



BASF

We create chemistry

Media Telephone Conference 2nd Quarter 2018

Ludwigshafen, July 27, 2018

Investments and transactions

Investments

- Investigation of an investment of up to US\$10 billion in a second Verbund site in China

Transactions

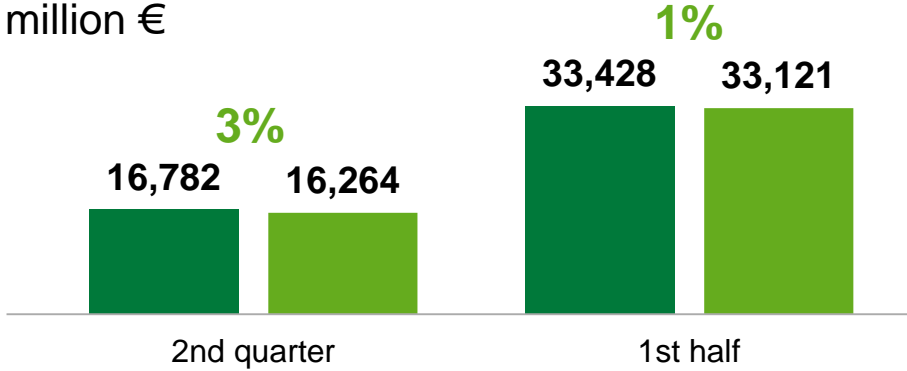
- Closing of the acquisition of a range of businesses and assets from Bayer expected in August
- Signing of contracts with LetterOne regarding the merger of Wintershall and DEA envisaged within the next weeks
- Closing of the combination of BASF's paper wet-end and water chemicals business with Solenis anticipated for the end of 2018 at the earliest
- EU Commission will continue to review planned acquisition of Solvay's integrated polyamide business by BASF in an in-depth investigation



BASF increases sales and earnings slightly

Sales

million €



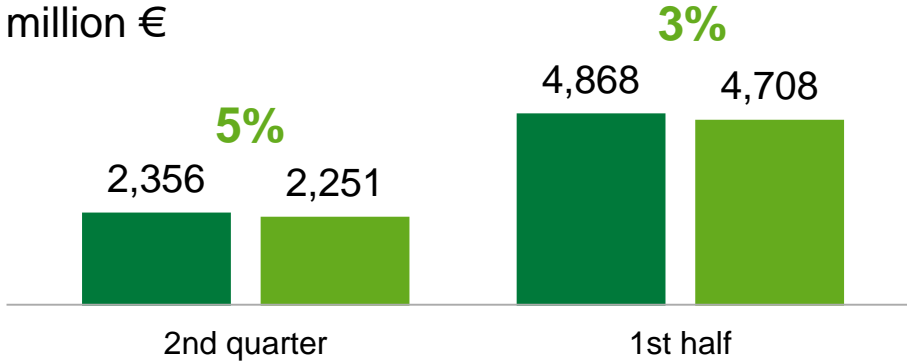
2018

2017

- Sales in 2nd quarter and 1st half grew slightly, driven by higher sales prices and increased volumes.
- Negative impact by currency effects, primarily relating to the U.S. dollar.

EBIT before special items

million €



- Slight increase in earnings in 2nd quarter and 1st half.

Outlook for BASF Group confirmed

Economic environment 2018*

- GDP growth: 3.0% (3.0%)
- Growth in industrial production: 3.2% (3.2%)
- Growth in chemical production**: 3.4% (3.4%)
- Exchange rate: US\$1.20 per euro (US\$1.20 per euro)
- Oil price (Brent): US\$70 per barrel (US\$65 per barrel)

Outlook for full year 2018

- Slight sales growth
- Slight increase in EBIT before special items
- Slight decline in EBIT
- Significant premium on cost of capital with considerable decline in EBIT after cost of capital

* Previous forecast from BASF Report 2017 in parentheses

** excluding pharma

For sales, "slight" represents a change of 1–5%, while "considerable" applies to changes of 6% and higher. For earnings, "slight" means a change of 1–10%, while "considerable" is used for changes of 11% and higher. This outlook takes into account the agreed transactions with Bayer and Solvay. It does not include the intended merger of our oil and gas activities with the business of DEA Deutsche Erdoel AG and its subsidiaries.

