BASF Investor and Creditor Relations

Dr. Lars Budde, Senior Manager Investor and Creditor Relations
DIRK Roundtable Fixed Income, Frankfurt, January 18, 2018
Agenda

1. BASF at a glance

2. BASF Investor and Creditor Relations

3. Summary
BASF shares – an attractive investment

- **Growth above chemical industry average** – driven by innovative and sustainable products and solutions

- **Broad and resilient portfolio** – with global market access and strong customer relationships

- **Unique Verbund concept** – competitive advantage based on integrated sites, operational excellence and best-in-class technologies

- **Earnings growth and strong cash flow generation** – based on operational and financial strength

- **Long-term value creation with progressive dividend policy** – grow or at least maintain dividend at the previous year’s level
Broad and resilient portfolio
2016: Sales of €57.6 billion; EBITDA of €10.5 billion

Percentage of sales 2016*

- **23%**
  - **Chemicals**
  - EBITDA €3.2 billion
  - Petrochemicals
  - Monomers
  - Intermediates

- **26%**
  - **Performance Products**
  - EBITDA €2.5 billion
  - Dispersions & Pigments
  - Care Chemicals
  - Nutrition & Health
  - Performance Chemicals

- **33%**
  - **Functional Materials & Solutions**
  - EBITDA €2.9 billion
  - Catalysts
  - Construction Chemicals
  - Coatings
  - Performance Materials

- **10%**
  - **Agricultural Solutions**
  - EBITDA €1.3 billion
  - Crop Protection

- **5%**
  - **Oil & Gas**
  - EBITDA €1.6 billion
  - Exploration & Production; Natural Gas Transport

* Not depicted here: ‘Other’ 3% of Group sales and EBITDA €(1.0) billion
Verbund – unique competitive advantage
Actively managed in line with market requirements

- Annual cost savings of more than €1 billion through integrated production
- Verbund concept supports sustainability, reduces waste and avoids CO₂ emissions of 6 million tons p.a.

Energy savings
>€300 million p.a.

Logistics savings
>€600 million p.a.

Infrastructure savings
>€100 million p.a.
**Attractive dividend**
We want to grow or at least maintain dividend at the previous year’s level

### Dividend per share

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per share</th>
<th>Yield*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>€0.65</td>
<td>3.1%</td>
</tr>
<tr>
<td>2002</td>
<td>€0.70</td>
<td>3.9%</td>
</tr>
<tr>
<td>2003</td>
<td>€0.70</td>
<td>3.1%</td>
</tr>
<tr>
<td>2004</td>
<td>€0.85</td>
<td>3.2%</td>
</tr>
<tr>
<td>2005</td>
<td>€1.00</td>
<td>3.1%</td>
</tr>
<tr>
<td>2006</td>
<td>€1.50</td>
<td>4.1%</td>
</tr>
<tr>
<td>2007</td>
<td>€1.95</td>
<td>3.8%</td>
</tr>
<tr>
<td>2008</td>
<td>€1.95</td>
<td>7.0%</td>
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<tr>
<td>2009</td>
<td>€1.70</td>
<td>3.9%</td>
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<tr>
<td>2010</td>
<td>€2.20</td>
<td>3.7%</td>
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<tr>
<td>2011</td>
<td>€2.50</td>
<td>4.6%</td>
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<tr>
<td>2012</td>
<td>€2.60</td>
<td>3.7%</td>
</tr>
<tr>
<td>2013</td>
<td>€2.70</td>
<td>3.5%</td>
</tr>
<tr>
<td>2014</td>
<td>€2.80</td>
<td>4.0%</td>
</tr>
<tr>
<td>2015</td>
<td>€2.90</td>
<td>4.1%</td>
</tr>
<tr>
<td>2016</td>
<td>€3.00</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

* Dividend yield based on share price at year-end
Delivering consistent, long-term value
Current market capitalization: €84 billion*

Average annual performance
with dividends reinvested

Last 10 years
January 2008 – December 2017

- BASF: +10.3%
- Euro Stoxx 50: +6.8%
- DAX 30: +4.8%
- MSCI World Chemicals: +6.8%

