



We create chemistry

BASF Capital Market Story

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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.

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Unique position to capture
growth in Asia

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What is driving BASF's future growth?

Global trends provide opportunities for growth in the chemical industry

Population growth:

Driven by the emerging markets

+25%
2020 to 2050

Digitalization:

Rapid growth in volume of data

456
zettabytes in 2030

China the largest market:

Share of global chemical market

~50%
by 2030

Climate change:

Required reduction of greenhouse gas emissions to achieve the 2°C goal

-70%
by 2050 (baseline 1990)

Circular economy:

Non-recycled plastics worldwide

~200
million metric tons per year

Electromobility:

Growing demand for battery materials until 2030

~25%
per year

Unique position to deliver long-term value

Unique Verbund concept	Industry-leading innovation platform	Strong and expanding local presence in fast growing Asian market	Creating value to society and contributing to a sustainable development	Progressive dividend policy
<ul style="list-style-type: none"> ▪ 6 Verbund sites globally ▪ 241 additional production sites worldwide ▪ 6.2 million metric tons of CO₂ avoided globally in 2020 	<ul style="list-style-type: none"> ▪ €2.1 billion R&D expenditures in 2020 ▪ ~10,000 employees in R&D ▪ Sales of ~€10 billion in 2020 with products launched during last 5 years 	<ul style="list-style-type: none"> ▪ 2 Verbund sites already ▪ >70 production sites ▪ €15.4 billion¹ sales in 2020 ▪ Strong volume and earnings development of BASF in Greater China 	<ul style="list-style-type: none"> ▪ Target: 25% CO₂ emission reduction by 2030 (compared with 2018)² ▪ We aim to achieve net zero CO₂ emissions² by 2050 ▪ Achieve €22 billion in Accelerator sales by 2025 (2020: €16.7 billion) 	<ul style="list-style-type: none"> ▪ Aim to increase the dividend per share every year ▪ Dividend of €3.30 per share for 2020

¹ Sales in Asia Pacific by location of customer. Only includes sales from BASF entities fully consolidated according to IFRS 10/11

² The goal includes Scope 1 and Scope 2 emissions. Other greenhouse gases are converted into CO₂ equivalents according to the Greenhouse Gas Protocol

Our ambitious financial targets

Profitable growth

	Target	2020 status	SDG
Achieve a return on capital employed (ROCE) ¹ considerably above the cost of capital percentage every year	> 9%	1.7%	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div>
Grow sales volumes faster than global chemical production every year	>-0.4%	-0.5%	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div>
Increase EBITDA before special items by 3% to 5% per year	+3–5%	-10.7%	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div>
Increase the dividend per share every year based on a strong free cash flow	> €3.30	€3.30	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div>

Our ambitious non-financial targets¹

Effective climate protection

We want to **reduce our absolute CO₂ emissions²** by 25 percent by 2030 (development of carbon emissions compared with baseline 2018)³

Target

≤ 16.4 million metric tons

2020 status

20.8 million metric tons

SDG



We aim to achieve **net zero CO₂ emissions²** by 2050



Resource efficiency and safe production

Reduce worldwide **process safety incidents** per 200,000 working hours to ≤ 0.1 by 2025

Target

≤ 0.1

2020 status

0.3

SDG



Reduce the worldwide **lost-time injury rate** per 200,000 working hours to ≤ 0.1 by 2025

Target

≤ 0.1

2020 status

0.3

SDG



Introduce **sustainable water management** at our **production sites in water stress areas** and at our **Verbund sites** by 2030

Target

100%

2020 status

46.2%

SDG



Sustainable product portfolio

Achieve **€22 billion in Accelerator sales⁴** by 2025

Target

€22.0 billion

2020 status

€16.7 billion

SDG



Employee engagement and diversity

Increase the proportion of **women in leadership positions** with disciplinary responsibility to **30%** by 2030

Target

30%

2020 status

24.3%

SDG



More than **80%** of our **employees** feel that at BASF, they can **thrive and perform at their best**

Target

> 80%

2020 status

82%

SDG



Responsible procurement

Cover **90%** of our relevant spend⁵ with **sustainability evaluations** by 2025
Have **80%** of our suppliers **improve** their **sustainability performance** upon re-evaluation

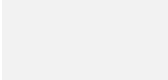
Target

90%

2020 status

80%

SDG



¹ Targets as published in the BASF Report 2020, CO₂ targets updated on March 26, 2021

² The goal includes Scope 1 and Scope 2 emissions. Other greenhouse gases are converted into CO₂ equivalents according to the Greenhouse Gas Protocol.

³ 2030 target compared with 1990: 60% CO₂ reduction

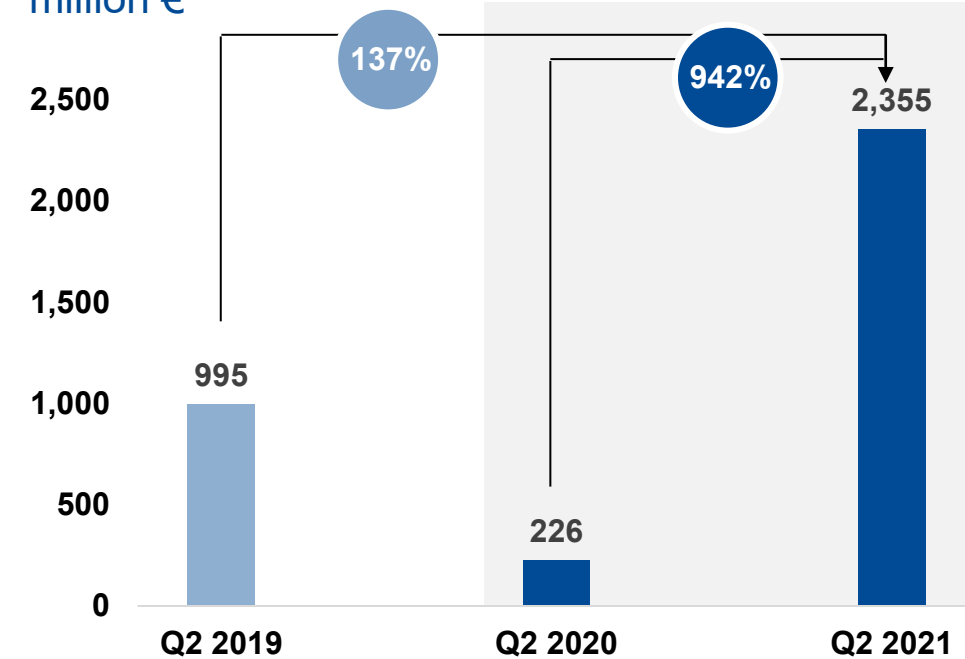
⁴ Products with substantial contribution to sustainability

⁵ Relevant spend; based on risk matrices, purchasers' assessments and other sources

Q2 2021: BASF with very strong second quarter supported by higher prices and volumes

- Strong growth momentum continued in Q2 2021
- In Q2 2021, volumes and prices grew across all regions and all segments
- Earnings in upstream businesses considerably above Q2 2020, despite a slight sequential decline in margins compared with Q1 2021
- Downstream businesses with strong demand and increased prices but continued pressure from raw materials prices

EBIT before special items by quarter
million €



BASF Group Q2 2021 and H1 2021: Financial figures

Financial figures	Q2 2021	Change	H1 2021	Change
	million €	%	million €	%
Sales	19,753	56	39,153	33
EBITDA before special items	3,217	162	6,398	68
EBITDA	3,199	199	6,375	82
EBIT before special items	2,355	.	4,676	151
EBIT	2,316	.	4,627	205
Net income from shareholdings	-44	94	24	.
Net income	1,654	.	3,372	.
Reported EPS	1.80	.	3.67	.
Adjusted EPS	2.03	.	4.03	167
Cash flows from operating activities	2,537	13	2,012	66
Free cash flow	1,770	17	789	.

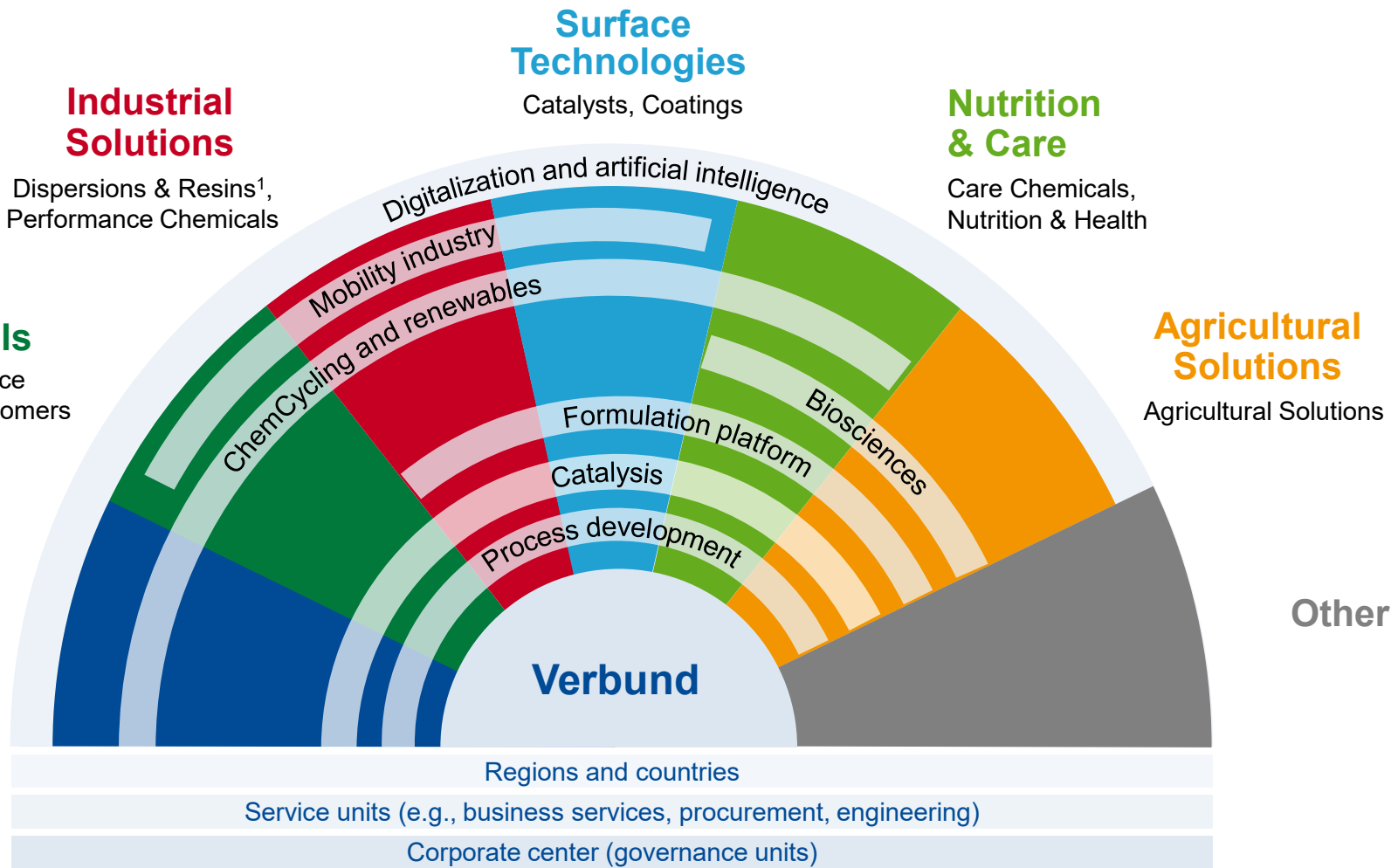
Outlook 2021 for BASF Group

Outlook 2021	revised forecast	previous forecast
Sales	€74 billion – €77 billion	€68 billion – €71 billion
EBIT before special items	€7.0 billion – €7.5 billion	€5.0 billion – €5.8 billion
ROCE	12.1% – 12.9%	9.2% – 11.0%
Accelerator sales	€21 billion – €22 billion	€19 billion – €20 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: 5.5% (5.0%)
- Growth in industrial production: 6.5% (5.0%)
- Growth in chemical production: 6.5% (5.0%)
- Average euro/dollar exchange rate: \$1.20 per euro (\$1.18 per euro)
- Average annual oil price (Brent): \$65 per barrel (\$60 per barrel)

BASF's diversified portfolio with market-oriented segment structure provides resilience and supports customer orientation



Each segment has a clear and compelling path forward

	Chemicals	Materials	Industrial Solutions	Surface Technologies	Nutrition & Care	Agricultural Solutions
% of sales 2020 ¹	14%	18%	13%	28%	10%	13%
EBITDA bsi 2020 ¹	€1.3 billion	€1.7 billion	€1.2 billion	€1.0 billion	€1.2 billion	€1.7 billion
Core theme	Verbund	Advanced materials	Additives platform	Surface modification platform	Consumer ingredients	Integrated offering of crop protection, seeds & traits, digital solutions
Innovation focus	Improved or new processes	Applications, biomaterials	Formulations	Battery materials, surface effects	Biotechnology, formulations	Crop protection, seeds & traits, digital farming
Capex relevance						
M&A relevance						
Sustainability	ChemCycling™	Bio-based materials	More from less	Low-emission mobility	Bio-based and natural, traceability	Better with less

Our unique Verbund concept is one of BASF's greatest assets with multiple benefits strengthening the portfolio

- 6.2 million metric tons of CO₂ emissions avoided globally in 2020
- Integration enables drop-in solutions for bio-based and recycled feedstock for low-carbon products

Production

Value Chains

- Ensure competitive supply of key raw materials and products to all segments while avoiding CO₂ emissions

Technologies

- Leverage technological advantages and innovation across all segments
- Unique expertise in developing and integrating new, low-emission technologies

Digitalization

- Harvest the advantages offered by digitalization across BASF, for example, by calculating product carbon footprints

Markets

- Create customer relevance through size and broad portfolio



We operate close to our customers in all regions worldwide

North America	
Sales (million €)	15,709
Employees	16,948

Europe	
Sales (million €)	23,129
Employees	68,849

Asia Pacific	
Sales (million €)	15,406
Employees	17,753

South America, Africa, Middle East	
Sales (million €)	4,905
Employees	6,752

BASF sales by industry 2020		
Direct customers	> 20% ¹	Chemicals and plastics Transportation
	10–20% ¹	Agriculture Consumer goods
	< 10% ¹	Construction Electronics Energy and resources Health and nutrition

¹ In each case

- Regional centers
- Selected sites
- Verbund sites
- Planned Verbund site
- Selected research and development sites

Use of cash – clear focus on long-term shareholder value

Organic growth

- €22.9 billion capex budget 2021–2025
- Proceeds from divestitures to support BASF's major growth projects
- Around €2.0 billion in R&D expenses per year

Progressive dividend

- Aim to increase dividend per share every year
- Solid balance sheet and strong free cash flow support dividend policy

Portfolio upgrading

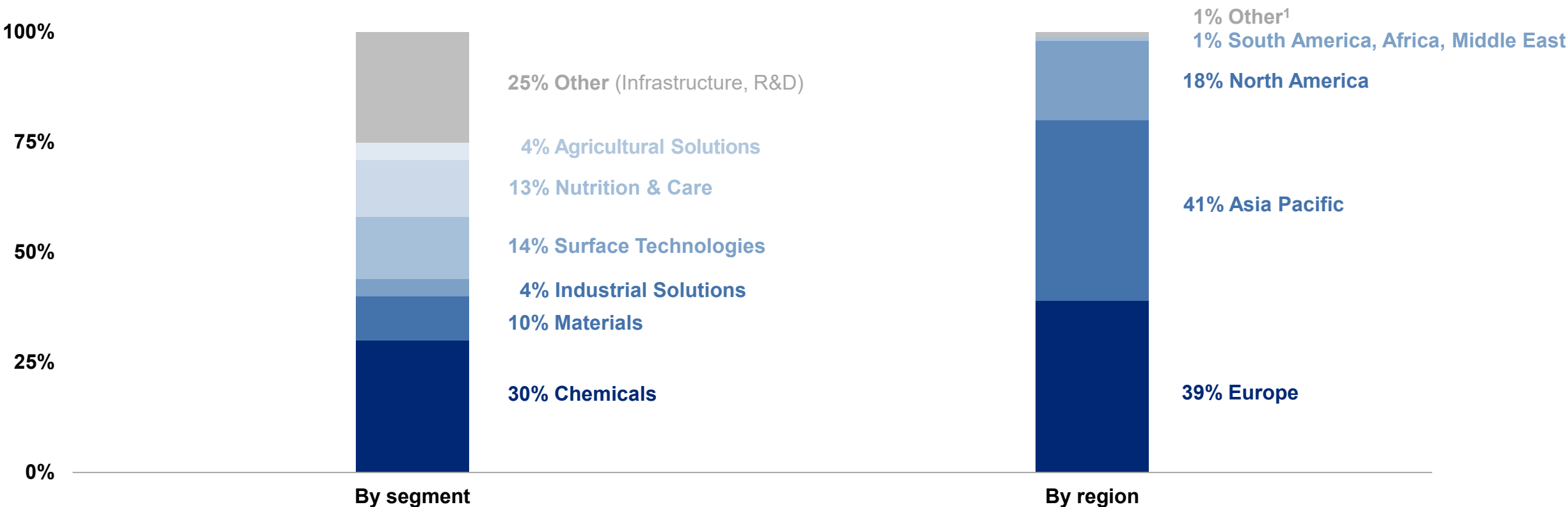
- Strengthen portfolio through selective M&A opportunities while maintaining price discipline
- Focus the portfolio with continued pruning measures

