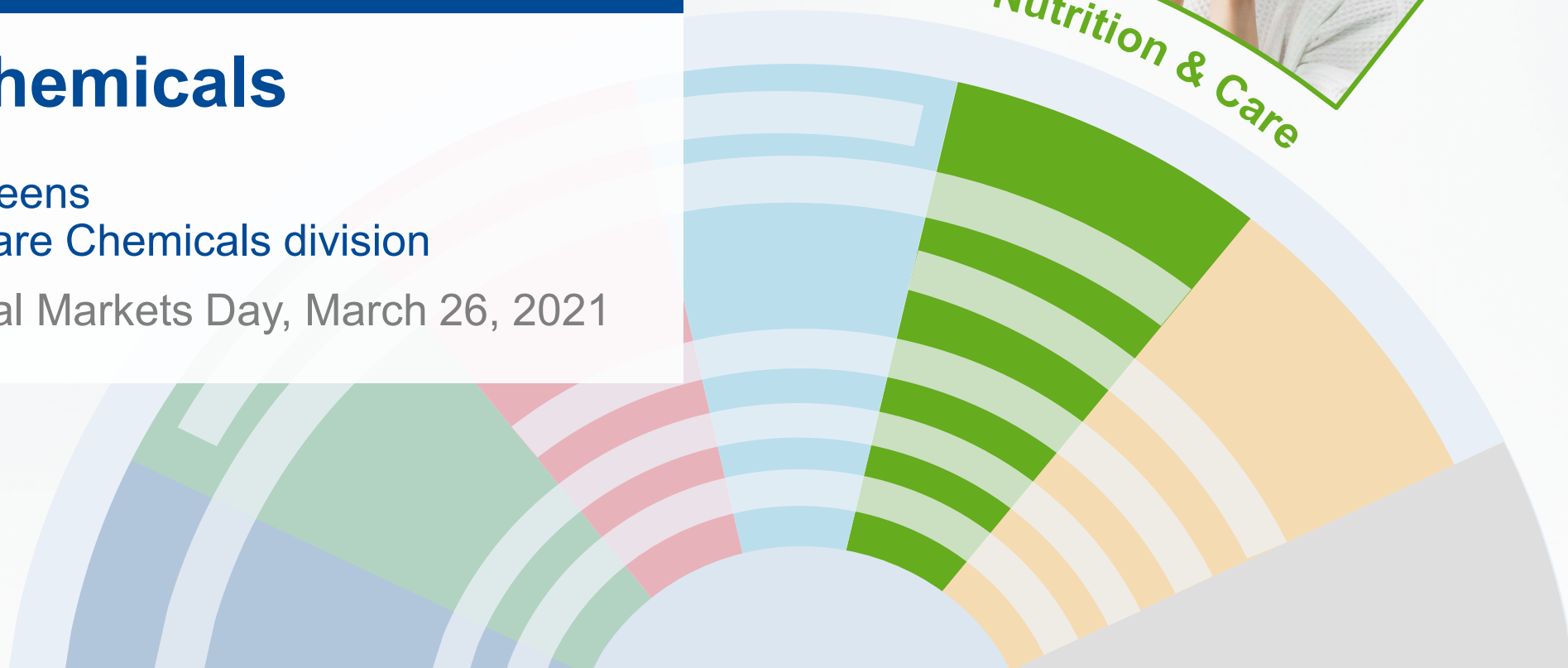




Care Chemicals

Ralph Schweens
President Care Chemicals division

BASF Capital Markets Day, March 26, 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.

Care Chemicals serves resilient markets worth €50 billion¹ globally offering growth opportunities through sustainable innovation



New brands/channels gaining market share
Digitalization drives new business models
Faster innovation cycles call for speed-to-market

Demand for more **sustainable products**
Consumers call for **transparency** and **traceability**
Greater **resource efficiency** required

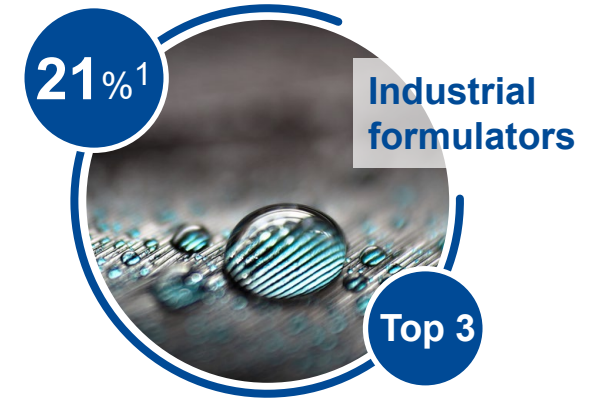
Care Chemicals' strengths in each industry segment provide us with unique selling propositions



