



Acetylen-Fakt

**BASF**

We create chemistry

# Annual Press Conference

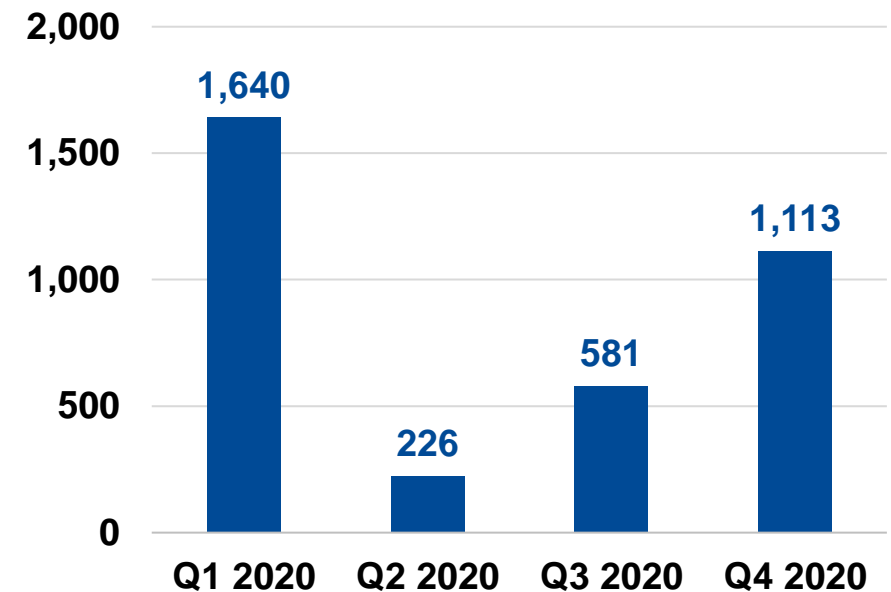
Ludwigshafen, February 26, 2021



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

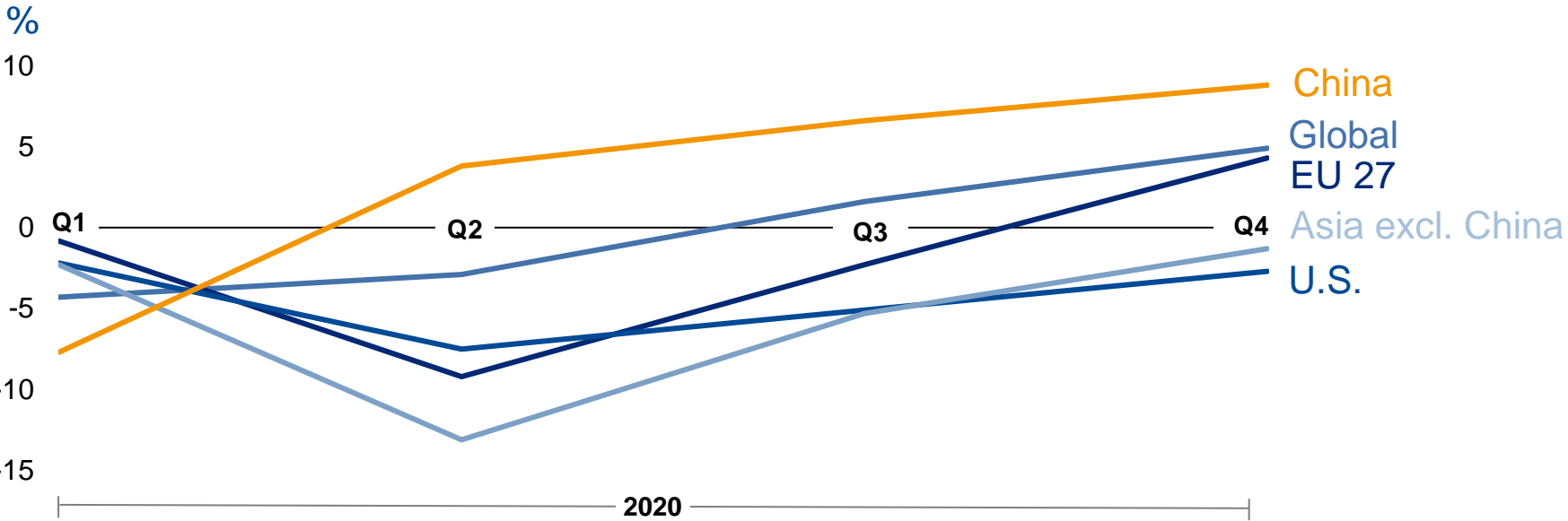
- **BASF benefitted from economic recovery in Q4 2020:**
  - Volume growth across all regions, Greater China with double-digit growth rates
  - Volume increase across almost all segments
  - Margin expansion in some commodity lines, e.g., isocyanates
  - Lower fixed costs supporting BASF's strong earnings 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



