

News Release

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BASF investigates establishment of second Verbund site in China

- **Memorandum of Understanding signed in the presence of Angela Merkel and Li Keqiang**
- **Third-largest BASF site globally would be built in South Chinese province of Guangdong**

BASF is investigating the possibility of building a highly-integrated “Verbund” chemical production site in the South Chinese province of Guangdong. Today, Martin Brudermüller, BASF’s Chairman of the Board of Executive Directors, and Lin Shaochun, Executive Vice Governor of Guangdong Province, signed a non-binding Memorandum of Understanding in Berlin, in the presence of Germany’s Chancellor Angela Merkel and the Chinese Premier Li Keqiang.

The Verbund site in Guangdong would be BASF’s largest investment and would be operated under the sole responsibility of BASF. China – with a world market share of around 40% – is the largest chemical market, and dominates the growth of the global chemical production. The investment is estimated to reach up to US\$10 billion by completion of the project around 2030. The first plants could be completed by 2026 at the latest.

In the initial phase, the BASF project would include petrochemical plants – the heart of the well-established Verbund system. A steam cracker with a planned capacity of 1 million metric tons of ethylene per year would be the starting point of the value chains at the new integrated site. In the next phases, plants for more consumer-oriented products and solutions would be built, to serve sectors like transportation

or consumer goods. The site would ultimately be the third-largest BASF site worldwide, following Ludwigshafen, Germany, and Antwerp, Belgium.

Guangdong province is home to customers from these key industries, as well as other fast-growing industries. With more than 110 million residents, Guangdong is the most populous province in China. Its gross domestic product, currently growing at 7% annually, already exceeds that of Spain and will soon have reached that of South Korea.

At the new site, BASF intends to implement a comprehensive smart manufacturing concept based on cutting-edge technologies. In the future, customers based in South China would be supplied from this high-tech Verbund site.

Globally, BASF currently operates six Verbund sites: two in Europe (Ludwigshafen, Germany; Antwerp, Belgium), two in North America (Freeport, Texas, USA; Geismar, Louisiana, USA) and two in Asia. The Verbund site in Nanjing, China, established in 2000, is a 50:50 joint venture with Sinopec, while the Verbund site in Kuantan, Malaysia, established in 1997, is a 60:40 joint venture with Petronas.

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. The more than 115,000 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 €64.5 billion in 2017. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (BAS). Further information at www.basf.com.

Forward-looking statements and forecasts

This release 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. BASF does not assume any obligation to update the forward-looking statements contained in this release above and beyond the legal requirements.