- High-quality, **value-added products** for the personal care industry ranging from oleo-surfactants to UV filters
- **Largest provider of ingredients** for natural cosmetics
- Interpreting consumers and societal trends to constantly develop **new products, formulations and claims**



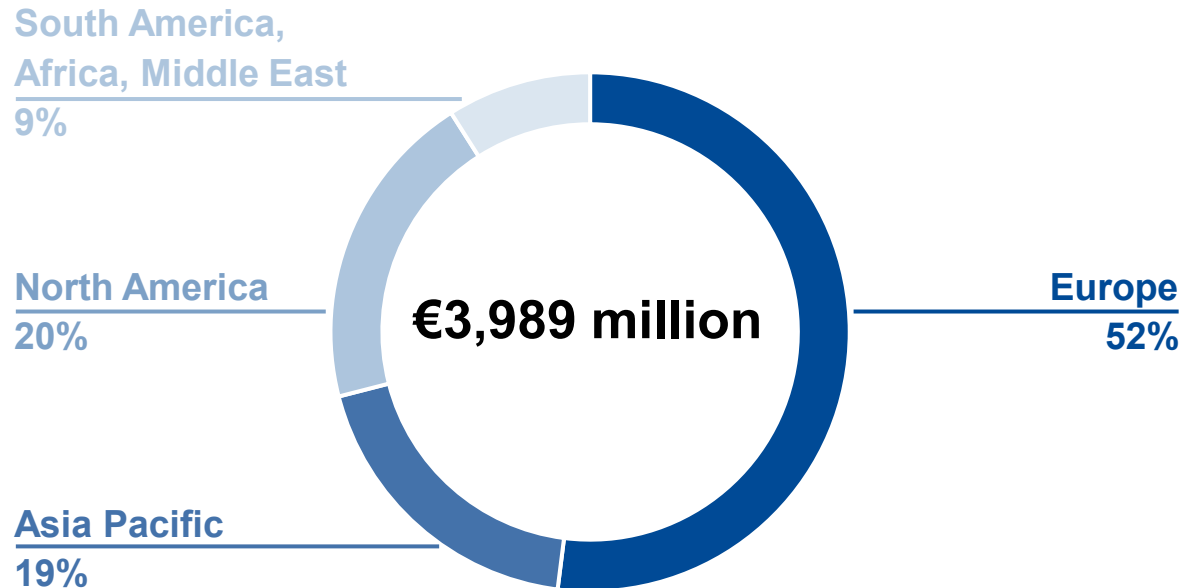
- **High-performance building blocks** for detergents and cleaning solutions
- **Innovating** with our customers **to drive solutions** to sustainability trends and constantly changing **regulatory framework**
- **Global asset footprint** with strong value chain integration



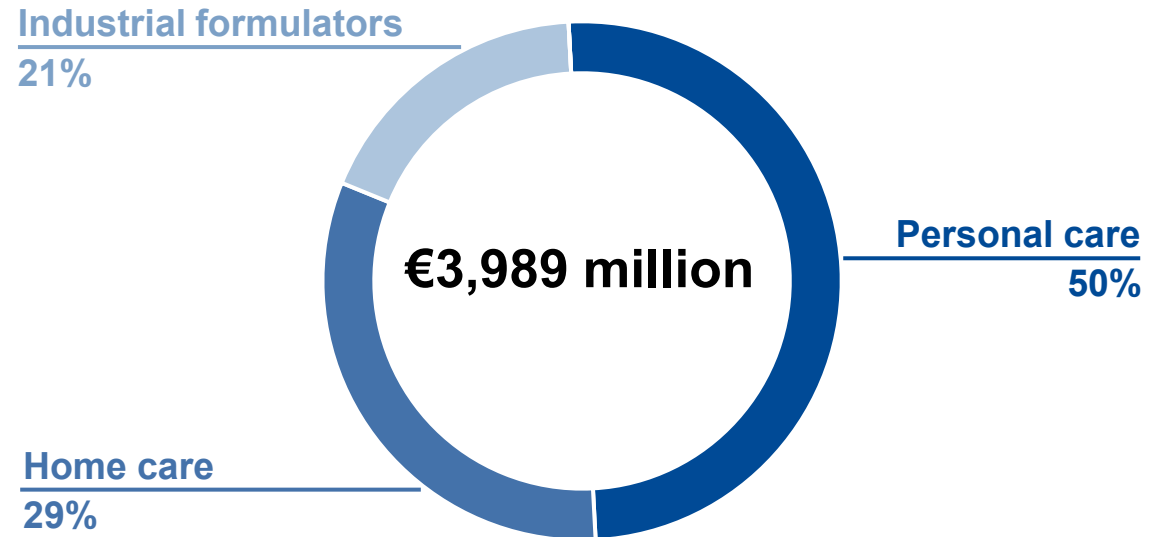
- Technology expertise for **customer** and **industry-specific solutions**
- Leverage **product and technology synergies** for industrial applications
- Understanding physiochemical effects allows for **product differentiation**