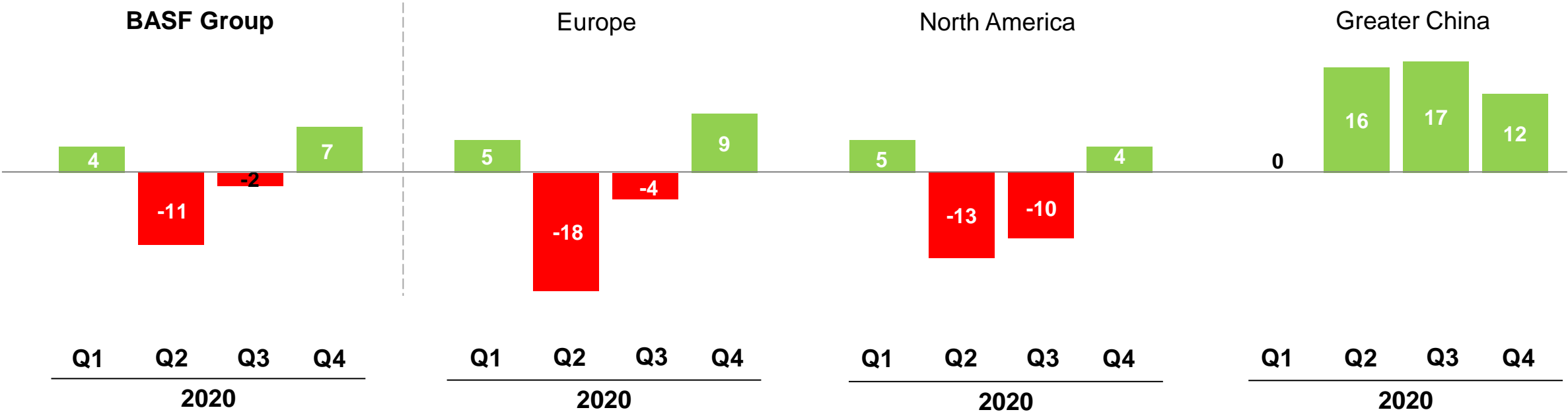
Growth rates 2020 vs. 2019

	%
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  
 %

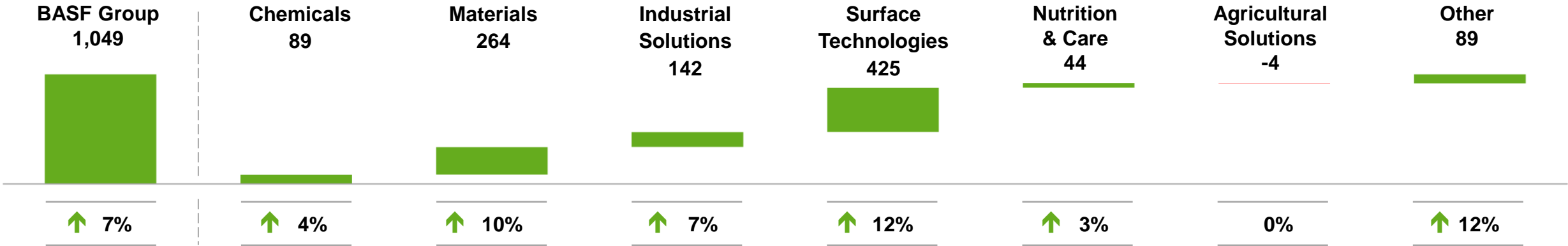


<sup>1</sup> Location of customer



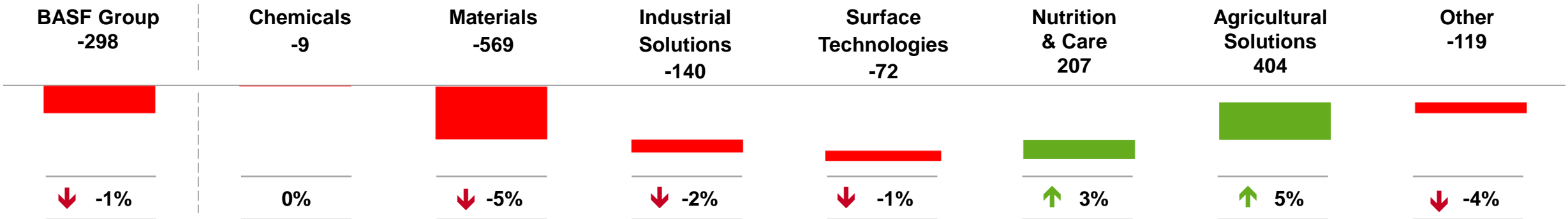
