



We create chemistry

# Capital Market Story

Dr. Hans-Ulrich Engel, CFO

20<sup>th</sup> Berenberg European Conference

Surrey, December 5, 2022



# 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 151 to 160 of the BASF Report 2021. BASF does not assume any obligation to update the forward-looking statements contained in this presentation above and beyond the legal requirements.*

# Agenda

1

At a glance

2

Unique position  
to capture  
growth in Asia

3

Battery materials  
driving electro-  
mobility and  
future growth

4

Pushing the  
transition to a  
sustainable  
economy

5

Q1-Q3 2022  
and outlook

# The BASF Group's segments



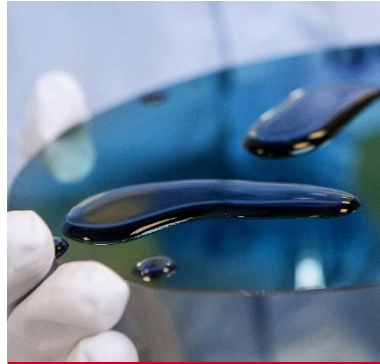
## Chemicals

Petrochemicals  
Intermediates



## Materials

Performance Materials  
Monomers



## Industrial Solutions

Dispersions & Resins  
Performance Chemicals



## Surface Technologies

Catalysts  
Coatings



## Nutrition & Care

Care Chemicals  
Nutrition & Health



## Agricultural Solutions

# We operate close to our customers in all regions worldwide

North America	
Sales (million €)	20,867
Employees	16,753

Europe	
Sales (million €)	30,531
Employees	67,532

Asia Pacific	
Sales (million €)	21,234
Employees	19,976

South America, Africa, Middle East	
Sales (million €)	5,965
Employees	6,786

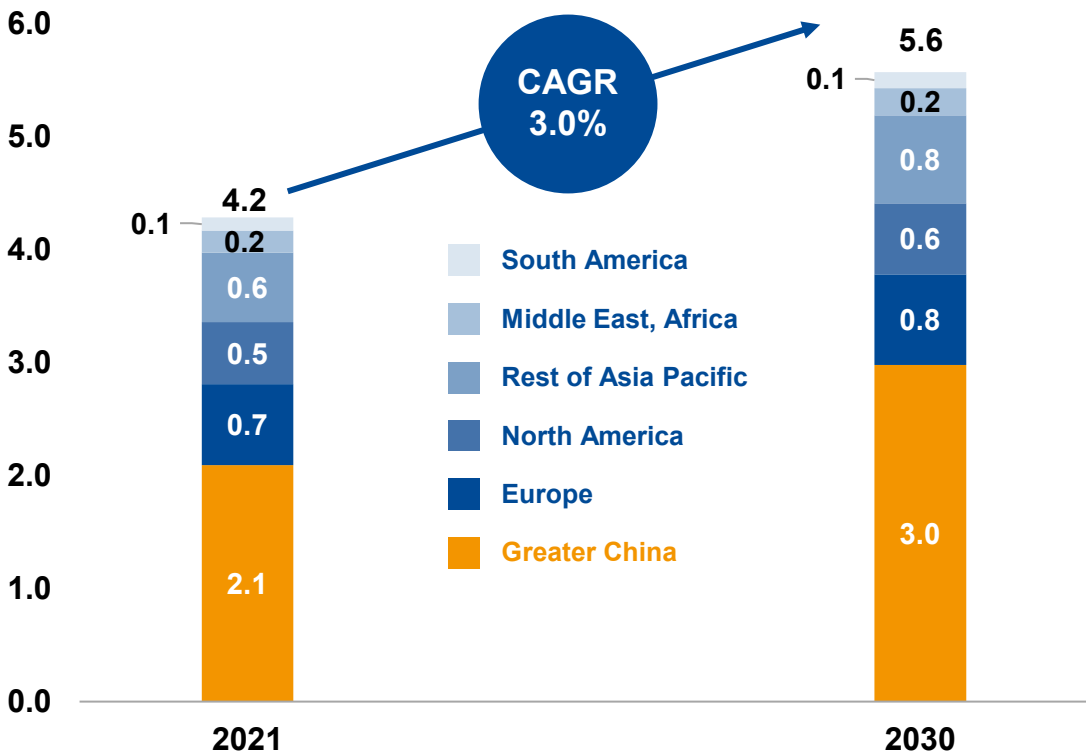
BASF sales by industry 2021		
Direct customers	> 20% <sup>1</sup>	Chemicals and plastics   Transportation
	10–20% <sup>1</sup>	Agriculture   Consumer goods
	< 10% <sup>1</sup>	Construction   Electronics   Energy and resources   Health and nutrition

