

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

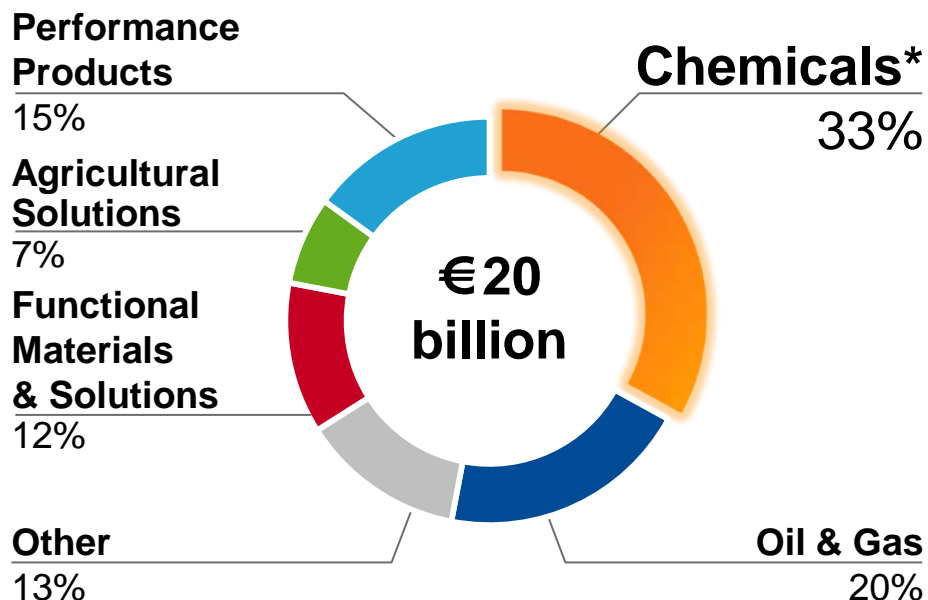
Shale Gas – An opportunity

Chemicals 2020



Capex Chemicals

Capex budget 2014-2018 by segment



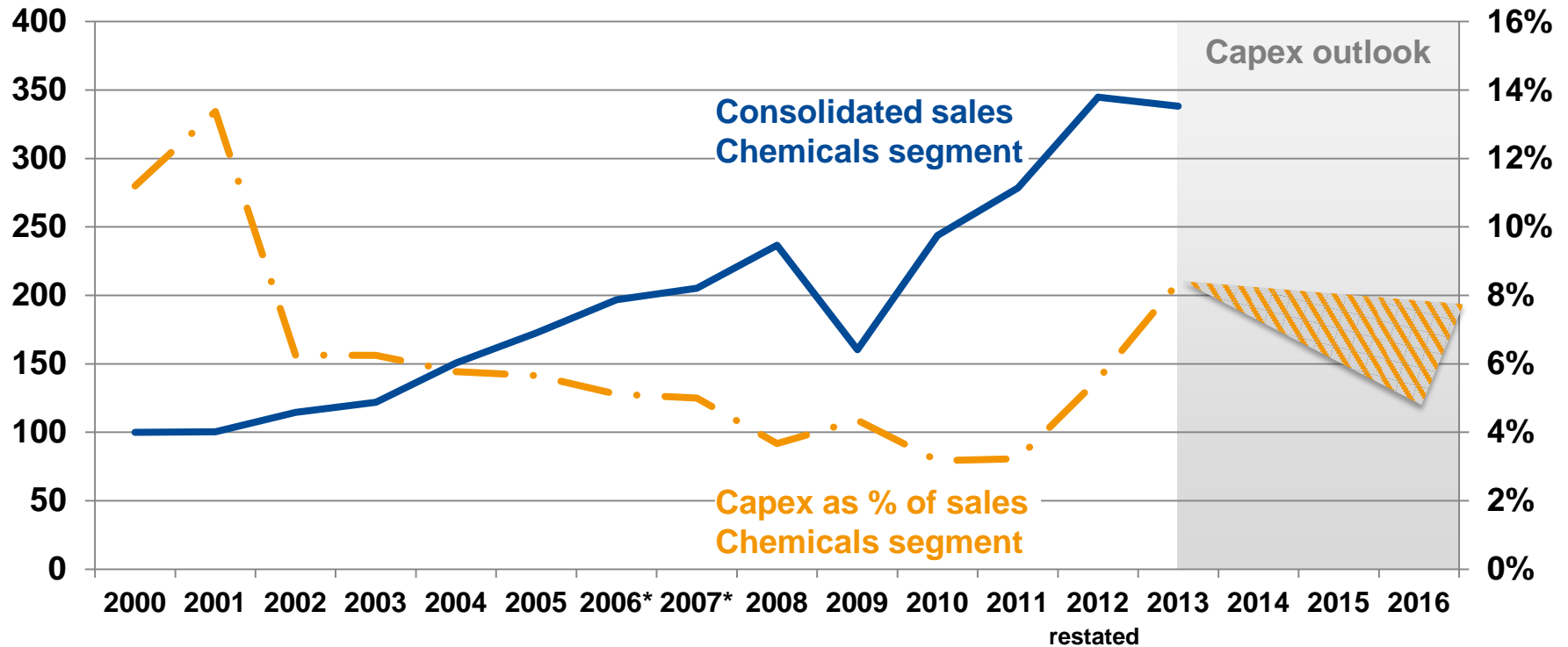
High capex intensity commands extraordinary focus on capex allocation and project control

