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Quarterly Statement Q1 2020

BASF Group shows resilience amid corona crisis with diversified portfolio and financial solidity

- Sales of €16.8 billion (+7%), mainly due to volumes growth
- EBIT before special items of €1.6 billion (–6%), primarily as a result of lower earnings in the Chemicals and Materials segments; EBIT before special items improves in all downstream segments
- BASF with solid financing; equity ratio of 47%

Contents

On the cover:

As part of the “Helping Hands” aid campaign, BASF is involved in the fight against the spread of the coronavirus with numerous actions and contributions. For example, BASF is donating hand sanitizer to healthcare facilities in many countries. The cover image shows the Sokalan & Uvinul plant in Ludwigshafen, Germany. Since mid-April, around 100 metric tons of hand sanitizer have been produced there per week – in addition to the actual production of UV absorbers as well as additives for different applications such as detergents, cleaning agents and industrial formulations. Sanitizer is not normally part of BASF’s product portfolio. In order to cope with the corona pandemic, plants in Ludwigshafen and other locations were therefore converted in a very short time.

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Key Figures

BASF Group Q1 2020

		Q1		
		2020	2019	+/-
Sales	Million €	16,753	15,596	7%
Income from operations before depreciation, amortization and special items ^a	Million €	2,579	2,642	(2%)
Income from operations before depreciation and amortization (EBITDA) ^a	Million €	2,428	2,770	(12%)
EBITDA margin	%	14.5	17.8	-
Depreciation and amortization ^b	Million €	972	991	(2%)
Income from operations (EBIT) ^a	Million €	1,456	1,779	(18%)
Special items	Million €	(184)	29	.
EBIT before special items ^a	Million €	1,640	1,750	(6%)
Income before income taxes	Million €	1,200	1,556	(23%)
Income after taxes from continuing operations	Million €	881	1,163	(24%)
Income after taxes from discontinued operations	Million €	22	277	(92%)
Net income	Million €	885	1,406	(37%)
Earnings per share	€	0.96	1.53	(37%)
Adjusted earnings per share	€	1.36	1.70	(20%)
Research and development expenses	Million €	494	503	(2%)
Personnel expenses	Million €	2,826	2,903	(3%)
Number of employees (March 31)		118,276	121,194	(2%)
Assets (March 31)	Million €	92,355	92,040	0%
Investments including acquisitions ^c	Million €	2,136	715	199%
Equity ratio (March 31)	%	47.0	41.1	-
Net debt (March 31)	Million €	18,794	19,431	(3%)
Cash flows from operating activities	Million €	(1,030)	373	.
Free cash flow	Million €	(1,599)	(368)	.

^a The 2019 figures have been restated to reflect the reclassification of income from non-integral companies accounted for using the equity method to net income from shareholdings. For more information, see Significant Events on page 4 and Restated Figures 2019 on page 18 of this quarterly statement.

^b Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

^c Additions to intangible assets and property, plant and equipment

Business Review

BASF Group

Significant Events

As part of the implementation of BASF's corporate strategy, the operating divisions, cross-functional service units, the regions and a lean Corporate Center have formed the cornerstones of the new BASF organization since January 1, 2020. This organizational realignment has created the conditions for greater customer proximity, increased competitiveness and profitable growth. We are streamlining our administration and simplifying procedures and processes as part of our ongoing Excellence Program. In addition, we are sharpening the roles of service units and regions.

[For more information on the new organizational structure, see page 20 of the BASF Report 2019, The BASF Group](#)

Some of the investments accounted for using the equity method are not an integral part of the BASF Group. These include, in particular, the shares in Wintershall Dea GmbH, Kassel/Hamburg, Germany, and Solenis UK International Ltd., London, United Kingdom. To increase reporting transparency, these will be classified in the future as purely financial investments and reported separately from the shareholdings that are integral to the main business activities of the BASF Group. One material equity-accounted interest that has been classified as integral is BASF-YPC Company Ltd., Nanjing, China. Consequently, in the future, income from non-integral companies accounted for using the equity method will no longer be presented in the BASF Group's EBIT and EBIT before special items, but under net income from shareholdings. Due to its increased significance, this will be presented as a separate subtotal within income before income taxes and is no longer part of the financial result. Integral and non-integral investments accounted for using the equity method

will also be shown separately in the balance sheet. The statement of income for 2019 has been restated accordingly.

[For more information, see Restated Figures 2019 Reflecting the Reclassification of Non-Integral Equity-Accounted Companies on page 18 of this quarterly statement](#)

On January 31, 2020, BASF closed the acquisition of Solvay's integrated polyamide business, which was announced in September 2017. The acquisition broadens BASF's polyamide capabilities with innovative and well-known products such as Technyl® and enhances access to growth markets in Asia as well as in North and South America. Through the backward integration into the key raw material adiponitrile (ADN), BASF now has production plants along the entire value chain for polyamide 6.6. The transaction includes production sites in Germany, France, China, India, South Korea, Brazil and Mexico; research and development centers and technical consultation centers; and shares in Butachimie SNC, a joint operation with Invista to produce ADN and hexamethylenediamine (HMD), and in Alsachimie S.A.S., a joint operation between BASF and Domo Chemicals to produce adipic acid. BASF acquired the polyamide business for a purchase price of €1.3 billion (on a cash and debt-free basis) and will integrate it into the Performance Materials and Monomers divisions within the Materials segment.

[For more information, see page 43 of the BASF Report 2019, Material Investments and Portfolio Measures](#)

In light of the global spread of the coronavirus, BASF has activated crisis teams at the Group's headquarters and in all regions in accordance with its pandemic preparedness plan. This approach allows BASF to coordinate all measures for employees, customers and partners and take into account the often very different situations at different locations. The health of our employees and supplying our customers in the best possible way have the utmost priority. We expect the effects of the pandemic to significantly burden earnings in the 2020 fiscal year.