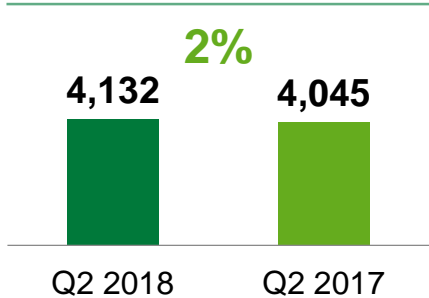


Higher sales in Chemicals, while earnings decline slightly; lower sales in Performance Products, while earnings increase



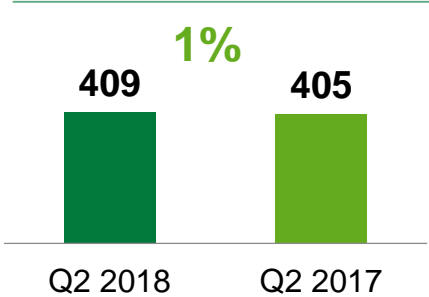
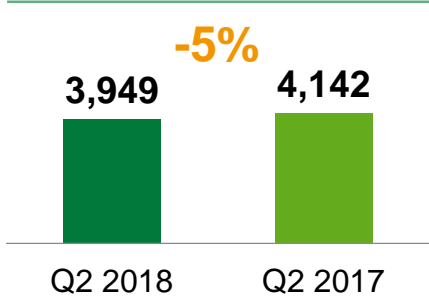
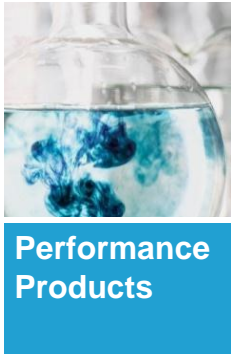
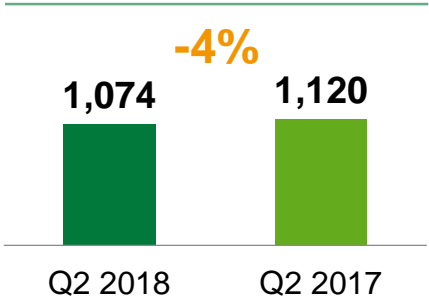
Sales

million €



EBIT before special items

million €

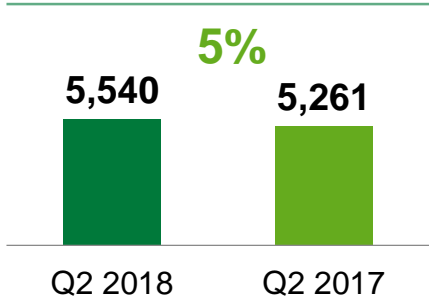


- Sales slightly exceeded level of previous second quarter driven by higher prices, especially in Monomers and Intermediates.
- Earnings came in at a high level despite a slight decline in earnings, mainly due to higher fixed costs.
- Sales declined slightly due to negative currency effects. Higher prices were compensated by lower volumes and portfolio effects.
- Earnings increased slightly driven by lower fixed costs and higher margins.

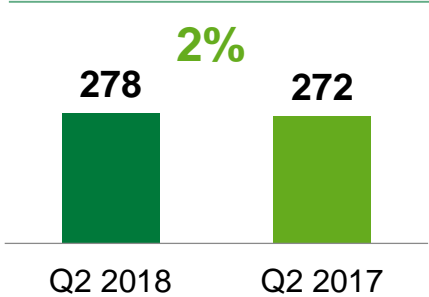
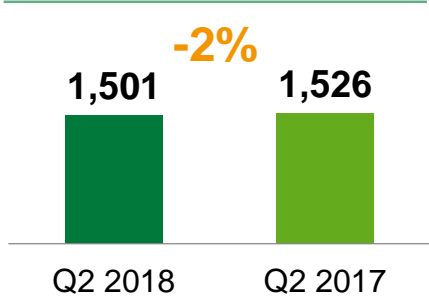
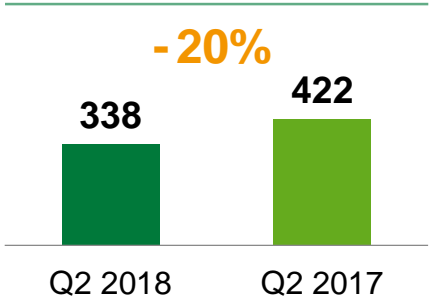
Significant earnings decline in Functional Materials & Solutions; slight earnings increase in Agricultural Solutions



