

# Agenda

Trends in the chemicals market

## Chemicals segment within BASF

Chemicals: At the core of the Verbund

Chemicals support growth of BASF

Capital expenditures drive profit growth

Shale Gas – An opportunity

Chemicals 2020



# **BASF's Chemicals segment is a strong cash and earnings contributor**

## **We will**

- ▶ continue to strengthen the Verbund, create synergies and add value
- ▶ maintain our high level of profitability through process innovations and stringent cost management
- ▶ grow externally with the chemicals market

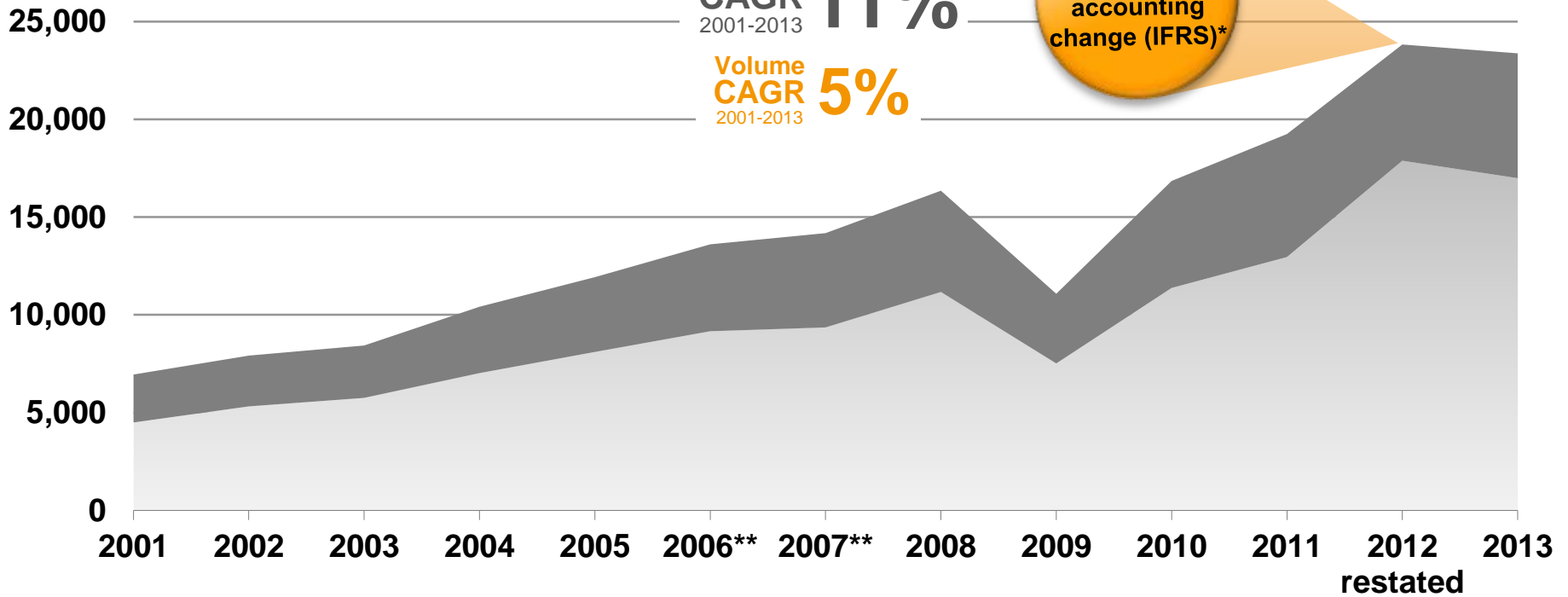
## **Our strategic focus is to enable and support growth of**