- Extensive use of cash-cost benchmarking
- Preparation of solid business cases for all projects ensures sound decision-making
- Projects approved only if cost of capital is earned even at hypothetical marginal producer price level

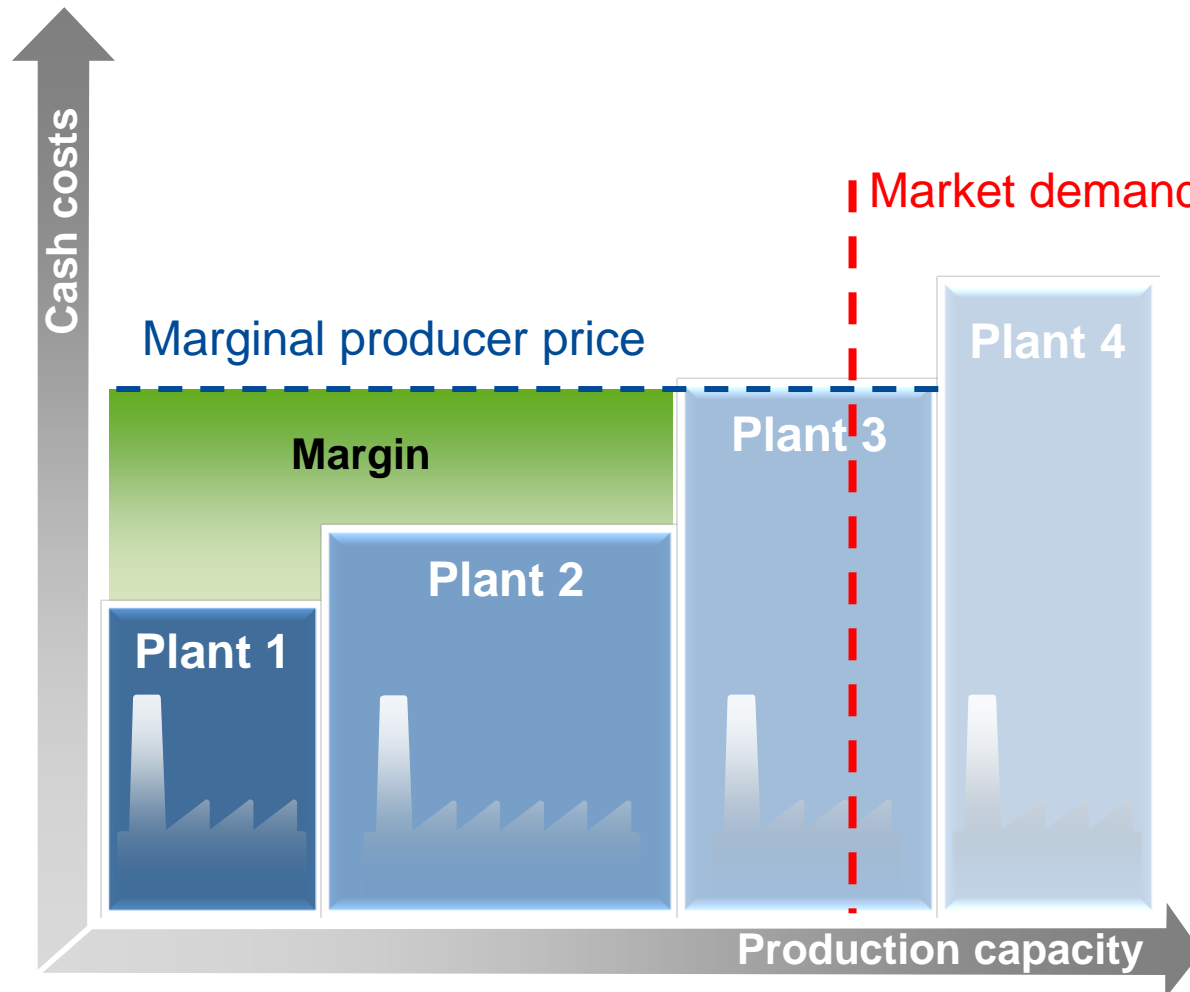
Capex focused on organic growth as well as on bottom-line improving projects

