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Quarterly Statement Q3 2020



BASF Group Q3 2020: Quarter-on-quarter growth in EBIT before special items, mainly driven by good business development in September

- Sales of €13.8 billion (plus 9% compared with the second quarter of 2020)
- EBIT before special items of €581 million, up €355 million from the second quarter of 2020
- EBIT of minus €2.6 billion, mainly due to non-cash-effective impairments
- Strong free cash flow of €1.4 billion

Outlook 2020: Sales of between €57 billion and €58 billion; EBIT before special items of between €3.0 billion and €3.3 billion

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On the cover:

BASF is the world's leading supplier of functional vinyl monomers. These high-quality chemical intermediates are commonly used in the production of products such as coatings, adhesives, high-performance lubricants, flavorings and printing inks. BASF's latest development in this area is vinyl methyl oxazolidinone (VMOX). VMOX is particularly suitable as a reactive diluent in UV-curing inks and coatings. Compared with conventional materials, VMOX offers easy handling, excellent application properties and a favorable toxicological profile in digital UV printing and 3D printing technology.

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Key Figures

BASF Group Q3 2020

		Q3			January–September		
		2020	2019	+/-	2020	2019	+/-
Sales ^a	Million €	13,811	14,556	(5%)	43,244	44,630	(3%)
Income from operations before depreciation, amortization and special items ^{a, c}	Million €	1,542	1,980	(22%)	5,350	6,507	(18%)
Income from operations before depreciation and amortization (EBITDA) ^{a, c}	Million €	1,044	2,259	(54%)	4,542	6,575	(31%)
EBITDA margin	%	7.6	15.5	–	10.5	14.7	–
Depreciation and amortization ^d	Million €	3,682	923	299%	5,665	2,953	92%
Income from operations (EBIT) ^{a, c}	Million €	(2,638)	1,336	.	(1,123)	3,622	.
Special items	Million €	(3,219)	280	.	(3,570)	(179)	.
EBIT before special items ^{a, c}	Million €	581	1,056	(45%)	2,447	3,801	(36%)
Income before income taxes ^a	Million €	(2,786)	1,177	.	(2,509)	3,026	.
Income after taxes from continuing operations	Million €	(2,177)	917	.	(2,184)	2,323	.
Income after taxes from discontinued operations ^b	Million €	13	18	(28%)	49	5,981	(99%)
Net income ^b	Million €	(2,122)	911	.	(2,115)	8,271	.
Earnings per share ^{a, b}	€	(2.31)	1.00	.	(2.30)	9.01	.
Adjusted earnings per share ^{a, b}	€	0.60	0.89	(33%)	2.11	3.36	(37%)
Research and development expenses	Million €	518	532	(3%)	1,492	1,553	(4%)
Personnel expenses	Million €	2,590	2,584	0%	8,095	8,352	(3%)
Number of employees (September 30)		117,922	118,648	(1%)	117,922	118,648	(1%)
Assets (September 30)	Million €	86,973	89,229	(3%)	86,973	89,229	(3%)
Investments including acquisitions ^e	Million €	811	1,018	(20%)	3,601	2,793	29%
Equity ratio (September 30)	%	39.8	45.8	–	39.8	45.8	–
Net debt (September 30)	Million €	15,702	17,804	(12%)	15,702	17,804	(12%)
Cash flows from operating activities	Million €	2,100	1,998	5%	3,312	4,317	(23%)
Free cash flow	Million €	1,364	1,072	27%	1,281	1,669	(23%)

^a The statement of income for 2019 was adjusted retroactively on presentation of the construction chemicals activities as a discontinued operation from December 21, 2019, onward. For more information, see page 204 onward of the BASF Report 2019, Note 1.4.

^b In the second half of 2019, the gain on the disposal of the oil and gas business was adjusted retroactively as of May 1, 2019.

^c The 2019 figures have been restated to reflect the reclassification of income from non-integral companies accounted for using the equity method to net income from shareholdings. For more information, see Note 1 on page 31 of the Half-Year Financial Report.

^d Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

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

Business Review

BASF Group

Significant Events

On September 22, 2020, BASF announced that the Global Business Services unit is being further developed. The division was established as of January 1, 2020, as part of the implementation of BASF's corporate strategy. As of that date, around 8,400 employees worldwide transferred to Global Business Services. They provide services for BASF ranging from financial and logistics processes to services in the areas of communications, human resources, environment, health and safety. Following the bundling of services and resources and the implementation of a wide-ranging digitalization strategy, the number of employees in Global Business Services worldwide will decline by up to 2,000 by the end of 2022. From 2023 onward, the division expects to achieve annual cost savings of over €200 million. Details of the planned realignment will be worked out in the coming months.

[For more information on the organizational realignment as of January 1, 2020, see page 20 of the BASF Report 2019](#)

On September 30, 2020, BASF closed the divestiture of its construction chemicals business to an affiliate of Lone Star, a global private equity firm, as announced in December 2019. The purchase price on a cash and debt-free basis is €3.17 billion. The construction chemicals business now forms the MBCC Group, headquartered in Mannheim, Germany. With around 7,500 employees, the construction chemicals business operates production sites and sales offices in more than 60 countries and generated sales of around €2.6 billion in 2019.

The sale of the assets and liabilities of the construction chemicals business and the related disposal gain will be reflected in BASF's reporting on the fourth quarter of 2020. Payments received until

September 30 in connection with the transaction are included in the statement of cash flows for the third quarter of 2020.

On October 9, 2020, BASF provided advance notice that EBIT before special items amounted to €581 million in the third quarter of 2020, above analyst consensus but below the figure for the prior-year quarter (€1,056 million). The BASF Group's EBIT amounted to minus €2,638 million due to non-cash-effective impairments and provisions for restructuring, below analyst consensus and the figure for the prior-year quarter (€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. Net income amounted to minus €2,122 million due to the impairments, below analyst estimates and lower than the figure for the prior-year quarter (€911 million). BASF also published an outlook for the 2020 business year.

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

At the request of BASF SE, the Ludwigshafen local court (*Amtsgericht*) appointed Mr. Liming Chen (60), Chairman of IBM Greater China Group, to the Supervisory Board of BASF SE by way of a resolution dated October 8, 2020. The appointment became necessary after Dr. Alexander C. Karp, CEO Palantir Technologies Inc., resigned from the Supervisory Board at the end of July 2020 for professional reasons. The Supervisory Board intends to propose Liming Chen, the Supervisory Board member now appointed by the court, to the next Annual Shareholders' Meeting of BASF SE on April 29, 2021, for election for the Supervisory Board's remaining term of office, which ends on conclusion of the Annual Shareholders' Meeting in 2024.

