



We create chemistry

Analyst Conference Call Q2 2022

July 27, 2022



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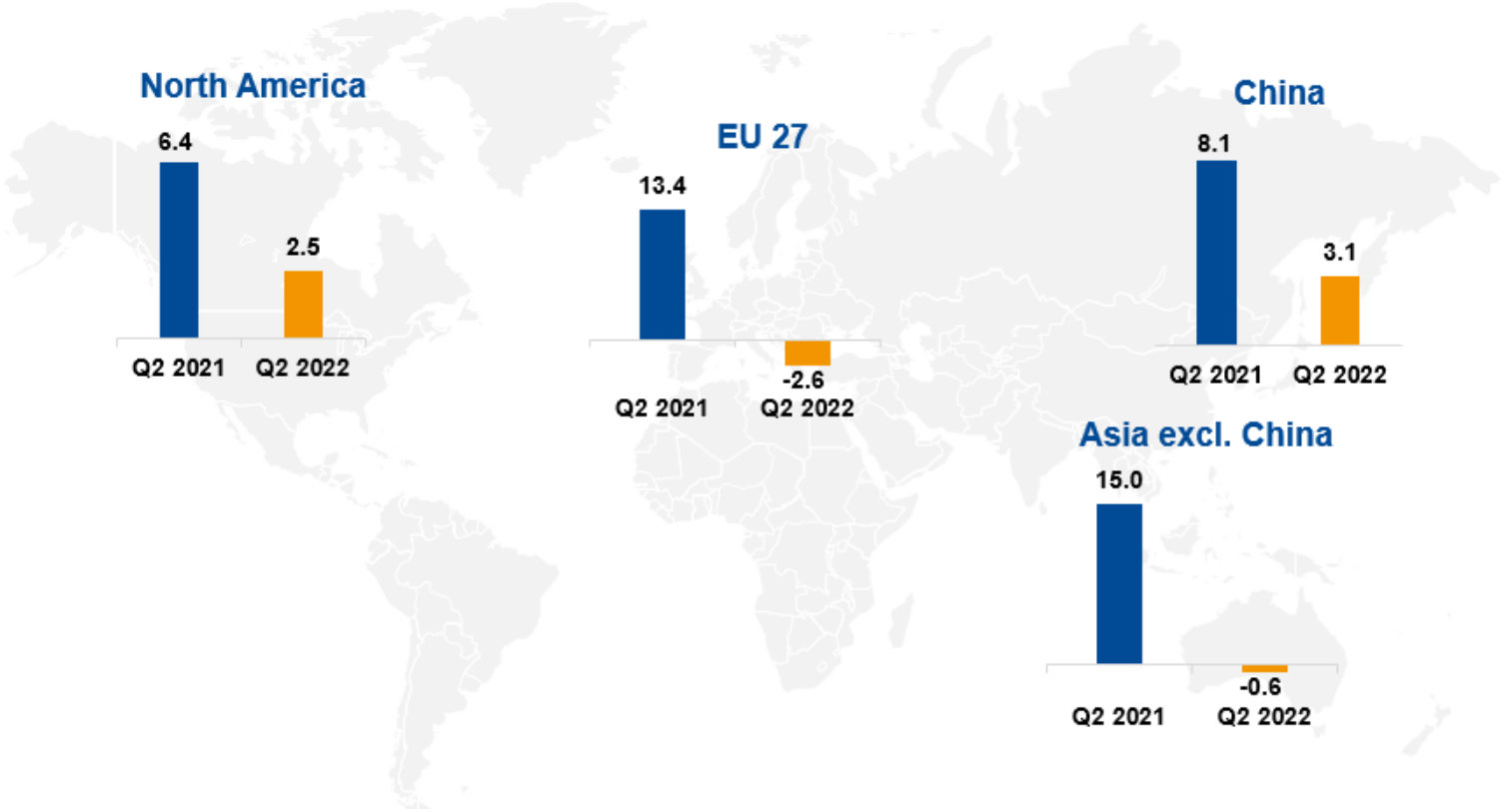
Snapshot of the current market environment

- The macroeconomic environment is characterized by a high degree of uncertainty regarding the short- and mid-term economic development
- In Q2 2022, demand from customer industries remained generally solid, except for automotive
- Supply shortages continue to limit automotive production; in Q2 2022, global automotive production remained on the level of Q2 2021 and declined by 6.0% compared with Q1 2022
- China's economic growth was negatively impacted by the zero-COVID strategy and the related lockdowns in the second quarter of 2022
- Given the inflationary environment, central banks started to raise interest rates, which in turn will dampen consumer spending



