



We create chemistry

**Analyst Conference Call FY 2020**  
February 26, 2021



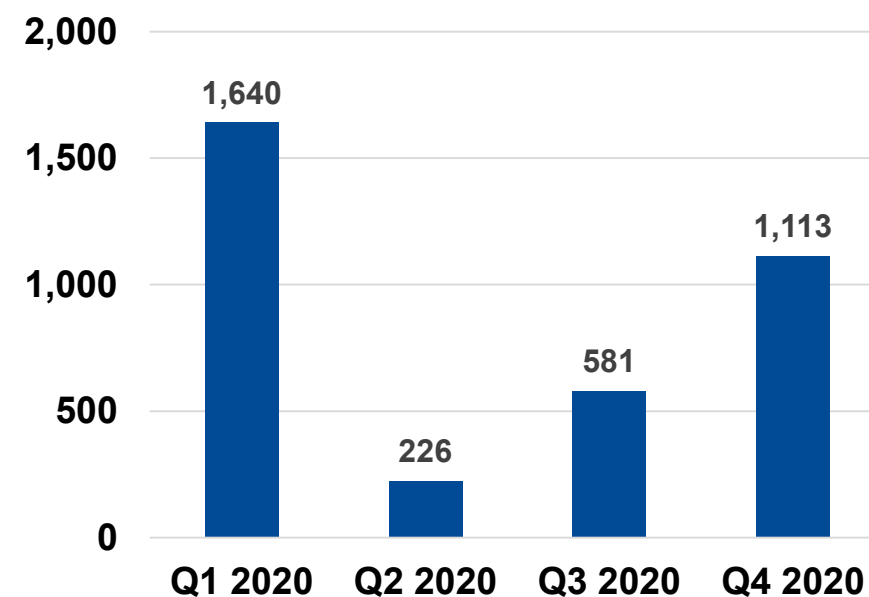
# Cautionary note regarding forward-looking statements

*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 158 to 166 of the BASF Report 2020. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.*

# Strong performance in Q4 2020 due to higher volumes and prices; EBIT before special items of €3.6 billion in 2020

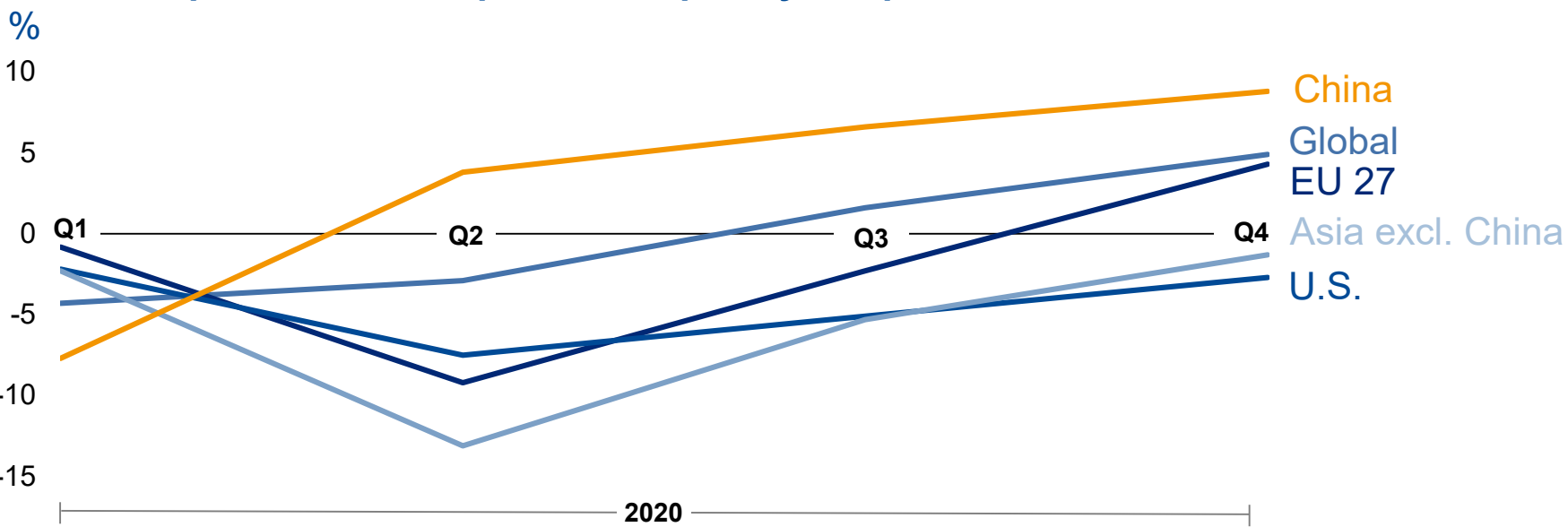
- **BASF benefitted from economic recovery in Q4 2020:**
  - Volume growth across all regions, Greater China with double-digit growth rates
  - Volume increase across almost all segments
  - Margin expansion in some commodity lines, e.g., isocyanates
  - Lower fixed costs supporting BASF's strong earnings growth
- **Measures to tackle the pandemic continued:**
  - Safety and health of our employees as well as safe operations are the top priority
  - Focus on cash generation, cost control and reduction of capex
  - High liquidity and unrestricted access to debt markets thanks to strong balance sheet and good credit ratings

