



HZM5

HZM2

3

 **BASF**  
We create chemistry

**Analyst Conference Call**  
**Q2 2021 July 28, 2021**

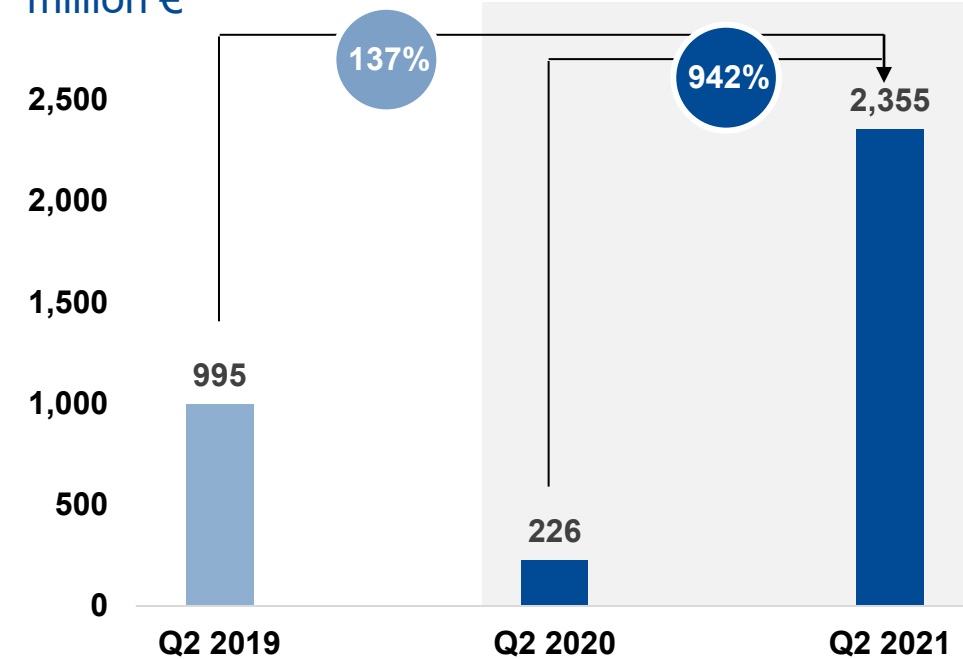
# Cautionary note regarding forward-looking statements

*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.*

# Q2 2021: BASF with very strong second quarter supported by higher prices and volumes

- Strong growth momentum continued in Q2 2021
- In Q2 2021, volumes and prices grew across all regions and all segments
- Earnings in upstream businesses considerably above Q2 2020, despite a slight sequential decline in margins compared with Q1 2021
- Downstream businesses with strong demand and increased prices but continued pressure from raw materials prices

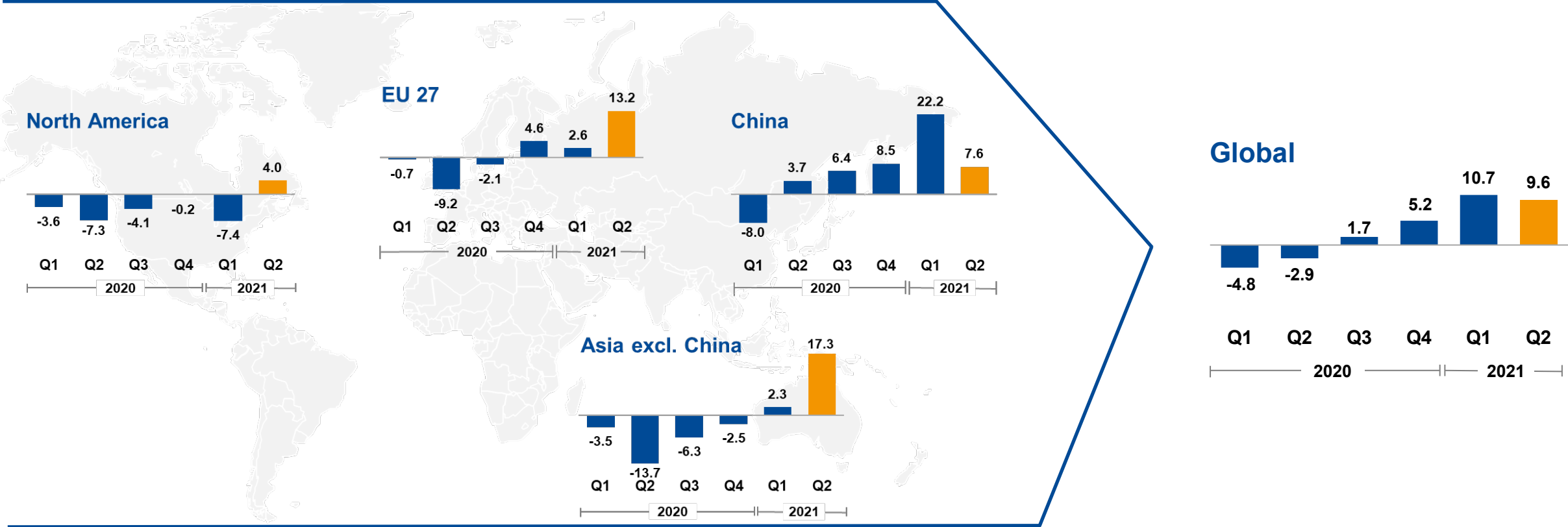
**EBIT before special items by quarter**  
million €



