

News Release

BASF creates chemistry for a sustainable future

- **“We create chemistry” strategy well on track**
- **Capital discipline and operational excellence remain key in volatile times**

Ludwigshafen, Germany – September 28, 2015 – “We are well on track with our ‘We create chemistry’ strategy despite a challenging environment. We are growing BASF with the goal of making it even more profitable,” said Dr. Kurt Bock, Chairman of the Board of Executive Directors of BASF SE, at the BASF Investor Day 2015 in Ludwigshafen.

Growth in chemical production to outpace global GDP

BASF expects chemical production to continue to grow well above global GDP until 2020. However, the business environment has changed since the company introduced its “We create chemistry” strategy in 2011. “Major markets did not grow as fast as anticipated. The oil price has been unpredictable and has decreased substantially. Geopolitics have contributed to higher volatility,” said Bock. As a result, BASF has slightly adjusted its expectations for the global economic environment from 2015 to 2020 (compound annual growth rates; assumptions from 2011 in parentheses):

- Growth of gross domestic product: 3.0% (3.2%)
- Growth in industrial production: 3.5% (3.7%)
- Growth in chemical production: 3.9% (4.0%)

The development varies by region: The emerging markets will remain the global growth drivers; Asia Pacific is already the largest chemical

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market today. BASF projects that Western Europe will get back on the growth path, but on a low level. Competitive feedstock costs and an expanding economy will drive the growth of chemical production in North America.

In the next years, BASF aims to grow sales slightly faster than global chemical production; the company wants to grow EBITDA well above global chemical production. “We will continue to add value as one company. Our Verbund approach was the reason for our success over the past 150 years and it will serve us very well also in the future,” said Bock. In order to achieve its goals, BASF has set the following priorities for its business.

Innovations: This year, BASF will achieve its target of generating €10 billion of sales with products and solutions that have been on the market since 2010. BASF aims to maintain its R&D spending at around 3% of sales excluding Oil & Gas.

Investments: Following a number of years with large capital projects, BASF will bring down capital expenditures to levels slightly above depreciation in the coming years.

Continuous portfolio management: In about 70% of its businesses, BASF has a top three market position. BASF will add new specialty and solutions businesses through its innovation pipeline as well as acquisitions. The company will, however, also continue to look for better owners of businesses that only provide a low strategic fit.

Sustainability: BASF has conducted sustainability assessments on approximately 98% of its entire portfolio of more than 60,000 specific product applications. The company aims to further increase the proportion of products and solutions, which make a substantial sustainability contribution in the value chain.

Operational excellence: BASF has announced a further operational excellence program called DriveE – Drive Efficiency. It will run from 2016 to 2018 and targets an annual earnings contribution of €1 billion by the end of 2018.

BASF will remain focused on cash generation. From 2010 to 2014, BASF had free cash flow of more than €15 billion. Over these five years, BASF paid out €12 billion in dividends. “We remain committed to deliver attractive returns. Our goal is to earn a significant premium on our cost of capital. We will continue our progressive dividend policy,” said Dr. Hans-Ulrich Engel, Chief Financial Officer of BASF.

The Investor Day keynote presentation by Dr. Kurt Bock and Dr. Hans-Ulrich Engel can be found under:

www.basf.com/investorday2015

About BASF

At BASF, we create chemistry – and have been doing so for 150 years. Our portfolio ranges from chemicals, plastics, performance products and crop protection products to oil and gas. As the world's leading chemical company, we combine economic success with environmental protection and social responsibility. Through science and innovation, we enable our customers in nearly every industry to meet the current and future needs of society. Our products and solutions contribute to conserving resources, ensuring nutrition and improving quality of life. We have summed up this contribution in our corporate purpose: We create chemistry for a sustainable future. BASF had sales of over €74 billion in 2014 and around 113,000 employees as of the end of the year. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (AN). Further information on BASF is available on the Internet at www.basf.com.

Forward-looking statements

This release contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that may not be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. BASF does not assume any obligation to update the forward-looking statements contained in this release.