EBIT before special items by quarter  
million €



# Broad recovery of chemical production in all major regions in second half of 2020

Chemical production compared with prior-year quarter



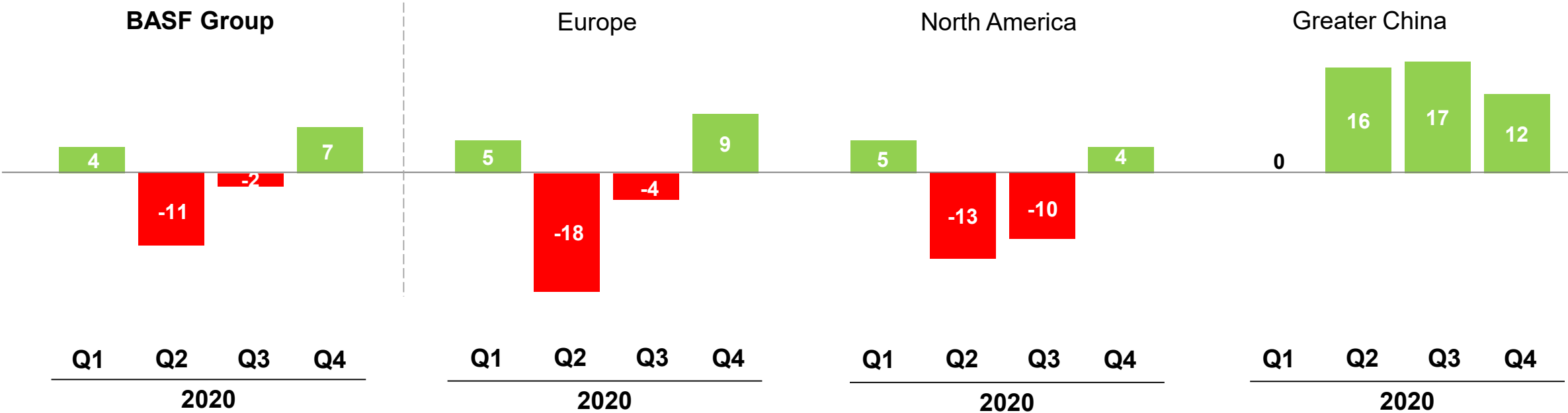
Growth rates 2020 vs. 2019

%

Global GDP	-3.7%
Global industrial production	-4.0%
Global chemical production	-0.4%

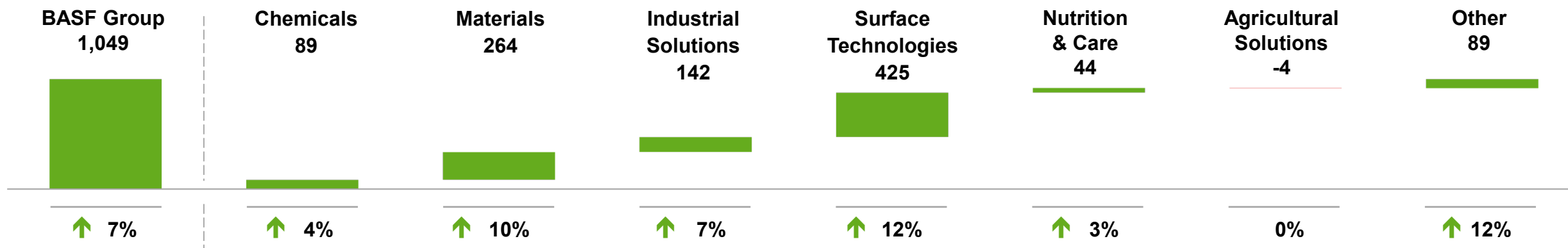
# BASF Group: Volume growth across all regions in Q4 2020

Sales volumes development by region<sup>1</sup>  
quarters 2020 vs. quarters 2019  
%