<sup>1</sup> In each case

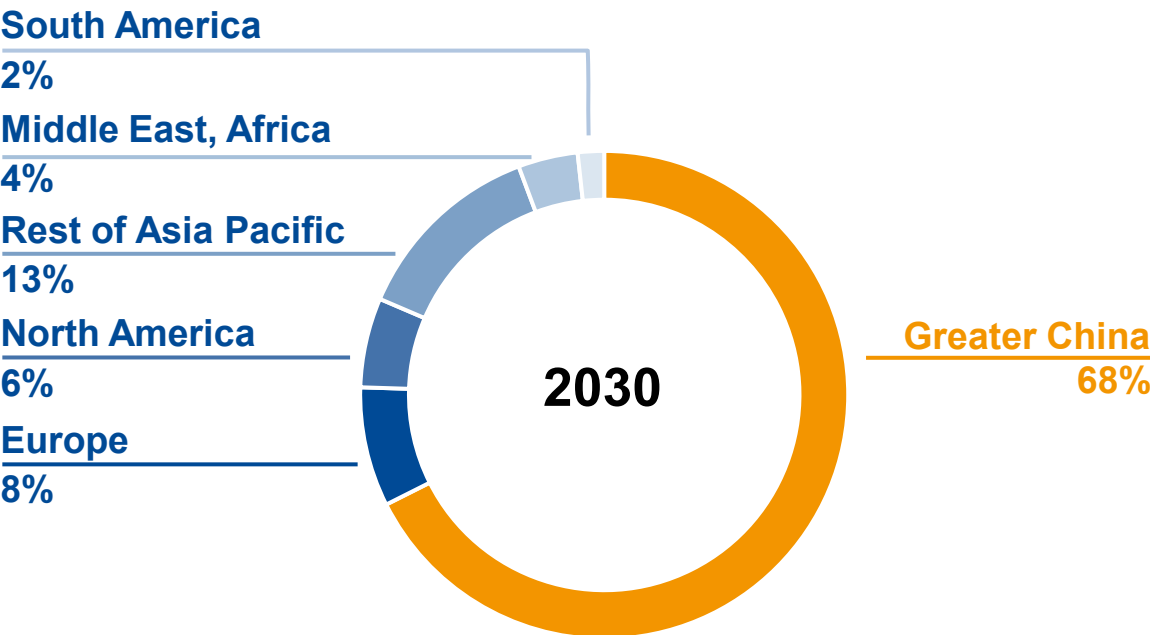
- Regional centers
- Selected sites
- Verbund sites
- Planned Verbund site
- Selected research and development sites

# China is the major growth driver for global chemical production: Two-thirds of growth will come from Greater China by 2030

Real chemical production<sup>1</sup>  
trillion US\$



Share of absolute chemical production growth by region  
%



# Main construction phases of the new Verbund site in Zhanjiang, China – stepwise approach

**Initial phase**  
on stream: 2022–2023

**First downstream plants:**  
Performance Materials for automotive and consumer industries

Engineering plastics  
and thermoplastic  
polyurethanes

**Phase 1**  
start-up: as of 2025

Heart of the Verbund:  
**Petrochemicals plus further  
downstream plants**

Steam  
cracker

C2 value chain

C3 value chain

C4 value chain

**Phase 2**  
start-up: as of 2028

**Verbund expansion**  
and diversification

Additional  
downstream plants

Backward integrated into world-scale  
upstream plants to achieve Verbund  
synergies in downstream value chains

