

News Release

P241/24e
July 26, 2024

BASF Group in second quarter 2024:

EBITDA before special items at level of prior-year quarter; outlook 2024 unchanged

- **Stronger earnings contribution from chemical businesses; considerable decline in earnings in Agricultural Solutions in difficult market environment**
- **Volumes increased 2.4 percent, excluding precious and base metals; prices remain under pressure**
- **Cost savings programs on track**

“Overall, the development of EBITDA before special items in the second quarter of 2024 was in line with our expectations and the analyst consensus. We saw a continuation of the dynamics of the first quarter, marked by positive volume momentum across most of our businesses. There was still pressure on prices,” said Dr. Markus Kamieth, Chairman of the Board of Executive Directors of BASF SE, when presenting the figures for the second quarter of 2024 together with Chief Financial Officer Dr. Dirk Elvermann.

Sales of the BASF Group amounted to €16.1 billion, €1.2 billion below the figure of the prior-year period (€17.3 billion). Lower prices in all segments, but particularly in Surface Technologies, were the main driver of this development. Negative currency effects and minor portfolio effects contributed to the decline in sales. Slightly higher volumes had a positive impact on sales. Volume growth in the Industrial Solutions, Chemicals, Nutrition & Care and Materials segments more than compensated for the lower volumes in the Surface Technologies and Agricultural Solutions segments.

At €2.0 billion, income from operations before depreciation, amortization and special items (EBITDA before special items) was at the level of the second quarter of 2023. This was primarily attributable to the considerable increase in earnings in the Industrial Solutions, Chemicals and Nutrition & Care segments, mainly the result of a higher contribution margin. This contrasted with a considerable decline in earnings in the Agricultural Solutions segment, mainly due to a decrease in volumes and lower prices for glufosinate-ammonium. EBITDA before special items decreased slightly in the Materials and Surface Technologies segments. EBITDA before special items attributable to Other improved considerably, mainly as a result of the release of bonus provisions. The EBITDA margin before special items was 12.1 percent, compared with 11.2 percent in the prior-year quarter.

EBITDA amounted to €1.6 billion following €1.9 billion in the prior-year period. EBITDA included special items in the amount of minus €394 million. Special charges resulted mainly from expenses for the out-of-court settlement, which does not constitute any admission of liability, in connection with the Aqueous Film Forming Foam (AFFF) multidistrict litigation in the United States as well as from restructuring measures. At €516 million, EBIT was €458 million below the figure of the prior-year quarter.

Earnings per share amounted to €0.48 in the second quarter of 2024 (prior-year quarter: €0.56). Earnings per share adjusted for special items and amortization of intangible assets amounted to €0.93 (prior-year quarter: €0.72).

Development of cash flows in the second quarter and first half of 2024

Cash flows from operating activities amounted to €2.0 billion in the second quarter, €228 million below the figure of the prior-year quarter. Free cash flow, which remains after deducting payments made for intangible assets and property, plant and equipment from cash flows from operating activities, was €471 million in the second quarter of 2024 following €905 million in the prior-year period. The €207 million increase in payments made for intangible assets and property, plant and equipment related mainly to investments in the new Verbund site in China.

In the first half of 2024, cash flows from operating activities amounted to €1.4 billion, €275 million above the prior-year period. Free cash flow was minus €986 million, compared with minus €977 million in the first half of 2023. Here it should be noted

that the development of BASF's free cash flow has a strong seasonality due to the Agricultural Solutions segment.

Status of the cost savings programs announced in 2023 and 2024

Chief Financial Officer Dr. Dirk Elvermann provided an update on the cost savings programs currently being implemented. "We are on track to achieve the targeted €2.1 billion annual cost savings by the end of 2026," Elvermann said.

BASF is implementing the measures announced in February 2023. By the end of this year, the company expects an annual cost reduction of around €800 million with associated one-time costs of around €550 million.

BASF is also making good progress with the program focused on the Ludwigshafen site that was announced in February 2024. On top of the programs started in 2023, the additional measures in Ludwigshafen will deliver annual cost savings of around €1 billion by the end of 2026. The related one-time costs are expected to be around €1 billion.

Development of BASF's segments in the second quarter of 2024

Sales in the **Chemicals** segment rose by 6.0 percent compared with the prior-year quarter to reach €2.8 billion. Compared with the prior-year period, the segment's EBITDA before special items increased considerably to €444 million. The Petrochemicals division increased earnings, mostly driven by higher volumes. Higher fixed costs relating to the construction of the Verbund site in Zhanjiang, China, dampened earnings growth in the division. In the Intermediates division, EBITDA before special items declined considerably, especially as the result of a price-related lower contribution margin. Slightly reduced fixed costs had an offsetting effect.

