



BASF
We create chemistry

Annual Press Conference

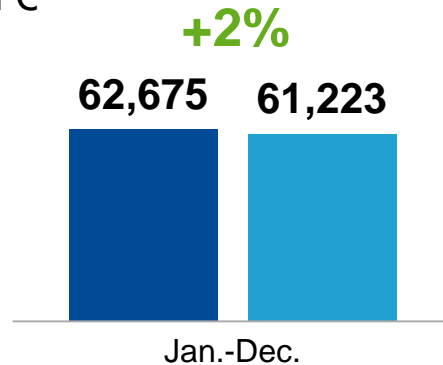
Ludwigshafen, February 26, 2019



BASF with slight increase in sales in 2018; decrease in earnings mainly due to lower contributions from the Chemicals segment

Sales

million €



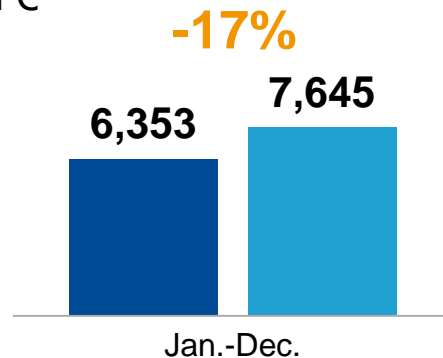
2018

2017

- Sales increased mainly due to higher prices in all segments
- Slight volumes growth in Functional Materials & Solutions and Agricultural Solutions

EBIT before special items

million €

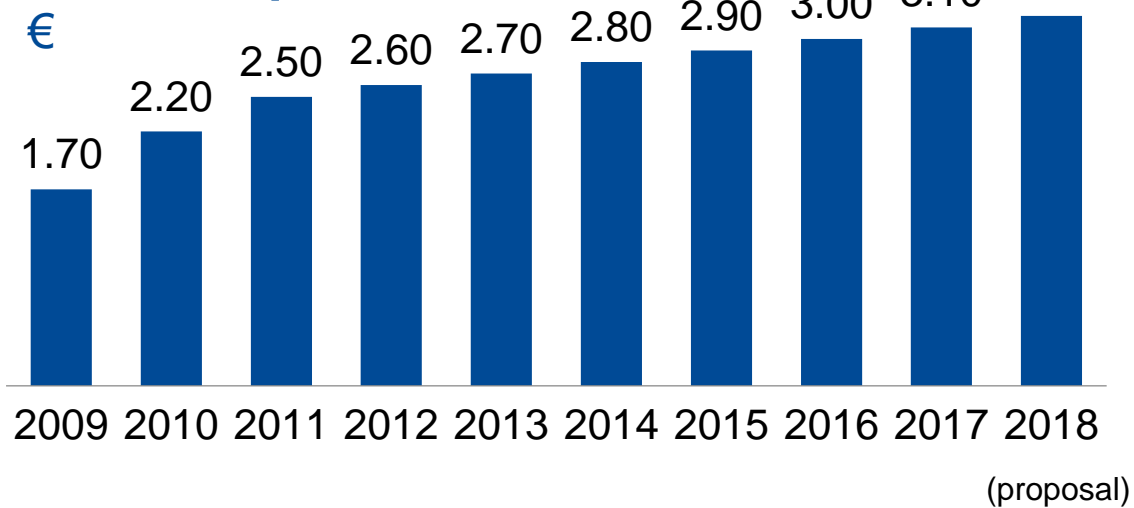


- Earnings decreased considerably, mainly attributable to the Chemicals segment driven by lower isocyanate and steam cracker margins
- Low water levels on the Rhine River in second half-year 2018 weighted on BASF Group's earnings with around €250 million

Attractive dividend

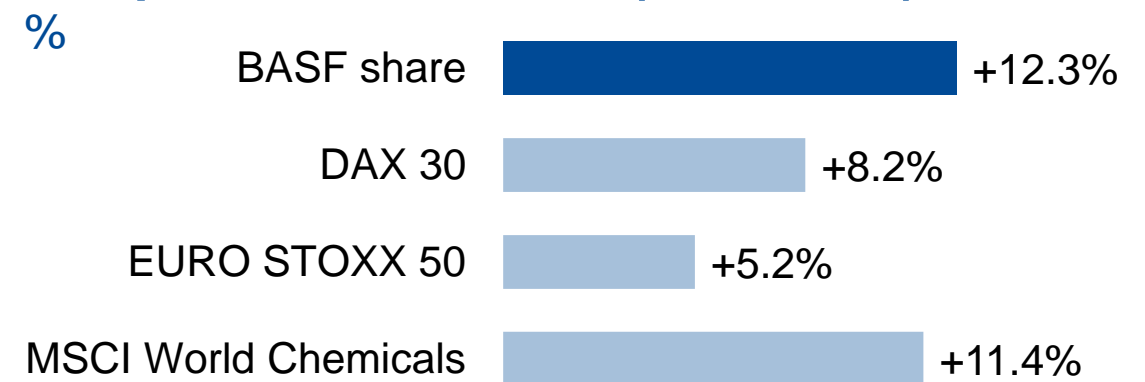
- We stand by our ambitious dividend policy of increasing our dividend every year
- Dividend proposal of €3.20 per share in 2018 (2017: €3.10)
- Dividend yield of 5.3% based on the share price at year-end 2018

