

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

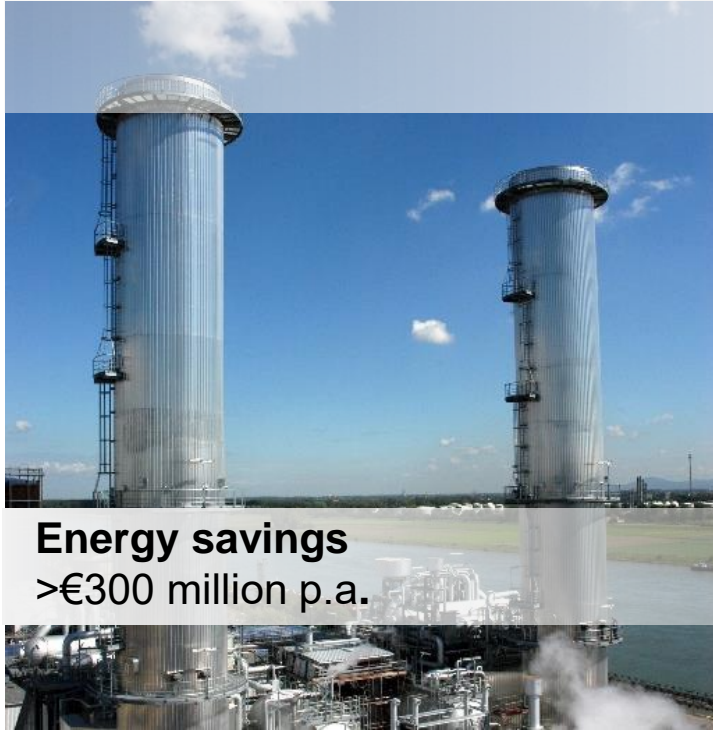
2016: Sales of €57.6 billion; EBITDA of €10.5 billion

Percentage of sales 2016*



Verbund – unique competitive advantage

Actively managed in line with market requirements



Energy savings
>€300 million p.a.

People, Customers, Technology, Production



Logistics savings
>€600 million p.a.



Infrastructure savings
>€100 million p.a.

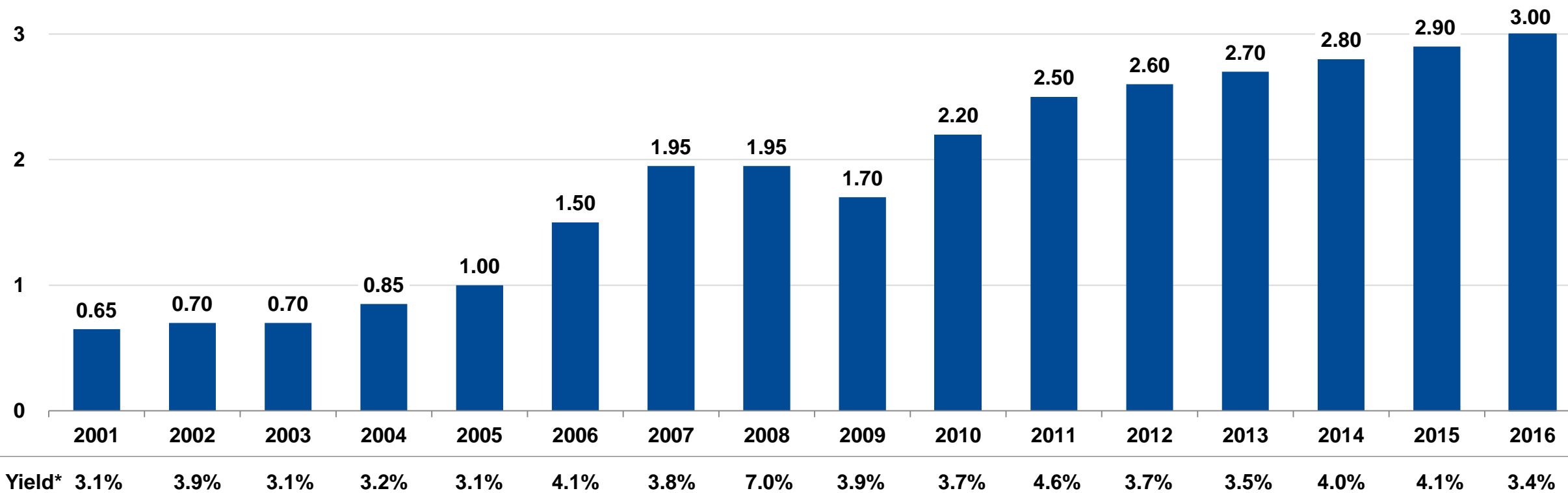
- Annual cost savings of more than €1 billion through integrated production
- Verbund concept supports sustainability, reduces waste and avoids CO₂ emissions of 6 million tons p.a.