# Recovery of global chemical production continued in Q2 2021

## Chemical production compared with prior-year quarter<sup>1</sup>

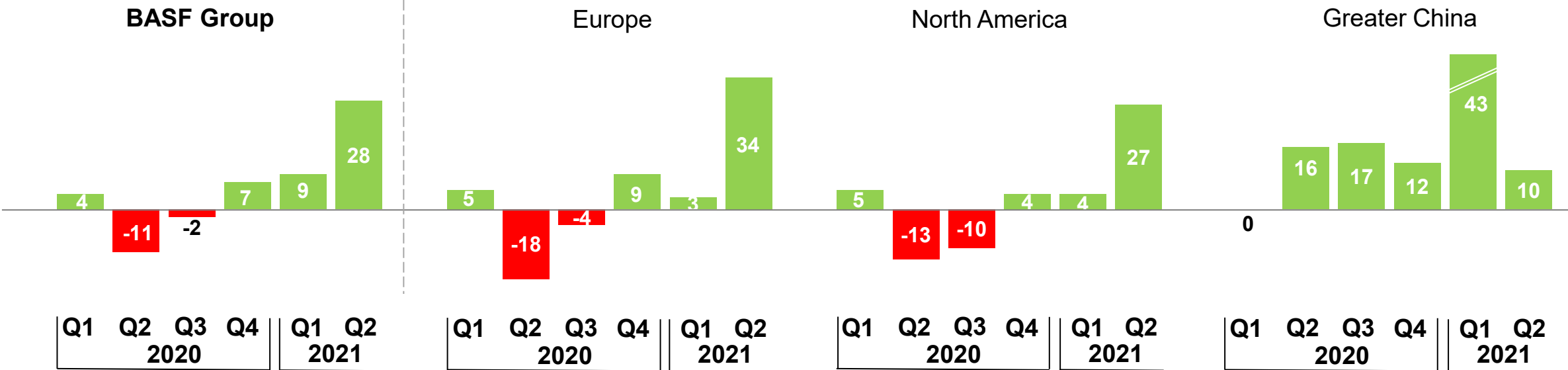
%



Source: BASF, data: IHS, Feri, NBS China, FED, Eurostat, Statistics Canada;  
 Asia: India, Japan, South Korea, Taiwan, Thailand; North America: USA and Canada  
<sup>1</sup> Estimates, data available for China and the U.S. until June, for all other countries/regions until May or April.  
 Historical data partly preliminary and subject to revision. China data based on BASF seasonal adjustment

# BASF Group Q2 2021: Volume growth across all regions

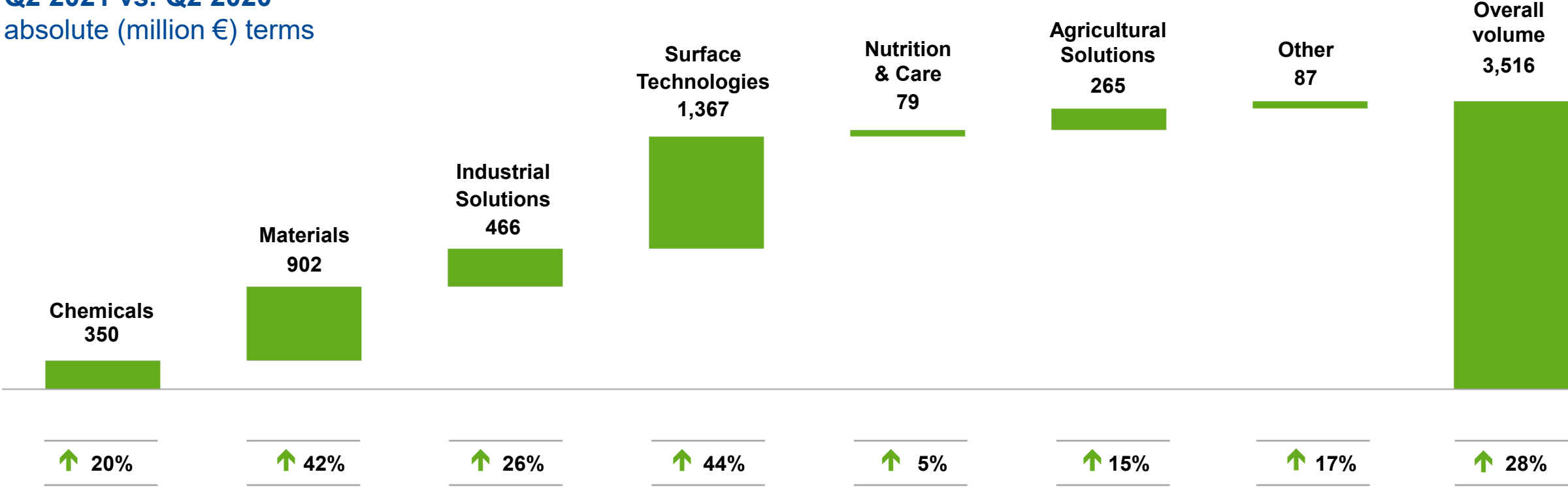
Sales volumes development by region<sup>1</sup>  
 quarters compared to prior-year quarters  
 %



<sup>1</sup> Location of customer

# BASF Group Q2 2021: Volume growth across all segments

Volume development by segment  
 Q2 2021 vs. Q2 2020  
 absolute (million €) terms