Global chemical production increased by 1.3% in Q2 2022

Chemical production Q2 2022 compared with prior-year quarter¹
%



Growth rates
%

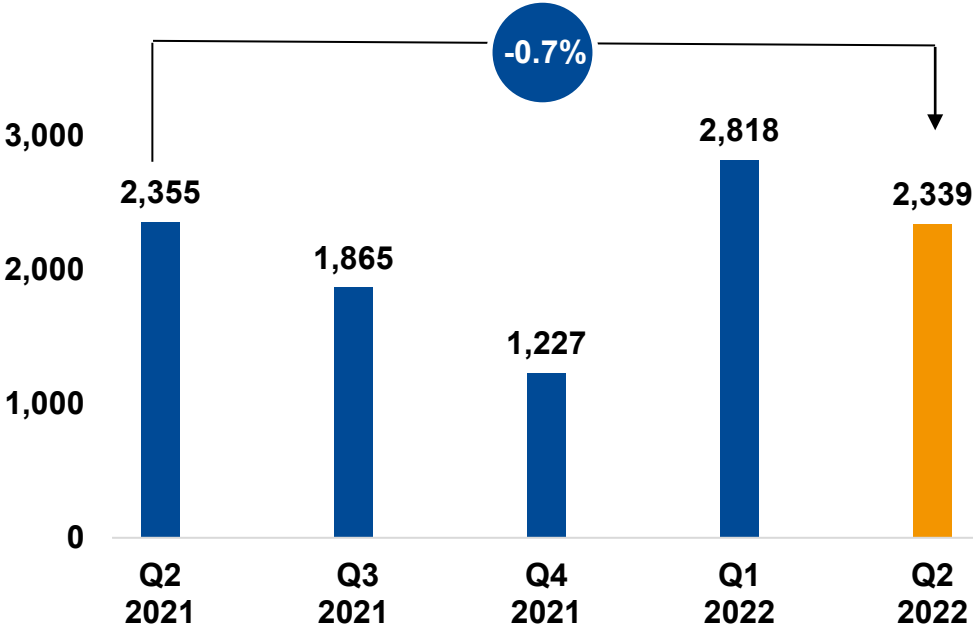
	Q2 2022	Q2 2021
Global GDP	2.2	11.6
Global industrial production	2.5	17.5
Global chemical production	1.3	9.9

¹ Source: BASF, Q2 2022 partly based on estimates. Data sources: IHS, NBS China, Feri, Fed, Eurostat, METI, ONS. All data subject to statistical revision.

Q2 2022: BASF again with strong earnings despite continued high prices for raw materials and energy

- BASF's upstream and downstream businesses implemented further price increases to pass on higher prices for raw materials and energy
- Due to the corona-related lockdowns in China, sales volumes in the country declined in Q2 2022, mainly driven by lower volumes in April
- In Q2 2022, EBIT before special items reached the level of the prior-year quarter and amounted to €2.3 billion
- The strong earnings performance in Q2 2022 was driven by the Agricultural Solutions, Nutrition & Care and Industrial Solutions segments; Other also contributed

EBIT before special items
Million €

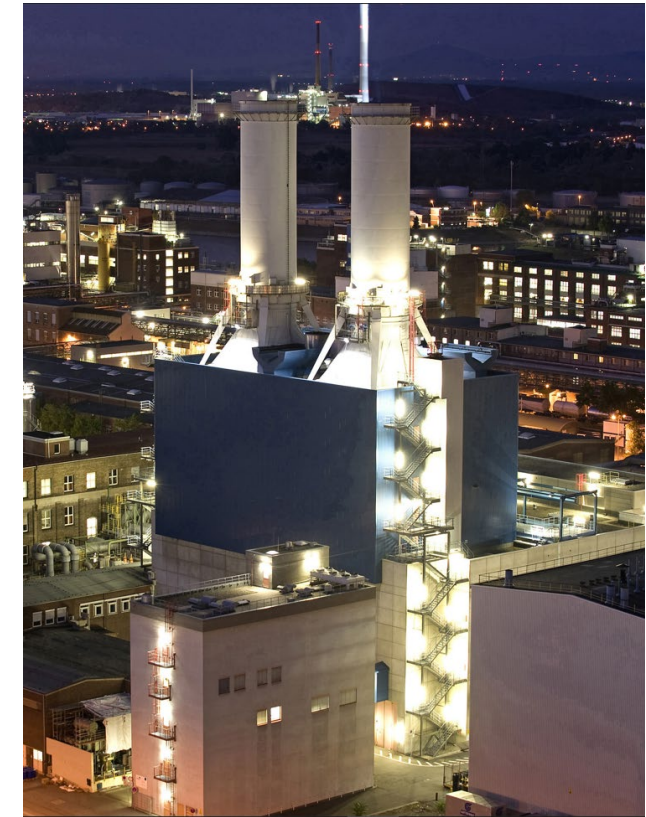


Emergency Plan for Gas of the German government

Stage 2 comprises four key measures that leave responsibilities and market mechanisms intact:

1. All market participants are obliged to take coordinated action to avoid temporary and regional gaps in supply in Germany and to achieve the target storage fill level of 85% on October 1, 2022. To this end, the market area manager Trading Hub Europe has received an additional credit line of €15 billion from the federal government to purchase gas.
2. Market participants are obliged to participate in a crisis team that must report to the Federal Ministry for Economic Affairs.
3. The German government is taking legal measures to restart coal-fired power plants in Germany.
4. The Federal Network Agency wants to open a market platform where gas that is not required by companies can be auctioned.