Share buybacks

- Share buybacks are part of our toolbox but are currently not being considered

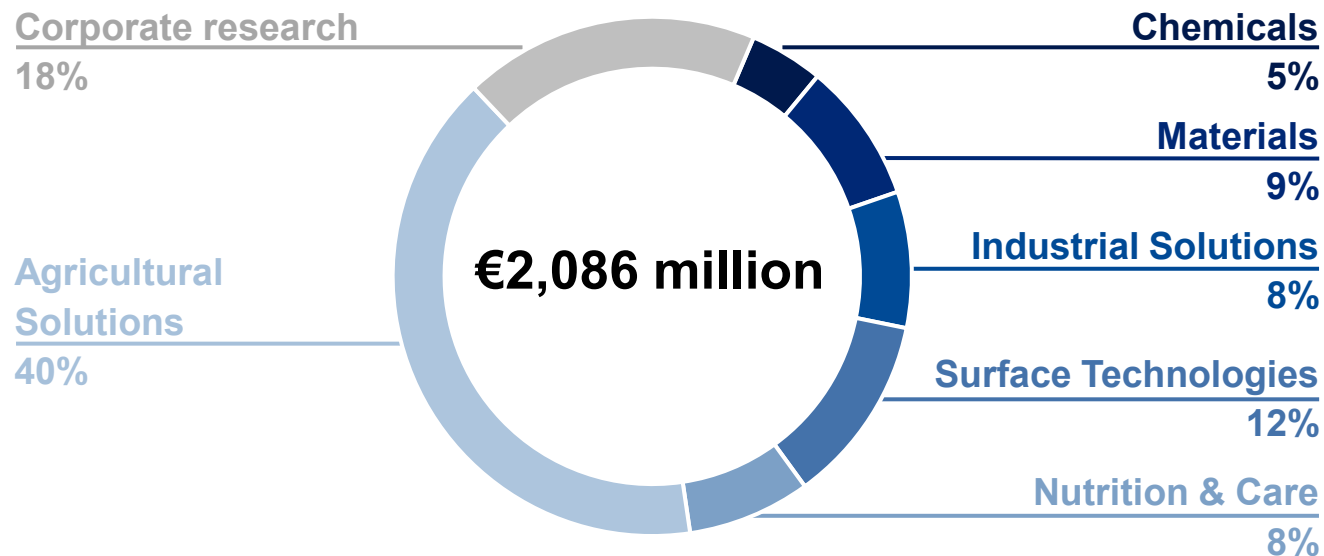
High capex discipline in ongoing business leads to lower capex budget in five-year planning period

Capex budget 2021–2025: €22.9 billion (2020–2024: €23.6 billion), thereof €3.6 billion in 2021



BASF's industry-leading innovation platform ensures long-term organic growth

R&D expenses 2020

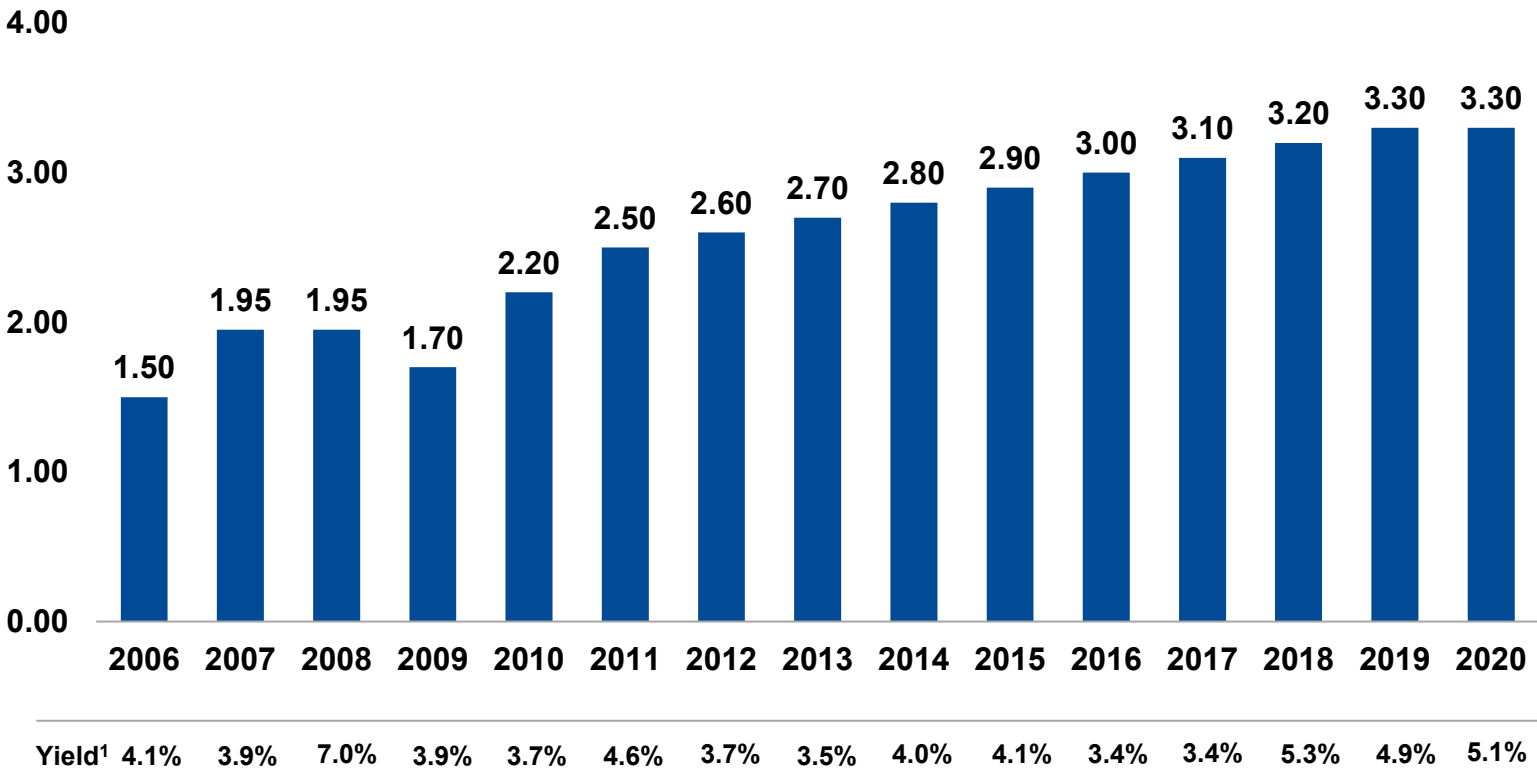


Key facts 2020

- R&D expenses to sales ratio ~3.5%
- Commitment to R&D with annual spending of ~€2.0 billion
- ~10,000 employees in R&D
- ~950 new patents filed in 2020
- Research Verbund: 8 Academic Research Alliances are complemented by cooperations with ~250 universities and research institutes
- ~€10 billion sales generated from R&D activities with products launched during last 5 years
- Accelerator sales of €16.7 billion in 2020; €22 billion in Accelerator sales targeted by 2025
- Peak sales potential of BASF's Agricultural Solutions innovation pipeline of >€7.5 billion between 2020 and 2030

Attractive shareholder return – also in challenging times

Dividend per share
€



Key facts 2020

- Stable dividend of €3.30 per share
- Total dividend payment of €3.0 billion
- Dividend yield of 5.1% based on the share price of € 64.72 at year end 2020

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Transforming into an agile and customer-focused organization

Action fields

Embedding to bring services closer to customers

Streamlined headquarters and services

Regions with **sharpened roles** to increase customer focus

Simplification of process landscape

People working in an **entrepreneurial performance culture**

Progress report



On October 1, 2019, we completed the **embedding of around 20,000 employees**



Since January 1, 2020, the **lean corporate center** with ~1,000 employees is operating. In addition, the **Global Business Services unit** was established



Regions with **strengthened customer focus**, supporting and enabling the businesses locally



Simplification measures
>200 projects implemented

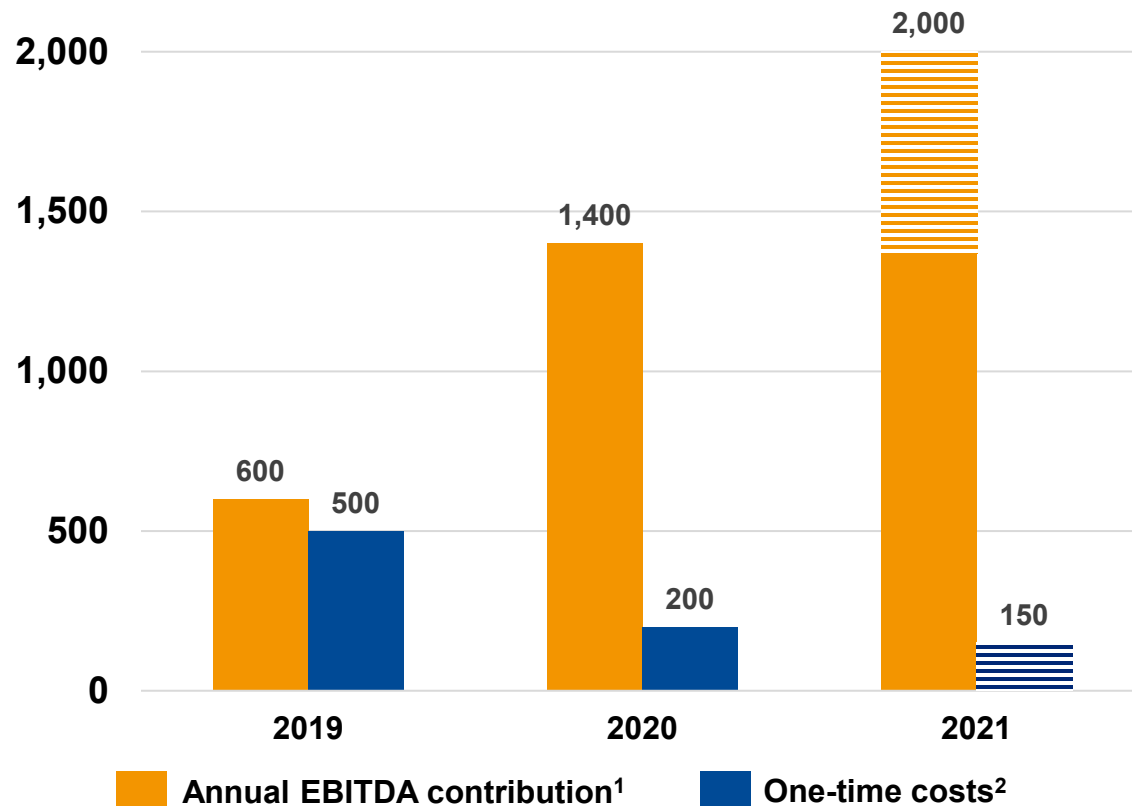


Empowering and incentivizing employees to take ownership in their area of expertise



Excellence Program 2019–2021: On track to achieve the targeted annual EBITDA contribution

million €



Key measures:

- Operational excellence with focus on production, logistics and planning
- Organizational development targeting leaner structures in the areas of services, headquarters and R&D
 - Personnel cost savings: reduction of ~5,600 positions globally achieved by the end of 2020; around 7% of the personnel reduction delayed into 2021
 - Increased process efficiency, e.g., in procurement
 - R&D cost reduction via focusing budgets

We have consistently refocused our portfolio towards innovative growth businesses¹

Acquisitions

- Functional crop care
- Personal care and food ingredients
- Omega-3 fatty acids
- Enzymes
- Battery materials
- Specialty plastics
- Refinish coatings
- Surface treatment
- Seeds and crop protection
- Polyamide business

~€8.8 billion sales in emerging and innovation-driven businesses



Divestitures

- Styrenics
- Fertilizers
- Natural gas trading and storage
- Custom synthesis business
- Textile chemicals
- Polyolefin catalysts
- Industrial coatings
- Leather chemicals
- Water and paper chemicals
- Oil & gas
- Construction chemicals
- Pigments business

~€29.7 billion sales in businesses with decreased differentiation potential

Recent portfolio measures: Acquisitions



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

- BASF to hold 51%, Shanshan 49%
- BASF investment in a mid-triple-digit million-euro range
- Hunan Shanshan Energy 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 strengthens its position in Asia and is increasing its global annual capacity to 160 kt by 2022 with further expansions underway
- Closing is targeted for later this summer¹



BASF to acquire 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 is expected in Q4 2021¹

Recent portfolio measures: Divestitures



DIC acquired BASF's pigments business

- Sales 2018: ~€1 billion
- BASF and DIC reached an agreement on the acquisition of BASF's pigments business in August 2019
- Purchase price of €1.15 billion¹
- Closing took place on June 30, 2021



BASF and Clayton, Dubilier & Rice to sell Solenis to Platinum Equity

- Sales 2020²: \$2.8 billion
- Enterprise value: \$5.25 billion for Solenis, which includes net debt of around \$2.5 billion
- BASF holds 49% of the shares in Solenis; 51% of the shares are held by Clayton, Dubilier & Rice and the Solenis management
- Closing of the transaction expected before the end of 2021³



Initial public offering of Wintershall Dea

- Sales 2020: ~€3.6 billion
- Merger took place on May 1, 2019
- Realization of synergies on track, integration completed
- Initial Public Offering planned beyond 2021, subject to market conditions

Clear acquisition criteria

Strategic acquisition criteria

We want to acquire businesses which ...

- create more value as part of BASF's Verbund
- help achieve relevant market positions
- drive innovation or technological differentiation
- enable new and sustainable business models

Financial acquisition criteria

We want to acquire businesses which ...

- provide a return on capital employed above the WACC after full integration into BASF Group
- are EPS accretive by year three at the latest
- contribute to growth of EBITDA before special items

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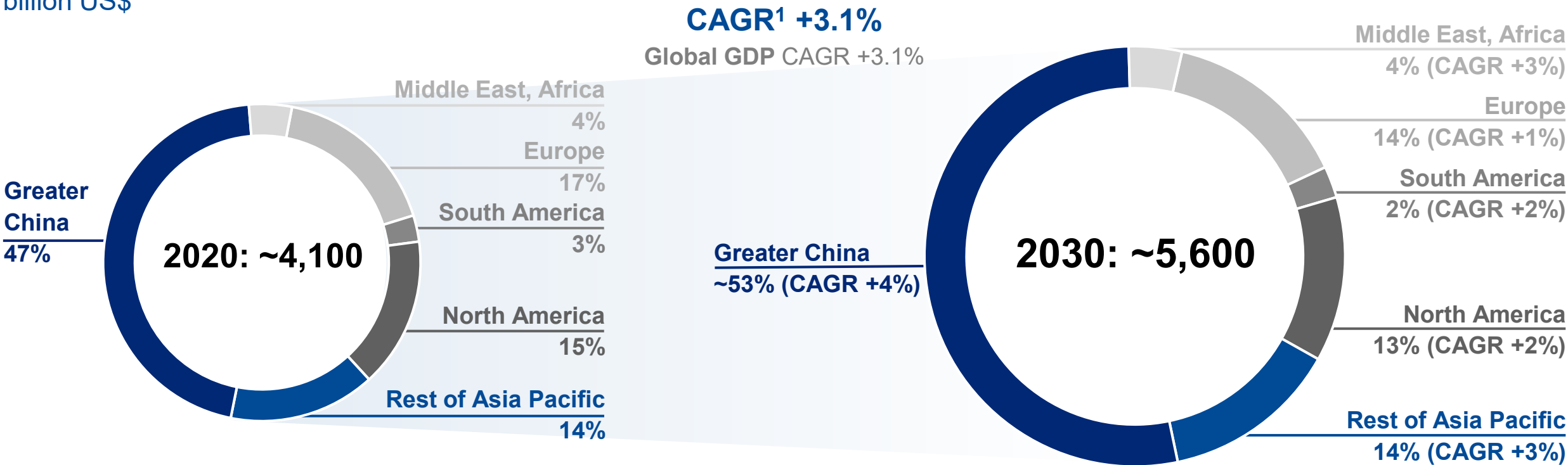
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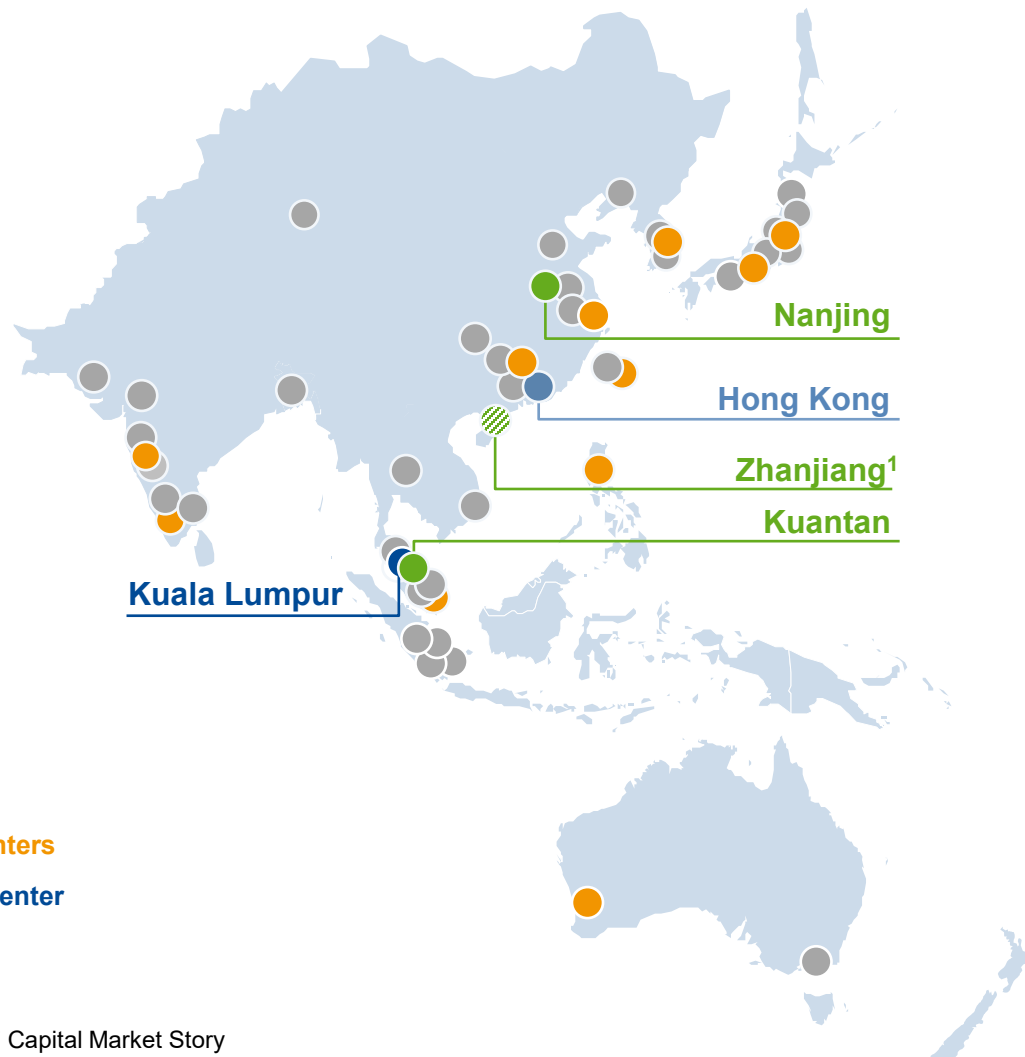
Reporting

