



We create chemistry

Analyst Conference Call

Q3 2021

October 27, 2021



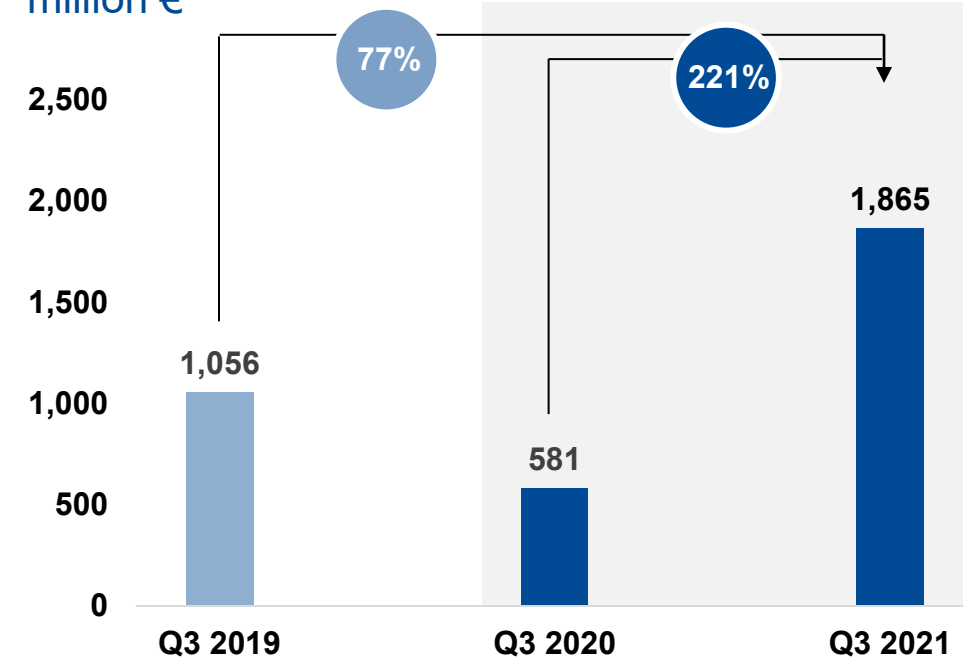
Cautionary note regarding forward-looking statements

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.

BASF with continued strong performance in Q3 2021

- In Q3 2021, prices increased by 36% and volumes grew by 6%; increases were especially realized in the Chemicals, Materials and Industrial Solutions segments
- Earnings in the upstream businesses came in considerably above Q3 2020; compared with Q2 2021, margins softened slightly
- Margin pressure in downstream businesses from higher raw material, energy and freight costs as well as increased fixed costs
- Semiconductor shortage led to considerably lower automotive production globally

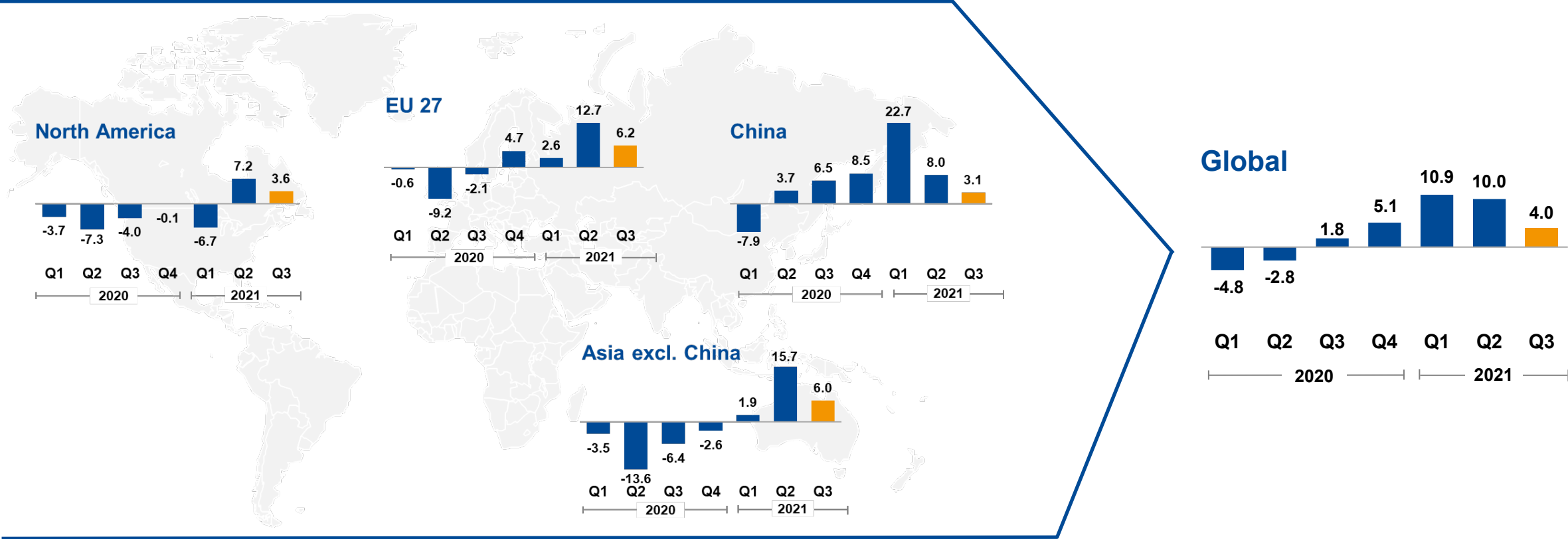
EBIT before special items by quarter
million €



Q3 2021: Global chemical production negatively impacted by various shortages

Chemical production compared with prior-year quarter¹

%

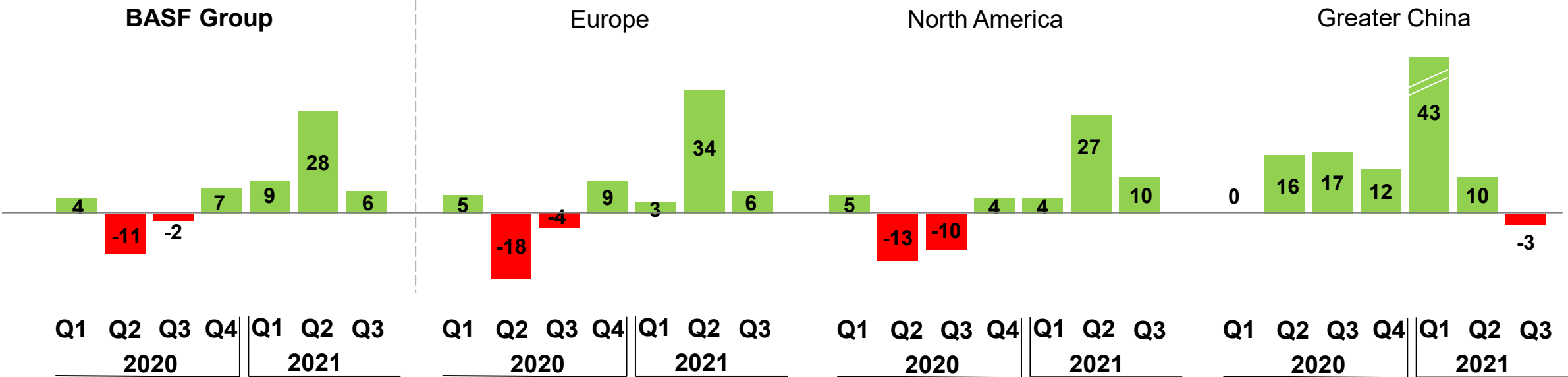


Source: BASF, data: IHS, Feri, NBS China, FED, Eurostat, Statistics Canada; Asia: India, Japan, South Korea, Taiwan, Thailand, North America: USA and Canada