[For more information, see the Outlook on page 8 of this quarterly statement](#)

The company's Annual Shareholders' Meeting cannot be held as planned in Mannheim on April 30, 2020, due to the restrictions resulting from the spread of the coronavirus in Germany. Instead, BASF will conduct it on June 18, 2020, as an entirely virtual shareholders' meeting without the presence of shareholders. The virtual format, which has been made possible for this year by German legislation, will allow BASF's Annual Shareholders' Meeting to take place within the statutory period of six months after the end of the fiscal year, as required by law for companies with the legal form of a Societas Europaea (SE). Further details will be included in the invitation to BASF's Annual Shareholders' Meeting that is to be published in the electronic Federal Gazette on May 22, 2020, at the latest.

Results of Operations

We increased **sales** by €1,157 million compared with the first quarter of 2019 to €16,753 million. This was primarily driven by higher volumes, especially in the Surface Technologies and Agricultural Solutions segments and in Other. Lower prices in all other segments were more than offset by a significantly higher price level in the Surface Technologies segment due to the rise in precious metal prices, meaning that overall, prices had a positive impact on sales. Positive currency effects and portfolio effects in the Materials segment from the polyamide business acquired from Solvay also contributed to sales growth.

Factors influencing BASF Group sales in Q1 2020

Factor	Change
Volumes	4%
Prices	1%
Portfolio	1%
Currencies	1%
Sales	7%

Income from operations (EBIT) before special items¹ declined by €110 million year on year to €1,640 million. This was mainly attributable to significantly lower contributions from the Chemicals and Materials segments and from Other. By contrast, we increased EBIT before special items in all other segments. The Surface Technologies and Nutrition & Care segments saw a considerable improvement in EBIT before special items, and the Agricultural Solutions and Industrial Solutions segments posted slight growth.

Special items in EBIT totaled minus €184 million in the first quarter of 2020, compared with €29 million in the prior-year quarter. These mainly related to integration costs for the businesses acquired from Solvay and to various restructuring measures. In the prior-year quarter, income from divestitures led to positive special items overall.

EBIT² declined by €323 million compared with the first quarter of 2019 to €1,456 million. **Income from operations before depreciation, amortization and special items (EBITDA before special items)³** decreased by €63 million to €2,579 million and **EBITDA³** declined by €342 million to €2,428 million in the same period.

Q1 EBITDA before special items

Million €	2020	2019
EBIT	1,456	1,779
- Special items	(184)	29
EBIT before special items	1,640	1,750
+ Depreciation and amortization before special items ^a	934	882
+ Impairments and reversals of impairments on intangible assets and property, plant and equipment before special items ^a	5	10
Depreciation, amortization, impairments and reversals of impairments on intangible assets and property, plant and equipment before special items	939	892
EBITDA before special items	2,579	2,642

^a Excluding depreciation, amortization, impairments and reversals of impairments attributable to the discontinued construction chemicals business

Q1 EBITDA

Million €	2020	2019
EBIT	1,456	1,779
+ Depreciation and amortization ^a	960	882
+ Impairments and reversals of impairments on intangible assets and property, plant and equipment ^a	12	109
Depreciation, amortization, impairments and reversals of impairments on intangible assets and property, plant and equipment	972	991
EBITDA	2,428	2,770

^a Excluding depreciation, amortization, impairments and reversals of impairments attributable to the discontinued construction chemicals business

The decline in net income from shareholdings to minus €168 million is primarily attributable to the initial inclusion of Wintershall Dea. Its contribution to earnings was negative, mainly as a result of the low oil and gas prices and currency-related deferred tax expenses. The **financial result** improved to minus €88 million. The main driver here was the €79 million improvement in the other financial result due to the higher fair values of derivatives.

Income before income taxes decreased by €356 million to €1,200 million. The tax rate rose from 25.3% to 26.6%, due, among other factors to negative income from companies accounted for using the equity method.

Income after taxes from continuing operations declined by €282 million compared with the prior-year quarter to €881 million. **Income after taxes from discontinued operations** decreased by €255 million to €22 million. In the first quarter of 2019, this figure still contained the earnings generated by our oil and gas activities (€274 million). Income after taxes improved in the discontinued construction chemicals business.

Noncontrolling interests amounted to minus €18 million after minus €34 million in the prior-year quarter, mainly because the shares in the gas transportation companies are no longer included in this figure.

Net income decreased by €521 million to €885 million.

Earnings per share in the first quarter of the year were €0.96, compared with €1.53 in the prior-year quarter. **Earnings per share adjusted** for special items and amortization of intangible assets amounted to €1.36 (first quarter of 2019: €1.70).

¹ For an explanation of this indicator, see page 30 of the BASF Report 2019, Value-Based Management

² The calculation of income from operations (EBIT) is shown in the Statement of Income on page 17 of this quarterly statement.

³ For an explanation of this indicator, see page 49 of the BASF Report 2019, Results of Operations

Net Assets

Total assets increased by €5,405 million compared with the 2019 year-end to €92,355 million.

Noncurrent assets rose by €387 million to €56,347 million. The increase is primarily attributable to additions in connection with the acquisition of the polyamide business from Solvay. The transaction increased intangible assets by €836 million and property, plant and equipment by €434 million based on preliminary purchase price allocation. Offsetting effects came from the decline in deferred taxes due to lower pension provision, as well as the decrease in financial assets, mainly due to the negative income from companies accounted for using the equity method.