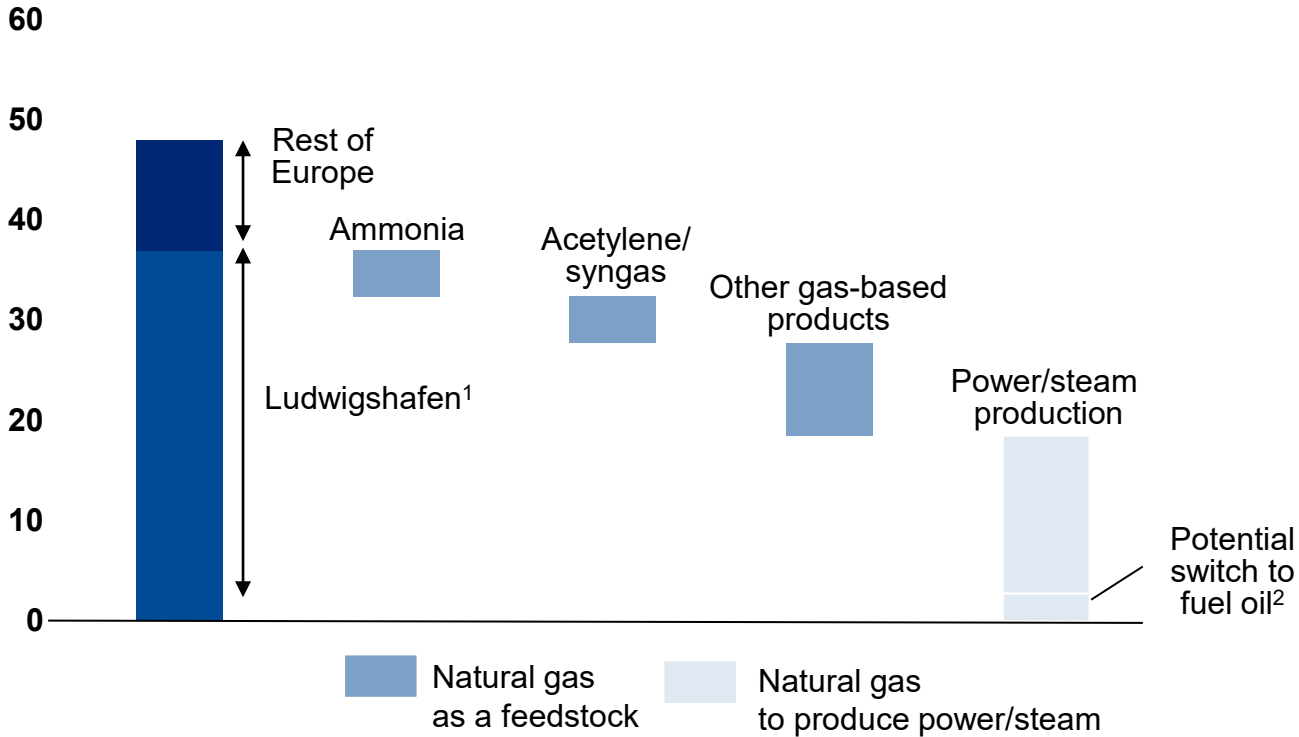
At present, natural gas is supplied to all of BASF's European sites as required



Update on mitigation measures to reduce natural gas demand

BASF's natural gas demand in Ludwigshafen 2021

TWh



- **BASF's natural gas demand in Europe 2021**
 - ~48 TWh, thereof Ludwigshafen ~37 TWh
 - ~60% used for power/steam production and ~40% as feedstock

- **Mitigation measures**
 - Where technically feasible, preparations to substitute natural gas (e.g., by fuel oil) are progressing well and technical optimizations are in place
 - Proactive scenario development to optimize our production at European sites (utilization rate reduction of specific plants) as needed
 - Continued operation at the Ludwigshafen site is ensured down to 50% of BASF's maximum natural gas demand²

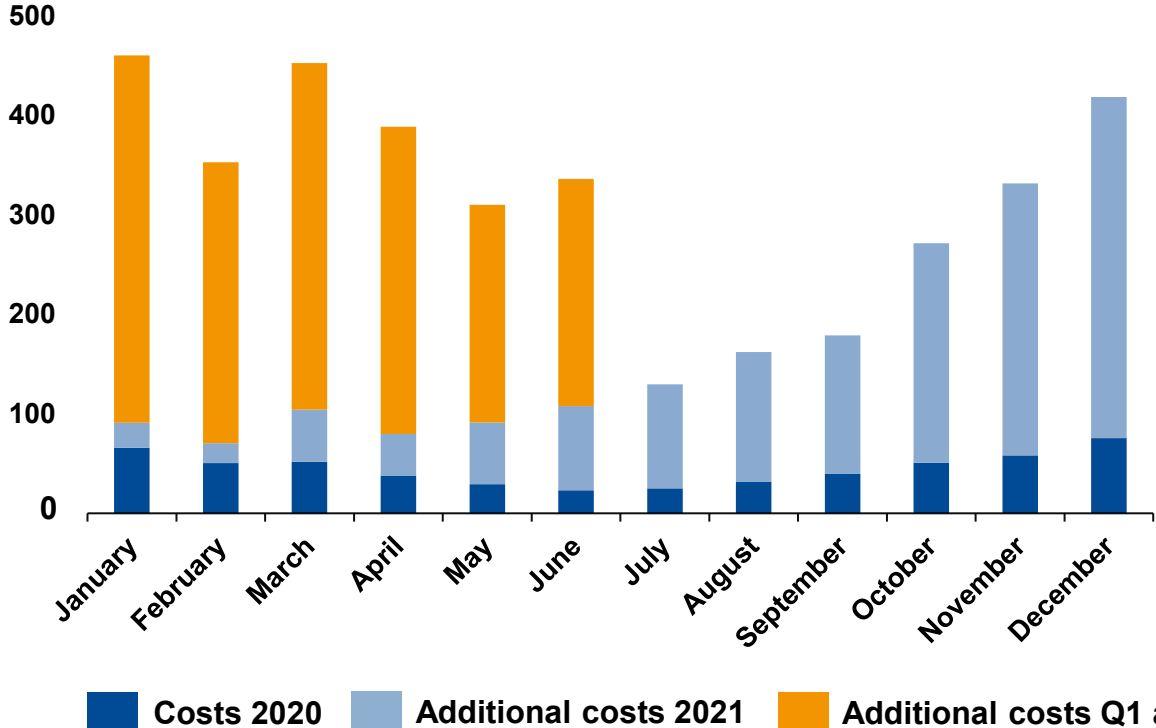
¹ Verbund site Ludwigshafen: 50% of natural gas used for power/steam production; 50% as feedstock