¹ Estimates, data available for China and the U.S. until September, for other countries/regions until August. Historical data partly preliminary and subject to revision. China data based on BASF seasonal adjustment.

BASF Group Q3 2021: Volume growth in all major regions except for China, where the recovery was already in full swing in Q3 2020

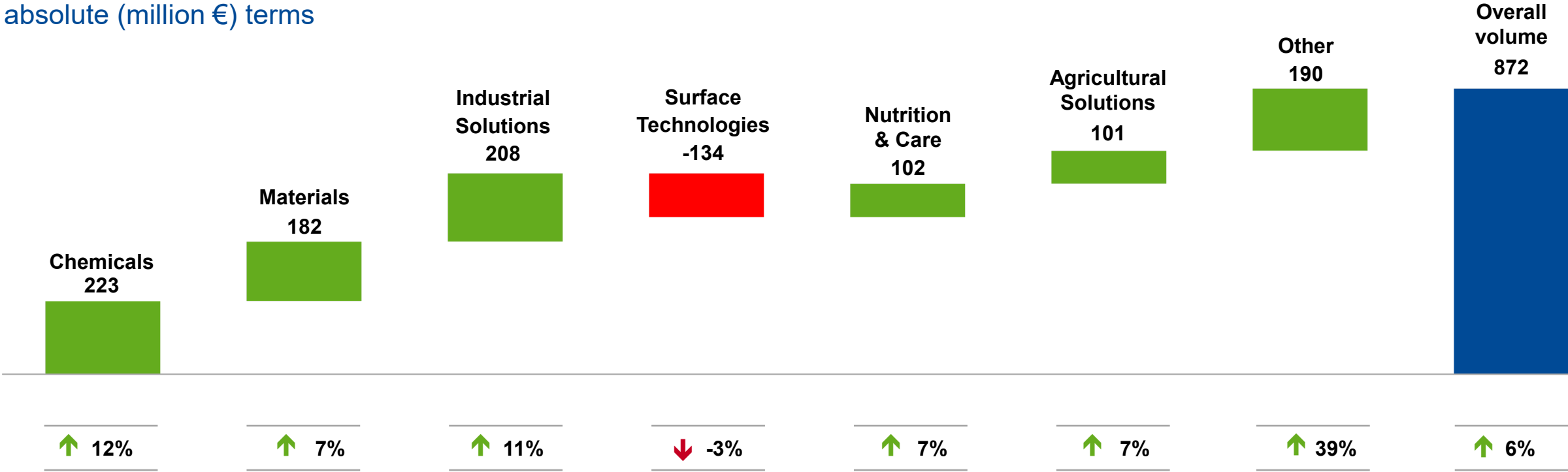
Sales volumes development by region¹
 quarters compared to prior-year quarters
 %



¹ Location of customer

BASF Group Q3 2021: Volume growth across most segments; Surface Technologies impacted by semiconductor shortage

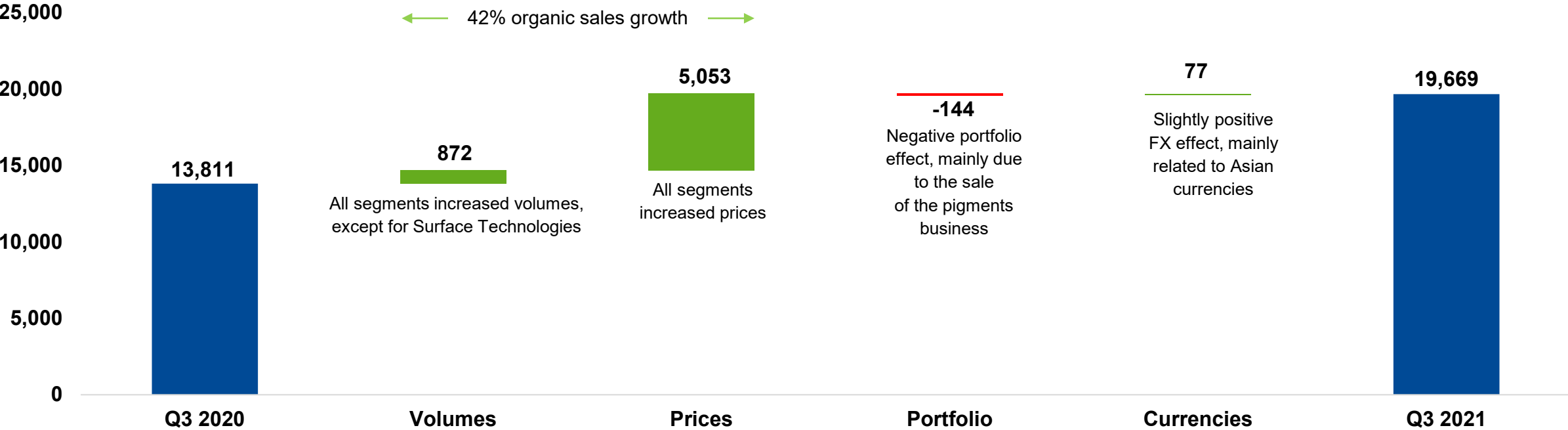
Volume development by segment
 Q3 2021 vs. Q3 2020
 absolute (million €) terms



relative (%) terms

BASF Group Q3 2021: Sales increased considerably, mainly due to higher prices and volumes

