

150 years

 **BASF**

We create chemistry

Ludwigshafen, February 27, 2015

Analyst Conference FY2014

Cautionary note regarding forward-looking statements

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BASF with continued earnings growth

Business performance*	Q4'14	vs. Q4'13	FY'14	vs. FY'13
▪ Sales	€18.0 billion	(1%)	€74.3 billion	0%
▪ EBITDA	€2.9 billion	+11%	€11.0 billion	+6%
▪ EBIT before special items	€1.5 billion	+3%	€7.4 billion	+4%
▪ EBIT	€1.7 billion	+7%	€7.6 billion	+7%
▪ Net income	€1.4 billion	+26%	€5.2 billion	+8%
▪ Reported EPS	€1.54	+25%	€5.61	+7%
▪ Adjusted EPS	€1.04	+4%	€5.44	+2%
▪ Operating cash flow	€2.0 billion	+4%	€7.0 billion	(14%)

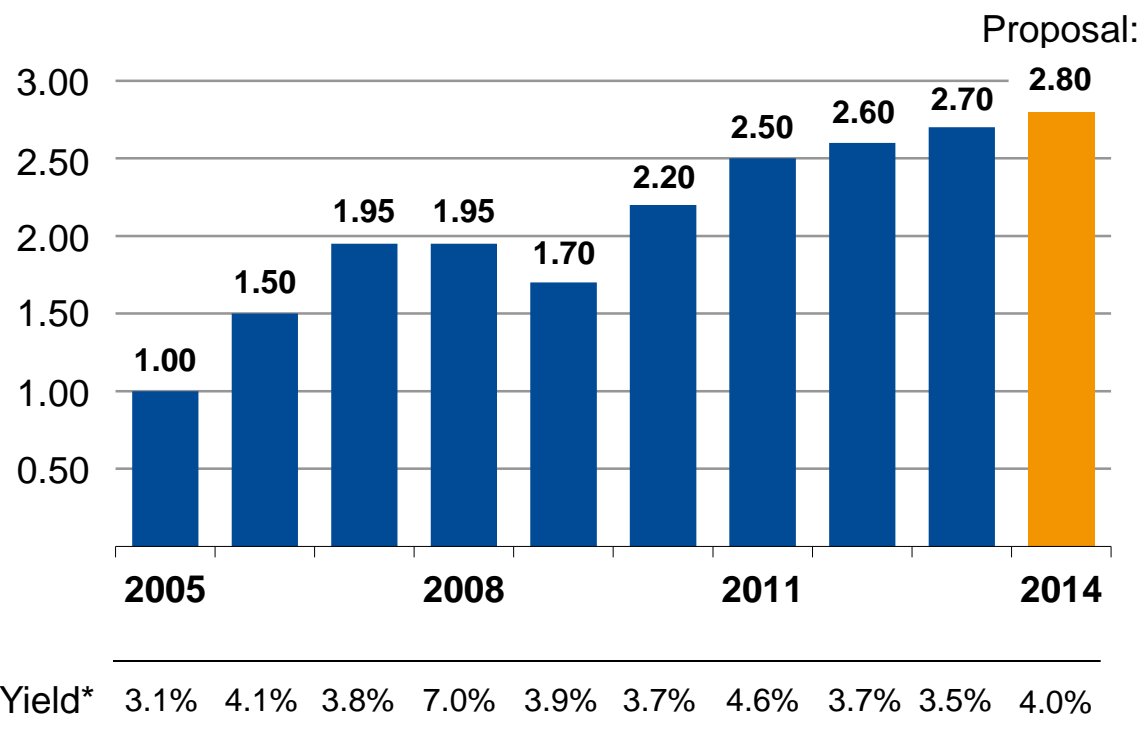
* Previous year values restated due to dissolution of disposal group "Natural Gas Trading"

Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q4'14 vs. Q4'13	↑ 1%	↓ (4%)	0%	↑ 2%
FY'14 vs. FY'13	↑ 4%	↓ (3%)	0%	↓ (1%)

Attractive shareholder return

Dividend per share (€)



* Dividend yield based on share price at year-end

Dividend policy

- We want to grow or at least maintain our dividend

Key facts

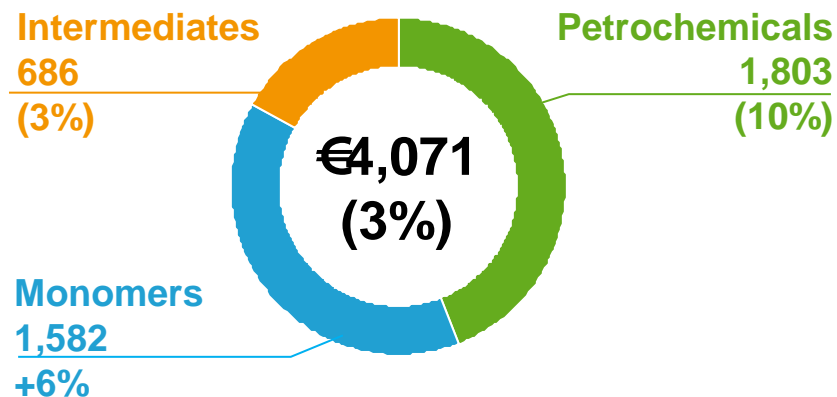
- Dividend proposal of €2.80 per share, an increase of 3.7%
- Average annual dividend increase of approx. 12% (2005-2014)
- Attractive dividend yield of 4.0% in 2014**
- Dividend yield above 3% in any given year since 2005