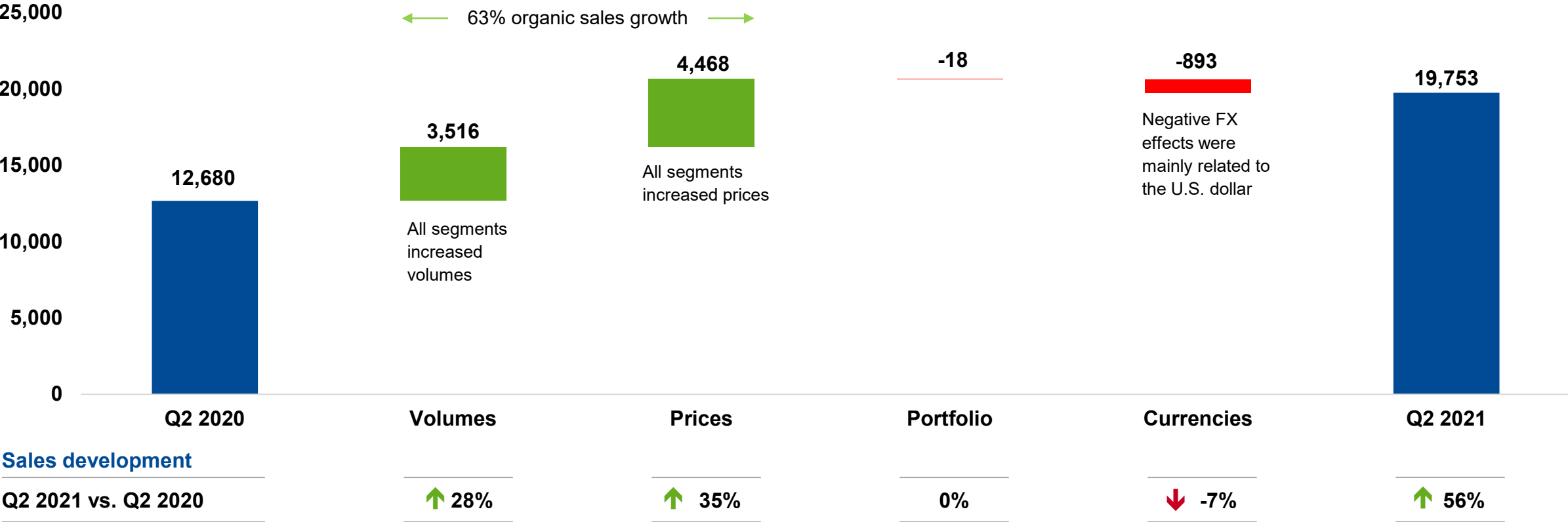


relative (%) terms



# BASF Group Q2 2021: Sales increased considerably due to higher prices and volumes

Sales bridge Q2 2021 vs. Q2 2020  
million €



Sales development

Q2 2021 vs. Q2 2020

↑ 28%

↑ 35%

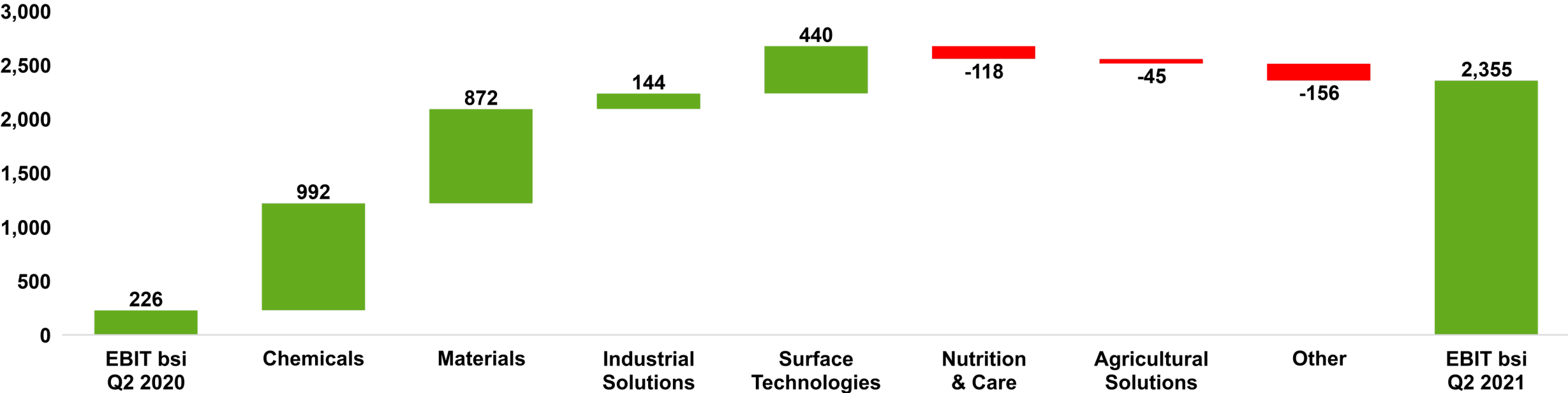
0%

↓ -7%

↑ 56%

# BASF Group Q2 2021: Very strong earnings growth

EBIT before special items growth by segment Q2 2021 vs. Q2 2020  
million €



EBIT before special items by segment

Q2 2021, million €	990	792	307	289	138	75	-236	2,355
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# Nutrition & Care and Agricultural Solutions: Main drivers for EBIT before special items development in Q2 2021



## Nutrition & Care

### ▪ Nutrition & Health

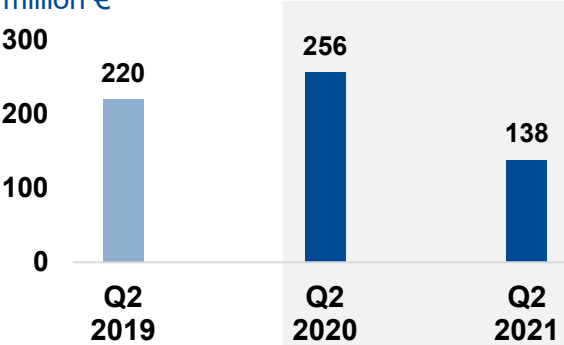
- The segment's earnings decline was mainly driven by Nutrition & Health. The division's margins declined due to negative currency effects, lower prices and higher variable costs compared with the strong prior-year quarter.
- The earnings decline was most pronounced in animal nutrition. Lower volumes in vitamin A, mainly due to the start-up of the vitamin A expansion, and higher costs from turnarounds were the main drivers.

### ▪ Care Chemicals

- Higher raw materials prices put pressure on margins compared with the strong prior-year quarter.

Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 5%	↑ 2%	↓ -1%	↓ -4%

EBIT before special items by quarter  
million €

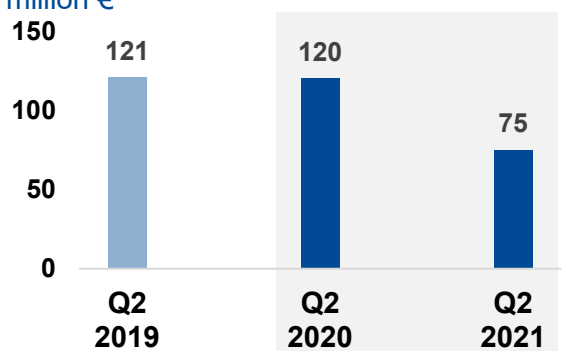


## Agricultural Solutions

- Significant volume increase and higher prices could not compensate for
  - Strong FX headwind
  - Higher fixed costs and freight cost increases due to higher sales volumes
  - Unfavorable margin development on account of product mix effects

Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 15%	↑ 3%	0%	↓ -7%

EBIT before special items by quarter  
million €



# Major portfolio measures: Acquisitions



## BASF and Shanshan to form a joint venture for battery materials production in China

- BASF to hold 51%, Shanshan 49%
- BASF investment in a mid-triple-digit million-euro range
- Hunan Shanshan Energy operates four production sites for CAM and PCAM in China, with an annual capacity of 90 kt by 2022
- By forming the JV, BASF further strengthens its position in Asia and is increasing its global annual capacity to 160 kt by 2022 with further expansions underway
- Closing is targeted for later this summer<sup>1</sup>



## BASF to acquire 49.5% of the offshore wind farm Hollandse Kust Zuid (HKZ) from Vattenfall

- Once fully commissioned HKZ will be the largest offshore wind farm in the world with a total installed capacity of 1.5 gigawatts
- BASF will use the zero-emission electricity for its sites in Europe, mainly in Antwerp, Belgium
- Purchase price of €0.3 billion, BASF's initial total commitment is ~€1.6 billion. BASF intends to reduce its investment by selling shares to a financial co-investor
- Closing is expected in Q4 2021<sup>1</sup>

# Major portfolio measures: Divestitures



## DIC acquired 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 took place on June 30, 2021



## BASF and Clayton, Dubilier & Rice to sell Solenis to Platinum Equity

- Sales 2020<sup>2</sup>: \$2.8 billion
- Enterprise value: \$5.25 billion for Solenis, which includes net debt of around \$2.5 billion
- BASF holds 49% of the shares in Solenis; 51% of the shares are held by Clayton, Dubilier & Rice and the Solenis management
- Closing of the transaction expected before the end of 2021<sup>3</sup>