Sales bridge Q3 2021 vs. Q3 2020
million €

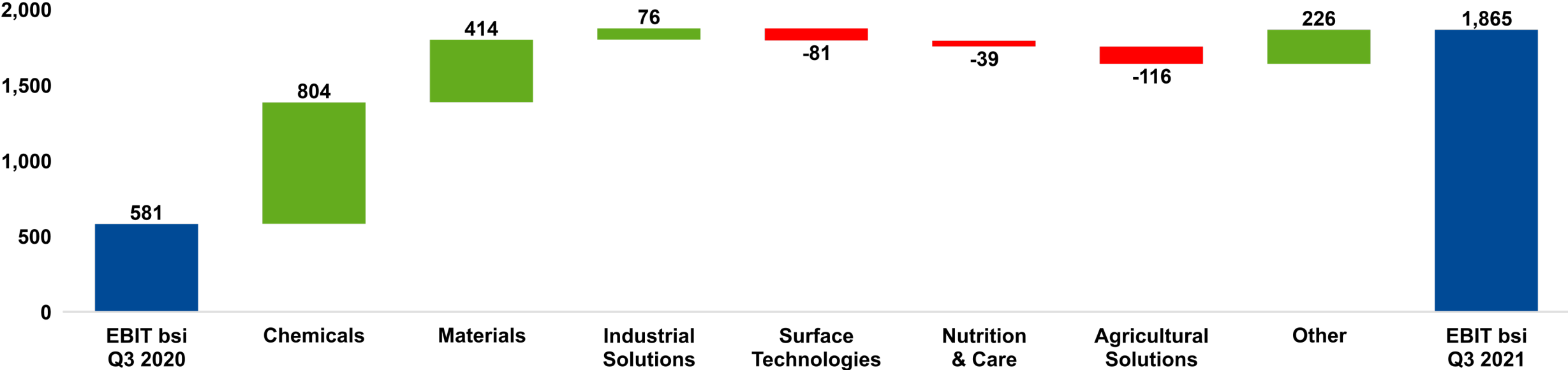


Sales development

Q3 2021 vs. Q3 2020	Volumes	Prices	Portfolio	Currencies	Q3 2021
	↑ 6%	↑ 36%	↓ -1%	↑ 1%	↑ 42%

BASF Group Q3 2021: Strong earnings in upstream business, while price increases in downstream business were not yet sufficient

EBIT before special items growth by segment Q3 2021 vs. Q3 2020
million €



EBIT before special items by segment

Q3 2021, million €	Chemicals	Materials	Industrial Solutions	Surface Technologies	Nutrition & Care	Agricultural Solutions	Other
	850	631	262	119	104	-90	-11

Surface Technologies, Nutrition & Care and Agricultural Solutions: Main drivers for earnings development in Q3 2021



Surface Technologies

- **Special situation:** Semiconductor shortage led to decline in light vehicle production by 16% in Q3 2021 compared with the prior-year quarter
- **Sales:** Prices increased (+37%), mainly in the precious metals trading business and in mobile emissions catalysts; volumes declined by -3%
- **EBIT before special items** declined due to lower earnings in the Coatings division; higher fixed costs and increased raw material prices could only partially be passed on in a deteriorating OEM business environment. The Catalysts division was able to slightly increase EBIT before special items on account of higher margins



Nutrition & Care

- **Special situation:** Vitamin A plant expansion in Ludwigshafen on stream, while ramp-up of the animal nutrition formulation plant is ongoing; no commercial volumes from this formulation plant available due to time needed to ensure stable operations
- **Sales:** Higher volumes (+7%) and prices (+7%), mainly driven by the Care Chemicals division; Nutrition & Health at prior-year quarter level
- **EBIT before special items** declined due to significantly increased raw material, energy and freight costs, which could only be partially passed on to customers, as well as higher fixed costs. Persisting volume restrictions from the above-mentioned formulation plant continue to burden earnings development



Agricultural Solutions

- **Special situation:** The business was severely hit by supply chain constraints in combination with higher input factor costs due to various shortages
- **Sales:** Higher volumes (+7%), mainly in the seeds & traits business and the fungicides business, and slightly higher prices (+1%) supported sales growth
- **EBIT before special items** decreased due to considerably higher fixed costs, among other things due to higher bonus provisions, as well as higher raw material and logistics costs that could only be passed on partially, and an unfavorable product mix

Portfolio measures concluded in Q3 2021



BASF and Shanshan formed a joint venture for battery materials production in China

- BASF holds 51% and Shanshan 49% in BASF Shanshan Battery Materials Co., Ltd.
- BASF investment in a mid-triple-digit million-euro range
- BASF Shanshan Battery Materials operates four production sites for CAM and PCAM in China, with an annual capacity of 90 kt by 2022
- By forming the JV, BASF further strengthened its position in Asia and is increasing its global annual capacity to 160 kt by 2022 with further expansions underway
- Closing took place on August 31, 2021



BASF acquired 49.5% of the offshore wind farm Hollandse Kust Zuid (HKZ) from Vattenfall

- Once fully commissioned HKZ will be the largest offshore wind farm in the world with a total installed capacity of 1.5 gigawatts
- BASF will use the zero-emission electricity for its sites in Europe, mainly in Antwerp, Belgium
- Purchase price of €0.3 billion, BASF's initial total commitment is ~€1.6 billion. BASF intends to reduce its investment by selling shares to a financial co-investor
- Closing took place on September 1, 2021

BASF Group Q3 2021 and Q1–Q3 2021: Financial figures

Financial figures	Q3 2021	Change +/-	Q1–Q3 2021	Change +/-
	million €	million €	million €	million €
Sales	19,669	5,858	58,822	15,578
EBITDA before special items	2,771	1,229	9,169	3,819
EBITDA	2,729	1,685	9,104	4,562
EBIT before special items	1,865	1,284	6,541	4,094
EBIT	1,822	4,460	6,449	7,572
Net income from shareholdings	86	133	110	1,113
Net income	1,253	3,375	4,625	6,740
Reported EPS (€)	1.36	3.67	5.03	7.33
Adjusted EPS (€)	1.56	0.96	5.59	3.48
Cash flows from operating activities	1,896	-204	3,908	596

Cash flow development in Q3 2021 and Q1–Q3 2021

	Q3 2021	Q3 2020	Q1–Q3 2021	Q1–Q3 2020
	million €	million €	million €	million €
Cash flows from operating activities	1,896	2,100	3,908	3,312
Thereof Changes in net working capital	-44	767	-2,808	-1,043
Miscellaneous items	-220	-227	-564	739
Cash flows from investing activities	-1,818	1,851	-1,930	-674
Thereof Payments made for property, plant and equipment and intangible assets	-819	-736	-2,042	-2,031
Acquisitions / divestitures	-627	2,697	491	1,452
Cash flows from financing activities	-56	-3,889	-3,490	778
Thereof Changes in financial and similar liabilities	53	-3,886	-229	3,913
Dividends	-109	-3	-3,261	-3,139
Free cash flow	1,077	1,364	1,866	1,281

