

Quarterly Statement

1st Quarter 2017



Sales and earnings considerably above prior first quarter

- Sales grow 19% to €16.9 billion; higher volumes in all segments
- EBIT before special items increases by 29% to €2.5 billion
- Outlook for 2017 confirmed

 **BASF**
We create chemistry

Key Figures

BASF Group 1st Quarter 2017

		1st Quarter		
		2017	2016	Change in %
Sales	million €	16,857	14,208	19
Income from operations before depreciation, amortization and special items	million €	3,507	2,843	23
Income from operations before depreciation and amortization (EBITDA)	million €	3,502	2,812	25
Amortization and depreciation ¹	million €	1,051	946	11
Income from operations (EBIT)	million €	2,451	1,866	31
Special items	million €	(6)	(40)	85
EBIT before special items	million €	2,457	1,906	29
Financial result	million €	(152)	(188)	19
Income before taxes and minority interests	million €	2,299	1,678	37
Net income	million €	1,709	1,387	23
EBIT after cost of capital	million €	987	571	73
Earnings per share	€	1.86	1.51	23
Adjusted earnings per share	€	1.97	1.64	20
Research and development expenses	million €	424	455	(7)
Personnel expenses	million €	2,641	2,445	8
Number of employees (March 31)		113,873	112,272	1
Assets (March 31)	million €	79,074	73,727	7
Investments including acquisitions ²	million €	806	959	(16)
Equity ratio (March 31)	%	43.7	41.9	4
Net debt (March 31)	million €	14,933	12,745	17
Cash provided by operating activities	million €	833	1,046	(20)
Free cash flow	million €	66	45	47

¹ Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and write-ups)

² Additions to intangible assets and property, plant and equipment

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Business Review

BASF Group 1st Quarter 2017

Results of Operations

Compared with the first quarter of 2016, **sales** grew by €2,649 million to €16,857 million. We were able to increase sales volumes in all segments and raise prices, especially in the Chemicals segment. Currency effects and the Chemetall business acquired from Albemarle in December 2016 also had a positive impact on sales.

Factors influencing sales BASF Group 1st Quarter 2017

Volumes	8%	
Prices	8%	
Portfolio	1%	
Currencies	2%	
Sales	19%	

Income from operations (EBIT) before special items¹ grew by €551 million to €2,457 million, primarily as a result of the substantially improved contribution from the Chemicals segment. EBIT before special items also rose considerably in the Oil & Gas and Functional Materials & Solutions segments, while Performance Products and Agricultural Solutions posted a slight decline. Earnings in the chemicals business² contained an initial insurance payment of €100 million for the accident at the North Harbor of the Ludwigshafen site in October 2016, an amount which predominantly pertained to the Chemicals segment.

Net Assets

Compared with the end of 2016, **total assets** rose from €76,496 million to €79,074 million. At €50,399 million, **non-current assets** matched the level of December 31, 2016. Growth of €2,729 million in **current assets**, which totaled

Special items in EBIT totaled minus €6 million in the first quarter of 2017, compared with minus €40 million in the same period of 2016. Expenses for restructuring measures, integration costs, and other expenses and income were partly offset by gains from divestitures.

EBIT grew by €585 million to €2,451 million compared with the first quarter of 2016.

Year-on-year, **income from operations before depreciation, amortization and special items (EBITDA before special items)¹** increased by €664 million to €3,507 million and **EBITDA¹** increased by €690 million to €3,502 million. At minus €152 million, the **financial result** was €36 million better than in the first quarter of 2016.

Income before taxes and minority interests rose by €621 million to €2,299 million. The tax rate grew from 15.4% to 22.9%, mainly due to higher taxes in Norway.

Net income rose by €322 million to €1,709 million.

Earnings per share were €1.86 in the first quarter of 2017, compared with €1.51 in the same quarter of 2016. Adjusted for special items and amortization of intangible assets, earnings per share¹ amounted to €1.97 (first quarter of 2016: €1.64).

Financial Position

Equity increased from €32,568 million to €34,564 million compared with December 31, 2016. The equity ratio grew from 42.6% to 43.7%.