Attractive dividend

We want to grow or at least maintain dividend at the previous year's level

Dividend per share

€



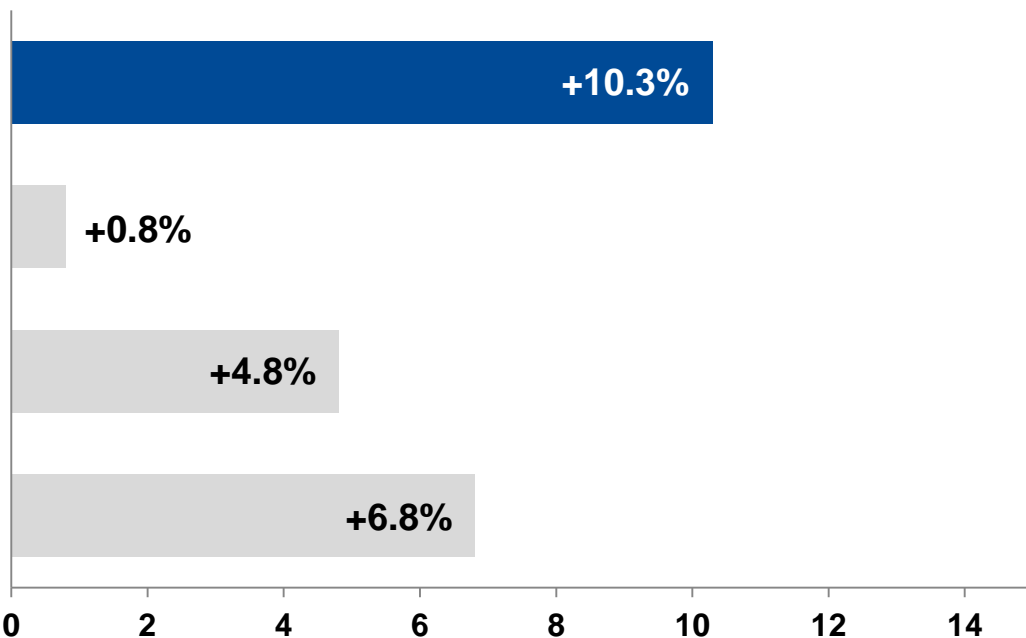
Delivering consistent, long-term value

Current market capitalization: €84 billion*

Average annual performance with dividends reinvested

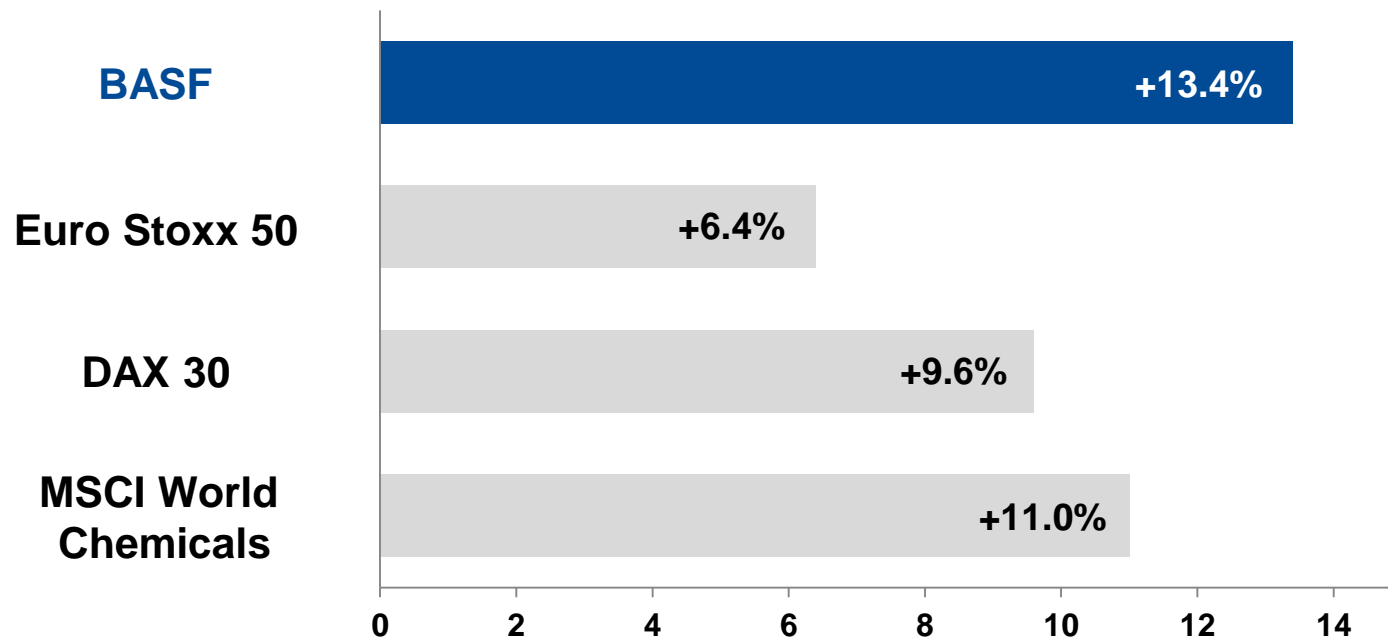