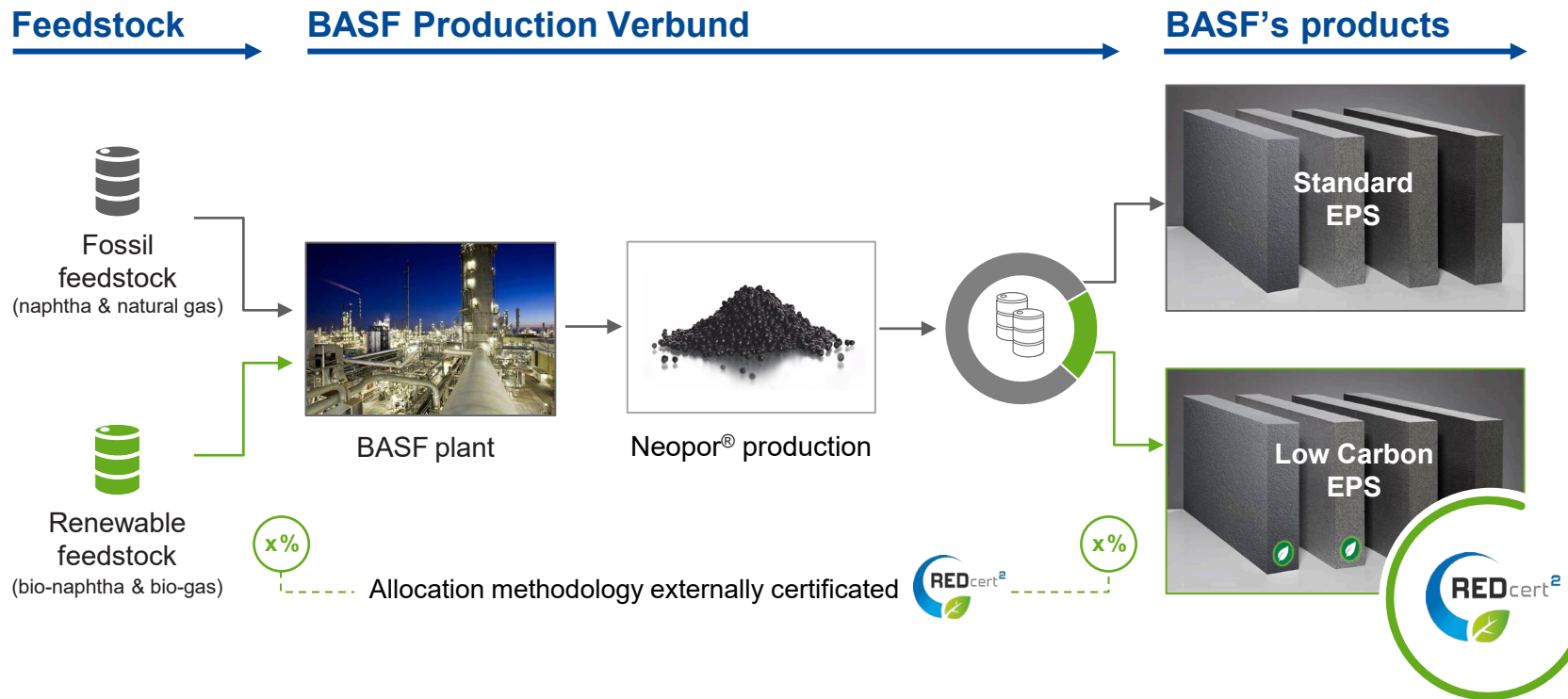
BASF's natural gas supply and demand balance in Europe

- **Natural gas demand:**
 - In Europe ~47 TWh, thereof Ludwigshafen ~37 TWh
 - ~60% is used for electricity/steam and ~40% as feedstock
- **Natural gas supply:**
 - Supply secured through long-term supply contracts
 - Pricing predominantly based on spot market prices
- **Natural gas price hedging:**
 - BASF's natural gas price exposure in Europe is partly compensated by shareholding in Wintershall Dea
 - Remaining exposure is partly hedged through financial instruments
- **Natural gas price burden for European sites:**
 - Additional costs of ~€600 million for our European sites in the first nine months of 2021
 - At BASF Group level, this amount is partly mitigated by the above-mentioned measures



Low carbon Neopor® BMB: Up to 90% CO₂ avoidance in the production process

Biomass Balance Approach



Key properties Neopor® BMB

- Insulation material derived from renewable feedstock (3rd party certified)
- Saving fossil resources, lower carbon footprint and reduced greenhouse gas emissions
- Same performance as fossil-based Neopor® (e.g., excellent thermal insulation, trusted quality, easy to install, lifetime durability, recyclable)
- Positive contribution to the sustainability targets of our customers

Outlook 2021 for BASF Group

Outlook 2021	revised forecast	previous forecast
Sales	€76 billion – €78 billion	€74 billion – €77 billion
EBIT before special items	€7.5 billion – €8.0 billion	€7.0 billion – €7.5 billion
ROCE	13.2% – 14.1%	12.1% – 12.9%
Accelerator sales	€21.5 billion – €22.5 billion	€21 billion – €22 billion
CO ₂ emissions	20.5 – 21.5 million metric tons	20.5 – 21.5 million metric tons

Underlying assumptions for 2021 (previous assumptions in parentheses)

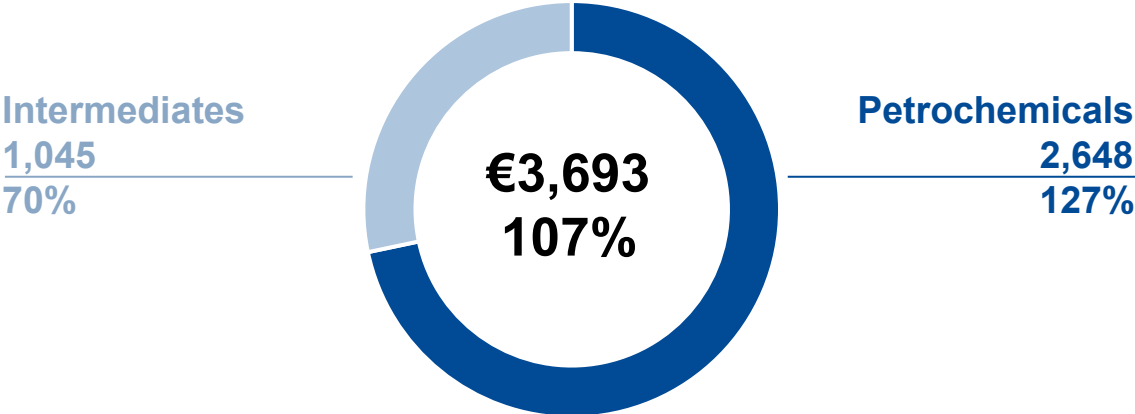
- Growth in gross domestic product: 5.3% (5.5%)
- Growth in industrial production: 6.0% (6.5%)
- Growth in chemical production: 6.0% (6.5%)
- Average euro/dollar exchange rate: \$1.20 per euro (unchanged)
- Average annual oil price (Brent): \$70 per barrel (\$65 per barrel)