Results of Operations

Sales declined slightly by €745 million to €13,811 million compared with the third quarter of 2019. This was mainly driven by negative currency effects in all segments, but especially in the Agricultural Solutions and Surface Technologies segments. Lower volumes, particularly in the Chemicals segment due to the unplanned outage at the steam cracker in Port Arthur, Texas, also contributed to the sales decrease. Higher price levels overall, primarily due to higher precious metal prices in the Surface Technologies segment, had an offsetting effect. Portfolio effects, especially in the Materials segment from the acquisition of Solvay's integrated polyamide business, likewise had a positive impact on sales.

Compared with the second quarter of 2020, sales increased by €1,131 million.

Factors influencing BASF Group sales in Q3 2020

Factor	Change (%)
Volumes	(2%)
Prices	2%
Portfolio	1%
Currencies	(6%)
Sales	(5%)

Income from operations (EBIT) before special items¹ declined considerably year on year, by €475 million to €581 million. This was mainly attributable to a considerably lower contribution from the Chemicals segment. EBIT before special items also declined considerably in the Nutrition & Care segment, Other, and in the Materials and Agricultural Solutions segments. The Industrial Solutions and Surface Technologies segments posted slight decreases.

By contrast, EBIT before special items rose considerably by €355 million compared with the previous quarter.

Special items in EBIT totaled minus €3,219 million in the third quarter of 2020. These primarily related to impairments in all segments due to the economic effects of the coronavirus pandemic and to restructuring measures. In addition, provisions of €313 million were recognized for the realignment of the Global Business Services unit. Special items of €280 million arose in the prior-year period, mainly as a result of income from the sale of BASF's share of the Klybeck site in Basel, Switzerland.

EBIT² amounted to minus €2,638 million, considerably below the prior-year quarter (€1,336 million). This figure includes income from integral companies accounted for using the equity method, which declined from €73 million to €56 million.

Compared with the third quarter of 2019, **income from operations before depreciation, amortization and special items (EBITDA before special items)³** decreased by €438 million to €1,542 million. **EBITDA³** declined by €1,215 million to €1,044 million.

At minus €47 million, **net income from shareholdings** was down €49 million from the prior-year quarter. This is primarily attributable to the lower earnings contribution from the non-integral equity-accounted shareholding in Solenis (minus €18 million; Q3 2019: €18 million), as well as to impairments on several shareholdings. The earnings contributed by Wintershall Dea, Kassel/Hamburg, Germany, improved by €6 million to minus €3 million.

Q3 EBITDA before special items

Million €	2020	2019
EBIT	(2,638)	1,336
– Special items	(3,219)	280
EBIT before special items	581	1,056
+ Depreciation and amortization ^a	948	925
+ Impairments and reversals of impairments on property, plant and equipment and intangible assets before special items ^a	13	(1)
Depreciation, amortization, impairments and reversals of impairments on property, plant and equipment and intangible assets before special items	961	924
EBITDA before special items	1,542	1,980

^a Excluding depreciation, amortization, impairments and reversals of impairments attributable to the discontinued construction chemicals business in 2019

Q3 EBITDA

Million €	2020	2019
EBIT	(2,638)	1,336
+ Depreciation and amortization ^a	948	925
+ Impairments and reversals of impairments on property, plant and equipment and intangible assets ^a	2,734	(2)
Depreciation, amortization, impairments and reversals of impairments on property, plant and equipment and intangible assets	3,682	923
EBITDA	1,044	2,259

^a Excluding depreciation, amortization, impairments and reversals of impairments attributable to the discontinued construction chemicals business in 2019

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

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

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

Q3 adjusted earnings per share

Million €

	2020	2019
Income after taxes	(2,164)	935
– Special items ^a	(3,240)	280
+ Amortization, impairments and reversals of impairments on intangible assets	979	154
– Amortization, impairments and reversals of impairments on intangible assets contained in special items	815	–
– Adjustments to income taxes	684	12
– Adjustments to income after taxes from discontinued operations	(9)	(58)
Adjusted income after taxes	565	855
– Adjusted noncontrolling interests	17	24
Adjusted net income	548	831
Weighted average number of outstanding shares	in thousands 918,479	918,479
Adjusted earnings per share	€ 0.60	0.89

a Includes special items of €21 million in net income from shareholdings.

The **financial result** amounted to minus €101 million, compared with minus €161 million in the prior-year quarter. This development was largely attributable to the €44 million improvement in the interest result, mainly due to lower interest expenses for financial indebtedness.

Income before income taxes decreased from €1,177 million in the previous year to minus €2,786 million.

Income after taxes from continuing operations declined from €917 million to minus €2,177 million.

Income after taxes from discontinued operations, which comprised the construction chemicals business that was divested on September 30, 2020, amounted to €13 million in the third quarter of 2020, compared with €18 million in the prior-year period.

Noncontrolling interests amounted to €42 million, compared with minus €24 million in the third quarter of 2019. The change was due in particular to negative earnings contributions from BASF Petronas Chemicals Sdn. Bhd., Kuala Lumpur, Malaysia, due to impairments, and from BASF TOTAL Petrochemicals LLC, Port Arthur, Texas, owing to the unplanned outage at the steam cracker.

Net income decreased to minus €2,122 million, compared with €911 million in the prior-year quarter.

Earnings per share amounted to minus €2.31 in the third quarter of 2020 (Q3 2019: €1.00). **Earnings per share adjusted¹** for special items and amortization of intangible assets amounted to €0.60 (Q3 2019: €0.89).

Net Assets

Total assets amounted to €86,973 million, on a level with December 31, 2019.

Noncurrent assets declined by €4,030 million. Property, plant and equipment decreased by €2,296 million to €19,496 million and intangible assets declined by €917 million to €13,608 million, primarily due to impairments and currency effects. In addition, we recorded a €1,216 million decrease in non-integral investments accounted for using the equity method, mainly from the impairment of the shareholding in Wintershall Dea in the second quarter of 2020. This was partially offset by the €641 million increase in deferred tax assets, largely as a result of higher pension provisions.

Current assets rose by €4,053 million to €35,043 million. This was mainly attributable to the €3,087 million increase in cash and cash equivalents, which includes purchase price payments of €2.7 billion from the sale of the construction chemicals business. Other receivables and miscellaneous assets also contributed to the increase, driven in particular by higher tax receivables and higher precious metal trading positions. The decline in inventories had an offsetting effect.

Financial Position

Equity declined from €42,350 million as of December 31, 2019, to €34,632 million. As well as the dividend payments made in the second quarter of 2020, this was mainly due to lower net income. The equity ratio decreased from 48.7% to 39.8%.

