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# Analyst Conference Call Full Year 2023

Ludwigshafen, February 23, 2024

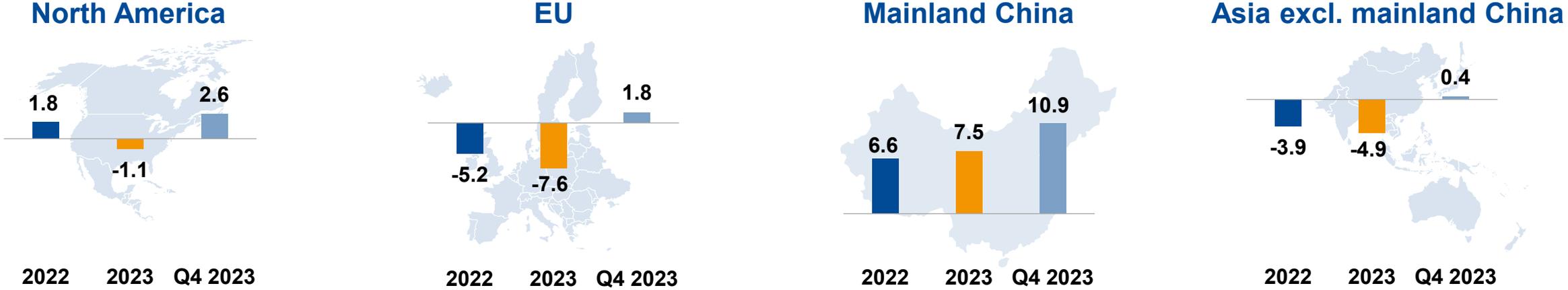
# Cautionary note regarding forward-looking statements

*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 in particular those discussed in Opportunities and Risks on pages 173 to 183 of the BASF Report 2023. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.*

# Global chemical production grew by 1.7% in the full year 2023 and by 6.9% in Q4 2023, driven by strong growth in China

Chemical production compared with prior year<sup>1</sup>

%



## Growth rates

%	2023	2022
Global GDP	2.6	3.1
Global industrial production	1.4	2.9
Global chemical production	1.7	2.1

<sup>1</sup> Source: BASF, Q4 2023 partly based on estimates. Data sources: S&P Global, NBS China, Feri, Fed, Eurostat, METI, ONS. All data subject to statistical revision. Growth rates for regional aggregates might differ from official data releases due to different country coverage and weights. China 2023 growth rate adjusted based on BASF proxy calculation. China production index is 9.6% for FY 2023.

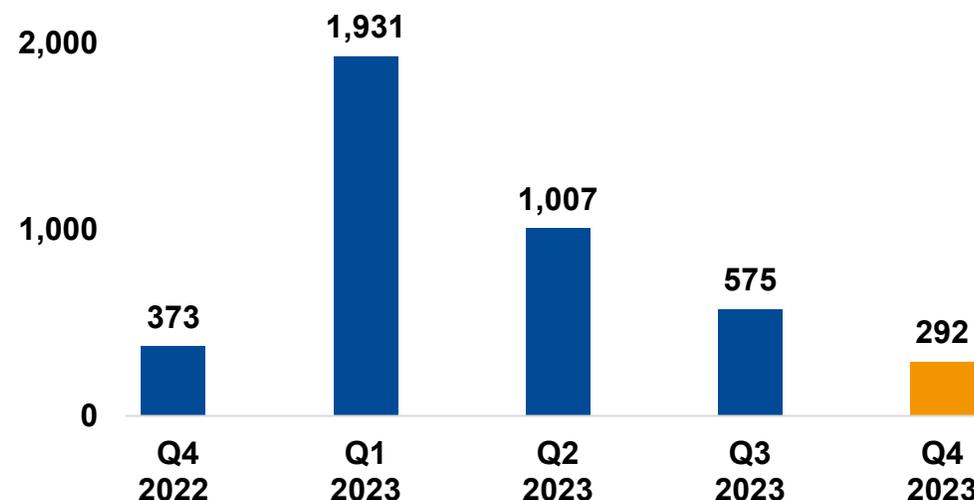


# In Q4 2023, BASF Group's sales volumes were almost stable; excluding precious metals, volumes increased slightly

- In Q4 2023, **sales declined by 17.9% to €15.9 billion**, mainly due to lower prices and negative currency effects; all segments recorded price decreases as a result of subdued demand and in line with lower raw materials prices
- **Excluding precious metals, sales volumes of BASF Group increased by 2.6%**; including precious metals, sales volumes were almost stable compared with Q4 2022
- In Q4 2023, **EBIT before special items declined by €81 million to €292 million**
- **EBIT before special items in the Industrial Solutions, Nutrition & Care, Surface Technologies and Materials segments improved**, while the remaining two segments and Other recorded a decline versus the prior-year quarter