Last 10 years

January 2008 – December 2017



Last 3 years

January 2015 – December 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**

Agenda

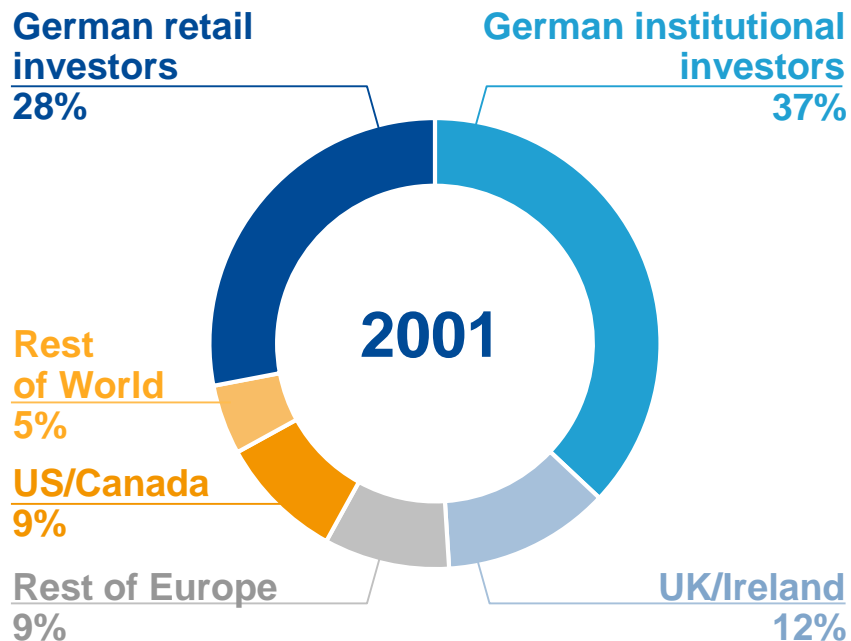
1 | BASF at a glance

2 | **BASF Investor and Creditor Relations**

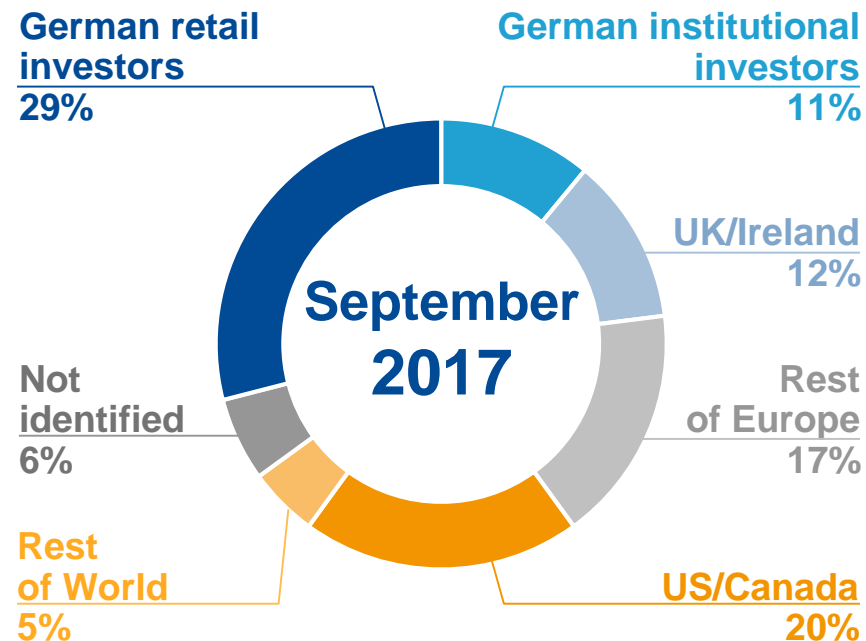
3 | Summary

Broad international shareholder basis

