

# News Release

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BASF Group third quarter 2022:

## **BASF achieved solid EBIT before special items despite continued high raw materials and energy prices**

- **Sales of €21.9 billion up 12 percent over prior-year quarter**
- **EBIT before special items of €1.3 billion down by €517 million versus prior-year quarter**
- **Earnings improve considerably in downstream segments, decline significantly in Chemicals and Materials segments**
- **Cash flows from operating activities increased to €2.3 billion compared with €1.9 billion in the third quarter of 2021**
- **Unchanged outlook for 2022: Expected sales of between €86 billion and €89 billion, EBIT before special items of between €6.8 billion and €7.2 billion**

“Despite the continued high raw materials and energy prices, BASF achieved solid earnings in the third quarter,” said Dr. Martin Brudermüller, Chairman of the Board of Executive Directors of BASF SE, presenting the results for the third quarter of 2022 together with Chief Financial Officer Dr. Hans-Ulrich Engel.

At €21.9 billion, sales were 12 percent higher than in the prior-year quarter. The sales increase was mainly driven by much higher prices in almost all segments. Only the Surface Technologies segment recorded lower price levels as a result of lower precious metal prices. Currency effects had a positive impact in all segments. Sales growth was also boosted by portfolio effects. Sales development was significantly dampened by lower volumes in all segments except for Agricultural Solutions.

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Income from operations (EBIT) before special items declined by €517 million compared with the third quarter of 2021 to €1.3 billion. “Our downstream segments Surface Technologies, Agricultural Solutions, Nutrition & Care and Industrial Solutions increased their earnings considerably,” said Brudermüller. However, earnings in the Chemicals and Materials segments declined significantly compared with the very high levels of the prior-year quarter.

At €1.3 billion, EBIT was considerably below the prior-year quarter (€1.8 billion). This figure includes income from integral companies accounted for using the equity method, which declined by €124 million to €76 million, mainly due to the lower earnings contribution from BASF-YPC Company Ltd., Nanjing, China.

Compared with the third quarter of 2021, income from operations before depreciation, amortization and special items (EBITDA before special items) decreased by €446 million to €2.3 billion and EBITDA declined by €474 million to €2.3 billion.

Net income from shareholdings rose by €16 million compared with the prior-year quarter to €102 million. Income from non-integral companies accounted for using the equity method included special charges for impairments of approximately €740 million recognized in connection with damages to the Nord Stream 1 pipelines, in which BASF holds an indirect interest via Wintershall Dea AG. The operational result (after tax) of Wintershall Dea attributable to BASF rose by €533 million compared with the third quarter of 2021 to €630 million.

Overall, income before income taxes decreased by €538 million compared with the prior-year quarter to €1.2 billion in the third quarter of 2022. Net income declined by €344 million compared with the third quarter of 2021 to €909 million.

Cash flows from operating activities amounted to €2.3 billion in the third quarter of 2022, €405 million better than in the prior-year quarter. Free cash flow amounted to €1.3 billion in the third quarter of 2022, €218 million higher than in the prior-year quarter.

### **Announced cost savings program of €500 million annually**

When releasing its preliminary figures on October 12, 2022, BASF also announced a cost savings program. The cost reduction measures will be implemented until the

end of 2024. When completed, the program is expected to generate annual cost savings of €500 million.

Martin Brudermüller described the program as a response to deteriorating earnings development in Europe and Germany as well as challenging framework conditions: “First, the European chemical market has been growing only weakly for about a decade. Second, the significant increase in natural gas and power prices over the course of this year is putting pressure on chemical value chains.” In the first nine months of 2022, the additional costs for natural gas at BASF’s European sites amounted to around €2.2 billion compared with the same period in 2021. “Moreover, uncertainties due to the enormous number of regulations planned by the E.U. are weighing on the chemical industry,” Brudermüller added.

“These challenging framework conditions in Europe endanger the international competitiveness of European producers and force us to adapt our cost structures as quickly as possible and also permanently. We, as a company, must act now. Our cost savings program aims to safeguard our medium- and long-term competitiveness in Germany and Europe. We must take decisive action to fulfill our responsibilities to our employees, shareholders and society,” said BASF’s Chairman of the Board of Executive Directors.

### **BASF Group outlook for 2022**

In the third quarter of 2022, global economic activity weakened more significantly than expected. Against this background, BASF has adjusted its assessment of the global economic environment in 2022 (values rounded to half percentage points, previous forecast from BASF’s Half-Year Financial Report 2022 in parentheses):

- Growth in gross domestic product: +2.5% (unchanged)
- Growth in industrial production: +2.5% (+3.0%)
- Growth in chemical production: +2.0% (+2.5%)
- Average euro/dollar exchange rate of \$1.05 per euro (\$1.07 per euro)
- Average annual oil price (Brent crude) of \$100 per barrel (\$110 per barrel)

Despite the significant weakening of the economic environment since the third quarter of 2022, the BASF Group’s forecast for the 2022 business year published in the Half-Year Financial Report 2022 remains unchanged:

- Sales of between €86 billion and €89 billion
- EBIT before special items of between €6.8 billion and €7.2 billion
- Return on capital employed (ROCE) of between 10.5% and 11.0%
- CO<sub>2</sub> emissions of between 18.4 million metric tons and 19.4 million metric tons

### About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. Around 111,000 employees in the BASF Group contribute to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio comprises six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF generated sales of €78.6 billion in 2021. BASF shares are traded on the stock exchange in Frankfurt (BAS) and as American Depositary Receipts (BASFY) in the U.S. Further information at [www.basf.com](http://www.basf.com).

On October 26, 2022, you can obtain further information from the internet at the following addresses:

### Quarterly Statement (from 7.00 a.m. CEST)

[basf.com/quarterlystatement](http://basf.com/quarterlystatement)

(English)

[basf.com/quartalsmitteilung](http://basf.com/quartalsmitteilung)

(German)

### News Release (from 7.00 a.m. CEST)

[basf.com/pressrelease](http://basf.com/pressrelease)

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[basf.com/pressemitteilungen](http://basf.com/pressemitteilungen)

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### Live Transmission (from 9.00 a.m. CEST)

[basf.com/pcon](http://basf.com/pcon)

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### Speech (from 9.00 a.m. CEST)

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### Live Transmission – Telephone Conference for analysts and investors (from 11.00 a.m. CEST)

[basf.com/share/conferencecall](http://basf.com/share/conferencecall)

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[tvservice.basf.com/en](http://tvservice.basf.com/en)

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**Forward-looking statements and forecasts**

This release 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. BASF does not assume any obligation to update the forward-looking statements contained in this release above and beyond the legal requirements.