Dividend per share



- Long-term performance of BASF shares over ten years clearly surpasses benchmark indexes

Performance of BASF shares compared with indexes (2008-2018)



Update on BASF strategy implementation



Intensify customer focus

- 20,000 employees from central divisions will be assigned to the operating divisions
- Transfers will be finalized by the end of Q3 2019



New segment structure since January 1, 2019

- Twelve divisions grouped into six segments
- Differentiated steering of businesses
- Transparent reporting

Active portfolio management



Solenis

- Completed transfer of BASF's paper and water chemicals business in Solenis on January 31, 2019
- BASF holds a 49% share of Solenis



Polyamide business Solvay

- EU Commission granted conditional clearance for BASF to acquire Solvay's polyamide business
- Closing expected in H2 2019 after all remaining closing conditions have been fulfilled



Wintershall DEA

- Closing expected in H1 2019, subject to regulatory approvals by the merger control, foreign investment as well as oil and gas authorities

Announced investments in organic growth in Asia



MoU between BASF and Sinopec

- Expanding partnership at Verbund site Nanjing, China
- JV investment in a 50% stake in another steam cracker
- Evaluation of business opportunities for battery materials



Largest investment in India in acrylics value chain planned

- MoU with Adani for a joint major investment of €2 billion signed
- Feasibility study to be completed by the end of 2019
- BASF would be majority owner of the first CO₂-neutral site



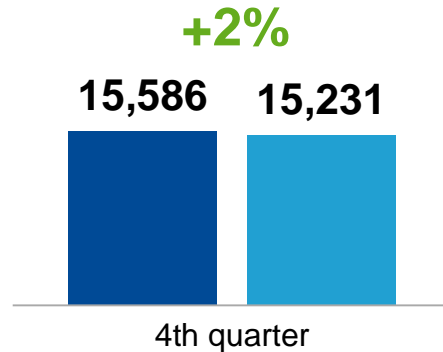
Framework Agreement to establish Verbund site in China

- New Verbund site planned on 9 km² land in Guangdong province
- Very good logistical infrastructure (e.g., access to deep-water port)

BASF with slight increase in sales in the fourth quarter 2018; decline in earnings mainly due to lower contributions from Chemicals segment