** Based on BASF share price of €69.88 on Dec 30, 2014

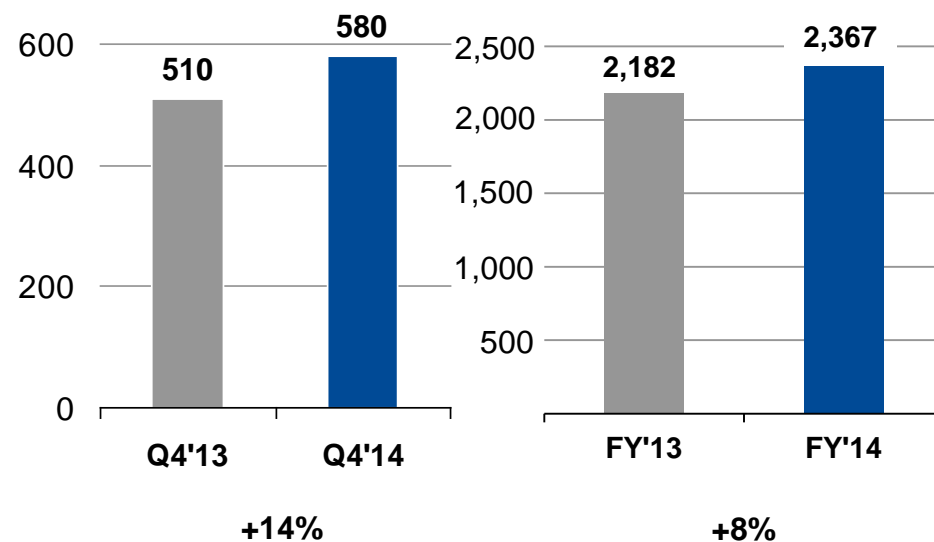
Chemicals

Petrochemicals drive earnings growth

Q4'14 segment sales (million €) vs. Q4'13



EBIT before special items (million €)



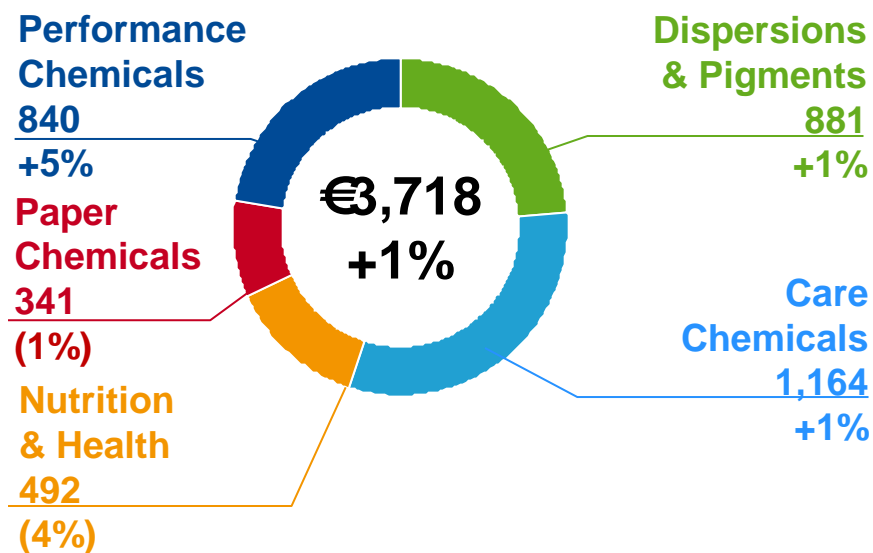
Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q4'14 vs. Q4'13	↓ (3%)	↓ (4%)	0%	↑ 4%
FY'14 vs. FY'13	↑ 3%	↓ (3%)	0%	0%

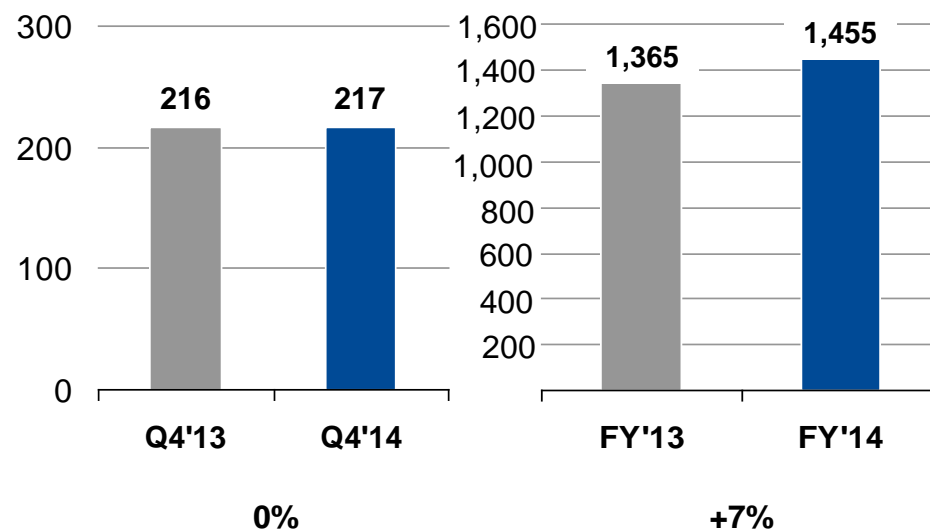
Performance Products

Sales slightly up and earnings on prior year level

Q4'14 segment sales (million €) vs. Q4'13



EBIT before special items (million €)