Balanced footprint enables participation in market dynamics across businesses and regions

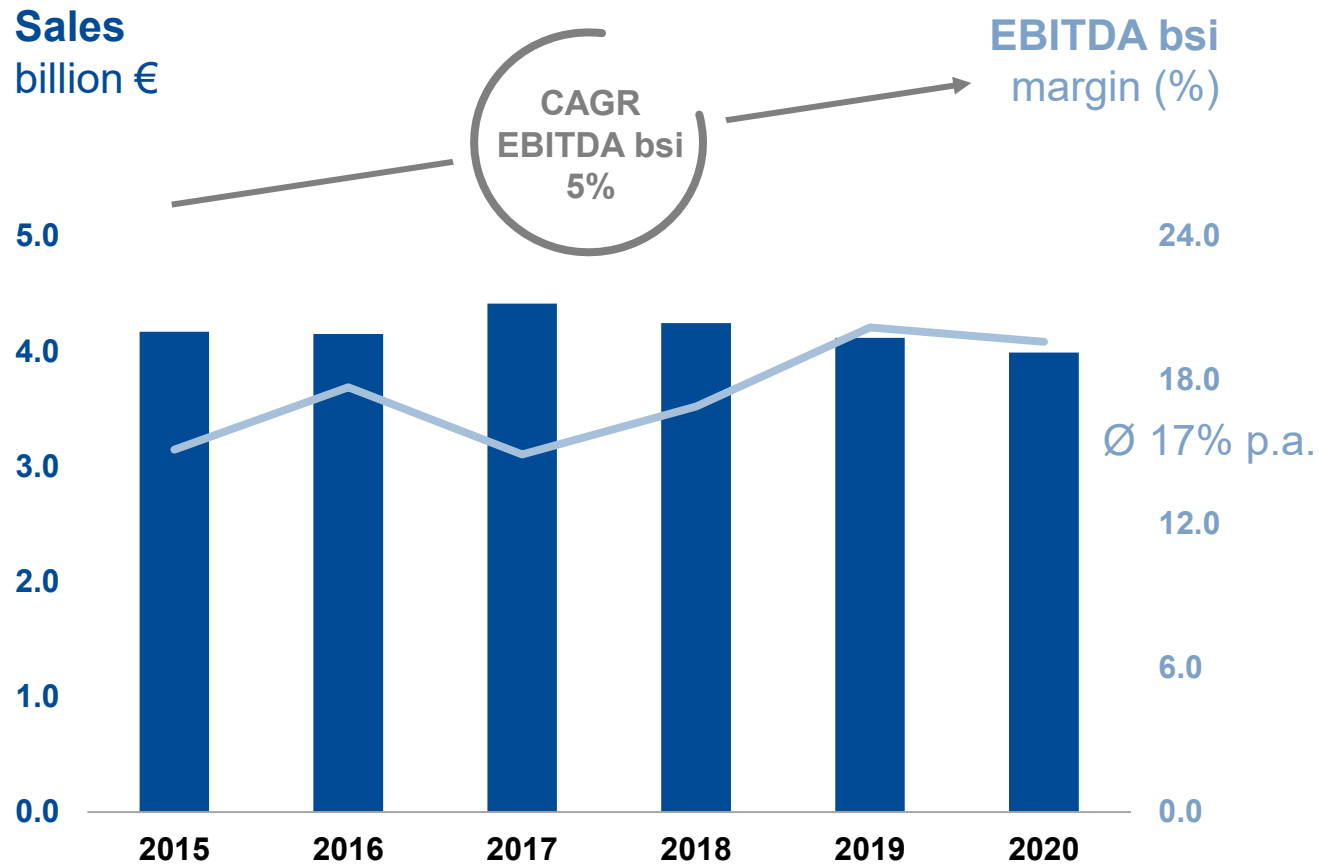
Sales by region¹ 2020



Sales by direct customer industry 2020