Asia Pacific is the growth region for global chemical production with China as the major driver

Real chemical production excluding pharmaceuticals
billion US\$



BASF is active in Asia Pacific since 1885 and has a unique position to capture growth in the region



BASF Group in Asia Pacific (2020)

- BASF is present in **19** markets
- **>70** production sites¹
- **~100** sales offices²
- **17,753** employees³
- **~€15.4 billion** sales⁴
- **~€0.8 billion** EBIT

¹ BASF intends to establish a second Verbund site in China

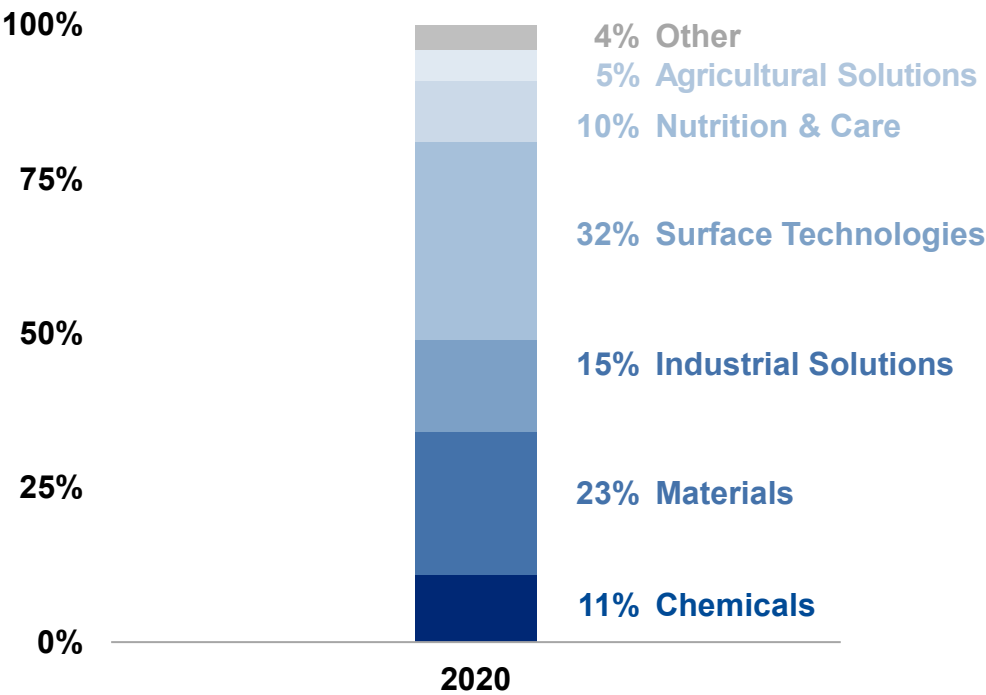
² Only selected sites and offices are depicted on this chart. Site and office numbers refer to companies of significant size where BASF holds a stake greater than 50%

³ As of December 31, 2020

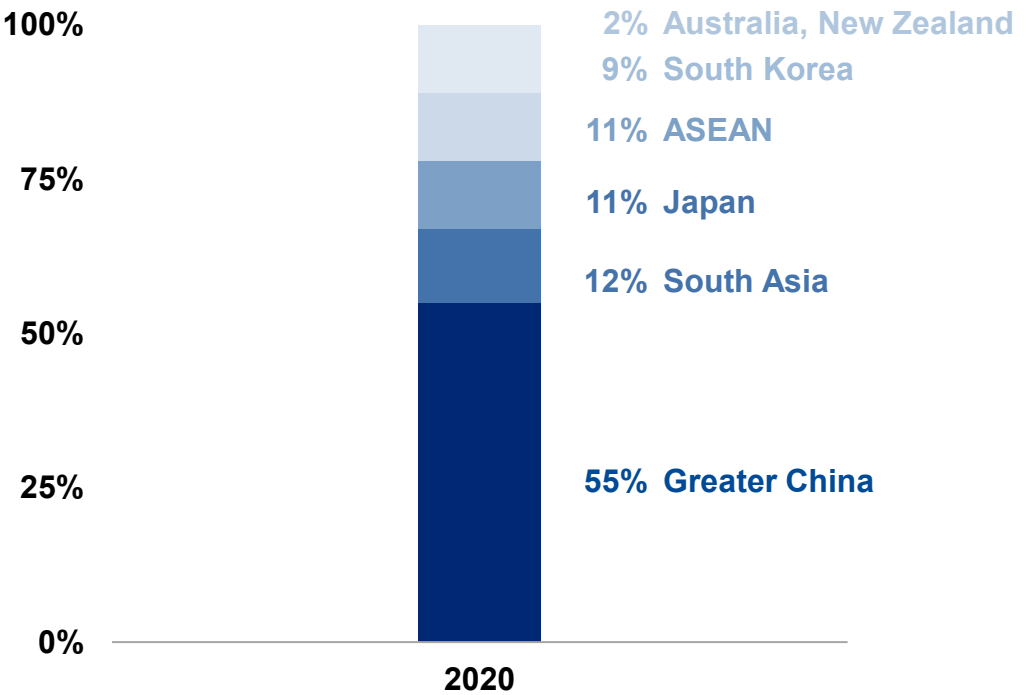
⁴ Sales by location of customer. Only includes sales from BASF entities fully consolidated according to IFRS 10/11

BASF in Asia Pacific – a balanced portfolio

Sales¹ by segment in 2020: €15.4 billion



Sales¹ by sub-region in 2020: €15.4 billion

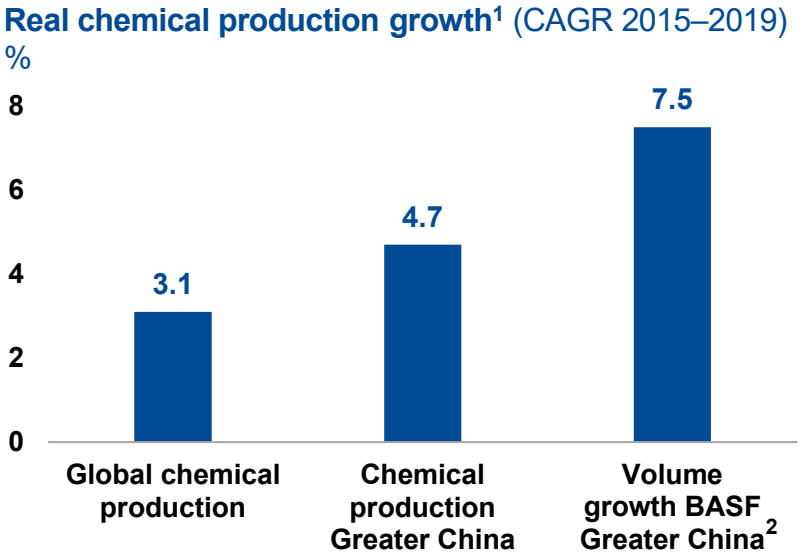


ASEAN: Singapore, Philippines, Vietnam, Thailand, Indonesia, Malaysia, Myanmar, Cambodia, Laos
South Asia: India, Pakistan, Bangladesh, Sri Lanka, Nepal
South Korea: Includes Mongolia

BASF is uniquely positioned to capture further growth in China

– proven track record of strong earnings development in the region

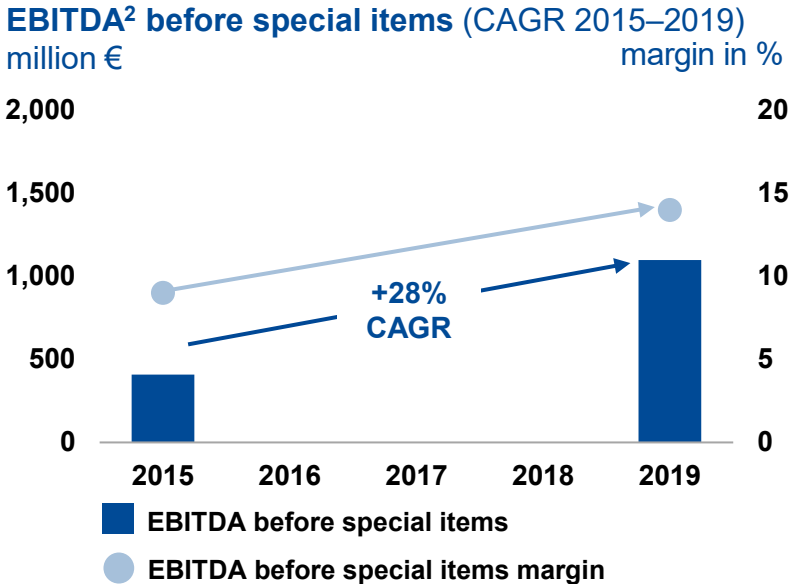
BASF's sales volumes outgrew Greater China's chemical production



Figures 2020 vs. 2019

-0.4%	3.2%	12%
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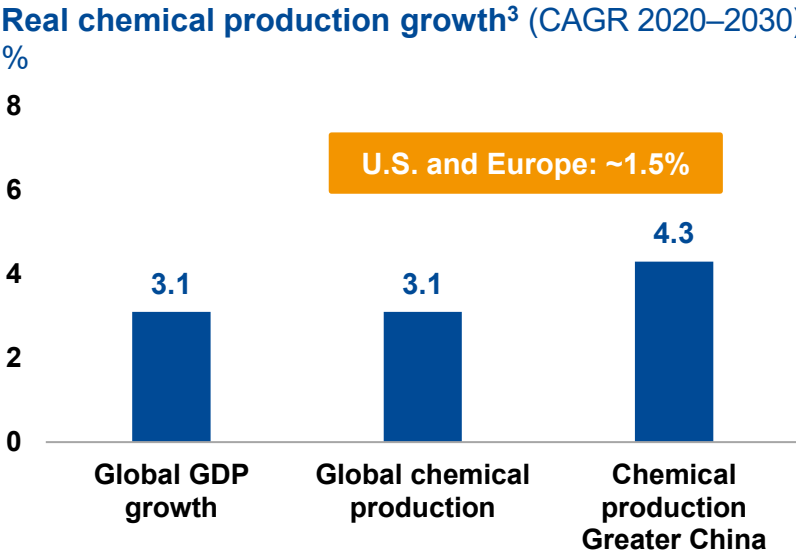
Strong earnings development of BASF in Greater China



Figures 2020

€1.3 billion EBITDA bsi	16% EBITDA bsi margin
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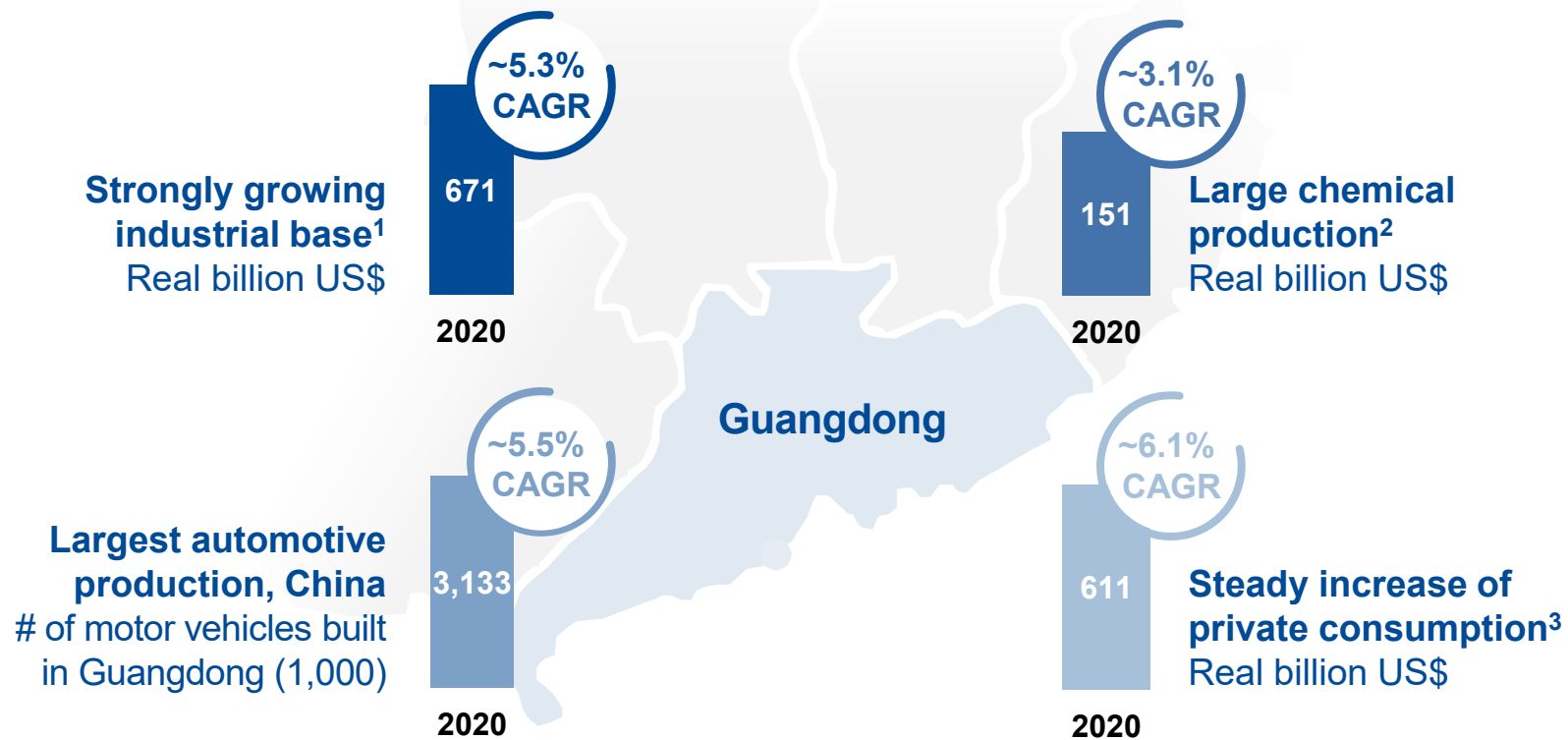
Volume-growth strategy with focus on Asian markets



¹ Source: BASF, real chemical production excluding pharmaceuticals (base year 2015); as of February 2021
² Restated figures due to reporting of construction chemicals as discontinued operation.
Not included: BASF-YPC Company Limited as BASF's share is accounted for at-equity
³ Source: BASF, real GDP growth and real chemical production excluding pharmaceuticals (base year 2015); as of November 2020

Guangdong is home of key customers from fast-growing industries

CAGR (% , p.a.): 2015–2020



Market characteristics

- Around 126 million residents in Guangdong province (2020)⁴
- GDP Guangdong (2020): ~US\$1,706 billion (exceeding GDP of South Korea)
- GDP growth from 2020–2035: 5-6% p.a.
- Key customer industries: transportation, consumer goods, home and personal care, electronics
- Chemical products are generally undersupplied from local production