Current assets rose by €5,018 million to €36,008 million. This was largely attributable to the €2,297 million increase in trade accounts

receivable, mainly from seasonal effects in the Agricultural Solutions segment. Other receivables and miscellaneous assets were €1,266 million above the figure as of December 31, 2019, primarily as a result of higher precious metal trading items and higher fair values of derivatives. Cash and cash equivalents rose by €1,402 million. Lower marketable securities had a slight offsetting effect. Inventories remained on a level with the 2019 year-end. Assets of disposal groups increased by €144 million to €4,157 million.

Financial Position

Equity rose by €1,020 million compared with December 31, 2019, to €43,370 million. The equity ratio declined slightly from 48.7% to 47.0% as a result of the increase in total assets. **Noncurrent liabilities** decreased by €1,269 million compared with the 2019 year-end to €26,727 million, largely due to lower pension provisions and lower noncurrent financial indebtedness. The reclassification of

a eurobond with a carrying amount of around €1 billion to current financial indebtedness was the main driver here. This was partially offset by the increase in liabilities to banks, primarily from a new €380 million loan taken out from the European Investment Bank. Tax provisions, deferred taxes and other provisions also declined. The €184 million increase in other liabilities was primarily attributable to higher lease liabilities.

Current liabilities rose by €5,654 million to €22,258 million. All items except trade accounts payable contributed to the increase, in particular current financial indebtedness. This was mainly due to the €3,825 million increase in commercial paper at BASF SE, the above-mentioned reclassification of a bond with a carrying amount of €1 billion, and the new short-term loans taken out for a total of €250 million. The decline in trade accounts payable was more than offset by the increase in other provisions and tax liabilities.

Financial indebtedness rose by €4,589 million. **Net debt**¹ increased by €3,288 million compared with the end of 2019.

Q1 adjusted earnings per share

Million €

	2020	2019
Income after taxes	881	1,440
– Special items	(184)	29
+ Amortization, impairments and reversals of impairments on intangible assets	171	161
– Amortization, impairments and reversals of impairments on intangible assets contained in special items	–	–
– Adjustments to income taxes	14	34
– Adjustments to income after taxes from discontinued operations	(41)	(10)
Adjusted income after taxes	1,263	1,548
– Adjusted noncontrolling interests	17	(19)
Adjusted net income	1,246	1,567
Weighted average number of outstanding shares	in thousands 918,479	918,479
Adjusted earnings per share	€ 1.36	1.70

Net debt

Million €

	Mar. 31, 2020	Dec. 31, 2019
Noncurrent financial indebtedness	14,394	15,015
+ Current financial indebtedness	8,572	3,362
Financial indebtedness	22,966	18,377
– Marketable securities	343	444
– Cash and cash equivalents	3,829	2,427
Net debt	18,794	15,506

¹ For an explanation of this indicator, see page 55 of the BASF Report 2019, Financial Position

Cash flows from operating activities amounted to minus €1,030 million, compared with €373 million in the prior-year quarter. Alongside the considerable decline in net income, this was primarily attributable to the €1,242 million increase in cash tied up in net working capital. This development was mainly driven by stronger growth in trade accounts receivable and precious metal trading items, as well as the increase in derivatives with positive fair values. The change in operating liabilities and other provisions increased cash inflows by €201 million overall compared with the prior-year quarter, despite a higher level of cash tied up from the decline in trade accounts payable. The change in miscellaneous items increased cash flows from operating activities in the first quarter of 2020. In the prior-year quarter, the reclassification of higher gains on the disposal of noncurrent assets to cash flows from investing activities led to cash tied up in miscellaneous items.

Cash flows from investing activities amounted to minus €1,820 million, around €1 billion below the figure for the prior-year quarter. This was mainly attributable to the payment of the purchase price for the polyamide business acquired from Solvay. By contrast, payments made for intangible assets and property, plant and equipment were €172 million lower year on year.

The significant increase in **cash flows from financing activities**, from €620 million in the first quarter of 2019 to €4,294 million, was primarily due to the creation of additional liquidity as a precautionary measure.

Free cash flow¹ declined from minus €368 million in the prior-year quarter to minus €1,599 million as a result of lower cash flows from operating activities.

Q1 free cash flow

Million €	2020	2019
Cash flows from operating activities	(1,030)	373
– Payments made for intangible assets and property, plant and equipment	569	741
Free cash flow	(1,599)	(368)

BASF enjoys good credit ratings, especially compared with competitors in the chemical industry. On March 25, 2020, Standard & Poor's changed BASF's rating from "A/A-1/outlook stable" to "A/A-1/CreditWatch negative." On April 1, 2020, Moody's adjusted its rating for BASF from "A2/P-1/outlook stable" to "A2/P-1/Review for downgrade." The economic impact of the corona pandemic and the related uncertainty were cited as the main reasons for these changes.

¹ For an explanation of this indicator, see page 57 of the BASF Report 2019, Financial Position

Outlook

The sales and earnings forecast for the 2020 business year provided by BASF on February 28, 2020, will not be able to be met. The company is therefore withdrawing its outlook. It is currently impossible to reliably estimate both the length and the further spread of the coronavirus pandemic, as well as future measures to contain it. Consequently, concrete statements on the future development of sales and earnings cannot be made at present.

BASF expects to be severely impacted by the economic consequences of the global drop in demand and production, in particular as a result of the ongoing production stoppages in the automotive industry. The effects of the coronavirus pandemic will also impact other customer industries. As a result, the company anticipates a considerable decline in sales volumes in the second quarter of 2020. BASF currently expects a slow recovery for the third and fourth quarters of 2020; how the situation develops is, however, extremely uncertain at this point in time.

BASF will quantify its expectations for the future development of sales and earnings as soon as it is again possible to make a reliable forecast.

Chemicals

Q1 2020

Sales¹ in the Chemicals segment were considerably lower than in the first quarter of 2019. The Petrochemicals division in particular saw a considerable decline in sales, while the Intermediates division recorded a slight decrease.