Noncurrent liabilities rose from €28,611 million to €29,778 million. This was largely the result of the increase in noncurrent financial indebtedness due to the issue of bonds with a nominal value totaling €1.9 billion. Among these were bonds of \$600 million with nondilutive warrants due in 2023. Upon exercise, the warrants will be cash-settled only; no new shares will be issued, nor will existing shares of BASF SE be

delivered. As a hedge, BASF has purchased corresponding call options.

Current liabilities declined from €15,317 million to €14,732 million. This was mainly the result of lower current financial indebtedness, brought about primarily by the scheduled repayment of short-term bonds as well as the scaling back of the U.S. dollar commercial paper program.

Total **financial indebtedness** rose by €498 million to €16,810 million. **Net debt¹** grew by €532 million to €14,933 million compared with December 31, 2016.

¹ For more on this figure, see page 17.

² Our chemicals business comprises the Chemicals, Performance Products and Functional Materials & Solutions segments.

In the first quarter of 2017, **cash provided by operating activities** amounted to €833 million, €213 million below the first quarter of 2016. This was largely due to the higher amount of cash tied up in net working capital compared with the previous first quarter, especially in trade accounts receivable.

Cash used in investing activities in the first quarter of 2017 amounted to €1,215 million, compared with €1,258 million in the first quarter of 2016. This was the result of lower payments made for property, plant and equipment and intangible assets, which, at €767 million, were €234 million below the level of the previous first quarter. Contrasting this was, primarily, the €159 million increase in payments made for financial assets and other items.

Cash provided by financing activities declined from €1,997 million in the first quarter of 2016 to €831 million. The first quarter of 2017 saw a cash inflow of €811 million resulting from an increase in financial indebtedness as well as in other financing-related liabilities. The same quarter of the previous year had contained cash inflow arising primarily from the greater use of BASF SE's U.S. dollar commercial paper program as well as from issuing a new bond.

Free cash flow¹ amounted to €66 million, compared with €45 million in the same quarter of 2016.

Our **ratings** have remained unchanged since the publication of the BASF Report 2016. 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, BASF enjoys good credit ratings, especially compared with competitors in the chemical industry.

Outlook

Our expectations for the global economic environment in 2017 remain unchanged:

- Growth in gross domestic product: 2.3%
- Growth in industrial production: 2.3%
- Growth in chemical production: 3.4%
- An average euro/dollar exchange rate of \$1.05 per euro
- An average oil price for the year of \$55 per barrel

The statements on opportunities and risks made in the BASF Report 2016 remain valid.

 For more, see the BASF Report 2016, Opportunities and Risks Report, pages 111 to 118

We confirm the sales and earnings forecast² for the BASF Group made in the BASF Report 2016:

- Considerable (i.e., at least 6%) sales increase
- Slight (i.e., up to 10%) increase in EBIT before special items and in EBIT
- Significant premium on cost of capital with considerable decline in EBIT after cost of capital³

 For more, see the BASF Report 2016, Outlook 2017, page 122

Significant Events

BASF and the Stahl group of companies signed an agreement on March 22, 2017, to combine BASF's leather chemicals business with the Stahl group. The transaction comprises BASF's global leather chemicals business, as well as the leather chemicals production site in L'Hospitalet, Spain, with around 210 positions, 110 of which in Asia. Subject to the approval of relevant authorities, the transaction is expected to close in the fourth quarter of 2017. With their complementary strengths, BASF and Stahl will create a leading provider of leather chemicals with a clear focus on innovation. Under the terms of the agreement, BASF will receive a 16% minority stake in the Stahl group as well as a payment; this will result in special income. Furthermore, in the medium to long term, BASF will supply Stahl with significant volumes of leather chemicals from remaining plants.

On April 24, 2017, BASF Group company Wintershall Nederland Transport & Trading B.V., based in Rijswijk, Netherlands, signed financing agreements for the Nord Stream 2 project. The project is being conducted by Nord Stream 2 AG, a company based in Zug, Switzerland, which is a 100% subsidiary of PAO Gazprom, headquartered in Moscow, Russia. BASF will finance up to 10% of the project costs, which are estimated at €9.5 billion.

¹ For more on this figure, see page 17.

² With reference to 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%).

³ For an explanation of this figure, see the BASF Report 2016, page 28.