Shareholder Structure 2001

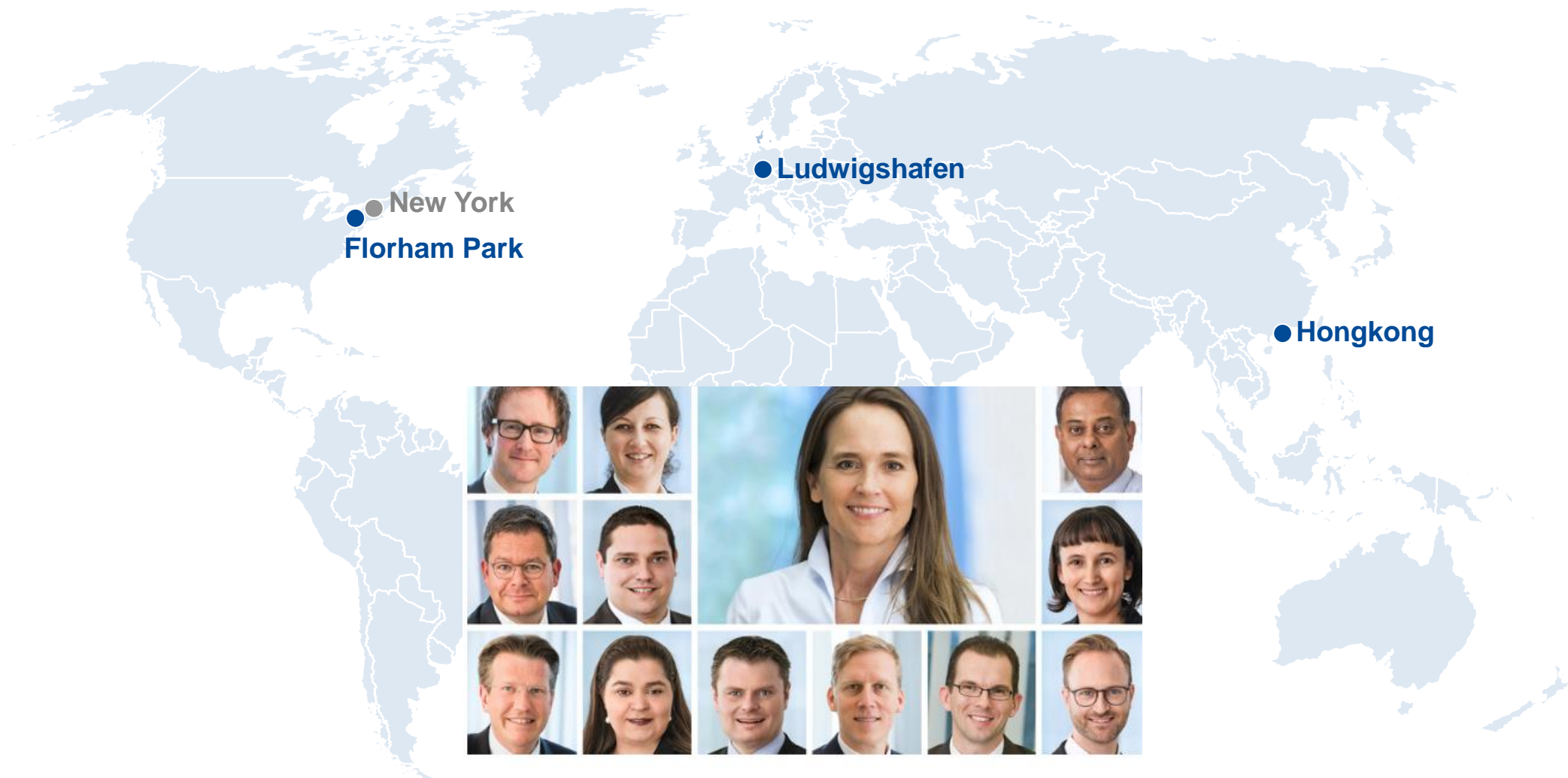


Shareholder Structure September 2017



Listings: Frankfurt, London, Zurich
Sponsored Level 1 ADR program in the US

BASF's Investor Relations team and offices



IR requires an experienced communication team

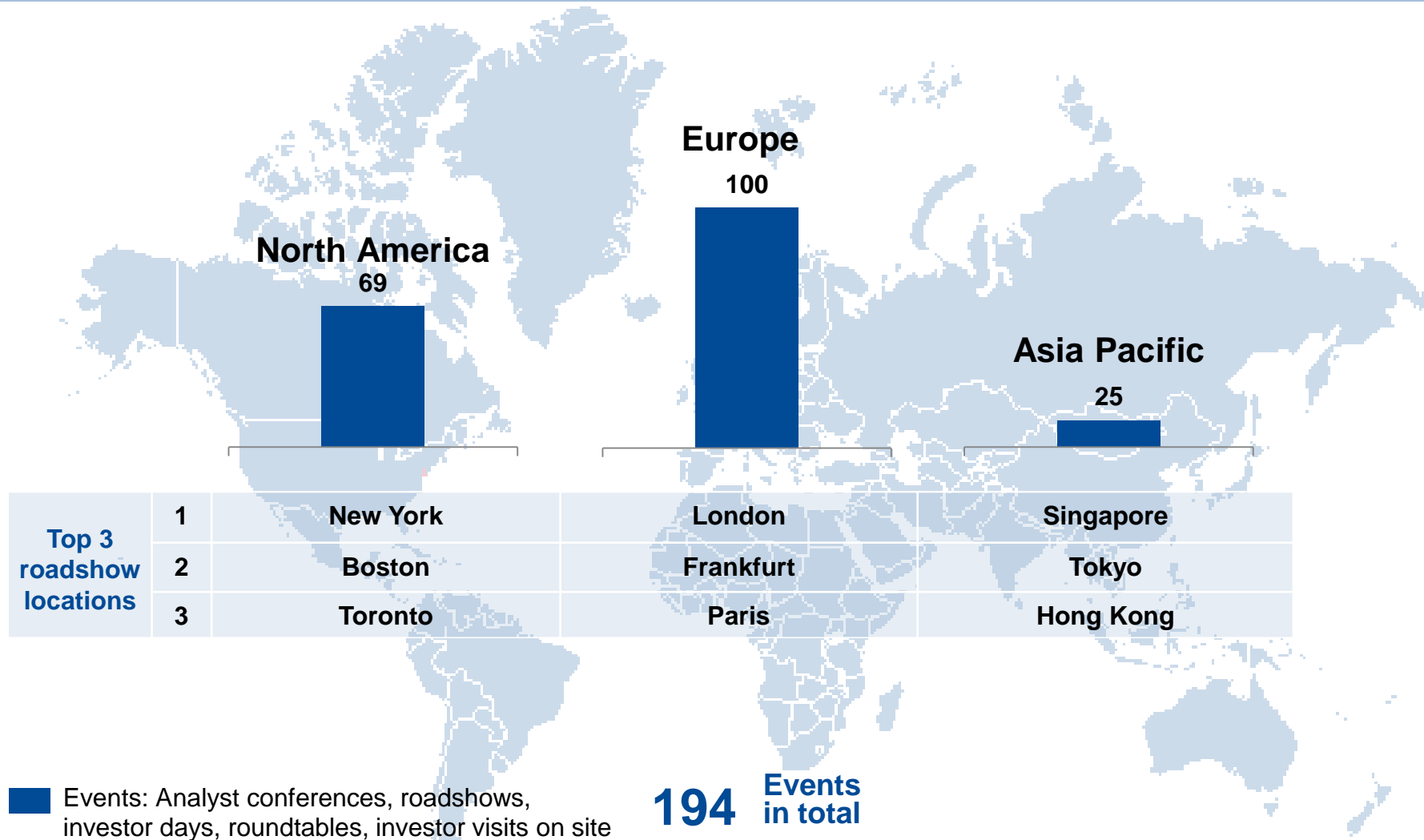
- IR managers exclusively recruited internally
- IR managers bring with them extensive business knowledge and organizational know-how
- Size matters: ~12 team members in 3 regional markets (Europe, North America, Asia Pacific)
- Diversity of the team – a key success factor
- Each IR manager covers the 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



