

News Release

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BASF Group releases preliminary figures for third quarter of 2020 and publishes outlook for full year 2020

Q3 2020:

- **EBIT before special items expected to be €581 million (Q3 2019: €1,056 million), above analyst consensus**
- **EBIT expected to be minus €2,637 million (Q3 2019: €1,336 million) due to non-cash-effective impairments and provisions for restructuring, below analyst consensus**

Outlook 2020:

- **Sales expected to decrease to between €57 billion and €58 billion (2019: €59,316 million)**
- **EBIT before special items expected to be between €3.0 billion and €3.3 billion (2019: €4,643 million)**

Ludwigshafen – October 9, 2020 – BASF has released preliminary figures for the third quarter of 2020. **Sales** declined by 5% in the third quarter of 2020 to €13,812 million (Q3 2019: €14,556 million). This was mainly driven by negative currency effects.

The BASF Group's operating business performed better than expected in the third quarter of 2020. **EBIT before special items** amounted to an expected €581 million, above analyst consensus but below the figure for the prior-year quarter (Q3 2019: €1,056 million). Compared with the second quarter of 2020, EBIT before special items rose by €355 million in the third quarter of 2020 (Q2 2020: €226 million).

The Surface Technologies, Materials, Industrial Solutions and Chemicals segments exceeded average analyst estimates for EBIT before special items in the third quarter of 2020. EBIT before special items was on a level with analyst estimates in

the Agricultural Solutions segment, but fell short of analyst estimates in the Nutrition & Care segment. The EBIT before special items of Other was more negative than analysts expected.

The year-on-year decrease in the BASF Group's EBIT before special items was primarily due to the continued weak earnings contributions from the upstream Chemicals and Materials segments due to ongoing high pressure on margins. The Nutrition & Care, Agricultural Solutions and Industrial Solutions segments and Other also recorded lower earnings compared with the prior-year quarter. EBIT before special items in the Surface Technologies segment was almost on a level with the prior-year period.

The BASF Group's **EBIT** amounted to an expected minus €2,637 million in the third quarter of 2020 due to non-cash-effective impairments and provisions for restructuring, below analyst consensus and the figure for the prior-year quarter (Q3 2019: €1,336 million). Impairment tests identified fixed asset impairments of €2.8 billion due to considerably weaker macroeconomic developments as a consequence of the coronavirus pandemic. The impairments were largely the result of weaker demand from the automotive and aviation industries, which impacted the Surface Technologies segment in particular, and a continued oversupply of basic chemicals, which put pressure on margins in the Chemicals and Materials segments. In addition, impairments were recognized in the Agricultural Solutions segment as part of measures to streamline the production network.

In Other, provisions were recognized for the realignment of the Global Business Services unit.

The BASF Group's **net income** amounted to an expected minus €2,121 million due to the impairments, below current analyst estimates and lower than the figure for the prior-year quarter (Q3 2019: €911 million). The sale of the assets and liabilities of the construction chemicals business and the related disposal gain will only be reflected in BASF's reporting on the fourth quarter of 2020. Payments received until September 30, 2020, in connection with this divestiture are, however, included in the statement of cash flows for the third quarter of 2020 under cash flows from investing activities.

Outlook 2020

For the fourth quarter of 2020, BASF now expects a further improvement in the BASF Group's EBIT before special items compared with the third quarter of 2020. This would also exceed current average analyst estimates for the fourth quarter of 2020.

For the full year 2020, the BASF Group expects sales of €57 billion to €58 billion, mainly due to weaker demand as a consequence of the coronavirus pandemic (2019: €59,316 million). The BASF Group anticipates EBIT before special items of between €3.0 billion and €3.3 billion for 2020 (2019: €4,643 million). As well as weaker demand, the company expects pressure on margins to continue, especially for basic chemicals, which will be partially offset by fixed cost savings.

This outlook is based on the following assumptions regarding the global economic environment in 2020:

- Growth in gross domestic product: –5.0%
- Growth in industrial production: –5.0%
- Growth in chemical production: –2.5%
- Average euro/dollar exchange rate of \$1.15 per euro
- Average annual oil price (Brent crude) of \$40 per barrel

BASF's forecast assumes that severe restrictions on economic activity to contain the coronavirus pandemic, such as lockdowns, are not re-introduced.

As usual, the company will provide a forecast for the full year 2021 with the publication of the BASF Report 2020 on February 26, 2021.

Further information

The overview of analyst estimates, which is compiled monthly on behalf of BASF, can be found at: www.basf.com/analysts-estimates.

On Wednesday, October 28, 2020 at 7:00 a.m. CET, the company will publish the Quarterly Statement Q3 2020 and will comment on the figures at the conference call for journalists (from 9:00 a.m. CET) and the conference call for analysts and investors (from 11:00 a.m. CET).

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. More than 117,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is organized into six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF generated sales of €59 billion in 2019. BASF shares are traded on the stock exchange in Frankfurt (BAS) and as American Depositary Receipts (BASFY) in the U.S. Further information at www.basf.com.

Forward-looking statements and forecasts

This release 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. BASF does not assume any obligation to update the forward-looking statements contained in this release above and beyond the legal requirements.