

# News Release



## **BASF leverages growth opportunities in Asia Pacific**

- **Largest market for production and consumption of chemicals**
- **BASF well positioned and adapting quickly to changing environment in Asia Pacific**

London – September 23, 2016 – At the BASF Roundtable Asia Pacific for investors and analysts in London today, the company presented details on how it aims to grow profitably in the region by building on its strengths. “We are well positioned in Asia Pacific, the world’s largest market for the production and consumption of chemicals. We are leveraging the growth opportunities of the region to contribute to the overall success of BASF Group,” said Sanjeev Gandhi, member of the Board of Executive Directors of BASF SE and responsible for Asia Pacific.

## **Growth in Asia Pacific expected to outpace other regions**

BASF expects gross domestic product and chemical production in Asia Pacific to continue to outgrow other regions, despite the recent slowdown. “China did not grow as fast as we had assumed. We saw low growth in mature Asian markets. India and South East Asia are picking up slightly. Overcapacities in some commodity product lines have contributed to a changing business environment,” continued Gandhi. “However, even under the ‘new normal,’ Asia Pacific is the growth engine for the world economy. We still see great potential for BASF as the fundamentals have not changed.”

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BASF now estimates the compound annual growth rate (CAGR) for real chemical production through 2020 for Asia Pacific at around 5.6%, still well above the world average of 3.7%.

The company continues to focus on the following priorities for its business in Asia Pacific:

**Market:** BASF participates in innovative and growing markets where chemistry is an essential enabler for their development. These include transportation, consumer products, electronics, construction, packaging and agriculture.

**Innovation:** By utilizing its new R&D assets, BASF aims to accelerate innovation in Asia Pacific. More than 900 employees already work in research and development across the region. They develop solutions in close cooperation with customers from various industries. Following the expansion of the BASF Innovation Campus Asia Pacific in Shanghai, China, the company is establishing a second Innovation Campus Asia Pacific in Mumbai, India. It will be inaugurated in 2017, focusing on crop protection and process engineering.

**Portfolio management:** On both a global and regional level, portfolio management is an on-going task at BASF. The company acquires businesses that complement its current portfolio while strengthening its existing businesses and divesting activities which have a lesser fit with the portfolio or a lower potential for differentiation. With this approach, BASF strives to maintain a balanced portfolio of specialties and solutions and differentiated commodities.

**Investment:** Following significant capacity additions in Asia Pacific between 2012 and 2016, BASF will selectively expand its local production network in the region in the coming years. Planned investments of around €3.5 billion between 2016 and 2020 will focus on areas where BASF is technologically leading, has a competitive advantage and expects robust market growth. BASF's target to produce around 75% of the products it sells in Asia Pacific in the region by 2020 remains valid.

**People:** BASF has excellent people and leaders in the region, and continues to attract, develop and retain talent in Asia Pacific. The company cooperates with leading universities to access talent and offers multiple training opportunities, for example through the BASF Learning Campus in Singapore.

**Excellence:** Functional, structural and operational excellence will help BASF drive profitable growth in the region. With an expected contribution of around €250 million, Asia Pacific is a significant contributor to BASF's global operational excellence program Drive, which targets an annual earnings contribution of €1 billion from the end of 2018 onward.

The keynote presentation by Sanjeev Gandhi and the presentations of BASF's two regional Presidents, Gops Pillay and Dr. Stephan Kothrade can be found at [www.basf.com/RT-Asia-Pacific](http://www.basf.com/RT-Asia-Pacific).

#### **About BASF**

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The approximately 112,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is organized into five segments: Chemicals, Performance Products, Functional Materials & Solutions, Agricultural Solutions and Oil & Gas. BASF generated sales of more than €70 billion in 2015. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (AN). Further information at [www.basf.com](http://www.basf.com).

#### **Forward-looking statements**

This release contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that may not be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. BASF does not assume any obligation to update the forward-looking statements contained in this release.