- ▶ BASF's downstream segments
- ▶ BASF in emerging markets

## **Shale gas is an opportunity for BASF**

# Chemicals segment grows by selling into the BASF Verbund and to the market

## Sales Chemicals in million €



- Sales to other BASF segments
- Sales to 3<sup>rd</sup> parties

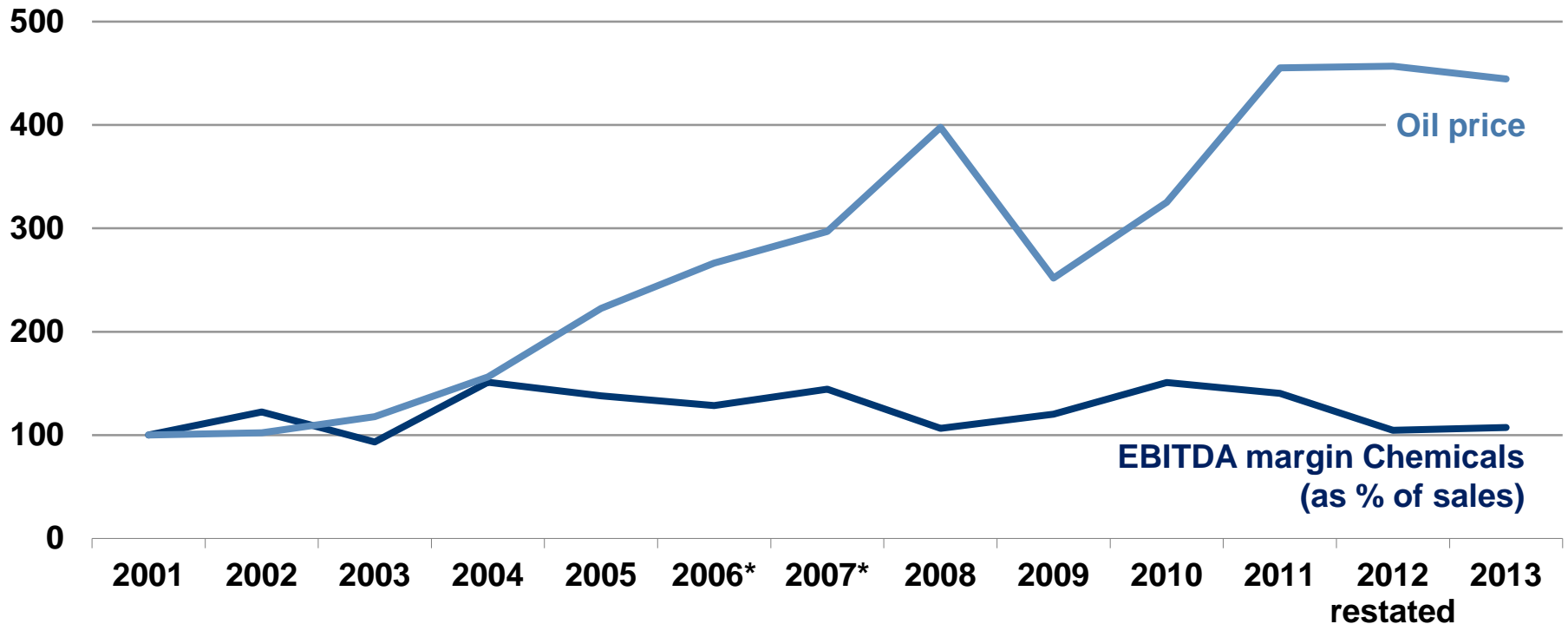
\* IFRS 10 & 11 impact: -€1.3Bn; Impact of new segment structure: +€5.3Bn

\*\* Without Catalysts (now part of Functional Materials & Solutions segment)