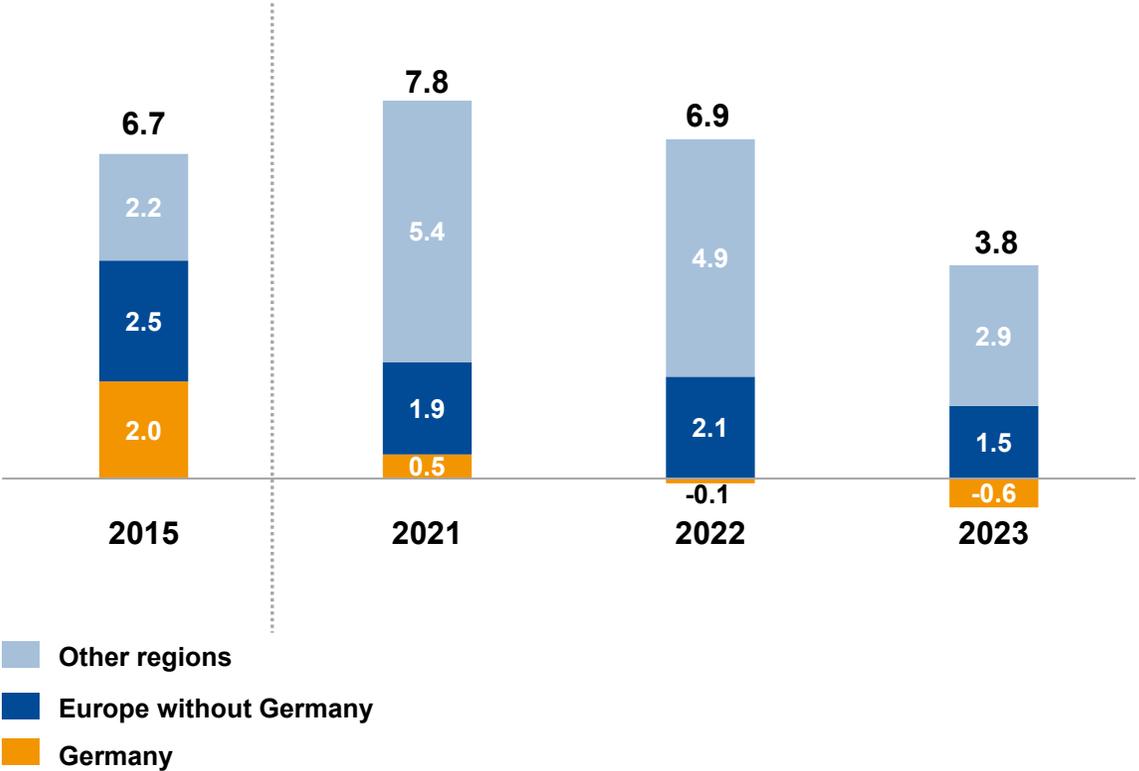
Sales development	Volumes	Prices	Portfolio	Currency
Q4 2023 vs. Q4 2022	↓ -0.4	↓ -13.9	↓ -0.1	↓ -3.5
FY 2023 vs. FY 2022	↓ -8.4	↓ -10.0	↓ -0.2	↓ -2.5