Factors influencing sales in Q1 2020 – Chemicals

	Chemicals	Petrochemicals	Intermediates
Volumes	0%	(1%)	3%
Prices	(9%)	(9%)	(9%)
Portfolio	0%	0%	0%
Currencies	1%	1%	1%
Sales	(8%)	(9%)	(5%)

Sales development was driven by lower prices across all business areas in both divisions. This was attributable to weaker demand as a consequence of the corona pandemic, higher product availability on the market and lower raw materials prices.

Positive currency effects in both divisions had a slight offsetting effect.

Volumes were on a level with the prior-year quarter. Higher sales volumes in the Intermediates division, especially in Europe and Asia, were offset by lower volumes in the Petrochemicals division.

Income from operations (EBIT) before special items declined considerably compared with the first quarter of 2019. The considerable decrease affected both divisions, but in particular the Petro-

Segment data – Chemicals

Million €

	2020	2019	+/-
Sales to third parties	2,350	2,548	(8%)
of which Petrochemicals	1,639	1,803	(9%)
Intermediates	711	745	(5%)
Income from operations before depreciation, amortization and special items	391	489	(20%)
Income from operations before depreciation and amortization (EBITDA)	386	485	(20%)
EBITDA margin	% 16.4	19.0	-
Depreciation and amortization ^a	216	183	18%
Income from operations (EBIT)	170	302	(44%)
Special items	(4)	(4)	-
EBIT before special items	174	306	(43%)
Assets (March 31)	9,226	9,292	(1%)
Investments including acquisitions ^b	360	235	53%
Research and development expenses	25	27	(7%)

^a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

^b Additions to intangible assets and property, plant and equipment

chemicals division, and was mainly attributable to lower margins and higher fixed costs.

In the Petrochemicals division, higher margins for steam cracker products in North America due to significantly lower raw materials prices were unable to compensate for the significantly lower margins in the ethylene and propylene value chains, especially in Europe and Asia. Fixed costs rose, mainly due to price-related impairment losses on inventories.

The Intermediates division recorded lower margins, particularly in the acids and polyalcohols business and in the butanediol and derivatives business. Fixed costs were higher as a result of the gradual startup of the new acetylene plant in Ludwigshafen, Germany.

¹ For sales, "slight" represents a change of 1–5%, while "considerable" applies to changes of 6% and higher. "At prior-year level" indicates no change (+/-0%). For earnings, "slight" means a change of 1–10%, while "considerable" is used for changes of 11% and higher. "At prior-year level" indicates no change (+/-0%).

Materials

Q1 2020

In the Materials segment, **sales** declined slightly in both divisions.

Factors influencing sales in Q1 2020 – Materials

	Materials	Performance Materials	Monomers
Volumes	(1%)	(1%)	(1%)
Prices	(7%)	(5%)	(10%)
Portfolio	6%	4%	8%
Currencies	0%	1%	0%
Sales	(2%)	(1%)	(3%)

The sales decrease was primarily attributable to significantly lower prices, especially in the Monomers division. Here, isocyanate prices continued to decline as a result of higher market supply. Price levels for polyamide precursors were also lower due to weaker demand from key industries. Sales in the Performance Materials division were reduced by lower prices for polyurethane systems and Ultramid due to the decrease in raw materials prices.

Volumes also declined slightly in both divisions. Weak demand as a consequence of the corona pandemic led to lower sales volumes in the Monomers division, especially of isocyanates. In the Performance Materials division, higher volumes of thermoplastic polyurethanes, biopolymers and Ultradur were unable to fully offset lower volumes of Cellasto and polyurethane systems.

Portfolio effects from the acquisition of the integrated polyamide business from Solvay, particularly in the Monomers division, had an offsetting impact.

Segment data – Materials

Million €

	Q1		
	2020	2019	+/-
Sales to third parties	2,874	2,931	(2%)
of which Performance Materials	1,531	1,547	(1%)
Monomers	1,343	1,384	(3%)
Income from operations before depreciation, amortization and special items	415	493	(16%)
Income from operations before depreciation and amortization (EBITDA)	325	491	(34%)
EBITDA margin	% 11.3	16.8	-
Depreciation and amortization ^a	206	170	21%
Income from operations (EBIT)	119	321	(63%)
Special items	(90)	(2)	.
EBIT before special items	209	323	(35%)
Assets (March 31)	10,642	9,319	14%
Investments including acquisitions ^b	1,419	134	.
Research and development expenses	45	48	(6%)

^a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

^b Additions to intangible assets and property, plant and equipment

Income from operations (EBIT) before special items declined considerably compared with the first quarter of 2019. This was attributable to the considerable decrease in EBIT before special items in the Monomers division, mainly from lower margins for isocyanates and polyamide precursors as well as higher fixed costs.

By contrast, the Performance Materials division recorded considerable growth in EBIT before special items, primarily due to higher margins as a result of lower raw materials prices and a favorable product mix.

EBIT included special items from the integration of the polyamide business acquired from Solvay.

Industrial Solutions

Q1 2020

In the Industrial Solutions segment, **sales** declined slightly compared with the prior-year quarter. The Performance Chemicals division recorded a considerable sales decrease. Sales in the Dispersions & Pigments division were slightly below the level of the first quarter of 2019.

Factors influencing sales in Q1 2020 – Industrial Solutions

	Industrial Solutions	Dispersions & Pigments	Performance Chemicals
Volumes	2%	1%	4%
Prices	(3%)	(3%)	(3%)
Portfolio	(4%)	0%	(10%)
Currencies	1%	1%	1%
Sales	(4%)	(1%)	(8%)

The sales decrease largely resulted from the transfer of BASF's paper and water chemicals business to the Solenis group as of January 31, 2019. It was previously reported under Performance Chemicals. In addition, prices declined slightly in both divisions as a result of lower raw materials prices.