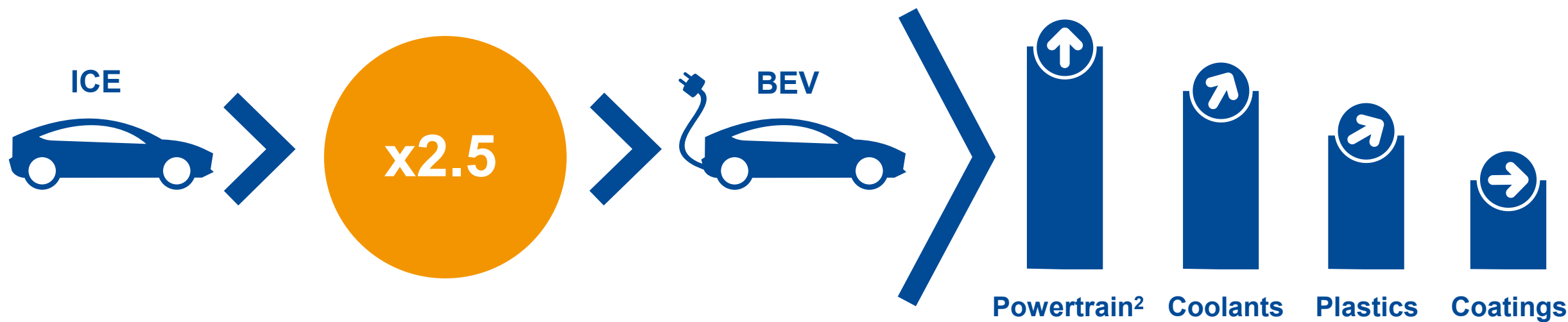
**Update on progress**

- First downstream plant started up in August 2022
- Construction of phase 1 plants started following final approval
- Stepwise construction approach allows for flexibility, especially with regard to phase 2

# The chemical content per car is higher in a BEV compared to ICE, with CAM as the single largest growth opportunity

Chemical content per car

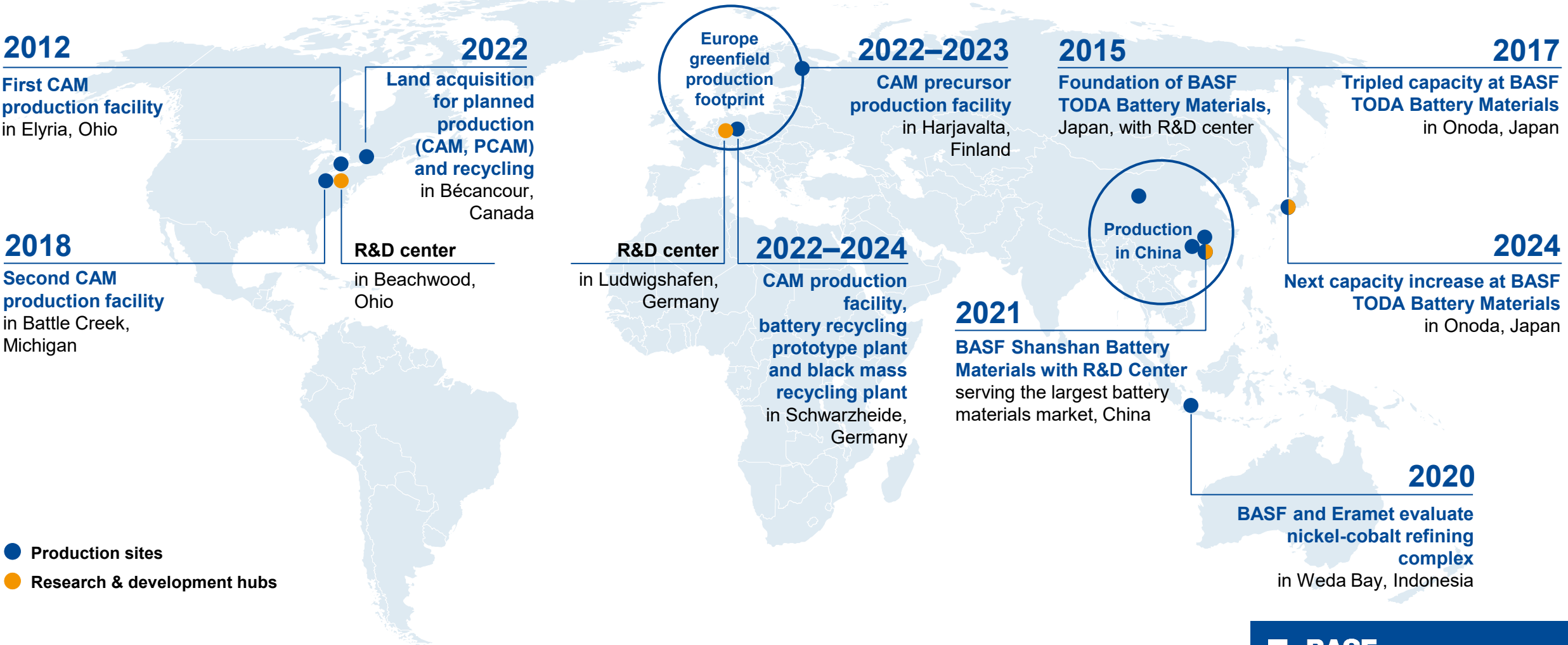
Main contributors<sup>1</sup>  
difference in € per car vs. conventional



The cathode active material (CAM) as key component of any battery cell more than doubles the chemical content which can be found in today's average ICE vehicle

<sup>1</sup> Only representative for relative change in projected sales  
<sup>2</sup> Emission catalyst vs. cathode active material (both incl. metals)

# BASF has production assets and R&D hubs in close proximity to the most important BEV markets in every region



# Our commitments to reaching the Paris Climate Agreement

An orange circular graphic, partially open on the right side, framing the year 2030.

