BASF
We create chemistry

Quarterly Statement Q1 2019

BASF Group increases sales; earnings below prior-year quarter

– Sales slightly higher at €16.2 billion
– EBIT before special items declines considerably as expected to €1.7 billion
– Outlook for 2019 confirmed

Contents

On the cover:
A BASF laboratory technician inspects the color and clarity of a formulation at our new Application Technology Laboratory for personal care in Lagos, Nigeria. With the establishment of local competence in application and formulation technology, BASF supports customers in developing hair and skin care products that meet the needs of consumers in sub-Saharan Africa.

Key Figures
BASF Group Q1 2019

		Q1		
		2019	2018	+/–
Sales	Million €	16,177	15,700	3%
Income from operations before depreciation, amortization and special items	Million €	2,663	3,013	(12%)
Income from operations before depreciation and amortization (EBITDA)	Million €	2,789	2,995	(7%)
Depreciation and amortization[a]	Million €	1,031	732	41%
Income from operations (EBIT)	Million €	1,758	2,263	(22%)
Special items	Million €	26	(18)	.
EBIT before special items	Million €	1,732	2,281	(24%)
Financial result	Million €	(196)	(181)	(8%)
Income before income taxes	Million €	1,562	2,082	(25%)
Income after taxes from continuing operations	Million €	1,166	1,581	(26%)
Income after taxes from discontinued operations	Million €	274	177	55%
Net income	Million €	1,406	1,679	(16%)
Earnings per share	€	1.53	1.83	(16%)
Adjusted earnings per share	€	1.65	1.93	(15%)
Research and development expenses	Million €	511	424	21%
Personnel expenses	Million €	2,903	2,616	11%
Number of employees (March 31)		121,194	115,770	5%
Assets (March 31)	Million €	92,040	80,453	14%
Investments including acquisitions[b]	Million €	715	666	7%
Equity ratio (March 31)	%	41.1	45.2	.
Net debt (March 31)	Million €	19,431	10,482	85%
Cash flows from operating activities	Million €	373	1,231	(70%)
Free cash flow	Million €	(368)	604	.

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

Business Review
BASF Group

Significant Events

As of January 1, 2019, we have twelve divisions grouped into six segments as follows:
- **Chemicals:** Petrochemicals and Intermediates
- **Materials:** Performance Materials and Monomers
- **Industrial Solutions:** Dispersions & Pigments and Performance Chemicals
- **Surface Technologies:** Catalysts, Coatings and Construction Chemicals
- **Nutrition & Care:** Care Chemicals and Nutrition & Health
- **Agricultural Solutions:** Agricultural Solutions

The segment data for 2018 presented in this quarterly statement has been restated to reflect the new organizational structure. The areas of responsibility within the Board of Executive Directors were also reallocated with the reorganization.

For more information on the new organizational structure, see page 19 of the BASF Report 2018, The BASF Group

For more information on the restated segment data, see the brochure Restated Figures 2018 and 2017

For more information on the allocation of responsibilities within the Board of Executive Directors, see page 143 of the BASF Report 2018, Management and Supervisory Boards

On September 18, 2017, we signed an agreement with the Solvay group on the acquisition of Solvay's global polyamide business, subject to the approval of the relevant antitrust authorities. The E.U. Commission granted conditional clearance for BASF to acquire the polyamide business on January 18, 2019. These conditions require the sale of parts of the original transaction volume to a third party. The divestment process has started. The transaction is expected to close in the second half of 2019.

For more information, see page 42 of the BASF Report 2018, Material Investments and Portfolio Measures

On January 31, 2019, BASF and Solenis completed the transfer of BASF's paper and water chemicals business to Solenis as announced in May 2018. Since February 1, 2019, we have held a 49% share in Solenis, which is accounted for using the equity method. Our share in Solenis' income after taxes has since been included in EBIT before special items and EBIT of the BASF Group, presented in Other.

For more information, see page 122 of the BASF Report 2018, Events After the Reporting Period

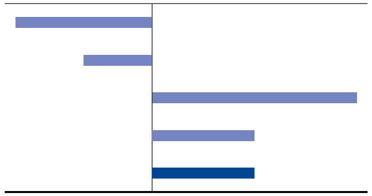
Following the approval of all relevant authorities, BASF and LetterOne completed the merger of Wintershall and DEA on May 1, 2019. In September 2018, BASF and LetterOne had signed a transaction agreement to merge their respective oil and gas businesses in a joint venture. BASF's participating interest in Wintershall Dea will be reported in the consolidated financial statements of the BASF Group according to the equity method as of May 1, 2019, with an initial valuation at fair value. The gain from the transition from full consolidation to the equity method will be shown in income after taxes from discontinued operations for the second quarter of 2019. As of May 1, 2019, BASF will report its share of Wintershall Dea's net income in EBIT before special items as well as in EBIT of the BASF Group, reported under Other.

Results of Operations

We increased sales by €477 million compared with the first quarter of 2018 to €16,177 million. This was mainly driven by portfolio effects in the Agricultural Solutions segment as a result of the acquisition of significant businesses and assets from Bayer in August 2018. Currency effects also had a positive impact on sales in all segments. Lower volumes, particularly in the Chemicals and Materials segments, had an offsetting effect. In addition, sales development was dampened by lower prices, especially in the Materials and Chemicals segments.