Noncurrent liabilities rose by €3,215 million to €31,211 million. This was primarily attributable to provisions for pensions and similar obligations, which increased by €1,320 million as a result of lower discount rates in all relevant currency zones. In addition, noncurrent financial indebtedness rose by €1,493 million, mainly due to the

¹ For an explanation of this indicator, see page 50 of the BASF Report 2019, Results of Operations.

issue of two eurobonds in the amount of €1 billion each, as well as new bank loans taken out for a total of approximately €800 million in the second quarter of 2020.

Current liabilities rose by €4,526 million compared with December 31, 2019, to €21,130 million as of the end of the third quarter of 2020. The main contributing factor here was the €2,468 million increase in other liabilities. This primarily reflected the purchase price payments already received from the sale of the construction chemicals business, since the divestiture of the business and the resulting derecognition of the disposal group will only be accounted for in the fourth quarter. In addition, current financial indebtedness rose by €1,692 million, largely due to the increase in commercial paper compared with the 2019 year-end. The increase in provisions is mainly attributable to higher provisions for discounts and additions to provisions in connection with the planned realignment of the Global Business Services unit. Lower trade accounts payable had an offsetting effect.

Net debt¹ rose by €196 million compared with December 31, 2019, to €15,702 million. The €3,185 million rise in financial indebtedness was almost completely offset by the €3,078 million increase in cash and cash equivalents.

Net debt

Million €	Sep. 30, 2020	Dec. 31, 2019
Noncurrent financial indebtedness	16,508	15,015
+ Current financial indebtedness	5,054	3,362
Financial indebtedness	21,562	18,377
– Marketable securities	346	444
– Cash and cash equivalents	5,514	2,427
Net debt	15,702	15,506

Cash flows from operating activities amounted to €2,100 million in the third quarter of 2020, €102 million above the figure for the prior-year quarter despite the €3,033 million decline in net income. The decrease in net income was largely attributable to the non-cash-effective impairments recognized under depreciation and amortization of property, plant and equipment and intangible assets. Overall, depreciation and amortization of property, plant and equipment and intangible assets was €2,719 million higher than in the prior-year quarter.

The change in net working capital amounted to €767 million and thus led to a slightly higher cash inflow than in the prior-year quarter (€727 million). Miscellaneous items also contributed to the increase in operating cash flows. In the third quarter of 2019, these mainly related to the reclassification of the disposal gain on BASF's share of the Klybeck site in Basel, Switzerland, to cash flows from investing activities.

Cash flows from investing activities amounted to €1,851 million, €2,256 million above the figure for the prior-year quarter. This is primarily attributable to the cash inflow of €2,692 million for the sale of the construction chemicals business. In addition, payments made for property, plant and equipment and intangible assets amounted to €736 million, €190 million below the figure for the prior-year period. The main offsetting effects were the above-mentioned reclassification of the disposal gain on the Klybeck site in the previous year and stronger growth in other financing-related receivables.

At minus €3,889 million, **cash flows from financing activities** showed a much stronger cash outflow than in the prior-year quarter (minus €1,518 million). This was mainly due to the decrease in financial and similar liabilities.

Free cash flow² rose from €1,072 million in the prior-year quarter to €1,364 million as a result of higher cash flows from operating activities in conjunction with lower payments made for property, plant and equipment and intangible assets.

Q3 free cash flow

Million €	2020	2019
Cash flows from operating activities	2,100	1,998
– Payments made for property, plant and equipment and intangible assets	736	926
Free cash flow	1,364	1,072

BASF enjoys good **credit ratings**, especially compared with competitors in the chemical industry. On September 18, 2020, Standard & Poor's confirmed its long and short-term ratings for BASF ("A/A-1") and revised its outlook to "negative." The outlook was adjusted due in particular to the deteriorated market conditions caused by the pandemic. Moody's has rated BASF "A3/P-2/outlook stable" since June 25, 2020. The ratings agency Fitch was also asked to provide a rating as of September 1, 2020. Fitch rated BASF "A/F1/outlook stable."

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

² For an explanation of this indicator, see page 57 of the BASF Report 2019, Financial Position.

Outlook

In the third quarter of 2020, the global industrial economy recovered from the sharp downturn in the previous quarter. However, global production levels were still around 3% lower than in the prior-year quarter. Regional recovery rates were mixed. North America and Europe saw a strong quarter-on-quarter recovery, while Japan's recovery was more moderate. In China, the pace of growth slowed slightly after strong gains in the second quarter of 2020, but remained at a high level overall.

The automotive industry, which was particularly strongly affected by the production closures in the second quarter of 2020, was still down around 2% from the prior-year period in the third quarter of 2020. In China, production was already well above the level of the third quarter of 2019, while volumes were on a level with the prior-year quarter in North America and still slightly lower year on year in western Europe. By contrast, the gap to the prior-year period was much larger in Japan, India and South America.

Demand for durable consumer goods picked up. Demand for consumables such as food and care products, some of which saw stronger demand as a result of the pandemic, gradually returned to normal. Following the dynamic recovery effects in the third quarter, momentum is expected to slow in the remaining months of the year.

Our assessment of the **global economic environment** in 2020 is therefore as follows (figures rounded to the nearest half a percentage point):

- 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

Our forecast assumes that severe restrictions on economic activity to contain the coronavirus pandemic, such as lockdowns, are not reintroduced.

Some of the risks relating to short-term demand and margin development presented in the BASF Report 2019 have materialized as a result of the coronavirus pandemic; the same applies to the impairment risks discussed in the Half-Year Financial Report 2020. This development was a major contributing factor to the year-on-year decline in earnings.

The fourth quarter continues to present risks given the uncertainty surrounding the further recovery of the markets, the future course of the coronavirus pandemic and any renewed restrictions on economic activity to contain the pandemic.

This particularly affects the development of demand and margins in our key customer industries, the impact of which can vary from region to region.

Above and beyond this, we do not see any material new or increased risks as a result of the crisis, such as supply chain disruption risks or the risk of default on receivables.

According to our assessment, there continue to be no individual risks that pose a threat to the continued existence of the BASF Group. The same applies to the sum of individual risks.

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.

For the full year 2020, the BASF Group expects a slight decline in sales compared with the previous year, mainly due to weaker demand as a consequence of the coronavirus pandemic. We anticipate a considerable decline in EBIT before special items for 2020. 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.