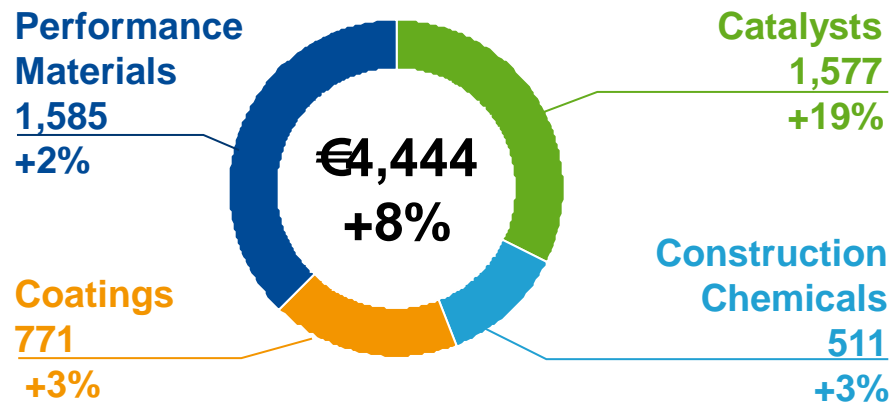
Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q4'14 vs. Q4'13	↓ (2%)	0%	0%	↑ 3%
FY'14 vs. FY'13	↑ 1%	0%	0%	↓ (2%)

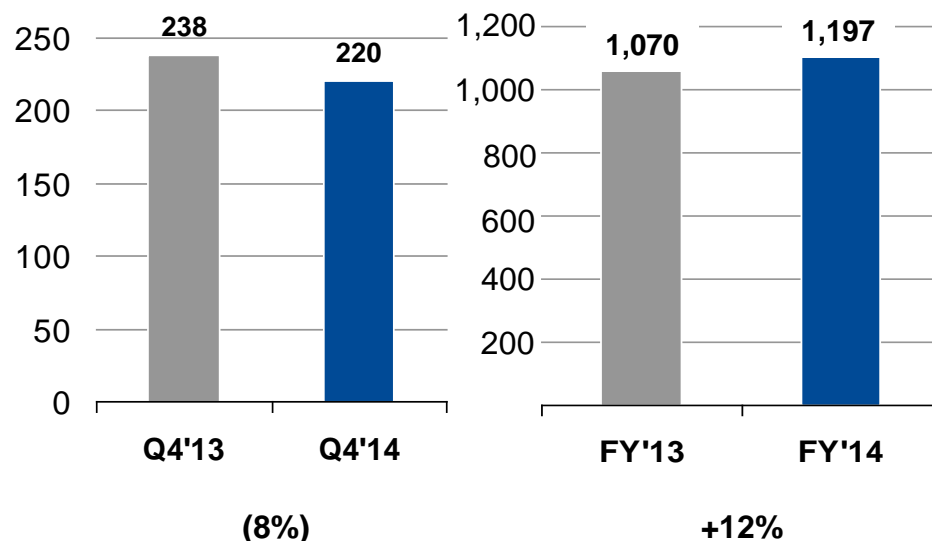
Functional Materials & Solutions

Continued robust demand from automotive

Q4'14 segment sales (million €) vs. Q4'13



EBIT before special items (million €)



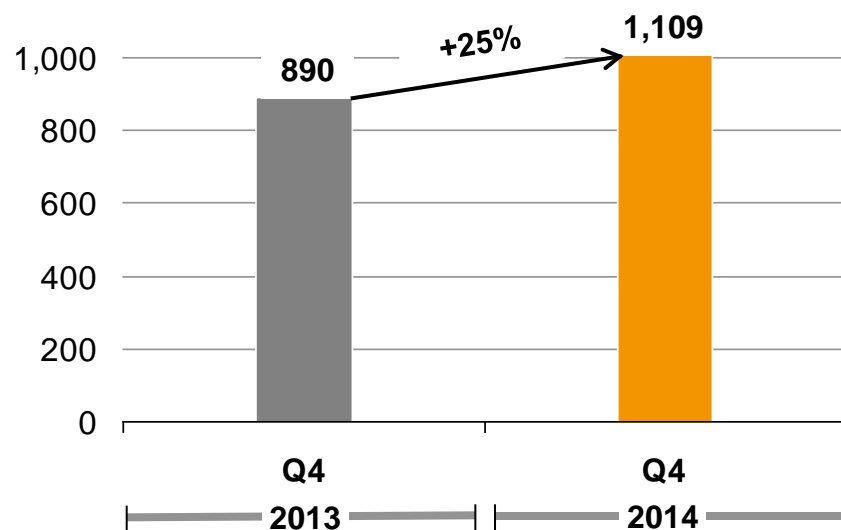
Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q4'14 vs. Q4'13	↑ 4%	0%	0%	↑ 4%
FY'14 vs. FY'13	↑ 5%	0%	0%	↓ (2%)