Factors influencing BASF Group sales in Q1 2019

Volumes	(4%)
Prices	(2%)
Portfolio	6%
Currencies	3%
Sales	**3%**



Income from operations (EBIT) before special items[1] declined by €549 million to €1,732 million, mainly due to the significantly lower contributions from the Materials segment, Other and the Chemicals segment. EBIT before special items also decreased considerably in the Nutrition & Care segment. In the Surface Technologies segment, EBIT before special items was on a level with the prior-year quarter. By contrast, the Agricultural Solutions and Industrial Solutions segments recorded a considerable improvement in earnings.

At €26 million, special items in EBIT were positive overall in the first quarter of 2019, compared with minus €18 million in the prior-year quarter. Special income from divestitures in the Agricultural Solutions and Industrial Solutions segments exceeded integration costs, special charges from restructuring measures and other charges.

EBIT[2] declined by €505 million compared with the first quarter of 2018 to €1,758 million.

1 For an explanation of this indicator, see pages 29 to 30 of the BASF Report 2018, Value-Based Management
2 The calculation of income from operations (EBIT) is shown in the Statement of Income on page 16 of this quarterly statement.

Compared with the prior-year quarter, income from operations before depreciation, amortization and special items (EBITDA before special items)[1] decreased by €350 million to €2,663 million and EBITDA[1] by €206 million to €2,789 million.

Q1 EBITDA before special items

Million €

	2019	2018
EBIT	1,758	2,263
– Special items	26	(18)
EBIT before special items	**1,732**	**2,281**
+ Depreciation and amortization before special items[a]	921	718
+ Valuation allowances on intangible assets and property, plant and equipment before special items[a]	10	14
Depreciation, amortization and valuation allowances on intangible assets and property, plant and equipment before special items	**931**	**732**
EBITDA before special items	**2,663**	**3,013**

a Excluding depreciation, amortization and valuation allowances attributable to the discontinued oil and gas business

Q1 EBITDA

Million €

	2019	2018
EBIT	1,758	2,263
+ Depreciation and amortization[a]	921	718
+ Valuation allowances on intangible assets and property, plant and equipment[a]	110	14
Depreciation, amortization and valuation allowances on intangible assets and property, plant and equipment	**1,031**	**732**
EBITDA	**2,789**	**2,995**

a Excluding depreciation, amortization and valuation allowances attributable to the discontinued oil and gas business

The **financial result** declined by €15 million compared with the first quarter of 2018 to minus €196 million. This was driven by the €51 million decrease in the interest result, mainly due to higher interest expenses for financial indebtedness, as well as by the €19 million decline in net income from shareholdings. By contrast, the other financial result rose by €55 million, primarily as a result of lower expenses for hedging our bonds and U.S. dollar commercial paper.

Income before income taxes decreased by €520 million to €1,562 million. The tax rate increased from 24.1% to 25.4%.

Income after taxes from continuing operations declined by €415 million to €1,166 million.

Income after taxes from discontinued operations, which comprise BASF's oil and gas activities, rose by €97 million to €274 million. This was largely attributable to significant volumes growth, especially in Russia, as well as the suspension of depreciation and amortization since the recognition of the disposal group in the third quarter of 2018. The price of a barrel of Brent crude oil averaged $63 in the first quarter of 2019 (first quarter of 2018: $67). Gas prices on the European spot markets fell significantly compared with the prior-year quarter.

Noncontrolling interests decreased by €45 million to €34 million.

Net income declined by €273 million to €1,406 million.

Earnings per share amounted to €1.53 in the first quarter of 2019 (first quarter of 2018: €1.83). **Earnings per share adjusted**[2] for special items and amortization of intangible assets amounted to €1.65 (first quarter of 2018: €1.93).

Q1 adjusted earnings per share

Million €

		2019	2018
Income after taxes		**1,440**	**1,758**
– Special items		26	(18)
+ Amortization and valuation allowances on intangible assets		182	121
– Amortization and valuation allowances on intangible assets contained in special items		–	–
– Adjustments to income taxes		42	38
– Adjustments to income after taxes from discontinued operations		10	8
Adjusted income after taxes		**1,544**	**1,851**
– Adjusted noncontrolling interests		32	79
Adjusted net income		**1,512**	**1,772**
Weighted average number of outstanding shares	in thousands	918,479	918,479
Adjusted earnings per share	€	**1.65**	**1.93**

1 For an explanation of this indicator, see page 48 of the BASF Report 2018, Results of Operations
2 For an explanation of this indicator, see page 49 of the BASF Report 2018, Results of Operations

Net Assets

Total assets rose from €86,556 million as of the end of 2018 to €92,040 million.

Noncurrent assets increased by €2,189 million to €45,524 million. This was primarily due to the capitalization of right-of-use assets arising from leases in the amount of €1.1 billion as a result of the initial application of IFRS 16. The addition of the equity-accounted interest in Solenis following the transfer of BASF's paper and water chemicals business to Solenis in January 2019 also contributed significantly to the increase.