## EBIT before special items Million €



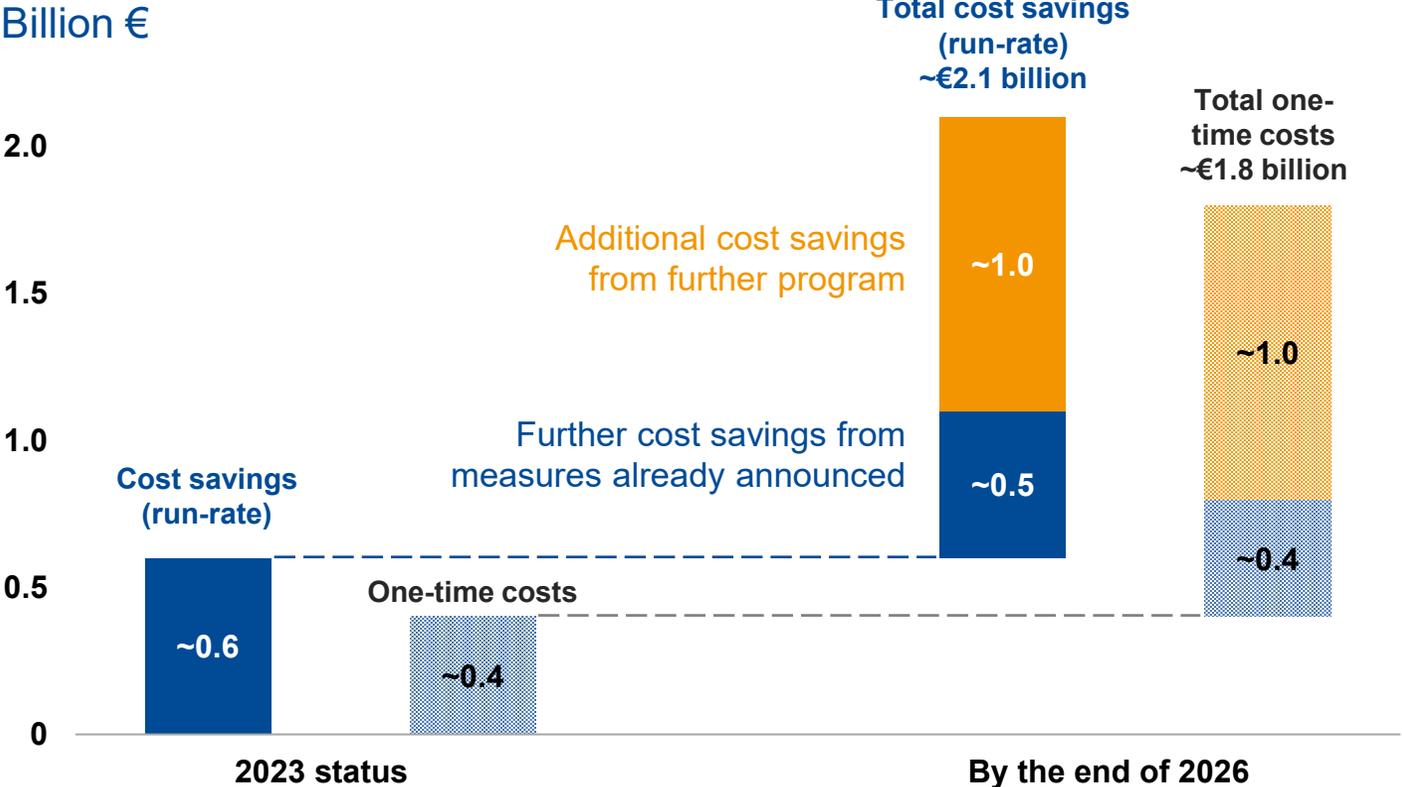
# Solid performance in all regions in difficult 2023 environment, except in Ludwigshafen

EBIT before special items of BASF Group  
Billion €



- In **2015**, Germany, Europe excluding Germany, and the other regions each contributed around one-third
- In **2023**, Europe including Germany contributed only ~25%, while the other regions contributed ~75%

# Further program with additional annual cost savings of €1 billion in Ludwigshafen by the end of 2026



- Further program will include cost savings in both production as well as non-production areas in Ludwigshafen
- Employee representatives will be involved regarding the different measures that will be further detailed in the coming months

<sup>1</sup> Run-rate by year end  
<sup>2</sup> The figures include the cost savings program in non-production units with focus on Europe, measures in the Global Business Services and Global Digital Services units outside of Europe and the cost savings related to the adaptation of production structures at Ludwigshafen Verbund site.

■ Expected annual cost savings<sup>1</sup> from further program in Ludwigshafen
 ■ Expected one-time costs for further program in Ludwigshafen  
■ Expected annual cost savings<sup>1</sup> from measures already announced<sup>2</sup>
■ Expected one-time costs for measures already announced

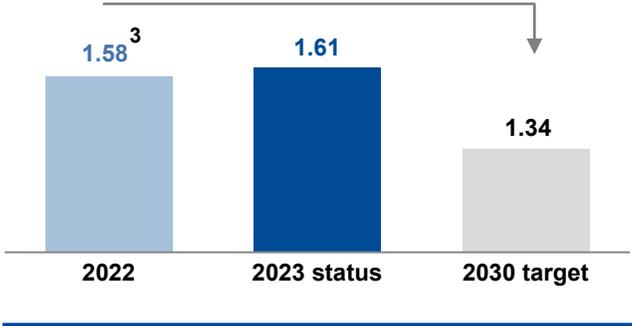
# Lower Scope 1 and Scope 2 emissions in 2023; new target for Scope 3.1 emissions announced in December 2023

Million metric tons



Reduce our absolute CO<sub>2</sub> emissions (Scope 1 and 2) by 25% by 2030 (baseline: 2018)<sup>1</sup>

Kilograms CO<sub>2</sub> per kilogram of raw material bought



Reduce our specific CO<sub>2</sub> emissions (Scope 3.1) by 15% by 2030 (baseline: 2022)<sup>2</sup>

- In 2023, **Scope 1 and 2 emissions** declined by 5 million metric tons compared with the baseline 2018, mainly driven by lower production volumes due to lower demand
- Slight increase in specific **Scope 3.1 emissions** in 2023 compared with the baseline 2022 due to the lower share of raw materials produced in Europe

↘ Reduction target

<sup>1</sup> Scope 1 and Scope 2 (excluding the sale of energy to third parties). The target includes greenhouse gases according to the Greenhouse Gas Protocol, which are converted into CO<sub>2</sub> equivalents (CO<sub>2</sub>e).