For the 2020 business year, we are therefore forecasting the following **sales and earnings** figures for the BASF Group:

- Sales of €57 billion to €58 billion
- EBIT before special items of between €3.0 billion and €3.3 billion
- Return on capital employed (ROCE) of between 0.0% and 1.0%

Chemicals

Q3 2020

In the Chemicals segment, **sales**¹ in both divisions were down considerably compared with the prior-year quarter.

Factors influencing sales in Q3 2020 – Chemicals

	Chemicals	Petrochemicals	Intermediates
Volumes	(11%)	(15%)	(1%)
Prices	(13%)	(15%)	(7%)
Portfolio	0%	0%	0%
Currencies	(3%)	(2%)	(4%)
Sales	(27%)	(32%)	(12%)

The sales decrease was driven by lower prices and volumes. Prices declined in the Petrochemicals division, in particular for steam cracker products, styrene monomers and ethylene glycols, due to higher product availability on the market and lower raw materials prices. Price levels also decreased significantly in the Intermediates division as a result of higher product availability on the market.

The decline in sales volumes was mainly attributable to the unplanned outage at the steam cracker in Port Arthur, Texas. This significantly reduced sales volumes of steam cracker products in the Petrochemicals division. The Intermediates division recorded slightly lower sales volumes overall, primarily owing to the decrease in the acids and polyalcohols business. This was mainly due to the effects of the coronavirus pandemic.

Sales were also reduced by slightly negative currency effects.

Segment data – Chemicals

Million €

	Q3			January–September		
	2020	2019	+/-	2020	2019	+/-
Sales to third parties	1,783	2,429	(27%)	5,924	7,157	(17%)
of which Petrochemicals	1,169	1,731	(32%)	3,981	4,997	(20%)
Intermediates	614	698	(12%)	1,943	2,160	(10%)
Income from operations before depreciation, amortization and special items	258	447	(42%)	865	1,238	(30%)
Income from operations before depreciation and amortization (EBITDA)	249	444	(44%)	845	1,215	(30%)
Depreciation and amortization ^a	753	196	284%	1,197	702	71%
Income from operations (EBIT)	(504)	248	.	(352)	513	.
Special items	(550)	(3)	.	(570)	(163)	.
EBIT before special items	46	251	(82%)	218	676	(68%)
Assets (September 30)	7,860	9,157	(14%)	7,860	9,157	(14%)
Investments including acquisitions ^b	169	269	(37%)	682	841	(19%)
Research and development expenses	23	27	(15%)	72	80	(10%)

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

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

Income from operations (EBIT) before special items was down considerably from the third quarter of 2019 in both divisions, but especially in the Petrochemicals division. The decrease was mainly due to lower margins as a result of higher product availability on the market and lower sales volumes in both divisions. This could only be partly offset by lower fixed costs in the Intermediates division.

EBIT for the third quarter of 2020 included special impairment charges due to a prolonged oversupply of basic chemicals and the resulting decrease in prices and margins.

Compared with the second quarter of 2020, sales in the Chemicals segment were at the level of the previous quarter. Both divisions recorded a considerable quarter-on-quarter improvement in EBIT before special items.

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

Materials

Q3 2020

In the Materials segment, sales in both divisions declined considerably compared with the third quarter of 2019.

Factors influencing sales in Q3 2020 – Materials

	Materials	Performance Materials	Monomers
Volumes	(4%)	(3%)	(6%)
Prices	(7%)	(6%)	(9%)
Portfolio	7%	6%	9%
Currencies	(4%)	(3%)	(4%)
Sales	(8%)	(6%)	(10%)

Sales development was mainly driven by lower prices due to lower raw materials prices. In the Monomers division, prices decreased for polyamides and isocyanates in particular. In the Performance Materials division, the decline in price levels was primarily due to lower prices for Ultramid and polyurethane systems in Europe and Asia.

Sales were also reduced by slightly lower volumes as a result of weaker demand from key industries due to the effects of the coronavirus pandemic. In the Monomers division, weak demand from the automotive and textile industries led to lower polyamide and toluene diisocyanate (TDI) volumes. Higher methylene diphenyl diisocyanate (MDI) volumes, mainly in Asia, had an offsetting effect. The Performance Materials division saw lower demand, especially from the transportation and consumer industries.

Slightly negative currency effects also contributed to the sales decrease.

Segment data – Materials

Million €

	Q3			January–September		
	2020	2019	+/-	2020	2019	+/-
Sales to third parties	2,657	2,894	(8%)	7,674	8,786	(13%)
of which Performance Materials	1,410	1,506	(6%)	4,012	4,615	(13%)
Monomers	1,247	1,388	(10%)	3,662	4,171	(12%)
Income from operations before depreciation, amortization and special items	439	452	(3%)	1,001	1,451	(31%)
Income from operations before depreciation and amortization (EBITDA)	430	449	(4%)	889	1,435	(38%)
Depreciation and amortization ^a	976	187	422%	1,418	533	166%
Income from operations (EBIT)	(546)	262	.	(529)	902	.
Special items	(763)	(4)	.	(875)	(21)	.
EBIT before special items	217	266	(18%)	346	923	(63%)
Assets (September 30)	9,007	9,197	(2%)	9,007	9,197	(2%)
Investments including acquisitions ^b	135	182	(26%)	1,641	503	226%
Research and development expenses	47	47	–	133	142	(6%)

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

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

Portfolio effects from the acquisition of Solvay's integrated polyamide business had a considerable, positive impact on sales in both divisions.

Income from operations (EBIT) before special items was considerably below the level of the prior-year quarter. This was driven by the significant decrease in EBIT before special items in the Monomers division, primarily due to lower polyamide margins as a result of declines in volumes and prices. Higher isocyanate margins as a consequence of lower raw materials prices and growth in MDI volumes only partly offset this. The Performance Materials division slightly increased EBIT before special items. This was mainly

attributable to a positive contribution from the polyamide business acquired from Solvay.

EBIT for the third quarter of 2020 included special impairment charges due to a continued oversupply of isocyanates in particular and the resulting decrease in prices and margins.

The Materials segment considerably increased sales and EBIT before special items in both divisions compared with the previous quarter.

Industrial Solutions

Q3 2020

In the Industrial Solutions segment, **sales** in both divisions declined considerably compared with the prior-year quarter.

Factors influencing sales in Q3 2020 – Industrial Solutions

	Industrial Solutions	Dispersions & Pigments	Performance Chemicals
Volumes	(5%)	(1%)	(10%)
Prices	(5%)	(6%)	(4%)
Portfolio	0%	0%	(1%)
Currencies	(3%)	(3%)	(4%)
Sales	(13%)	(10%)	(19%)

The sales development was due to lower prices, mainly as a result of the decline in raw materials prices. Slightly lower volumes, particularly in the Performance Chemicals division, also contributed to the sales decrease. Volumes declined significantly here, especially in the fuel and lubricant solutions and oilfield chemicals businesses. In the Dispersions & Pigments division, higher volumes of semiconductor chemicals in the electronic materials business only partly offset lower volumes in the other business areas.