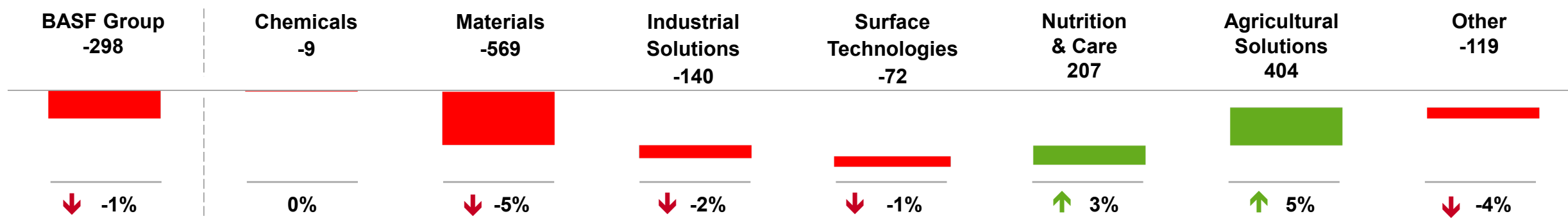
# BASF Group: Volume growth across almost all segments in Q4 2020

Sales volumes development by segment Q4 2020 vs. Q4 2019 absolute (million €) terms



relative (%) terms

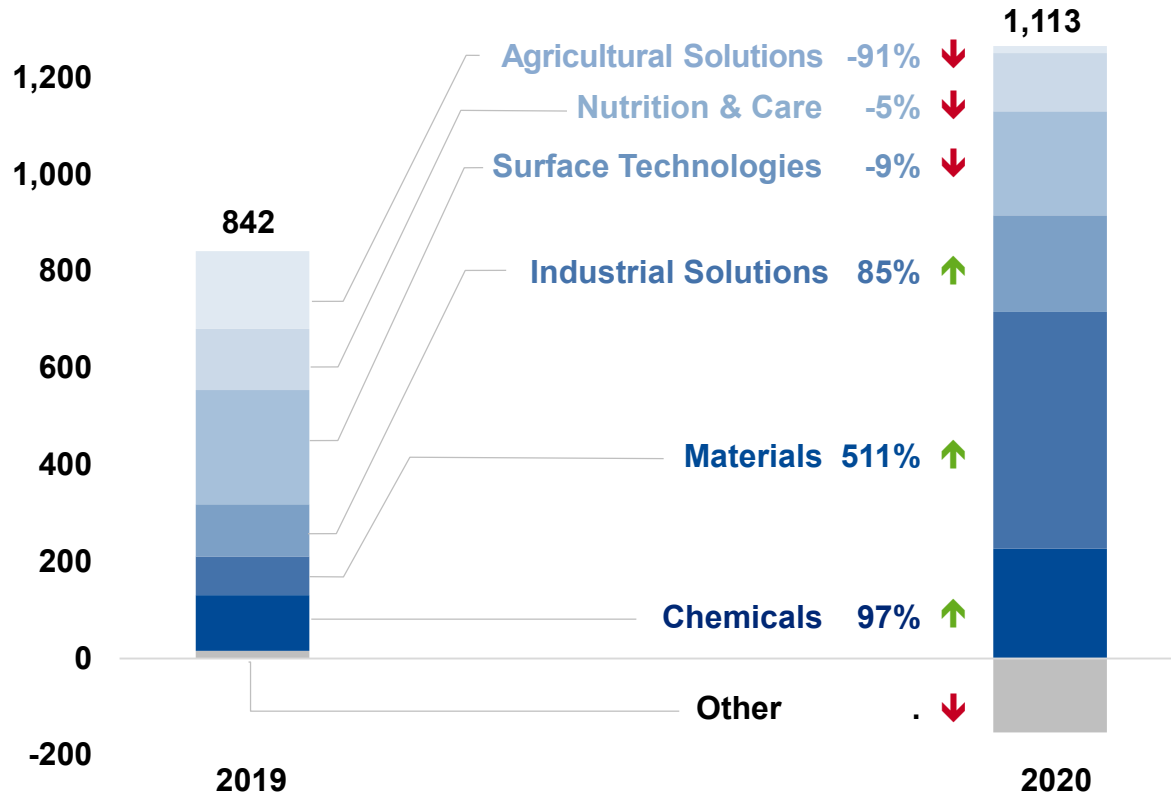
Sales volumes development by segment 2020 vs. 2019 absolute (million €) terms