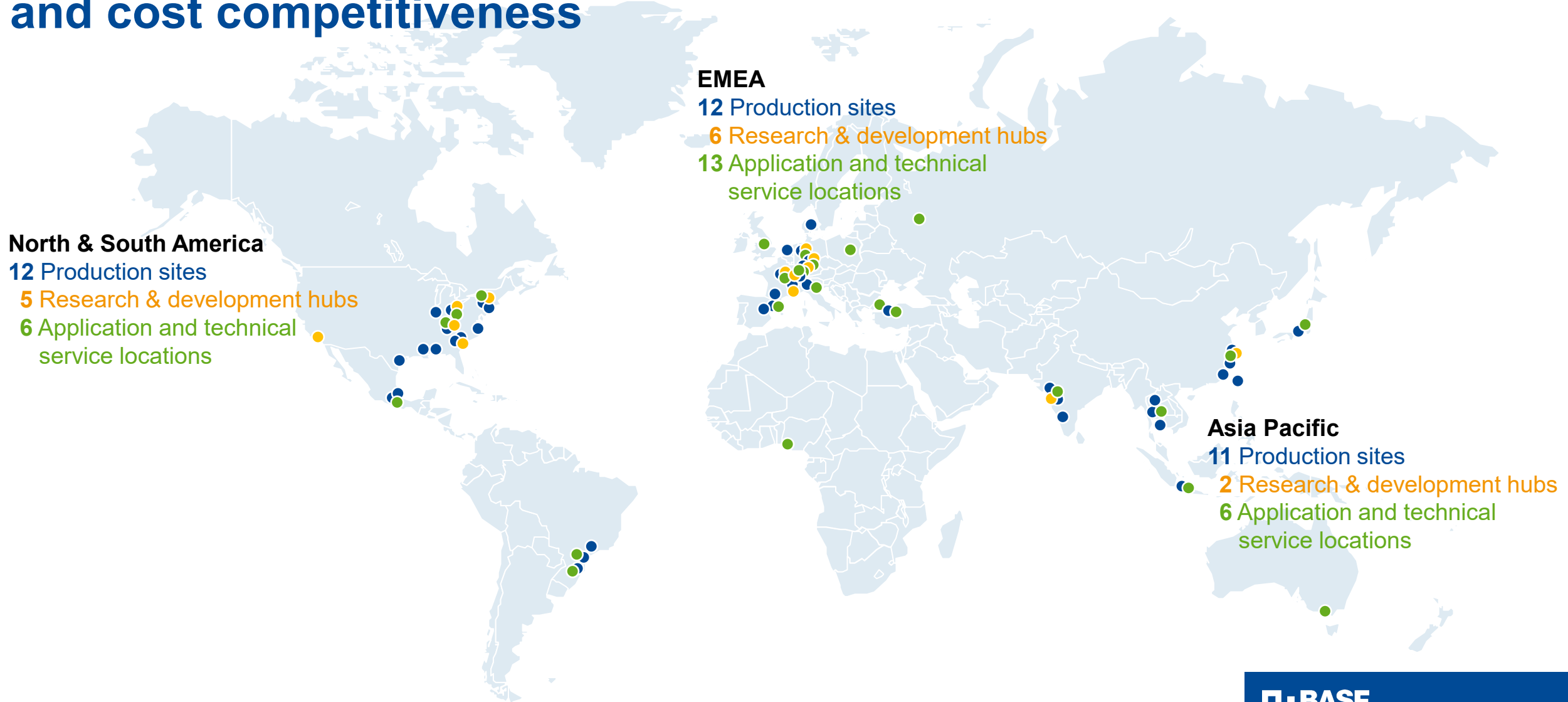


Substantial divisional profitability improvement over recent years following stringent implementation of strategic measures



