4

Consolidated Financial Statements

Notes

Statement by the Board of Executive Directors
and assurance pursuant to sections 297(2) and 315(1) of the German Commercial Code (HGB)

The Board of Executive Directors of BASF SE is responsible for preparing the Consolidated Financial Statements and Management's Report of the BASF Group.

The BASF Group Consolidated Financial Statements for 2017 were prepared according to the International Financial Reporting Standards (IFRS), which are published by the International Accounting Standards Board (IASB), London, and have been endorsed by the European Union.

We have established effective internal control and steering systems in order to ensure that the BASF Group's Consolidated Financial Statements and Management's Report comply with applicable accounting rules and to ensure proper corporate reporting.

The risk management system we have set up is designed such that the Board of Executive Directors can identify material risks early on and take appropriate defensive measures as necessary. The reliability and effectiveness of the internal control and risk management system are continually audited throughout the Group by our internal audit department.

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements of the BASF Group give a true and fair view of the net assets, financial position and results of operations of the Group, and the Management's Report of the BASF Group includes a fair review of the development and performance of the business as well as position of the BASF Group, together with a description of the principal opportunities and risks associated with the expected development of the BASF Group.

Ludwigshafen am Rhein, February 21, 2018

Dr. Kurt Bock
Chairman

Dr. Martin Brudermüller
Vice Chairman

Dr. Hans-Ulrich Engel
Chief Financial Officer

Saori Dubourg

Sanjeev Gandhi

Michael Heinz

Dr. Markus Kamieth

Wayne T. Smith

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

Independent Auditor's Report[1]

To BASF SE, Ludwigshafen am Rhein

Report on the Audit of the Consolidated Financial Statements and of the Group Management's Report

Opinions

We have audited the Consolidated Financial Statements of BASF SE and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2017, statement of income, statement of income and expense recognized in equity, statement of cash flows, statement of equity for the financial year from January 1, 2017 to December 31, 2017 and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies. In addition, we have audited the Group Management's Report of BASF SE for the financial year from January 1, 2017 to December 31, 2017. In addition, we have been instructed to express an opinion as to whether the Consolidated Financial Statements comply with full IFRS. In accordance with the German legal requirements we have not audited the content of the non-financial statement and the corporate governance statement which are included in the Group Management's Report and are identified as unaudited other information.

In our opinion, on the basis of the knowledge obtained in the audit,

– The accompanying Consolidated Financial Statements comply, in all material respects, with the IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB) and full IFRS, and in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2017, and of its financial performance for the financial year from January 1, 2017 to December 31, 2017, and
– The accompanying Group Management's Report as a whole provides an appropriate view of the Group's position. In all material respects, this Group Management's Report is consistent with the Consolidated Financial Statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the Group Management's Report does not cover the content of the non-financial statement and the corporate governance statement mentioned above.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the Consolidated Financial Statements and of the Group Management's Report.

Basis for the Opinions

We conducted our audit of the Consolidated Financial Statements and of the Group Management's Report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Management's Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the Consolidated Financial Statements and on the Group Management's Report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year from January 1, 2017 to December 31, 2017. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

BASF's oil and gas price scenario: Impact of assumptions relating to estimation uncertainties on the recoverability of assets and goodwill

For information on BASF's oil and gas price scenario, please refer to Note 1.4 to the Consolidated Financial Statements on pages 183 and 184.

Financial statement risk

Oil and gas price projections are a key factor in the long-term earnings forecasts for the Oil & Gas segment, and thus have a direct impact on the recoverability of the assets recognized in this segment, including the goodwill allocated to the Exploration & Production cash-generating unit within this segment. The oil and gas price projections underlying the calculation are based on an internal estimation process.