# BASF Group: Volume growth across almost all segments in Q4 2020

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



relative (%) terms

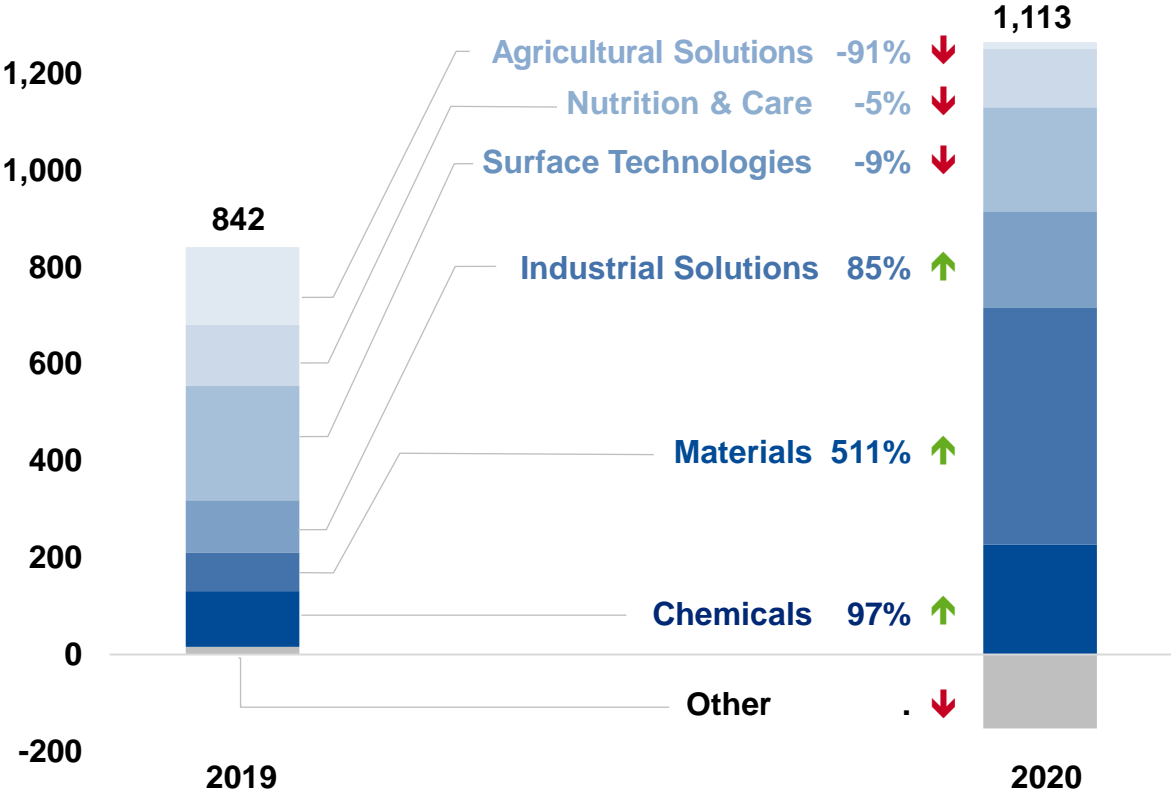
Sales volumes development by segment 2020 vs. 2019 absolute (million €) terms