Chemicals

Segment data Chemicals¹ (million €)

	1st Quarter		
	2017	2016	Change in %
Sales to third parties	4,105	3,019	36
Thereof Petrochemicals	1,654	1,196	38
Monomers	1,699	1,177	44
Intermediates	752	646	16
Income from operations before depreciation and amortization (EBITDA)	1,239	719	72
Amortization and depreciation ²	265	259	2
Income from operations (EBIT)	974	460	112
Special items	16	3	433
EBIT before special items	958	457	110
Assets (March 31)	13,468	12,148	11
Investments including acquisitions ³	183	276	(34)
Research and development expenses	29	36	(19)

¹ On January 1, 2017, the Monomers and Dispersions & Pigments divisions' activities for the electronics industry were combined into the global Electronic Materials business unit and allocated to the Dispersions & Pigments division. For better comparability, the affected figures for 2016 have been adjusted accordingly.

² Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and write-ups)

³ Additions to intangible assets and property, plant and equipment

1st Quarter 2017

Sales in the Chemicals segment considerably exceeded the level of the previous first quarter, largely as a result of higher prices in the Petrochemicals and Monomers divisions. Sales were furthermore supported by the higher level of sales volumes in all divisions. Currency effects slightly boosted sales. Due to higher margins and volumes, income from operations (EBIT) before special items grew considerably compared with the first quarter of 2016, especially in the Monomers division. The negative impact on earnings in the first quarter of 2017 caused by the accident at the North Harbor of the Ludwigshafen site was offset by an initial insurance payment for the damages occurring in the fourth quarter of 2016. Fixed costs were up year-on-year, due primarily to the startup of new plants.

Factors influencing sales, Chemicals 1st Quarter 2017

Volumes	10%	
Prices	24%	
Portfolio	0%	
Currencies	2%	
Sales	36%	

Petrochemicals

The Petrochemicals division raised its sales considerably compared with the previous first quarter. A sharp increase in prices for raw materials such as naphtha, along with solid demand, led to higher sales prices – especially for steam cracker products. Volumes were slightly up compared with the previous

first quarter. Margins improved for steam cracker products in all regions as well as for acrylic monomers in Asia. The first insurance payment for the accident at the North Harbor resulted in lower fixed costs. EBIT before special items grew considerably as an effect of the higher margins and a significantly increased earnings contribution from our share in BASF-YPC Company Ltd., based in Nanjing, China.

Monomers

Compared with the first quarter of 2016, sales in the Monomers division increased considerably. This was mainly the result of higher prices, especially for isocyanates. Sales volumes rose sharply, primarily for isocyanates and polyamides. EBIT before special items grew considerably as a consequence of increased margins. Earnings were also positively influenced by the restructuring of our caprolactam production in Europe. Predominantly on account of maintenance measures, fixed costs were higher than in the previous first quarter.

Intermediates

Sales in the Intermediates division also rose considerably year-on-year, mostly through substantial volumes growth in all regions and product lines. Overall, sales prices matched the level of the previous first quarter. EBIT before special items fell considerably, largely dampened by higher fixed costs arising from the startup of new facilities in all regions as well as from shutdowns. The ongoing intensely competitive environment and increased raw material prices both weighed down margins, especially for butanediol and derivatives.

Performance Products

Segment data Performance Products¹ (million €)

	1st Quarter		
	2017	2016	Change in %
Sales to third parties	4,260	3,913	9
Thereof			
Dispersions & Pigments	1,399	1,266	11
Care Chemicals	1,362	1,204	13
Nutrition & Health	486	488	0
Performance Chemicals	1,013	955	6
Income from operations before depreciation and amortization (EBITDA)	714	758	(6)
Amortization and depreciation ²	215	215	–
Income from operations (EBIT)	499	543	(8)
Special items	(16)	(12)	(33)
EBIT before special items	515	555	(7)
Assets (March 31)	15,404	14,558	6
Investments including acquisitions ³	213	180	18
Research and development expenses	93	99	(6)

¹ On January 1, 2017, the Monomers and Dispersions & Pigments divisions' activities for the electronics industry were combined into the global Electronic Materials business unit and allocated to the Dispersions & Pigments division. For better comparability, the affected figures for 2016 have been adjusted accordingly.

² Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and write-ups)

³ Additions to intangible assets and property, plant and equipment

1st Quarter 2017

In the Performance Products segment, sales were considerably up compared with the first quarter of 2016. This was mainly the result of increased volumes in the Dispersions & Pigments, Care Chemicals and Performance Chemicals divisions. We experienced positive currency effects in all divisions and slightly raised sales prices overall. Portfolio effects dampened sales development. Income from operations (EBIT) before special items declined slightly compared with the solid level of the previous first quarter due to lower margins and higher fixed costs.

Factors influencing sales, Performance Products 1st Quarter 2017

Volumes	7%	
Prices	2%	
Portfolio	(2%)	
Currencies	2%	
Sales	9%	

Dispersions & Pigments

In the Dispersions & Pigments division, we achieved considerably higher sales than in the previous first quarter. This was mostly attributable to significant volumes growth in all business areas. Currency effects and slightly elevated prices also had a positive impact on sales. Sales were slightly dampened by the divestiture of the photoinitiator business in August 2016. EBIT before special items was considerably below the high level of the prior first quarter, owing to lower margins and slightly higher fixed costs. The margin decline was mainly brought about by rising raw material prices as well as the larger proportion of sales from the lower-margin dispersions business for paper coatings.

Care Chemicals

Sales in the Care Chemicals division considerably exceeded the level of the previous first quarter, primarily through increased volumes of ingredients for the detergents and cleaners industry as well as the stronger demand for oleochemical surfactants and fatty alcohols. Higher prices in connection with increased raw material prices, together with currency effects, also supported sales growth. EBIT before special items declined slightly compared with the first quarter of 2016. This was predominantly the result of lower margins in the hygiene business – driven downward by ongoing intense competition – as well as higher maintenance costs.

Nutrition & Health

Sales in the Nutrition & Health division matched the level of the previous first quarter. Portfolio effects dampened sales development. Volumes fell slightly: Increased volumes in the animal nutrition business were only partly able to offset declines in the other business areas. Sales were supported, however, by higher prices overall – especially for vitamins in the animal nutrition business – as well as by positive currency effects. EBIT before special items improved considerably on account of stronger margins.

Performance Chemicals

Sales in the Performance Chemicals division rose considerably compared with the first quarter of 2016. This was largely due to higher volumes in all business areas, especially plastic additives, as well as fuel and lubricant additives. Sales volumes increased in all regions, with Asia showing the fastest growth rates. Currency effects also provided a slight boost to sales, while slightly declining prices slowed sales development. EBIT before special items was considerably down year-on-year; the solid volumes growth was only partly able to compensate for lower margins.

Functional Materials & Solutions

Segment data Functional Materials & Solutions (million €)

	1st Quarter		
	2017	2016	Change in %
Sales to third parties	5,198	4,408	18
Thereof Catalysts	1,689	1,467	15
Construction Chemicals	560	533	5
Coatings	999	738	35
Performance Materials	1,950	1,670	17
Income from operations before depreciation and amortization (EBITDA)	688	594	16
Amortization and depreciation ¹	167	142	18
Income from operations (EBIT)	521	452	15
Special items	(10)	(4)	.
EBIT before special items	531	456	16
Assets (March 31)	17,730	13,462	32
Investments including acquisitions ²	163	130	25
Research and development expenses	99	96	3

¹ Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and write-ups)

² Additions to intangible assets and property, plant and equipment

1st Quarter 2017

Compared with the same quarter of the previous year, sales grew considerably in the Functional Materials & Solutions segment. This was predominantly the result of a sharp rise in sales volumes, primarily driven by higher demand from the automotive industry. Sales development was also supported by the Chemetall business acquired from Albemarle in December 2016, along with slight price increases and currency effects. We considerably raised our income from operations (EBIT) before special items compared with the previous first quarter, thanks in particular to the volumes growth and the Chemetall acquisition.

Factors influencing sales, Functional Materials & Solutions 1st Quarter 2017

Volumes	8%	
Prices	3%	
Portfolio	4%	
Currencies	3%	
Sales	18%	

Catalysts

The Catalysts division achieved considerable sales growth compared with the first quarter of 2016. This was largely attributable to higher volumes, especially in the businesses with mobile emissions catalysts and chemical catalysts. Sales were additionally supported by price increases – especially for precious metals – and by currency effects. The divestiture of the polyolefin catalysts business in June 2016 had a slightly negative impact on sales. In precious metal trading, sales rose to €627 million due to the higher price levels and positive currency effects (first quarter of 2016: €499 million). EBIT before special items grew considerably, mainly as a result of increased volumes.