It is difficult to forecast future price trends given the current high volatility of oil and gas prices. The variety of assumptions underlying the estimation process are subject to significant judgment. This gives rise to the risk that the oil and gas price projections are not within an appropriate range and that the assets of the Oil & Gas segment, including the goodwill allocated to the Exploration & Production cash-generating

[1] This is a translation of the German original. Solely the original text in German language is authoritative.

unit, have not been measured properly. There is also a risk that estimation uncertainties have not been sufficiently disclosed in the Notes to the Consolidated Financial Statements.

Our audit approach
In order to assess its suitability as a basis for calculation, we had the company explain to us how the oil and gas price scenario was determined. Our audit procedures included, among others, an assessment of the completeness and balance of the assumptions used in the estimation process. We critically examined the assumptions for the macroeconomic parameters, such as the development of demand for oil and gas, fiscal considerations of important crude oil- and gas-producing countries, rising marginal production costs, as well as producers' investment behavior, and assessed whether these were appropriately reflected in BASF's oil and gas price scenario. Finally, we compared BASF's oil and gas price scenario with the published forecasts of industry associations, analysts, international institutions and other market participants.

We satisfied ourselves of the suitability of the estimation process and the resulting forecasts for accounting purposes by comparing BASF's oil and gas price projections in the past ten years with the actual average annual prices.

We also analyzed, on the basis of alternative scenarios prepared by BASF, the effects of a variation in the oil and gas price scenario on the recoverability of the assets. We satisfied ourselves of the appropriateness of the assumptions underlying the alternative scenarios.

Furthermore, we assessed whether the disclosures in the Notes to the Consolidated Financial Statements regarding BASF's oil and gas price scenario and estimation uncertainties related to the scenario are sufficient and appropriate.

Our observations
The estimates and assumptions made in the preparation of the company's internal forecasts are sufficiently documented and justified. The assumptions about oil and gas prices made by the Board of Executive Directors are appropriate in comparison with the published forecasts of industry associations, analysts, international institutions and other market participants. Overall, BASF's oil and gas price forecasts therefore represent a reasonable basis for calculation.

The explanations in the Notes to the Consolidated Financial Statements on the oil and gas price scenario assumed by BASF as a significant source of estimation uncertainties are sufficiently detailed and appropriate.

Recoverability of goodwill

For information on the accounting principles applied, please refer to Note 1.4 to the Consolidated Financial Statements on pages 178 and 184. The underlying assumptions used in the calculation and the disclosures on the impairment test performed are included in Note 14 to the Consolidated Financial Statements from page 201 onward.

Financial statement risk
Intangible assets in the Consolidated Financial Statements of BASF SE include goodwill in the amount of €9,353 million. Goodwill has to be tested for impairment annually and whenever there is an indication that goodwill may be impaired. The impairment test for the Construction Chemicals, Pigments and Surface Treatment units revealed that a change to the key assumptions, which is considered reasonably possible, could lead to the carrying amount exceeding the recoverable amount.

Key assumptions by the Board of Executive Directors are the forecasts for future cash inflows in the detailed planning period, the assumed growth rate for subsequent periods, as well as the cost of capital. These assumptions have a material impact on the recoverability of goodwill. The growth forecasts of the Board of Executive Directors are associated with risks and can be revised in light of volatile raw materials prices and an instable macroeconomic environment. Deviations from the key assumptions, which the Board of Executive Directors considers reasonably possible, would lead to impairments at the above units. There is the risk for the financial statements that impairment has not been identified. In addition, there is also a risk that the Notes to the Consolidated Financial Statements do not contain the required disclosures on the key assumptions and sensitivities for these units.

Our audit approach

We examined the forecast for future cash inflows in the detailed planning period, in particular with respect to whether the expected development of the relevant sales markets were given appropriate consideration and are consistent with the current budget adopted by the Board of Executive Directors and the Supervisory Board. We compared internal growth forecasts with industry expectations and those of significant competitors. We reviewed whether the assumptions in the budget adopted by the Board of Executive Directors and the Supervisory Board about the future development of margins and the amount of investments are appropriate, focusing on the units for which the Board of Executive Directors considered deviations from the key assumptions to be reasonably possible and where these deviations would lead to the carrying amount of the units exceeding their respective recoverable amounts. Our review of the appropriateness of the budget adopted by the Board of Executive Directors and the Supervisory Board also included a comparison of planning in past business years with the results actually achieved. For selected units, we examined whether reasons for not reaching planned values in the past were given appropriate consideration in current planning, to the extent that this was relevant.