BASF's Investor Relations activities 2017



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



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

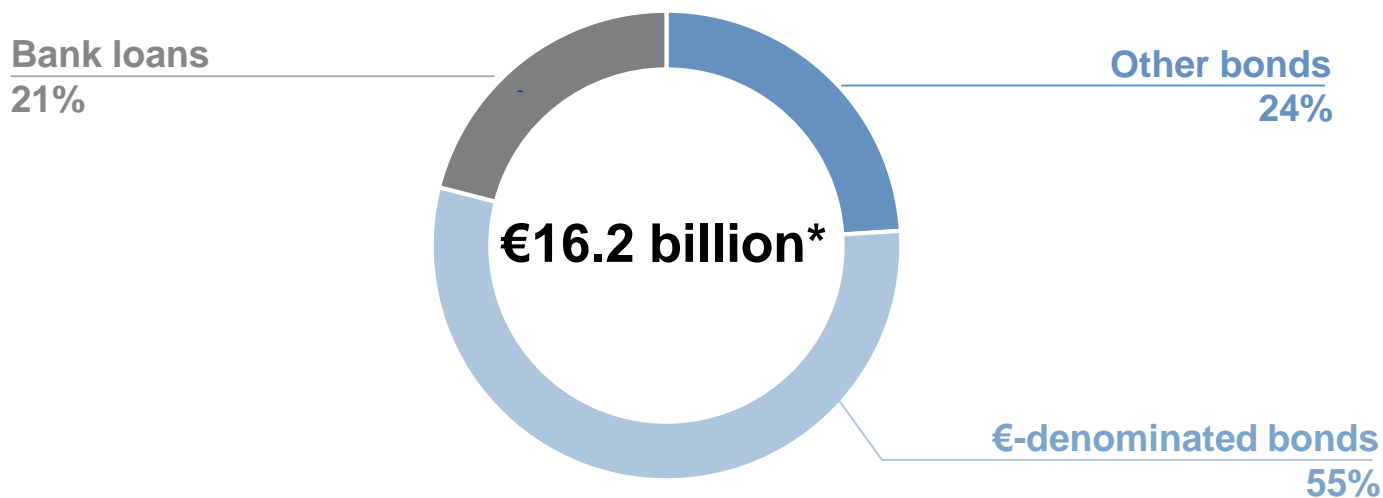


Equity story +

- Financing strategy
- Balance sheet and maturity profile
- Ratings

Financing strategy

Diversified debt financing instruments as of September 30, 2017



Financing strategy highlights

- **€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)