By contrast, sales volumes rose slightly in both divisions, especially in the Performance Chemicals division. Volumes growth here was primarily driven by higher sales volumes of plastic additives.

Positive currency effects in both divisions, mainly relating to the U.S. dollar, also had a positive impact on sales.

Segment data – Industrial Solutions

Million €

	2020	2019	+/-
Sales to third parties	2,098	2,186	(4%)
of which Dispersions & Pigments	1,301	1,320	(1%)
Performance Chemicals	797	866	(8%)
Income from operations before depreciation, amortization and special items	343	378	(9%)
Income from operations before depreciation and amortization (EBITDA)	335	524	(36%)
EBITDA margin	% 16.0	24.0	-
Depreciation and amortization ^a	95	117	(19%)
Income from operations (EBIT)	240	407	(41%)
Special items	(33)	143	.
EBIT before special items	273	264	3%
Assets (March 31)	7,202	7,156	1%
Investments including acquisitions ^b	67	84	(20%)
Research and development expenses	45	49	(8%)

^a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

^b Additions to intangible assets and property, plant and equipment

Overall, we slightly increased **income from operations (EBIT) before special items** compared with the prior-year quarter. This was attributable to a considerable improvement in the Dispersions & Pigments division, mainly as a result of lower fixed costs. By contrast, EBIT before special items declined slightly in the Performance Chemicals division, primarily due to the transfer of the paper and water chemicals business to the Solenis group as of January 31, 2019. This could not be completely offset by the increase in sales volumes.

Surface Technologies

Q1 2020

Sales in the Surface Technologies segment rose considerably compared with the first quarter of 2019. Considerable sales growth in the Catalysts division more than offset the considerable decline in the Coatings division.

Factors influencing sales in Q1 2020 – Surface Technologies

	Surface Technologies	Catalysts	Coatings
Volumes	7%	15%	(11%)
Prices	34%	49%	0%
Portfolio	0%	0%	0%
Currencies	2%	3%	(1%)
Sales	43%	67%	(12%)

The increase in sales was largely due to higher prices in the Catalysts division as a result of higher precious metal prices. Prices in the Coatings division were on a level with the prior-year quarter.

Considerably higher volumes in the Catalysts division also contributed to the sales development. Here, sales volumes developed positively for mobile emissions catalysts and battery materials and in precious metal trading. This more than offset lower volumes in the chemical and refining catalysts business. In precious metal trading, sales rose to €2,278 million (first quarter of 2019: €1,064 million) as a result of higher prices and volumes. Volumes development in the Coatings division, especially in the automotive OEM coatings business, was significantly depressed by weaker demand from the automotive industry due to the effects of the corona pandemic. Volumes were also significantly lower in the surface treatments and

Segment data – Surface Technologies

Million €

	2020	2019	+/-
Sales to third parties	4,328	3,022	43%
of which Catalysts	3,532	2,118	67%
Coatings	796	904	(12%)
Income from operations before depreciation, amortization and special items	338	255	33%
Income from operations before depreciation and amortization (EBITDA)	334	252	33%
EBITDA margin	% 7.7	8.3	–
Depreciation and amortization ^a	117	108	8%
Income from operations (EBIT)	217	144	51%
Special items	(3)	(7)	57%
EBIT before special items	220	151	46%
Assets (March 31)	12,403	11,504	8%
Investments including acquisitions ^b	83	97	(14%)
Research and development expenses	55	50	10%

^a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

^b Additions to intangible assets and property, plant and equipment

automotive refinish coatings businesses. Sales volumes in the decorative paints business declined slightly.

Currency effects in the Catalysts division had a positive impact on sales.

We achieved considerable year-on-year growth in **income from operations (EBIT) before special items** due to a considerably higher contribution from the Catalysts division as a result of valuation effects in precious metal trading. The Coatings division

recorded considerably lower EBIT before special items. Lower raw materials prices and lower fixed costs were unable to offset the decline in volumes as a consequence of the corona pandemic.

Nutrition & Care

Q1 2020

In the Nutrition & Care segment, **sales** rose slightly compared with the first quarter of 2019. Considerable sales growth in the Nutrition & Health division more than offset the slight sales decrease in the Care Chemicals division.

Factors influencing sales in Q1 2020 – Nutrition & Care

	Nutrition & Care	Care Chemicals	Nutrition & Health
Volumes	4%	3%	8%
Prices	(3%)	(4%)	(2%)
Portfolio	0%	0%	0%
Currencies	0%	0%	0%
Sales	1%	(1%)	6%

Sales development was mainly driven by higher sales volumes in both divisions. The increase in volumes in the Nutrition & Health division was primarily due to higher sales volumes in the animal nutrition, aroma ingredients and pharmaceutical businesses. The Care Chemicals division recorded particularly strong volumes growth in the home care, industrial and institutional cleaning and industrial formulators business in Europe and North America, and in the oleo surfactants and alcohols business in Europe and South America.

Sales were dampened by slightly lower price levels in both divisions. The decline in prices in the Care Chemicals division was primarily due to lower raw materials prices. In the Nutrition & Health division, prices mainly decreased in the aroma ingredients and animal nutrition businesses.

Segment data – Nutrition & Care

Million €

	2020	2019	+/-
Sales to third parties	1,582	1,561	1%
of which Care Chemicals	1,088	1,095	(1%)
Nutrition & Health	494	466	6%
Income from operations before depreciation, amortization and special items	357	327	9%
Income from operations before depreciation and amortization (EBITDA)	352	320	10%
EBITDA margin	% 22.3	20.5	–
Depreciation and amortization ^a	108	196	(45%)
Income from operations (EBIT)	244	124	97%
Special items	(10)	(98)	90%
EBIT before special items	254	222	14%
Assets (March 31)	6,546	6,435	2%
Investments including acquisitions ^b	102	99	3%
Research and development expenses	37	35	6%

^a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

^b Additions to intangible assets and property, plant and equipment

We considerably increased **income from operations (EBIT) before special items** compared with the prior-year quarter due to a significantly higher contribution from the Nutrition & Health division, largely as a result of improved product availability.