Sales
million €



EBIT before special items
million €



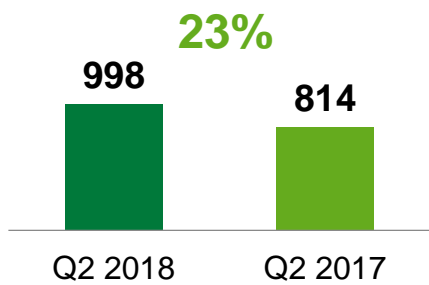
- Slight increase in sales due to higher prices and increased sales volumes.
 - Earnings considerably below prior-year quarter driven by higher fixed costs and higher raw materials prices.
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- Slight decline in sales due to negative currency effects in all regions despite increase of volumes and prices.
 - Slight earnings increase due to higher margins driven by a more favorable product mix.

Considerable increase in sales and earnings in Oil & Gas



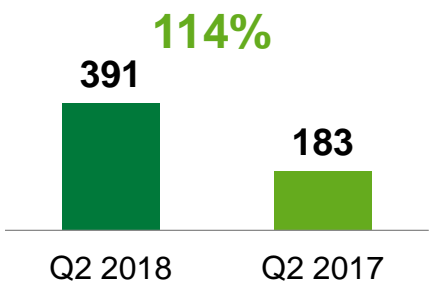
Sales

million €



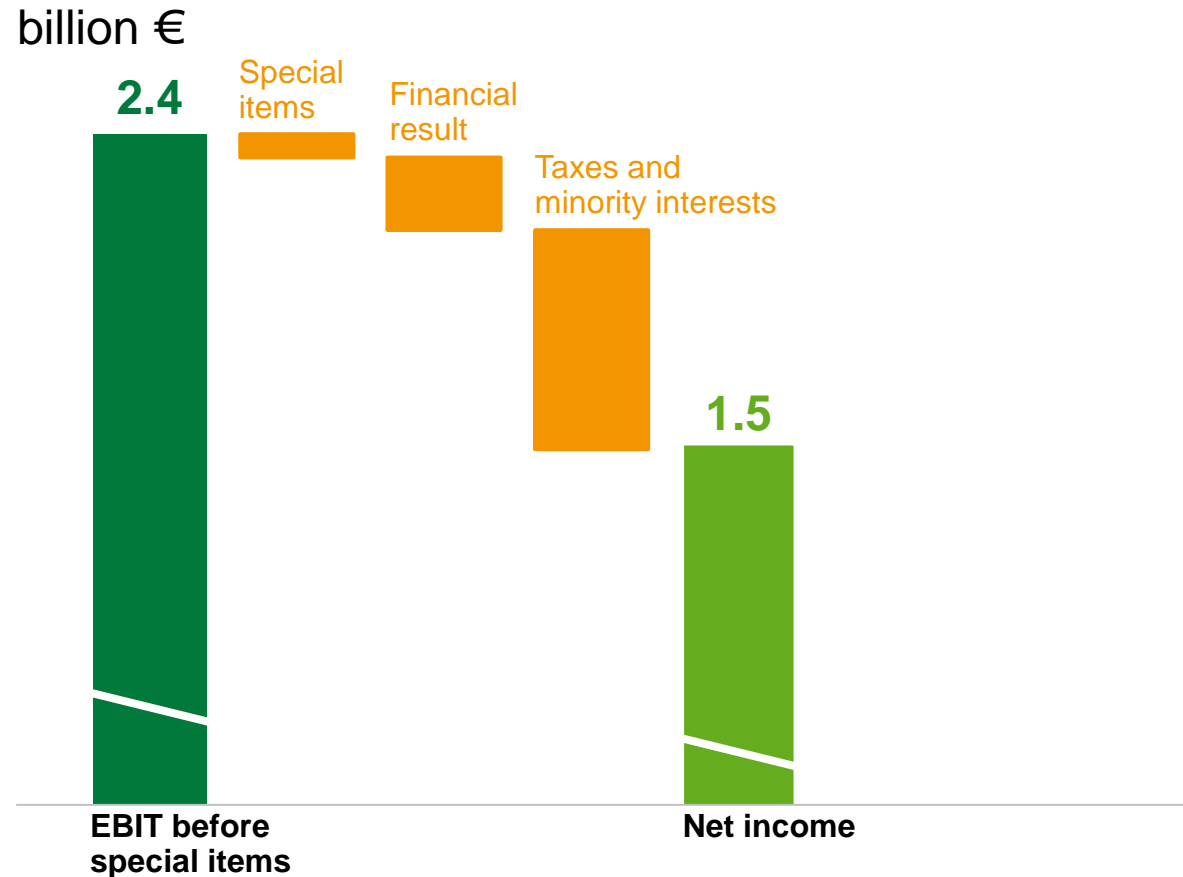
EBIT before special items

million €



- Considerable increase in sales driven by higher prices and increased volumes.
- Considerable earnings growth, mainly due to higher prices of oil and gas.