## Initial public offering of Wintershall Dea

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

<sup>1</sup> On a cash and debt-free basis

<sup>2</sup> Fiscal year ending September 30, 2020; <sup>3</sup> Following the approval of the relevant authorities



# BASF Group Q2 2021 and H1 2021: Financial figures

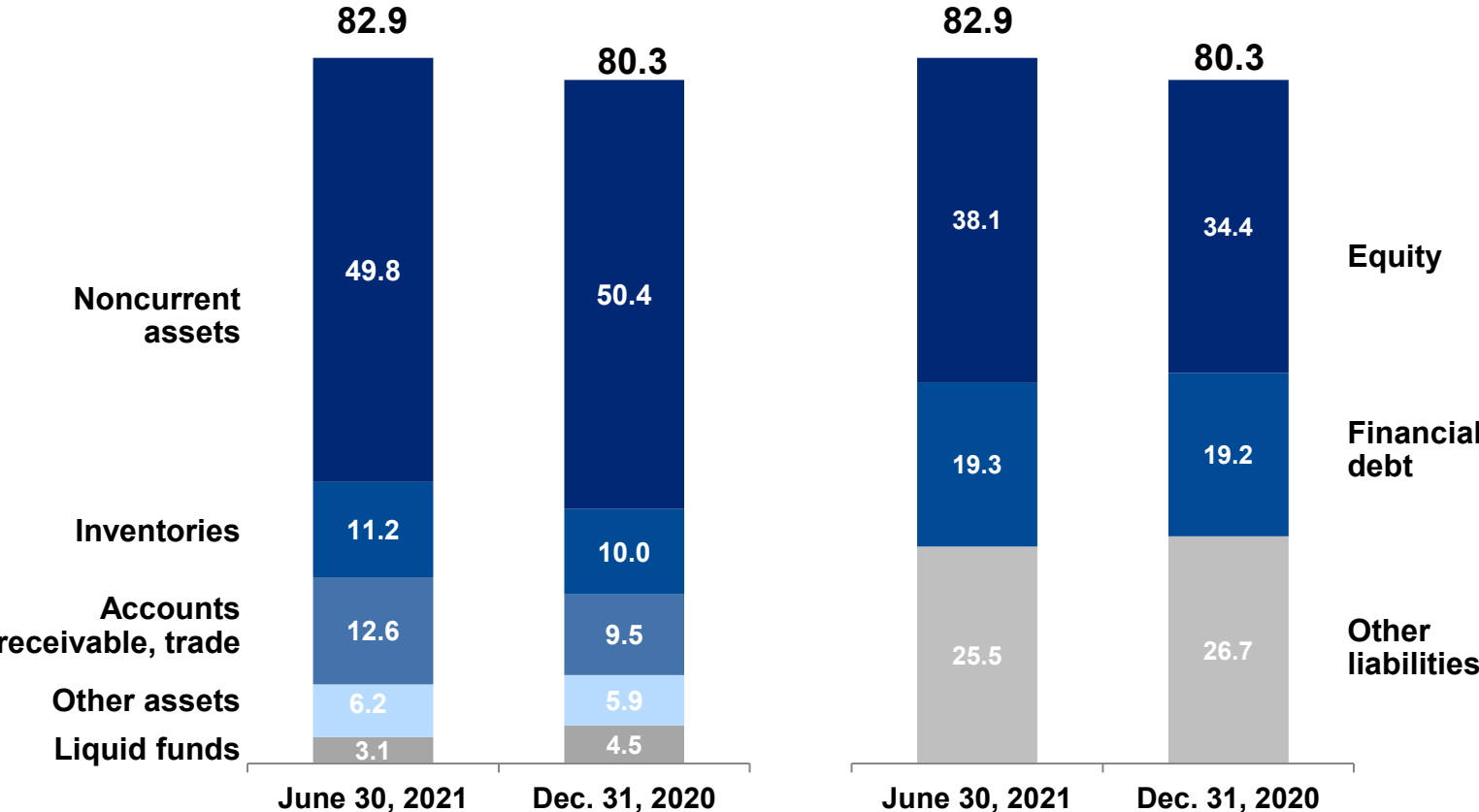
Financial figures	Q2 2021	Change	H1 2021	Change
	million €	%	million €	%
Sales	19,753	56	39,153	33
EBITDA before special items	3,217	162	6,398	68
EBITDA	3,199	199	6,375	82
EBIT before special items	2,355	.	4,676	151
EBIT	2,316	.	4,627	205
Net income from shareholdings	-44	94	24	.
Net income	1,654	.	3,372	.
Reported EPS	1.80	.	3.67	.
Adjusted EPS	2.03	.	4.03	167
Cash flows from operating activities	2,537	13	2,012	66

# Cash flow development in Q2 2021 and H1 2021

	Q2 2021	Q2 2020	H1 2021	H1 2020
	million €	million €	million €	million €
<b>Cash flows from operating activities</b>	<b>2,537</b>	<b>2,242</b>	<b>2,012</b>	<b>1,212</b>
Thereof Changes in net working capital	9	1,190	-2,764	-1,810
Miscellaneous items	-9	880	-344	966
<b>Cash flows from investing activities</b>	<b>323</b>	<b>-705</b>	<b>-112</b>	<b>-2,525</b>
Thereof Payments made for property, plant and equipment and intangible assets	-767	-726	-1,223	-1,295
Acquisitions / divestitures	1,125	–	1,118	-1,245
<b>Cash flows from financing activities</b>	<b>-4,144</b>	<b>373</b>	<b>-3,434</b>	<b>4,667</b>
Thereof Changes in financial and similar liabilities	-999	3,470	-282	7,799
Dividends	-3,145	-3,100	-3,152	-3,136
<b>Free cash flow</b>	<b>1,770</b>	<b>1,516</b>	<b>789</b>	<b>-83</b>

# Strong balance sheet

Balance sheet June 30, 2021 vs. December 31, 2020  
billion €



- Total assets increased by €2.6 billion to €82.9 billion
- Noncurrent assets were almost stable at €49.8 billion
- Current assets increased by €3.3 billion to €33.1 billion, primarily due to higher accounts receivable, increased other receivables/miscellaneous assets and higher inventories
- Net debt increased by €1.6 billion to €16.2 billion
- Equity ratio: 45.9% (June 30, 2021)