Construction Chemicals

Sales rose slightly in the Construction Chemicals division. This was primarily the result of acquiring the Henkel Group's western European building material business for professional users at the beginning of 2017, in addition to the slight increase in volumes. Prices declined slightly. In Europe, the aforementioned acquisition allowed us to considerably boost sales. Sales grew slightly in North America and considerably in Asia. In the region South America, Africa, Middle East, we posted a considerable sales decline due to reduced volumes in the Middle East and to negative currency effects. EBIT before special items was considerably below the first quarter of the previous year. This resulted in part from lower margins on account of higher raw material prices.

Coatings

Sales in the Coatings division grew considerably compared with the first quarter of 2016. This was predominantly attributable to the Chemetall business acquired from Albemarle in December 2016, as well as a sharp increase in sales volumes, primarily of automotive OEM coatings. We experienced positive currency effects and slightly lower prices overall, with price developments varying by region. In the automotive OEM coatings business, volumes growth in Asia, Europe and North America led to a considerable increase in sales. Sales were also considerably up in the automotive refinish coatings and decorative paints businesses. We were able to considerably increase EBIT before special items as a result of the acquired Chemetall business and the growth in sales volumes.

Performance Materials

In the Performance Materials division, sales were considerably above the level of the first quarter of 2016. This was mostly the result of higher sales volumes arising from stronger demand from both the automotive industry and the consumer goods sector in Europe and Asia. In Asia, volumes also increased to the construction sector; higher demand in North America came from the automotive industry in particular. Worldwide, business development was especially positive for polyurethane systems, engineering plastics, thermoplastic polyurethanes and styrene foams. Rising raw material prices led to sales price increases; currency effects, too, helped support sales development. Year-on-year, we slightly raised EBIT before special items as a result of this volumes growth.

Agricultural Solutions

Segment data Agricultural Solutions (million €)

	2017	1st Quarter	
		2016	Change in %
Sales to third parties	1,855	1,780	4
Income from operations before depreciation and amortization (EBITDA)	595	645	(8)
Amortization and depreciation ¹	64	55	16
Income from operations (EBIT)	531	590	(10)
Special items	(2)	(1)	(100)
EBIT before special items	533	591	(10)
Assets (March 31)	10,012	9,316	7
Investments including acquisitions ²	36	77	(53)
Research and development expenses	109	114	(4)

¹ Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and write-ups)

² Additions to intangible assets and property, plant and equipment

1st Quarter 2017

Compared with the first quarter of 2016, sales in the Agricultural Solutions segment grew slightly despite a market environment that remained difficult. The main drivers here were higher volumes and positive currency effects, with prices stable.

Factors influencing sales, Agricultural Solutions 1st Quarter 2017

Volumes	2%	
Prices	0%	
Portfolio	0%	
Currencies	2%	
Sales	4%	

Sales in **Europe** nearly matched the level of the previous first quarter. We raised volumes considerably in central and eastern Europe, especially for herbicides. By contrast, western Europe posted a volumes decline.

Positive currency effects and increased demand led to considerable sales growth in **North America**. Higher volumes arose primarily from solid business development for herbicides, especially the new solutions Engenia™ and Zidua® PRO.

Sales rose considerably in **Asia**. This was largely attributable to higher volumes of fungicides due to earlier demand in China and the launch of the new Seltima® formulation in India, as well as to solid sales volumes for herbicides in Indonesia and Australia.

In the region **South America, Africa, Middle East**, a considerable increase in sales was mainly the result of positive currency effects from the Brazilian real. Higher volumes of herbicides in Argentina and of insecticides in Africa and the Middle East contributed to the increase, while lower prices dampened sales development.

Income from operations before special items declined slightly compared with the strong first quarter of 2016. This was the result of lower average margins due to a different product mix. Fixed costs rose slightly, due in part to the startup of new plants.