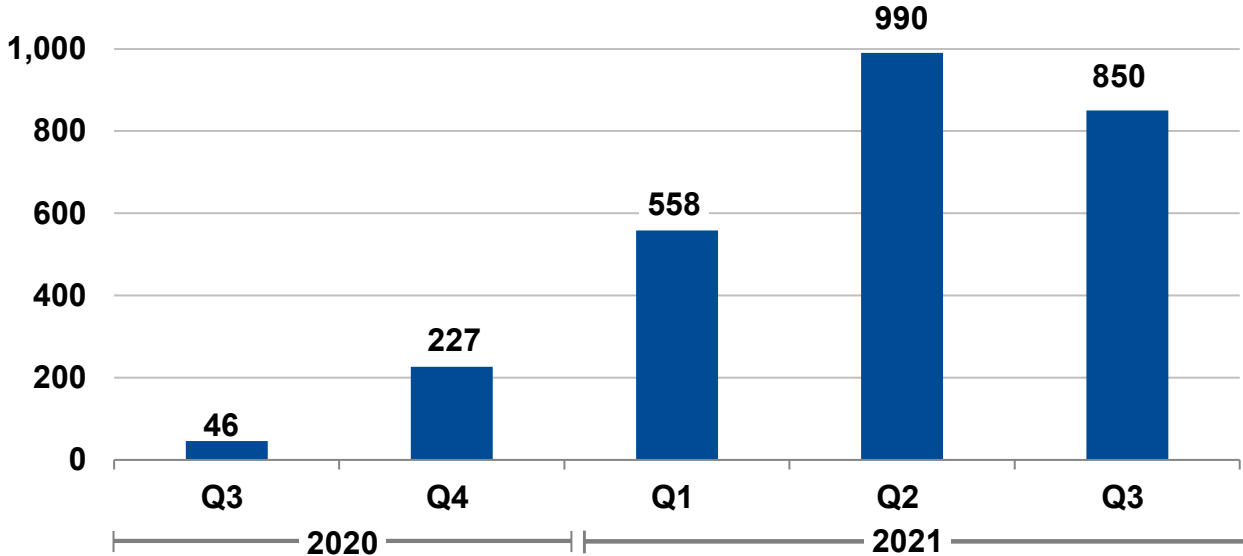
We create chemistry

Chemicals

Sales Q3 2021 vs. Q3 2020
million €



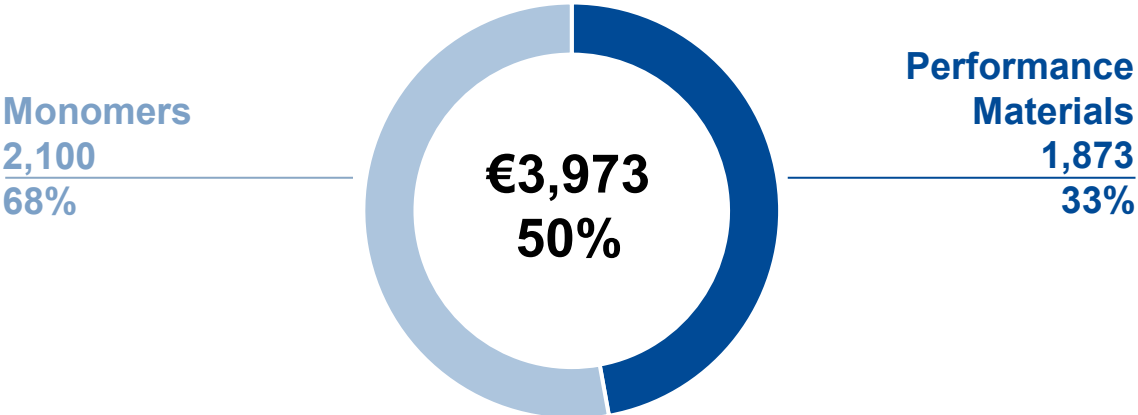
EBIT before special items
million €



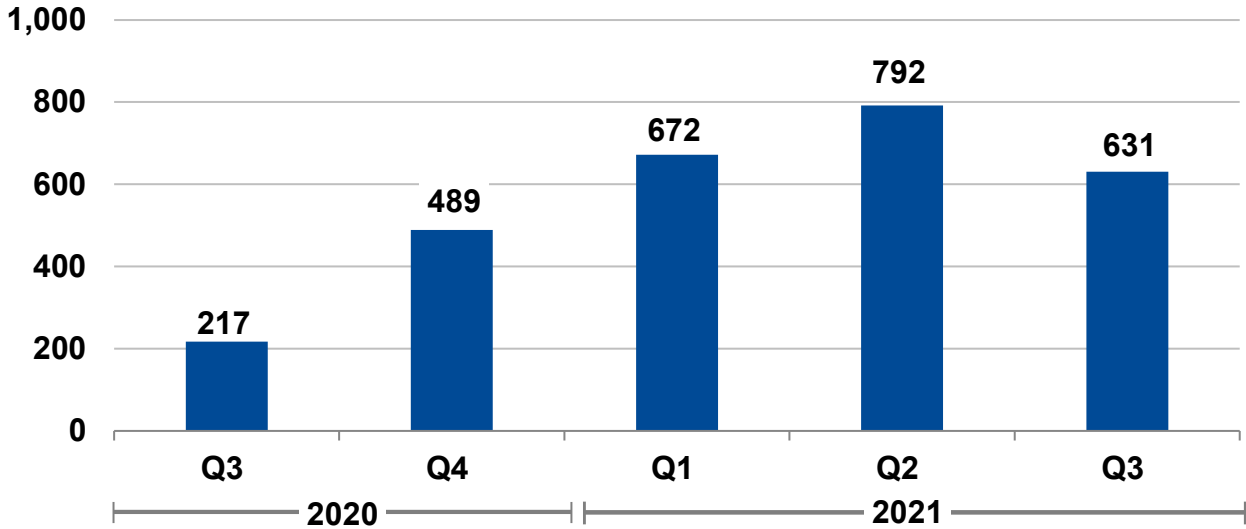
Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2021 vs. Q3 2020	↑ 12%	↑ 95%	0%	0%