**2030**

**25%**

CO<sub>2</sub> emissions  
reduction  
(compared with 2018)<sup>1</sup>

An orange circular graphic, partially open on the right side, framing the year 2050.

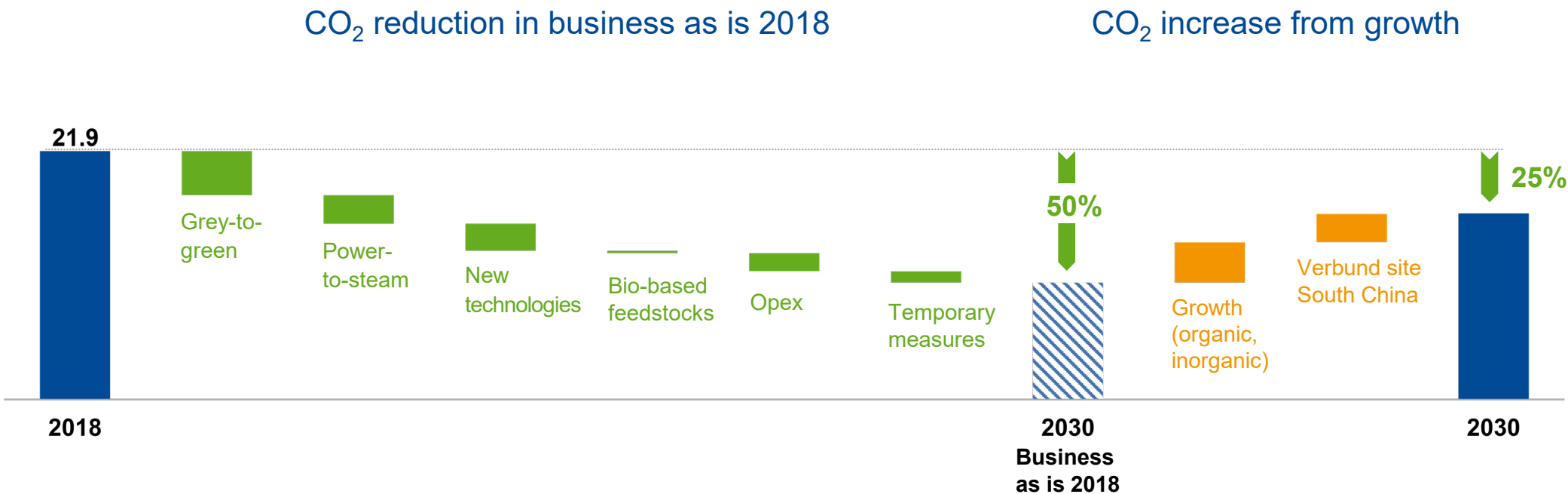
**2050**

**net zero**  
CO<sub>2</sub> emissions<sup>1</sup>

# Our path to reduce BASF emissions from 2018 to 2030

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

Million metric tons



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

## Organic growth

- €25.6 billion capex budget 2022–2026
- Around €2.2 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 upgrades

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

## Share buybacks

- Share buyback program 2022–2023 with a volume of up to €3 billion
- Repurchased shares to be canceled, reducing the share capital accordingly

# BASF Group Q1–Q3 2022: Financial figures

Financial figures	Q1–Q3 2022	Q1–Q3 2021	Change
	Million €	Million €	%
Sales	68,003	58,822	15.6
EBITDA before special items	9,361	9,196	2.1
EBITDA	9,359	9,104	2.8
EBIT before special items	6,505	6,541	-0.6
EBIT	6,429	6,449	-0.3
Net income	4,220	4,625	-8.8

# Outlook 2022 for BASF Group

## Outlook 2022

Sales	€86 billion – €89 billion
EBIT before special items	€6.8 billion – €7.2 billion
ROCE	10.5% – 11.0%
CO <sub>2</sub> emissions	18.4 – 19.4 million metric tons

## Underlying assumptions (previous assumptions in parentheses)

- Growth in gross domestic product: +2.5% (unchanged)
- Growth in industrial production: +2.5% (+3.0%)
- Growth in chemical production: +2.0% (+2.5%)
- Average euro/dollar exchange rate: \$1.05 per euro (\$1.07 per euro)
- Average annual oil price (Brent crude): \$100 per barrel (\$110 per barrel)





We create chemistry