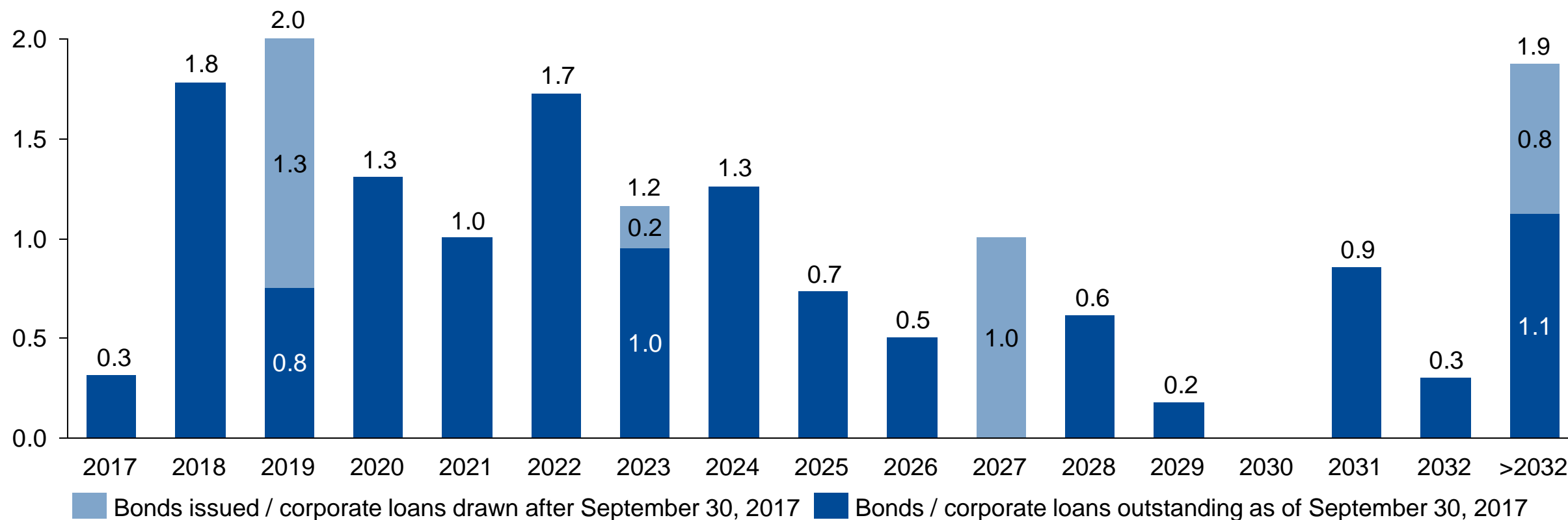
Our target: Keep a solid A rating (current ratings^{}: S&P A / Moody's A1 / Scope A)**

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

** Last confirmation Moody's: December 19, 2017, S&P: October 18, 2017, Scope: October 18, 2017.

Well-balanced bond and corporate loan maturity profile

Profile as of November 15, 2017
billion €*



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

Our Creditor Relations website

Investor Relations

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[Financing Strategy](#) >

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[Credit Analysts](#)

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Bonds in Detail

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

Issuer:	BASF SE
Listing:	Luxembourg Stock Exchange
German Security Code:	A2GSGK
ISIN-Code:	XS1718416588
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

Institution	Analyst
Barclays Capital	Maggie O'Neal
Citigroup	Aidan Cheslin
Commerzbank	Stephan Kippe
Crédit Agricole	Loic Sabatier
Credit Suisse	Sam Morton
Deutsche Bank	Benjamin Maurer
Helaba	Ulrich Kirschner
J.P. Morgan	Denis Piffaretti
Landesbank Baden-Württemberg	Ulle Wörner
Société Générale	Philippe Landroit
Unicredit	Christian Aust

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

MOODY'S

STANDARD
& POOR'S



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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



We create chemistry