Materials

Sales Q3 2021 vs. Q3 2020
million €



EBIT before special items
million €

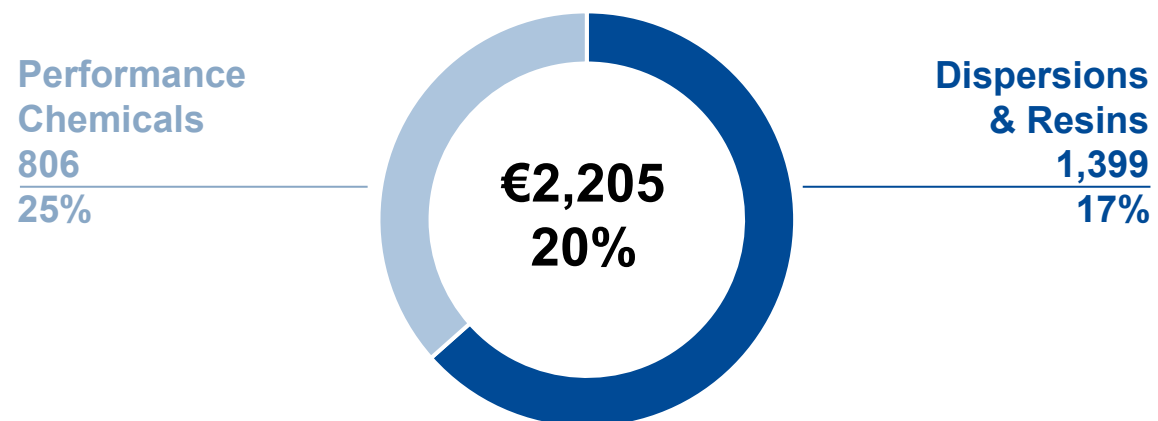


Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2021 vs. Q3 2020	↑ 7%	↑ 41%	0%	↑ 2%