Current assets rose from €43,221 million as of December 31, 2018, to €46,516 million as of the end of the first quarter of 2019. This was primarily due to higher trade accounts receivable at the start of the season in the Agricultural Solutions segment, especially from the businesses acquired from Bayer. Other receivables and miscellaneous assets, assets of disposal groups and inventories also rose as against December 31, 2018. By contrast, marketable securities declined, while cash and cash equivalents were on a level with the 2018 year-end.

Financial Position

Equity rose from €36,109 million as of December 31, 2018, to €37,815 million. The equity ratio decreased from 41.7% to 41.1% as a result of the increase in total assets. **Noncurrent liabilities** grew by €1,838 million to €28,956 million. On the one hand, this was mainly attributable to the increase in other liabilities, of which around €800 million from the recognition of lease liabilities in connection with the initial application of IFRS 16. On the other hand, financial indebtedness rose by €765 million.

Current liabilities increased by €1,940 million since December 31, 2018, to €25,269 million as of the end of the first quarter of 2019. All items except trade accounts payable contributed to this increase, in particular other liabilities, which included around €400 million from the initial recognition of lease liabilities. Current financial indebtedness rose by €169 million. This was primarily driven by the €885 million increase in U.S. dollar commercial paper at BASF SE. The main offsetting effect was the scheduled repayment of a eurobond with a carrying amount of €750 million.

Overall, **financial indebtedness** rose by €934 million to €21,775 million. Net debt[1] increased by €1,234 million compared with December 31, 2018, to €19,431 million. Both the increase in financial indebtedness and the decline in marketable securities contributed here.

Net debt

Million €

	Mar. 31, 2019	Dec. 31, 2018
Noncurrent financial indebtedness	16,097	15,332
+ Current financial indebtedness	5,678	5,509
Financial indebtedness	**21,775**	**20,841**
– Marketable securities	41	344
– Cash and cash equivalents	2,303	2,300
Net debt	**19,431**	**18,197**

In the first quarter of 2019, **cash flows from operating activities** amounted to €373 million, €858 million below the figure for the prior-year quarter. This was primarily attributable to the higher level of cash tied up in net working capital, especially for trade accounts receivable. The seasonal increase in trade accounts receivable in the Agricultural Solutions segment was higher than in the prior-year quarter due to the businesses acquired from Bayer. Lower net income and the higher level of cash tied up in miscellaneous items also contributed to the decrease. Higher amortization of intangible assets and depreciation of property, plant and equipment had an offsetting effect.

Cash flows from investing activities amounted to minus €837 million in the first quarter of 2019, compared with minus €634 million in the prior-year quarter. The increase in cash outflow was mainly due to higher payments made for financial assets and securities, as well as for intangible assets and property, plant and equipment.

Cash flows from financing activities amounted to €620 million in the first quarter of 2019, after €201 million in the prior-year quarter. The year-on-year increase was primarily due to higher net additions to financial and similar liabilities, with additions and repayments both above the prior-year level.

Free cash flow declined from €604 million in the prior-year quarter to minus €368 million, mainly as a result of lower cash flows from operating activities.

Q1 free cash flow

Million €

	2019	2018
Cash flows from operating activities	373	1,231
– Payments made for intangible assets and property, plant and equipment	741	627
Free cash flow	**(368)**	**604**

1 For an explanation of this indicator, see page 54 of the BASF Report 2018, Financial Position

Our ratings have remained unchanged since the publication of the BASF Report 2018. Rated “A1/P-1/outlook stable” by Moody’s, “A/A-1/outlook stable” by Standard & Poor’s and “A/S-1/outlook stable” by Scope Ratings, BASF enjoys good credit ratings, especially compared with competitors in the chemical industry. These ratings were most recently confirmed by Scope Ratings on March 6, 2019, by Moody’s on February 15, 2019, and by Standard & Poor’s on January 11, 2019.

Outlook

Our expectations for the global economic environment in 2019 remain unchanged:
- Growth in gross domestic product: 2.8%
- Growth in industrial production: 2.7%
- Growth in chemical production: 2.7%
- Average euro/dollar exchange rate of $1.15 per euro
- Average Brent blend oil price for the year of $70 per barrel

Overall, the statements on opportunities and risks made in the BASF Report 2018 continue to apply.

For more detailed information, see pages 123 to 130 of the BASF Report 2018, Opportunities and Risks

We are confirming the sales and earnings forecast[1] for the BASF Group made in the BASF Report 2018:
- Slight sales growth
- Slight increase in EBIT before special items
- Return on Capital Employed (ROCE) slightly higher than the cost of capital percentage, with ROCE slightly lower than in 2018

For more information, see page 120 of the BASF Report 2018, Outlook 2019

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%). At a cost of capital percentage of 10% for 2018 and 2019, we define a change in ROCE of 0.1 to 1.0 percentage points as “slight,” a change of more than 1.0 percentage points as “considerable” and no change (+/–0 percentage points) as “at prior-year level.”

Chemicals

Q1 2019

In the Chemicals segment, sales were considerably lower than in the first quarter of 2018. The Petrochemicals division in particular saw a considerable decline in sales, while the Intermediates division recorded a slight decrease.