<sup>2</sup> Scope 3.1, raw materials excluding battery materials, services and technical goods, excluding greenhouse gas emissions from BASF trading business. Future adjustment of the baseline in line with the TFS guideline possible depending on the availability of further primary data.

<sup>3</sup> The figure for 2022 was adjusted due to increased data availability.



# BASF Group 2023: Key financial figures

## EBITDA before special items 2023 vs. 2022

**€7,671 million**  
-28.7%

## EBIT before special items 2023 vs. 2022

**€3,806 million**  
-44.7%

## Net income 2023 vs. 2022

**€225 million**  
.

## Operating cash flow 2023 vs. 2022

**€8,111 million**  
+5.2%

## Free cash flow 2023 vs. 2022

**€2,715 million**  
-18.5%

## Equity ratio Dec. 31, 2023 / Dec. 31, 2022

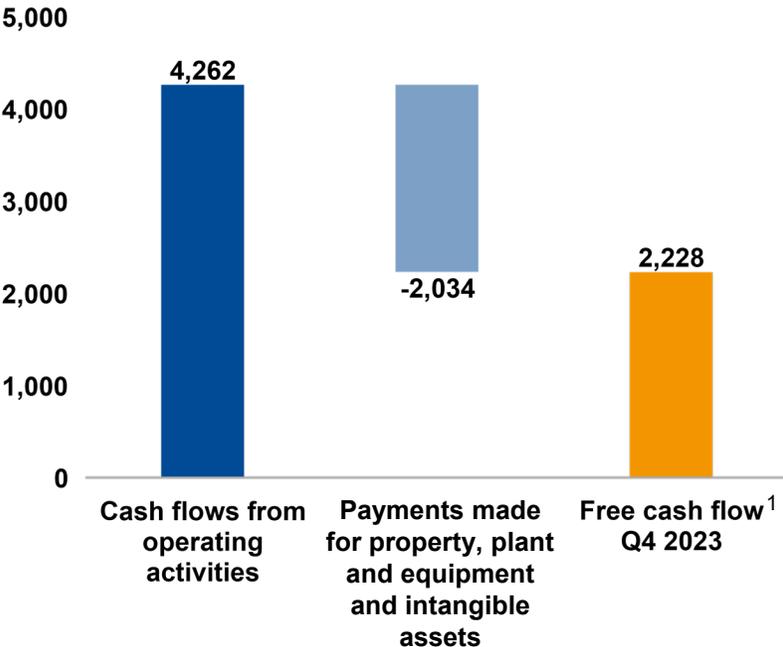
**47.3%**  
48.4%

# In Q4 2023, EBIT before special items declined due to lower contributions from Agricultural Solutions, Chemicals and Other

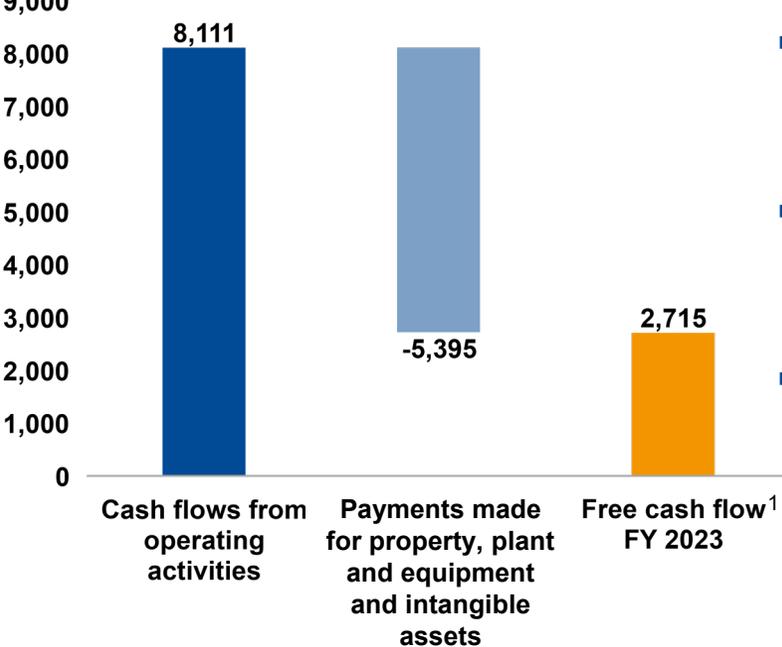
EBIT before special items Million €	BASF Group	Chemicals	Materials	Industrial Solutions	Surface Technologies	Nutrition & Care	Agricultural Solutions	Other	BASF Group
<b>Q4 2023 vs. Q4 2022</b>	373 Q4 2022	-51	17	42	18	27	-85	-50	292 Q4 2023
<b>Q4 2023</b>		-129	161	162	188	7	37	-135	
<b>FY 2023 vs. FY 2022</b>	6,878 FY 2022	-1,596	-1,013	-466	36	-511	343	135	3,806 FY 2023
<b>FY 2023</b>		361	826	625	938	107	1,563	-614	