# Chemicals with stable profitability, little correlation to oil price

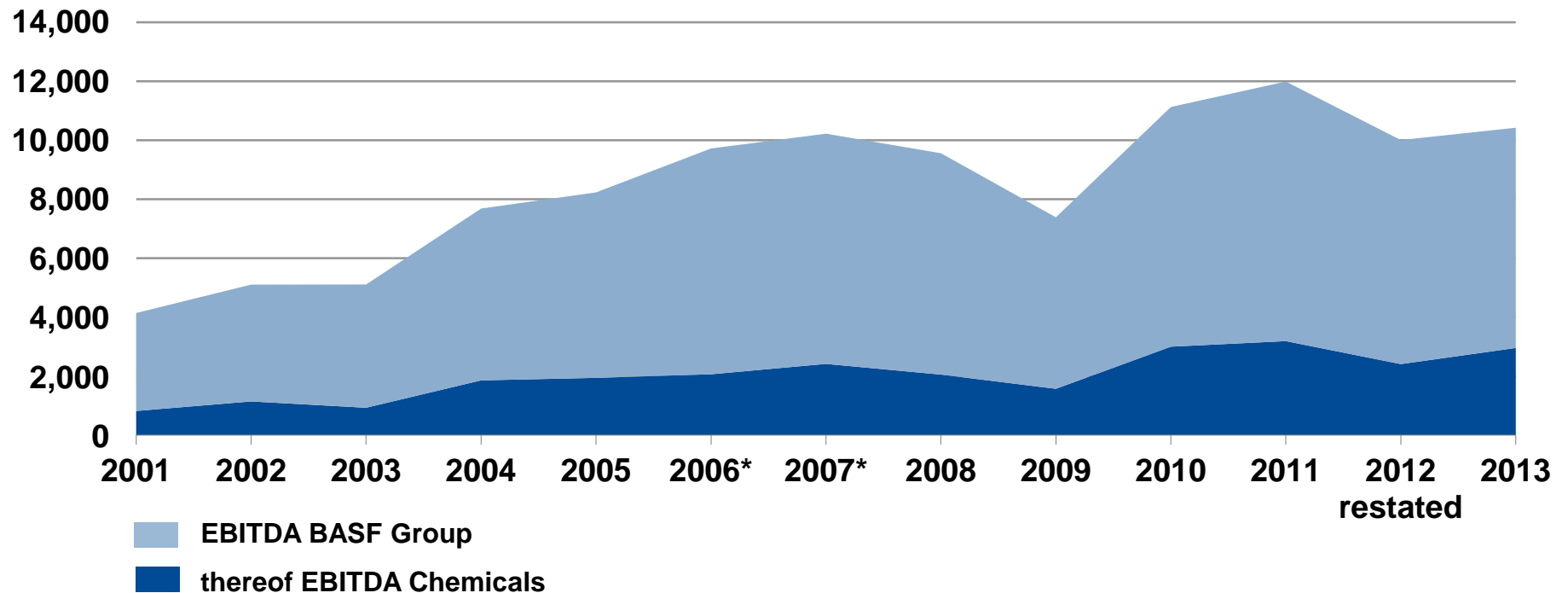
## EBITDA margin Chemicals / oil price

Index 2001 = 100



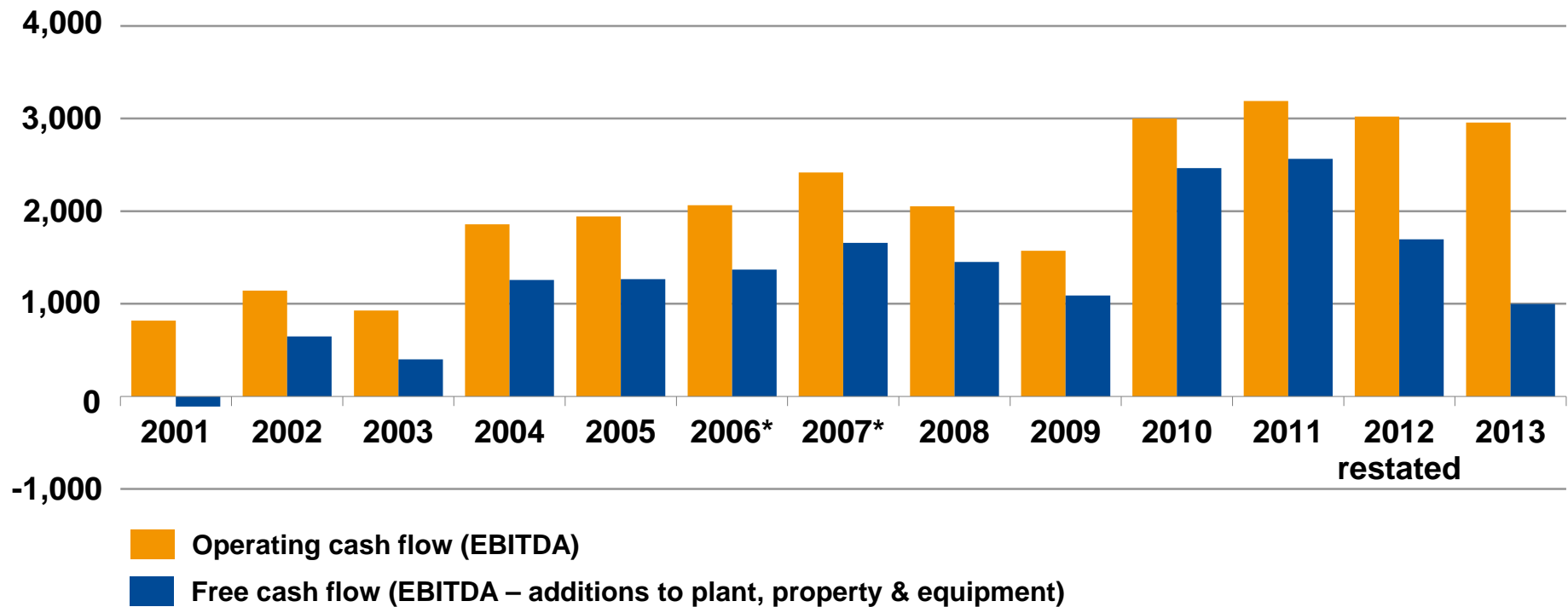
# Chemicals is a stable earnings contributor to BASF Group