Factors influencing sales in Q1 2019 – Chemicals

	Chemicals	Petrochemicals	Intermediates
Volumes	(10%)	(11%)	(7%)
Prices	(6%)	(8%)	(1%)
Portfolio	0%	0%	0%
Currencies	3%	2%	3%
Sales	**(13%)**	**(17%)**	**(5%)**

Sales development was driven by lower volumes and prices in both divisions. In the Petrochemicals division, sales volumes declined in all regions. This was primarily attributable to preparations for scheduled maintenance shutdowns, as well as significantly lower capacity utilization of the condensate splitter in Port Arthur, Texas. Volumes development in the Intermediates division was dampened by customer reticence in the automotive, coatings, textile and wind turbine industries. In addition, the Chinese New Year holiday curbed demand in Asia more strongly than in the prior-year quarter. Prices declined significantly, particularly in the Petrochemicals division. This was attributable to higher product availability on the market, especially of steam cracker products in North America, as well as to lower raw materials prices. In the Intermediates division, prices declined only slightly, particularly in Asia. Currency effects, especially relating to the U.S. dollar, had a slightly positive effect on sales in both divisions.

Segment data – Chemicals

Million €

	Q1		
	2019	**2018**	**+/–**
Sales to third parties	2,548	2,945	(13%)
of which Petrochemicals	1,803	2,161	(17%)
Intermediates	745	784	(5%)
Income from operations before depreciation, amortization and special items	489	634	(23%)
Income from operations before depreciation and amortization (EBITDA)	485	629	(23%)
Depreciation and amortization[a]	183	159	15%
Income from operations (EBIT)	302	470	(36%)
Special items	(4)	(5)	20%
EBIT before special items	306	475	(36%)
Assets (March 31)	9,292	8,641	8%
Investments including acquisitions[b]	235	135	74%
Research and development expenses	27	28	(4%)

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 decreased considerably compared with the prior-year quarter. Both divisions recorded lower earnings, particularly Petrochemicals. The development of EBIT before special items was largely due to lower margins in the Petrochemicals division, especially for steam cracker products, as well as the lower volumes in both divisions. In addition, fixed costs in both divisions rose slightly. In the Petrochemicals division, this was primarily attributable to higher maintenance expenses, while in the Intermediates division, the development of fixed costs was mainly negatively influenced by currency effects.

Materials

Q1 2019

Sales in the Materials segment – in both the Monomers and Performance Materials divisions – declined considerably compared with the first quarter of 2018.

Factors influencing sales in Q1 2019 – Materials

	Materials	Performance Materials	Monomers
Volumes	(5%)	(8%)	(3%)
Prices	(12%)	(1%)	(22%)
Portfolio	0%	0%	0%
Currencies	2%	2%	2%
Sales	**(15%)**	**(7%)**	**(23%)**

The sales decrease was primarily due to lower isocyanates prices in the Monomers division. Sales volumes were slightly below the level of the prior-year quarter. Demand declined, especially in the Performance Materials division. In particular, demand was weaker for polyurethane systems and engineering plastics in the Asian and European automotive and consumer goods industries. In the Monomers division, higher market supply led to slightly lower sales volumes. Positive currency effects had a slight offsetting effect in both divisions.

Segment data – Materials

Million €

	Q1		
	2019	**2018**	**+/–**
Sales to third parties	2,931	3,460	(15%)
of which Performance Materials	1,547	1,657	(7%)
Monomers	1,384	1,803	(23%)
Income from operations before depreciation, amortization and special items	493	968	(49%)
Income from operations before depreciation and amortization (EBITDA)	491	964	(49%)
Depreciation and amortization[a]	170	153	11%
Income from operations (EBIT)	321	811	(60%)
Special items	(2)	(5)	60%
EBIT before special items	323	816	(60%)
Assets (March 31)	9,319	9,014	3%
Investments including acquisitions[b]	134	94	43%
Research and development expenses	48	46	4%

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 both divisions, income from operations (EBIT) before special items declined considerably compared with the first quarter of 2018, particularly in the Monomers division. This was mainly a result of lower isocyanates margins in the Monomers division. In the Performance Materials division, higher margins were unable to compensate for the lower volumes. In addition, fixed costs in both divisions were slightly higher than in the prior-year quarter. This development was mainly due to currency effects.

Industrial Solutions

Q1 2019

In the Industrial Solutions segment, sales were slightly below the figure for the prior-year quarter. Sales in the Dispersions & Pigments division were on a level with the first quarter of 2018, while sales in the Performance Chemicals division declined slightly.

Factors influencing sales in Q1 2019 – Industrial Solutions

	Industrial Solutions	Dispersions & Pigments	Performance Chemicals
Volumes	(2%)	(5%)	3%
Prices	2%	2%	2%
Portfolio	(5%)	0%	(13%)
Currencies	3%	3%	3%
Sales	**(2%)**	**0%**	**(5%)**

The year-on-year decrease was primarily due to the transfer of BASF's paper and water chemicals business, which was previously reported under Performance Chemicals, to the Solenis group. In addition, volumes declined in the Dispersions & Pigments division. By contrast, we increased our sales volumes in the Performance Chemicals division, especially of oilfield and mining chemicals as well as fuel and lubricant solutions. Sales development was also positively influenced by currency effects, primarily relating to the U.S. dollar, as well as higher prices in both divisions.