# BASF's plastic additives VALERAS™ enable customers to achieve their sustainability goals



- To enable customers to achieve their sustainability goals, BASF has focused its sustainable solutions for plastic additives under the new global brand VALERAS™:
  - Use of bio feedstocks and renewable feedstocks
  - Increased product carbon footprint transparency
- VALERAS™ includes additive solutions that make a substantial sustainability contribution to plastic applications. Examples:
  - Irgastab® PUR 70 reduces VOC emissions in foams
  - Tinuvin® NOR® 356 enhances biodiversity in plastic greenhouses
  - Irgatec® CR 76 reduces energy consumption for production of PP nonwoven fibers
- To help customers to reach global recycling targets (ranging from 25%-100% in packaging), the portfolio will expand to include BASF's additive packages for mechanically recycled plastics and applications. Examples:
  - Process stabilizers for rigid and flexible PP packaging
  - UV light protection of recycled polyethylene and polypropylene
  - Contaminant neutralizers for polyolefins



# Outlook 2021 for BASF Group

Outlook 2021	revised forecast	previous forecast
Sales	€74 billion – €77 billion	€68 billion – €71 billion
EBIT before special items	€7.0 billion – €7.5 billion	€5.0 billion – €5.8 billion
ROCE	12.1% – 12.9%	9.2% – 11.0%
Accelerator sales	€21 billion – €22 billion	€19 billion – €20 billion
CO <sub>2</sub> emissions	20.5 – 21.5 million metric tons	20.5 – 21.5 million metric tons

## Underlying assumptions for 2021 (previous assumptions in parentheses)

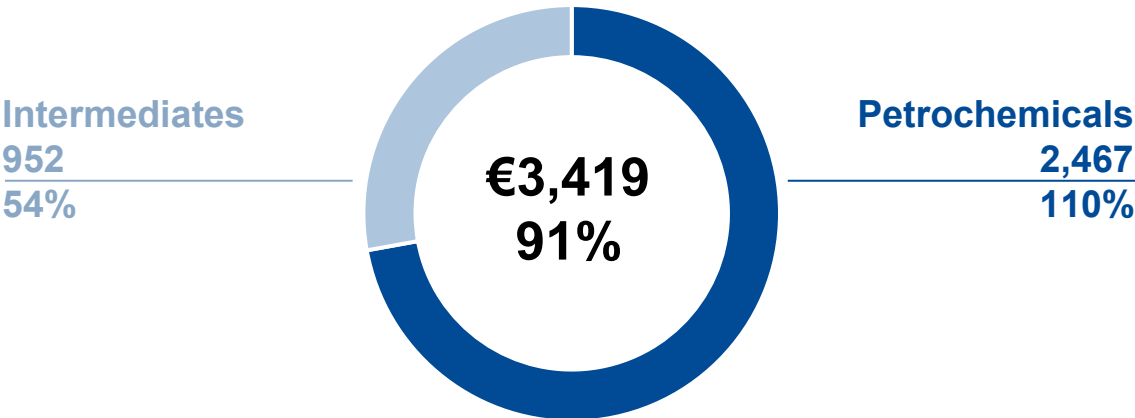
- Growth in gross domestic product: 5.5% (5.0%)
- Growth in industrial production: 6.5% (5.0%)
- Growth in chemical production: 6.5% (5.0%)
- Average euro/dollar exchange rate: \$1.20 per euro (\$1.18 per euro)
- Average annual oil price (Brent): \$65 per barrel (\$60 per barrel)



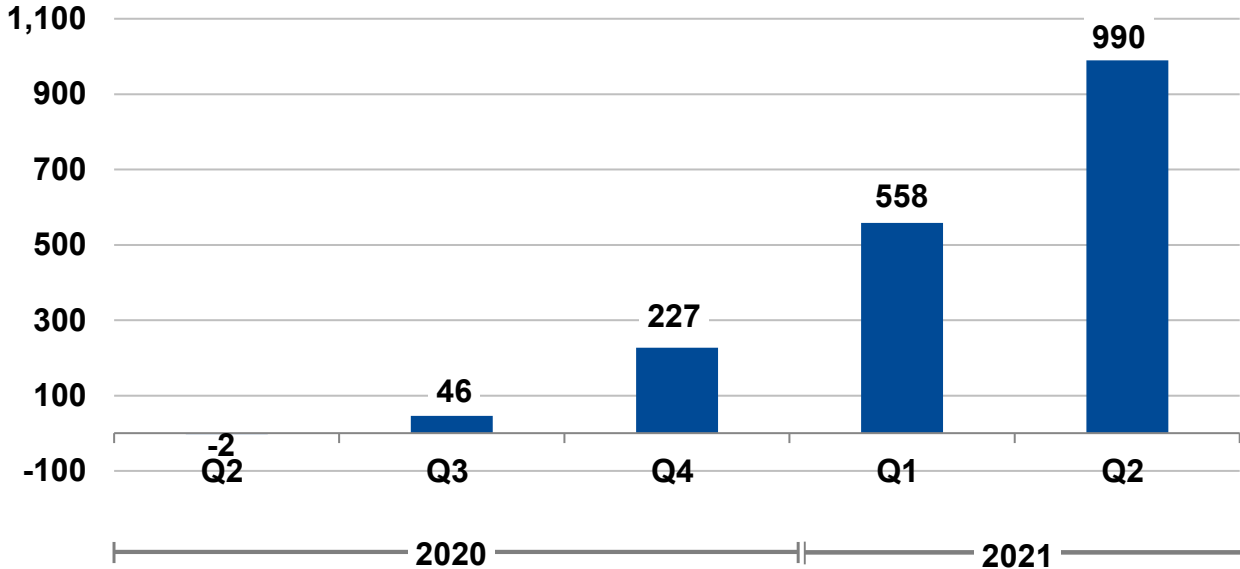
We create chemistry

# Chemicals

**Sales Q2 2021 vs. Q2 2020**  
million €



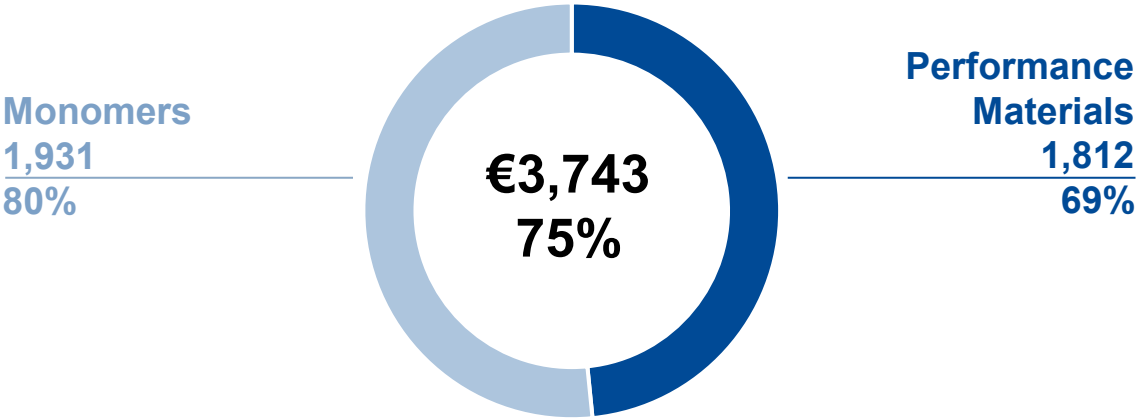
**EBIT before special items**  
million €