² Precondition is the sufficient availability of fuel oil

Natural gas prices in Europe remained at a very high level

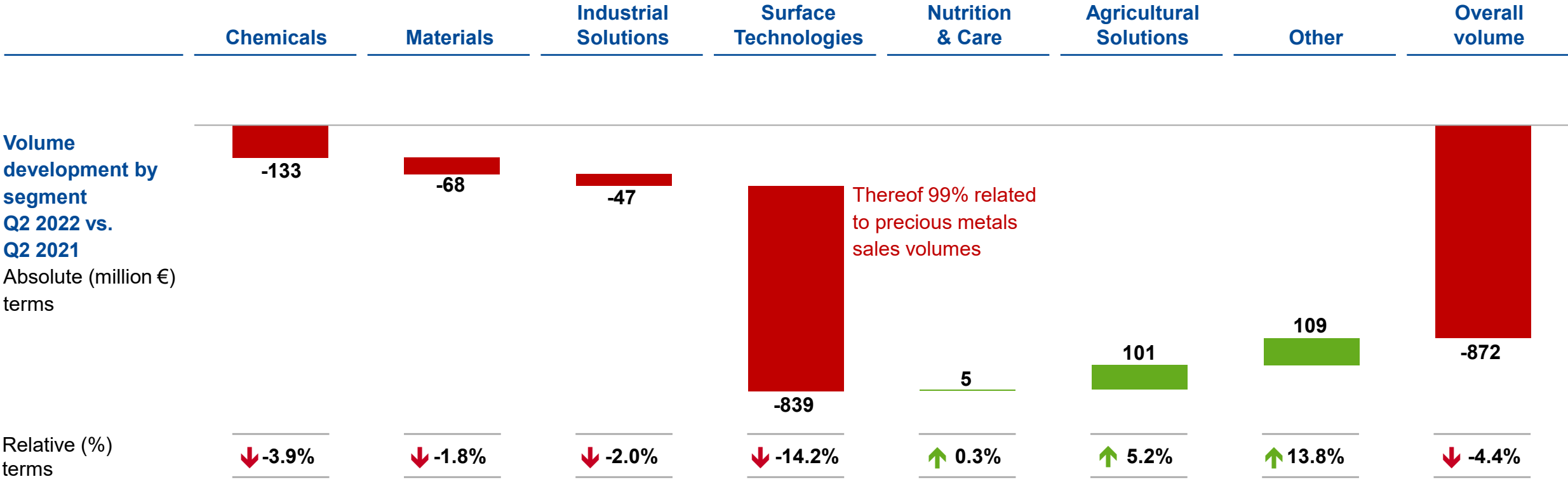
Incremental natural gas spend in Europe

Million €

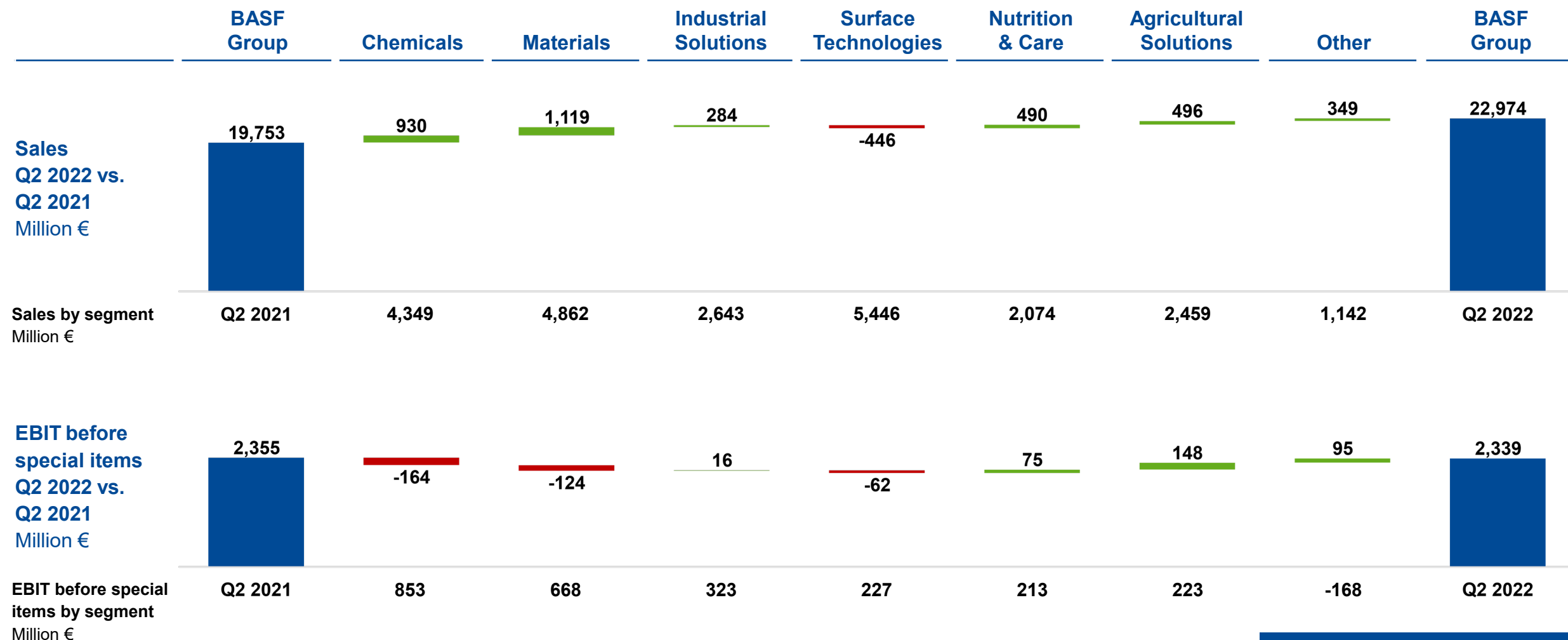


- Compared with Q1 2022, natural gas prices declined slightly in Q2 2022 but remained at a very high level
- Natural gas price burden for European BASF sites
 - Additional costs of ~€0.8 billion in Q2 2022 compared with Q2 2021
 - Additional costs of ~€1.0 billion in Q2 2022 compared with Q2 2020

Q2 2022: Sales volumes declined by 4.4% but were almost stable excluding precious metal volumes

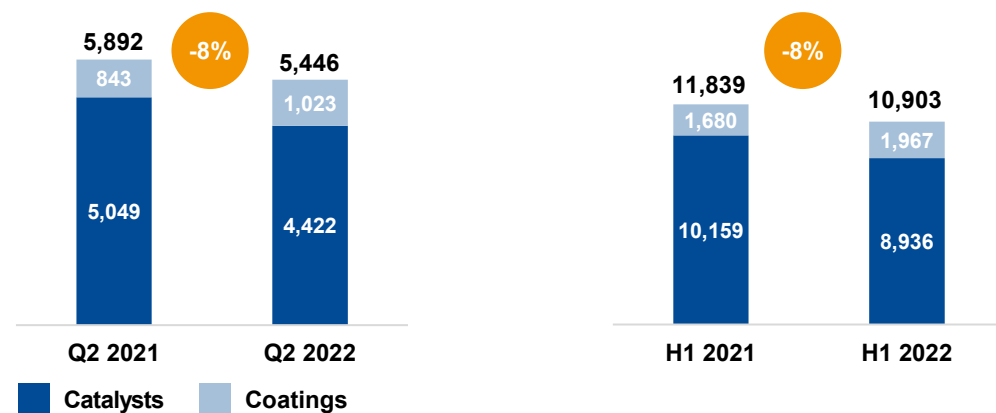