Segment data – Industrial Solutions

Million €

	Q1		
	2019	**2018**	**+/–**
Sales to third parties	2,186	2,240	(2%)
of which Dispersions & Pigments	1,320	1,324	0%
Performance Chemicals	866	916	(5%)
Income from operations before depreciation, amortization and special items	378	337	12%
Income from operations before depreciation and amortization (EBITDA)	524	355	48%
Depreciation and amortization[a]	117	107	9%
Income from operations (EBIT)	407	248	64%
Special items	143	18	.
EBIT before special items	264	230	15%
Assets (March 31)	7,156	7,347	(3%)
Investments including acquisitions[b]	84	78	8%
Research and development expenses	49	53	(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

We considerably increased income from operations (EBIT) before special items compared with the first quarter of 2018. This was primarily attributable to considerably higher EBIT before special items in the Performance Chemicals division as a result of higher prices, volumes growth and positive currency effects. The Dispersions & Pigments division also slightly increased EBIT before special items, mainly due to higher prices and positive currency effects.

EBIT included special income in the Performance Chemicals division from the transfer of BASF's paper and water chemicals business to the Solenis group.

Surface Technologies

Q1 2019

We achieved considerable sales growth in the Surface Technologies segment compared with the first quarter of 2018, especially in the Catalysts division. Sales also rose considerably in the Construction Chemicals division and were on a level with the prior-year quarter in the Coatings division.

Factors influencing sales in Q1 2019 – Surface Technologies

	Surface Technologies	Catalysts	Coatings	Construction Chemicals
Volumes	2%	4%	(2%)	2%
Prices	7%	12%	2%	3%
Portfolio	0%	0%	0%	0%
Currencies	4%	6%	0%	2%
Sales	**13%**	**22%**	**0%**	**7%**

The sales increase was attributable to higher prices in all divisions as well as positive currency effects and volumes growth in the Catalysts and Construction Chemicals divisions. By contrast, sales volumes declined slightly in the Coatings division. Slight volumes growth for surface treatments and decorative paints was unable to completely offset the considerable decline for automotive OEM coatings; sales volumes of automotive refinish coatings matched the level of the prior-year quarter. The increase in sales was driven by the Catalysts division, where higher volumes in both precious metal trading and the chemical and refining catalysts business exceeded lower sales volumes for mobile emissions catalysts. In precious metal trading, sales increased to €1,064 million (first quarter of 2018: €685 million) as a result of higher precious metal prices and volumes.

Segment data – Surface Technologies

Million €

	Q1 2019	Q1 2018	+/–
Sales to third parties	3,602	3,185	13%
of which Catalysts	2,118	1,736	22%
Coatings	904	905	0%
Construction Chemicals	580	544	7%
Income from operations before depreciation, amortization and special items	302	285	6%
Income from operations before depreciation and amortization (EBITDA)	297	280	6%
Depreciation and amortization[a]	147	126	17%
Income from operations (EBIT)	150	154	(3%)
Special items	(9)	(5)	(80%)
EBIT before special items	159	159	–
Assets (March 31)	14,368	13,382	7%
Investments including acquisitions[b]	113	93	22%
Research and development expenses	58	65	(11%)

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

The Construction Chemicals division improved sales in North America, mainly as a result of positive currency effects. We also achieved higher prices. In Europe, we increased sales on the back of higher prices and volumes. The sales increase in Asia was attributable to volumes growth and positive currency effects. Sales in the region South America, Africa, Middle East rose as a result of positive currency effects and higher prices.

The segment's income from operations (EBIT) before special items was on a level with the prior-year quarter. EBIT before special items in the Construction Chemicals division improved considerably, primarily due to higher margins; in the Catalysts division, earnings rose slightly as a result of sales growth. By contrast, the Coatings division recorded considerably lower EBIT before special items. This was mainly attributable to a weaker automotive business.

Nutrition & Care

Q1 2019

First-quarter sales in the Nutrition & Care segment matched the prior-year level. Considerably higher sales in the Nutrition & Health division were offset by slightly lower sales in the Care Chemicals division.

Factors influencing sales in Q1 2019 – Nutrition & Care

	Nutrition & Care	Care Chemicals	Nutrition & Health
Volumes	(1%)	(6%)	13%
Prices	(1%)	0%	(5%)
Portfolio	0%	0%	0%
Currencies	2%	2%	2%
Sales	**0%**	**(4%)**	**10%**

Positive currency effects, especially relating to the U.S. dollar, increased sales slightly in both divisions. By contrast, sales were negatively impacted by lower prices, especially in the Nutrition & Health division's animal nutrition business. Sales volumes also declined slightly overall. Sales volumes in the Care Chemicals division decreased significantly, mainly as a result of lower volumes in the home care, industrial and institutional cleaning, and industrial formulators business. By contrast, the Nutrition & Health division considerably increased sales volumes, primarily due to higher volumes of aroma ingredients as a result of significantly improved product availability from our plants in Ludwigshafen, Germany, and Kuantan, Malaysia.