¹ Real value added, manufacturing Guangdong

² Real chemical production Guangdong; inferred by gross output/value added ratio for China

³ Real private consumption Guangdong; IHS forecast

⁴ General Office of Shenzhen Municipal People's Government

BASF intends to build a world-class Verbund site in South China to serve fast-growing customer industries in the region



Key facts

- Wholly owned and operated by BASF
- Project is currently in the feasibility phase
- First plants expected to be operational in 2022
- US\$10 billion capital expenditures to be implemented in phases until 2030
- Most advanced Verbund site with smart manufacturing concepts

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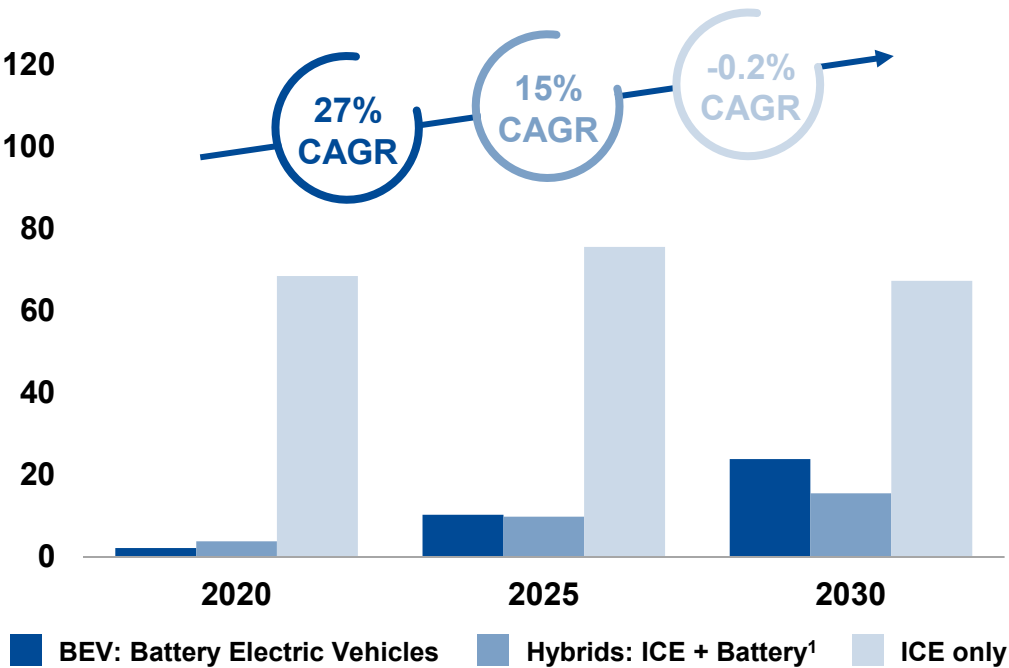
Reporting

Rise of e-mobility is net positive for chemicals demand per car

Internal Combustion Engine (ICE)			Battery Electric Vehicle (BEV)	
Emissions control and power generation	 Catalysts	Higher demand: Growth in battery materials more than compensates some catalyst replacement	 Cathode Active Material (CAM)	+
Engineering plastics		Higher demand: Growth drivers: Flame retardant plastics, battery housings and cable sheathing		+
Coolants	 Engine	Comparable demand: Growth areas: E-coolants and specialty fluids for e-mobility and autonomous driving	 GLYSANTIN Battery	=
Coatings		Comparable demand: Growth areas: Coatings for battery housings and passive vehicle-temperature management		=

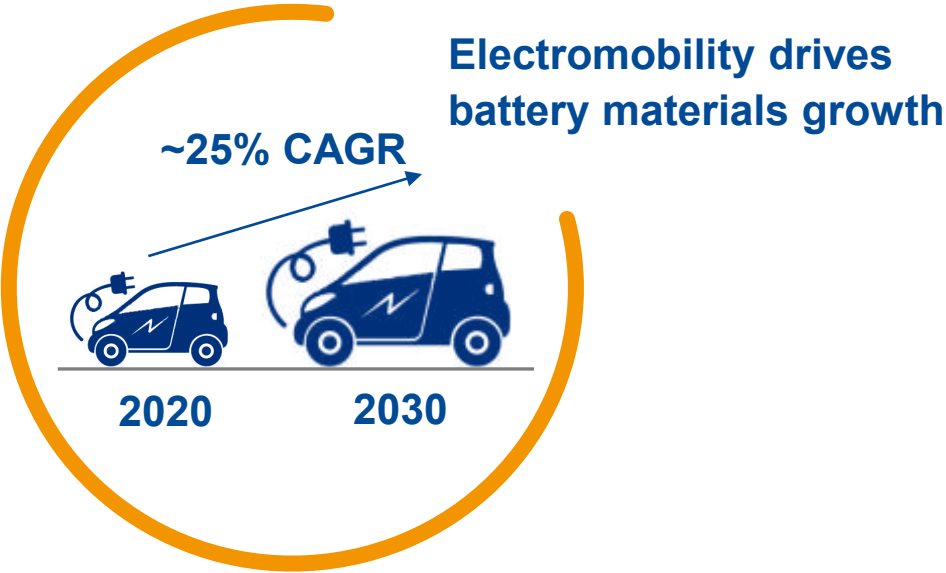
BEVs and hybrids create superior growth opportunities in battery materials

Global vehicle production by engine type
million units



Market projections for 2030:

- ~30 million electric vehicles built per year
- >2,500 kt of CAM in electromobility
- €50-65 billion CAM market size



BASF is well-positioned in the value chain with strategic partnerships to secure high-purity raw materials and develop closed loops

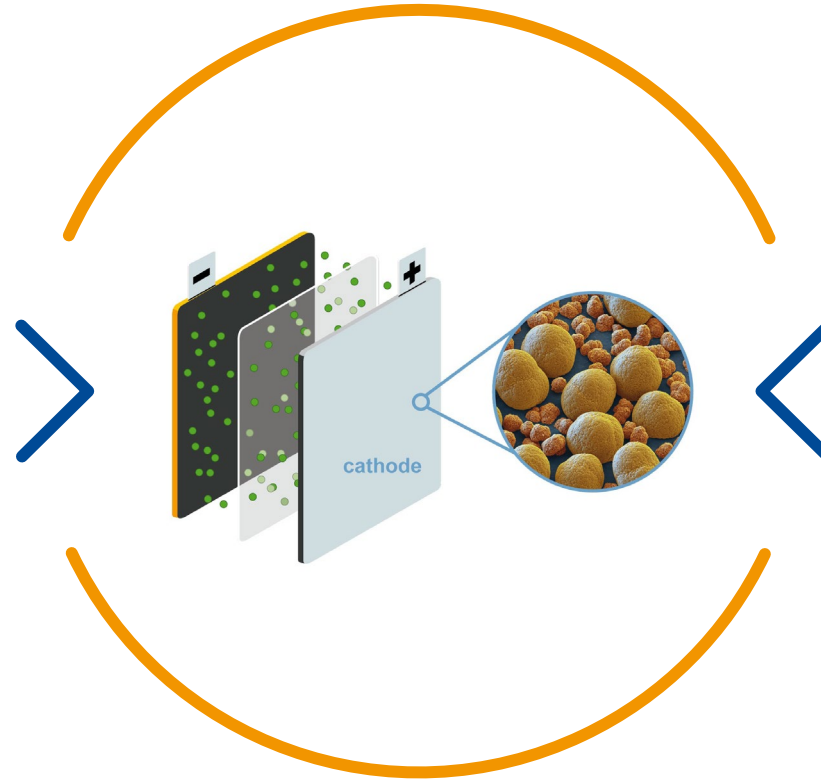


The chemistry of cathode active materials is key to addressing electromobility challenges.

BASF is a leading supplier for high energy density cathode active materials to the automotive industry

CAM drive battery performance

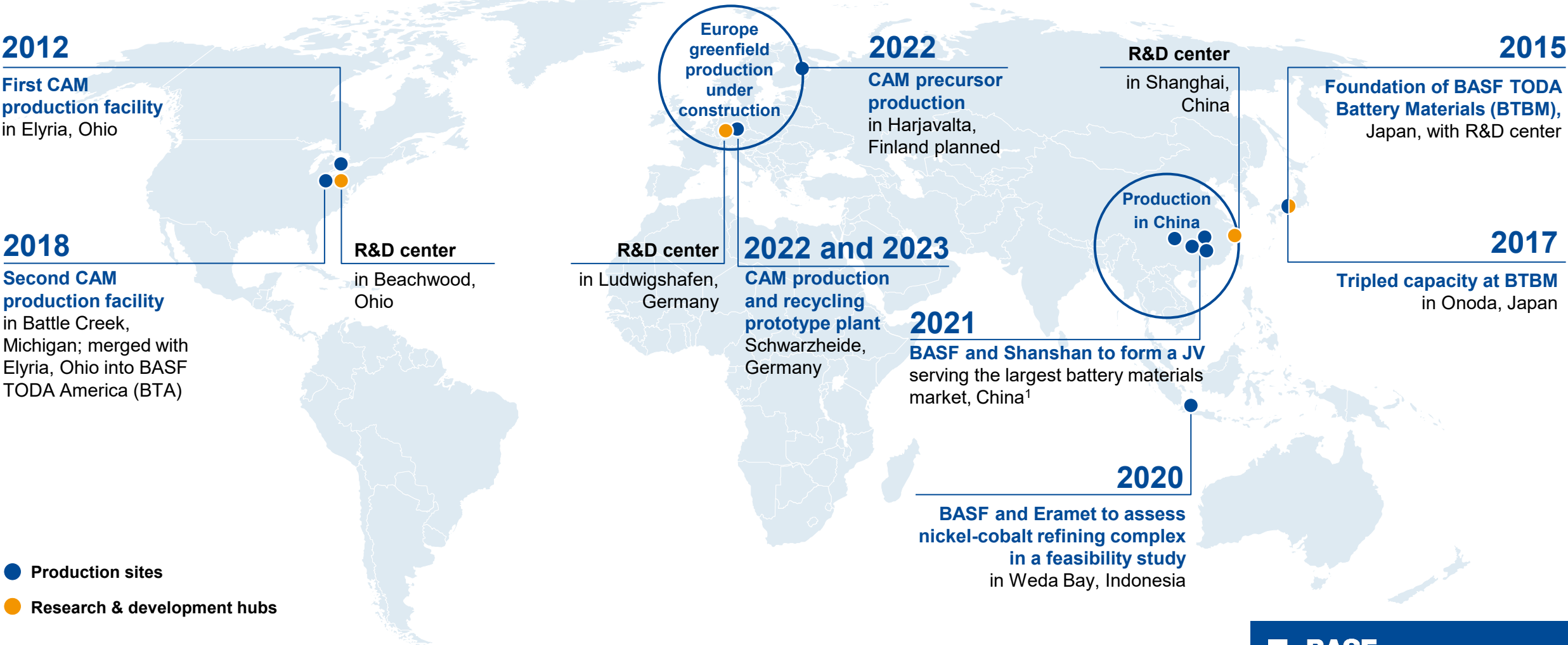
- HED™ Nickel Cobalt Manganese Oxide (NCM) & Nickel Cobalt Aluminum Oxide (NCA)
- Own precursor and cathode active materials manufacturing
- Global footprint, R&D, technology centers and production sites
- Comprehensive IP portfolio and close relationship with automotive industry



BASF's targets and approach

- **Double the range** of a midsize car to **600 km**
 - **Double** the **battery lifetime**
 - **Halve** the **size of the battery**
 - **Reduce** the **charging time** to **15 minutes**
-
- Balance chemical composition
 - Optimize production process

BASF becomes cathode active materials supplier with capacities in all three regions



BASF's unique value proposition with leading sustainability offering

Short and reliable
supply chain

Sustainable
sourcing



Best in class
CO₂ footprint

Battery
recycling

Global
production

- Sizeable and expandable capacity in Europe starting 2022
- First CAM producer in all three regions

Secured
metal
sourcing

- Secured high-purity metal through partnerships
- Reduced supply risk and logistics efforts

Low carbon
footprint

- Highly energy efficient manufacturing process technology
- Utilization of low-CO₂ / renewable energy

Battery
recycling

- Closed loop recycling offering
- Proprietary technology

BASF Battery Materials in pole position



- ✓ Broad **high energy density CAM portfolio**
- ✓ **Tailored solutions** to strong customer base
- ✓ Established **manufacturing know-how**
- ✓ **Strong innovation** and **growth pipeline**
- ✓ **Global presence** and secure supply chain
- ✓ Long-standing **strategic partnerships**
- ✓ **Leading raw material** and **sustainability position**

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Our commitments to reaching the Paris Climate Agreement



2030

25%

CO₂ emissions
reduction
(compared with 2018)¹

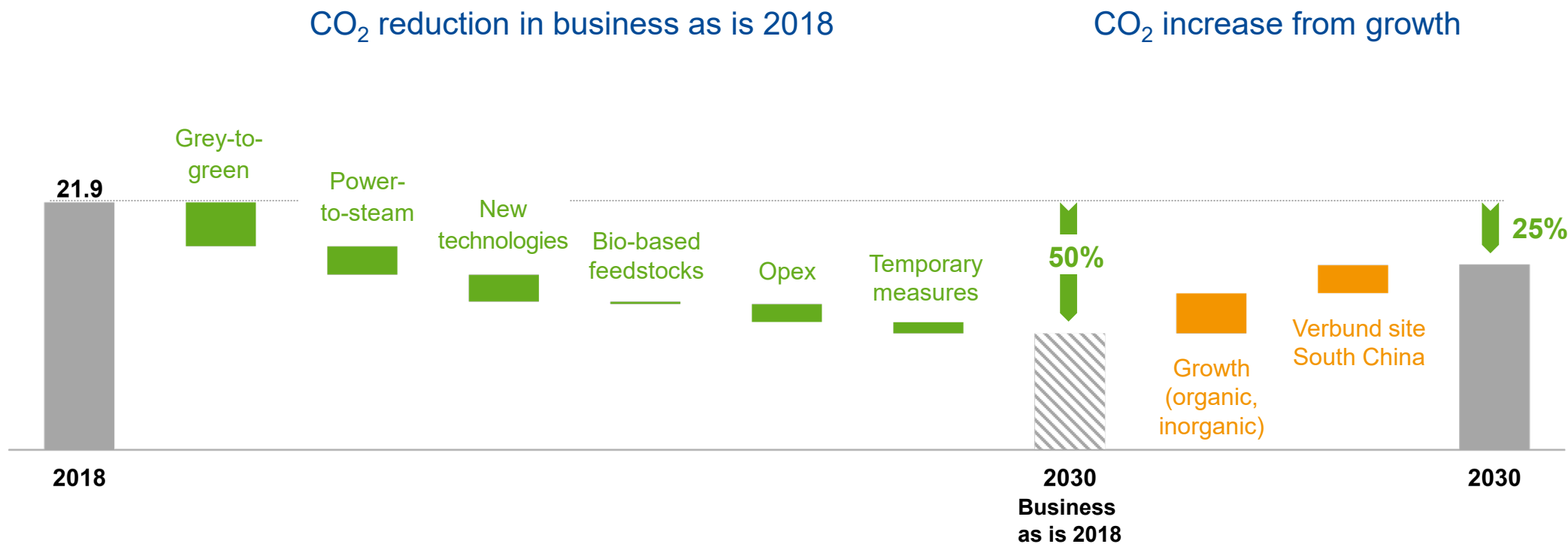


2050

net zero
CO₂ emissions¹

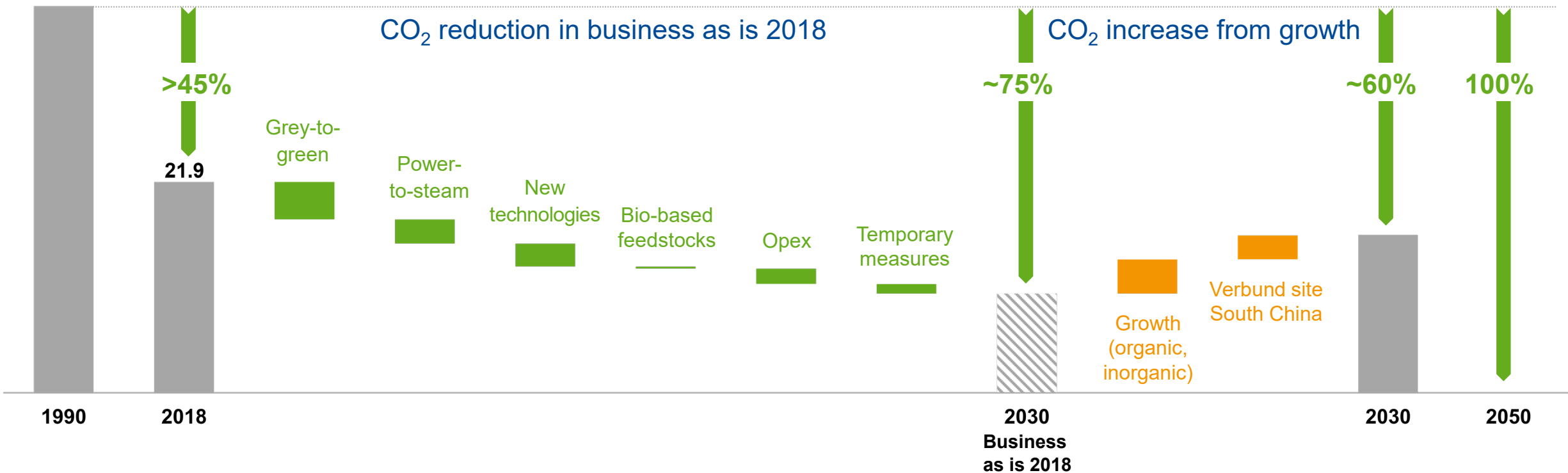
Our path to reduce BASF emissions from 2018 to 2030