## EBITDA BASF Group in million €



# Chemicals generates strong and steady free cash flow

## Cash flow Chemicals in million €



Since 2001, Chemicals contributed ~€17 billion of free cash flow to BASF Group

# Chemicals – Three distinct divisions, one mission: Create value

## Petrochemicals



- Supply of cracker products and basic chemicals
- Focus on C3 and C4 value chain



## Monomers



- Supply high-volume monomers and inorganic chemicals
- Focus on aromatics and ammonia based value chains



## Intermediates



- Supply of broad portfolio of intermediates for the chemicals industry
- Focus on C1 value chain

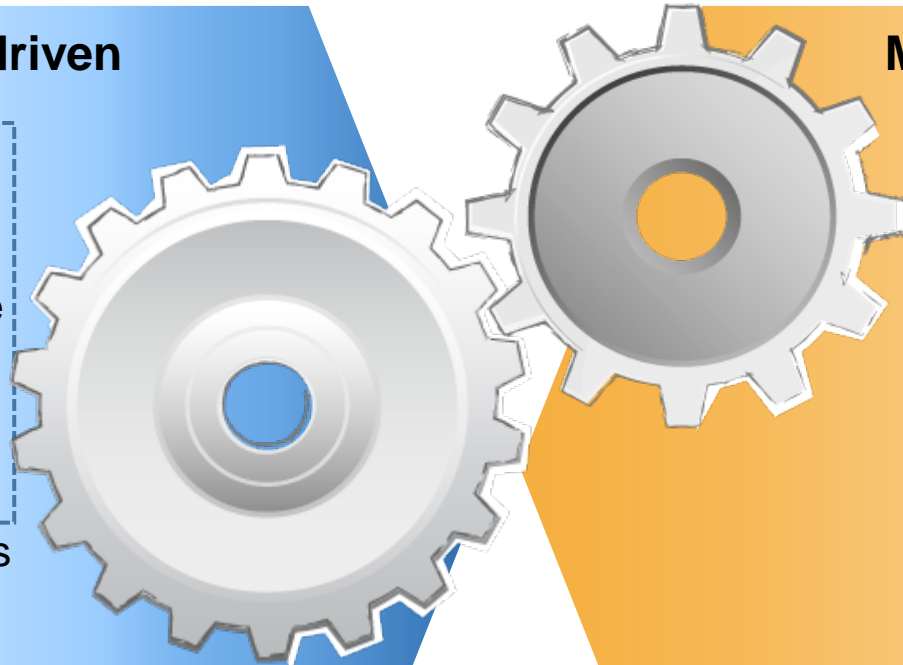


# Balanced portfolio of products for internal supply and merchant market sales

## Internal supply driven

### captive use only

- Industrial gases
- Acetylene
- Purified ethylene oxide
- Formaldehyde
- Ammonia
- Cracker products
- Butanediol
- Caprolactam
- PBT\*\* base resin
- Acrylic acid
- MDI



## Merchant market driven

- TDI
- PolyTHF®
- Amines
- Higher alcohols
- Polyalcohols and specialties
- Formic acid
- Inorganic salts
- Glues and resins