Consolidated sales indexed
(2000 = 100)

Capex as % of sales



Modelling cost curve dynamics



Cash costs are a function of

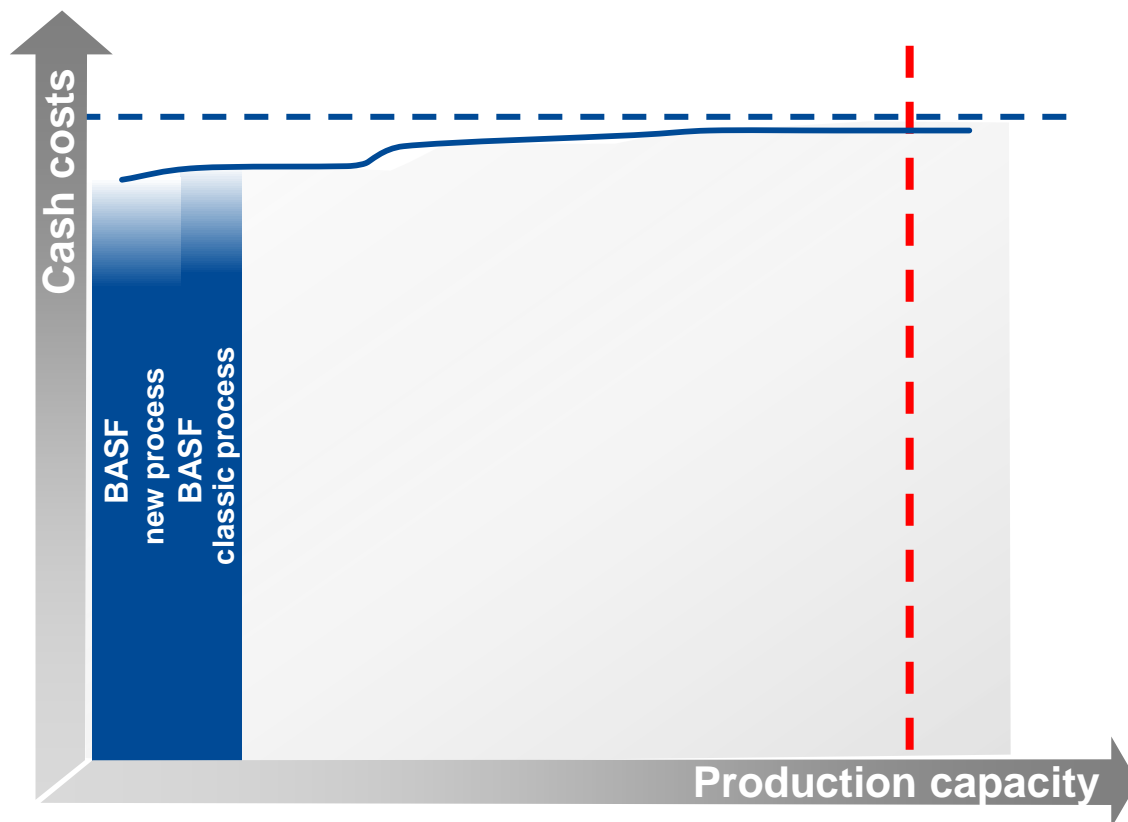
- Technology position
- Degree of integration
- Scale
- Raw materials source