BASF greenhouse gas emissions (Scope 1 and Scope 2) 2018–2030

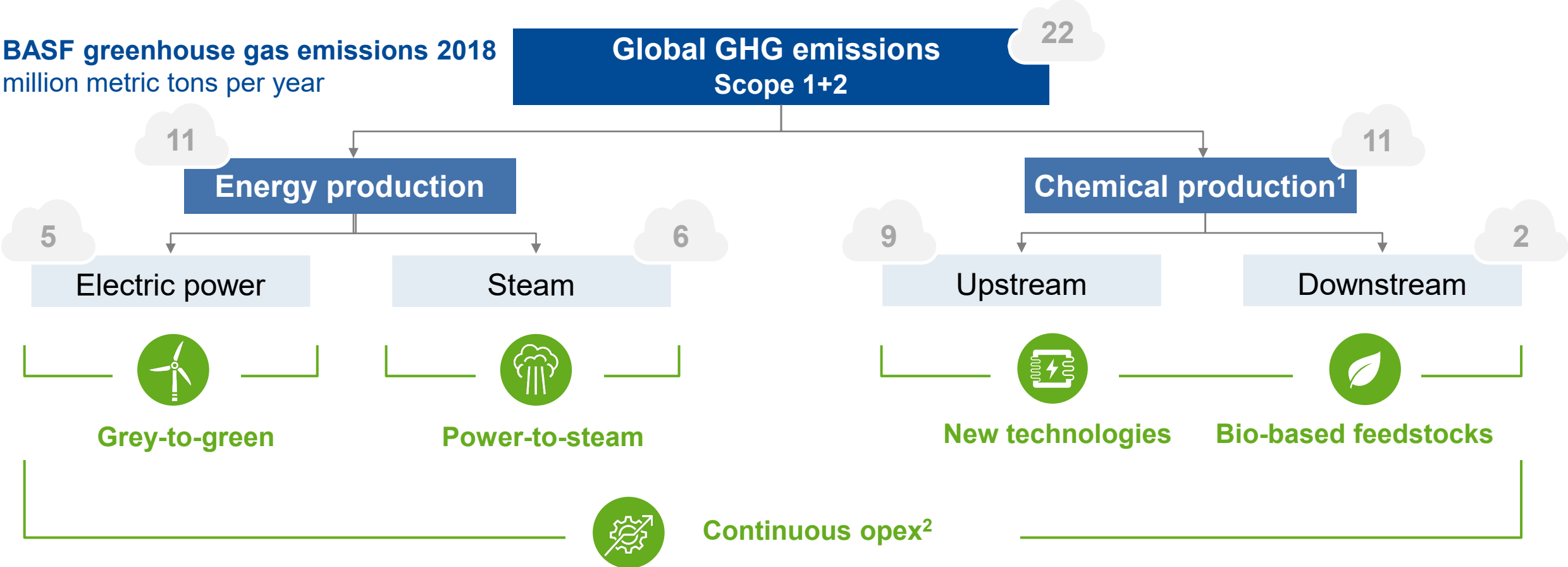


Our path to reduce BASF emissions from 1990 to 2050

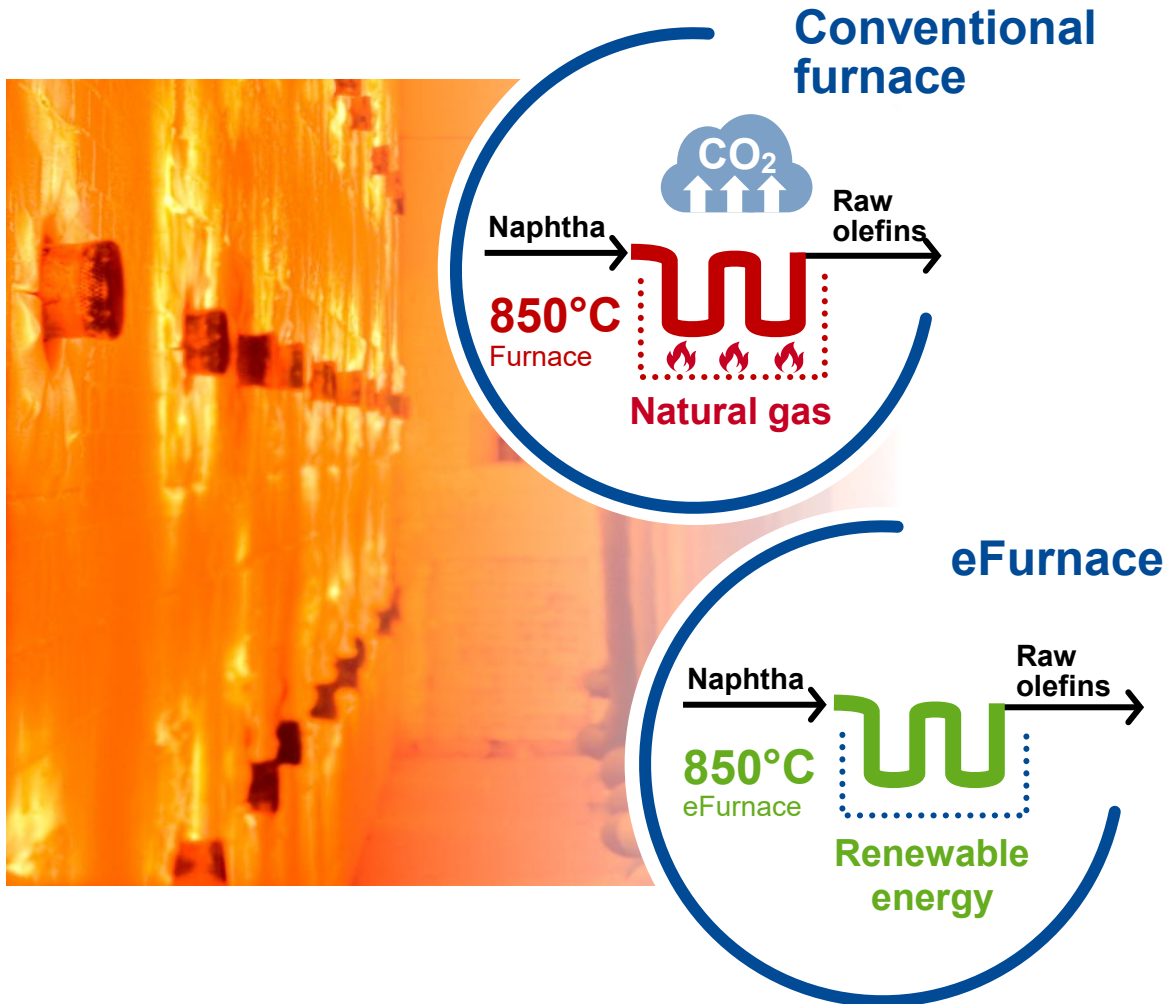
BASF greenhouse gas emissions (Scope 1 and Scope 2) 1990–2050



No downstream decarbonization without upstream decarbonization

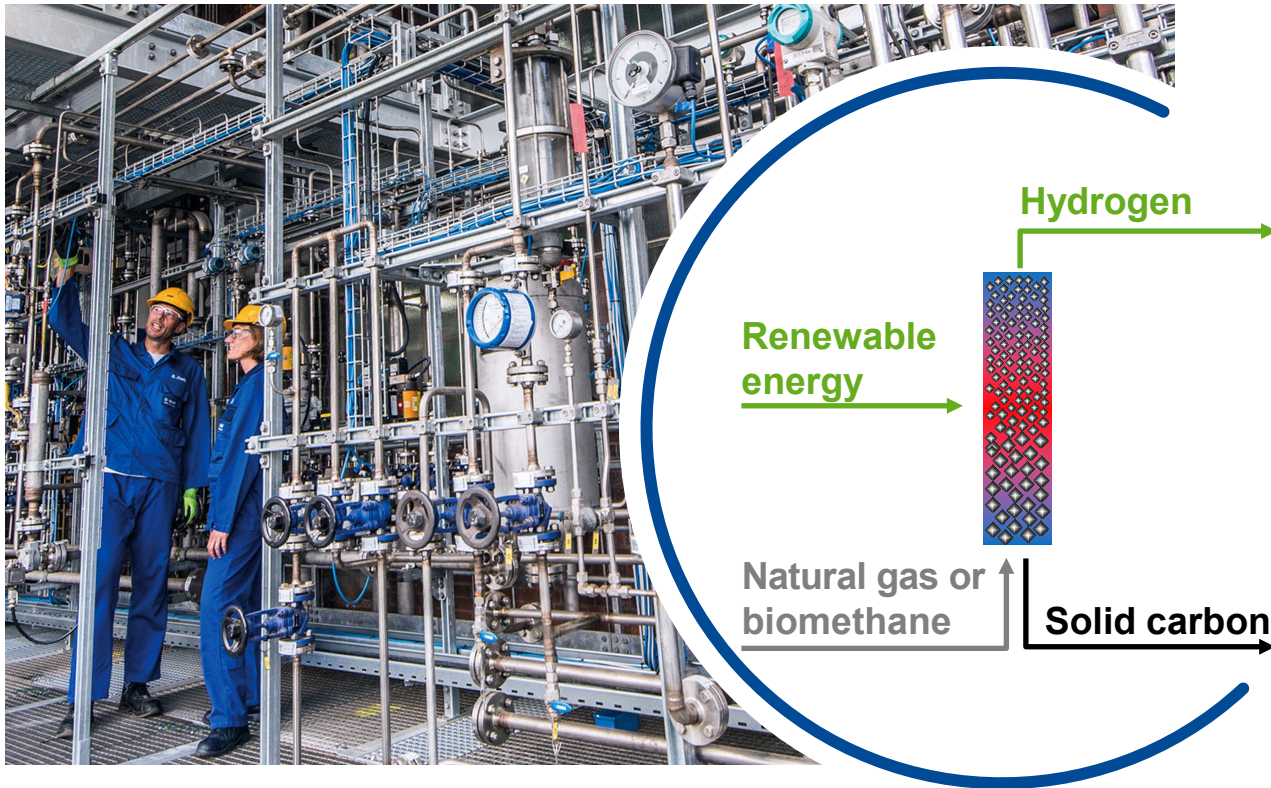


BASF, SABIC and Linde join forces to realize the world's first electrically heated steam cracker furnace



- Goal is to drive concepts and faster implementation through combined strengths
 - ▶ BASF and SABIC: extensive know-how and intellectual property in developing chemical processes; long-standing experience and knowledge in operating steam crackers
 - ▶ Linde: expertise and intellectual property in developing and building steam cracking furnace technologies and driving future industry commercialization
- Construction of a demonstration plant depending on funding granted – application to E.U. Innovation Fund and German funding program “Decarbonization in Industry”
- If funding is granted, startup could happen as fast as 2023

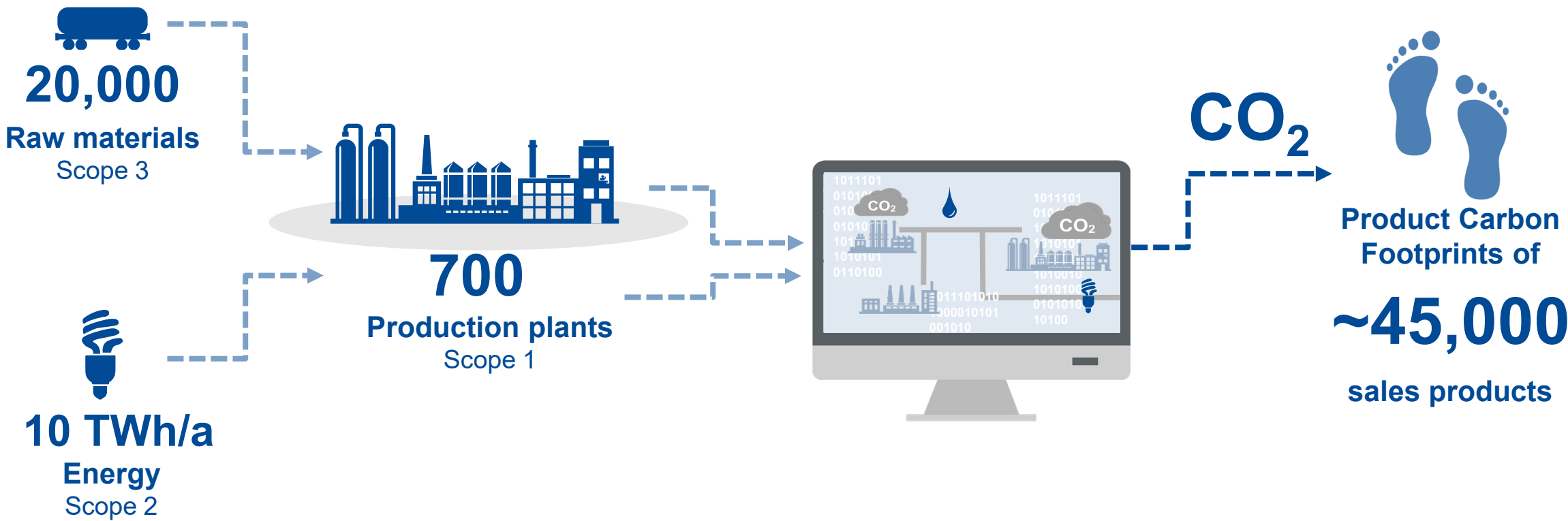
Methane pyrolysis combines low emissions with low energy demand



- **Methane pyrolysis** requires around **80% less electricity** than water electrolysis
- **Funding** for pilot reactor **was granted** by German Federal Ministry of Education and Research
- **Pilot reactor** at the Ludwigshafen site
- Start-up of **first commercial plant projected for 2030**

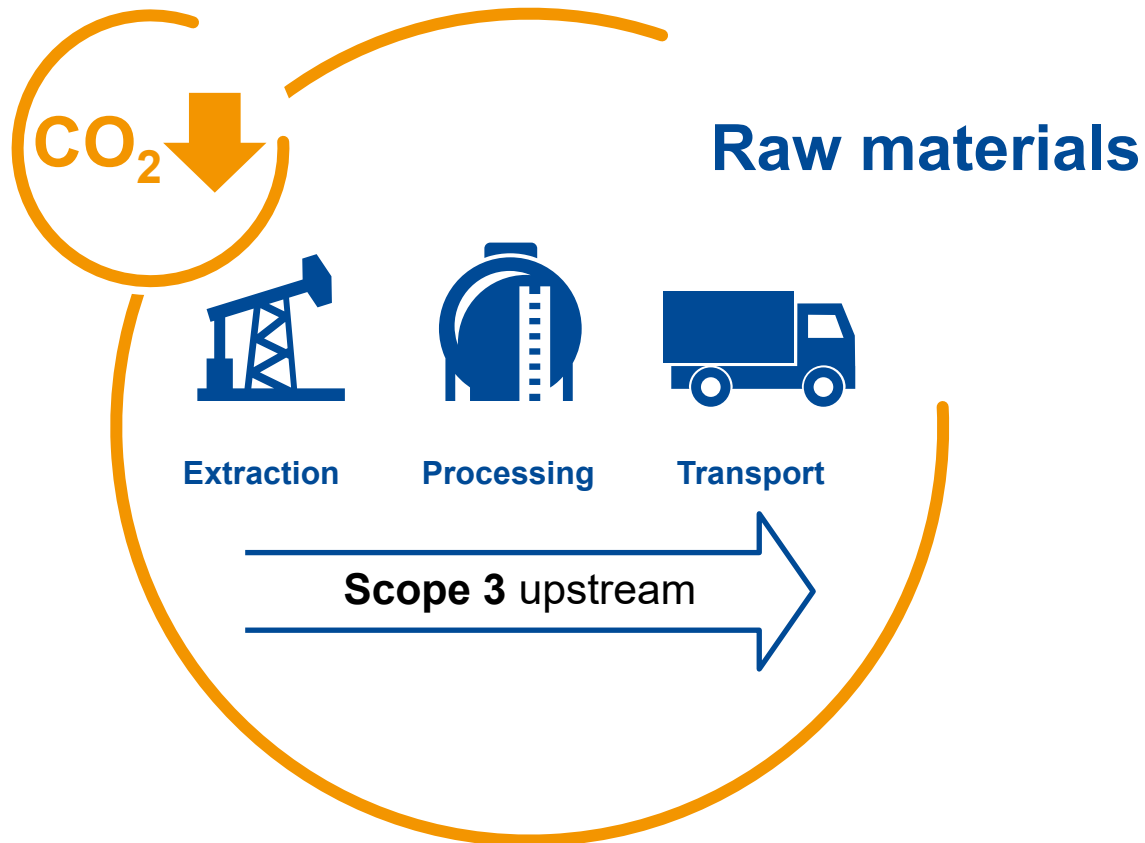
We have achieved a milestone in scaling up our groundbreaking methane pyrolysis process for hydrogen production