We assessed the appropriateness of the assumed growth rate for the period following the detailed planning period on the basis of industry and macroeconomic studies. We satisfied ourselves of the methodological appropriateness of the calculation and the appropriateness of the weighted cost of capital rates. To this end, we calculated our own expected values for the assumptions and parameters underlying the weighted cost of capital rates and compared these with the assumptions and parameters used. The audit team was supported by our company valuation specialists.

Finally, we assessed the completeness of the disclosures on the key assumptions and the sensitivities.

Our observations

The assumptions underlying the calculations of the Board of Executive Directors are balanced overall. The disclosures in the notes on the key assumptions and the sensitivities are complete.

Accounting treatment of pension provisions

For information on the accounting principles applied, please refer to Note 1.4 to the Consolidated Financial Statements on page 182. The underlying assumptions used in the measurement of pension obligations are presented in the Notes to the Consolidated Financial Statements from page 211 onward.

Financial statement risk

As of December 31, 2017, the Consolidated Financial Statements of BASF SE contained provisions for pensions and similar obligations of €6,293 million. The net defined benefit liability of €6,223 million (after taking into account defined benefit assets of overfunded plans in the amount of €70 million) is derived by subtracting the fair value of the plan assets (€20,648 million) from the defined benefit obligation of the pension obligations for the BASF Group (€26,871 million).

Obligations arising from defined benefit plans are measured on the basis of actuarial assumptions made according to the projected unit credit method. BASF uses external actuaries here. The assumptions applied in the process are determined by BASF. BASF uses a Group-wide, uniform process to determine the discount rates from the market yields on high-quality corporate fixed-rate bonds. As key assumptions, the calculations as of December 31, 2017 are also based on current projections for pension increases and mortality tables, which are updated regularly. The amount of the defined benefit obligations is largely based on the estimates and assumptions of the Board of Executive Directors of BASF SE.

Plan assets are measured at fair value. The fair values of plan assets are regularly derived from prices on active markets. If no active market exists, this gives rise to uncertainty or discretionary scope in the measurement of the pension assets.

Pension benefits based on insurance models, where the employer generally has a subsidiary liability, are accounted for as defined contribution plans, provided recourse to BASF is very unlikely as of the reporting date. Recognition as defined contribution plans is highly dependent on the assessment of recourse.

There is a risk for the Consolidated Financial Statements that pension obligations and plan assets have not been measured correctly. Furthermore, there is a risk that pension plans have not been classified correctly and must be recognized as defined benefit plans. There is also a risk that the Notes to the Consolidated Financial Statements do not contain the required disclosures on the characteristics of the defined benefit plans and the related risks.

Our audit approach

In a first step, we assessed the structure, implementation and effectiveness of the internal controls to communicate audit-relevant financial information, particularly the underlying framework, to the actuary.

In the assessment of the actuarial assumptions and the calculation methods used, the audit team was supported by our actuarial specialists. Our audit procedures included, among others, an assessment of the appropriateness of the process used to determine the discount rate as well as the remeinaing actuarial assumptions. In addition, we verified the accuracy of the resulting obligations based on a selection of specific pension commitments.

For the assessment of the fair values of plan assets, we had access to, in particular, bank confirmations and financial statements of the banks managing the funds. We also took samples to compare the closing rates of the shares and bonds with external market data. For non-listed investments, we evaluated the design, implementation and effectiveness of the internal controls established by the company to assess the valuation process for these investments. For real estate and alternative investments, we alse verified the processes underlying the valuation in each case as well as the valuation assumptions and parameters used with the support of our internal specialists.