- Continuously increasing EBITDA contribution from the underlying businesses across the portfolio
- Average EBITDA before special items margin 2015–2020: 17% p.a.
- Pandemic-driven elevated demand in the first half of 2020 normalized in the second half of 2020
- Customers appreciated our supply reliability and flexibility in 2020
- Market recovery in personal care businesses not expected prior to the second half of 2021

Care Chemicals' global asset footprint – reliability for our customers and cost competitiveness



North & South America

12 Production sites

5 Research & development hubs

6 Application and technical service locations

EMEA

12 Production sites

6 Research & development hubs

13 Application and technical service locations

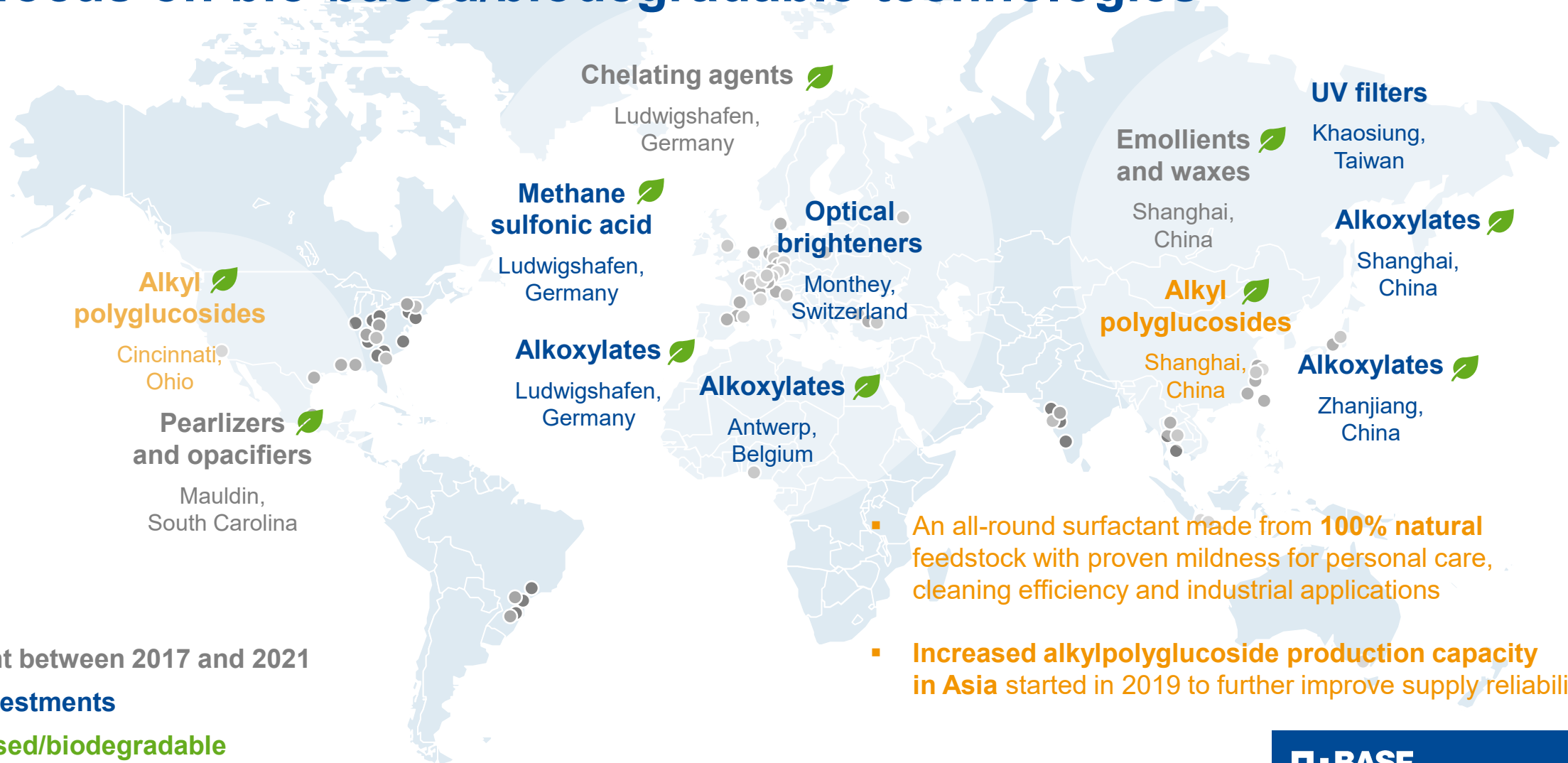
Asia Pacific

11 Production sites

2 Research & development hubs

6 Application and technical service locations

Investments across our assets and capabilities for future growth with focus on bio-based/biodegradable technologies