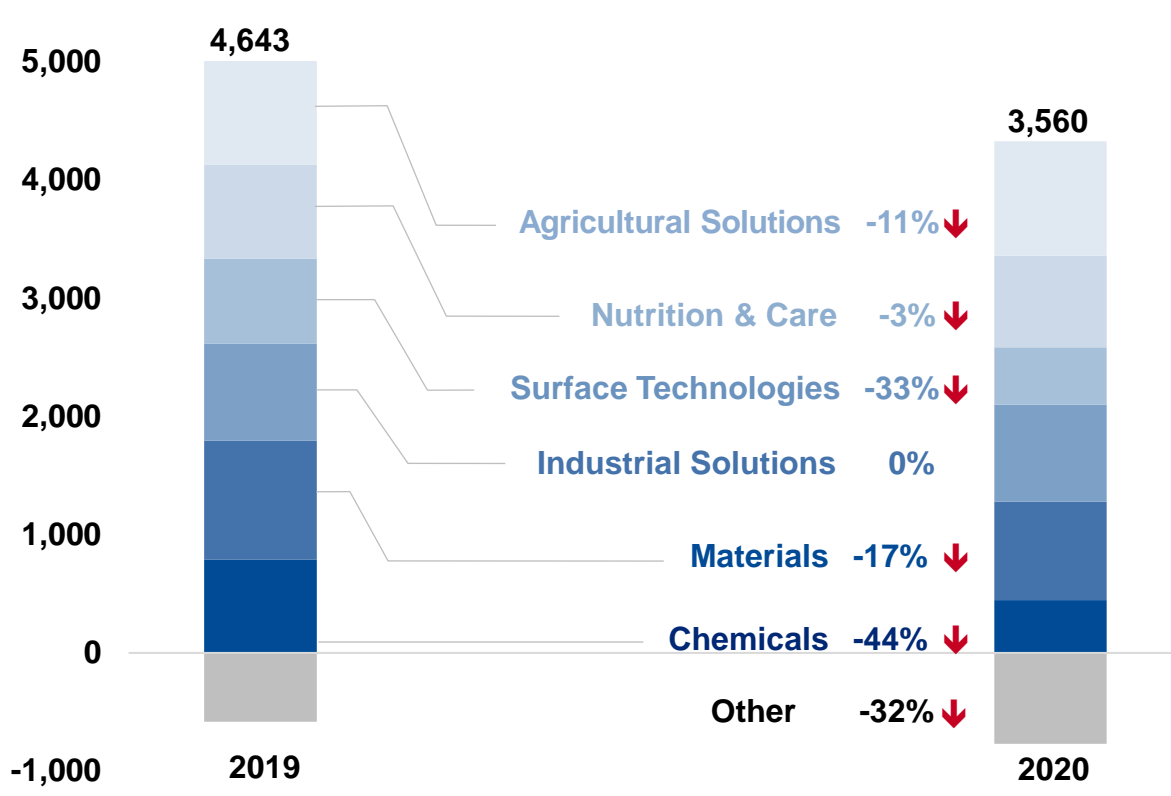
relative (%) terms

# 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

	Target	2020 status
Grow sales volumes faster than global chemical production every year.	>-0.4%	-0.5%
Increase EBITDA before special items by 3% to 5% per year.	+3–5%	-10.7%

## Effective climate protection

	Target	2020 status
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

	Target	2020 status
Achieve a return on capital employed (ROCE) <sup>1</sup> considerably above the cost of capital percentage every year.	> 9%	1.7%
Increase the dividend per share every year based on a strong free cash flow.	> €3.30	€3.30

## Sustainable product portfolio

	Target	2020 status
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 agreement
- 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