Segment data – Nutrition & Care

Million €

	Q1		
	2019	**2018**	**+/–**
Sales to third parties	1,561	1,568	0%
of which Care Chemicals	1,095	1,144	(4%)
Nutrition & Health	466	424	10%
Income from operations before depreciation, amortization and special items	327	346	(5%)
Income from operations before depreciation and amortization (EBITDA)	320	340	(6%)
Depreciation and amortization[a]	196	92	113%
Income from operations (EBIT)	124	248	(50%)
Special items	(98)	(6)	.
EBIT before special items	222	254	(13%)
Assets (March 31)	6,435	5,970	8%
Investments including acquisitions[b]	99	42	136%
Research and development expenses	35	33	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 was considerably below the figure for the first quarter of 2018. This was mainly attributable to higher fixed costs in the Nutrition & Health division, largely due to an insurance refund received in the prior-year quarter for production outages in 2017. In addition, margins declined in the animal nutrition business; as a result, earnings in the Nutrition & Health division decreased significantly overall. A considerable improvement in earnings in the Care Chemicals division, mainly from higher margins, had an offsetting effect.

EBIT included an impairment in connection with the optimization of production sites within the Nutrition & Health division in Europe.

Agricultural Solutions

Q1 2019

The Agricultural Solutions segment posted considerable sales growth compared with the first quarter of 2018. This was primarily attributable to portfolio effects from the acquisition of significant businesses and assets from Bayer in August 2018.[1] We also achieved a higher price level in the legacy business while sales volumes were considerably lower year on year, mainly due to weather-related factors.

Factors influencing sales in Q1 2019 – Agricultural Solutions

Volumes	(8%)
Prices	4%
Portfolio	56%
Currencies	1%
Sales	**53%**

Segment data – Agricultural Solutions

Million €

	Q1		
	2019	2018	+/–
Sales to third parties	2,649	1,728	53%
Income from operations before depreciation, amortization and special items	910	487	87%
Income from operations before depreciation and amortization (EBITDA)	943	481	96%
Depreciation and amortization[a]	171	64	167%
Income from operations (EBIT)	772	417	85%
Special items	32	(6)	.
EBIT before special items	740	423	75%
Assets (March 31)	18,760	8,869	112%
Investments including acquisitions[b]	(32)	34	.
Research and development expenses	193	117	65%

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 recorded considerable sales growth in **Europe** compared with the prior-year quarter. This was primarily the result of portfolio effects. In addition, the price level was slightly higher.

Sales rose considerably in **North America**, mainly due to portfolio effects. Strongly positive currency effects and a slightly higher price level also contributed to the sales increase. This more than offset the significant decline in herbicide and fungicide volumes, especially in the United States, due to adverse weather conditions and an extended period of cold.

We considerably improved sales in **Asia**. This was largely attributable to portfolio effects. Sales were also positively impacted by slightly positive currency effects and a slightly higher price level.

Sales rose considerably in the region **South America, Africa, Middle East**, driven mainly by portfolio effects. A significantly higher price level and growth in fungicide and herbicide volumes, particularly in Brazil, also contributed to the sales increase. Sales were weighed down by strongly negative currency effects.

Income from operations (EBIT) before special items was considerably higher than in the first quarter of 2018. This was largely due to the contribution from the acquired businesses.

EBIT included special income from divestitures in accordance with the conditions imposed by antitrust authorities within the scope of the acquisition of the Bayer businesses. In the first quarter of 2019, these exceeded the special charges for the integration of the acquired businesses.

1 In the first quarter of 2019, the sales contribution from the acquired businesses is still reported as a portfolio effect in our analysis of sales effects as the acquisition of significant businesses and assets from Bayer was closed in August 2018. The volumes, price and currency effects described here thus relate to BASF operations excluding the acquired activities.

Other

Q1 2019

Sales in Other increased considerably compared with the prior-year quarter. This was mainly due to the remaining activities of BASF's paper and water chemicals business, which were not part of the transfer to Solenis and have since been reported under Other. Income from operations before special items was considerably below the figure for the first quarter of 2018. This was largely attributable to foreign currency results and valuation effects for our long-term incentive program.

Financial data – Other

Million €

	Q1		
	2019	**2018**	**+/–**
Sales	700	574	22%
Income from operations before depreciation, amortization and special items	(236)	(44)	.
Income from operations before depreciation and amortization (EBITDA)	(271)	(54)	.
Depreciation and amortization[a]	47	31	52%
Income from operations (EBIT)	(318)	(85)	.
Special items	(36)	(9)	.
EBIT before special items	(282)	(76)	.
of which Costs for cross-divisional corporate research	(98)	(80)	(23%)
Costs of corporate headquarters	(58)	(53)	(9%)
Other businesses	11	(7)	.
Foreign currency results, hedging and other measurement effects	(24)	176	.
Miscellaneous income and expenses	(113)	(112)	(1%)
Assets (March 31)[b]	26,710	27,230	(2%)
Investments including acquisitions[c]	82	190	(57%)
Research and development expenses	101	82	23%

a Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and reversals of impairments)
b Contains assets of businesses recognized under Other as well as reconciliation to assets of the BASF Group including the disposal group for the oil and gas business.
c Additions to intangible assets and property, plant and equipment