Investment between 2017 and 2021
Future investments

Bio-based/biodegradable

- An all-round surfactant made from **100% natural** feedstock with proven mildness for personal care, cleaning efficiency and industrial applications
- **Increased alkylpolyglucoside production capacity in Asia** started in 2019 to further improve supply reliability

Our ambition is to maintain and further expand our leading global market position with differentiating offerings for our customers

Sustainability

We enable customers to source responsibly and optimize their carbon footprints

Innovation

We strive to further expand our bio-offering to maintain our competitive advantage

Digitalization

We digitalize the customer experience with new data-driven solutions

Asia Pacific

We pursue further investments in the largest market for personal and home care

Collaboration

We drive joint innovation in close collaboration with our customers and partners

We enable customers to source responsibly with integrated concepts

Key milestones achieved for palm (kernel) oil;
concept to be expanded for further raw materials

2020:
100% RSPO¹
certified palm
(kernel) oil

Over **300,000**
tons of CO₂
emissions
avoided in 2020

~95%
traceability
for our global
palm footprint
in 2020

We adapted our
palm sourcing
policy to drive forest
conservation targets

We make the carbon footprint of each of our products transparent, enabling our customers to achieve their goals

Henkel

One of our key customers

“BASF’s initiative to calculate carbon footprints for all sales products is setting a benchmark for the industry.

This level of transparency not only enables BASF to demonstrate how they contribute to our goal to reduce the carbon footprint of our raw materials and packaging by 30% by 2030, it also helps us identify where we can drive progress in our raw material portfolio and work in partnership towards Henkel’s climate-positive ambition.”



Bertrand Conqueret
Chief Procurement Officer

We have a broad bio-offering¹ and will significantly expand this offering in the future

Brands representing our bio-offering

Typical laundry formulation

Water	65%	
Surfactants	20%	Glucopon®
Polymers	2–3%	Sokalan® HP 56 EcoBalanced
Chelating agents	1–2%	Trilon® M
Enzymes	1–2%	Lavergy® Pro
Optical brighteners	0–1%	<i>in progress</i>
Others		



Home care



Personal care

Typical face cream formulation

Water	60–80%	
Emollients	10–20%	Cetiol® Ultimate
Emulsifiers	2–5%	Eumulgin® SG
Polymers	0.1–2%	Rheocare® XGN
Actives	1–2%	Nephydrat® BC
UV filters	0–1%	<i>in progress</i>
Others		

We maintain our competitive advantage through innovations such as the biodegradable chelating agent Trilon® M

1st Generation

High-performance phosphate alternative

Trilon® M liquid
Trilon® M SG granules

2nd Generation

Technologically advanced, high-performance solution

Trilon® M Max liquid
Trilon® M Max granules
Trilon® M liquid T
Trilon® M SG granules T