Compared with the second quarter of 2023, sales in the **Materials** segment decreased by 5.3 percent to €3.4 billion. The segment's EBITDA before special items of €448 million was slightly below the figure of the prior-year quarter. This was mainly driven by the considerably lower earnings in the Monomers division, which resulted from positive one-off effects in the prior-year period. The Performance Materials division increased EBITDA before special items considerably, primarily due to higher volumes.

The **Industrial Solutions** segment increased sales by 4.8 percent compared with the prior-year quarter to €2.1 billion. The segment's EBITDA before special items grew considerably to €320 million, primarily due to increased volumes and lower fixed costs in both operating divisions. The EBITDA margin before special items increased to 14.9 percent due to the segment's earnings performance, following 10.1 percent in the prior-year period.

Compared with the prior-year period, both divisions in the **Surface Technologies** segment recorded a decline in sales in the second quarter of 2024. Sales fell by 23.4 percent to €3.2 billion. The segment's EBITDA before special items declined slightly to €366 million. This was due to the considerably lower precious metal prices in the Catalysts division. This decline could not be offset by the higher EBITDA before special items in the battery materials business. The Coatings division slightly increased EBITDA before special items. In this division, a higher contribution margin was able to offset the inflation-driven increase in fixed costs. The segment's EBITDA margin before special items was 11.3 percent, following 8.8 percent in the prior-year quarter.

Sales of €1.7 billion in the **Nutrition & Care** segment were 2.7 percent below the figure of the second quarter of 2023. Compared with the prior-year period, both operating divisions increased EBITDA before special items to a total of €183 million, particularly as a result of higher volumes combined with reduced raw materials costs. Fixed costs in the Nutrition & Health division rose slightly, especially due to scheduled turnarounds. In line with the earnings performance, the segment's EBITDA margin before special items increased to 11.0 percent, as compared to 8.2 percent in the prior-year quarter.

In the **Agricultural Solutions** segment, sales of €1.9 billion in the second quarter of 2024 decreased by 13.2 percent compared with the prior-year quarter, mainly due to lower sales in North America. The decline in volumes and considerably lower prices for glufosinate-ammonium due to difficult market conditions were the main drivers of the considerably lower EBITDA before special items, which came in at €135 million, and the lower EBITDA margin before special items compared with the second quarter of 2023.

Sales of **Other** increased by 8.9 percent to €870 million in the second quarter of 2024, mainly as a result of sales growth in commodity trading. Compared with the prior-year period, EBITDA before special items improved considerably and

amounted to €62 million. This resulted in particular from the release of bonus provisions.

BASF Group outlook for 2024

The assumptions regarding the global economic environment in 2024 from the BASF Report 2023 remain unchanged:

- Growth in gross domestic product: +2.3%
- Growth in industrial production: +2.2%
- Growth in chemical production: +2.7%
- Average euro/dollar exchange rate of \$1.10 per euro
- Average annual oil price (Brent crude) of \$80 per barrel

The BASF Group's forecast for the 2024 business year published in the BASF Report 2023 also remains unchanged:

- EBITDA before special items of between €8.0 billion and €8.6 billion
- Free cash flow of between €0.1 billion and €0.6 billion
- CO₂ emissions of between 16.7 million metric tons and 17.7 million metric tons

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. Around 112,000 employees in the BASF Group contribute to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio comprises six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF generated sales of €68.9 billion in 2023. BASF shares are traded on the stock exchange in Frankfurt (BAS) and as American Depositary Receipts (BASFY) in the United States. Further information at www.basf.com.

On July 26, 2024, you can obtain further information from the internet at the following addresses:

Half-Year Financial Report (from 7.00 a.m. CEST)basf.com/halfyearfinancialreport

(English)

basf.com/halbjahresfinanzbericht

(German)

News Release (from 7.00 a.m. CEST)basf.com/pressrelease

(English)

basf.com/pressemitteilungen

(German)

Live Transmission – Telephone Conference for analysts and investors (from 8.30 a.m. CEST)basf.com/share/conferencecall

(English)

basf.com/aktie/telefonkonferenz

(German)

Live Transmission – Telephone Conference for journalists (from 10.00 a.m. CEST)basf.com/pcon

(English)

basf.com/pressekonferenz

(German)

Speech (from 10.00 a.m. CEST)basf.com/pcon

(English)

basf.com/pressekonferenz

(German)

Photosbasf.com/pressphotos

(English)

basf.com/pressefotos

(German)

Current TV footagetvservice.basf.com/en

(English)

tvservice.basf.com

(German)

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.