Sales were also reduced by slightly negative currency effects, mainly relating to the U.S. dollar.

Segment data – Industrial Solutions

Million €

	Q3			January–September		
	2020	2019	+/-	2020	2019	+/-
Sales to third parties	1,844	2,130	(13%)	5,761	6,457	(11%)
of which Dispersions & Pigments	1,200	1,335	(10%)	3,674	3,991	(8%)
Performance Chemicals	644	795	(19%)	2,087	2,466	(15%)
Income from operations before depreciation, amortization and special items	274	316	(13%)	897	1,036	(13%)
Income from operations before depreciation and amortization (EBITDA)	264	317	(17%)	824	1,170	(30%)
Depreciation and amortization ^a	186	110	69%	373	328	14%
Income from operations (EBIT)	78	207	(62%)	451	842	(46%)
Special items	(108)	2	.	(171)	130	.
EBIT before special items	186	205	(9%)	622	712	(13%)
Assets (September 30)	6,556	7,178	(9%)	6,556	7,178	(9%)
Investments including acquisitions ^b	81	109	(26%)	216	291	(26%)
Research and development expenses	45	49	(8%)	133	145	(8%)

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

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

Income from operations (EBIT) before special items was slightly below the level of the prior-year quarter. This was mainly due to the considerable decrease in EBIT before special items in the Performance Chemicals division, which in turn was largely attributable to the development of sales volumes. Lower fixed costs had an offsetting effect.

We slightly increased EBIT before special items in the Dispersions & Pigments division compared with the third quarter of 2019. Lower fixed costs more than offset the decline in margins due to lower sales.

EBIT for the third quarter of 2020 included special impairment charges, mainly as a result of the decline in production as well as the expected slow recovery in the automotive industry due to the effects of the coronavirus pandemic.

Compared with the previous quarter, sales were slightly higher in the Industrial Solutions segment as a result of sales growth in the Dispersions & Pigments division. EBIT before special items rose considerably quarter on quarter in the Performance Chemicals division and increased slightly in the Dispersions & Pigments division.

Surface Technologies

Q3 2020

Sales in the Surface Technologies segment rose considerably compared with the third quarter of 2019 due to higher sales in the Catalysts division. By contrast, sales declined considerably in the Coatings division.

Factors influencing sales in Q3 2020 – Surface Technologies

	Surface Technologies	Catalysts	Coatings
Volumes	3%	5%	(4%)
Prices	29%	40%	1%
Portfolio	0%	0%	0%
Currencies	(7%)	(7%)	(8%)
Sales	25%	38%	(11%)

Sales growth in the Catalysts division was primarily attributable to significantly higher precious metal prices. In precious metal trading, sales rose to €1,709 million (Q3 2019: €1,153 million). Prices rose slightly overall in the Coatings division, mainly in the decorative paints, surface treatments and automotive refinish coatings businesses.

Sales were also positively impacted by slight volumes growth overall. In the Catalysts division, higher sales volumes for mobile emissions catalysts, in precious metal trading and for battery materials more than offset lower volumes for refining catalysts and chemical catalysts. By contrast, volumes declined slightly in the Coatings division, with significant decreases in the surface treatments and automotive refinish coatings businesses. This could only be partly

Segment data – Surface Technologies

Million €

	Q3			January–September		
	2020	2019	+/-	2020	2019	+/-
Sales to third parties	4,142	3,325	25%	11,569	9,508	22%
of which Catalysts	3,310	2,394	38%	9,391	6,734	39%
Coatings	832	931	(11%)	2,178	2,774	(21%)
Income from operations before depreciation, amortization and special items	322	319	1%	626	814	(23%)
Income from operations before depreciation and amortization (EBITDA)	308	306	1%	598	793	(25%)
Depreciation and amortization ^a	1,111	114	.	1,360	332	310%
Income from operations (EBIT)	(803)	192	.	(762)	461	.
Special items	(1,003)	(14)	.	(1,031)	(25)	.
EBIT before special items	200	206	(3%)	269	486	(45%)
Assets (September 30)	11,305	11,772	(4%)	11,305	11,772	(4%)
Investments including acquisitions ^b	150	132	14%	370	360	3%
Research and development expenses	56	55	2%	159	157	1%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

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

compensated for by significantly higher sales volumes in the decorative paints business.

Significantly negative currency effects had an offsetting impact.

Income from operations (EBIT) before special items declined slightly compared with the prior-year quarter. This was attributable to a considerable decrease in the Coatings division due to the development of sales volumes. Lower fixed costs and lower raw materials prices were unable to offset this. The Catalysts division recorded a slight increase in EBIT before special items, mainly as a result of lower fixed costs.

EBIT for the third quarter of 2020 included special impairment charges resulting from the sharp decline in production due to the effects of the coronavirus pandemic as well as the expected slow recovery in the automotive and aviation industries.

Compared with the second quarter of 2020, sales and EBIT before special items were considerably higher in both divisions in the Surface Technologies segment.

Nutrition & Care

Q3 2020

Sales in the Nutrition & Care segment declined considerably compared with the third quarter of 2019, mainly due to the decrease in the Care Chemicals division. In the Nutrition & Health division, sales were down slightly from the prior-year quarter.

Factors influencing sales in Q3 2020 – Nutrition & Care

	Nutrition & Care	Care Chemicals	Nutrition & Health
Volumes	0%	(2%)	3%
Prices	(1%)	(1%)	0%
Portfolio	0%	0%	1%
Currencies	(5%)	(5%)	(6%)
Sales	(6%)	(8%)	(2%)

The sales development was primarily driven by negative currency effects, mainly relating to the U.S. dollar.

In addition, prices decreased as a result of slightly lower prices in the Care Chemicals division, especially in the home care, industrial and institutional cleaning and industrial formulators business. This was largely attributable to lower raw materials prices. Prices in the Nutrition & Health division were on a level with the prior-year quarter.

Overall, volumes matched the level of the prior-year quarter. In the Nutrition & Health division, sales volumes were slightly higher in the aroma ingredients, pharmaceutical and human nutrition businesses. This offset lower volumes in the Care Chemicals division, especially in the personal care solutions business and in the home care, industrial and institutional cleaning and industrial formulators business.