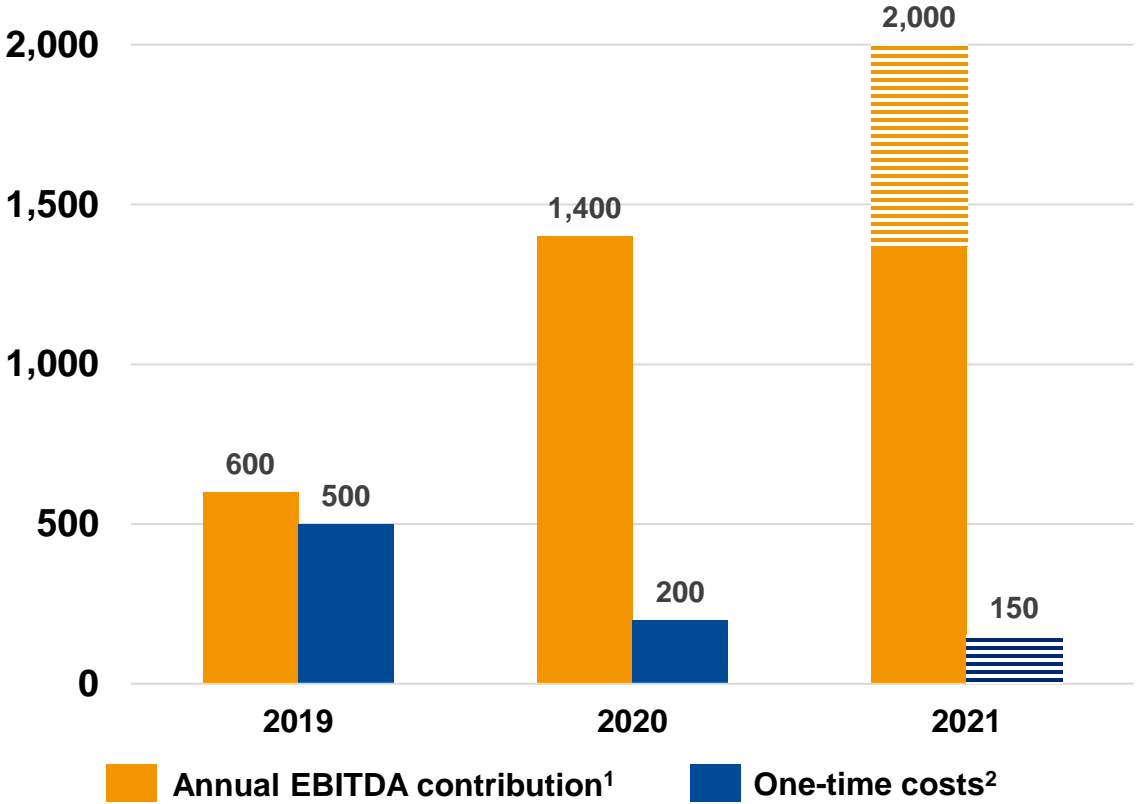
## Circular Economy

- Successful marketing of first commercial volumes of **Cycled™ 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 €