For pension benefits based on insurance models, where the employer has a subsidiary liability, we satisfied ourselves that the estimates of recourse made by the Board of Executive Directors are sufficiently documented and reasonable to justify recognition as defined contribution plans by comparing current return projections and minimum interest guarantees.

Furthermore, we evaluated whether the explanations regarding the characteristics of defined benefit plans and risks associated with them in the Notes to the Consolidated Financial Statements are complete, sufficiently detailed and appropriate.

Our observations
The valuation methods applied by BASF and the assumptions underlying the valuation of the pension obligations and the plan assets are appropriate. Furthermore, the accounting treatment of insurance-based pension plans where the employer has a subsidiary liability is justified. The disclosures in the Notes to the Consolidated Financial Statements on the pension obligations, in particular the characteristics of defined benefit plans and the risks associated with them, are complete, sufficiently detailed and appropriate.

Accounting treatment of the oil and gas business

For information on the accounting principles applied, please refer to Note 1.4 to the Consolidated Financial Statements on page 183.

Financial statement risk
On December 7, 2017, BASF and LetterOne signed a letter of intent on the merger of their oil and gas activities in a joint venture. BASF's oil and gas activities represent a separate, material business area of the BASF Group and are accounted for as a reportable segment.

Assets and liabilities classified as held for sale are presented as separate items in the balance sheet. In addition, the results from discontinued operations are presented as a separate item in the statement of income. The classification of the Oil & Gas segment as a continuing or discontinued operation in accordance with IFRS 5 depends on a range of criteria, the assessment of which as of the reporting date is a source of judgement for the specific matter.

There is a risk for the Consolidated Financial Statements that the classification of the Oil & Gas segment as a continuing operation is not appropriate, and thus that its presentation in the Consolidated Financial Statements is not correct. With respect to the disclosures in the Notes to the Consolidated Financial Statements on the classification of the Oil & Gas segment as well as on the exercise of judgement, there is a risk that the explanations are not sufficiently detailed or appropriate.

Our audit approach
We assessed whether the classification of the Oil & Gas segment as a continuing operation was performed properly. In addition, we analyzed the agreements entered into in the letter of intent, spoke with members of the Board of Executive Directors and other BASF employees, and evaluated internal and external reports.

Finally, we evaluated whether the explanations in the Notes to the Consolidated Financial Statements on the classification of the Oil & Gas segment are sufficiently detailed and appropriate.

Our observations
The classification of the Oil & Gas segment as a continuing operation is appropriate and consistent with IFRS 5. The related explanations in the Notes to the Consolidated Financial Statements are sufficiently detailed and appropriate.

Other information

The Board of Executive Directors is responsible for the other information. The other information comprises:
– The unaudited part of the Group Management's Report described in section "Opinions," and
– The remaining parts of the BASF Report 2017, with the exception of the audited Consolidated Financial Statements and Group Management's Report and our auditor's report.

Our opinions on the Consolidated Financial Statements and on the Group Management's Report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information
– Is materially inconsistent with the Consolidated Financial Statements, with the Group Management's Report or our knowledge obtained in the audit, or
– Otherwise appears to be materially misstated.

In accordance with our engagement, we performed a separate audit of the nonfinancial statement. For the type, scope and results of this audit, please refer to our audit report dated February 21, 2018.

Responsibilities of the Board of Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management's Report

Board of Executive Directors is responsible for the preparation of the Consolidated Financial Statements that comply, in all material respects, with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) HGB and full IFRS and that the Consolidated Financial Statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Board of Executive Directors is responsible for such internal control as they have determined necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Board of Executive Directors is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Board of Executive Directors is responsible for the preparation of the Group Management's Report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the Consolidated Financial Statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Board of Executive Directors is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group Management's Report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group Management's Report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the Consolidated Financial Statements and of the Group Management's Report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management's Report