Segment data – Nutrition & Care

Million €

	Q3			January–September		
	2020	2019	+/-	2020	2019	+/-
Sales to third parties	1,427	1,519	(6%)	4,564	4,575	0%
of which Care Chemicals	938	1,022	(8%)	3,033	3,121	(3%)
Nutrition & Health	489	497	(2%)	1,531	1,454	5%
Income from operations before depreciation, amortization and special items	247	331	(25%)	966	976	(1%)
Income from operations before depreciation and amortization (EBITDA)	230	330	(30%)	941	956	(2%)
Depreciation and amortization ^a	144	106	36%	356	401	(11%)
Income from operations (EBIT)	86	224	(62%)	585	555	5%
Special items	(57)	(1)	.	(68)	(112)	39%
EBIT before special items	143	225	(36%)	653	667	(2%)
Assets (September 30)	6,423	6,570	(2%)	6,423	6,570	(2%)
Investments including acquisitions ^b	130	210	(38%)	336	419	(20%)
Research and development expenses	41	42	(2%)	115	115	–

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

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

Portfolio effects in the Nutrition & Health division, mainly from the acquisition of Isobionics, had a slightly positive impact on sales.

Income from operations (EBIT) before special items was considerably below the level of the prior-year quarter. The Nutrition & Health division recorded lower EBIT before special items, primarily as a result of higher fixed costs. In the prior-year quarter, fixed costs were reduced by an insurance payment. EBIT before special items also declined considerably in the Care Chemicals division. This was attributable to lower volumes and higher fixed costs. The figure for the prior-year quarter included a contractual one-off payment in the personal care solutions business.

EBIT for the third quarter of 2020 included special charges for impairments and provisions, primarily for the optimization of production structures in the Nutrition & Health division.

Compared with the second quarter of 2020, sales and EBIT before special items declined considerably in both divisions of the Nutrition & Care segment.

Agricultural Solutions

Q3 2020

Sales in the Agricultural Solutions segment were considerably below the third quarter of 2019. Strong volumes growth and slightly higher prices could not offset the significantly negative currency effects.

Factors influencing sales in Q3 2020 – Agricultural Solutions

Volumes	11%
Prices	2%
Portfolio	0%
Currencies	(19%)
Sales	(6%)

In **Europe**, sales were slightly above the prior-year quarter. Higher volumes and higher prices more than offset negative currency effects, especially in Turkey and eastern Europe.

Sales were considerably lower in **North America**. Significantly higher sales volumes, especially of fungicides, could not compensate for lower price levels, especially for herbicides in a continuing challenging market environment, and negative currency effects.

In **Asia**, sales rose slightly as a result of higher volumes, in particular in India and China. Negative currency effects had an offsetting impact. Prices were on a level with the prior-year quarter.

Sales declined considerably in the region **South America, Africa, Middle East**. This was driven by significantly negative currency effects, particularly in Brazil. Much higher sales volumes, especially in Brazil, and significantly higher price levels could not offset this effect.

Segment data – Agricultural Solutions

Million €

	Q3			January–September		
	2020	2019	+/-	2020	2019	+/-
Sales to third parties	1,474	1,561	(6%)	6,059	6,006	1%
Income from operations before depreciation, amortization and special items	201	250	(20%)	1,489	1,458	2%
Income from operations before depreciation and amortization (EBITDA)	151	220	(31%)	1,393	1,368	2%
Depreciation and amortization ^a	455	177	157%	815	524	56%
Income from operations (EBIT)	(304)	43	.	578	844	(32%)
Special items	(330)	(30)	.	(377)	(90)	.
EBIT before special items	26	73	(64%)	955	934	2%
Assets (September 30)	15,495	17,135	(10%)	15,495	17,135	(10%)
Investments including acquisitions ^b	108	179	(40%)	244	295	(17%)
Research and development expenses	207	215	(4%)	614	613	0%

^a Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

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

Income from operations (EBIT) before special items declined considerably, mainly due to currency effects.

EBIT for the third quarter of 2020 included a special impairment charge in connection with measures to streamline the glufosinate-ammonium production network.

Compared with the previous quarter, the Agricultural Solutions segment recorded a considerable decline in sales and EBIT before special items due to seasonal factors.

Other

Q3 2020

Sales in Other declined considerably compared with the prior-year quarter. This primarily reflected a decrease in commodity trading and in the remaining activities of the paper and water chemicals business, which have been reported under Other since the divestiture as of February 2019.

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

EBIT for the third quarter of 2020 included a special charge for provisions in connection with the realignment of the Global Business Services unit. The figure for the third quarter of 2019 included special income from the sale of BASF's share of the Klybeck site in Basel, Switzerland.

Compared with the second quarter of 2020, sales in Other were slightly lower and EBIT before special items declined considerably.

Financial data – Other

Million €

	Q3			January–September		
	2020	2019	+/-	2020	2019	+/-
Sales	484	698	(31%)	1,693	2,141	(21%)
Income from operations before depreciation, amortization and special items ^a	(199)	(135)	(47%)	(494)	(466)	(6%)
Income from operations before depreciation and amortization (EBITDA) ^a	(588)	193	.	(948)	(362)	.
Depreciation and amortization ^b	57	33	73%	146	133	10%
Income from operations (EBIT) ^a	(645)	160	.	(1,094)	(495)	.
Special items ^a	(408)	330	.	(478)	102	.
EBIT before special items ^a	(237)	(170)	(39%)	(616)	(597)	(3%)
of which costs for cross-divisional corporate research	(95)	(91)	(4%)	(251)	(288)	13%
costs of corporate headquarters	(53)	(57)	7%	(164)	(181)	9%
other businesses	21	53	(60%)	72	138	(48%)
foreign currency results, hedging and other measurement effects	(15)	(15)	–	(10)	(52)	81%
miscellaneous income and expenses	(95)	(60)	(58%)	(263)	(214)	(23%)
Assets (September 30) ^c	30,327	28,220	7%	30,327	28,220	7%
Investments including acquisitions ^d	38	(63)	.	112	84	33%
Research and development expenses	99	97	2%	266	301	(12%)

^a The 2019 figures have been restated to reflect the reclassification of income from non-integral companies accounted for using the equity method to net income from shareholdings. For more information, see Note 1 on page 31 of the Half-Year Financial Report.

^b Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

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

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

Regions

Q3 2020

Sales at companies located in **Europe** declined by 12% compared with the third quarter of 2019. This was primarily due to lower volumes, especially in Other and in the Materials segment. Sales were also negatively impacted by lower prices, particularly in the Chemicals and Materials segments, and negative currency effects in all segments. Offsetting factors were higher price levels in the Surface Technologies segment and portfolio effects, mainly in the Materials segment from the acquisition of Solvay's integrated polyamide business. At minus €1,557 million, income from operations (EBIT) was down €2,342 million from the prior-year quarter. This was due to significantly lower contributions from all segments and Other, mainly as a result of impairments.