Last 3 years
January 2015 – December 2017

- BASF: +13.4%
- Euro Stoxx 50: +6.4%
- DAX 30: +9.6%
- MSCI World Chemicals: +11.0%

* As of December 31, 2017
Financial targets for the coming years

- **Sales growth** – slightly faster than global chemical production

- **EBITDA growth** – well above global chemical production

- **Deliver attractive returns** – earn a significant premium on cost of capital

- **Remain a strong cash provider** – continuously generate high levels of free cash flow

- **Progressive dividend policy** – grow or at least maintain dividend at previous year’s level
Our priorities

We aim to grow sales and earnings faster than global chemical production in the coming years, driven by

- **Innovations** for a **sustainable future**
- **Investments** in organic growth
- **M&A** opportunities and **portfolio pruning** measures
- **Operational excellence** and **cost discipline**
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Broad international shareholder basis

Shareholder Structure 2001

- German institutional investors: 37%
- German retail investors: 28%
- Rest of World: 9%
- US/Canada: 9%
- Rest of Europe: 9%

Shareholder Structure September 2017

- German institutional investors: 11%
- German retail investors: 29%
- Rest of Europe: 17%
- US/Canada: 20%
- Rest of World: 5%
- UK/Ireland: 12%
- Not identified: 6%

Listings: Frankfurt, London, Zurich
Sponsored Level 1 ADR program in the US
BASF’s Investor Relations team and offices

- New York
- Ludwigshafen
- Florham Park
- Hong Kong
IR requires an experienced communication team

- IR managers exclusively recruited internally
- IR managers bring with them extensive business knowledge and organizational know-how
- Size matters: ~12 team members in 3 regional markets (Europe, North America, Asia Pacific)
- Diversity of the team – a key success factor
- Each IR manager covers the entire BASF Group. Moreover, he/she is responsible for internal communication with one operating segment as well as investors in a particular financial market
- IR experts responsible for special subjects such as Creditor Relations, Website/Social Media, Retail Investors or Sustainability
- Two dedicated event managers in charge of organizing and executing major events such as conferences, investor days, roadshows, etc.
Development of BASF’s Investor Relations activities

Investor Relations Team

- Start-up of Investor Relations at BASF (1987)
- IR Manager Retail Investors (2009)
- Director IR North America (2006)
- Launch Social Media activities (2003)
- IR Manager Sustainability (2008)
- IR Manager Creditor Relations (2011)
- Senior IR Manager Asia (2013)
- 2017
BASF’s Investor Relations activities 2017

Top 3 roadshow locations

<table>
<thead>
<tr>
<th></th>
<th>North America</th>
<th>Europe</th>
<th>Asia Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New York</td>
<td>London</td>
<td>Singapore</td>
</tr>
<tr>
<td>2</td>
<td>Boston</td>
<td>Frankfurt</td>
<td>Tokyo</td>
</tr>
<tr>
<td>3</td>
<td>Toronto</td>
<td>Paris</td>
<td>Hong Kong</td>
</tr>
</tbody>
</table>

Events: Analyst conferences, roadshows, investor days, roundtables, investor visits on site

Events in total: 194
What does it take to be a global player in IR?

- Target right investors and select best brokers in each region
- Engage senior management and division heads in investor contacts
- Ensure one voice policy; provide comprehensive disclosure
- Respond quickly to inquiries of analysts and investors globally
- Gather independent market feedback to adapt messaging and Investor Relations activities to market needs
- Develop creative ideas and new concepts; test them in local markets
- Build strong network within the company
Communication toolbox – multiple channels

BASF corporate messages

- Conference calls and webcasts
- One-on-one and group meetings
- Investor days, roundtables and segment days
- News/Investor releases
- Annual and interim reports, Factbook
- Site visits
- Internet, social media

Financial Markets

Buy-Side

Sell-Side
Creditor Relations program 2017

Jointly organized with BASF's corporate finance department:

- Annual rating agency meetings
- One-on-one meetings
- Group meetings
- Investor visits in Ludwigshafen
BASF’s Creditor Story

Financing highlights

- **Earnings growth and strong cash flow generation** – based on operational and financial strength