# Principles for internal supply driven and merchant market driven products

## Internal supply driven

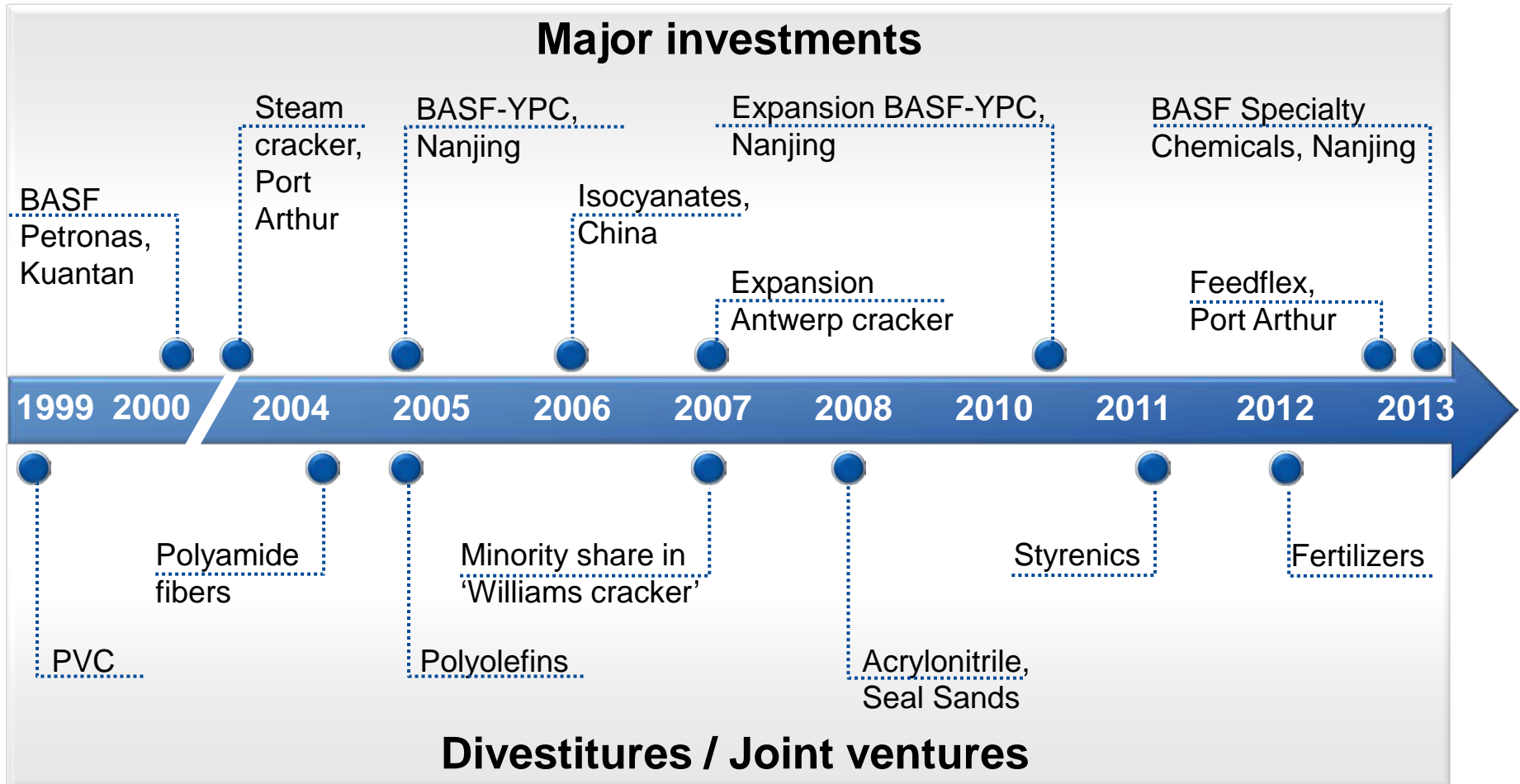
- **Reliable supply of key raw materials**
- **Access to chemicals not available in the market**



## Merchant market driven

- **Capture value of attractive chemicals markets**
- **Top-3 position in target market**

# Continuous development of Chemicals global asset footprint



# BASF has leading positions in the chemical markets

**No.1** globally\*  
(~50% of sales of BASF Chemicals)

- MDI, TDI
- Glacial acrylic acid
- Acrylic esters
- Polyamide film
- Oxo alcohols
- Polyalcohols
- Butanediol and derivatives
- Purified ethylene oxide
- Specialty amines
- Carboxylic acids

**Leading** regional market position

- Inorganic salts
- Glues and impregnating resins
- Plasticizers
- Solvents
- Standard amines