EBIT before special items in the Care Chemicals division was slightly higher year on year. Lower fixed costs more than offset the weaker margins in the home care, industrial and institutional cleaning and industrial formulators business.

Agricultural Solutions

Q1 2020

The Agricultural Solutions segment recorded considerable **sales** growth compared with the first quarter of 2019. This was primarily attributable to higher volumes, especially in North America and Europe. The earlier demand triggered by the corona pandemic had a positive impact on sales volumes. A lower price level had a slight offsetting effect.

Factors influencing sales in Q1 2020 – Agricultural Solutions

Volumes	7%
Prices	(1%)
Portfolio	0%
Currencies	0%
Sales	6%

In **Europe**, sales rose slightly year on year as a result of higher sales volumes. This development was mainly due to higher demand for herbicides, seed treatments, and seeds and traits.

Sales in **North America** improved considerably. We significantly increased volumes – especially of herbicides and fungicides – compared with the first quarter of 2019, which was affected by extreme weather conditions. The sales development was also supported by positive currency effects. By contrast, lower price levels had a dampening effect on sales.

Segment data – Agricultural Solutions

Million €

	Q1		
	2020	2019	+/-
Sales to third parties	2,819	2,649	6%
Income from operations before depreciation, amortization and special items	989	910	9%
Income from operations before depreciation and amortization (EBITDA)	967	943	3%
EBITDA margin	% 34.3	35.6	–
Depreciation and amortization ^a	180	171	5%
Income from operations (EBIT)	787	772	2%
Special items	(22)	32	.
EBIT before special items	809	740	9%
Assets (March 31)	17,997	18,760	(4%)
Investments including acquisitions ^b	65	(32)	.
Research and development expenses	207	193	7%

^a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

^b Additions to intangible assets and property, plant and equipment

In **Asia**, sales were considerably above the figure for the first quarter of 2019 due to higher sales volumes, especially of herbicides in China, Australia and Japan. Positive currency effects also contributed to the sales development.

We considerably increased sales in the region **South America, Africa, Middle East**. This was mainly driven by higher volumes, particularly of fungicides and herbicides. Slightly higher prices also had a positive impact on sales. Significantly negative currency effects, especially in Brazil, had an offsetting effect.

Income from operations (EBIT) before special items was slightly higher than in the first quarter of 2019. This was largely the result of higher sales, mainly due to earlier demand as a consequence of the corona pandemic, and lower fixed costs.

Other

Q1 2020

Sales in Other matched the prior-year quarter.

Income from operations before special items was considerably below the figure for the first quarter of 2019.

Financial data – Other

Million €

	Q1		
	2020	2019	+/-
Sales	702	699	0%
Income from operations before depreciation, amortization and special items ^a	(254)	(210)	(21%)
Income from operations before depreciation and amortization (EBITDA) ^a	(271)	(245)	(11%)
Depreciation and amortization ^b	50	46	9%
Income from operations (EBIT) ^a	(321)	(291)	(10%)
Special items ^a	(22)	(35)	37%
EBIT before special items ^a	(299)	(256)	(17%)
of which costs for cross-divisional corporate research	(75)	(98)	23%
costs of corporate headquarters	(54)	(58)	7%
other businesses	27	37	(27%)
foreign currency results, hedging and other measurement effects	52	(25)	.
miscellaneous income and expenses	(249)	(112)	.
Assets (March 31) ^c	28,339	29,574	(4%)
Investments including acquisitions ^d	40	98	(59%)
Research and development expenses	80	101	(21%)

^a The 2019 figures have been restated to reflect the reclassification of income from non-integral companies accounted for using the equity method to net income from shareholdings. For more information, see Significant Events on page 4 of this quarterly statement.

^b Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)

^c Contains assets of businesses recognized under Other as well as reconciliation to assets of the BASF Group

^d Additions to intangible assets and property, plant and equipment

Regions

Regions

Million €

Q1	Sales Location of company			Sales Location of customer			Income from operations Location of company ^a		
	2020	2019	+/-	2020	2019	+/-	2020	2019	+/-
Europe	7,520	7,188	5%	7,211	6,673	8%	681	850	(20%)
of which Germany	3,273	3,988	(18%)	1,688	1,603	5%	198	406	(51%)
North America	5,246	4,641	13%	4,985	4,544	10%	474	647	(27%)
Asia Pacific	3,295	3,098	6%	3,473	3,320	5%	286	278	3%
South America, Africa, Middle East	692	669	3%	1,084	1,059	2%	15	4	275%
BASF Group	16,753	15,596	7%	16,753	15,596	7%	1,456	1,779	(18%)

^a The 2019 figures have been restated to reflect the reclassification of income from non-integral companies accounted for using the equity method to net income from shareholdings. For more information, see Significant Events on page 4 of this quarterly statement.

Q1 2020

Sales at companies located in **Europe** improved by 5% compared with the first quarter of 2019. This was largely attributable to higher volumes in almost all segments, but especially in the Surface Technologies segment. Sales were also positively impacted by portfolio effects in the Materials segment from the acquisition of Solvay's integrated polyamide business, as well as higher prices in the Surface Technologies segment. Lower prices in the Chemicals and Materials segments in particular had an offsetting effect. At €681 million, income from operations (EBIT) was down €169 million from the figure for the first quarter of 2019. This was primarily due to lower contributions from the Materials and Chemicals segments.