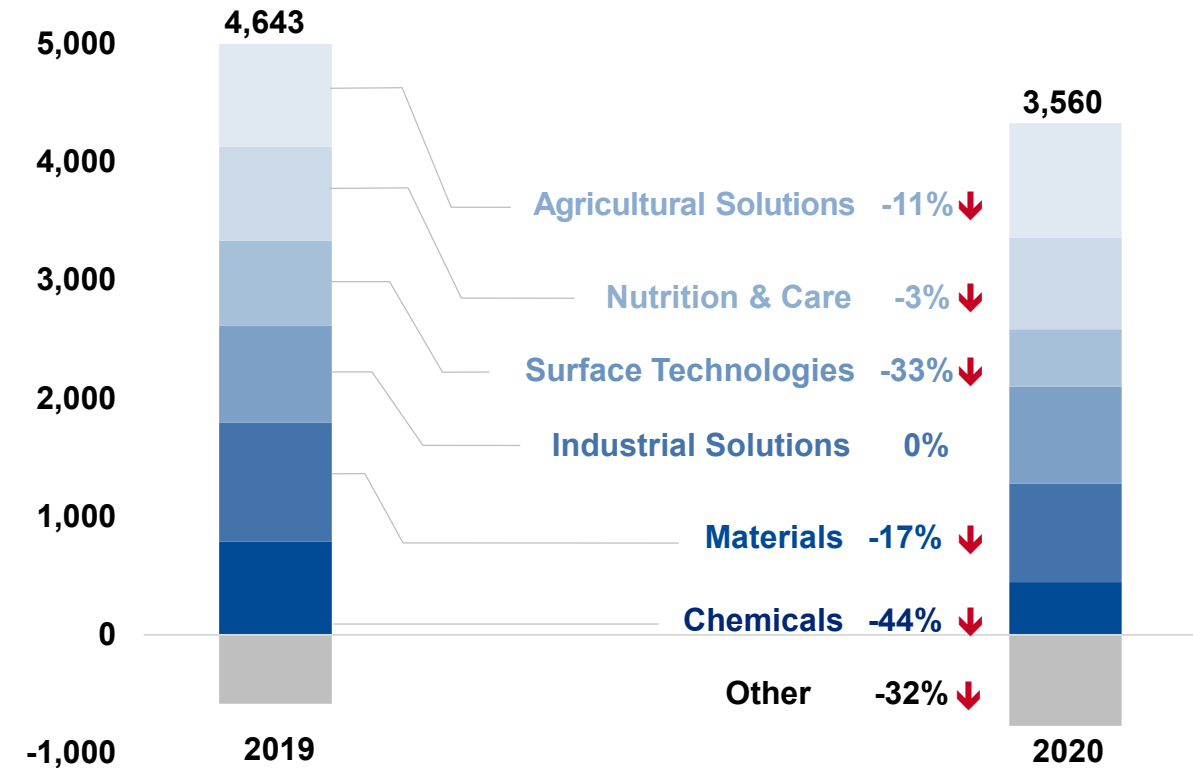
relative (%) terms

# BASF Group: Strong finish to the year in Q4 2020

EBIT before special items by segment Q4 2020 vs. Q4 2019  
million €



EBIT before special items by segment 2020 vs. 2019  
million €



# BASF Group 2020: Review of financial and nonfinancial targets

## Profitable growth

Grow **sales volumes faster** than **global chemical production** every year

Target

>-0.4%

2020 status

-0.5%

Increase **EBITDA before special items** by **3% to 5%** per year

+3–5%

-10.7%

## Effective climate protection

Grow **CO<sub>2</sub>-neutrally** until 2030  
(Development of carbon emissions compared with baseline 2018)

≤ 21.9  
million  
metric  
tons

20.8  
million  
metric  
tons

## Profitable growth

Achieve a **return on capital employed (ROCE)<sup>1</sup>** considerably **above the cost of capital percentage** every year

Target

> 9%

2020 status

1.7%

Increase the **dividend per share** every year based on a **strong free cash flow**

> €3.30

€3.30

## Sustainable product portfolio

Achieve **€22 billion** in **Accelerator sales<sup>2</sup>** by 2025

€22.0  
billion

€16.7  
billion

<sup>1</sup> 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

<sup>2</sup> Accelerator products are products that make a substantial sustainability contribution in the value chain.