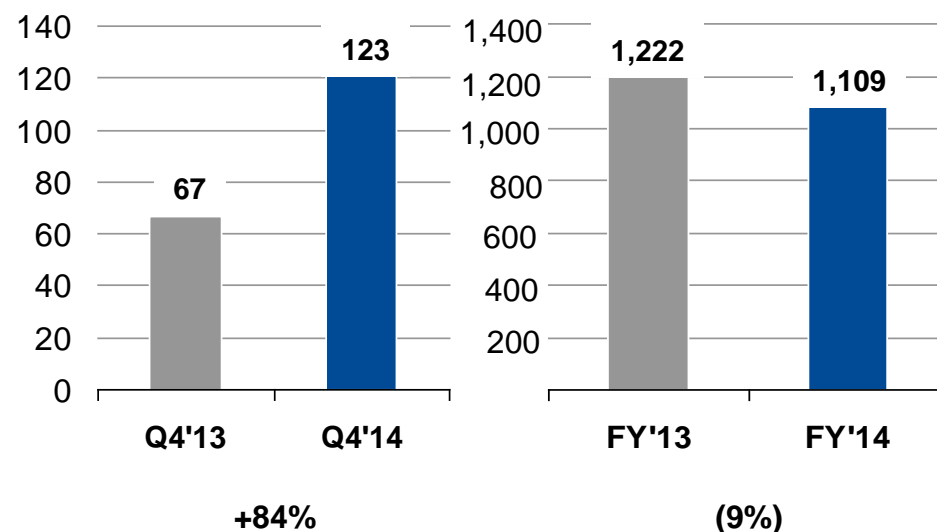
Agricultural Solutions

Strong finish to the year

Q4'14 segment sales (million €) vs. Q4'13



EBIT before special items (million €)



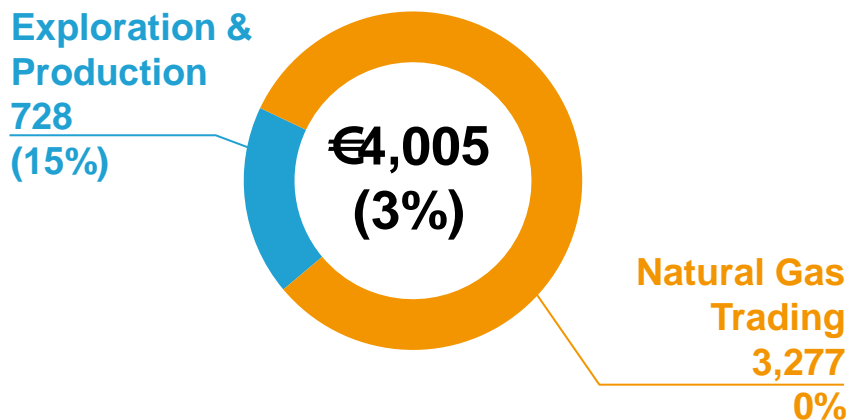
Sales development

Period	Volumes	Prices	Portfolio	Currencies
Q4'14 vs. Q4'13	↑ 22%	↓ (3%)	0%	↑ 6%
FY'14 vs. FY'13	↑ 5%	↑ 2%	0%	↓ (3%)

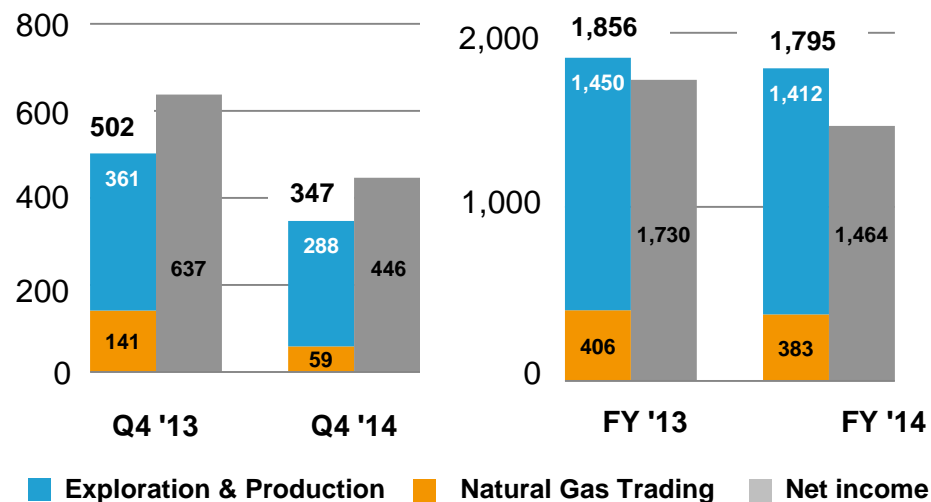
Oil & Gas

Lower oil and gas prices impacted earnings

Q4'14 segment sales (million €) vs. Q4'13



EBIT before special items / Net income (million €)*



* Previous year values restated due to dissolution of disposal group "Natural Gas Trading"

Sales development

Period	Volumes	Price/Currencies	Portfolio
Q4'14 vs. Q4'13	↑ 10%	↓ (12%)	↓ (1%)
FY'14 vs. FY'13	↑ 14%	↓ (13%)	↑ 1%