Compared with the prior-year quarter, sales in **North America** declined by 6% in euros and 1% in local currency terms. This was mainly driven by lower volumes, especially in the Chemicals segment due to the unplanned outage at the steam cracker in Port Arthur, Texas. Negative currency effects in all segments also contributed to the sales decrease. Higher price levels in the Surface Technologies segment and portfolio effects in the Materials segment had an offsetting impact. EBIT declined by €1,093 million to minus €1,046 million. This was attributable to significantly lower contributions from all segments due to impairments, among other factors, especially from the Chemicals, Agricultural Solutions and Surface Technologies segments.

Compared with the third quarter of 2019, we improved sales in the **Asia Pacific** region by 10% in euros and 15% in local currency terms. This was largely attributable to higher volumes in almost all segments. Higher price levels, especially in the Surface Technologies segment, also contributed to sales growth. In addition, sales in the Materials segment were positively impacted by portfolio effects.

Regions

Million €

	Sales by location of company			Sales by location of customer			Income from operations by location of company ^a		
	2020	2019	+/-	2020	2019	+/-	2020	2019	+/-
Q3									
Europe	5,458	6,188	(12%)	5,313	5,640	(6%)	(1,557)	785	.
of which Germany	2,368	3,404	(30%)	1,285	1,551	(17%)	(1,341)	143	.
North America	3,474	3,708	(6%)	3,245	3,645	(11%)	(1,046)	47	.
Asia Pacific	3,731	3,398	10%	3,804	3,578	6%	(177)	305	.
South America, Africa, Middle East	1,148	1,262	(9%)	1,449	1,693	(14%)	142	199	(29%)
BASF Group	13,811	14,556	(5%)	13,811	14,556	(5%)	(2,638)	1,336	.
January–September									
Europe	18,059	19,840	(9%)	17,213	18,337	(6%)	(852)	2,031	.
of which Germany	7,790	10,891	(28%)	4,035	4,739	(15%)	(1,325)	636	.
North America	12,253	12,285	0%	11,707	12,002	(2%)	(735)	486	.
Asia Pacific	10,469	9,837	6%	10,866	10,422	4%	289	888	(67%)
South America, Africa, Middle East	2,463	2,668	(8%)	3,458	3,869	(11%)	175	217	(19%)
BASF Group	43,244	44,630	(3%)	43,244	44,630	(3%)	(1,123)	3,622	.

^a The 2019 figures have been restated to reflect the reclassification of income from non-integral companies accounted for using the equity method to net income from shareholdings. For more information, see Note 1 on page 31 of the Half-Year Financial Report.

Negative currency effects in all segments had an offsetting impact. EBIT declined by €482 million compared with the prior-year quarter to minus €177 million, mainly due to impairments. The decrease was primarily the result of considerably lower EBIT in the Surface Technologies and Chemicals segments.

In the region **South America, Africa, Middle East**, sales in euros were down 9% from the prior-year quarter. In local currency terms, by contrast, they rose by 23%. This was primarily due to negative currency effects in all segments, especially in the Agricultural Solu-

tions segment. Higher prices, especially in the Agricultural Solutions and Surface Technologies segments, had an offsetting effect. Sales were also positively impacted by volumes growth, particularly in the Agricultural Solutions segment, and portfolio effects in the Materials segment. EBIT decreased by €57 million to €142 million. This was the result of significantly lower contributions from Other and from the Agricultural Solutions, Nutrition & Care and Industrial Solutions segments.

Selected Financial Data

Statement of Income

Statement of income

Million €

	Q3			January–September		
	2020	2019	+/-	2020	2019	+/-
Sales revenue^a	13,811	14,556	(5%)	43,244	44,630	(3%)
Cost of sales	(10,388)	(10,752)	3%	(32,163)	(32,217)	0%
Gross profit on sales^a	3,423	3,804	(10%)	11,081	12,413	(11%)
Selling expenses	(1,832)	(1,937)	5%	(5,630)	(5,903)	5%
General administrative expenses	(304)	(302)	(1%)	(941)	(986)	5%
Research and development expenses	(518)	(532)	3%	(1,492)	(1,553)	4%
Other operating income	306	815	(62%)	910	1,522	(40%)
Other operating expenses	(3,769)	(585)	.	(5,141)	(2,077)	.
Income from integral companies accounted for using the equity method	56	73	(23%)	90	206	(56%)
Income from operations (EBIT)^{a, c}	(2,638)	1,336	.	(1,123)	3,622	.
Income from non-integral companies accounted for using the equity method	(24)	10	.	(965)	(29)	.
Income from other shareholdings	54	11	391%	76	37	105%
Expenses from other shareholdings	(77)	(19)	.	(114)	(50)	.
Net income from shareholdings^{a, c}	(47)	2	.	(1,003)	(42)	.
Interest income	47	45	4%	130	136	(4%)
Interest expenses	(120)	(162)	26%	(413)	(494)	16%
Interest result	(73)	(117)	38%	(283)	(358)	21%
Other financial income	(2)	23	.	39	39	.
Other financial expenses	(26)	(67)	61%	(139)	(235)	41%
Other financial result	(28)	(44)	36%	(100)	(196)	49%
Financial result^{a, c}	(101)	(161)	37%	(383)	(554)	31%
Income before income taxes^a	(2,786)	1,177	.	(2,509)	3,026	.
Income taxes	609	(260)	.	325	(703)	.
Income after taxes from continuing operations	(2,177)	917	.	(2,184)	2,323	.
Income after taxes from discontinued operations^b	13	18	(28%)	49	5,981	(99%)
Income after taxes^b	(2,164)	935	.	(2,135)	8,304	.
Noncontrolling interests	42	(24)	.	20	(33)	.
Net income^b	(2,122)	911	.	(2,115)	8,271	.
Earnings per share from continuing operations	€ (2.32)	0.98	.	(2.35)	2.52	.
Earnings per share from discontinued operations	€ 0.01	0.02	(50%)	0.05	6.49	(99%)
Basic earnings per share^a	€ (2.31)	1.00	.	(2.30)	9.01	.
Diluted earnings per share ^a	€ (2.31)	1.00	.	(2.30)	9.01	.

a The statement of income for 2019 was adjusted retroactively on presentation of the construction chemicals activities as discontinued operations from December 21, 2019, onward. For more information, see page 204 onward of the BASF Report 2019, Note 1.4.

b In the second half of 2019, the gain on the disposal of the oil and gas business was adjusted retroactively as of May 1, 2019.

c The 2019 figures have been restated to reflect the reclassification of income from non-integral companies accounted for using the equity method to net income from shareholdings. For more information, see Note 1 on page 31 of the Half-Year Financial Report.