Oil & Gas

Segment data Oil & Gas (million €)

	2017	1st Quarter	
		2016	Change in %
Sales to third parties	829	611	36
Income from operations before depreciation and amortization (EBITDA)	482	307	57
Amortization and depreciation ¹	313	241	30
Income from operations (EBIT)	169	66	156
Special items	(1)	–	–
EBIT before special items	170	66	158
Assets (March 31)	12,667	12,147	4
Investments including acquisitions ²	180	280	(36)
Research and development expenses	9	10	(10)
Exploration expenses	10	33	(70)
Net income	140	47	198

¹ Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and write-ups)

² Additions to intangible assets and property, plant and equipment

1st Quarter 2017

Sales in the Oil & Gas segment increased considerably year-on-year, mainly driven by higher prices. The price of a barrel of Brent blend crude oil averaged \$54 in the first quarter of 2017 (first quarter of 2016: \$34). Gas prices on European spot markets also rose sharply compared with the previous first quarter. Production volumes matched the level of the previous first quarter, while sales volumes, especially of gas, exceeded the level of the first quarter of 2016.

Factors influencing sales, Oil & Gas 1st Quarter 2017

Volumes	12%	
Prices/currencies	24%	
Portfolio	0%	
Sales	36%	

Income from operations before special items also improved considerably. This was largely attributable to the rise in prices. Net income grew significantly.

Other

Data on Other (million €)

		1st Quarter	
	2017	2016	Change in %
Sales	610	477	28
Income from operations before depreciation and amortization (EBITDA)	(216)	(211)	(2)
Amortization and depreciation ¹	27	34	(21)
Income from operations (EBIT)	(243)	(245)	1
Special items	7	(26)	.
EBIT before special items	(250)	(219)	(14)
Thereof			
Costs for cross-divisional corporate research	(81)	(99)	18
Costs of corporate headquarters	(52)	(55)	5
Other businesses	5	18	(72)
Foreign currency results, hedging and other measurement effects	(31)	68	.
Miscellaneous income and expenses	(91)	(151)	40
Assets (March 31) ²	9,793	12,096	(19)
Investments including acquisitions ³	31	16	94
Research and development expenses	85	100	(15)

¹ Amortization of intangible assets and depreciation of property, plant and equipment (including impairments and write-ups)

² Contains assets of businesses accounted for in Other as well as reconciliation with assets of the BASF Group

³ Additions to intangible assets and property, plant and equipment

1st Quarter 2017

Sales in Other rose considerably year-on-year, mainly as a result of increased prices in raw materials trading. Income from operations before special items fell considerably. This was predominantly a consequence of valuation effects for our long-term incentive program.

Regions

Regions (million €)

	Sales Location of company			Sales Location of customer			Income from operations Location of company		
	2017	2016	Change in %	2017	2016	Change in %	2017	2016	Change in %
1st Quarter									
Europe	8,332	7,106	17	7,920	6,766	17	1,421	1,161	22
Thereof Germany	5,235	4,479	17	2,208	1,904	16	825	583	42
North America	4,371	3,756	16	4,230	3,677	15	513	444	16
Asia Pacific	3,317	2,572	29	3,530	2,723	30	496	199	149
South America, Africa, Middle East	837	774	8	1,177	1,042	13	21	62	(66)
	16,857	14,208	19	16,857	14,208	19	2,451	1,866	31

1st Quarter 2017

Sales at companies located in **Europe** grew by 17% compared with the first quarter of 2016. This was mainly the result of substantially higher volumes and prices. We were able to significantly increase sales volumes in all segments of the chemicals business¹ as well as in the Oil & Gas segment. Prices especially boosted sales development in the Chemicals segment. At €1,421 million, income from operations exceeded the level of the previous first quarter by €260 million, primarily because of the considerable increase in the chemicals business and in the Oil & Gas segment.

In **North America**, sales improved year-on-year by 13% in local currency terms and 16% in euros. The main drivers here were higher sales prices and volumes, especially in the Chemicals segment. The greater contribution from the Chemicals segment led to a €69 million increase in income from operations, to €513 million.

Sales in **Asia Pacific** rose by 26% in local currency terms and 29% in euros. All segments were able to substantially improve their volumes, and prices rose sharply in the Chemicals segment in particular. We raised income from operations by €297 million to €496 million compared with the first quarter of 2016. This was due to the sharp increase in the Chemicals segment.

