

## Investments, acquisitions and divestitures

**€4,121 million**

In investments  
made in 2017

**€243 million**

Used for  
acquisitions in 2017

**Optimization**

Of our portfolio through  
acquisitions, divestitures  
and cooperative partnerships

In addition to innovations, investments and acquisitions make a decisive contribution toward achieving our ambitious growth goals. We use targeted acquisitions to supplement our organic growth.

By investing in our plants, we create the conditions for our desired growth while constantly improving the efficiency of our production processes. For the period from 2018 to 2022, we have planned investments in property, plant and equipment<sup>1</sup> totaling €19.0 billion. We also continue to develop our portfolio through acquisitions that promise above-average profitable growth, are driven by innovation, offer added value for our customers, and reduce the cyclicity of our earnings. Investments and acquisitions alike are prepared by interdisciplinary teams and assessed using diverse criteria. In this way, we ensure that economic, environmental and social concerns are included in strategic decision-making.

For more information on our investments from 2018 onward, see page 124

### Investments and acquisitions 2017 (million €)

	Invest- ments	Acquisi- tions	Total
Intangible assets	101	235	336
Thereof goodwill	–	97	97
Property, plant and equipment <sup>2</sup>	4,020	8	4,028
<b>Total</b>	<b>4,121</b>	<b>243</b>	<b>4,364</b>

### Investments

We invested €4,020 million in property, plant and equipment in 2017. Total investments were therefore €202 million lower than in the previous year and €434 million above the level of depreciation<sup>3</sup> in 2017. Our investments in 2017 focused on the Chemicals, Functional Materials & Solutions and Oil & Gas segments.

In Europe, we largely concluded the investment in our integrated TDI complex at the Ludwigshafen site. We will strengthen the Ludwigshafen Verbund site by replacing our acetylene plant, which occupies a central role for many products and value chains, with a modern, highly efficient plant by 2019. We are also constructing another production plant for special zeolites in Ludwigshafen. Special zeolites are used to produce state-of-the-art exhaust catalysts for commercial vehicles and passenger cars with diesel engines. Production startup is scheduled for 2019. At the site in Antwerp, Belgium, we completed the technical retrofitting of the superabsorbent plant, where the superabsorbent products Saviva® and HySorb® can be produced.

In North America, we are constructing an ammonia production plant in Freeport, Texas, together with Yara International ASA, headquartered in Oslo, Norway. It is scheduled for completion in 2018. The expansion of the production facility for dicamba in Beaumont, Texas, is complete and operational.

In Asia, we started up two large-scale plants in Shanghai, China, in 2017: one for chemical catalysts and another for automotive coatings together with our partner Shanghai Huayi Fine Chemical Co. Ltd., based in Shanghai, China. We built a new aroma ingredients complex at the integrated chemical site in Kuantan, Malaysia, together with our partner PETRONAS Chemicals Group Berhad, headquartered in Kuala Lumpur, Malaysia. It is in the process of being started up. In Gimcheon, South Korea, we are constructing a new plant for Ultraform® together with our partner Kolon Plastics Inc., headquartered in Gimcheon, South Korea. The new plant is scheduled for completion in 2018. With these investments, we are expanding our presence in Asia.

In the Oil & Gas segment, we invested primarily in field development projects in Argentina, Norway and Russia in 2017.

For more information on investments within the segments, see page 60 onward

<sup>1</sup> Excluding additions to property, plant and equipment resulting from acquisitions, capitalized exploration, restoration obligations and IT investments

<sup>2</sup> Including capitalized exploration, restoration obligations and IT investments

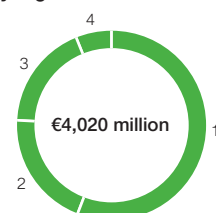
<sup>3</sup> Including impairments and reversals of impairments

**Additions to property, plant and equipment<sup>1</sup> by segment in 2017**

1	Chemicals	28%
2	Performance Products	18%
3	Functional Materials & Solutions	22%
4	Agricultural Solutions	4%
5	Oil & Gas	24%
6	Other (infrastructure, R&D)	4%

**Additions to property, plant and equipment<sup>1</sup> by region in 2017**

1	Europe	56%
2	North America	20%
3	Asia Pacific	18%
4	South America, Africa, Middle East	6%



<sup>1</sup> Including capitalized exploration, restoration obligations and IT investments

**Acquisitions**

We added €8 million worth of property, plant and equipment through several acquisitions in 2017. Additions to intangible assets including goodwill amounted to €235 million.

For more information on acquisitions, see the Notes to the Consolidated Financial Statements from page 187 onward

On September 18, 2017, we signed an agreement with Solvay on the acquisition of Solvay's global polyamide business. The aim is to close the transaction in the third quarter of 2018 after regulatory approvals have been obtained and the consent of a joint venture partner has been received. The acquisition would complement our engineering plastics portfolio and expand our position as a solutions provider for the transportation, construction and consumer goods industries as well as for other industrial applications. We plan to integrate the global polyamide business into the Performance Materials and Monomers divisions. The purchase price excluding adjustments is €1.6 billion.

On October 13, 2017, we signed an agreement with Bayer AG, Leverkusen, Germany, on the acquisition of significant parts of Bayer's seed and non-selective herbicide businesses. The agreement covers Bayer's global glufosinate-ammonium non-selective herbicide business, commercialized under the Liberty®, Basta® and Finale® brands, as well as its seed businesses for key row crops in selected markets. The acquisition also covers Bayer's trait research and breeding capabilities for these crops. Closing is expected in the first half of 2018, subject to Bayer's acquisition of Monsanto and approval by the relevant authorities. The purchase price amounts to €5.9 billion, subject to certain adjustments at closing.

For more information on agreed transactions, see the Notes to the Consolidated Financial Statements from page 189 onward

**Divestitures**

On September 29, 2017, we transferred our leather chemicals business to the Stahl group. In return, we received a minority share in the Stahl group as well as a payment. Furthermore, in the medium to long term, we will supply the Stahl group with significant volumes of leather chemicals from remaining plants.

For more information on divestitures, see the Notes to the Consolidated Financial Statements from page 188 onward

**Intended transactions**

On December 7, 2017, we signed a letter of intent with the LetterOne group on the merger of our respective oil and gas businesses including BASF's gas transportation business in a joint venture, which would operate under the name Wintershall DEA. The merger is designed to optimize the portfolio footprint of the combined business and exploit synergies. Wintershall DEA would have significant growth potential and be one of the largest independent European exploration and production companies. BASF shall initially hold 67% and LetterOne 33% of the shares in Wintershall DEA.<sup>2</sup> Following the closing of the transaction, we expect to account for our interest in the joint venture using the equity method in the Consolidated Financial Statements. In the medium term, BASF and LetterOne aim to list Wintershall DEA on the stock markets by way of an initial public offering. The definitive transaction agreements are to be negotiated over the coming months. There is no assurance that we will reach an agreement with LetterOne and that the intended transaction will be consummated.

For more information, see page 86 onward

<sup>2</sup> BASF's gas transportation business is not included in this shareholding ratio. As of closing, Wintershall DEA would issue a mandatory convertible bond to BASF reflecting the value of BASF's gas transportation business.