Review of 'Other'

Million €	Q4 2014	Q4 2013	2014	2013
Sales	700	1,106	3,609	4,190
EBIT before special items	(28)	(114)	(566)	(618)
<i>Thereof corporate research costs</i>	<i>(98)</i>	<i>(102)</i>	<i>(389)</i>	<i>(386)</i>
<i>group corporate costs</i>	<i>(59)</i>	<i>(66)</i>	<i>(218)</i>	<i>(237)</i>
<i>currency results, hedges and other valuation effects</i>	<i>110</i>	<i>(109)</i>	<i>(2)</i>	<i>(190)</i>
<i>other businesses</i>	<i>23</i>	<i>99</i>	<i>133</i>	<i>254</i>
Special items	473	3	433	(46)
EBIT	445	(111)	(133)	(664)

Operating cash flow development in 2014

Million €	2014	2013*
Cash provided by operating activities	6,958	8,100
<i>Thereof changes in net working capital</i>	<i>(699)</i>	<i>714</i>
<i>miscellaneous items</i>	<i>(953)</i>	<i>(720)</i>
Cash provided by investing activities	(4,496)	(5,994)
<i>Thereof payments related to tangible / intangible assets</i>	<i>(5,296)</i>	<i>(4,873)</i>
<i>acquisitions / divestitures</i>	<i>373</i>	<i>(1,093)</i>
Cash used in financing activities	(2,478)	(1,874)
<i>Thereof changes in financial liabilities</i>	<i>288</i>	<i>828</i>
<i>dividends</i>	<i>(2,766)</i>	<i>(2,702)</i>

* Previous year values restated due to dissolution of disposal group "Natural Gas Trading"

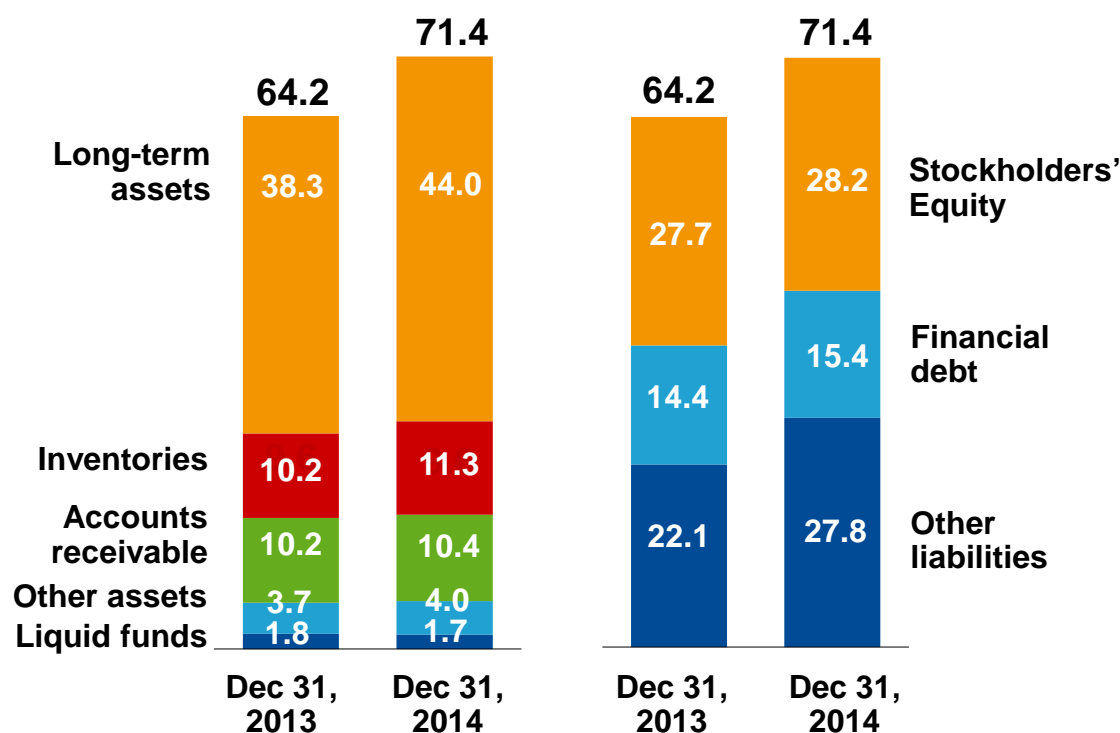
2014

- Free cash flow decreased to €1.7 billion; reduction due to a swing in net working capital and higher capex
- Payments related to tangible/intangible assets amounted to €5.3 billion (+€423 million)
- Continued high dividend payout in 2014: ~€2.8 billion

Balance sheet remains strong

Balance sheet 2014 vs. 2013

(billion €)



(Previous year values restated due to dissolution of disposal group "Natural Gas Trading")

Highlights 2014

- Increase in long-term assets by €5.7 billion, due to capex and acquisitions
- Increase of pension provisions by €3.6 billion due to continued decline of discount rates
- Financial debt increased by €1.0 billion reflecting issuance of bonds
- Net debt: €13.7 billion
- Net debt/EBITDA ratio: 1.2
- Equity ratio: 40%