Sales

million €

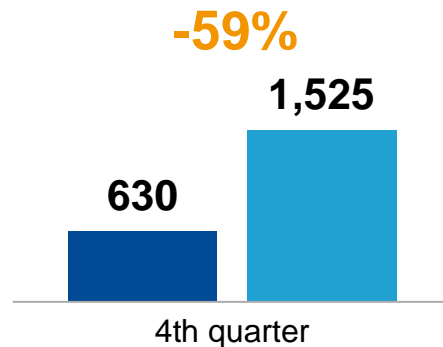


2018

2017

EBIT before special items

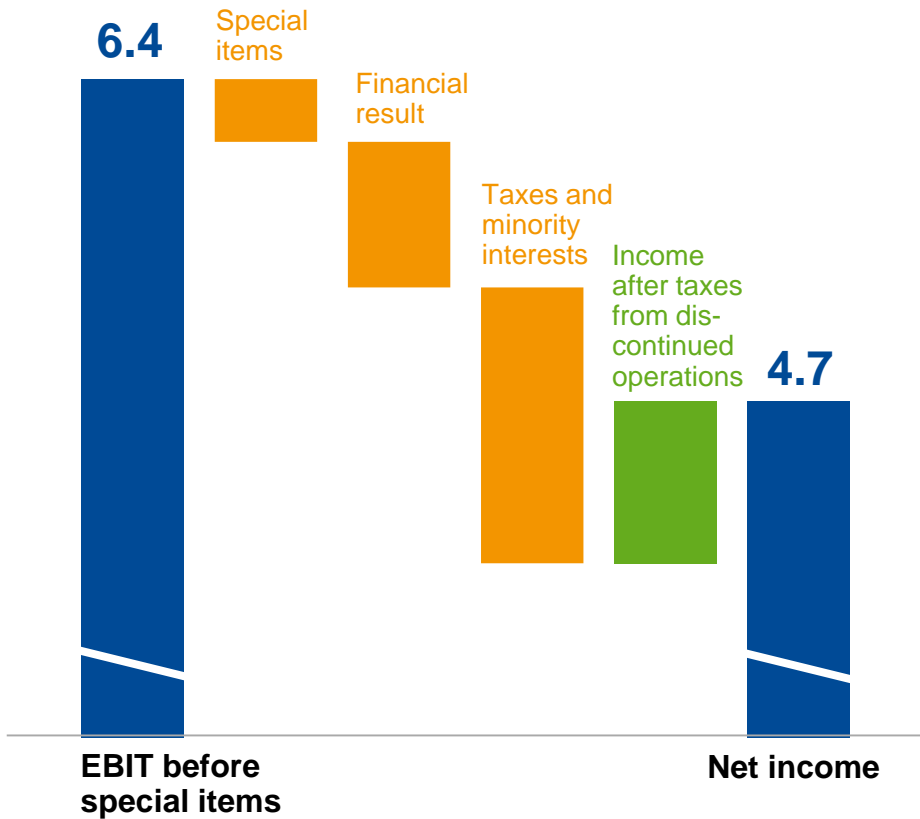
million €



- Sales increased slightly in the fourth quarter, mainly due to positive portfolio effects and higher prices
- Slight decrease in volumes in the fourth quarter, mainly as a result of the persisting low Rhine water levels
- Earnings considerably decreased in the fourth quarter, mainly in Chemicals and Agricultural Solutions. Lower margins in the isocyanates and cracker businesses were the main drivers for the decline in Chemicals
- Low Rhine water levels contributed negatively to the EBIT before special items with around €200 million

2018 reconciliation to net income

billion €

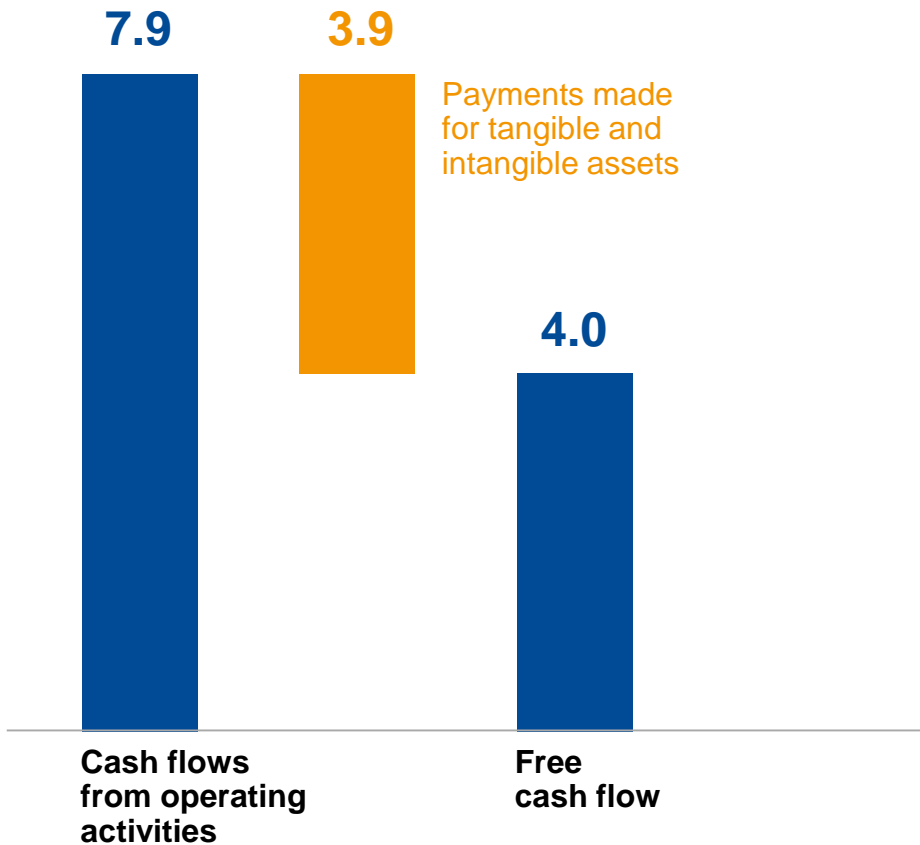


	million €	Δ% vs. 2017
EBIT before special items	6,353	-16.9
EBIT	6,033	-20.5
Financial result	-745	-5.7
Income before income taxes	5,288	-23.2
Income after taxes from discontinued operations	829	9.1
Net income	4,707	-22.6

	€	Δ% vs. 2017
Earnings per share (EPS)	5.12	-22.7
Adjusted EPS	5.87	-8.9

Cash flow

billion €



- Cash flows from operating activities decreased to €7.9 billion (2017: €8.8 billion), mainly driven by lower net income
- Free cash flow remained strong at €4.0 billion, but decreased compared to 2017 (€4.8 billion) due to the lower cash flows from operating activities

Outlook for BASF Group*

Economic environment 2019

- GDP growth: +2.8%
- Growth in chemical production: +2.7%
- Oil price (Brent): US\$70 per barrel
- Exchange rate: US\$1.15 per euro

Outlook for full year 2019

- Slight sales growth, mainly from higher sales volumes and portfolio effects
- EBIT before special items slightly above prior-year level
- ROCE (Return on Capital Employed) slightly higher than cost of capital percentage

*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.

At a cost of capital percentage of 10% for 2018 and 2019, we define a change in ROCE of 0.1 to 1.0 percentage points as "slight," a change of more than 1.0 percentage points as "considerable" and no change (+/–0 percentage points) as "at prior-year level."





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