

150 years



News Release

BASF increases sales and earnings slightly in the second quarter

■ 2nd quarter 2015:

- Sales €19.1 billion (plus 3%)
- EBIT before special items €2.0 billion (plus 2%)
- Significant earnings increase in Functional Materials & Solutions; earnings in other segments below prior-year quarter

■ 1st half 2015:

- Sales €39.1 billion (plus 3%)
- EBIT before special items of €4.1 billion at previous year's level

■ Outlook for 2015 confirmed: Slight sales increase expected, EBIT before special items likely to match level of 2014

Ludwigshafen, Germany – July 24, 2015 – “In the second quarter of 2015, we improved our sales and earnings despite lower growth in some markets and continuing volatile raw material prices. In the first half of 2015, our earnings matched the level of the first half of the previous year – in line with our full-year outlook,” said Dr. Kurt Bock, Chairman of the Board of Executive Directors of BASF SE at the Half-Year Press Conference.

Sales of BASF Group in the second quarter of 2015 grew by 3% to €19.1 billion compared with the same quarter of the previous year. Sales volumes grew by 2% compared with the second quarter of 2014. This was predominantly through a sharp increase in volumes in the Oil & Gas segment. As a consequence of the significant drop in the price of oil, prices declined overall, especially in the Chemicals

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and Oil & Gas segments. All segments recorded positive currency effects.

Income from operations (EBIT) before special items rose by €31 million to around €2.0 billion, largely through the significantly increased contribution from the Functional Materials & Solutions segment as well as lower expenses in Other. While earnings were only slightly down in the Chemicals segment, the other segments posted considerable declines.

EBIT grew by €106 million to €2.0 billion in the second quarter compared with the same period of the previous year. At €1.3 billion, net income matched the level of the second quarter of 2014. Earnings per share were €1.38 in the second quarter of 2015, compared with €1.37 in the same period of 2014.

In the first half of 2015, sales grew by 3% to €39.1 billion compared with the first half of 2014, despite slightly declining sales volumes in the chemicals business. At around €4.1 billion, EBIT before special items matched the level of the first half of the previous year. The oil price-related decline in the Oil & Gas segment dampened earnings, while the Functional Materials & Solutions and Chemicals segments provided support through greater contributions. The Agricultural Solutions segment matched the earnings of the previous first half; the Performance Products segment and Other remained below the level of the same period of 2014.

Cash provided by operating activities in the first half of 2015 rose by €2.4 billion to €5.1 billion. "This was almost a doubling of the previous half-year level and was predominantly the result of a reduction in inventories of €1.3 billion. Contributing to this were seasonal effects in the natural gas trading and crop protection businesses as well as the continuing optimization of our inventory management," said Dr. Hans-Ulrich Engel, Chief Financial Officer of BASF SE.

Outlook for full year 2015

In the first half of 2015, growth remained behind the company's expectations for the global economy as well as for global industrial and chemical production. The expectations for the global economic environment in 2015 have thus been reduced (previous forecast in parentheses):

- Growth of gross domestic product: 2.4% (2.8%)
- Growth in industrial production: 2.9% (3.6%)
- Growth in chemical production: 3.8% (4.2%)
- An average euro-to-dollar exchange rate of \$1.15 per euro (\$1.20 per euro)
- An average oil price for the year of \$60 to \$70 per barrel (unchanged)

Bock: "For the full year 2015, we now expect somewhat weaker growth for the global economy as well as global industrial and chemical production than was foreseen six months ago. Despite continuing high risks, we stand by our outlook for 2015: We aim to perform well and slightly increase sales in a volatile and challenging environment. We are striving for EBIT before special items that matches the level of the previous year."

Business development in the segments in the 2nd quarter

Sales in the **Chemicals** segment were €4.0 billion, down 8% compared with the second quarter of 2014. Lower raw material costs led to a sharp drop in prices, especially in the Petrochemicals division. Further dampening sales was the disposal of BASF's share in the Ellba Eastern Private Ltd. joint operation in Singapore at the end of 2014. Higher sales volumes in the Intermediates division and positive currency effects in all divisions partially offset this. EBIT before special items declined by €22 million to €548 million, primarily as a result of higher fixed costs arising from the gradual startup of new production facilities and a greater number of scheduled plant shutdowns. In the first half of 2015, sales fell by 10% to €7.8 billion. EBIT before special

items grew by €103 million to €1.3 billion, primarily through the increased contribution from Petrochemicals.

In the **Performance Products** segment, sales increased by 4% to €4.1 billion due to positive currency effects. Sales volumes declined slightly; this was mainly due to the unscheduled shutdown of a polyisobutene plant as well as weaker demand in the oilfield chemicals business in connection with the price of oil. The market environment for paper chemicals remained difficult. Furthermore, prices were negatively impacted by intense competition in the vitamin E business. The startup of new plants, reduction of inventory, and negative currency effects were largely responsible for an increase in fixed costs. EBIT before special items for the segment therefore declined by €131 million to €304 million. Sales in the first half of 2015 increased by 4% to €8.1 billion. EBIT before special items declined by €43 million to €819 million in the first six months, largely due to an increase in fixed costs.

In the **Functional Materials & Solutions** segment, sales exceeded the level of the second quarter of 2014 by 9% and reached €4.9 billion. Positive currency effects in all divisions were the decisive factor for this increase. Sales volumes matched the level of the previous second quarter, with prices slightly down. While sales volumes to the automotive and construction industry grew, they declined in precious metal trading. EBIT before special items rose by €102 million to €458 million, particularly through a strong contribution from the Performance Materials division. In the first half of 2015, sales increased by 9% to €9.5 billion. EBIT before special items improved by €222 million to €889 million, thanks mainly to the contribution from the Performance Materials division.

Second-quarter sales in the **Agricultural Solutions** segment rose by 1% to €1.7 billion in a challenging market environment. Positive currency effects and higher sales prices more than offset lower sales volumes. EBIT before special items nevertheless fell by €68 million to €365 million. Aside from the decrease in volumes, this was also a result of increased fixed costs from the startup of new plants. First-

half sales in the Agricultural Solutions segment grew by 8% to €3.6 billion compared with the first half of 2014, despite a slight decrease in volumes. At €939 million, EBIT before special items reached the level of the previous first half.

Sales in the **Oil & Gas** segment grew by 15% to €3.7 billion compared with the second quarter of 2014. This was primarily attributable to sharply increased volumes in natural gas trading. The price of oil fell 44% in U.S. dollar terms, dampening sales. Also weighed down by oil price trends, EBIT before special items decreased by €115 million to €431 million. Earnings for the previous second quarter had included a contribution from offshore lifting in Libya. In the first half of 2015, sales rose by 16% to €8.7 billion. EBIT before special items declined by €144 million to €868 million. An improved earnings contribution from Natural Gas Trading was not able to fully offset the primarily oil price-related decrease in the Exploration & Production business sector.

At €757 million, sales in **Other** were down 11% compared with the second quarter of 2014. This was largely an effect of the lower plant availability resulting from the plant outage at the Ellba C.V. joint operation in Moerdijk, Netherlands, in addition to the disposal of BASF's share in the Ellba Eastern Private Ltd. joint operation in Singapore. EBIT before special items improved by €265 million to minus €63 million. This improvement was especially due to the reversal of provisions for the long-term incentive program of around €170 million, due to the lower share price in the second quarter. The second quarter of 2014 and the first quarter of 2015 had included expenses for the recognition of provisions for this program. In the first half, sales in Other declined by 25% to €1.4 billion. EBIT before special items decreased by €145 million to minus €676 million.

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.

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