of the island of Borkum in the German North Sea
- Pending final investment decision expected in 2025, construction to start in 2026; full operation expected in 2028

Investment highlights

- Vattenfall and BASF are long-standing partners
- Minority shares would secure supply of ~3 TWh per year of renewable electricity for BASF from 2028 onward
- BASF would use its share of renewable electricity to support its chemical production sites in Europe, in particular Ludwigshafen

We are making progress on technologies for carbon abatement

eFurnace



eFurnace¹ demonstration plant built in Ludwigshafen with SABIC and Linde in final stage of completion; testing of heating concepts to start in Q1 2024

Supported by:



on the basis of a decision by the German Bundestag

Funded by the European Union NextGenerationEU

Water electrolysis



Positive funding decision for 54 MW **water electrolysis**² plant in Ludwigshafen (Hy4Chem-EI) granted in November 2023; startup planned in 2025

Supported by:

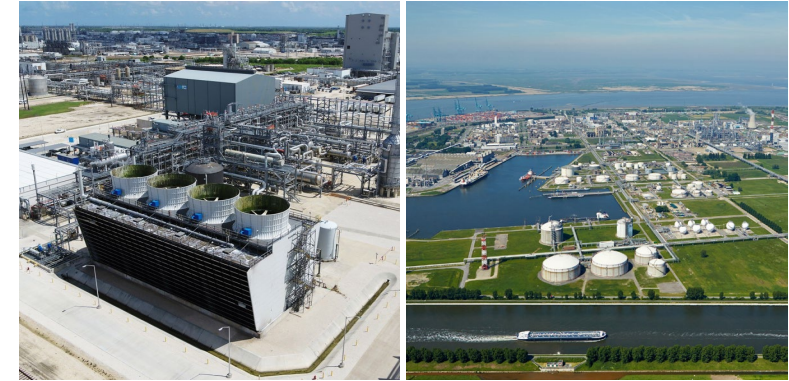


Rheinland-Pfalz

MINISTERIUM FÜR KLIMASCHUTZ, UMWELT, ENERGIE UND MOBILITÄT

on the basis of a decision by the German Bundestag

CCS projects



BASF and Yara evaluating world-scale **blue ammonia** project using **CCS** in the United States³

CCS project to reduce BASF's CO₂ emissions in Antwerp by 1 million tons per year slated for startup in 2027



Co-funded by the European Union

¹ Supported by the Federal Ministry for Economic Affairs and Climate Action (BMWK) and funded by the European Union

² Supported by the Federal Ministry for Economic Affairs and Climate Action (BMWK) and the State of Rhineland-Palatinate

³ Total capacity 1.2 to 1.4 million tons p.a.

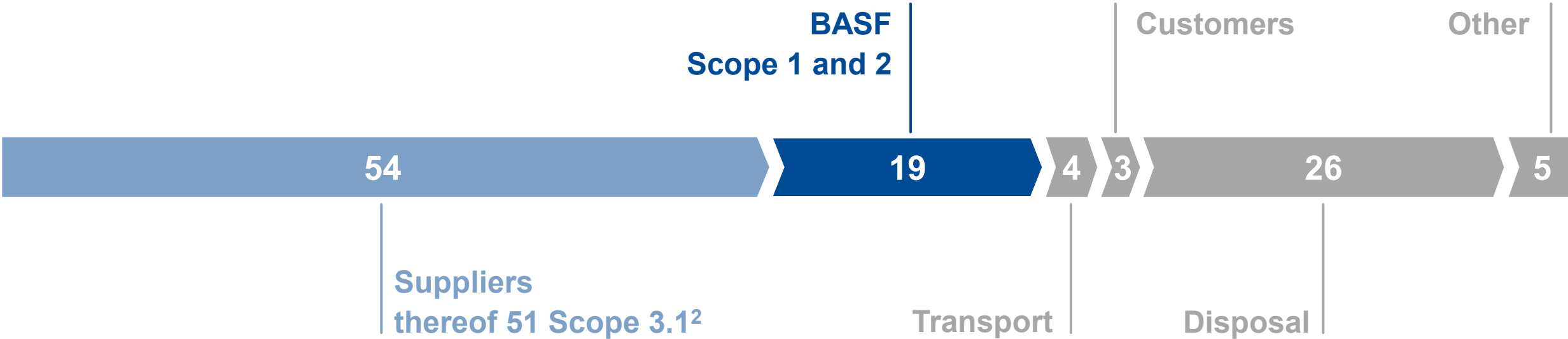
Scope 3.1 emissions account for ~70% of the product carbon footprints of our sales products

Greenhouse gas emissions along the BASF value chain in 2022¹

Million metric tons of CO₂ equivalents

Scope 3 upstream

Scope 3 downstream



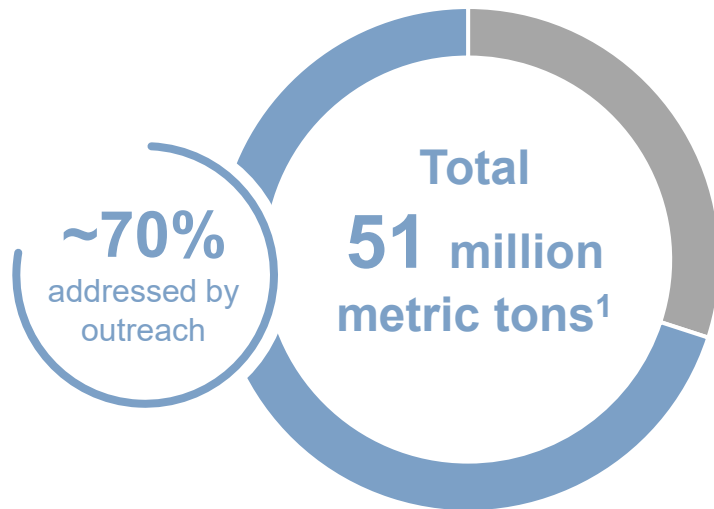
¹ See BASF Report 2022, page 139

² Greenhouse gas protocol Scope 3.1: Purchased goods and services: 51 million metric tons CO₂e, thereof 3 million metric tons from technical goods and services (not in scope of Supplier CO₂ Management Program) and from battery materials



We have a solid foundation for primary Scope 3.1 emission data

BASF's CO₂e emissions from raw material purchase 2022



- **Supplier CO₂ Management Program started in 2021** to collect primary emission data for purchased raw materials
- Collaboration through **knowledge sharing on PCF calculation methodology** ongoing to ensure engagement and quality of data
- More than **2,000 suppliers** have been approached, accounting for **~70% of our relevant Scope 3.1 emissions¹**
- We have now **validated primary data for more than 25%** of our relevant Scope 3.1 emissions
- **We will make PCFs a buying criterion** to reduce our Scope 3.1 emissions and thus the PCF of our sales products

¹ Greenhouse gas protocol Scope 3.1: Purchased goods and services: 51 million metric tons CO₂e, thereof 3 million metric tons from technical goods and services (not in scope of Supplier CO₂ Management Program) and from battery materials

Our new targets: Reduce specific Scope 3.1 emissions by 15% by 2030 and achieve net-zero Scope 3.1 emissions by 2050

2030

15%

specific Scope 3.1
CO₂ emission reduction
(compared with 2022)¹

2050

net zero

Scope 3.1
CO₂ emissions



We create chemistry