2nd Generation +

Improved odor/color glass protection

Trilon® Ultimate 1G
Trilon® Ultimate 2G

Bio-based concepts

Implementation of bio-based concepts

Trilon® M Max BioBased
Trilon® M Max EcoBalanced

Next generations

Customer-specific solutions and improved performance products

Sales CAGR¹ +20%

2012

2014

2016

2019

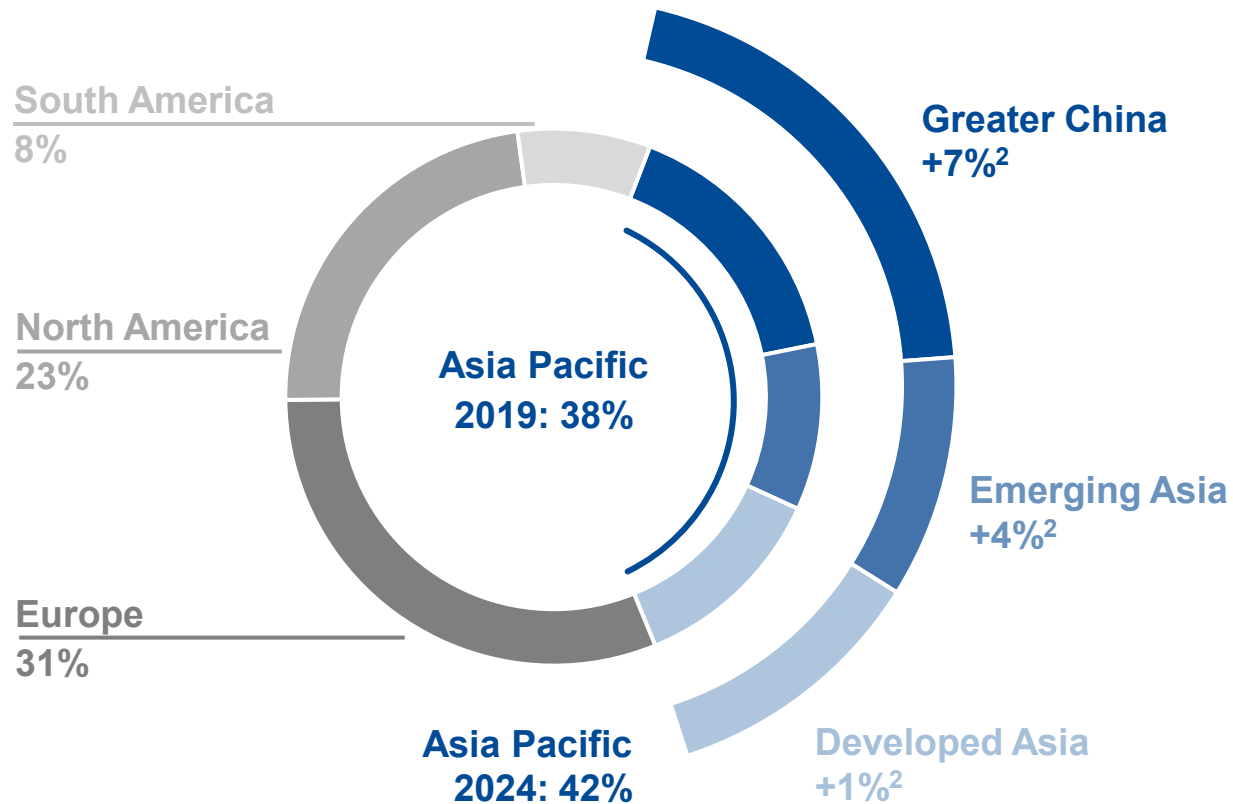
Future

We digitalize the customer experience with new channels and new data-driven offerings



We pursue further investments in the largest market for personal and home care today and in the future

Personal and home care retail market¹ Regional split, value share 2019–2024



- Additional investments in fastest growing markets in Asia Pacific
- Close customer collaboration yielding further innovations through joint development labs
- Care Chemicals’ assets will be integrated in the Verbund site in South China, reaping full integration benefits
- Innovating for Asian consumers who are early adopters and appreciate new and innovative solutions



Mimiskin™
Second skin for the ultimate protection

We innovate with customers in joint labs and incubators enabling us to effectively place innovation in the market



P&G

- **Strategic alliance – co-innovation** in Ludwigshafen, Germany
- 20 years of collaboration for **superior performance in home care: Tide, Ariel, Dawn, Downy, Fairy, Joy, Cascade**

L'ORÉAL

- **Agile innovation in personal care** – joint incubator in Shanghai, China
- **Accelerate innovation – target time-to-market** of only a few months
- The setup is well suited to **quickly respond** to market trends in the fast-moving consumer goods industry

We expand our leading global market position by catering to sustainability and innovation needs

Sustainability

- **100% RSPO-certified palm** (kernel) oil as of 2020
- **By 2025 – expand commitments** to significant **intermediates** based on palm oil and palm kernel oil
- Offer **Product Carbon Footprints** for the entire portfolio

Innovation

- Invest over **50% of R&D expenses** in **bio-based/ biodegradable** portfolio
- Continue to provide close customer support with **development expertise** alongside **9 core technologies**

Digitalization

- **Digitalize** our solution-oriented **business models** to reduce response times and increase overall reliability
- **Leverage digital opportunities** with new data-driven business models supported by a network of **partners**

Asia Pacific

- Continue to **build up production and innovation capabilities** in the fastest growing markets in Asia
- Be part of the **Verbund site** investment in **South China**

Collaboration

- Continue to closely **interact** with more than **7,000 customers** across **130 countries**
- **Joint labs** and **incubators** with industry-leading companies to navigate the FMCG space



We create chemistry