In **North America**, sales rose by 13% in euros and 10% in local currency terms. This was mainly the result of higher sales volumes, particularly in the Agricultural Solutions segment, and higher prices in the Surface Technologies segment. Lower prices in all other segments, especially in the Chemicals and Materials segments, had a

negative impact on sales. Consistently positive currency effects contributed to sales growth. EBIT declined by €173 million to €474 million. This was largely attributable to significantly lower contributions from the Industrial Solutions, Agricultural Solutions and Materials segments.

We increased sales in **Asia Pacific** by 6% in euros and 5% in local currency terms. This was primarily driven by higher volumes, especially in the Surface Technologies and Agricultural Solutions segments. Portfolio effects in the Materials segment from the acquisition of Solvay's integrated polyamide business likewise had a positive impact on sales development. Positive currency effects in almost all segments and higher prices in the Surface Technologies segment also contributed to the sales increase. Lower prices in the Materials, Chemicals, Industrial Solutions and Nutrition & Care segments had an offsetting effect. We improved EBIT by €8 million to €286 million. This was attributable to higher contributions from Other and from the Surface Technologies, Agricultural Solutions, Nutrition & Care

and Materials segments. Earnings were reduced by lower contributions from the Chemicals and Industrial Solutions segments.

In the region **South America, Africa, Middle East**, sales rose by 3% in euros and 15% in local currency terms. This was mainly due to higher sales volumes, especially in the Agricultural Solutions, Chemicals and Industrial Solutions segments. Higher prices in almost all segments, but especially in the Surface Technologies segment, and portfolio effects in the Materials segment from the acquisition of Solvay's integrated polyamide business also contributed to sales growth. Sales development was dampened by negative currency effects in all segments. We increased EBIT by €11 million to €15 million, primarily as a result of higher contributions from the Materials, Agricultural Solutions and Chemicals segments.

Selected Financial Data

Statement of Income

Statement of income

Million €

	Q1		
	2020	2019	+/-
Sales revenue	16,753	15,596	7%
Cost of sales	(12,226)	(10,927)	(12%)
Gross profit on sales	4,527	4,669	(3%)
Selling expenses	(1,971)	(1,990)	1%
General administrative expenses	(324)	(336)	4%
Research and development expenses	(494)	(503)	2%
Other operating income	500	559	(11%)
Other operating expenses	(788)	(697)	(13%)
Income from integral companies accounted for using the equity method ^a	6	77	(92%)
Income from operations (EBIT)^a	1,456	1,779	(18%)
Income from non-integral companies accounted for using the equity method ^a	(166)	(28)	.
Income from other shareholdings	12	4	200%
Expenses from other shareholdings	(14)	(16)	13%
Net income from shareholdings^a	(168)	(40)	.
Interest income	46	47	(2%)
Interest expenses	(150)	(167)	10%
Interest result	(104)	(120)	13%
Other financial income	79	8	.
Other financial expenses	(63)	(71)	11%
Other financial result	16	(63)	.
Financial result^a	(88)	(183)	52%
Income before income taxes	1,200	1,556	(23%)
Income taxes	(319)	(393)	19%
Income after taxes from continuing operations	881	1,163	(24%)
Income after taxes from discontinued operations	22	277	(92%)
Income after taxes	903	1,440	(37%)
Noncontrolling interests	(18)	(34)	47%
Net income	885	1,406	(37%)
Earnings per share from continuing operations	€ 0.94	1.24	(24%)
Earnings per share from discontinued operations	€ 0.02	0.29	(93%)
Basic earnings per share	€ 0.96	1.53	(37%)
Diluted earnings per share	€ 0.96	1.53	(37%)

^a The 2019 figures have been restated to reflect the reclassification of income from non-integral companies accounted for using the equity method to net income from shareholdings. For more information, see Significant Events on page 4 of this quarterly statement.

Restated Figures 2019 Reflecting the Reclassification of Non-Integral Equity-Accounted Companies

Key figures – BASF Group

Million €

	Q1 2019		Q2 2019		Q3 2019		Q4 2019		2019	
	Reported	Restated	Reported	Restated	Reported	Restated	Reported	Restated	Reported	Restated
EBITDA before special items	2,614	2,642	1,874	1,885	1,989	1,980	1,740	1,817	8,217	8,324
EBITDA	2,742	2,770	1,535	1,546	2,268	2,259	1,491	1,610	8,036	8,185
Income from operations (EBIT)	1,751	1,779	496	507	1,345	1,336	460	579	4,052	4,201
EBIT before special items	1,722	1,750	984	995	1,065	1,056	765	842	4,536	4,643
Net income from shareholdings	(12)	(40)	7	(4)	(7)	2	(33)	(152)	(45)	(194)
Financial result	(195)	(183)	(203)	(210)	(168)	(161)	(184)	(151)	(750)	(705)
Income before income taxes ^a	1,556	1,556	293	293	1,177	1,177	276	276	3,302	3,302
Net income ^a	1,406	1,406	5,954	5,954	911	911	150	150	8,421	8,421

^a The reclassification of the income from non-integral equity-accounted companies did not have any effect on this or the following items in the statement of income.