# BASF has further strengthened its position in sustainability

## Carbon Management

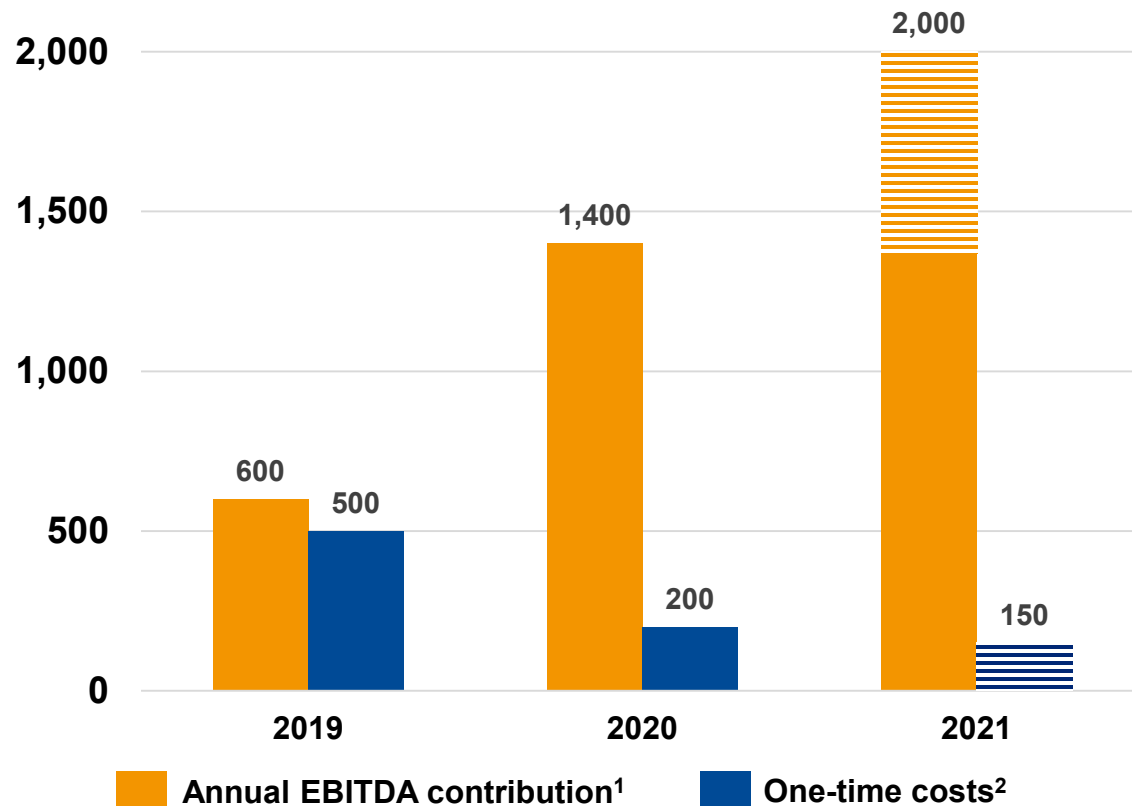
- Completed construction of **methane pyrolysis pilot** reactor for CO<sub>2</sub>-free hydrogen
- Secured **renewable energy supply** for manufacturing sites in Freeport, Texas, and Pasadena, Texas, through power-purchasing agreements
- Pursuing more than **5,000 operational effectiveness measures**, of which **~25%** related to carbon management
- Ongoing roll-out of **product carbon footprints** for 45,000 BASF products – to be completed in 2021

## Circular Economy

- Successful marketing of first commercial volumes of **Ccycled™ material**
- Supported our partner Quantafuel in **start-up** of their plant for chemical recycling of mixed plastic waste
- Broadened **raw material base** to waste tires: Investment into Pyrum, supply agreement with New Energy
- Established **circular economy program** with ambitious target: double circular sales to €17 billion by 2030