Competitiveness in the market also influenced by

- Logistics costs
- Sales costs

Cost curve case study: Acrylic acid China

Acrylic Acid cash cost curve, China
average cash costs 2015 in US\$/kg

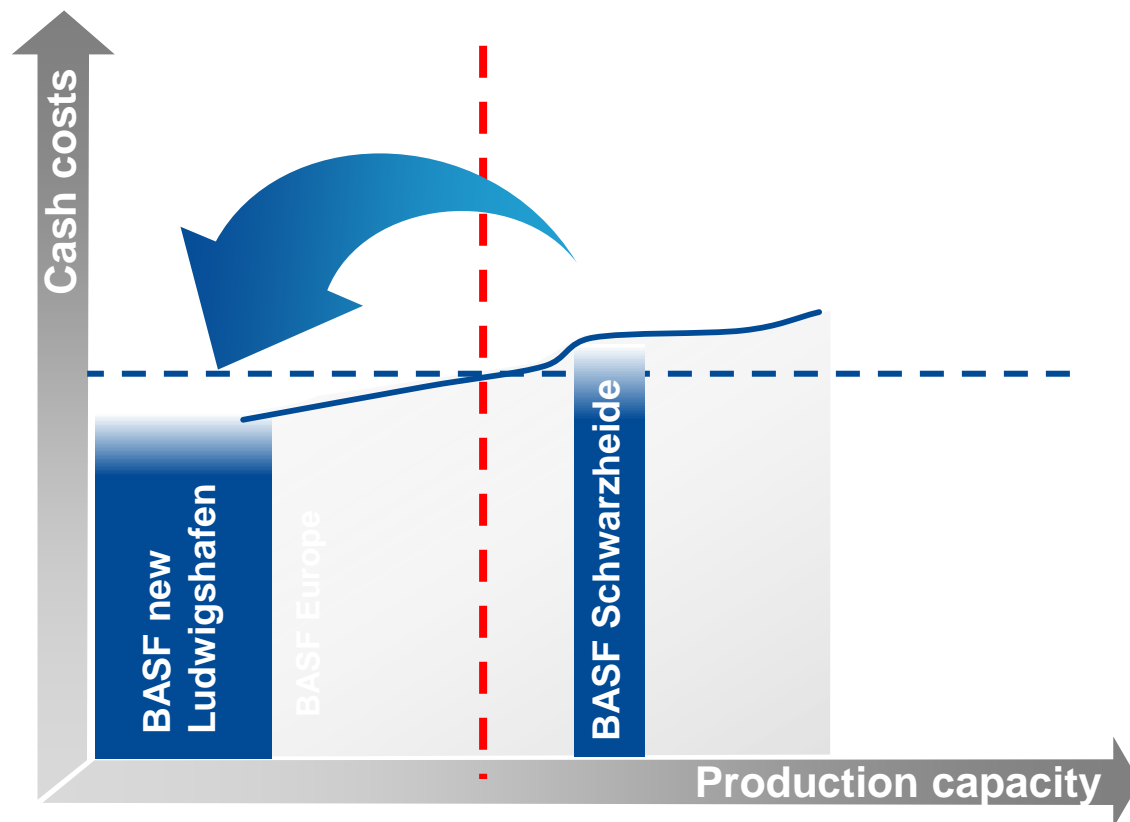


Continuous process innovation leads to best-in-class technology

- Proprietary BASF technology, with best-in-class process
- Significant cost synergies due to two parallel projects (Nanjing, Camacari)
- Acrylic acid will supply downstream units (superabsorbent polymers; acrylates)