Outlook 2015

Expectations for the global economy

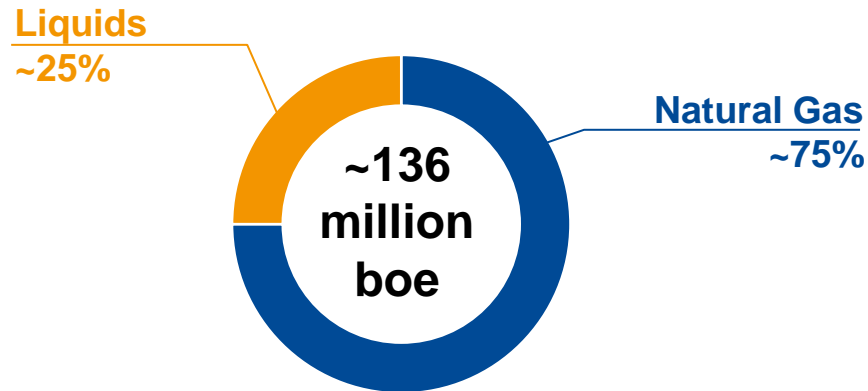
	Forecast 2015	2014 (actual)
GDP	2.8%	2.5%
Chemicals (excl. pharma)	4.2%	4.0%
Industrial production	3.6%	3.4%
US\$ / Euro	1.20	1.33
Oil price: Brent (US\$ / bbl)	60-70	99

Outlook BASF Group 2015

- We aim to increase volumes and sales excluding the effects of acquisitions and divestitures.
- Sales are likely to be slightly higher than in 2014, driven by higher sales in the Functional Materials & Solutions and Performance Products segments.
- We expect EBIT before special items to be on the level of 2014. Higher earnings in our chemicals business and in the Agricultural Solutions segment are anticipated to compensate for considerably lower earnings in Oil & Gas.
- We aim to earn again a substantial premium on our cost of capital, but on a lower level than in 2014.

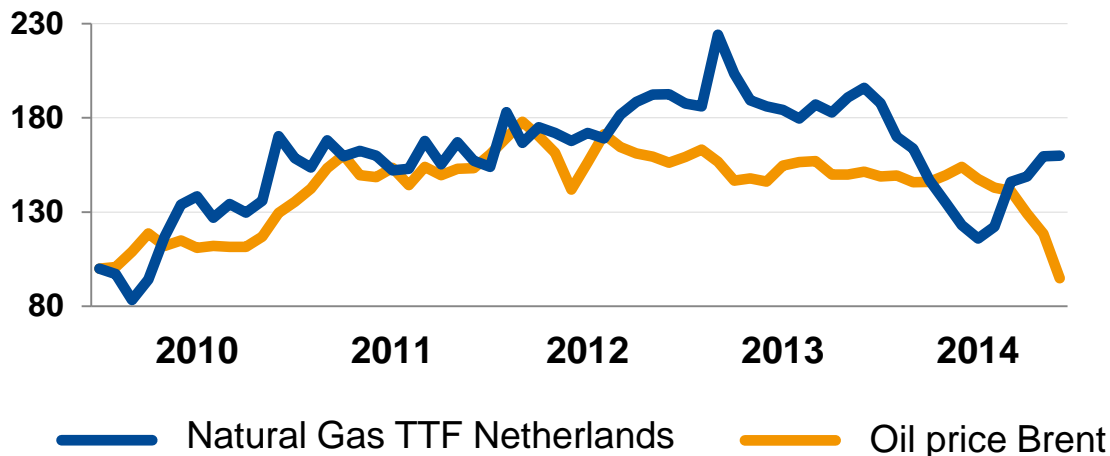
Oil & Gas: Impact of the current oil price and measures

Production split* 2014



Oil price vs. Western European gas price

(2010 = 100)



Key Facts

- Western European gas prices predominantly market-driven
- Gas markets outside of Europe partially regulated (e.g. Russia, Argentina)
- Annual oil price sensitivity for O&G segment: $\pm\text{€}20$ million EBIT per $\pm\text{\$}1$ per bbl. (Brent)

Measures

- Operational excellence
- Cost optimization
- CAPEX optimization
- Active portfolio management

