

News Release

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Q2 2021:

BASF with very strong second quarter supported by higher prices and volumes

- **Sales growth of 56 percent to €19.8 billion**
- **EBIT before special items increased significantly to €2.4 billion**
- **Cash flows from operating activities of €2.5 billion, up €295 million over level of prior-year quarter**
- **2021 outlook for sales raised to between €74 billion and €77 billion and for EBIT before special items to between €7.0 billion and €7.5 billion**

“The strong growth momentum of the previous two quarters has continued: Thanks to higher prices and volumes, we can present very strong second-quarter results today,” said Dr. Martin Brudermüller, Chairman of the Board of Executive Directors of BASF SE, who presented the second-quarter results together with Chief Financial Officer Dr. Hans-Ulrich Engel. On July 9, BASF already published preliminary figures for this quarter and raised its outlook for the full year 2021.

“We achieved volumes growth and price increases across all regions and all segments compared with the second quarter of 2020,” said Brudermüller.

Sales increased by €7.1 billion compared with the second quarter of 2020 to €19.8 billion. This sales growth of 56 percent was largely attributable to higher prices and volumes in all segments. Price levels in the Surface Technologies, Chemicals and Materials segments in particular increased, while volumes grew primarily in the Surface Technologies, Materials and Industrial Solutions segments. Negative currency effects had an offsetting impact.

Income from operations (EBIT) before special items in the second quarter of 2021 was considerably higher than the pre-pandemic level of €1 billion in the second quarter of 2019 and increased compared with the prior-year quarter by more than €2 billion to reach €2.4 billion. This was mainly attributable to the considerable rise in EBIT before special items in the Chemicals and Materials segments. The Surface Technologies and Industrial Solutions segments also increased earnings considerably. By contrast, EBIT before special items in Other and in the Nutrition & Care and Agricultural Solutions segments decreased considerably. EBIT increased from €59 million in the second quarter of 2020 to €2.3 billion. Income from operations before depreciation, amortization and special items (EBITDA before special items) increased by €2.0 billion compared with the second quarter of 2020 to €3.2 billion. EBITDA grew by €2.1 billion to reach €3.2 billion.

“Considerably higher earnings in our upstream businesses due to higher prices and volumes were the main driver for the strong increase in earnings overall,” said Brudermüller. “In our downstream segments, we also managed to increase volumes and prices based on strong demand.”

Development of cash flows in the second quarter of 2021

Cash flows from operating activities amounted to €2.5 billion in the second quarter of 2021, €295 million above the figure for the prior-year quarter. The improvement was mainly attributable to the considerably higher net income of €1.7 billion. At €1.8 billion, free cash flow increased by €254 million compared with the second quarter of 2020.

Earnings development in BASF's segments in the second quarter of 2021

Sales in the **Chemicals** segment rose considerably by 91 percent compared with the prior-year quarter to €3.4 billion. The sales increase was primarily due to significantly higher price levels, owing largely to strong demand alongside lower product availability. EBIT before special items of €990 million was considerably above the level of the second quarter of 2020. This was largely attributable to considerably higher EBIT before special items in the Petrochemicals division. EBIT before special items also rose considerably in the Intermediates division.

Compared with the second quarter of 2020, sales in the **Materials** segment rose by 75 percent to €3.7 billion. Sales development resulted primarily from a significant

demand-related increase in volumes. At €792 million in total, EBIT before special items rose considerably in both divisions.

Sales of €2.4 billion in the **Industrial Solutions** segment in the second quarter of 2021 were considerably higher than in the prior-year quarter, particularly in the Dispersions & Pigments division. The sales growth was largely attributable to higher volumes in almost all businesses in both divisions. EBIT before special items rose considerably in both divisions compared with the second quarter of 2020 and amounted to €307 million. The Dispersions & Pigments division was renamed Dispersions & Resins as of July 1, 2021 following the closing of the divestiture of BASF's global pigments business.

Sales in the **Surface Technologies** segment rose considerably compared with the second quarter of 2020, especially in the Catalysts division. The 90 percent increase in sales to €5.9 billion was attributable to significantly higher prices and volumes overall. EBIT before special items reached €289 million and was considerably above the level of the prior-year quarter in both divisions due primarily to sales volumes. Additionally, earnings performance in the Catalysts division was supported by a considerably higher contribution from precious metal trading.

Sales in the **Nutrition & Care** segment increased by 2 percent compared with the prior-year quarter to reach €1.6 billion. This was driven by considerable sales growth in the Care Chemicals division, while sales in the Nutrition & Health division declined considerably. At €138 million, EBIT before special items declined considerably compared with the second quarter of 2020, due primarily to lower margins and higher fixed costs in both divisions.

Sales of €2.0 billion in the **Agricultural Solutions** segment were considerably above the level of the second quarter of 2020. This was due primarily to the considerably higher volumes in all regions and to higher prices. Negative currency effects, especially in South and North America, had a dampening impact on sales. Despite higher sales, EBIT before special items of €75 million was considerably below the level of the prior-year quarter. This was mainly attributable to currency effects as well as to higher fixed costs.

Sales in **Other** rose considerably compared with the prior-year quarter and reached €793 million. This primarily reflected the sales growth in commodity trading. EBIT before special items was considerably below the figure from the prior-year quarter.

This was mainly due to higher additions to provisions for variable compensation components (bonus) as a result of the strong second quarter of 2021.

BASF Group outlook for 2021

The assessment of the global economic environment in 2021 was adjusted as follows (previous forecast from the BASF Quarterly Statement Q1 2021 in parentheses):

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

Due to the strong business development in the first half of 2021, the ongoing upturn of the global economy, and the considerable increase in earnings expectations in the Chemicals and Materials segments, the forecast for the 2021 business year was adjusted as follows (previous forecast from the BASF Quarterly Statement Q1 2021 in parentheses):

- Sales growth to between €74 billion and €77 billion (between €68 billion and €71 billion)
- EBIT before special items of between €7.0 billion and €7.5 billion (between €5.0 billion and €5.8 billion)
- Return on capital employed (ROCE) of between 12.1 percent and 12.9 percent (between 9.2 percent and 11.0 percent)
- Increase in Accelerator sales to between €21.0 billion and €22.0 billion (between €19.0 billion and €20.0 billion)
- Stabilization of CO₂ emissions at between 20.5 million metric tons and 21.5 million metric tons (unchanged)

For the second half of 2021, BASF anticipates largely stable industrial economic development. BASF's forecast assumes that there will be no severe restrictions on economic activity due to measures to combat the coronavirus pandemic in the second half of 2021.

More information can be found in the BASF Half-Year Financial Report 2021 online at [basf.com/halfyearfinancialreport](https://www.basf.com/halfyearfinancialreport).

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About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. More than 110,000 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 is organized into six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF generated sales of €59 billion in 2020. 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.

On July 28, 2021, you can obtain further information from the internet at the following addresses:

Half-Year Financial Report (from 7.00 a.m. CEST)

[basf.com/halfyearfinancialreport](https://www.basf.com/halfyearfinancialreport) (English)
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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.