Q2 2022: Sales increased considerably; EBIT before special items at the high level of the prior-year quarter



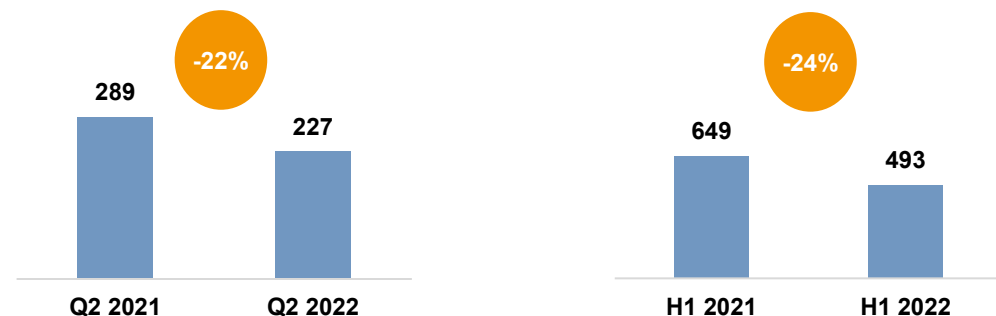
Surface Technologies

Sales, million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2022 vs. Q2 2021	-14.2%	-5.7%	+5.3%	+7.1%
H1 2022 vs. H1 2021	-14.3%	-4.5%	+5.0%	+5.8%

EBIT before special items, million €



Lower sales and earnings in Surface Technologies in Q2 2022

- **Sales** declined due to lower volumes and prices; positive currency and portfolio effects had an offsetting effect
- **EBIT before special items** declined considerably on account of lower earnings in the Coatings division

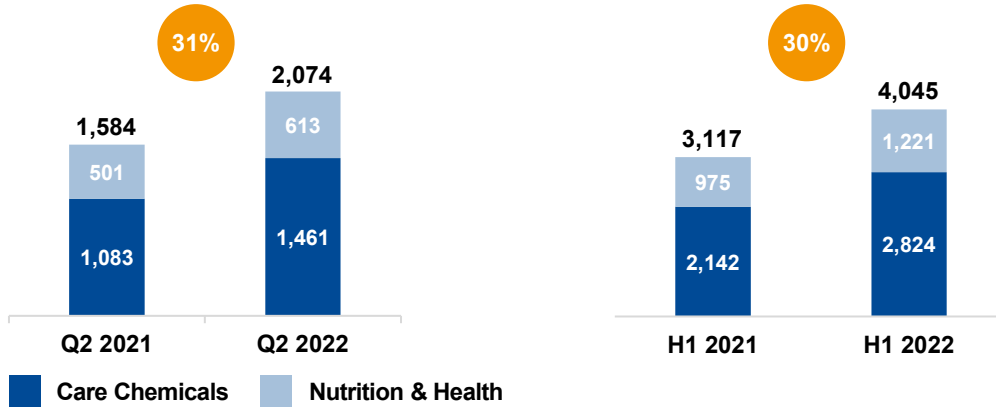
Increased transparency regarding precious metals