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group Management's Report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the Consolidated Financial Statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the Consolidated Financial Statements and on the Group Management's Report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and this Group Management's Report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and of the Group Management's Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the Consolidated Financial Statements and of arrangements and measures (systems) relevant to the audit of the Group Management's Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Board of Executive Directors and the reasonableness of estimates made by the Board of Executive Directors and related disclosures.
- Conclude on the appropriateness of the Board of Executive Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a

going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Consolidated Financial Statements and in the Group Management's Report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements present the underlying transactions and events in a manner that the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) HGB and full IFRS.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the Consolidated Financial Statements and on the Group Management's Report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the Group Management's Report with the Consolidated Financial Statements, its conformity with law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the Board of Executive Directors in the Group Management's Report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Board of Executive Directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 12, 2017. We were engaged by the Chairwoman of the audit committee on July 24, 2017. We have been the group auditor of BASF SE without interruption since the financial year 2006.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public auditor responsible for the engagement

The German public auditor responsible for the engagement is Alexander Bock.

Frankfurt am Main, February 21, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Ingmar Rega
Wirtschaftsprüfer
[German Public Auditor]

Alexander Bock
Wirtschaftsprüfer
[German Public Auditor]

Statement of income
BASF Group

Statement of income (million €)

	Explanations in Note	2017	2016
Sales revenue	**[4]**	**64,475**	**57,550**
Cost of sales	[6]	(43,929)	(39,265)
Gross profit on sales		**20,546**	**18,285**
Selling expenses	[6]	(8,262)	(7,764)
General administrative expenses	[6]	(1,412)	(1,337)
Research and development expenses	[6]	(1,888)	(1,863)
Other operating income	[7]	1,916	1,780
Other operating expenses	[8]	(2,949)	(3,133)
Income from companies accounted for using the equity method	[9]	571	307
Income from operations	**[4]**	**8,522**	**6,275**
Income from other shareholdings		31	54
Expenses from other shareholdings		(60)	(71)
Net income from shareholdings		**(29)**	**(17)**
Interest income		226	179
Interest expenses		(560)	(661)
Interest result		**(334)**	**(482)**
Other financial income		70	97
Other financial expenses		(429)	(478)
Other financial result		**(359)**	**(381)**
Financial result	**[10]**	**(722)**	**(880)**
Income before taxes and minority interests		**7,800**	**5,395**
Income taxes	[11]	(1,448)	(1,140)
Income before minority interests		**6,352**	**4,255**
Minority interests	[12]	(274)	(199)
Net income		**6,078**	**4,056**
Earnings per share (€)	**[5]**	**6.62**	**4.42**
Dilution effect (€)	[5]	(0.01)	(0.01)
Diluted earnings per share (€)	**[5]**	**6.61**	**4.41**

Statement of income and expense recognized in equity
BASF Group

Statement of comprehensive income[1] (million €)

	2017			2016		
	BASF Group	Shareholders of BASF SE	Minority interests	BASF Group	Shareholders of BASF SE	Minority interests
Income before minority interests	**6,352**	**6,078**	**274**	**4,255**	**4,056**	**199**
Remeasurement of defined benefit plans[2]	1,064	1,064	–	(1,839)	(1,839)	–
Deferred taxes for gains/losses that cannot be reclassified	(320)	(320)	–	553	553	–
Gains/losses that cannot be reclassified after taxes from equity-accounted shareholdings	9	9	–	(3)	(3)	–
Gains/losses that cannot be reclassified	**753**	**753**	**–**	**(1,289)**	**(1,289)**	**–**
Unrealized gains/losses from fair value changes in available-for-sale securities	6	6	–	9	9	–
Reclassifications of realized gains/losses recognized in the income statement	–	–	–	–	–	–
Fair value changes in available-for-sale securities, net[3]	**6**	**6**	**–**	**9**	**9**	**–**
Unrealized gains/losses from cash flow hedges	(48)	(48)	–	(17)	(17)	–
Reclassifications of realized gains/losses recognized in the income statement	99	99	–	(51)	(51)	–
Cash flow hedges, net[3]	**51**	**51**	**–**	**(68)**	**(68)**	**–**
Unrealized gains/losses from currency translation	(2,051)	(1,964)	(87)	758	747	11
Deferred taxes for gains/losses that can be reclassified	12	12	–	8	8	–
Gains/losses that can be reclassified after taxes from equity-accounted shareholdings	(126)	(126)	–	100	100	–
Gains/losses that can be reclassified	**(2,108)**	**(2,021)**	**(87)**	**807**	**796**	**11**
Other comprehensive income after taxes	**(1,355)**	**(1,268)**	**(87)**	**(482)**	**(493)**	**11**
Comprehensive income	**4,997**	**4,810**	**187**	**3,773**	**3,563**	**210**