# Strong cash flow generation in Q4 2023

**Q4 2023**  
Million €



**FY 2023**  
Million €



**Q4 2023 vs. Q4 2022**

- **Cash flows from operating activities** decreased by €207 million to €4.3 billion
- Increased focus on **reducing inventory levels** paid off; **changes in net working capital** led to a cash inflow of €3.2 billion
- **Payments made for property, plant and equipment and intangible assets** rose by €160 million to €2.0 billion
- **Free cash flow decreased** by €368 million to €2.2 billion

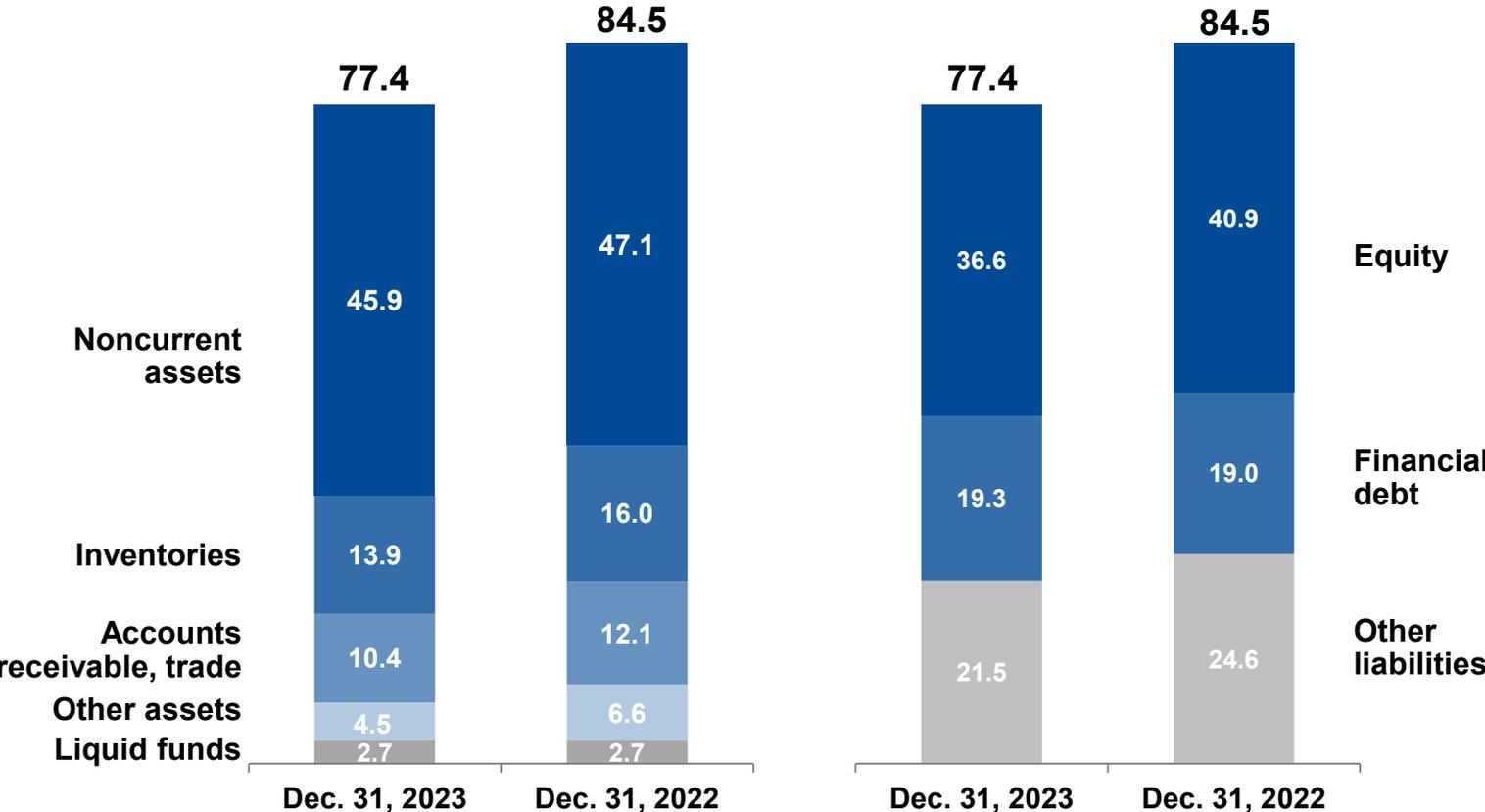
<sup>1</sup> Free cash flow: cash flows from operating activities minus payments made for property, plant and equipment and intangible assets