In **South America, Africa, Middle East**, sales in euros saw a primarily currency-related increase of 8%. In local currency terms, sales were down by 3%. Volumes especially declined in the Functional Materials & Solutions segment, while sales prices rose overall. At €21 million, income from operations was €41 million short of the previous first quarter's level. All segments except for Chemicals posted a decline.

¹ Our chemicals business comprises the Chemicals, Performance Products and Functional Materials & Solutions segments.

Selected Financial Data

Statement of Income

Statement of Income (million €)

		1st Quarter	
	2017	2016	Change in %
Sales revenue	16,857	14,208	19
Cost of sales	(11,482)	(9,530)	(20)
Gross profit on sales	5,375	4,678	15
Selling expenses	(2,017)	(1,868)	(8)
General administrative expenses	(343)	(326)	(5)
Research and development expenses	(424)	(455)	7
Other operating income	307	428	(28)
Other operating expenses	(598)	(666)	10
Income from companies accounted for using the equity method	151	75	101
Income from operations (EBIT)	2,451	1,866	31
Income from other shareholdings	10	3	233
Expenses from other shareholdings	(5)	(7)	29
Net income from shareholdings	5	(4)	.
Interest income	74	47	57
Interest expenses	(153)	(146)	(5)
Interest result	(79)	(99)	20
Other financial income	19	26	(27)
Other financial expenses	(97)	(111)	13
Other financial result	(78)	(85)	8
Financial result	(152)	(188)	19
Income before taxes and minority interests	2,299	1,678	37
Income taxes	(527)	(258)	.
Income before minority interests	1,772	1,420	25
Minority interests	(63)	(33)	(91)
Net income	1,709	1,387	23
Earnings per share			
Basic	€ 1.86	1.51	23
Diluted	€ 1.86	1.51	23

Balance Sheet

Assets (million €)

	March 31, 2017	March 31, 2016	Change in %	Dec. 31, 2016	Change in %
Intangible assets	15,091	12,166	24	15,162	0
Property, plant and equipment	26,104	24,858	5	26,413	(1)
Investments accounted for using the equity method	4,764	4,452	7	4,647	3
Other financial assets	618	527	17	605	2
Deferred tax assets	2,565	2,309	11	2,513	2
Other receivables and miscellaneous assets	1,257	1,292	(3)	1,210	4
Noncurrent assets	50,399	45,604	11	50,550	0
Inventories	10,218	9,602	6	10,005	2
Accounts receivable, trade	13,123	10,685	23	10,952	20
Other receivables and miscellaneous assets	3,457	3,779	(9)	3,078	12
Marketable securities	34	21	62	536	(94)
Cash and cash equivalents ¹	1,843	4,036	(54)	1,375	34
Current assets	28,675	28,123	2	25,946	11
Total assets	79,074	73,727	7	76,496	3

¹ For a reconciliation of the amounts shown in the Statement of Cash Flows with the Balance Sheet item "cash and cash equivalents," see page 16.

Equity and liabilities (million €)

	March 31, 2017	March 31, 2016	Change in %	Dec. 31, 2016	Change in %
Subscribed capital	1,176	1,176	–	1,176	–
Capital surplus	3,130	3,141	0	3,130	–
Retained earnings	33,227	31,508	5	31,515	5
Other comprehensive income	(3,808)	(5,557)	31	(4,014)	5
Equity of shareholders of BASF SE	33,725	30,268	11	31,807	6
Minority interests	839	632	33	761	10
Equity	34,564	30,900	12	32,568	6
Provisions for pensions and similar obligations	7,590	8,322	(9)	8,209	(8)
Other provisions	3,660	3,329	10	3,667	0
Deferred tax liabilities	3,280	2,920	12	3,317	(1)
Financial indebtedness	14,309	10,335	38	12,545	14
Other liabilities	939	862	9	873	8
Noncurrent liabilities	29,778	25,768	16	28,611	4
Accounts payable, trade	4,882	3,831	27	4,610	6
Provisions	3,128	2,860	9	2,802	12
Tax liabilities	1,361	1,239	10	1,288	6
Financial indebtedness	2,501	6,467	(61)	3,767	(34)
Other liabilities	2,860	2,662	7	2,850	0
Current liabilities	14,732	17,059	(14)	15,317	(4)
Total equity and liabilities	79,074	73,727	7	76,496	3