[1] For more information on other comprehensive income, see Note 20 on page 210
[2] For more information, see Note 22, "Provisions for pensions and similar obligations," from page 211 onward
[3] For more information, see Note 27, "Supplementary information on financial instruments," from page 222 onward

Development of income and expense recognized in equity of shareholders of BASF SE (million €)

	Other comprehensive income				
	Remeasure-ment of defined benefit plans	Foreign currency translation adjustment	Measurement of securities at fair value	Cash flow hedges	Total income and expense recognized in equity
As of January 1, 2017	**(5,373)**	**1,476**	**32**	**(149)**	**(4,014)**
Additions	1,073	(2,109)	8	68	(960)
Releases	–	–	–	–	–
Deferred taxes	(320)	28	(1)	(15)	(308)
As of December 31, 2017	**(4,620)**	**(605)**	**39**	**(96)**	**(5,282)**
As of January 1, 2016	**(4,084)**	**652**	**20**	**(109)**	**(3,521)**
Additions	(1,842)	835	14	(61)	(1,054)
Releases	–	–	–	–	–
Deferred taxes	553	(11)	(2)	21	561
As of December 31, 2016	**(5,373)**	**1,476**	**32**	**(149)**	**(4,014)**

Balance sheet
BASF Group

Assets (million €)

	Explanations in Note	Dec. 31, 2017	Dec. 31, 2016
Intangible assets	[14]	13,594	15,162
Property, plant and equipment	[15]	25,258	26,413
Investments accounted for using the equity method	[16]	4,715	4,647
Other financial assets	[16]	606	605
Deferred tax assets	[11]	2,118	2,513
Other receivables and miscellaneous assets	[18]	1,332	1,210
Noncurrent assets		**47,623**	**50,550**
Inventories	[17]	10,303	10,005
Accounts receivable, trade	[18]	11,190	10,952
Other receivables and miscellaneous assets	[18]	3,105	3,078
Marketable securities		52	536
Cash and cash equivalents[1]	[1]	6,495	1,375
Current assets		**31,145**	**25,946**
Total assets		**78,768**	**76,496**

Equity and liabilities (million €)

	Explanations in Note	Dec. 31, 2017	Dec. 31, 2016
Subscribed capital	[19]	1,176	1,176
Capital surplus	[19]	3,117	3,130
Retained earnings	[19]	34,826	31,515
Other comprehensive income	[20]	(5,282)	(4,014)
Equity of shareholders of BASF SE		**33,837**	**31,807**
Minority interests	[21]	919	761
Equity		**34,756**	**32,568**
Provisions for pensions and similar obligations	[22]	6,293	8,209
Other provisions	[23]	3,478	3,667
Deferred tax liabilities	[11]	2,731	3,317
Financial indebtedness	[24]	15,535	12,545
Other liabilities	[24]	1,095	873
Noncurrent liabilities		**29,132**	**28,611**
Accounts payable, trade		4,971	4,610
Provisions	[23]	3,229	2,802
Tax liabilities	[11]	1,119	1,288
Financial indebtedness	[24]	2,497	3,767
Other liabilities	[24]	3,064	2,850
Current liabilities		**14,880**	**15,317**
Total equity and liabilities		**78,768**	**76,496**