Regions

Regions

Million €

Q1	Sales Location of company 2019	Sales Location of company 2018	+/–	Sales Location of customer 2019	Sales Location of customer 2018	+/–	Income from operations (EBIT) Location of company 2019	Income from operations (EBIT) Location of company 2018	+/–
Europe	7,418	7,713	(4%)	6,897	7,238	(5%)	819	1,397	(41%)
of which Germany	4,071	5,002	(19%)	1,669	1,910	(13%)	406	631	(36%)
North America	4,815	3,963	21%	4,717	3,833	23%	645	317	103%
Asia Pacific	3,199	3,356	(5%)	3,423	3,566	(4%)	283	588	(52%)
South America, Africa, Middle East	745	668	12%	1,140	1,063	7%	11	(39)	.
BASF Group	**16,177**	**15,700**	**3%**	**16,177**	**15,700**	**3%**	**1,758**	**2,263**	**(22%)**

Q1 2019

Sales at companies located in **Europe** declined by 4% compared with the first quarter of 2018. This was attributable to lower volumes and prices, primarily in the Materials and Chemicals segments. Portfolio effects in the Agricultural Solutions segment from the acquisition of significant businesses and assets from Bayer in August 2018 had an offsetting impact. Income from operations (EBIT) was €819 million, down €578 million from the figure in the prior-year quarter. This was mainly due to the considerably lower contributions from Other and the Materials segment.

In **North America**, sales rose by 14% in local currency terms and 21% in euros, mainly due to portfolio effects in the Agricultural Solutions segment. Positive currency effects in all segments and higher prices, especially in the Surface Technologies segment, also contributed to the sales growth. By contrast, lower volumes had a negative impact on sales. EBIT grew by €328 million to €645 million, largely as a result of the considerably higher contribution from the Agricultural Solutions segment. We also recorded considerably higher EBIT in the Industrial Solutions segment.

Sales in **Asia Pacific** declined by 8% in local currency terms and 5% in euros. This was driven by lower prices, particularly in the Materials segment. In addition, sales volumes declined in the Surface Technologies, Chemicals and Industrial Solutions segments. Positive currency effects in all segments and portfolio effects in the Agricultural Solutions segment had an offsetting effect. EBIT declined by €305 million compared with the first quarter of 2018 to €283 million. This was primarily attributable to the lower contribution from the Materials segment.

In the region **South America, Africa, Middle East**, we increased sales by 19% in local currency terms and 12% in euros. This was mainly due to higher prices, especially in the Agricultural Solutions and Surface Technologies segments, as well as portfolio effects in the Agricultural Solutions segment. Volumes growth also had a positive impact on sales. Negative currency effects dampened sales in all segments. At €11 million, EBIT exceeded the figure for the first quarter of 2018 by €50 million. All segments except Materials recorded higher EBIT.

Selected Financial Data

Statement of Income

Statement of income

Million €

		Q1		
		2019	2018	+/–
Sales revenue		**16,177**	**15,700**	**3%**
Cost of sales		(11,254)	(10,714)	(5%)
Gross profit on sales		**4,923**	**4,986**	**(1%)**
Selling expenses		(2,202)	(1,969)	(12%)
General administrative expenses		(353)	(322)	(10%)
Research and development expenses		(511)	(424)	(21%)
Other operating income		561	671	(16%)
Other operating expenses		(709)	(729)	3%
Income from companies accounted for using the equity method		49	50	(2%)
Income from operations (EBIT)		**1,758**	**2,263**	**(22%)**
Income from other shareholdings		4	12	(67%)
Expenses from other shareholdings		(16)	(5)	.
Net income from shareholdings		**(12)**	**7**	**.**
Interest income		47	37	27%
Interest expenses		(168)	(107)	(57%)
Interest result		**(121)**	**(70)**	**(73%)**
Other financial income		8	7	14%
Other financial expenses		(71)	(125)	43%
Other financial result		**(63)**	**(118)**	**47%**
Financial result		**(196)**	**(181)**	**(8%)**
Income before income taxes		**1,562**	**2,082**	**(25%)**
Income taxes		(396)	(501)	21%
Income after taxes from continuing operations		**1,166**	**1,581**	**(26%)**
Income after taxes from discontinued operations		**274**	**177**	**55%**
Income after taxes		**1,440**	**1,758**	**(18%)**
Noncontrolling interests		(34)	(79)	57%
Net income		**1,406**	**1,679**	**(16%)**
Earnings per share from continuing operations	**€**	**1.24**	**1.65**	**(25%)**
Earnings per share from discontinued operations	**€**	**0.29**	**0.18**	**61%**
Basic earnings per share	**€**	**1.53**	**1.83**	**(16%)**
Diluted earnings per share	€	1.53	1.83	(16%)