Statement of Cash Flows

Statement of Cash Flows (million €)

	1st Quarter	
	2017	2016
Net income	1,709	1,387
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	1,051	946
Changes in net working capital	(1,985)	(1,248)
Other items	58	(39)
Cash provided by operating activities	833	1,046
Payments made for property, plant and equipment and intangible assets	(767)	(1,001)
Acquisitions/divestitures	(22)	–
Financial assets and other items	(426)	(257)
Cash used in investing activities	(1,215)	(1,258)
Capital increases/repayments and other equity transactions	14	5
Changes in financial liabilities	811	1,996
Dividends	6	(4)
Cash provided by financing activities	831	1,997
Net changes in cash and cash equivalents	449	1,785
Cash and cash equivalents as of beginning of year and other changes	1,394	2,251
Cash and cash equivalents at end of quarter	1,843	4,036

Additional Key Figures

Income from operations before depreciation and amortization (EBITDA) and special items (million €)

	1st Quarter		
	2017	2016	Change %
EBIT ¹	2,451	1,866	31
– Special items	(6)	(40)	85
EBIT before special items²	2,457	1,906	29
+ Amortization, depreciation and valuation allowances on intangible assets and property, plant and equipment before special items	1,050	937	12
EBITDA before special items³	3,507	2,843	23

EBITDA (million €)

	1st Quarter		
	2017	2016	Change %
EBIT ¹	2,451	1,866	31
+ Amortization, depreciation and valuation allowances on intangible assets and property, plant and equipment	1,051	946	11
EBITDA³	3,502	2,812	25

Adjusted earnings per share

		1st Quarter	
		2017	2016
Income before taxes and minority interests	million €	2,299	1,678
– Special items	million €	(6)	(40)
+ Amortization and valuation allowances on intangible assets	million €	141	132
– Amortization and valuation allowances on intangible assets contained in special items	million €	–	–
Adjusted income before taxes and minority interests	million €	2,446	1,850
– Adjusted income taxes	million €	578	313
Adjusted income before minority interests	million €	1,868	1,537
– Adjusted minority interests	million €	63	32
Adjusted net income	million €	1,805	1,505
Weighted average number of outstanding shares	thousands	918,479	918,479
Adjusted earnings per share³	€	1.97	1.64

Free cash flow (million €)

	1st Quarter	
	2017	2016
Cash provided by operating activities	833	1,046
– Payments made for property, plant and equipment and intangible assets	767	1,001
Free cash flow	66	45

Net debt (million €)

	March 31, 2017	Dec. 31, 2016
Noncurrent financial indebtedness	14,309	12,545
+ Current financial indebtedness	2,501	3,767
Financial indebtedness	16,810	16,312
– Marketable securities	34	536
– Cash and cash equivalents	1,843	1,375
Net debt⁴	14,933	14,401

¹ The calculation of income from operations (EBIT) is shown in the Statement of Income on page 14.

² For more information on this figure, see the BASF Report 2016, page 28.

³ For more information on this figure, see the BASF Report 2016, page 53.

⁴ For more information on this figure, see the BASF Report 2016, page 56.

Annual Shareholders' Meeting 2017

May 12, 2017

Half-Year Financial Report 2017

July 27, 2017

Quarterly Statement 3rd Quarter 2017

October 24, 2017

Full-Year Results 2017

February 27, 2018

Quarterly Statement 1st Quarter 2018 / Annual Shareholders' Meeting 2018

May 4, 2018

Forward-Looking Statements and Forecasts

This quarterly statement contains forward-looking statements. These forward-looking statements are based on current estimates and projections of the Board of Executive Directors and on currently available information. These forward-lookings statements are not guarantees of the future developments and results outlined therein. Rather, they depend on a number of factors, involve various risks and uncertainties, and are based on assumptions that may not prove to be accurate. Such risk factors particularly include those discussed on pages 111 to 118 of the BASF Report 2016. 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.

Further information

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Contact

General inquiries

Headquarters, phone: +49 621 60-0

Media Relations

Juliana Ernst, phone: +49 621 60-99123

Investor Relations

Dr. Stefanie Wettberg, phone: +49 621 60-48002

Internet

www.basf.com

BASF SE, 67056 Ludwigshafen, Germany