Restated figures for Other

Million €

	Q1 2019		Q2 2019		Q3 2019		Q4 2019		2019	
	Reported	Restated	Reported	Restated	Reported	Restated	Reported	Restated	Reported	Restated
EBITDA before special items	(238)	(210)	(132)	(121)	(126)	(135)	(25)	52	(521)	(414)
EBITDA	(273)	(245)	(321)	(310)	202	193	(91)	28	(483)	(334)
Income from operations (EBIT)	(319)	(291)	(375)	(364)	169	160	(142)	(23)	(667)	(518)
EBIT before special items	(284)	(256)	(182)	(171)	(161)	(170)	(61)	16	(688)	(581)

Balance Sheet

Assets

Million €

	March 31, 2020	March 31, 2019	+/-	December 31, 2019	+/-
Intangible assets	15,245	16,505	(8%)	14,525	5%
Property, plant and equipment	22,203	22,062	1%	21,792	2%
Integral investments accounted for using the equity method ^a	1,873	2,011	(7%)	1,885	(1%)
Non-integral investments accounted for using the equity method ^a	12,894	841	.	13,123	(2%)
Other financial assets	655	592	11%	636	3%
Deferred tax assets	2,223	2,615	(15%)	2,887	(23%)
Other receivables and miscellaneous assets	1,254	898	40%	1,112	13%
Noncurrent assets	56,347	45,524	24%	55,960	1%
Inventories	11,233	12,455	(10%)	11,223	0%
Accounts receivable, trade	11,390	12,751	(11%)	9,093	25%
Other receivables and miscellaneous assets	5,056	3,993	27%	3,790	33%
Marketable securities	343	41	.	444	(23%)
Cash and cash equivalents ^b	3,829	2,303	66%	2,427	58%
Assets of disposal groups	4,157	14,973	(72%)	4,013	4%
Current assets	36,008	46,516	(23%)	30,990	16%
Total assets	92,355	92,040	0%	86,950	6%

^a For more information on the classification of equity-accounted investments as integral and non-integral, see Significant Events on page 4 of this quarterly statement

^b For a reconciliation of the amounts in the statement of cash flows with the balance sheet item cash and cash equivalents, see page 21 of this quarterly statement

Equity and liabilities

Million €	March 31, 2020	March 31, 2019	+/-	December 31, 2019	+/-
Subscribed capital	1,176	1,176	–	1,176	–
Capital reserves	3,115	3,118	0%	3,115	–
Retained earnings	42,940	38,116	13%	42,056	2%
Other comprehensive income	(4,709)	(5,734)	18%	(4,850)	3%
Equity attributable to shareholders of BASF SE	42,522	36,676	16%	41,497	2%
Noncontrolling interests	848	1,139	(26%)	853	(1%)
Equity	43,370	37,815	15%	42,350	2%
Provisions for pensions and similar obligations	7,066	7,688	(8%)	7,683	(8%)
Tax provisions and deferred tax liabilities	2,166	1,711	27%	2,280	(5%)
Other provisions	1,239	1,864	(34%)	1,340	(8%)
Financial indebtedness	14,394	16,097	(11%)	15,015	(4%)
Other liabilities	1,862	1,596	17%	1,678	11%
Noncurrent liabilities	26,727	28,956	(8%)	27,996	(5%)
Accounts payable, trade	4,750	4,991	(5%)	5,087	(7%)
Provisions	3,335	3,661	(9%)	2,938	14%
Tax liabilities	963	1,107	(13%)	756	27%
Financial indebtedness	8,572	5,678	51%	3,362	155%
Other liabilities	3,509	3,751	(6%)	3,427	2%
Liabilities of disposal groups	1,129	6,081	(81%)	1,034	9%
Current liabilities	22,258	25,269	(12%)	16,604	34%
Total equity and liabilities	92,355	92,040	0%	86,950	6%

Statement of Cash Flows

Statement of cash flows

Million €

	Q1	
	2020	2019
Net income	885	1,406
Depreciation and amortization of intangible assets and property, plant and equipment	999	1,031
Changes in net working capital	(3,000)	(1,758)
Miscellaneous items	86	(306)
Cash flows from operating activities	(1,030)	373
Payments made for intangible assets and property, plant and equipment	(569)	(741)
Acquisitions/divestitures	(1,245)	118
Changes in financial assets and miscellaneous items	(6)	(214)
Cash flows from investing activities	(1,820)	(837)
Capital increases/repayments and other equity transactions	1	–
Changes in financial and similar liabilities	4,329	620
Dividends	(36)	–
Cash flows from financing activities	4,294	620
Changes in cash and cash equivalents affecting liquidity ^a	1,444	156
Cash and cash equivalents at the beginning of the period and other changes ^b	2,421	2,594
Cash and cash equivalents at the end of the period^b	3,865	2,750

^a In the first quarter of 2020, BASF SE transferred securities in the amount of €80 million (first quarter of 2019: €300 million) to BASF Pensionstreuhand e.V., Ludwigshafen am Rhein, Germany. This transfer was not cash effective and therefore had no effect on the statement of cash flows.

^b In 2020 and 2019, cash and cash equivalents presented in the statement of cash flows deviate from the figures in the balance sheet, as the relevant amounts were reclassified in the balance sheet to assets of disposal groups. The disposal group for the oil and gas business contained cash and cash equivalents of €219 million as of January 1, 2019, and €447 million as of March 31, 2019. As of January 1, 2020, cash and cash equivalents deviate from the figure in the balance sheet due to the reclassification of cash and cash equivalents to the disposal groups for the construction chemicals business (€21 million) and the pigments business (€7 million). As of March 31, 2020, €24 million was reclassified in the balance sheet to the disposal group for the construction chemicals business, and €12 million to the disposal group for the pigments business.

Annual Shareholders' Meeting 2020

June 18, 2020

Half-Year Financial Report 2020

July 29, 2020

Quarterly Statement Q3 2020

October 28, 2020

BASF Report 2020

February 26, 2021

Quarterly Statement Q1 2021 / Annual Shareholders' Meeting 2021

April 29, 2021

Further information

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Forward-looking statements and forecasts

This quarterly statement 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 139 to 147 of the BASF Report 2019. The BASF Report is available online at basf.com/report. We do not assume any obligation to update the forward-looking statements contained in this quarterly statement above and beyond the legal requirements.



BASF supports the chemical industry's global Responsible Care initiative.