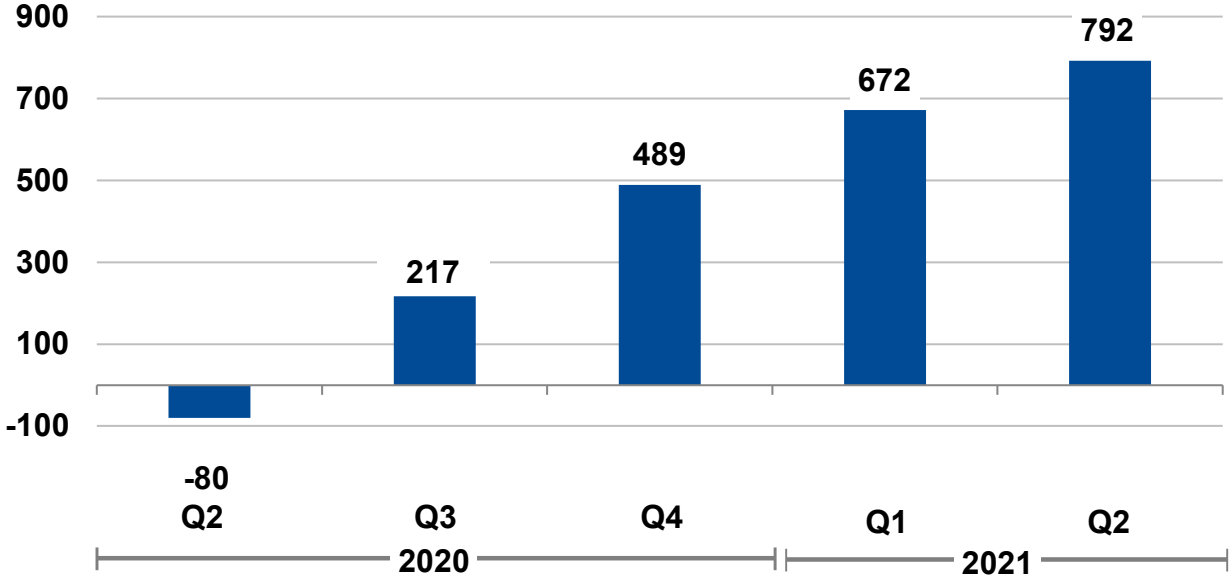
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 20%	↑ 78%	0%	↓ -7%

# Materials

**Sales Q2 2021 vs. Q2 2020**  
million €



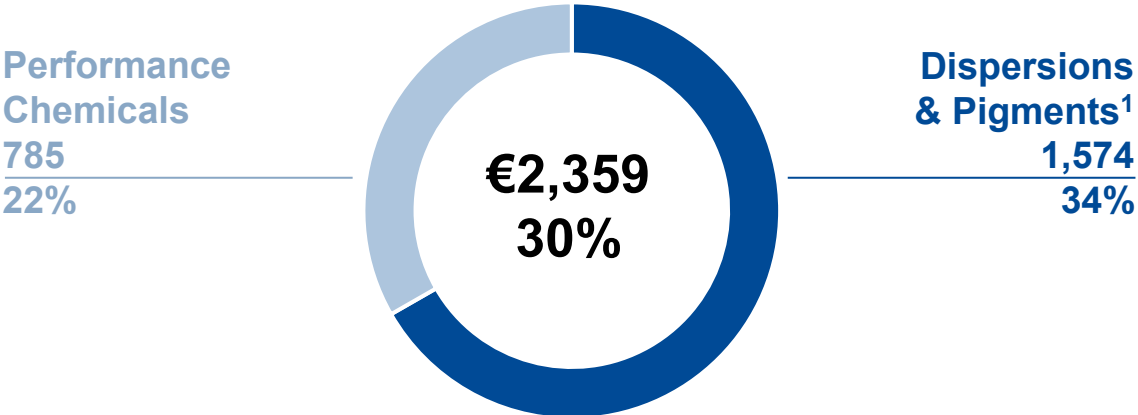
**EBIT before special items**  
million €



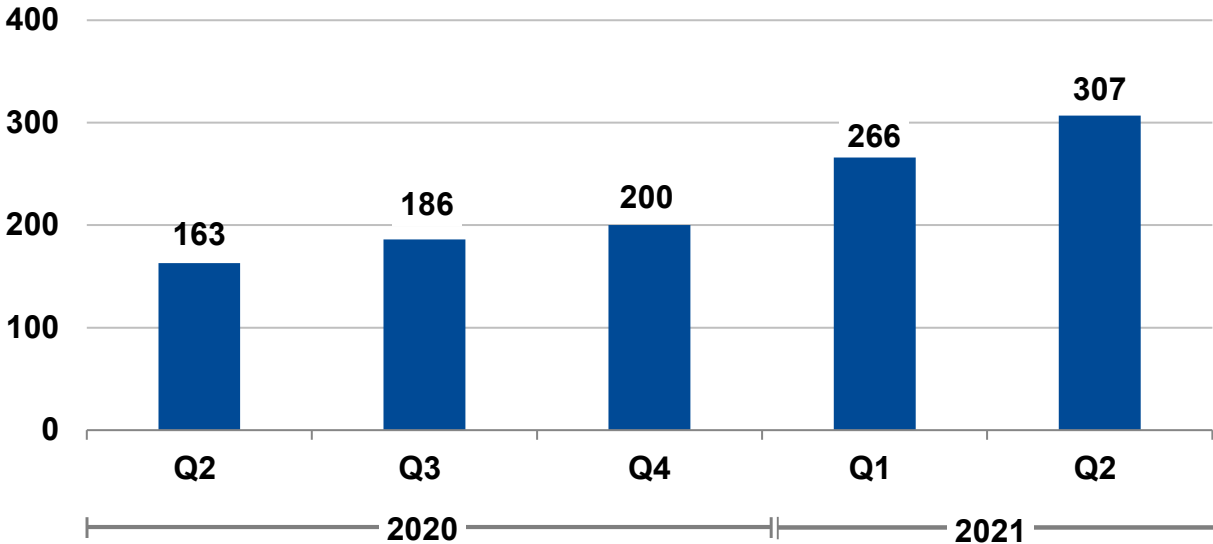
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 42%	↑ 38%	0%	↓ -5%