# Excellence Program 2019–2021: On track to achieve the targeted annual EBITDA contribution

million €

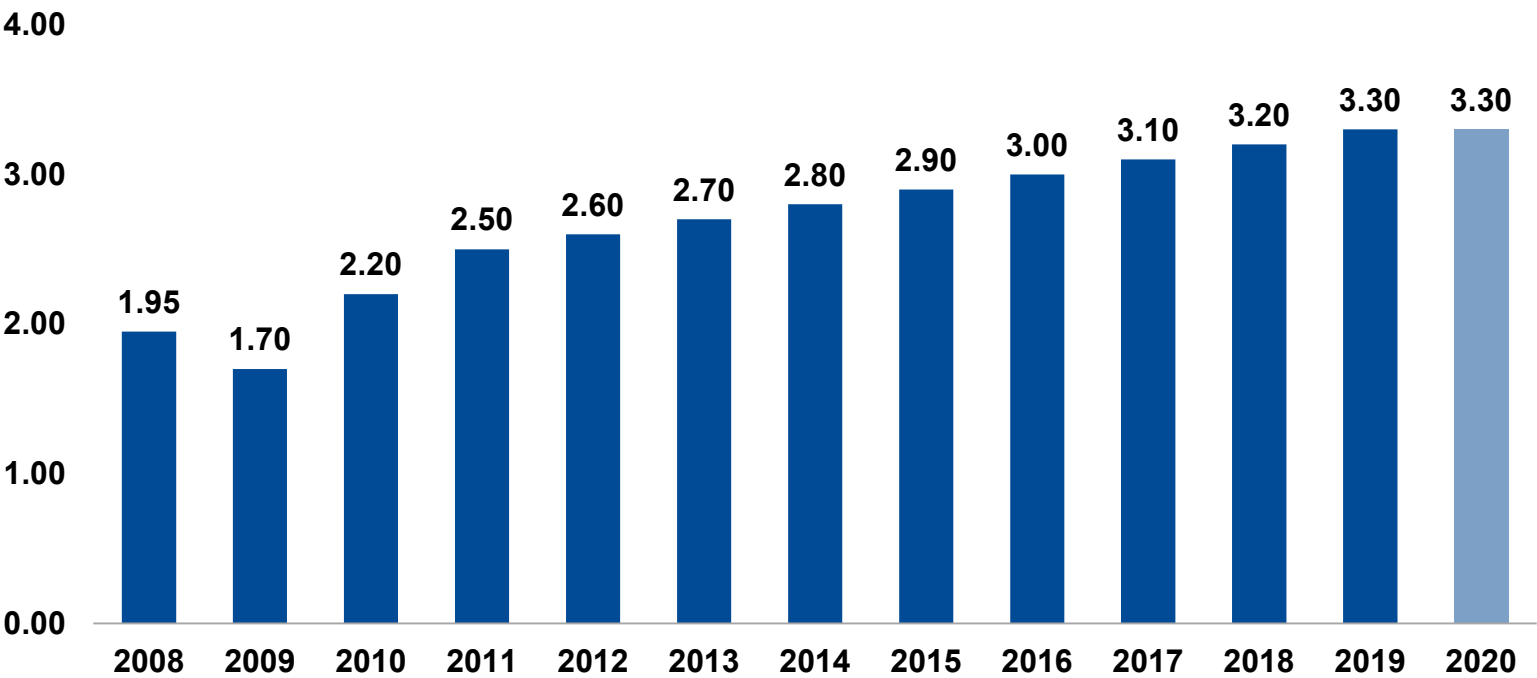


## Key measures:

- Operational excellence with focus on production, logistics and planning
- Organizational development targeting leaner structures in the areas of services, headquarters and R&D
  - Personnel cost savings: reduction of ~5,600 positions globally achieved by the end of 2020; around 7% of the personnel reduction delayed into 2021
  - Increased process efficiency, e.g., in procurement
  - R&D cost reduction via focusing budgets

# Attractive shareholder return – also in challenging times

Dividend per share  
€



Yield <sup>1</sup>	7.0%	3.9%	3.7%	4.6%	3.7%	3.5%	4.0%	4.1%	3.4%	3.4%	5.3%	4.9%	5.1%
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## Key facts 2020

- Dividend proposal at Annual Shareholders' Meeting of €3.30 per share
- In total, we would pay out €3.0 billion
- Dividend yield of 5.1% based on the share price of € 64.72 at year end 2020

# Major portfolio measures in 2020 and 2021



## BASF closed acquisition of polyamide business from Solvay

- Sales 2018: ~€1 billion
- BASF acquired the global, non-European PA6.6 business from Solvay including its 50% share in Butachimie's adipodinitrile (ADN) production
- Purchase price of €1.3 billion<sup>1</sup>
- Closing took place on January 31, 2020



## Lone Star Funds acquired BASF's construction chemicals business

- Sales 2019: ~€2.6 billion
- BASF and Lone Star Funds signed agreement in December 2019
- Purchase price of €3.17 billion<sup>1</sup>
- Transaction closed on September 30, 2020



## DIC to acquire BASF's pigments business

- Sales 2018: ~€1 billion
- BASF and DIC reached an agreement on the acquisition of BASF's pigments business in August 2019
- Purchase price of €1.15 billion<sup>1</sup>
- Closing is expected in H1 2021<sup>2</sup>



## Initial public offering (IPO) of Wintershall Dea

- Sales 2020: ~€3.6 billion
- Merger took place on May 1, 2019
- Realization of synergies on track, integration completed
- IPO planned for 2021, subject to market conditions

# BASF Group: Q4 and full year 2020

Financial figures	Q4 2020	Change vs. Q4 2019	FY 2020	Change vs. FY 2019
	€	%	€	%
Sales	15,905 million	8	59,149 million	0
EBITDA before special items	2,085 million	15	7,435 million	-11
EBITDA	1,952 million	21	6,494 million	-21
EBIT before special items	1,113 million	32	3,560 million	-23
EBIT	932 million	61	-191 million	.
Net income	1,055 million	.	-1,060 million	.
Reported EPS	1.15	.	-1.15	.
Adjusted EPS	1.10	72	3.21	-20
Cash flows from operating activities	2,101 million	-33	5,413 million	-28
<b>Sales development</b>	<b>Volumes</b>	<b>Prices</b>	<b>Portfolio</b>	<b>Currencies</b>
Q4 2020 vs. Q4 2019	↑ 7%	↑ 7%	↑ 1%	↓ -7%
FY 2020 vs. FY 2019	↓ -1%	↑ 3%	↑ 1%	↓ -3%



