

## Regional results

### Regions (million €)

	Sales by location of company			Sales by location of customer			Income from operations by location of company		
	2017	2016	Change in %	2017	2016	Change in %	2017	2016	Change in %
Europe	30,778	27,221	13	29,214	26,039	12	4,742	3,632	31
Thereof Germany	19,873	17,540	13	8,359	7,412	13	1,913	1,582	21
North America	15,937	14,682	9	15,357	14,042	9	1,236	1,113	11
Asia Pacific	13,658	11,512	19	14,343	12,165	18	2,209	1,098	101
South America, Africa, Middle East	4,102	4,135	(1)	5,561	5,304	5	335	432	(22)
	<b>64,475</b>	<b>57,550</b>	<b>12</b>	<b>64,475</b>	<b>57,550</b>	<b>12</b>	<b>8,522</b>	<b>6,275</b>	<b>36</b>

### Europe

- Sales up 13% compared with 2016 at €30,778 million
- Acquisitions strengthen businesses in key European markets

Sales at companies located in Europe rose by 13% year-on-year to €30,778 million. This was mainly due to significant price increases, especially in the Chemicals segment, as well as higher volumes.

Sales rose in all segments: In the Chemicals segment, this was largely attributable to significantly higher prices in the Petrochemicals and Monomers divisions. Slightly higher volumes and prices led to growth in the Performance Products segment. As well as price increases, the positive sales development in the Functional Materials & Solutions segment was mainly driven by the Chemetall business acquired in December 2016. Sales growth in the Agricultural Solutions segment was primarily due to slightly higher volumes. The main factors in the Oil & Gas segment were considerable price and volumes growth.

Income from operations (EBIT) increased by 31% as against the previous year to €4,742 million, largely on account of the considerably higher contributions from the Chemicals and Oil & Gas segments.

We want to strengthen our position in key European markets with investments such as the expansion of our production site for emissions catalysts in Środa Śląska, Poland, or the inauguration of our production facility for construction chemicals in St. Petersburg, Russia. In addition, we also aim to complement and further expand our portfolio in Europe with the agreed acquisition of significant parts of Bayer's seed and non-selective herbicide businesses and the planned acquisition of the global polyamide business from Solvay.

### North America

- Year-on-year sales growth of 9% to €15,937 million
- Ongoing investments in production plants

Sales at companies located in North America rose by 9% compared with 2016 to €15,937 million. In local currency terms, sales were up by 10%. This was driven by higher sales prices and volumes growth, especially in the Chemicals and Agricultural Solutions segments, as well as the acquisition of the Chemetall business in December 2016. Sales were dampened by currency effects.

EBIT was up 11% on the 2016 figure, at €1,236 million. The significantly higher contributions from the Chemicals and Agricultural Solutions segments more than compensated for the decline in earnings in the Functional Materials & Solutions and Performance Products segments. Earnings in the Functional Materials & Solutions segment declined as a result of lower margins and higher fixed costs. In the Performance Products segment, the decline in margins was largely attributable to higher raw materials prices.

In this region, we focus on innovation, attractive market segments and strategic partnerships with customers in order to grow profitably. At the same time, we are increasing our operational excellence and optimizing our portfolio through continuous improvement. We plan to further strengthen our position in the region with the agreed acquisition of significant parts of Bayer's seed and non-selective herbicide businesses. We intend to continuously invest in our production facilities. For example, we are constructing a new ammonia plant in Freeport, Texas, together with Yara, expanding production for mobile emissions catalysts in Huntsville, Alabama, and increasing capacities for automotive coatings in Greenville, Ohio, and Tultitlán, Mexico.

### Sales by region

(Location of company)

1	Germany	31%
2	Europe (excl. Germany)	17%
3	North America	25%
4	Asia Pacific	21%
5	South America, Africa, Middle East	6%



### Income from operations by region

(Location of company)

1	Germany	22%
2	Europe (excl. Germany)	33%
3	North America	15%
4	Asia Pacific	26%
5	South America, Africa, Middle East	4%



## Asia Pacific

- Sales 19% above prior-year level at €13,658 million
- Local production expanded through new plants in Asia

Sales at companies located in the Asia Pacific region rose by 19% to €13,658 million in 2017. In local currency terms, sales increased by 21%.

All segments contributed to this growth. The increase was mainly attributable to higher sales prices, especially in the Chemicals segment, as well as the 8% increase in volumes. The Functional Materials & Solutions and Performance Products segments in particular recorded volumes growth. By contrast, sales were weighed down by currency effects. Overall, portfolio measures had no material effect on sales development in 2017.

EBIT in the region grew by 101% to €2,209 million. This was primarily due to a higher overall margin and volumes growth in all segments. There was a particularly strong increase in the contribution from the Chemicals segment.

As part of our regional strategy, we want to further increase the proportion of sales from local production in Asia Pacific. We once again made progress toward this goal in 2017: One example is the mobile emissions catalysts production site opened in Chennai, India, in March 2017. In Shanghai, China, we started up a large-scale plant for the production of chemical catalysts in November 2017. We will continue to work on this goal in 2018.

We also inaugurated our new Innovation Campus Mumbai in India, whose research focuses on crop protection and process development. It represents BASF's largest research and development investment in South Asia to date.

Our investments in production facilities and research serve to bring products to market for our local and global customers in the growing region of Asia.

## South America, Africa, Middle East

- Sales decline 1% to €4,102 million
- Investment in digital sales channels

Sales at companies located in the region South America, Africa, Middle East declined by 1% as against 2016 to €4,102 million. In local currency terms, sales were on a level with the previous year.

After two years of recession in Brazil, the South American economy stabilized at a low level in 2017. Under these conditions, our sales rose slightly as a result of volumes growth, positive currency effects and higher prices in the chemicals business.<sup>1</sup> Price declines and currency effects impacted the crop protection business in particular. In the Oil & Gas segment, sales were lifted slightly by higher prices despite negative currency effects and lower production volumes.

Companies in Africa and in the Middle East posted a considerable sales decrease. In Africa, this was primarily due to lower volumes. In the Middle East, sales were mainly weighed down by negative currency effects.

At €335 million, EBIT was 22% below the prior-year figure, mainly due to the decline in the Agricultural Solutions segment in Brazil.

In South America in 2017, we completed the implementation of a series of structural measures that increase our productivity and further sharpen the focus on our customers' needs. We also aim to expand our sales channels. The objective is to better develop new customer segments, for instance with digital sales channels, especially in the faster-growing South American markets.

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