# Industrial Solutions

**Sales Q2 2021 vs. Q2 2020**  
million €



**EBIT before special items**  
million €



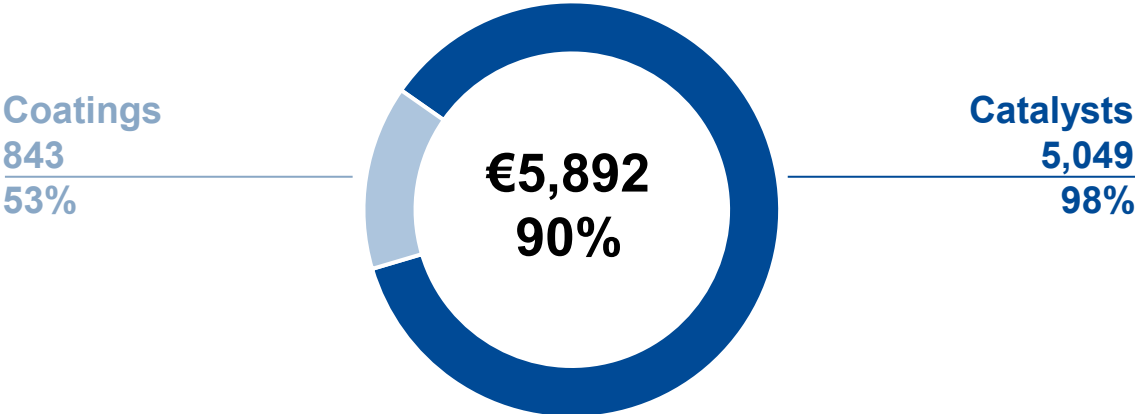
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 26%	↑ 9%	0%	↓ -5%

<sup>1</sup> Since July 1, 2021, the division is named "Dispersions & Resins"