Turning Carbon Management into business opportunities



Cradle-to-gate Product Carbon Footprints for BASF's portfolio available by end of 2021 based on process emissions, energy demand and upstream emissions

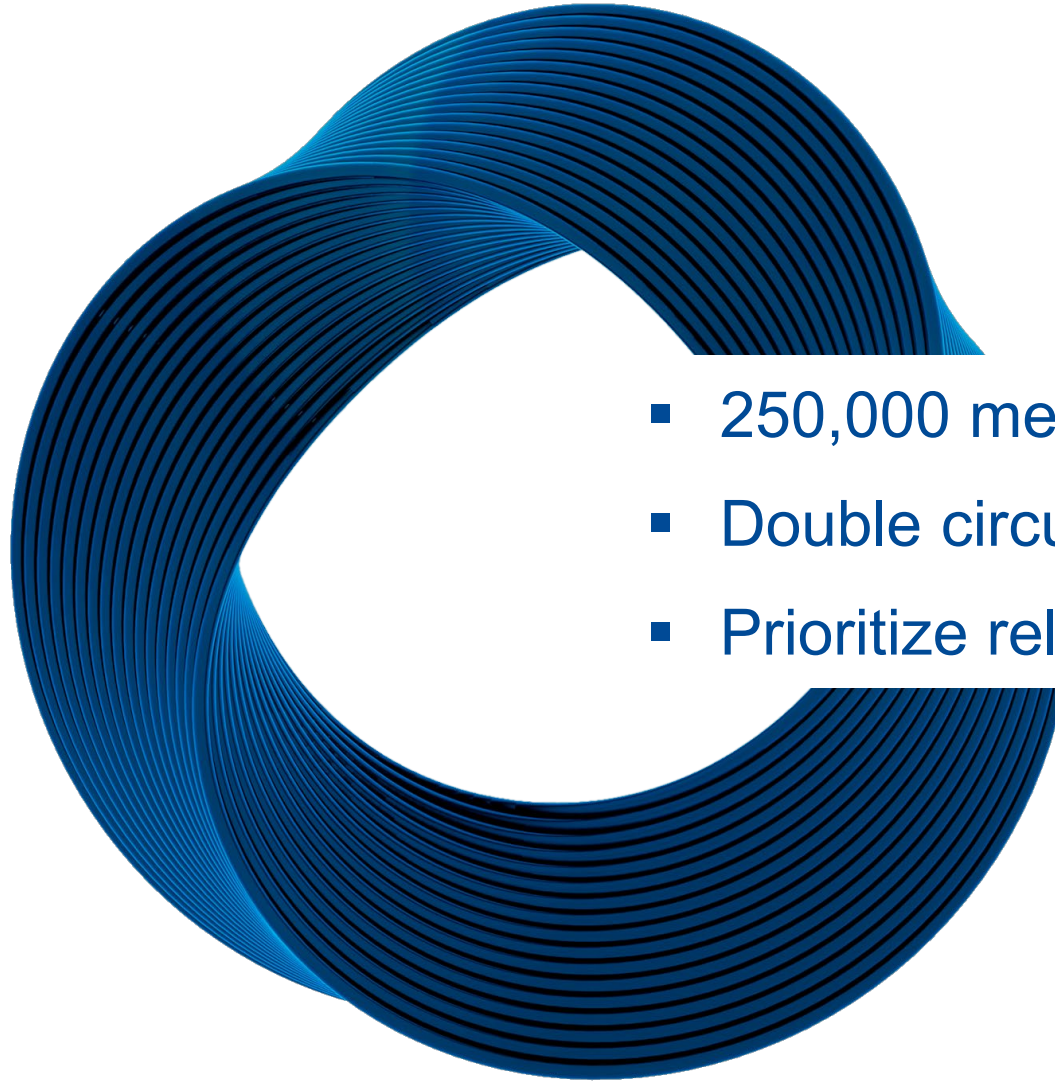
What we expect from our suppliers: Transparency on and reduction of CO₂ emissions



- BASF is establishing certified, full CO₂ tracing (Product Carbon Footprint) and needs transparency from its suppliers for this
- To support its suppliers and the industry, BASF will share its knowledge to create an international standard for CO₂ transparency tools
- BASF will work together with its suppliers and expects them to reduce the CO₂ footprint of their products

BASF will work all levers to reduce CO₂ emissions

BASF's Circular Economy Program: Targets



- 250,000 metric tons of circular feedstock by 2025
- Double circular sales to €17 billion by 2030
- Prioritize related capex, M&A, R&D

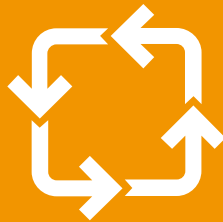
From a linear to a more circular economy

– BASF contribution: ChemCycling™

Close the loop

ChemCycling™

- + can handle mixed plastic waste
- + produces virgin grade raw materials
- + replaces virgin fossil resources
- + CO₂ emissions prevented¹



- Investments into Quantafuel (pyrolysis of mixed plastic waste) and Pyrum (pyrolysis of end-of-life tires) and uptake supply agreements with both companies
- Agreement with New Energy for uptake of pyrolysis oil derived from end-of-life tires and for a joint feasibility study for adaption of technology to other plastic waste streams

Plastic waste and end-of-life tires are converted into liquid feedstock and fed into BASF's value chains

Linear economy

Mechanical recycling



Landfill

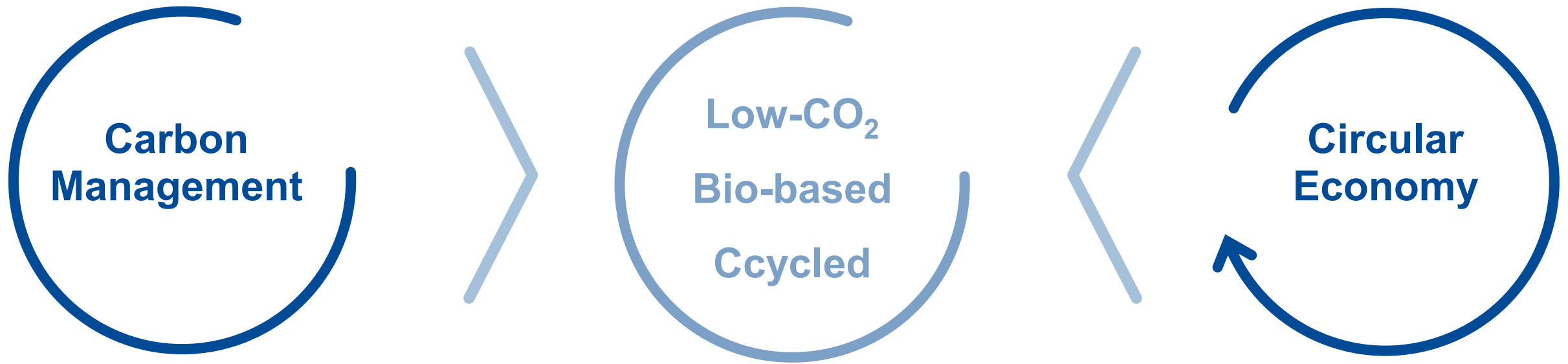


Incineration



Littering

Transformation requires a broad technology portfolio



CO₂ avoidance potential per megawatt hour of electrical energy used (metric tons of CO₂/MWh)

- Methane pyrolysis ~0.9
- Heat pumps ~0.6-1.0
- eDrive NH₃ ~0.7
- eFurnace ~0.2
- Water electrolysis ~0.2

Target: We aim at doubling our circular sales to reach €17 billion by 2030

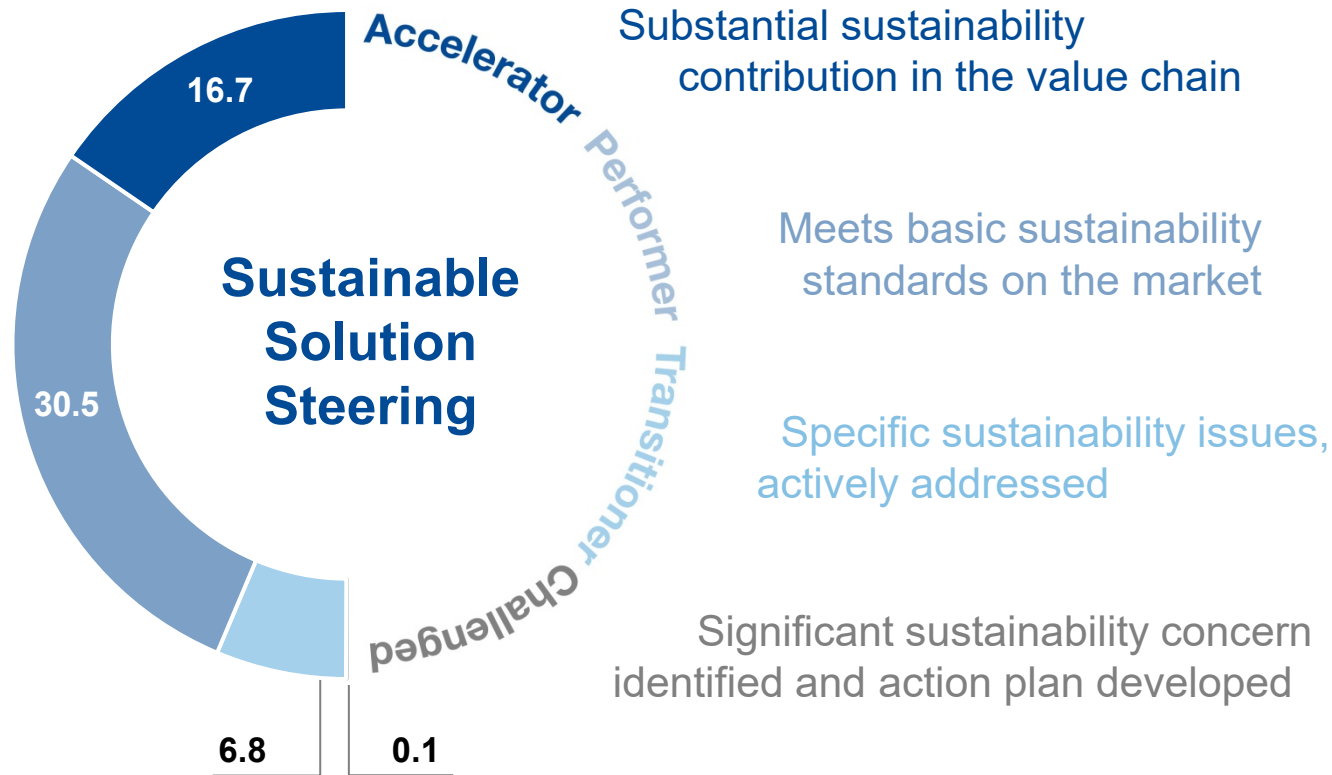
Focus on closing the loops

- Renewable-based feedstocks
- Recycled-based feedstocks
- Enable recyclability and/or biodegradability

€16.7 billion of BASF Group sales from sustainable solutions

– leveraging our innovation power

Absolute sales 2020
billion €



- Portfolio segmentation: >57,000 specific product applications analyzed by 2020 (€54.1 billion in sales, 98.4% of relevant portfolio¹)
- Accelerator margins on average ~6 percentage points above the rest of assessed portfolio
- Goal: €22 billion of sales with Accelerator products by 2025 (2020: €16.7 billion)
- Stronger integration in R&D pipeline, business strategies and M&A projects
- We will stop selling Challenged products within maximum five years after classification

Innovations for a sustainable future – Accelerator examples



Lipofructyl® Argan LS 9779 –
Oil for skin and hair care



Mattex® PRO – Additive in coatings
with lower emissions



Serifel® – Biological fungicide
against crop diseases



Elastopir® – PIR system with good
insulation properties



Tinuvin® NOR® 356 – Light
stabilizer to reduce plastic waste



Baxxodur® EC 301 – Epoxy system
for cost-competitive wind blades

BASF in sustainability ratings and rankings

CDP

In 2020, BASF achieved a score of “A-” in the climate category, thus attaining leadership status again. As a first-time participant, BASF achieved a score of “A-” in the forest category. BASF was included in the “Water A list” of leading companies for sustainable water management.



Sustainalytics

BASF ranks among the top 10% of performers in diversified chemicals. The raters positively highlighted that sustainability targets are reflected in board compensation, underlining an overall strong management of ESG issues.



MSCI ESG Research

In 2021, BASF was rated “A.” The analysts highlighted that BASF is present in clean tech markets and has a robust carbon mitigation strategy.



FTSE4Good Global Index

BASF was included again in the FTSE4Good Global Index 2021, ranked best in class in Basic Materials as well as in the sub-sector Commodity Chemicals.



2020 CSR Award of the German federal government

BASF was recognized for an outstanding and long-term CSR commitment and a holistic CSR strategy which addresses all areas of the company.



Agenda

1

At a glance

2

Strategy implementation
in full swing

3

Unique position to capture
growth in Asia

4

Battery materials driving
electromobility and future
growth

5

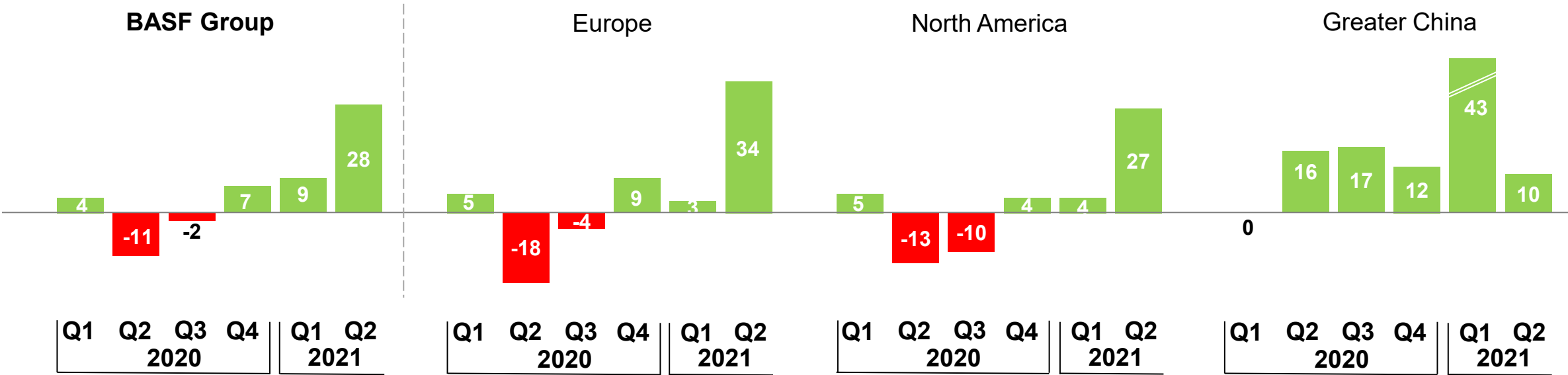
Pushing the transition to a
sustainable economy

6

Reporting

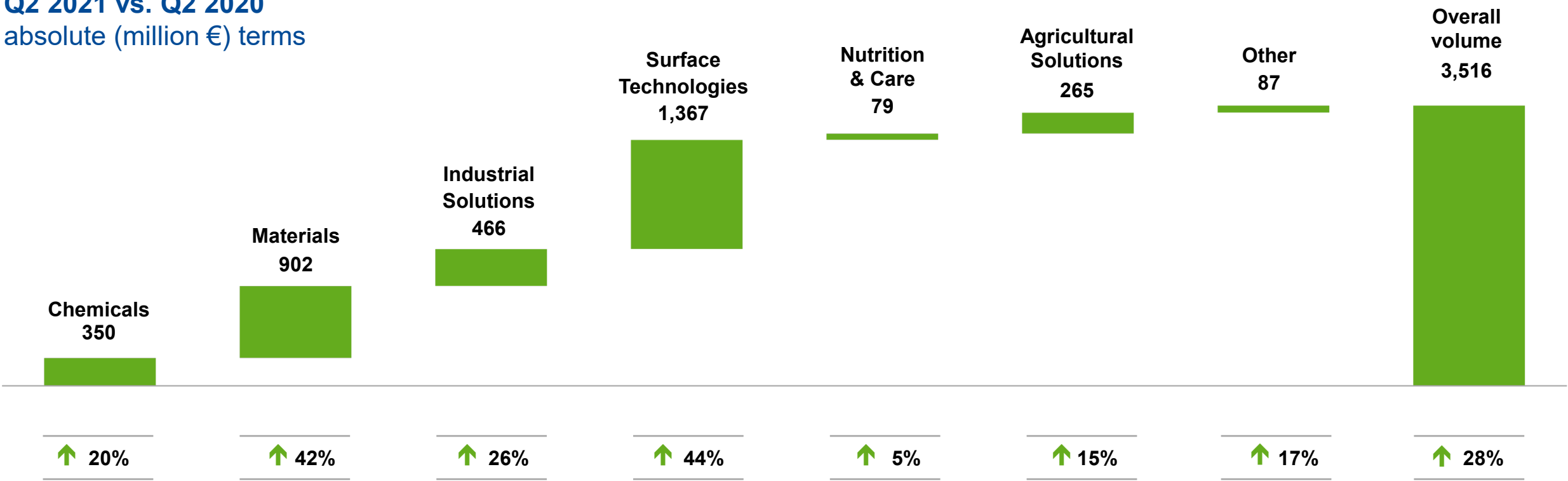
BASF Group Q2 2021: Volume growth across all regions