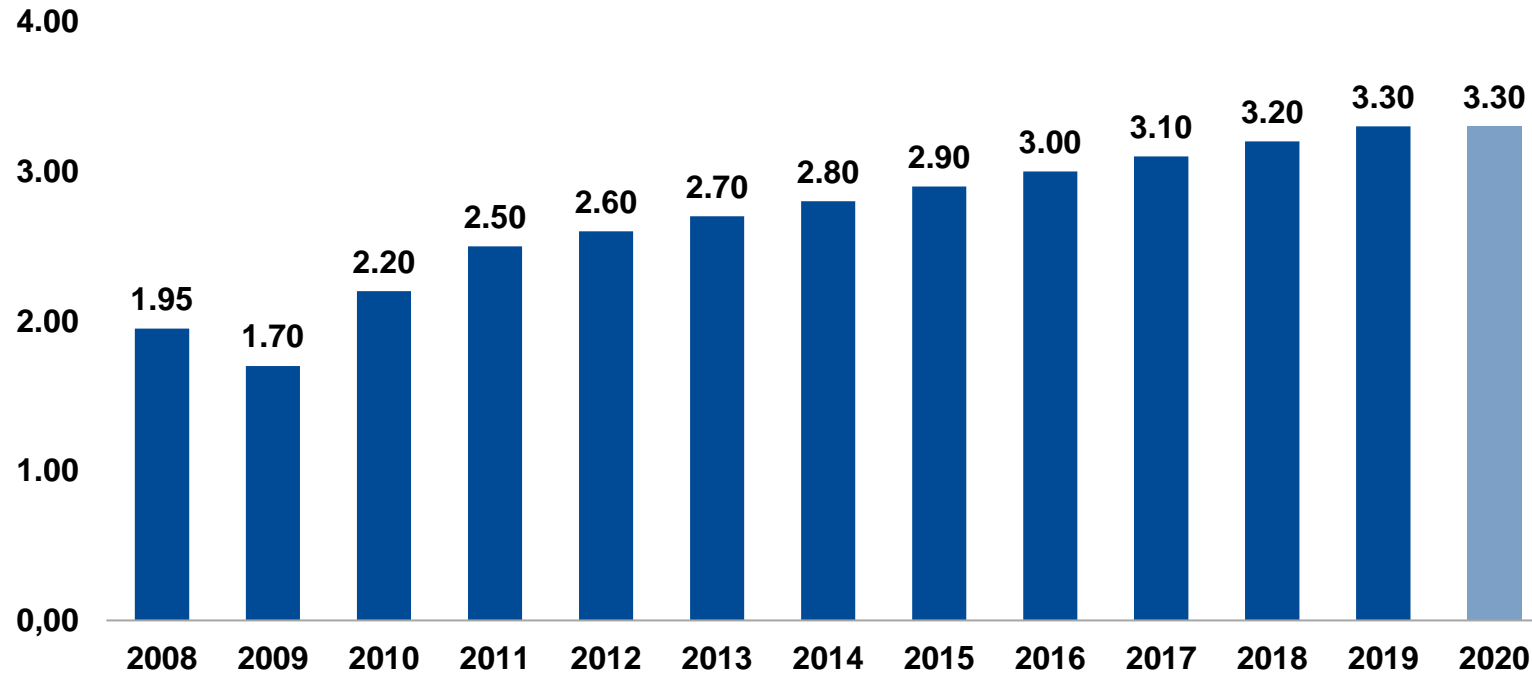
## Key measures:

- 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%

## 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%

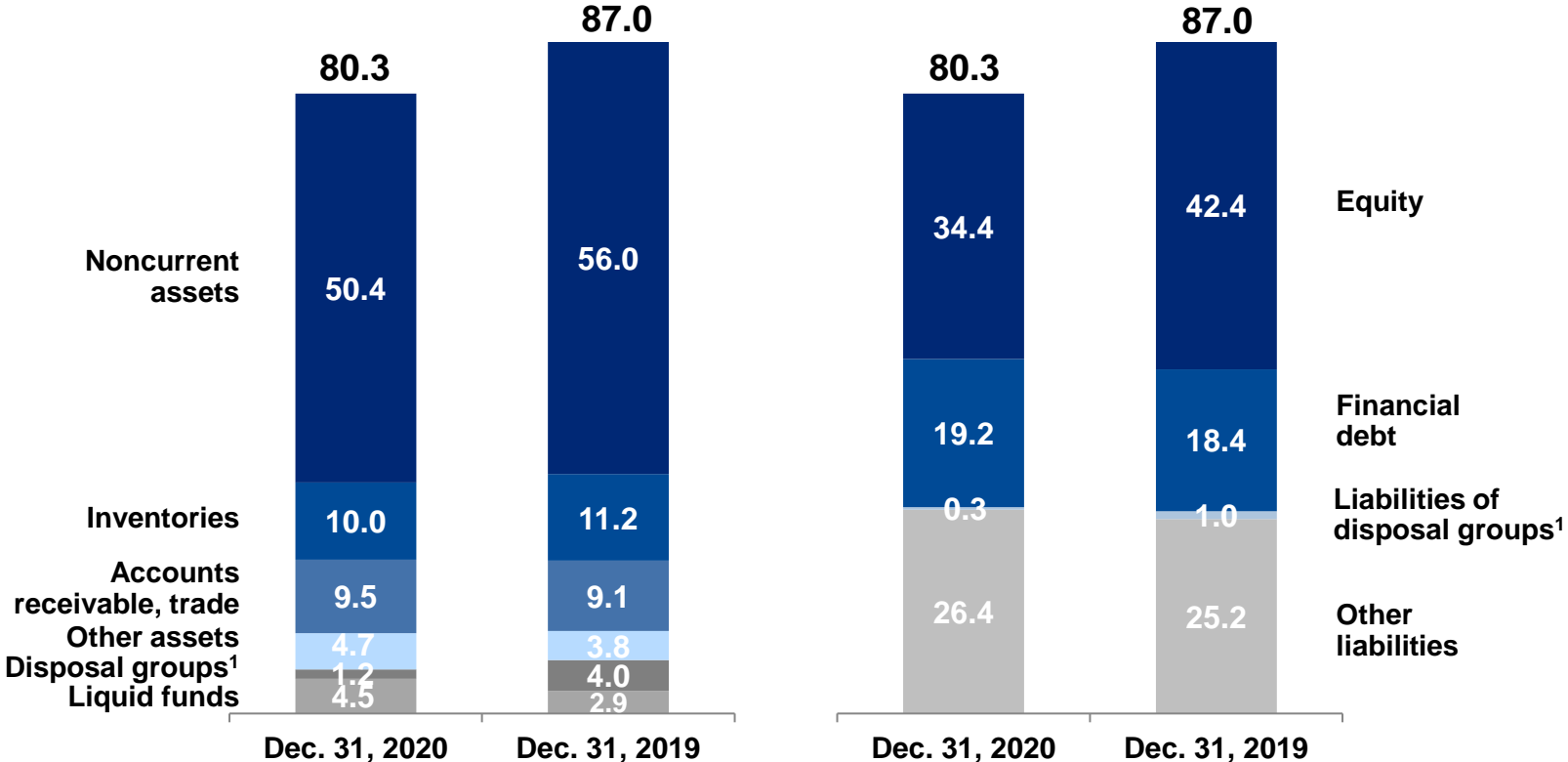
# Cash flow development in 2020

		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

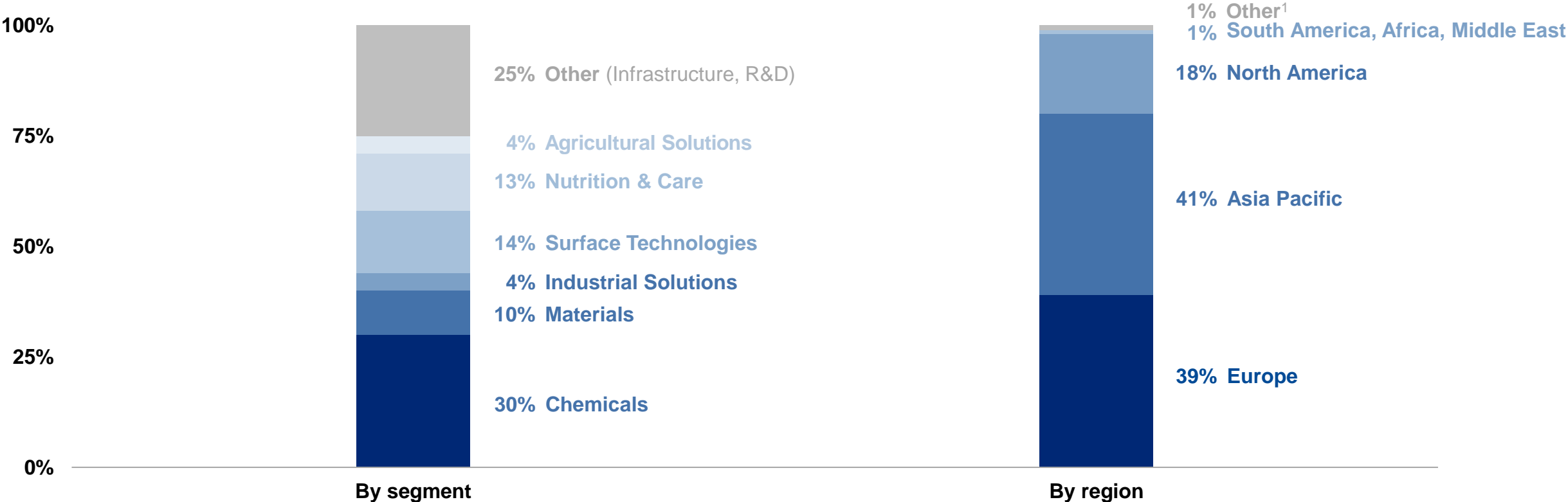
## Underlying assumptions (prior-year figures in parentheses)

- 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**



We create chemistry