2nd quarter 2018 reconciliation to net income

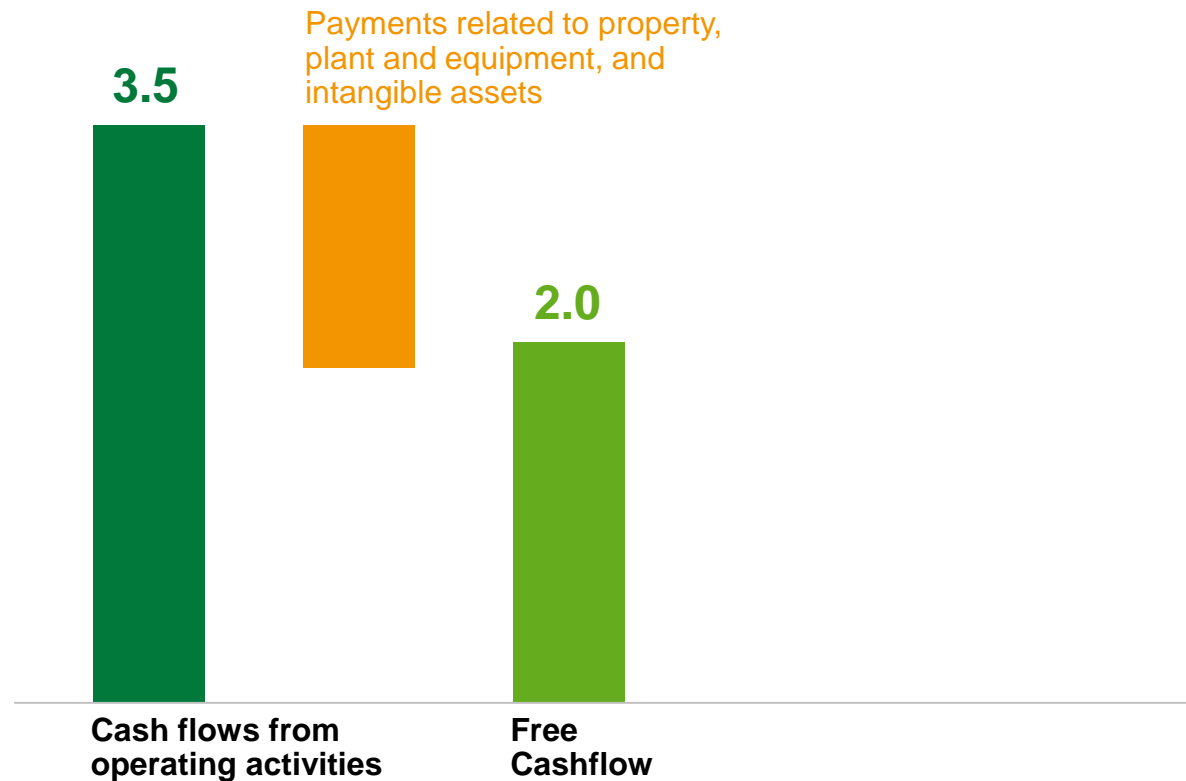


	million €	Δ% vs. Q2 2017
EBIT before special items	2,356	5
EBIT	2,291	5
Financial result	-202	-16
Income before taxes and minority interests	2,089	4
Net income	1,480	-1

	€	Δ vs. Q2 2017 in €
Earnings per share	1.61	-0.02
Adjusted EPS	1.77	-0.01

Cash flow in the 1st half of 2018

billion €



- Cash flows from operating activities of €3.5 billion (1st half of 2017: €3.8 billion)
- Payments related to property, plant and equipment, and intangible assets of €1.4 billion (1st half of 2017: €1.6 billion)
- Free cash flow of €2 billion (1st half of 2017: €2.2 billion)



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