- As of Q2 2022, sales in the Surface Technologies segment are broken down to reflect sales excluding precious metal trading and precious metal sales in the mobile emissions catalysts business¹

	Q2 2022		H1 2022	
	IFRS figure	Adjusted figure	IFRS figure	Adjusted figure
Surface Technologies				
Sales (million €)	5,446	2,176	10,903	4,220
Volume growth	-14.2%	-0.4%	-14.3%	-1.2%
EBITDA bsi (million €)	365	365	766	766
EBITDA margin bsi	6.7%	16.8%	7.0%	18.2%
BASF Group				
EBITDA margin bsi	14.3%	16.7%	15.3%	17.9%

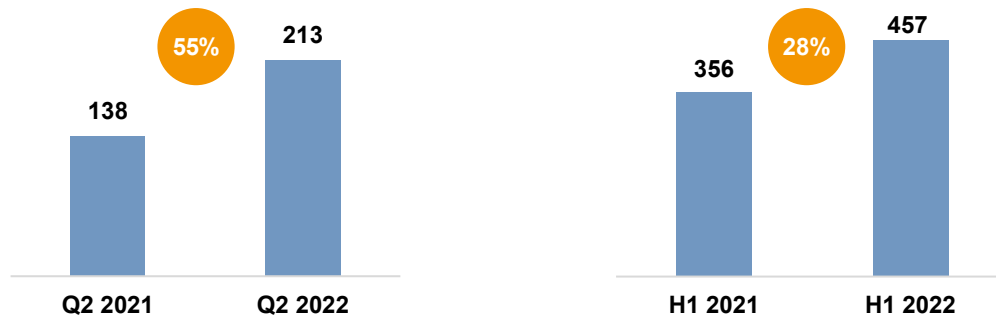
Nutrition & Care

Sales, million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2022 vs. Q2 2021	+0.3%	+27.0%	-2.1%	+5.8%
H1 2022 vs. H1 2021	+4.0%	+23.9%	-2.3%	+4.1%

EBIT before special items, million €



Considerable sales and earnings growth in the Nutrition & Care segment in Q2 2022

- Strong **sales** growth in Care Chemicals and Nutrition & Health, mainly driven by significantly higher prices to compensate for higher raw materials and energy costs; currency tailwind and slightly higher volumes also contributed
- EBIT before special items** increased considerably due to significantly higher earnings in the Care Chemicals division

Focus on ingredients in nutrition, flavor and fragrance in the Nutrition & Health division

- Going forward, Nutrition & Health will consist of three focused global business units for nutrition ingredients, aroma ingredients and pharma solutions

Nutrition & Health will have three pillars – nutrition, aroma, pharma – with a focus on key ingredients



Nutrition Ingredients

- Act as a strong **ingredients partner** to the animal and human nutrition industries
- Strengthen **core product platforms** deeply rooted in BASF Verbund
- Step up **growth investments** in **vitamins** and **feed enzymes**
- Evaluate **strategic options** for **food & health performance ingredients** produced at the Illertissen site



Aroma Ingredients

- Build on **strong ingredients position** to address sustainability trends in flavor and fragrance industries
- Step up **growth investments** in **citral value chain**
- Focus **innovation** on **sustainability** and **biotechnology** platform

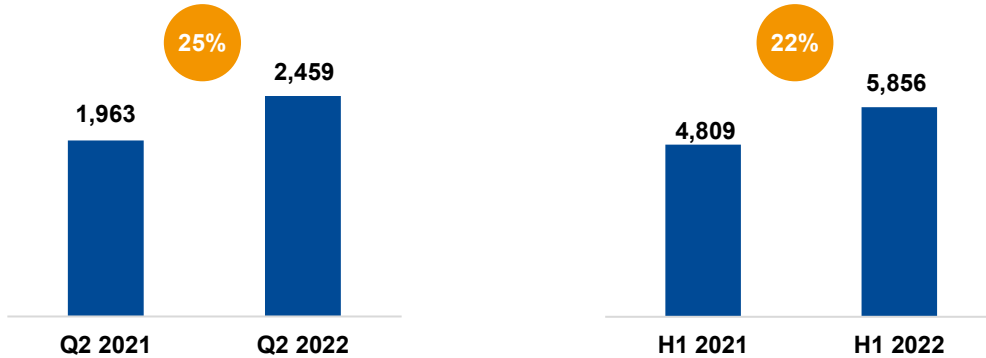


Pharma Solutions

- Offer **broad portfolio** of excipients based on core value chains and selected active ingredients
- Focus **on growth** and **innovation** in **biopharmaceuticals**
- **Partner customers** in developing formulations, leverage digital solutions

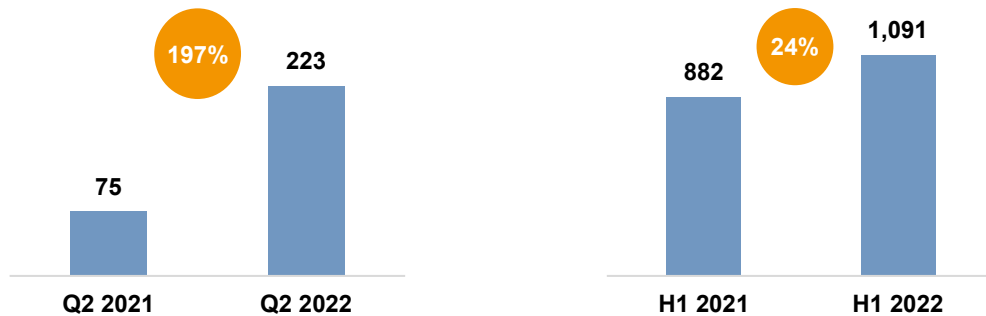
Agricultural Solutions

Sales, million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2022 vs. Q2 2021	+5.2%	+11.4%	-0.6%	+9.3%
H1 2022 vs. H1 2021	+7.9%	+8.6%	-0.4%	+5.7%