- **Diversified financing strategy** – with well-balanced bond profile in terms of maturity, investor base, and currencies

- **Sound capital structure** – with strong commitment to keep a solid A rating

Equity story

- Financing strategy
- Balance sheet and maturity profile
- Ratings
Financing strategy

Diversified debt financing instruments
as of September 30, 2017

- €20 billion debt issuance program (for long-term debt financing)
- US$12.5 billion commercial paper program (for short-term debt financing)
- Two broadly syndicated backup lines of €3 billion each (maturing in 2020 and 2022)

Financing strategy highlights

Our target: Keep a solid A rating (current ratings**: S&P A / Moody’s A1 / Scope A)

* As of September 30, 2017, no outstanding commercial papers

Well-balanced bond and corporate loan maturity profile

**Profile** as of November 15, 2017
billion €*

*B Nominal values, excluding industrial revenue and pollution control bonds of BASF Corporation.

Bonds issued / corporate loans drawn after September 30, 2017
Bonds / corporate loans outstanding as of September 30, 2017
Our Creditor Relations website

Investor Relations

Our Creditor Relations website

Bonds in Detail

Factsheet of 3-months-Euribor + 20 bps EUR Bond 2017/2019

Issuer: BASF SE
Listing: Luxembourg Stock Exchange
German Security Code: A2G3QK
ISIN-Code: XS1716416668
Volume: €1,250 million
Denominations: €1,000
Coupon: 3-months-Euribor + 20 bps (0% Floor)
Coupon payment: quarterly, starting February 15, 2018
Maturity: November 15, 2019

Credit Analysts

<table>
<thead>
<tr>
<th>Institution</th>
<th>Analyst</th>
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</thead>
<tbody>
<tr>
<td>Barclays Capital</td>
<td>Maegre O’Neal</td>
</tr>
<tr>
<td>Citigroup</td>
<td>Aidan Choupin</td>
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<tr>
<td>Commerzbank</td>
<td>Stephan Kippe</td>
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<td>Crédit Agricole</td>
<td>Lolo Sabatier</td>
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<td>Credit Suisse</td>
<td>Islam Morton</td>
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<tr>
<td>Deutsche Bank</td>
<td>Benjamin Maurer</td>
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<tr>
<td>HSBC</td>
<td>Ulrich Kirschnar</td>
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<tr>
<td>J.P. Morgan</td>
<td>Denis Piffaretti</td>
</tr>
<tr>
<td>Landesbank Baden-Württemberg</td>
<td>Ulle Wörner</td>
</tr>
<tr>
<td>Société Générale</td>
<td>Philippe Landreit</td>
</tr>
<tr>
<td>UniCredit</td>
<td>Christian Aust</td>
</tr>
</tbody>
</table>
Key findings “perception study” Creditor Relations

Financial market perception…

- Firmly established reputation for Investor Relations; BASF is one of the few companies that has a dedicated Creditor Relations contact
- Efforts to strengthen relationships with debt investment community are welcome
- Positive comments around the level of disclosure in particular for the effort made to explain accounting changes

What investors & analysts are looking for…

- Continuous dialog throughout the year (not only shortly before going to market)
- Easily digestible information which helps them to better understand the complexity of BASF Group
- More information on market dynamics; BASF’s market outlook
Rating agency meetings

- Once a year, general update meeting
- Organized by Creditor Relations and the Financial Planning unit
- Agenda of the meetings:
  - Recent developments of the BASF Group
  - Guest speaker/presentation of one division
  - Financial Plan
  - Credit opinion of the rating agency
- During the year, the Financial Planning unit is in regular contact with BASF’s rating agencies
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Summary

- Efforts to strengthen relationship with debt investment community are welcome by our investors.
- Continue to regularly meet with investors and analysts – not only shortly before going to market.
- Dedicate sufficient time to new investors to ensure they understand the complexity of BASF.
- Target right investors by selecting best brokers/banks in each region.
- Further develop the Creditor Story and constantly enhance the level of disclosure.
- Focus on explaining BASF’s financing strategy, investment plan, dividend policy and M&A strategy.
- Gather independent market feedback to adapt messaging and Creditor Relations activities to market needs.