# Strong balance sheet

Balance sheet December 31, 2023, vs. December 31, 2022

Billion €

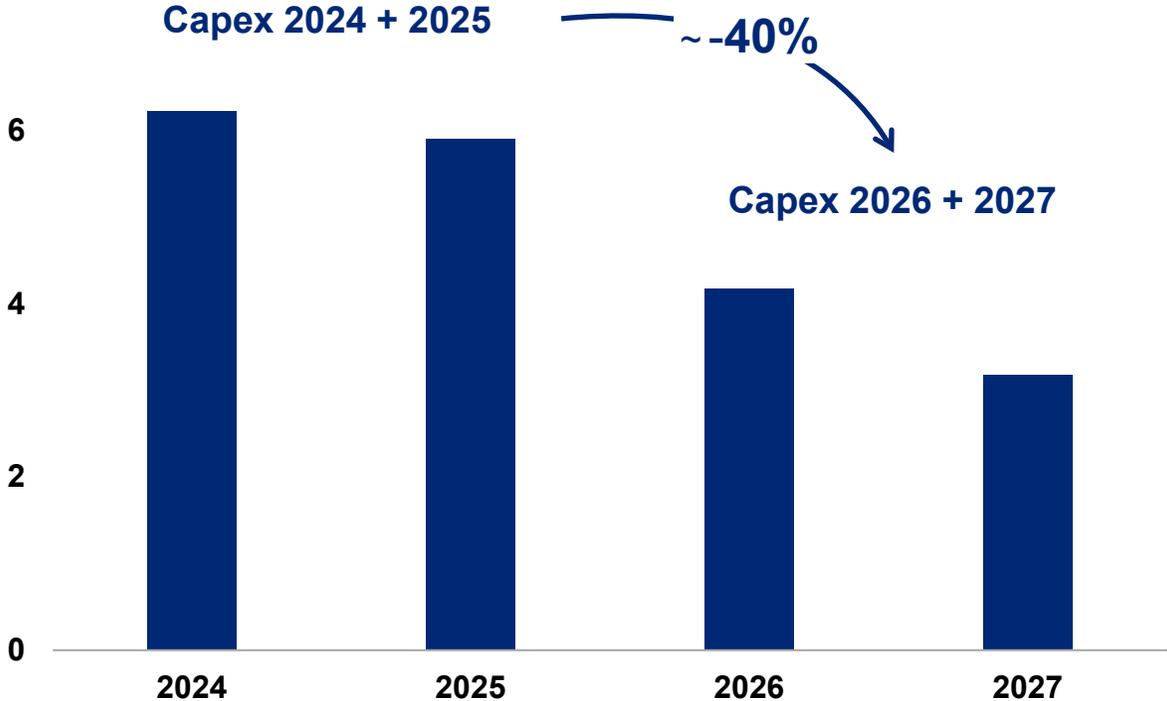


- **Total assets** decreased by €7.1 billion to €77.4 billion, mainly due to strong focus on net working capital management
- **Net debt** of €16.6 billion only slightly above the level of €16.3 billion at year end 2022
- **Equity ratio: 47.3%** (Dec. 31, 2022: 48.4%)
- BASF has **good credit ratings**<sup>1</sup>, especially compared with competitors

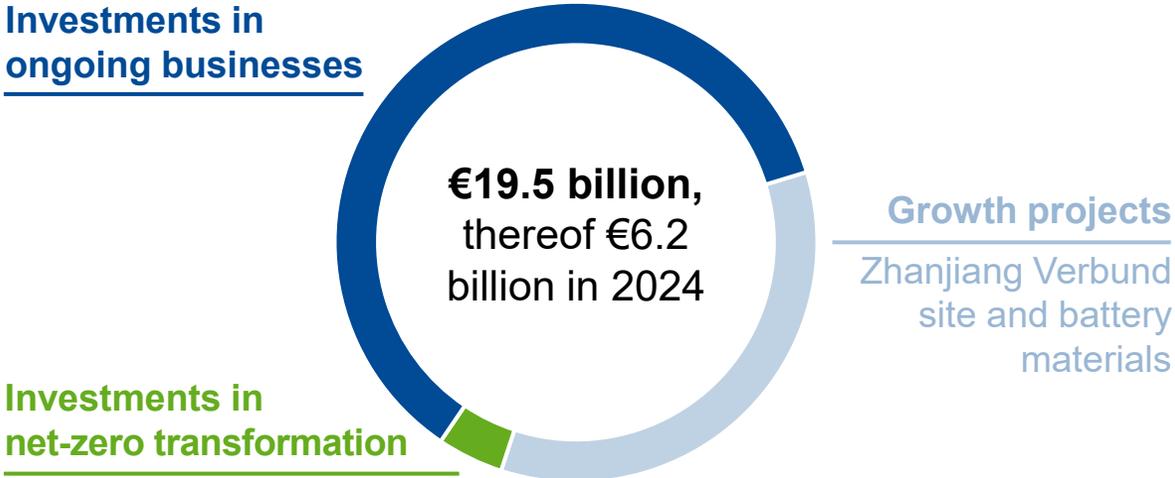
<sup>1</sup> Current ratings: Moody's A3/P-2/outlook stable, S&P A-/A-2/outlook stable, Fitch A/F1/outlook stable