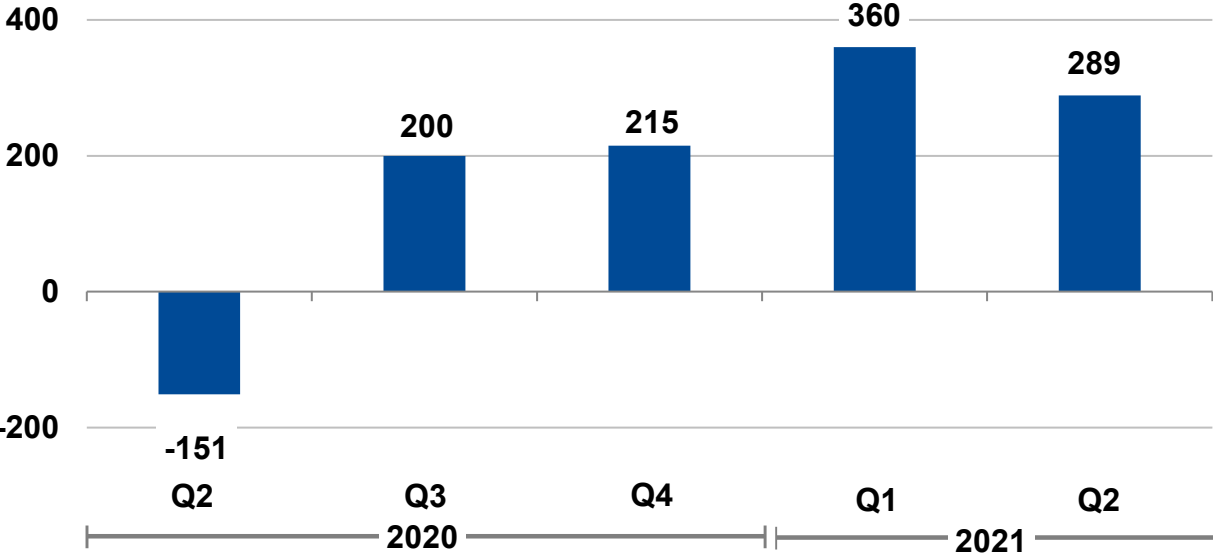


# Surface Technologies

Sales Q2 2021 vs. Q2 2020  
million €



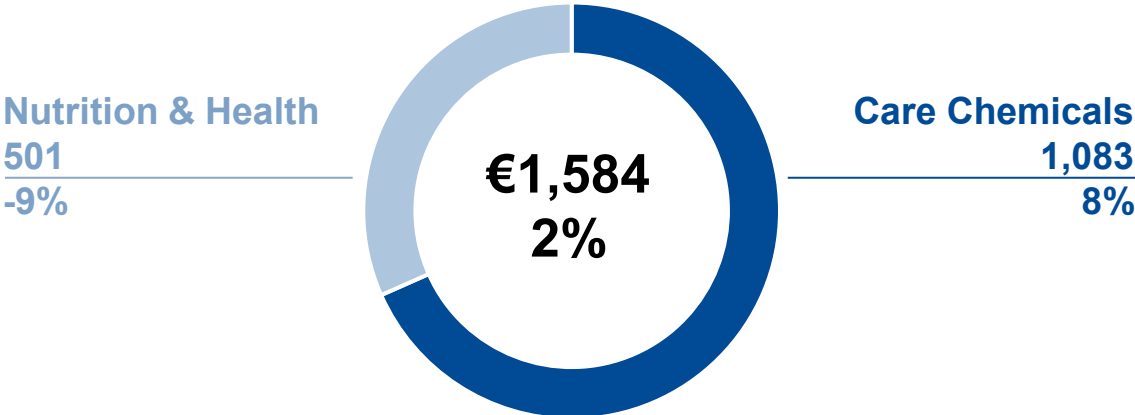
EBIT before special items  
million €



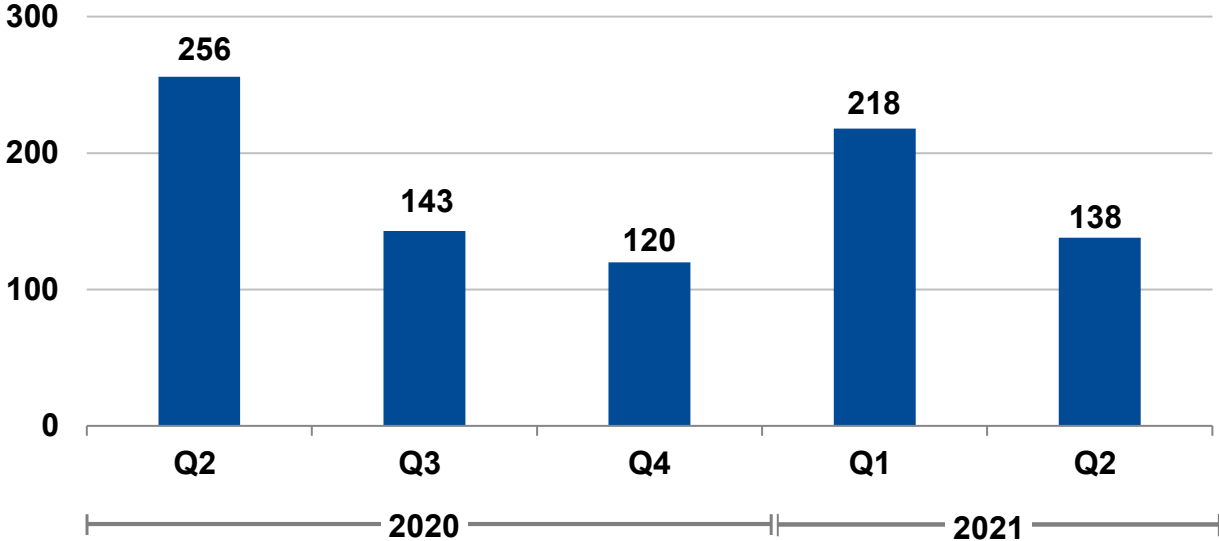
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 44%	↑ 57%	0%	↓ -11%

# Nutrition & Care

Sales Q2 2021 vs. Q2 2020  
million €



EBIT before special items  
million €

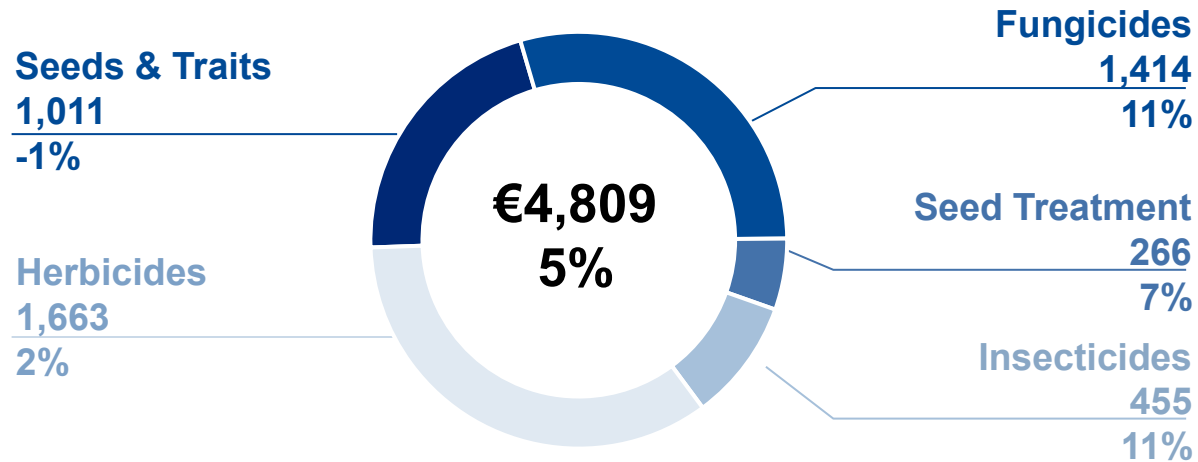


Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 5%	↑ 2%	↓ -1%	↓ -4%

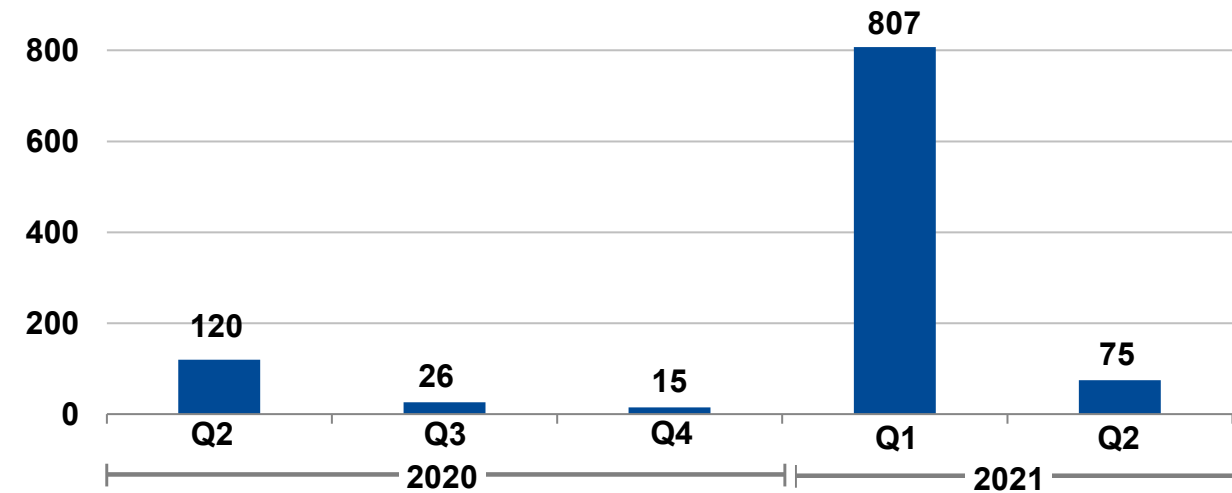


# Agricultural Solutions

Sales H1 2021 vs. H1 2020  
million €



EBIT before special items  
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 15%	↑ 3%	0%	↓ -7%
H1 2021 vs. H1 2020	↑ 10%	↑ 2%	0%	↓ -7%

# Review of “Other”

Financial figures		Q2 2021	Q2 2020
		million €	million €
<b>Sales</b>		<b>793</b>	<b>507</b>
<b>EBIT before special items</b>		<b>-236</b>	<b>-80</b>
Thereof	Costs of corporate research	-78	-81
	Costs of corporate headquarters	-61	-57
	Foreign currency results, hedging and other measurement effects	22	-43
	Other businesses	75	24
Special items		-49	-48
<b>EBIT</b>		<b>-285</b>	<b>-128</b>