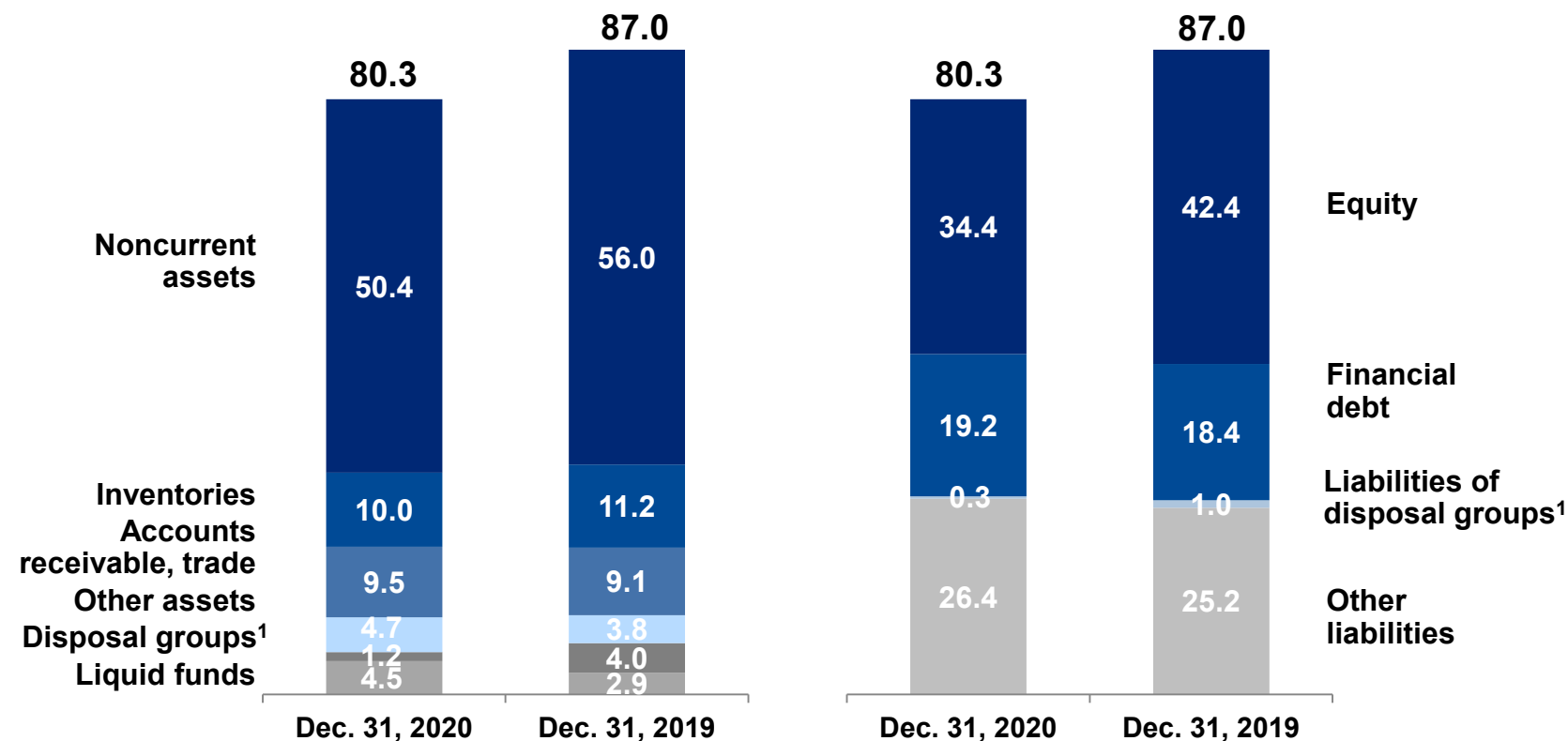
# Cash flow development in 2020

		2020	2019
		million €	million €
<b>Cash flows from operating activities</b>		<b>5,413</b>	<b>7,474</b>
Thereof	Changes in net working capital	-400	1,410
	Miscellaneous items	122	-6,575
<b>Cash flows from investing activities</b>		<b>-1,904</b>	<b>-1,190</b>
Thereof	Payments made for property, plant and equipment and intangible assets	-3,129	-3,824
	Acquisitions / divestitures	1,280	2,361
<b>Cash flows from financing activities</b>		<b>-1,556</b>	<b>-6,405</b>
Thereof	Changes in financial and similar liabilities	1,580	-3,342
	Dividends	-3,139	-3,064
<b>Free cash flow</b>		<b>2,284</b>	<b>3,650</b>

# Strong balance sheet: High liquidity and solid equity ratio

## Balance sheet 2020 vs. 2019

billion €



- Total assets decreased by €6.7 billion to €80.3 billion
- Noncurrent assets declined by €5.5 billion to €50.4 billion, mainly due to non-cash-effective impairments and currency effects
- Net debt decreased by €829 million to €14.7 billion
- Equity ratio: 42.8% (Dec. 31, 2020)

<sup>1</sup> End of 2020, disposal groups consisted of the pigments business.

