

Reporting Factsheet Q1 2021

BASF Group (million €)	Q1 2021 ¹	Q1 2020 ¹	Change (%)	Q1 2021 ¹	Q4 2020 ¹	Change (%)
Sales	19,400	16,753	16	19,400	15,905	22
EBITDA	3,176	2,428	31	3,176	1,952	63
EBITDA before special items	3,181	2,579	23	3,181	2,085	53
Depreciation and amortization ²	865	972	-11	865	1,020	-15
EBIT	2,311	1,456	59	2,311	932	148
Special items	-10	-184	95	-10	-181	-94
EBIT before special items	2,321	1,640	42	2,321	1,113	109
Net income from shareholdings	68	-168	.	68	94	-28
Financial result	-132	-88	-50	-132	-79	-67
Income before income taxes	2,247	1,200	87	2,247	947	137
Income after taxes from continuing operations	1,810	881	105	1,810	713	154
Income after taxes from discontinued operations	-	22	-	-	347	-
Net income	1,718	885	94	1,718	1,055	63
Earnings per share (€)	1.87	0.97	93	1.87	1.15	63
Adjusted earnings per share (€)	2.00	1.26	59	2.00	1.10	82
Research and development expenses	511	494	3	511	594	-14
Personnel expenses	2,947	2,826	4	2,947	2,481	19
Number of employees (end of period)	110,261	118,276	-7	110,261	110,302	0
Total assets (end of period)	84,833	92,355	-8	84,833	80,292	6
Investments including acquisitions ³	545	2,136	-74	545	1,268	-57
Equity ratio (end of period, %)	46.0	47.0	-	46.0	42.8	-
Net debt (end of period)	15,962	18,794	-15	15,962	14,677	9
Cash flows from operating activities	-525	-1,030	49	-525	2,101	.
Free cash flow	-981	-1,599	39	-981	1,003	.

¹ Quarterly figures not audited

² Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

³ Additions to property, plant and equipment and intangible assets

Factors influencing sales in Q1 2021 (changes in %)	Sales	Volumes	Prices	Portfolio	Currencies
Chemicals	16	7	15	-1	-5
Petrochemicals	18	6	19	-1	-6
Intermediates	12	9	7	0	-4
Materials	20	9	12	3	-4
Performance Materials	13	12	4	2	-5
Monomers	28	6	22	3	-3
Industrial Solutions	0	5	-1	0	-4
Dispersions & Pigments	4	8	0	0	-4
Performance Chemicals	-5	3	-3	0	-5
Surface Technologies	37	16	31	0	-10
Catalysts	45	18	37	0	-10
Coatings	5	12	1	0	-8
Nutrition & Care	-3	3	-1	0	-5
Care Chemicals	-3	2	0	0	-5
Nutrition & Health	-4	4	-3	0	-5
Agricultural Solutions	1	7	2	0	-8
Other	12	-4	22	0	-6

BASF Group	16	9	13	0	-6
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Segments

Q1 (million €)

	Sales			EBITDA before special items			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2021	2020	+/-	2021	2020	+/-	2021	2020	+/-	2021	2020	+/-
Chemicals	2,736	2,350	16%	737	391	88%	558	174	221%	605	170	256%
Materials	3,447	2,874	20%	863	415	108%	672	209	222%	648	119	445%
Industrial Solutions	2,108	2,098	0%	350	343	2%	266	273	-3%	259	240	8%
Surface Technologies	5,947	4,328	37%	470	338	39%	360	220	64%	356	217	64%
Nutrition & Care	1,533	1,582	-3%	316	357	-11%	218	254	-14%	215	244	-12%
Agricultural Solutions	2,846	2,819	1%	971	989	-2%	807	809	0%	804	787	2%
Other	783	702	12%	-526	-254	.	-560	-299	-87%	-576	-321	-79%
BASF Group	19,400	16,753	16%	3,181	2,579	23%	2,321	1,640	42%	2,311	1,456	59%

Regions

Million €

Q1	Sales Location of company			Sales Location of customer			EBIT Location of company		
	2021	2020	+/-	2021	2020	+/-	2021	2020	+/-
Europe	8,129	7,520	8%	7,831	7,211	9%	792	681	16%
of which Germany	3,109	3,273	-5%	1,814	1,688	7%	254	198	28%
North America	5,790	5,246	10%	5,558	4,985	11%	713	474	50%
Asia Pacific	4,722	3,295	43%	4,857	3,473	40%	770	286	169%
South America, Africa, Middle East	759	692	10%	1,154	1,084	6%	36	15	140%
BASF Group	19,400	16,753	16%	19,400	16,753	16%	2,311	1,456	59%