Industrial Solutions

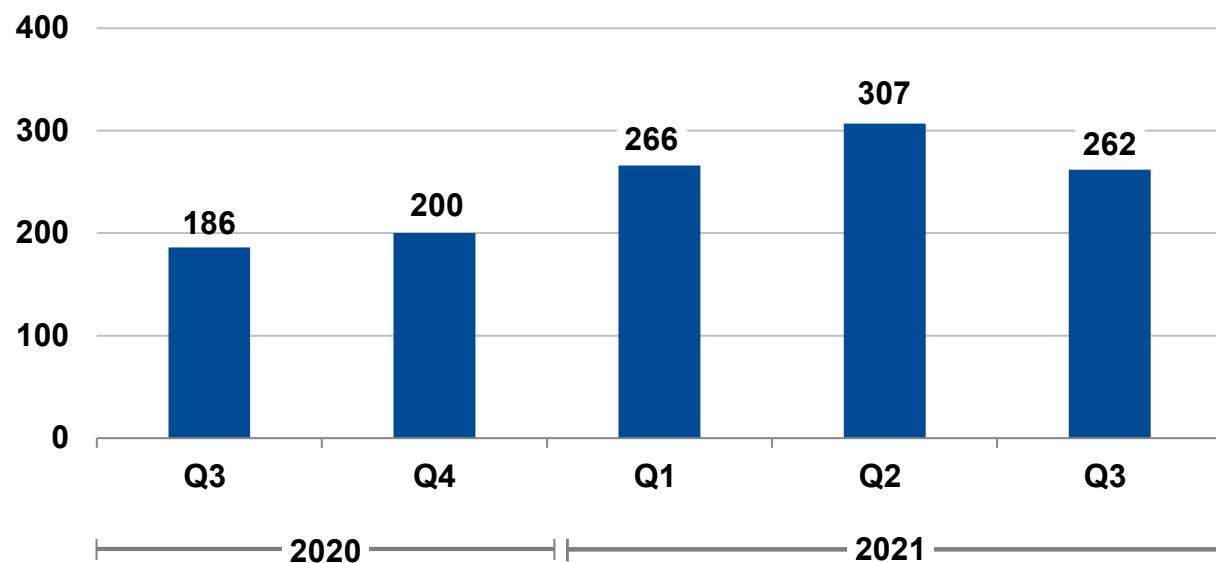
Sales Q3 2021 vs. Q3 2020

million €



EBIT before special items

million €



Sales development

Q3 2021 vs. Q3 2020

Volumes

↑ 11%

Prices

↑ 18%

Portfolio

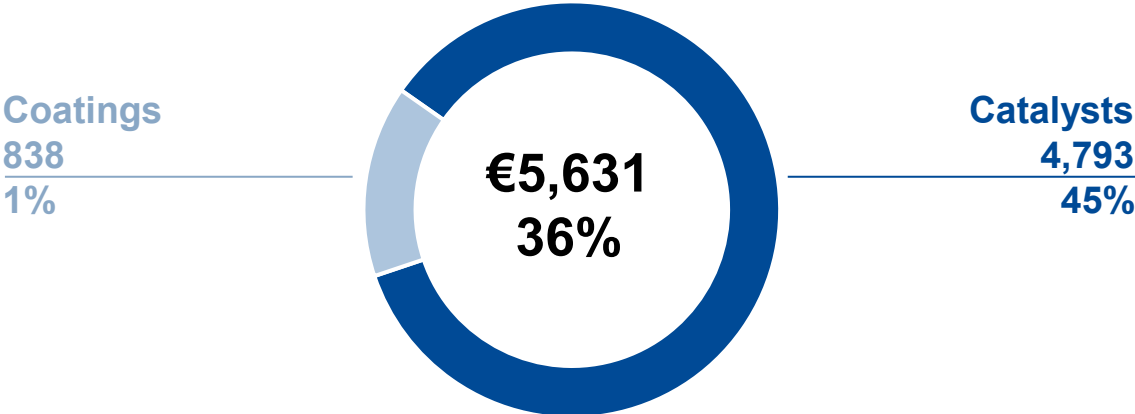
↓ -10%

Currencies

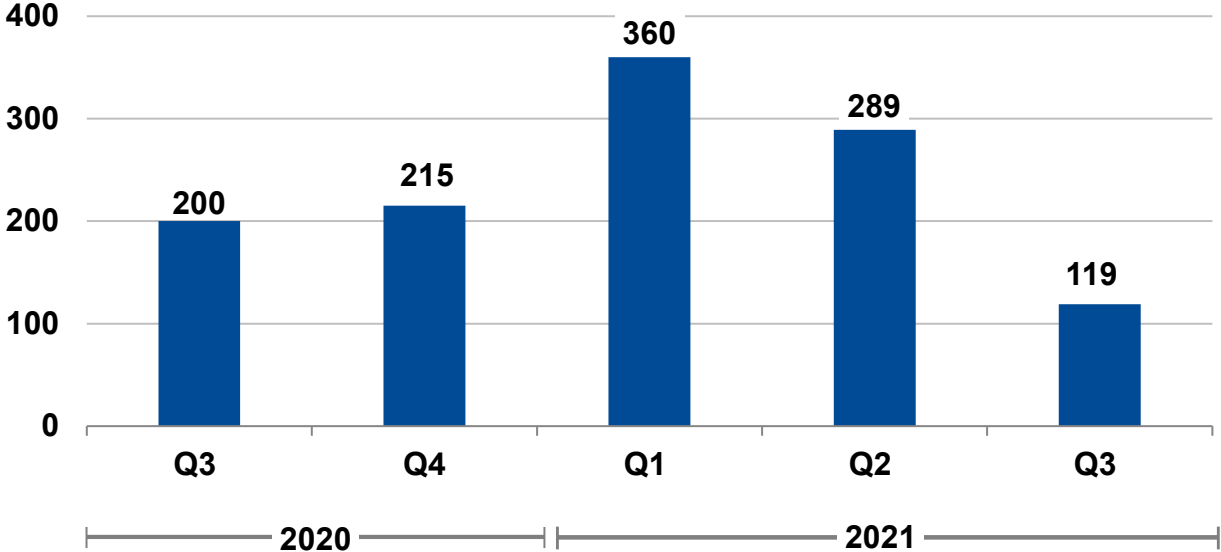
↑ 1%

Surface Technologies

Sales Q3 2021 vs. Q3 2020
million €



EBIT before special items
million €



Sales development

Q3 2021 vs. Q3 2020

Volumes

↓ -3%

Prices

↑ 37%

Portfolio

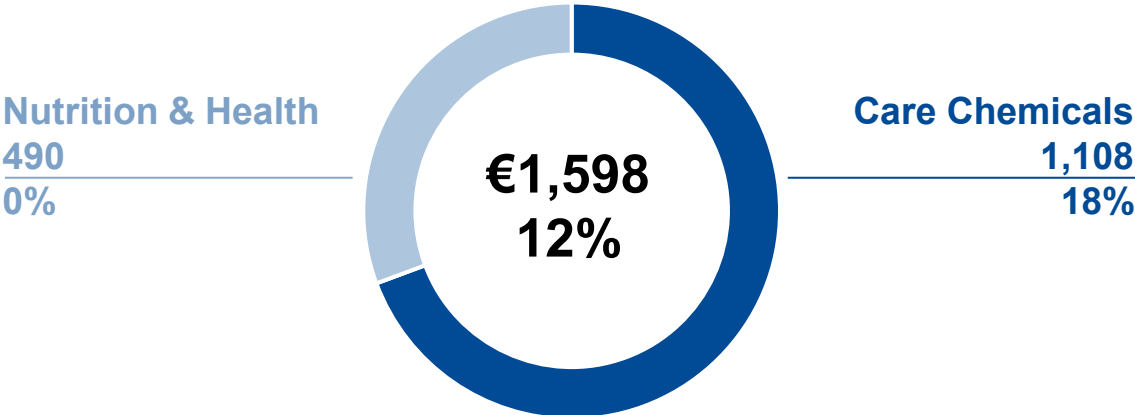
↑ 1%

Currencies

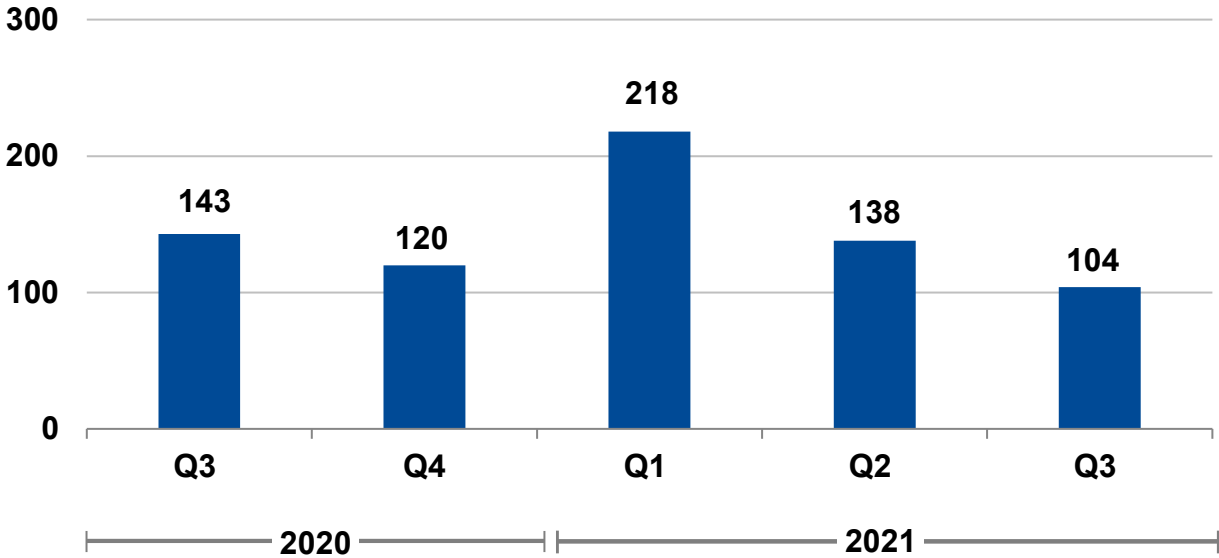
↑ 1%

Nutrition & Care

Sales Q3 2021 vs. Q3 2020
million €



EBIT before special items
million €

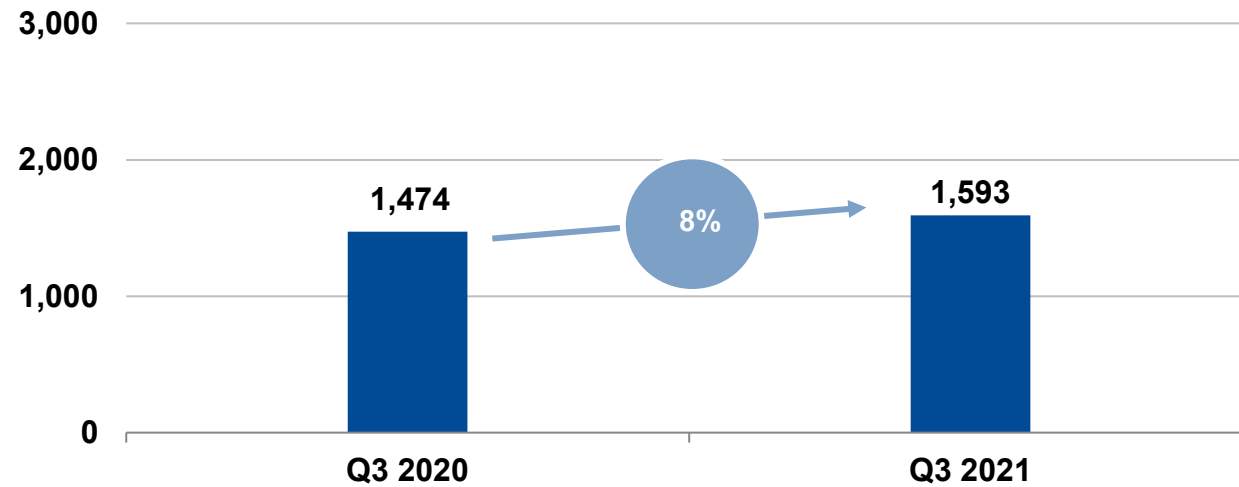


Sales development	Volumes	Prices	Portfolio	Currencies
Q3 2021 vs. Q3 2020	↑ 7%	↑ 7%	↓ -2%	0%