EBIT before special items, million €



Strong performance of Agricultural Solutions in Q2 2022

- Significantly higher prices in all regions, paired with favorable FX effects and higher volumes led to positive **sales** development – reflecting an overall strong demand in the northern hemisphere
- EBIT before special items** increased considerably, mainly attributable to higher sales overcompensating higher costs

The agricultural market environment remains dynamic

- Global agricultural markets continue to be healthy with robust commodity prices
- Challenges for the industry mainly result from global raw material and transportation capacity shortages and inflationary cost increases
- The outlook for the second half is positive – mainly building on the upcoming season in South America and strong fundamentals

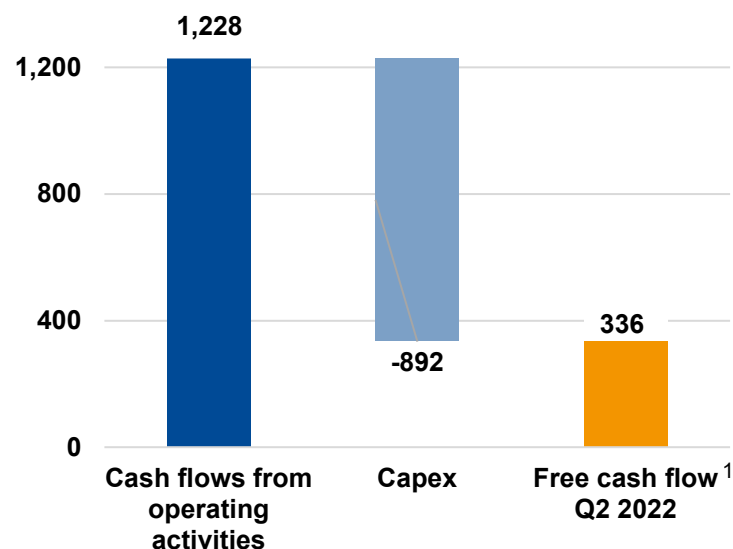
BASF Group Q2 2022 and H1 2022: Financial figures

Financial figures	Q2 2022	Change	H1 2022	Change
	Million €	%	Million €	%
Sales	22,974	16.3	46,058	17.6
EBITDA before special items	3,293	2.4	7,036	10.0
EBITDA	3,396	6.2	7,105	11.4
EBIT before special items	2,339	-0.7	5,157	10.3
EBIT	2,350	1.5	5,135	11.0
Net income from shareholdings	433	.	-364	.
Net income	2,090	26.3	3,311	-1.8