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



BASF Group Q2 2021: Volume growth across all segments

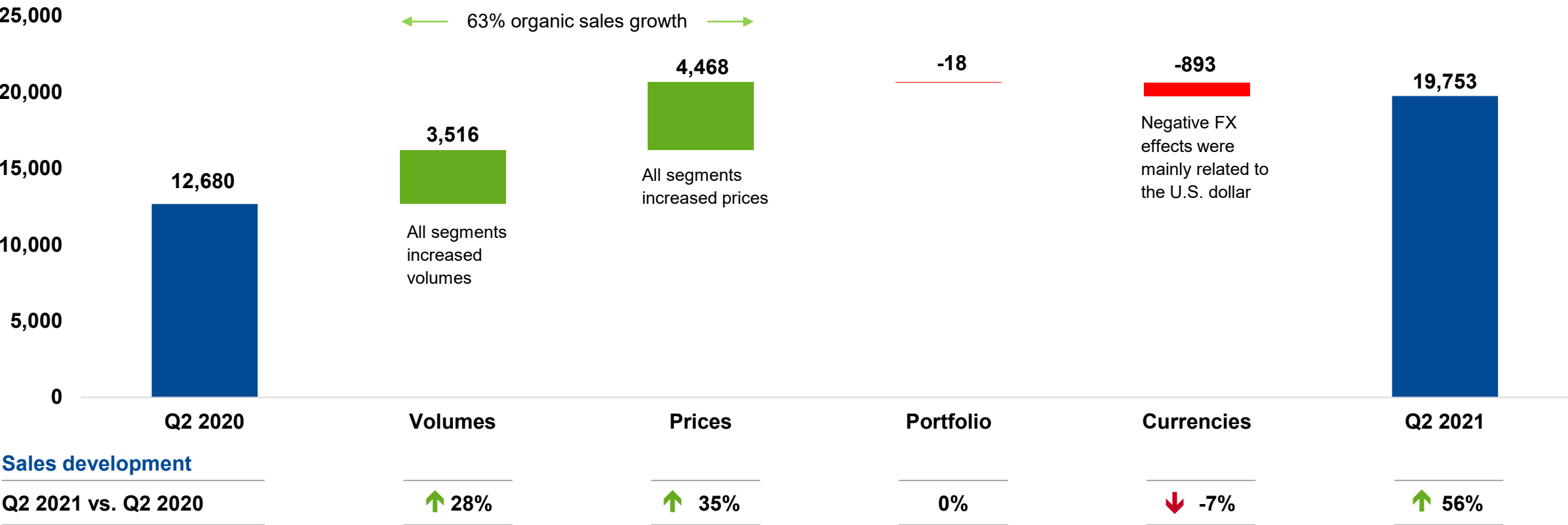
Volume development by segment
Q2 2021 vs. Q2 2020
absolute (million €) terms



relative (%) terms

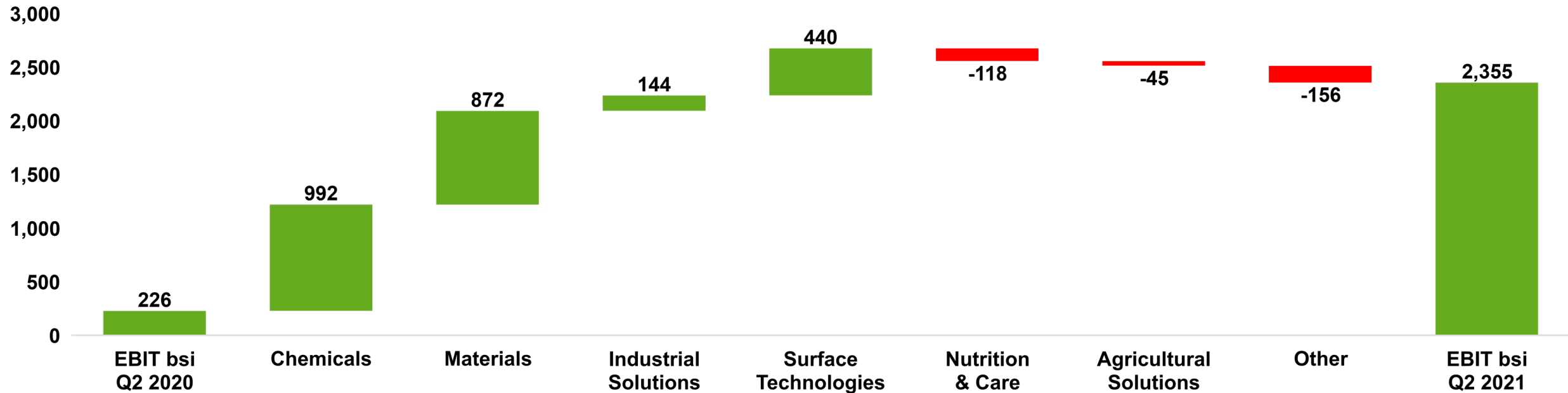
BASF Group Q2 2021: Sales increased considerably due to higher prices and volumes

Sales bridge Q2 2021 vs. Q2 2020
million €



BASF Group Q2 2021: Very strong earnings growth

EBIT before special items growth by segment Q2 2021 vs. Q2 2020
million €



EBIT before special items by segment

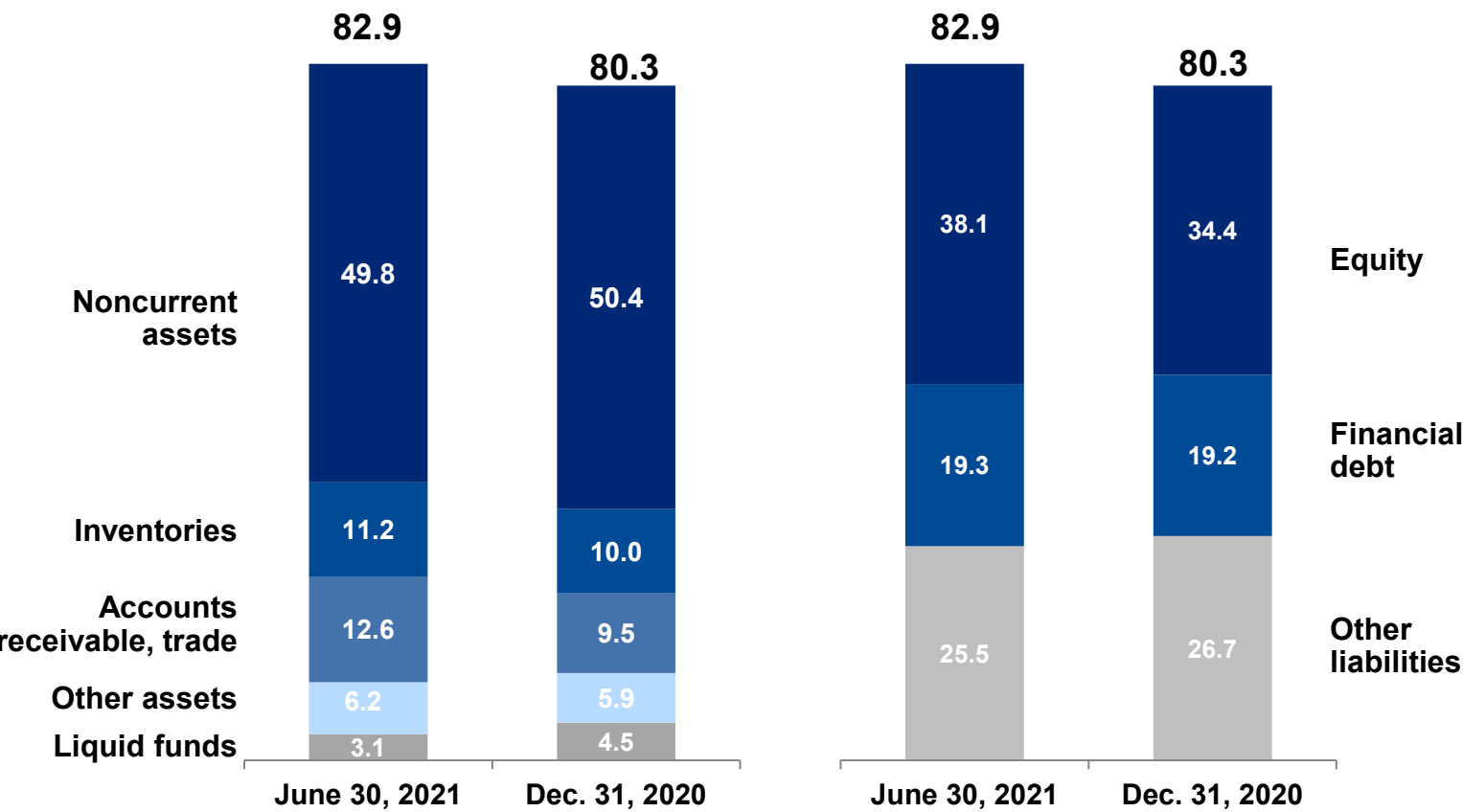
Q2 2021, million €	990	792	307	289	138	75	-236	2,355
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Cash flow development in Q2 2021 and H1 2021

	Q2 2021 million €	Q2 2020 million €	H1 2021 million €	H1 2020 million €
Cash flows from operating activities	2,537	2,242	2,012	1,212
Thereof Changes in net working capital	9	1,190	-2,764	-1,810
Miscellaneous items	-9	880	-344	966
Cash flows from investing activities	323	-705	-112	-2,525
Thereof Payments made for property, plant and equipment and intangible assets	-767	-726	-1,223	-1,295
Acquisitions / divestitures	1,125	–	1,118	-1,245
Cash flows from financing activities	-4,144	373	-3,434	4,667
Thereof Changes in financial and similar liabilities	-999	3,470	-282	7,799
Dividends	-3,145	-3,100	-3,152	-3,136
Free cash flow	1,770	1,516	789	-83

Strong balance sheet

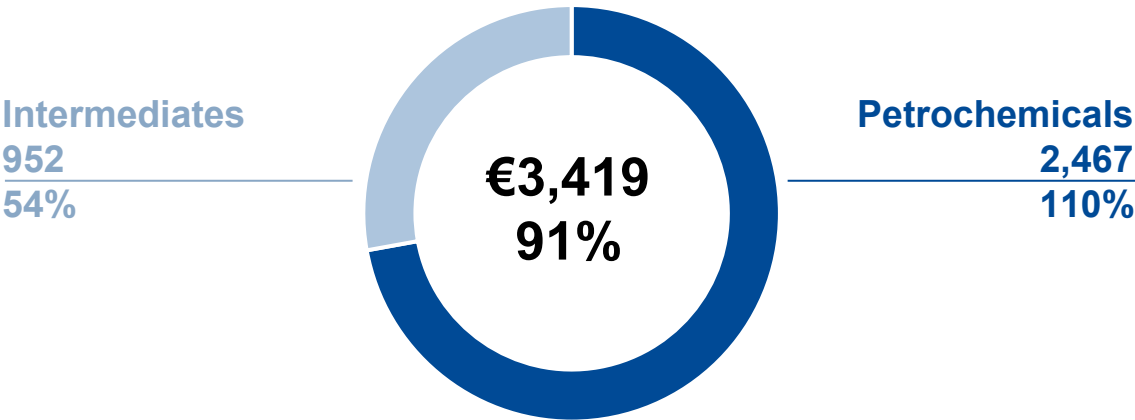
Balance sheet June 30, 2021 vs. December 31, 2020
billion €



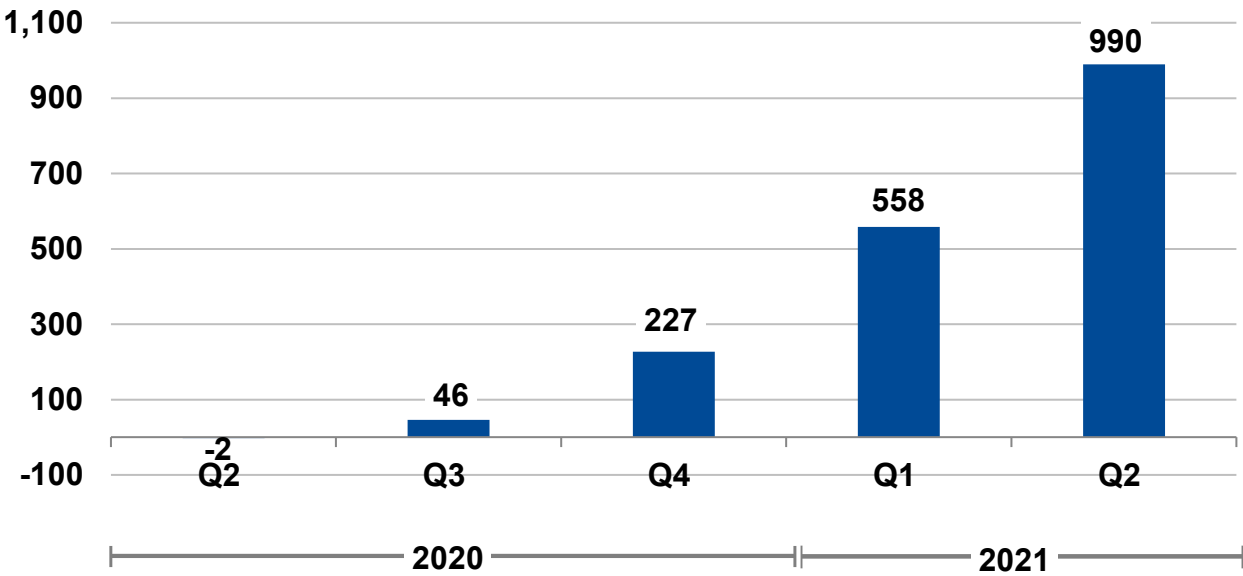
- Total assets increased by €2.6 billion to €82.9 billion
- Noncurrent assets were almost stable at €49.8 billion
- Current assets increased by €3.3 billion to €33.1 billion, primarily due to higher accounts receivable, increased other receivables/miscellaneous assets and higher inventories
- Net debt increased by €1.6 billion to €16.2 billion
- Equity ratio: 45.9% (June 30, 2021)

Chemicals

Sales Q2 2021 vs. Q2 2020
million €



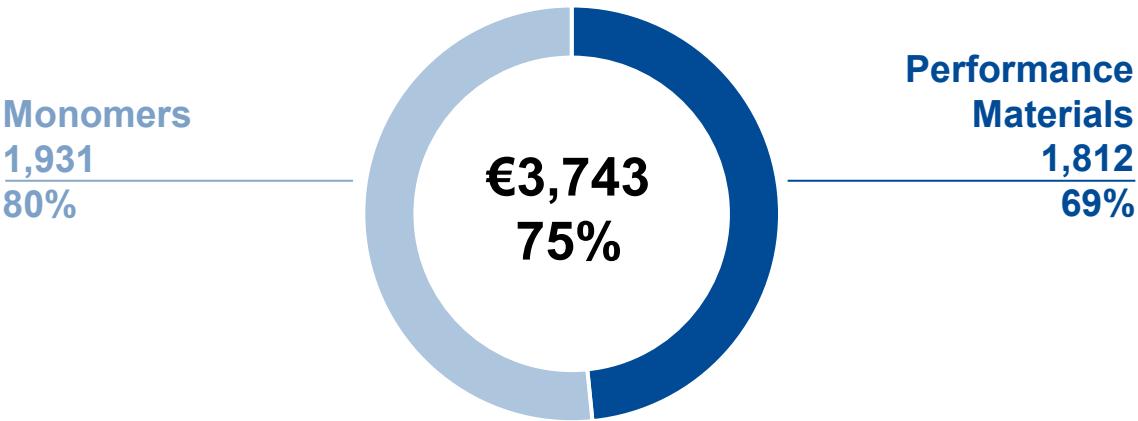
EBIT before special items
million €



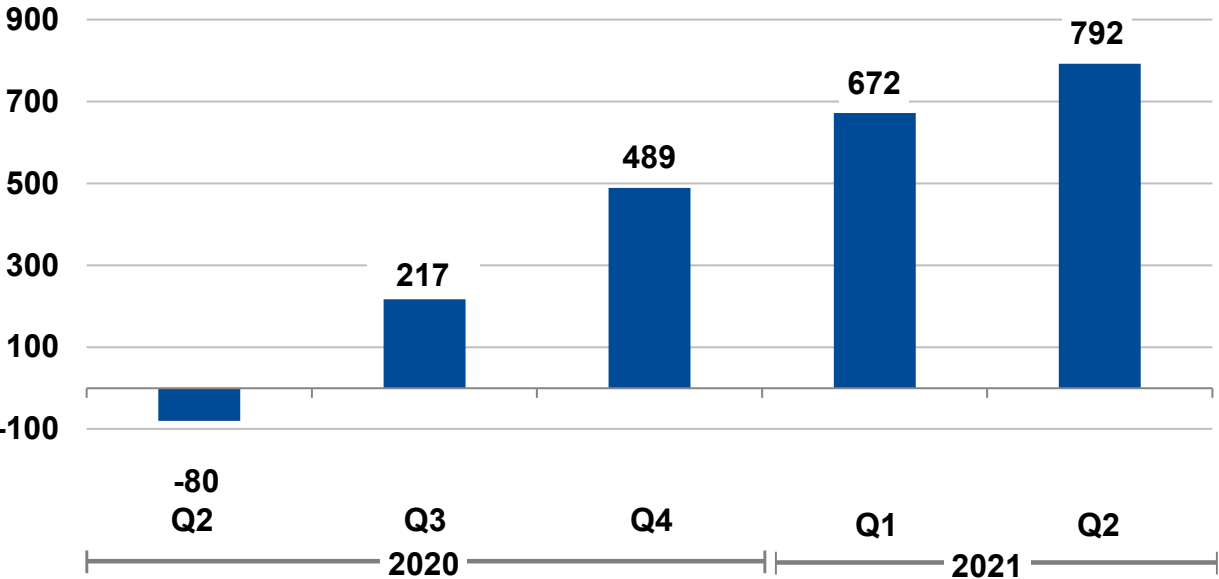
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 20%	↑ 78%	0%	↓ -7%