[1] For a reconciliation of the amounts in the statement of cash flows with the balance sheet item “cash and cash equivalents,” see page 171

Statement of cash flows
BASF Group

Statement of cash flows[1] (million €)

	2017	2016
Net income	6,078	4,056
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	4,213	4,291
Changes in inventories	(915)	(182)
Changes in receivables	(870)	(640)
Changes in operating liabilities and other provisions	618	926
Changes in pension provisions, defined benefit assets and other items	(227)	(547)
Gains (–) / losses (+) from disposal of noncurrent assets and securities	(112)	(187)
Cash provided by operating activities	**8,785**	**7,717**
Payments made for property, plant and equipment and intangible assets	(3,996)	(4,145)
Payments made for financial assets and securities	(748)	(1,389)
Payments made for acquisitions	(150)	(2,828)
Payments received for divestitures	177	664
Payments received from the disposal of noncurrent assets and securities	759	1,208
Cash used in investing activities	**(3,958)**	**(6,490)**
Capital increases/repayments and other equity transactions	19	28
Additions to financial and similar liabilities	8,572	7,533
Repayment of financial and similar liabilities	(5,324)	(6,954)
Dividends paid		
To shareholders of BASF SE	(2,755)	(2,664)
minority shareholders	(118)	(103)
Cash provided by/used in financing activities	**394**	**(2,160)**
Net changes in cash and cash equivalents	**5,221**	**(933)**
Change in cash and cash equivalents		
From foreign exchange rates	(110)	66
changes in scope of consolidation	9	1
Cash and cash equivalents at the beginning of the year	**1,375**	**2,241**
Cash and cash equivalents at the end of the year	**6,495**	**1,375**

[1] More information on the statement of cash flows can be found in the Management's Report (Financial Position) on page 59. Other information on cash flows can be found in Note 29 on page 229.

Statement of equity
BASF Group

Statement of equity[1] (million €)

	Number of shares outstanding	Subscribed capital	Capital surplus	Retained earnings	Other comprehensive income[2]	Equity of shareholders of BASF SE	Minority interests	Equity
As of January 1, 2017	918,478,694	1,176	3,130	31,515	(4,014)	31,807	761	32,568
Effects of acquisitions achieved in stages	–	–	–	–	–	**–**	–	**–**
Dividend paid	–	–	–	(2,755)	–	**(2,755)**	(118)[3]	**(2,873)**
Net income	–	–	–	6,078	–	**6,078**	274	**6,352**
Changes to income and expense recognized directly in equity	–	–	–	–	(1,268)	**(1,268)**	(87)	**(1,355)**
Changes in scope of consolidation and other changes	–	–	(13)[4]	(12)	–	**(25)**	89	**64**
As of December 31, 2017	918,478,694	1,176	3,117	34,826	(5,282)	33,837	919	34,756
As of January 1, 2016	918,478,694	1,176	3,141	30,120	(3,521)	30,916	629	31,545
Effects of acquisitions achieved in stages	–	–	–	–	–	**–**	–	**–**
Dividend paid	–	–	–	(2,664)	–	**(2,664)**	(103)[3]	**(2,767)**
Net income	–	–	–	4,056	–	**4,056**	199	**4,255**
Changes to income and expense recognized directly in equity	–	–	–	–	(493)	**(493)**	11	**(482)**
Changes in scope of consolidation and other changes	–	–	(11)[4]	3	–	**(8)**	25	**17**
As of December 31, 2016	918,478,694	1,176	3,130	31,515	(4,014)	31,807	761	32,568

[1] For more information on the items relating to equity, see Notes 19 and 20 from page 209 onward
[2] Details are provided in the table "Income and expense recognized in equity" on page 169.
[3] Including profit and loss transfers
[4] Granting of BASF shares under the BASF share program *"plus"*