Balance Sheet

Assets

Million €	March 31, 2019	March 31, 2018	+/–	December 31, 2018	+/–
Intangible assets	16,505	13,316	24%	16,554	0%
Property, plant and equipment[a]	22,062	24,863	(11%)	20,780	6%
Investments accounted for using the equity method	2,852	4,730	(40%)	2,203	29%
Other financial assets	592	535	11%	570	4%
Deferred tax assets	2,615	1,942	35%	2,342	12%
Other receivables and miscellaneous assets	898	1,342	(33%)	886	1%
Noncurrent assets	**45,524**	**46,728**	**(3%)**	**43,335**	**5%**
Inventories	12,455	10,357	20%	12,166	2%
Accounts receivable, trade	12,751	12,140	5%	10,665	20%
Other receivables and miscellaneous assets	3,993	3,919	2%	3,139	27%
Marketable securities	41	36	14%	344	(88%)
Cash and cash equivalents[b]	2,303	7,273	(68%)	2,300	0%
Assets of disposal groups	14,973	–	–	14,607	3%
Current assets	**46,516**	**33,725**	**38%**	**43,221**	**8%**
Total assets	**92,040**	**80,453**	**14%**	**86,556**	**6%**

a Right-of-use assets of €1,113 million were capitalized as of January 1, 2019, following the initial application of IFRS 16. The figures in the item “property, plant and equipment” as of January 1, 2018, have been restated accordingly.
b For a reconciliation of the amounts in the statement of cash flows with the balance sheet item “cash and cash equivalents,” see page 19 of this quarterly statement.

Equity and liabilities

Million €

	March 31, 2019	March 31, 2018	+/–	December 31, 2018	+/–
Subscribed capital	1,176	1,176	–	1,176	–
Capital reserves	3,118	3,117	0%	3,118	–
Retained earnings	38,116	36,514	4%	36,699	4%
Other comprehensive income	(5,734)	(5,410)	(6%)	(5,939)	3%
Equity attributable to shareholders of BASF SE	**36,676**	**35,397**	**4%**	**35,054**	**5%**
Noncontrolling interests	1,139	990	15%	1,055	8%
Equity	**37,815**	**36,387**	**4%**	**36,109**	**5%**
Provisions for pensions and similar obligations	7,688	5,835	32%	7,434	3%
Other provisions	1,864	3,398	(45%)	1,860	0%
Deferred tax liabilities	1,711	2,600	(34%)	1,787	(4%)
Financial indebtedness	16,097	14,770	9%	15,332	5%
Other liabilities[a]	1,596	1,162	37%	705	126%
Noncurrent liabilities	**28,956**	**27,765**	**4%**	**27,118**	**7%**
Accounts payable, trade	4,991	4,726	6%	5,122	(3%)
Provisions	3,661	3,521	4%	3,252	13%
Tax liabilities	1,107	1,526	(27%)	695	59%
Financial indebtedness	5,678	3,021	88%	5,509	3%
Other liabilities[a]	3,751	3,507	7%	2,998	25%
Liabilities of disposal groups	6,081	–	–	5,753	6%
Current liabilities	**25,269**	**16,301**	**55%**	**23,329**	**8%**
Total equity and liabilities	**92,040**	**80,453**	**14%**	**86,556**	**6%**

a Lease liabilities for right-of-use assets totaling €1,113 million were recognized as of January 1, 2019, following the initial application of IFRS 16.

Statement of Cash Flows

Statement of cash flows

Million €

	Q1	
	2019	**2018**
Net income	1,406	1,679
Depreciation and amortization of intangible assets and property, plant and equipment	1,031	927
Changes in net working capital	(1,758)	(1,345)
Miscellaneous items	(306)	(30)
Cash flows from operating activities	**373**	**1,231**
Payments made for intangible assets and property, plant and equipment	(741)	(627)
Acquisitions/divestitures	118	34
Changes in financial assets and miscellaneous items	(214)	(41)
Cash flows from investing activities	**(837)**	**(634)**
Capital increases/repayments and other equity transactions	–	–
Changes in financial and similar liabilities	620	220
Dividends	0	(19)
Cash flows from financing activities	**620**	**201**
Changes in cash and cash equivalents affecting liquidity[a]	156	798
Cash and cash equivalents at the beginning of the period and other changes[b]	2,594	6,475
Cash and cash equivalents at the end of the period[b]	**2,750**	**7,273**

a In the first quarter of 2019, BASF SE transferred securities in the amount of €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 Since September 30, 2018, the balances of cash and cash equivalents presented in the statement of cash flows have deviated from the figures in the balance sheet, as cash and cash equivalents of the oil and gas business in the balance sheet have been reclassified to the disposal group. Cash and cash equivalents included in the disposal group amounted to €219 million as of January 1, 2019, and €447 million as of March 31, 2019.

Half-Year Financial Report 2019

July 25, 2019

Quarterly Statement Q3 2019

October 24, 2019

BASF Report 2019

February 28, 2020

Quarterly Statement Q1 2020 / Annual Shareholders' Meeting 2020

April 30, 2020

Half-Year Financial Report 2020

July 29, 2020

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Published on May 3, 2019
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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 123 to 130 of the BASF Report 2018. 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.

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