Balance Sheet

Assets

Million €

	September 30, 2020	September 30, 2019	+/-	December 31, 2019	+/-
Intangible assets	13,608	16,208	(16%)	14,525	(6%)
Property, plant and equipment	19,496	22,268	(12%)	21,792	(11%)
Integral investments accounted for using the equity method ^a	1,770	1,876	(6%)	1,885	(6%)
Non-integral investments accounted for using the equity method ^{a, b}	11,907	13,957	(15%)	13,123	(9%)
Other financial assets	613	681	(10%)	636	(4%)
Deferred tax assets	3,528	3,227	9%	2,887	22%
Other receivables and miscellaneous assets	1,008	986	2%	1,112	(9%)
Noncurrent assets	51,930	59,203	(12%)	55,960	(7%)
Inventories	10,463	12,150	(14%)	11,223	(7%)
Accounts receivable, trade	9,324	10,542	(12%)	9,093	3%
Other receivables and miscellaneous assets	5,062	3,704	37%	3,790	34%
Marketable securities	346	38	.	444	(22%)
Cash and cash equivalents ^c	5,514	2,190	152%	2,427	127%
Assets of disposal groups	4,334	1,402	209%	4,013	8%
Current assets	35,043	30,026	17%	30,990	13%
Total assets	86,973	89,229	(3%)	86,950	0%

^a For more information on the classification of equity-accounted investments as integral and non-integral, see Note 1 on page 31 of the Half-Year Financial Report.

^b In the second half of 2019, the gain on the disposal of the oil and gas business was adjusted retroactively as of May 1, 2019.

^c For a reconciliation of the amounts in the statement of cash flows with the balance sheet item cash and cash equivalents, see page 20 of this quarterly statement.

Equity and liabilities

Million €	September 30, 2020	September 30, 2019	+/-	December 31, 2019	+/-
Subscribed capital	1,176	1,176	–	1,176	–
Capital reserves	3,115	3,118	0%	3,115	–
Retained earnings	36,909	41,901	(12%)	42,056	(12%)
Other comprehensive income	(7,268)	(6,212)	(17%)	(4,850)	(50%)
Equity attributable to shareholders of BASF SE	33,932	39,983	(15%)	41,497	(18%)
Noncontrolling interests	700	887	(21%)	853	(18%)
Equity	34,632	40,870	(15%)	42,350	(18%)
Provisions for pensions and similar obligations	9,003	10,131	(11%)	7,683	17%
Tax provisions and deferred tax liabilities ^a	2,510	2,110	19%	2,280	10%
Other provisions	1,387	1,369	1%	1,340	4%
Financial indebtedness	16,508	16,115	2%	15,015	10%
Other liabilities	1,803	1,800	0%	1,678	7%
Noncurrent liabilities	31,211	31,525	(1%)	27,996	11%
Accounts payable, trade	4,250	4,489	(5%)	5,087	(16%)
Provisions	3,623	3,883	(7%)	2,938	23%
Tax liabilities	1,045	821	27%	756	38%
Financial indebtedness	5,054	3,917	29%	3,362	50%
Other liabilities	5,895	3,422	72%	3,427	72%
Liabilities of disposal groups	1,263	302	318%	1,034	22%
Current liabilities	21,130	16,834	26%	16,604	27%
Total equity and liabilities	86,973	89,229	(3%)	86,950	0%

^a In the second half of 2019, the gain on the disposal of the oil and gas business was adjusted retroactively as of May 1, 2019.

Statement of Cash Flows

Statement of cash flows

Million €

	Q3		January–September	
	2020	2019	2020	2019
Net income	(2,122)	911	(2,115)	8,271
Depreciation and amortization of property, plant and equipment and intangible assets	3,682	963	5,731	3,072
Changes in net working capital	767	727	(1,043)	(177)
Miscellaneous items	(227)	(603)	739	(6,849)
Cash flows from operating activities	2,100	1,998	3,312	4,317
Payments made for property, plant and equipment and intangible assets	(736)	(926)	(2,031)	(2,648)
Acquisitions/divestitures	2,697	(38)	1,452	2,254
Changes in financial assets and miscellaneous items	(110)	559	(95)	441
Cash flows from investing activities	1,851	(405)	(674)	47
Capital increases/repayments and other equity transactions	–	–	4	1
Changes in financial and similar liabilities	(3,886)	(1,516)	3,913	(1,730)
Dividends	(3)	(2)	(3,139)	(3,016)
Cash flows from financing activities	(3,889)	(1,518)	778	(4,745)
Cash-effective changes in cash and cash equivalents ^a	62	75	3,416	(381)
Cash and cash equivalents at the beginning of the period and other changes ^b	5,716	2,123	2,362	2,579
Cash and cash equivalents at the end of the period^b	5,778	2,198	5,778	2,198

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

^b In 2020 and 2019, cash and cash equivalents presented in the statement of cash flows deviate from the figures in the balance sheet, as the relevant amounts were reclassified in the balance sheet to assets of disposal groups. At the beginning of the 2019 reporting period, the cash and cash equivalents of the oil and gas business (€219 million) were reclassified to the disposal group. There was no deviation from the figure in the balance sheet as of June 30, 2019. There is a deviation as of September 30, 2019, due to the reclassification of cash and cash equivalents in the amount of €8 million to the disposal group for the pigments business. As of January 1, 2020, cash and cash equivalents deviate from the figure in the balance sheet due to the reclassification of cash and cash equivalents to the disposal groups for the construction chemicals business (€21 million) and the pigments business (€7 million). In the balance sheet, €538 million was reclassified to the disposal group for the construction chemicals business, and €12 million to the disposal group for the pigments business as of June 30, 2020. As of September 30, 2020, €258 million was reclassified to the disposal group for the construction chemicals business, and €6 million to the disposal group for the pigments business.

BASF Report 2020

February 26, 2021

Quarterly Statement Q1 2021 / Annual Shareholders' Meeting 2021

April 29, 2021

Half-Year Financial Report 2021

July 28, 2021

Quarterly Statement Q3 2021

October 27, 2021

BASF Report 2021

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Further information

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Forward-looking statements and forecasts

This quarterly statement contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. Such risk factors include those discussed in Opportunities and Risks on pages 139 to 147 of the BASF Report 2019. The BASF Report is available online at basf.com/report. We do not assume any obligation to update the forward-looking statements contained in this quarterly statement above and beyond the legal requirements.



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

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