Cash flow development in Q2 2022 and H1 2022

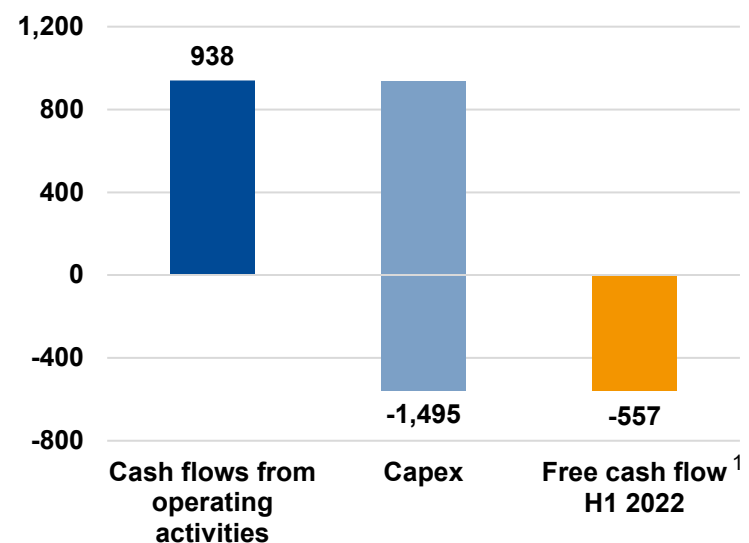
Q2 2022

Million €



H1 2022

Million €

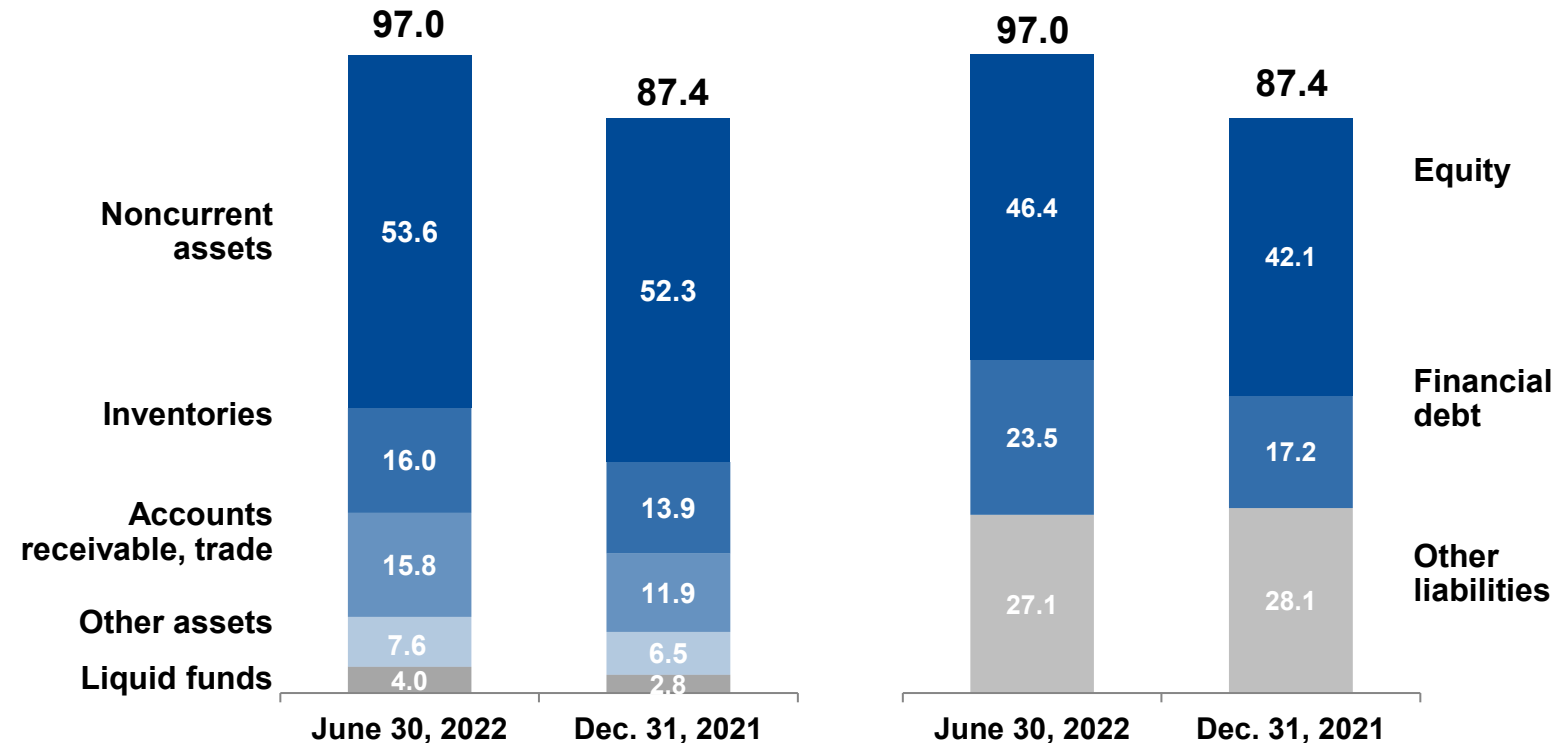


Q2 2022 vs. Q2 2021

- **Cash flows from operating activities** decreased by €1.3 billion to €1.2 billion
- **Changes in net working capital** led to a cash outflow of €1.7 billion
- **Cash flows from investing activities** amounted to -€639 million compared with €323 million. Payments made for property, plant and equipment and intangible assets rose by 16% to €892 million
- **Free cash flow** decreased by €1.4 billion to €336 million

Strong balance sheet

Balance sheet June 30, 2022, vs. Dec. 31, 2021
Billion €



- **Total assets** increased by €9.6 billion to €97.0 billion
- **Noncurrent assets** amounted to €53.6 billion, an increase of €1.3 billion
- **Current assets** increased by €8.3 billion to €43.4 billion, mainly due to higher trade accounts receivable. In addition, higher inventories, other receivables and miscellaneous assets and cash and cash equivalents contributed to the increase
- **Net debt** increased by €5.2 billion to €19.5 billion
- **Equity ratio:** 47.8% (December 31, 2021: 48.2%)

Main construction phases of the new Verbund site in Zhanjiang, China – stepwise approach

Initial phase
on stream: 2022–2023

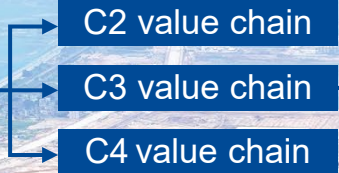
First downstream plants:
Performance Materials for automotive and consumer industries

Engineering plastics and thermoplastic polyurethanes

Phase 1
start-up: as of 2025

Heart of the Verbund:
Petrochemicals plus further downstream plants

Steam cracker



Phase 2
start-up: as of 2028

Verbund expansion and diversification

Additional downstream plants

Backward integrated into world-scale upstream plants to achieve Verbund synergies in downstream value chains

Update on progress

- First downstream plant is currently starting up
- Construction of phase 1 plants started following final approval
- Stepwise construction approach allows for flexibility, especially with regard to phase 2

Outlook 2022 for BASF Group

Outlook 2022	Revised forecast	Previous forecast
Sales	€86 billion – €89 billion	€74 billion – €77 billion
EBIT before special items	€6.8 billion – €7.2 billion	€6.6 billion – €7.2 billion
ROCE	10.5% – 11.0%	11.4% – 12.6%
CO ₂ emissions	18.4 – 19.4 million metric tons	19.6 – 20.6 million metric tons

Underlying assumptions (previous assumptions in parentheses)

- Growth in gross domestic product: 2.5% (3.8%)
- Growth in industrial production: 3.0% (3.8%)
- Growth in chemical production: 2.5% (3.5%)
- Average euro/dollar exchange rate: \$1.07 per euro (\$1.15 per euro)
- Average annual oil price (Brent crude): \$110 per barrel (\$75 per barrel)





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