# Continued strict management of capital expenditures

**Overall capex budget**  
Billion €, 2024–2027



**Capex budget by type of investment**  
Billion €, 2024–2027



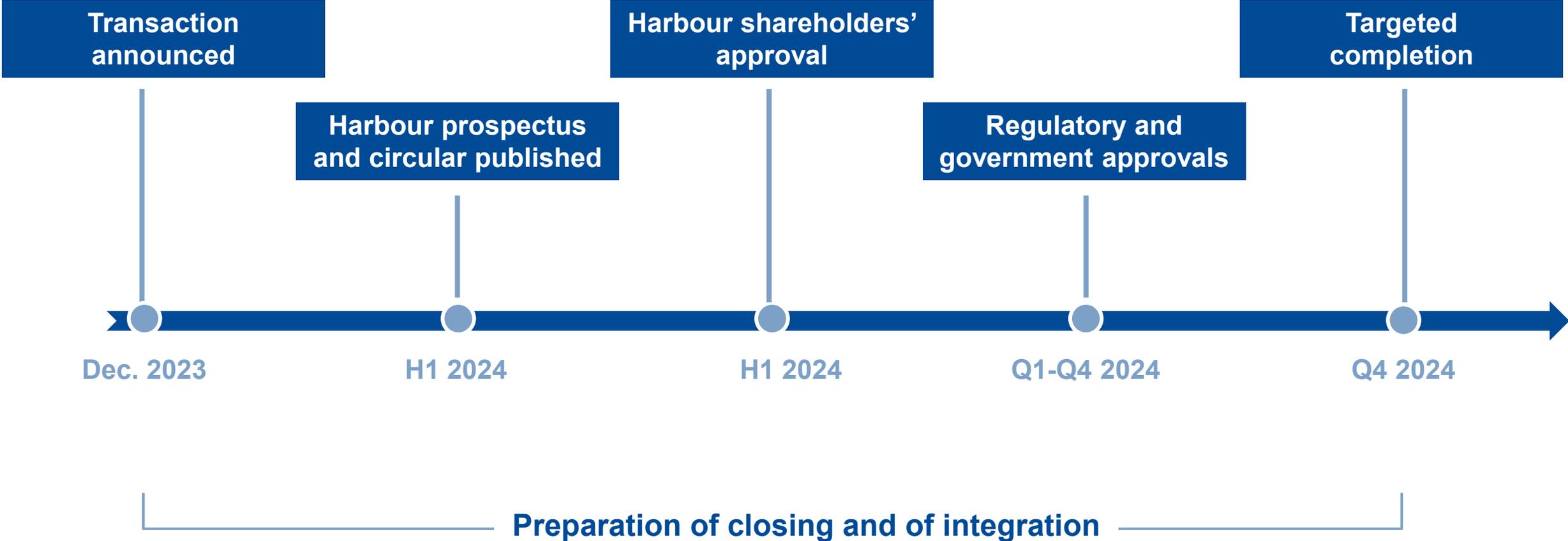
# Key elements of the agreement signed by Harbour Energy and the shareholders of Wintershall Dea in December 2023

- **E&P business<sup>1</sup> of Wintershall Dea**, excluding Russia-related activities, **to be acquired by Harbour Energy plc** (Harbour); closing targeted for Q4 2024
- In exchange, at closing, **BASF will hold a share of 39.6% in Harbour** and will **receive cash consideration of \$1.56 billion**
- With this transaction, **BASF takes a major step** towards achieving its announced strategic goal **to exit the oil and gas business**
- In parallel to the transaction with Harbour, the **legal separation of Wintershall Dea's Russia-related business**, which is not part of the transaction, **is progressing as planned**; significant federal German investment guarantees are in place
- Furthermore, Wintershall Dea is continuing its preparations for a **separate sale of its stake in WIGA Transport Beteiligungs-GmbH & Co. KG**, which is not part of the transaction



<sup>1</sup> Consisting of its producing and development assets as well as exploration rights in Norway, Argentina, Germany, Mexico, Algeria, Libya (excluding Wintershall AG), Egypt and Denmark (excluding Ravn) as well as Wintershall Dea's carbon storage licenses.