Materials

Sales Q2 2021 vs. Q2 2020
million €



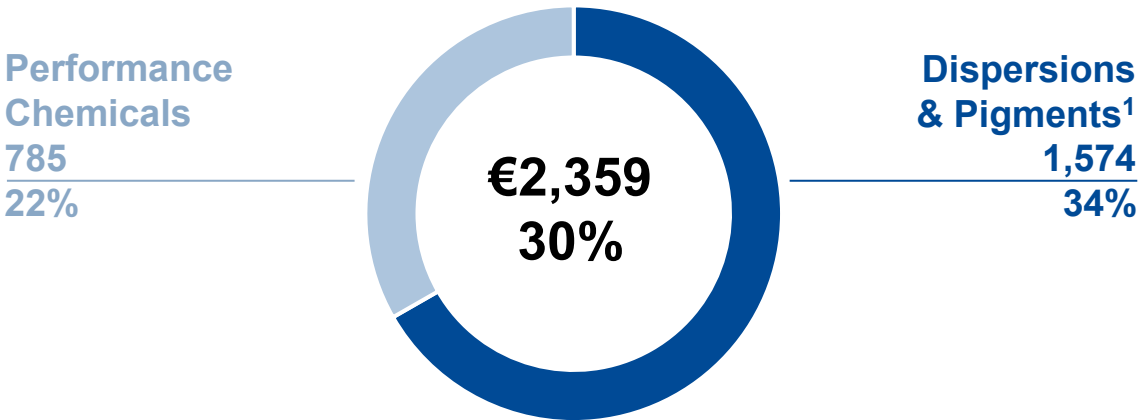
EBIT before special items
million €



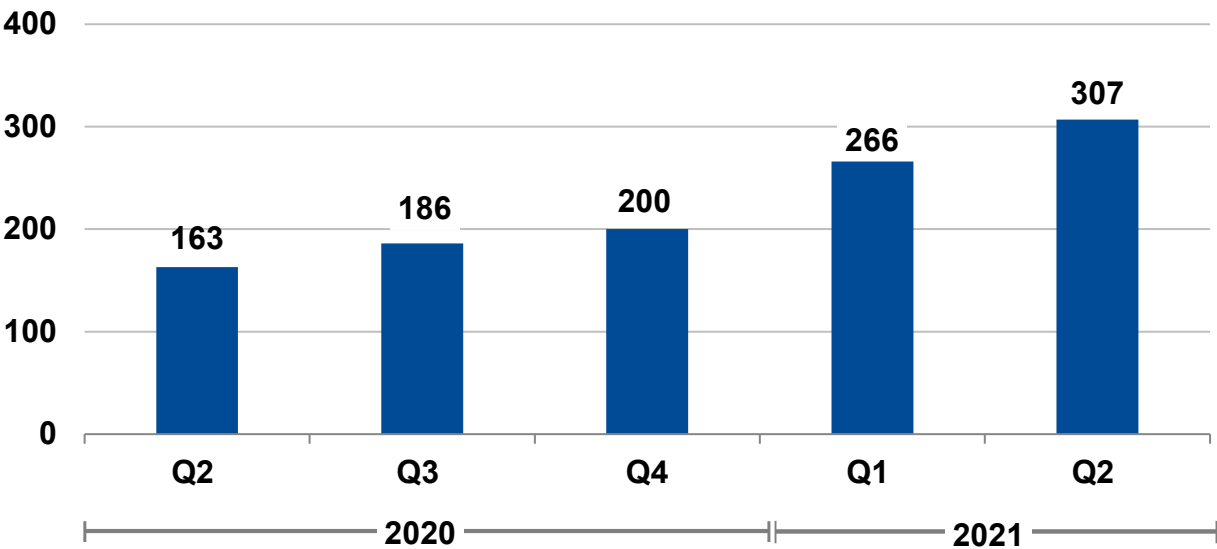
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 42%	↑ 38%	0%	↓ -5%

Industrial Solutions

Sales Q2 2021 vs. Q2 2020
million €



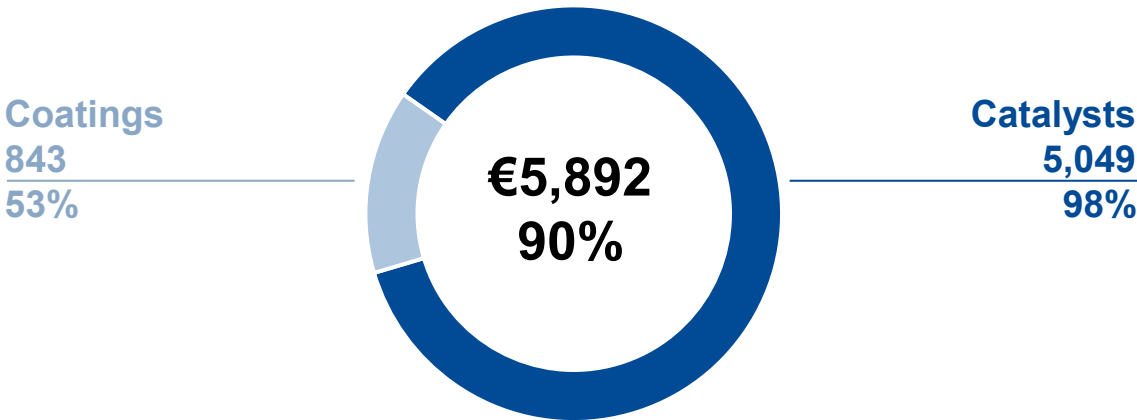
EBIT before special items
million €



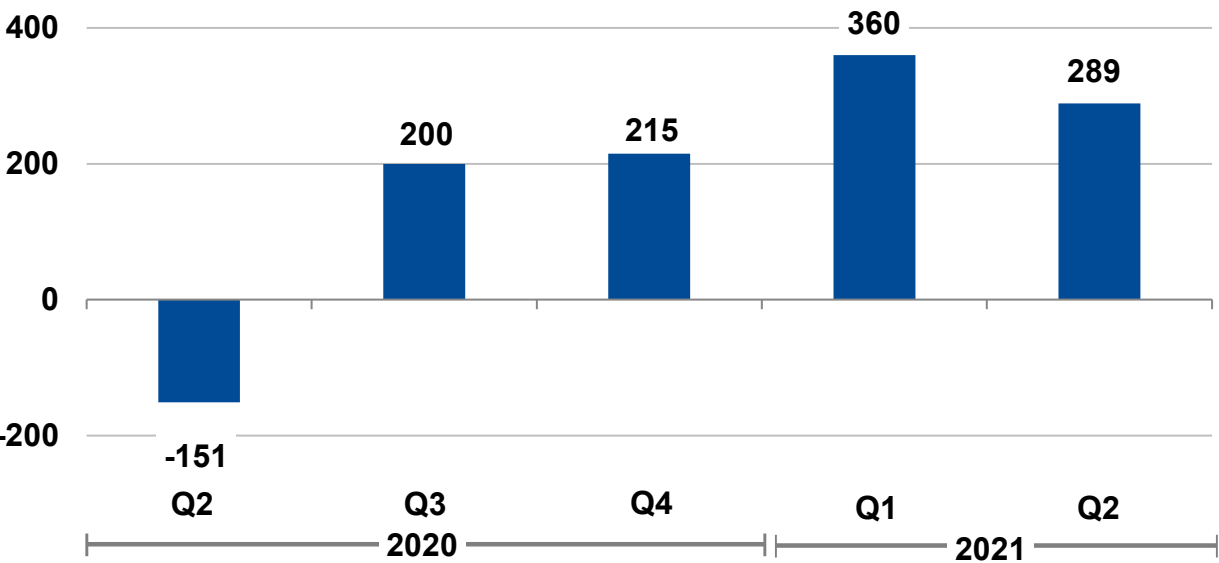
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 26%	↑ 9%	0%	↓ -5%

Surface Technologies

Sales Q2 2021 vs. Q2 2020
million €



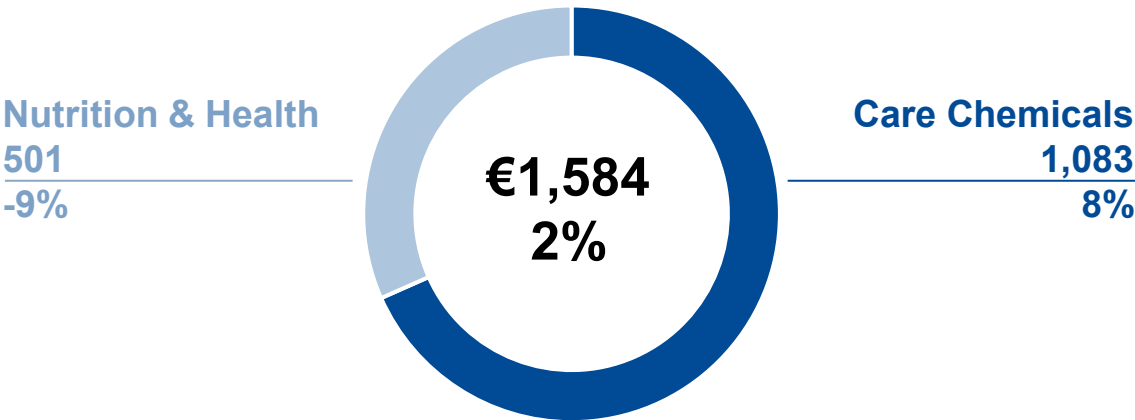
EBIT before special items
million €



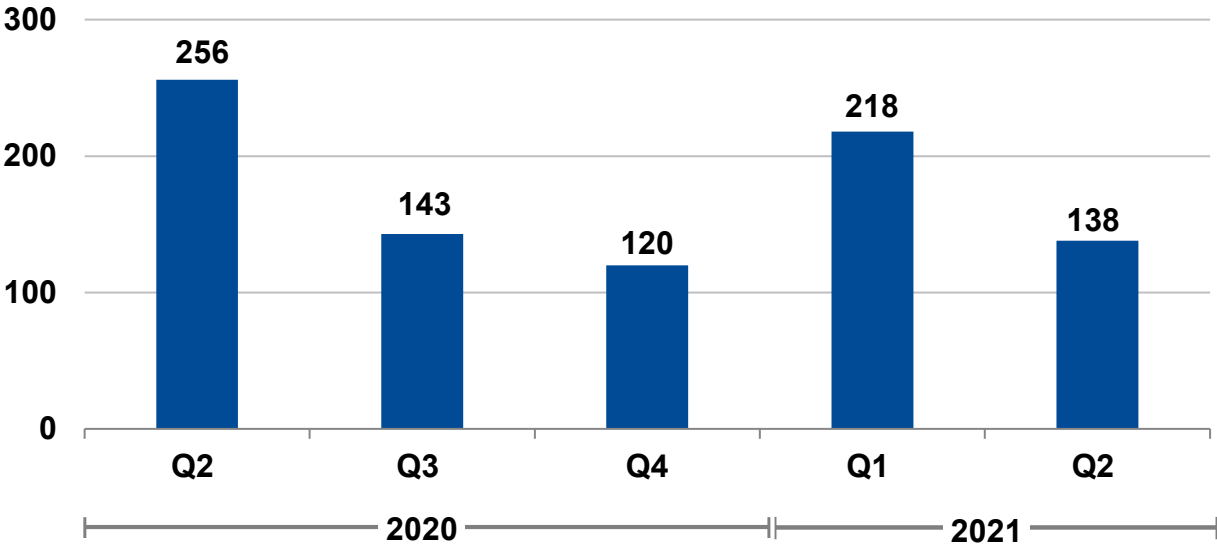
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 44%	↑ 57%	0%	↓ -11%

Nutrition & Care

Sales Q2 2021 vs. Q2 2020
million €



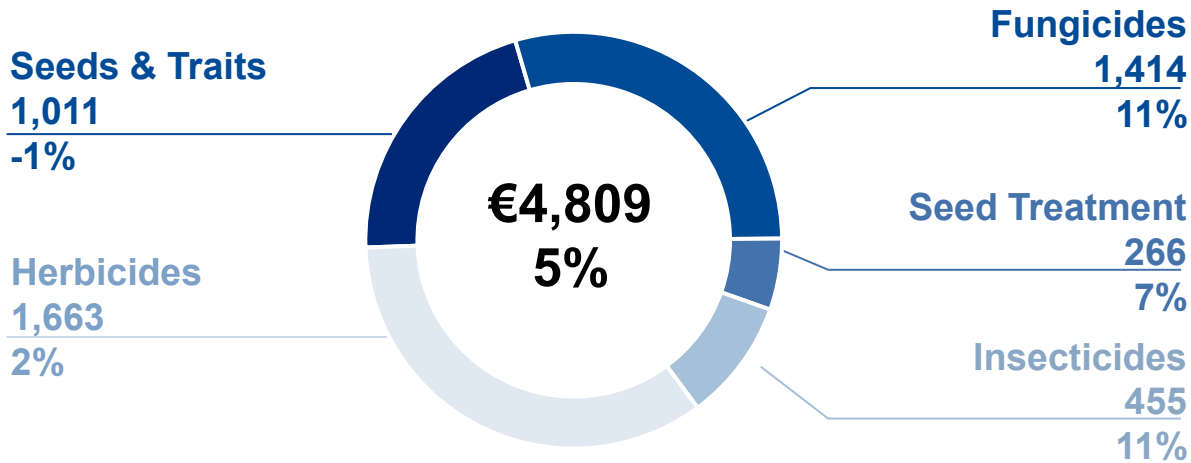
EBIT before special items
million €



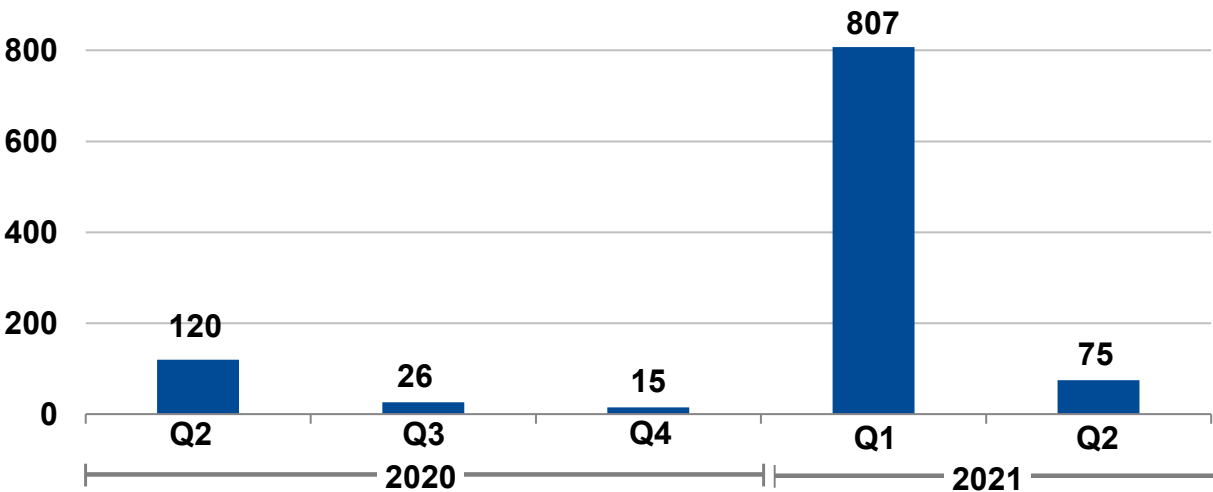
Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 5%	↑ 2%	↓ -1%	↓ -4%

Agricultural Solutions

Sales H1 2021 vs. H1 2020
million €



EBIT before special items
million €



Sales development	Volumes	Prices	Portfolio	Currencies
Q2 2021 vs. Q2 2020	↑ 15%	↑ 3%	0%	↓ -7%
H1 2021 vs. H1 2020	↑ 10%	↑ 2%	0%	↓ -7%

Review of “Other”

Financial figures		Q2 2021	Q2 2020
		million €	million €
Sales		793	507
EBIT before special items		-236	-80
Thereof	Costs of corporate research	-78	-81
	Costs of corporate headquarters	-61	-57
	Foreign currency results, hedging and other measurement effects	22	-43
	Other businesses	75	24
Special items		-49	-48
EBIT		-285	-128



We create chemistry