Segments Q1 2021 vs. Q1 2020

Chemicals

Compared with Q1 2020, sales in the Chemicals segment rose considerably as a result of sales growth in both divisions. The sales increase was primarily due to significantly higher price levels. The Petrochemicals division increased prices for steam cracker products, styrene monomers, acrylics and oxo alcohols in particular. This mainly reflected the passing on of higher raw materials prices. The Intermediates division also achieved higher prices, especially in Asia, mostly in the butanediol and derivatives and the acids and polyalcohols businesses. Sales volumes increased significantly as well due to a recovery in demand. In the Petrochemicals division, volumes were higher for steam cracker products and acrylic monomers in particular. Volumes rose significantly in the Intermediates division, especially in the butanediol and derivatives business. In both divisions, sales volumes were negatively impacted by plant shutdowns in North America due to the cold weather, as well as production outages and raw material bottlenecks. Sales performance was weighed down by negative FX effects, mainly relating to the U.S. dollar.

EBIT bsi rose considerably compared with Q1 2020 in both divisions, especially in the Petrochemicals division. Earnings development in both divisions was driven by higher margins as a result of a recovery in demand, an improvement in income from equity-accounted companies, and lower fixed costs. EBIT included special income from the sale of the condensate splitter in Port Arthur, Texas, to Total Petrochemicals & Refining USA, Inc. in the first quarter of 2021.

Materials

In the Materials segment, sales in both divisions were considerably higher than in Q1 2020. The sales increase was mainly attributable to significantly higher prices and volumes. In the Monomers division, price levels rose for isocyanates in particular. The Performance Materials division recorded higher prices, especially for polyurethane systems, due to higher raw materials prices. Volume growth was primarily driven by a recovery in demand. The Performance Materials division increased volumes in Asia in particular. Here, Q1 2020 was negatively impacted by a collapse in demand as a result of the pandemic, especially in China. Sales volumes also rose in Europe compared with Q1 2020, largely due to stronger demand from the transportation and construction industries. Volumes also rose in the Monomers division, particularly for methylene diphenyl diisocyanate (MDI). Plant shutdowns in North America due to the cold weather led to significant production outages and raw material bottlenecks, which dampened sales performance in both divisions. Portfolio effects from the acquisition of the integrated polyamide business from Solvay, which closed as of January 31, 2020, had a positive impact on sales. Sales performance in both divisions was weighed down by FX effects.

EBIT bsi rose considerably. This was mainly driven by a considerably higher earnings contribution from the Monomers division due to improved isocyanate margins on the back of higher prices. EBIT bsi rose slightly in the Performance Materials division. Volume growth more than offset lower margins from higher raw materials prices. As in the Q1 2020, EBIT included special charges from the integration of the polyamide business acquired from Solvay.

Industrial Solutions

Sales in the Industrial Solutions segment were at the level of Q1 2020. Slightly higher sales in the Dispersions & Pigments division were offset by a slight decrease in the Performance Chemicals division. The segment's sales were positively impacted by higher volumes. In the Dispersions & Pigments division, sales volumes rose in almost all business areas. In the Performance Chemicals division, volume growth was mainly driven by the plastic additives business. Sales performance was weighed down by negative FX effects, mainly relating to the U.S. dollar. Sales were also reduced by lower prices in the Performance Chemicals division, especially in the fuel and lubricant solutions business and in the plastic additives business. Prices in the Dispersions & Pigments division were on a level with Q1 2020.

EBIT bsi was slightly below Q1 2020. Considerably higher earnings in the Dispersions & Pigments division were unable to completely offset the significantly lower earnings contribution from the Performance Chemicals division. This was mainly due to lower margins as a result of increased raw materials prices and negative FX effects. The increase in earnings in the Dispersions & Pigments division was primarily attributable to lower fixed costs and volume growth. The division's earnings were weighed down by negative FX effects.

Surface Technologies

Sales in the Surface Technologies segment rose considerably compared with Q1 2020. The Catalysts division recorded considerable sales growth, while the Coatings division saw a slight increase. The sales increase was largely attributable to higher price levels in the Catalysts division as a result of higher precious metal prices. This led to a considerable increase in sales in precious metal trading to €2,904 million (Q1 2020: €2,278 million). In the Coatings division, prices were above Q1 2020 in almost all business areas. Significantly higher volumes in both divisions also contributed to the development of sales. In the Catalysts division, higher sales volumes for mobile emissions and chemical catalysts more than compensated for lower volumes in the refining catalysts business. Volume growth in the Coatings division was primarily driven by a recovery in automotive production in Asia following the pandemic-related collapse in Q1 2020. This resulted in significantly higher volumes, especially in the automotive OEM coatings business. Sales volumes of decorative paints and automotive refinish coatings also rose considerably in response to stronger demand. Volumes rose slightly in the surface treatment business. This was partially offset by FX effects, mainly in North America and Europe.