Cost curve case study: TDI Europe

TDI cash cost curve, Europe
average cash costs 2015 in US\$/kg



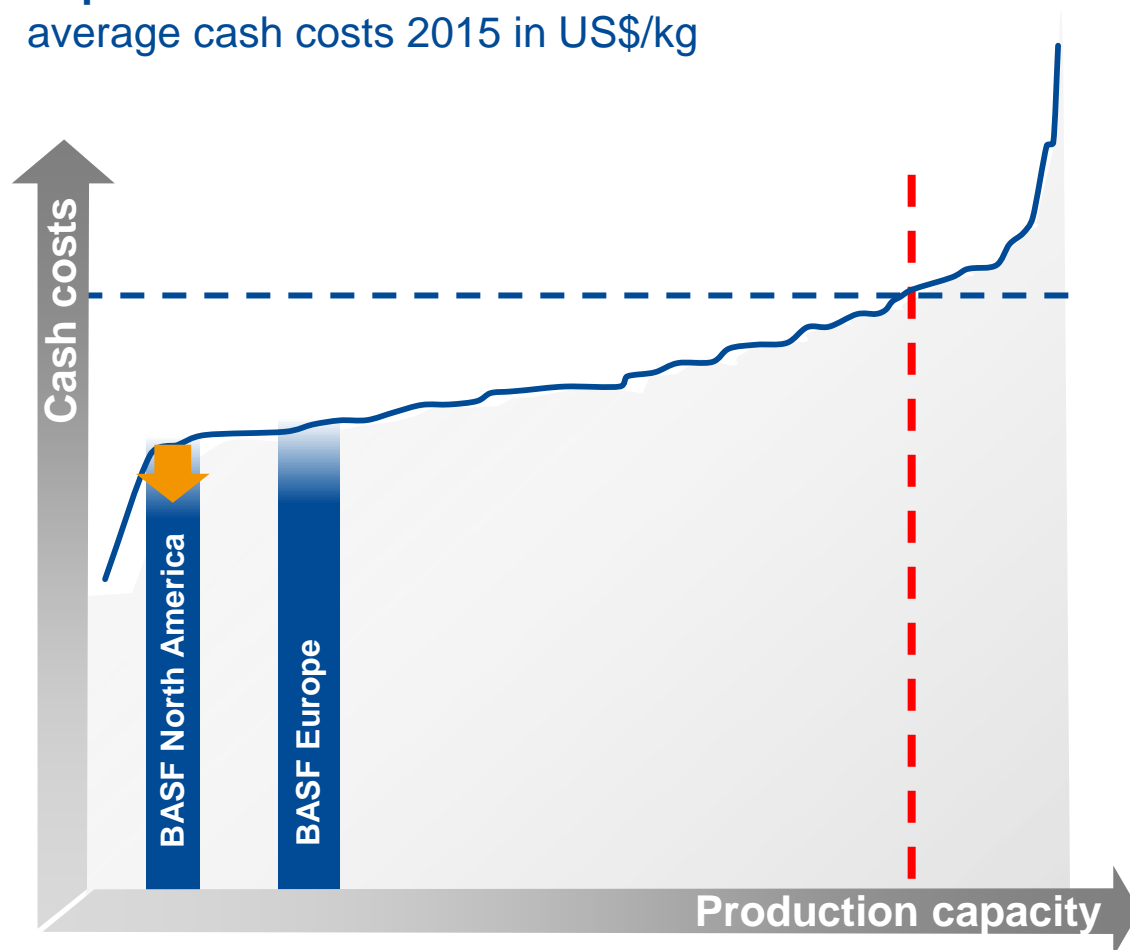
New Ludwigshafen TDI plant will provide superior cost structure in Europe

- Leading single-train technology
- New TDI plant strengthens and benefits from Ludwigshafen Verbund
- Schwarzheide plant to be closed after start-up of new plant

New TDI plant re-balances competitive environment of European TDI market

Cost curve case study: Caprolactam

Caprolactam cash cost curve
average cash costs 2015 in US\$/kg



BASF caprolactam production focused on captive demand

- BASF plants well positioned on cost curve
- Best-in-class cost position in Europe
- Constant process improvement ongoing
- World-scale caprolactam plants supply downstream demand of polyamide 6 applications
- Further cost improvement in North America after start-up of ammonia JV with Yara

Chemicals investments support growth of downstream units in Emerging Markets

Sites with major announced investment projects



Chemicals investments enable growth in Asia, especially in China

Sites with major announced investment projects



Chemicals investments support growth of the Verbund in Europe

Sites with major announced investment projects