End of 2019, disposal groups consisted of the construction chemicals business and the pigments business.

# Outlook 2021 for BASF Group

Outlook 2021	
Sales	€61 billion – €64 billion
EBIT before special items	€4.1 billion – €5.0 billion
ROCE	8.0% – 9.2%
Accelerator sales	€18 billion – €19 billion
CO <sub>2</sub> emissions	20.5 – 21.5 million metric tons

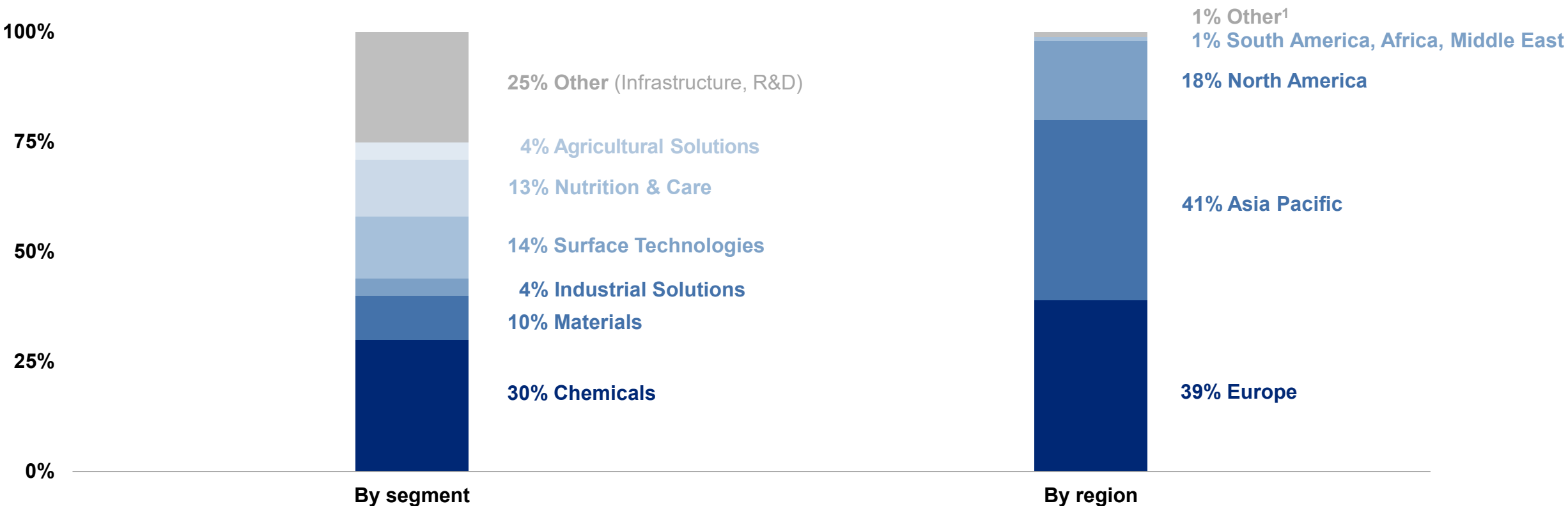
## Underlying assumptions (prior-year figures in parentheses)

- Growth in gross domestic product: 4.3% (-3.7%)
- Growth in industrial production: 4.4% (-4.0%)
- Growth in chemical production: 4.4% (-0.4%)
- Average euro/dollar exchange rate: \$1.18 per euro (\$1.14 per euro)
- Average annual oil price (Brent crude): \$50 per barrel (\$42 per barrel)



# High capex discipline in ongoing business leads to lower capex budget in five-year planning period

Capex budget 2021–2025: €22.9 billion (2020–2024: €23.6 billion), thereof €3.6 billion in 2021



<sup>1</sup> Alternative sites currently being investigated

# BASF in excellent position to benefit from market recovery

## – priorities 2021

- 1 Further implement strategic measures and transformation into a more agile and customer-focused company
- 2 Push positioning in growth markets in Asia and battery materials
- 3 Actively drive sustainability and innovation with our focused Carbon Management and Circular Economy programs
- 4 Execute portfolio measures: Close pigments transaction and start IPO of Wintershall Dea in 2021, subject to market conditions
- 5 Focus on strict capital discipline, cost control and operational excellence by completing BASF's Excellence Program

**The customer is  
at the center of all  
our activities**





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