Agricultural Solutions

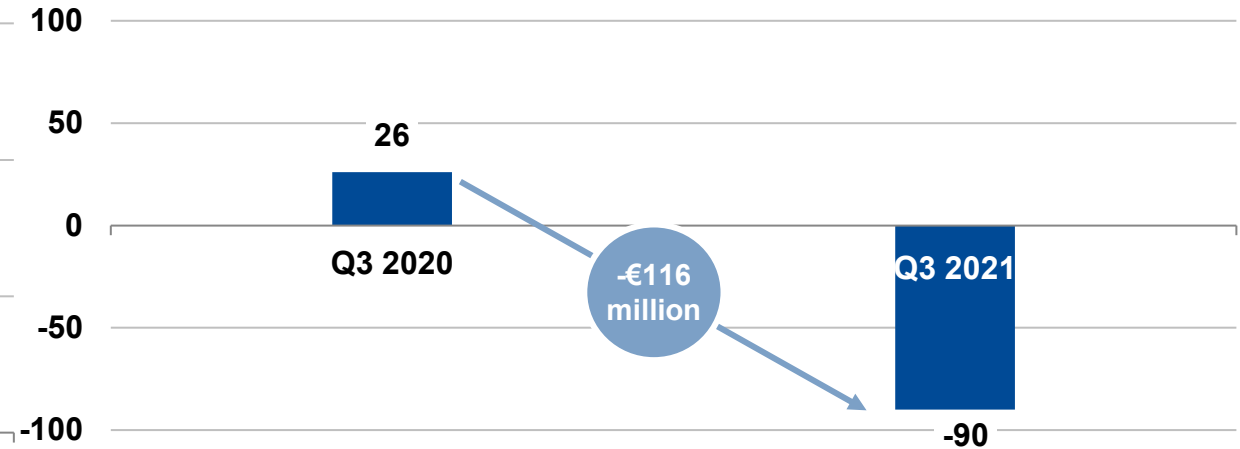
Sales Q3 2021 vs. Q3 2020

million €



EBIT before special items

million €



Sales development

Q3 2021 vs. Q3 2020

Volumes

↑ 7%

Prices

↑ 1%

Portfolio

0%

Currencies

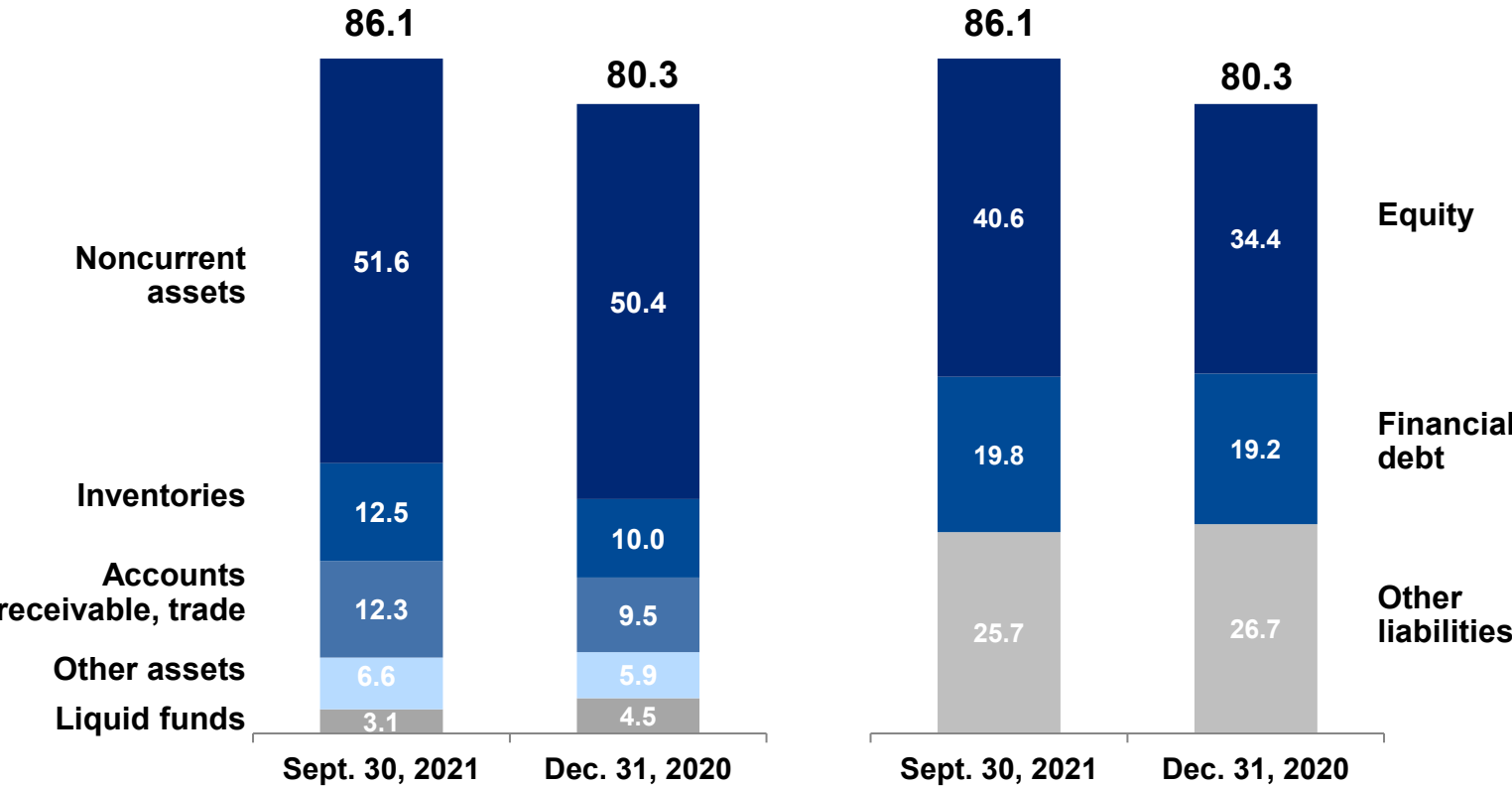
0%

Review of “Other”

Financial figures		Q3 2021	Q3 2020
		million €	million €
Sales		976	484
EBIT before special items		-11	-237
Thereof	Costs of corporate research	-76	-95
	Costs of corporate headquarters	-65	-53
	Foreign currency results, hedging and other measurement effects	-41	-15
	Other businesses	40	21
Special items		-31	-408
EBIT		-42	-645

Strong balance sheet

Balance sheet September 30, 2021 vs. December 31, 2020
billion €



- Total assets increased by €5.8 billion to €86.1 billion
- Noncurrent assets slightly increased to €51.6 billion
- Current assets increased by €4.7 billion to €34.5 billion, primarily due to higher accounts receivable, higher inventories, and increased other receivables and miscellaneous assets
- Net debt increased by €2.0 billion to €16.7 billion
- Equity ratio: 47.2% (September 30, 2021)