Outlook 2015

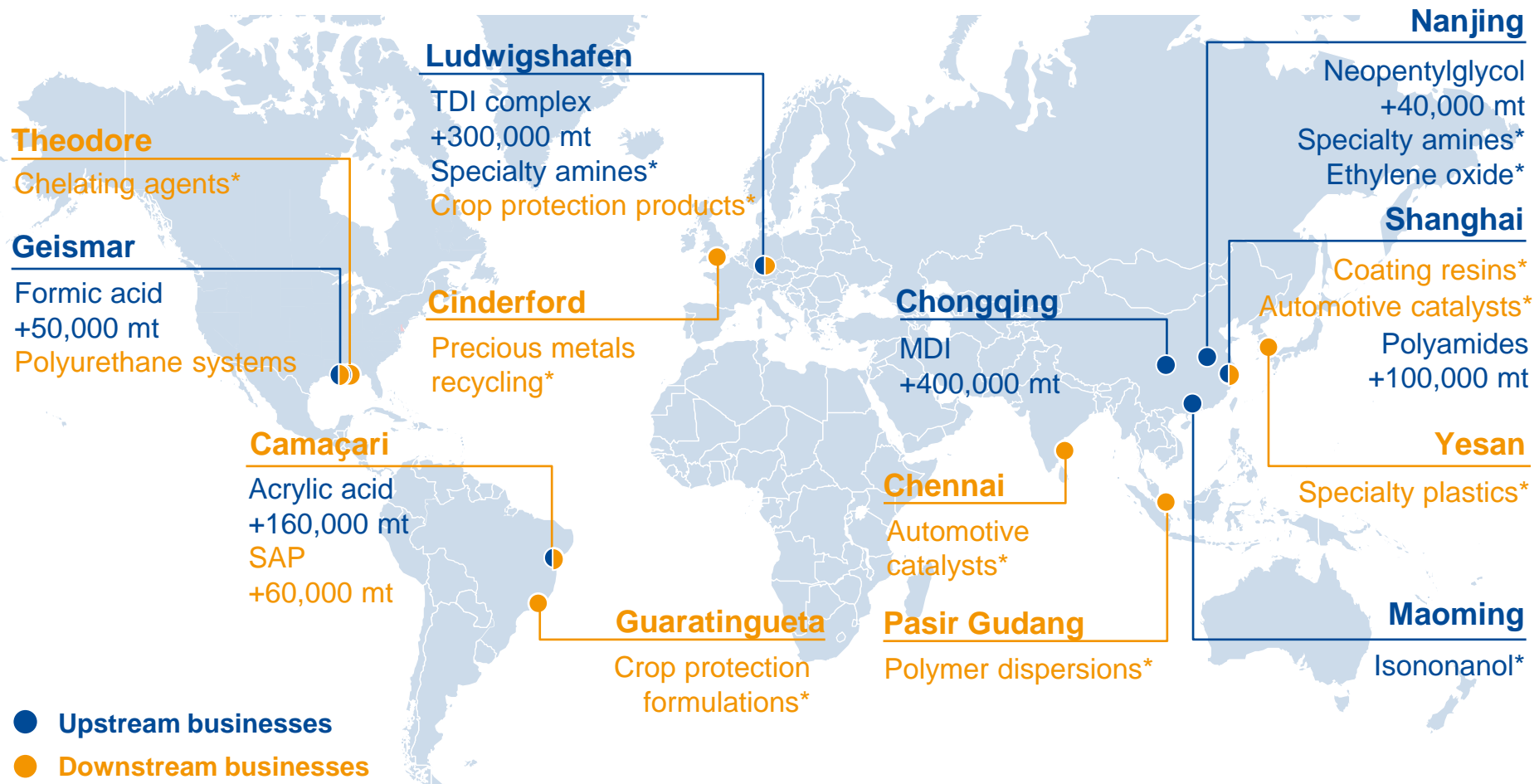
Forecast by segment

Million €	EBIT before special items	
	2014	Forecast 2015
Chemicals	2,367	slight decrease
Performance Products	1,455	considerable increase
Functional Materials & Solutions	1,197	considerable increase
Agricultural Solutions	1,109	considerable increase
Oil & Gas	1,795	considerable decrease
Other	(566)	slight decrease
BASF Group	7,357	at prior-year level

With respect to EBIT before special items, “slight” means a change of 1-10%, while “considerable” is used for changes greater than 11%. “At prior-year level” indicates no change (+/-0%).

Major investment projects will start up in 2015

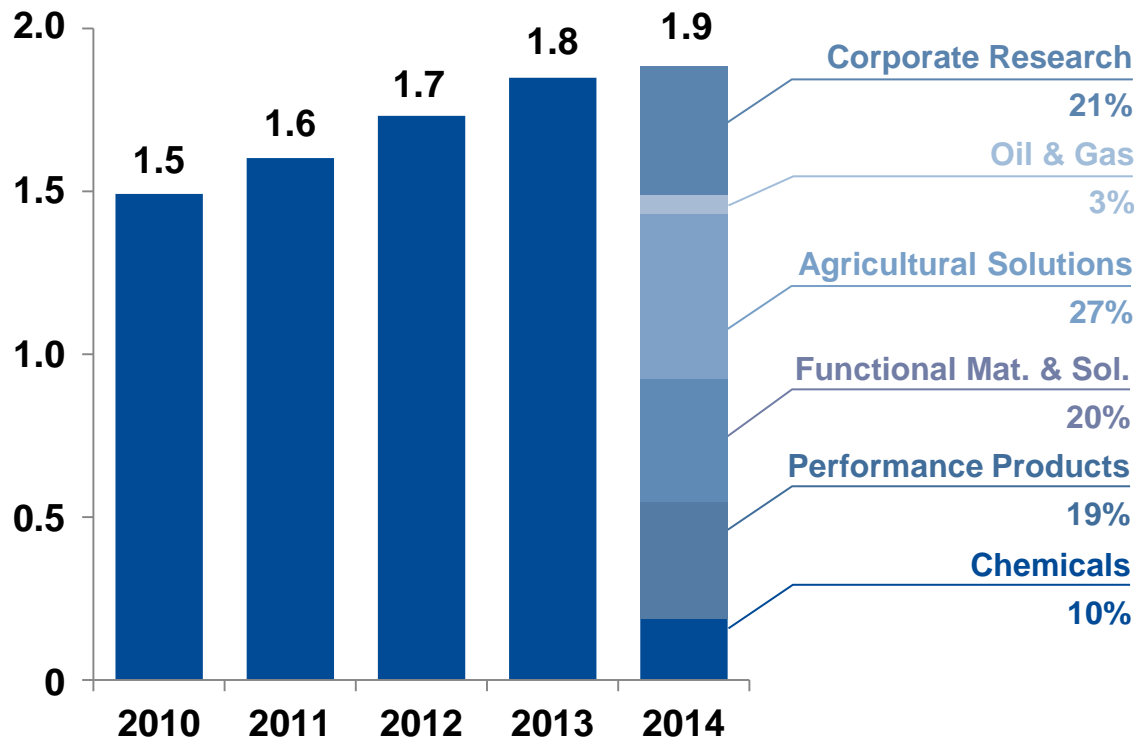
Major capex projects for start-up in 2015