EBIT bsi rose considerably compared with Q1 2020. This was largely driven by volume growth in both divisions. The positive development in earnings was supported by lower fixed costs, especially in the Catalysts division.

Nutrition & Care

Sales in both divisions of the Nutrition & Care segment declined slightly compared with Q1 2020. The development of sales primarily reflected negative FX effects, mainly relating to the U.S. dollar. Sales were negatively impacted by slightly lower price levels overall. This mainly resulted from lower prices in the Nutrition & Health division, especially in the aroma ingredients and animal nutrition businesses. In the Care Chemicals division, prices were on a level with Q1 2020. Higher prices in the oleo surfactants and fatty alcohols business compensated for lower prices in the other business areas. Sales volumes were slightly above Q1 2020 in both divisions. In the Care Chemicals division, higher volumes in the home care, industrial and institutional cleaning and industrial formulators business more than compensated for lower volumes in the other business areas. The Nutrition & Health division recorded significantly higher volumes in the aroma ingredients and pharmaceutical businesses. This was partially offset by significantly lower sales volumes in the animal nutrition business.

EBIT bsi decreased considerably compared with Q1 2020. The decline in earnings impacted both divisions and primarily reflected lower margins as a result of lower sales.

Agricultural Solutions

Sales in the Agricultural Solutions segment rose slightly compared with Q1 2020. Volumes were above Q1 2020 in all regions. Higher price levels also contributed to sales growth. Significantly negative FX effects had an offsetting impact. Sales in Europe declined slightly as a result of negative FX effects, especially in eastern Europe. By contrast, higher price levels had a positive impact on sales. Volumes were slightly above Q1 2020, especially for fungicides. Sales in North America decreased slightly due to negative FX effects. Volumes rose, especially for field crop seeds and in particular for canola (oilseed rape) in Canada. Fungicide volumes also increased. Prices were on a level with Q1 2020. In Asia, sales rose considerably as a result of higher sales volumes, especially of fungicides, primarily in China, India and Korea. Negative FX effects had an offsetting impact. Sales rose considerably in the region South America, Africa, Middle East. This was mainly driven by increased volumes resulting from a late season. Higher price levels also had a positive impact on sales. Sales development was weighed down by significantly negative FX effects, mainly from the Brazilian real.

EBIT bsi was on a level with Q1 2020. Strong volume growth and lower fixed costs compensated for the negative FX effects.

Other

Sales in Other rose considerably compared with Q1 2020. This was primarily the result of considerable sales growth in commodity trading.

EBIT bsi declined considerably. This was mainly due to higher additions to provisions for variable compensation components (bonus) as a result of the strong first quarter. Expenses for the long-term incentive program also contributed to the decline in earnings, after positive valuation effects from the program in Q1 2020.

Outlook 2021

Based on the development of sales and earnings in the first quarter of 2021, the stronger-than-expected recovery of the global economy and much higher raw materials prices than planned, the forecast for the BASF Group presented in the BASF Report 2020 was revised as follows:

Outlook 2021 BASF Group (previous forecast in parentheses)

- Sales: €68 billion – €71 billion (€61 billion – €64 billion)
- EBIT before special items: €5.0 billion – €5.8 billion (€4.1 billion – €5.0 billion)
- ROCE: 9.2% – 11.0% (8.0% – 9.2%)
- Accelerator sales: €19 billion – €20 billion (€18 billion – €19 billion)
- CO₂ emissions: 20.5 – 21.5 million metric tons (unchanged)

Underlying assumptions for 2021 (previous assumptions in parentheses)

- Growth in gross domestic product: +5.0% (+4.3%)
- Growth in industrial production: +5.0% (+4.4%)
- Growth in chemical production: +5.0% (+4.4%)
- Average exchange rate: US\$1.18 per € (unchanged)
- Average annual oil price (Brent): US\$60 per barrel (US\$50 per barrel)

However, the market environment continues to be dominated by a high level of uncertainty. Risks could arise if restrictions on macroeconomic activity continue for longer than expected as a result of measures to fight the coronavirus pandemic. Opportunities could arise from a faster vaccination rate and a more rapid recovery of the economy as a whole, as well as a continuation of the positive margin trend.

Forward-looking statements

This factsheet 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 factsheet above and beyond the legal requirements.