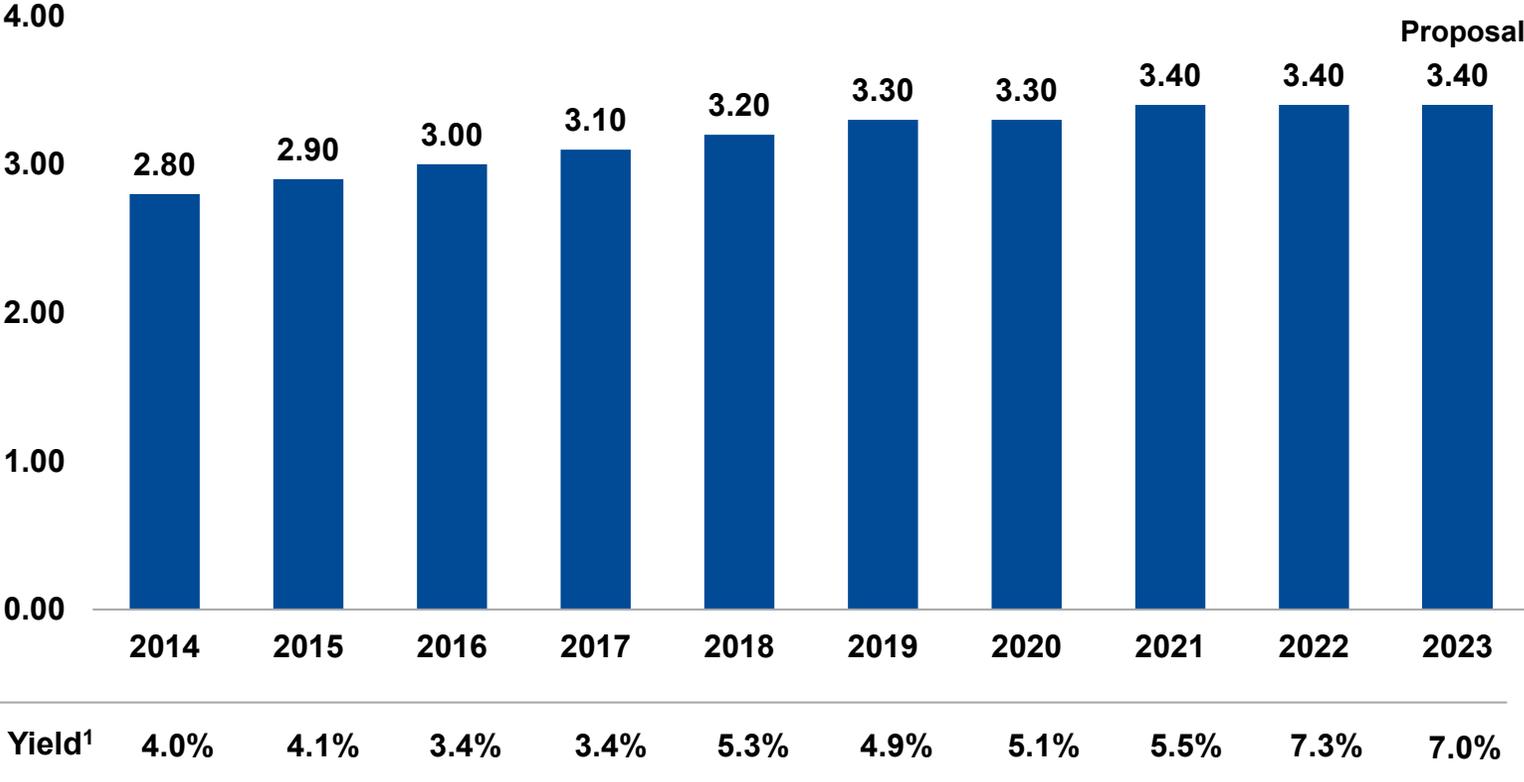
# Next steps regarding Wintershall Dea transaction



# Attractive shareholder return – also in challenging times

## Dividend per share

€



### Key facts 2023

- We stick to our practice to increase the dividend per share each year or keep it stable
- Dividend proposal to Annual Shareholders' Meeting of €3.40 per share
- In total, we will pay out €3.0 billion<sup>2</sup>, 90% of which is covered by our free cash flow
- Dividend yield of 7.0% based on the share price of €48.78 at year end 2023

<sup>1</sup> Dividend yield based on share price at year end  
<sup>2</sup> Based on the 892,522,164 shares outstanding as of December 31, 2023



# Outlook 2024 for BASF Group

## Outlook 2024

EBITDA before special items	€8.0 billion – €8.6 billion
Free cash flow	€0.1 billion – €0.6 billion
CO <sub>2</sub> emissions	16.7 million – 17.7 million metric tons

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

- Growth in gross domestic product: 2.3% (2.6%)
- Growth in industrial production: 2.2% (1.4%)
- Growth in chemical production: 2.7% (1.7%)
- Average euro/dollar exchange rate: \$1.10 per euro (\$1.08 per euro)
- Average annual oil price (Brent crude): \$80 per barrel (\$82 per barrel)





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