Strong commitment to innovation

Innovations for a sustainable future

R&D expenditures (billion €)



Key facts

- €1.9 billion R&D expenditure in 2014
- Further increase of R&D spending in 2015
- ~10,700 employees in R&D
- ~3,000 projects
- Research Verbund: Cooperations with more than 600 excellent partners from universities, start-ups and industry
- Target 2015:
 - €10 billion of sales from innovations launched within the last 5 years

SAVIVA™

The next generation of

super-
absorbent
polymers



150 years



We create chemistry

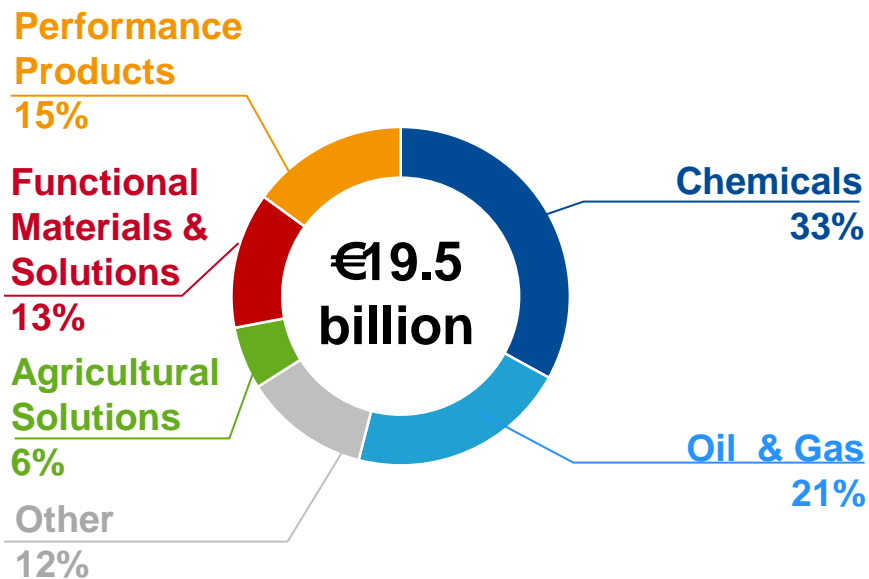
Outlook 2015 by region

Chemical production (excl. pharma)

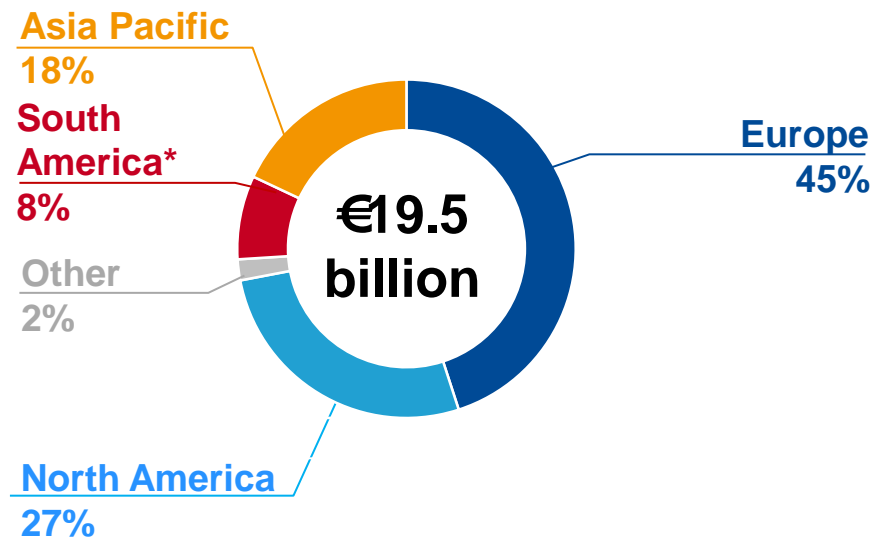
	Forecast 2015	2014 (actual)
World	4.2%	4.0%
EU	1.5%	1.2%
USA	3.5%	2.7%
Asia (excl. Japan and South Korea)	6.9%	7.8%
Japan	1.0%	-0.8%
South America	1.3%	-2.0%

Investments for organic growth

Capex budget 2015-2019
by segment



Capex budget 2015-2019
by region



* Includes also regions Africa and Middle East