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4

Consolidated Financial Statements

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 2018 were prepared according to the International Financial Reporting Standards (IFRS), which are published by the International Accounting Standards Board (IASB), London, and have beenendorsed by the European Union.

We have established effective internal control and steering systems in order to ensure that the BASF Group's Management's Report and Consolidated Financial Statements 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 20, 2019

Dr. Martin Brudermüller
Chairman and Chief Technology Officer

Dr. Hans-Ulrich Engel
Vice Chairman and Chief Financial Officer

Saori Dubourg

Sanjeev Gandhi

Michael Heinz

Dr. Markus Kamieth

Wayne T. Smith

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 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, 2018, 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, 2018 to December 31, 2018 and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies. In addition, we have audited the Group Management Report of BASF SE for the financial year from January 1, 2018 to December 31, 2018. 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 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, 2018, and of its financial performance for the financial year from January 1, 2018 to December 31, 2018, and
- The accompanying Group Management Report as a whole provides an appropriate view of the Group's position. In all material respects, this Group Management 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 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 Report.

Basis for the opinions

We conducted our audit of the Consolidated Financial Statements and of the Group Management 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 Group Management 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 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, 2018 to December 31, 2018. 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.

Recoverability of goodwill

For information on the accounting principles applied, please refer to Note 1.4 to the Consolidated Financial Statements on pages 193 to 194 and 201. 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 228 onward.

Financial statement risk

Intangible assets in the Consolidated Financial Statements of BASF SE include goodwill in the amount of €9,211 million. Goodwill must be tested for impairment annually and whenever there is an indication that goodwill may be impaired. The impairment test for the Pigments unit 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

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

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 an impairment at the above unit. 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 this unit.

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 unit 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 unit exceeding its recoverable amount. 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.

Acquisition of agricultural solutions businesses from Bayer

For information on the accounting principles applied, please refer to Note 1.4 to the Consolidated Financial Statements on page 200. Information on the acquisition can be found in Note 2.4 to the Consolidated Financial Statements from page 205 onward.

Financial statement risk

On August 1, 2018, BASF SE acquired significant parts of the seed and non-selective herbicide business as well as assets of Bayer AG. An additional acquisition of the global vegetable seeds business followed on August 16, 2018. The total purchase price was €7,421 million. Taking into account the net assets acquired in the amount of €6,168 million, goodwill of €1,253 million arose.

The identifiable assets acquired and liabilities assumed are recognized at fair value on the date of acquisition in accordance with IFRS 3. BASF consulted an external expert on the identification and measurement of the identifiable assets acquired and liabilities assumed.

Identifying and measuring the assets acquired and liabilities assumed is complex and is based on discretionary assumptions by the Board of Executive Directors. The key assumptions are the projected development of sales and margins in the acquired businesses, the licensing fees used for measurements based on the relief from royalty method, the underlying useful lives of the identified assets and the cost of capital.

There is a risk for the Consolidated Financial Statements that the assets acquired and liabilities assumed have not been identified in full, or have not been measured correctly. In addition, there is a risk that the disclosures on the acquisition in the Notes to the Consolidated Financial statements are not complete and appropriate.

Our audit approach

We consulted our valuation specialists in order to assess the appropriateness of the identification and measurement approach, as well as the key assumptions used here, among other things.

To start with, we spoke with members of the Board of Executive Directors and other BASF employees and assessed the relevant agreements to gain an understanding of the transaction. We compared the total purchase price with the underlying purchase agreement and the records of payment.

In addition, we assessed the competence, abilities and objectivity of the independent expert engaged by BASF to identify and measure the identifiable assets and liabilities. We also evaluated whether the process used to identify the assets acquired and liabilities assumed meet the requirements of IFRS 3 based on our knowledge of BASF's business model. We assessed whether the assessment approaches used are consistent with the relevant accounting principles.

We discussed the projected development of sales and margins with the persons responsible for planning. In addition, we evaluated the consistency of the assumptions with external, industry-specific market assessments. We compared the licensing fees used in the measurement of intangible assets with reference values in relevant databases, taking into consideration the supplied profitability analyses for the assets concerned. We evaluated the useful lives applied on the basis of discussions with the client's experts, taking into account any remaining patent terms and the underlying product life cycles. The useful lives of assets selected based on risk were checked for plausibility using existing reference assessments. Furthermore, we satisfied ourselves of the methodological appropriateness of the calculation and the appropriateness of the weighted cost of capital rates. To this end, we compared the assumptions and parameters underlying the cost of capital with our own assumptions and publicly available data. The audit team was supported by our company valuation specialists.

In order to assess the accuracy of the measurement of the identifiable assets and liabilities, we reproduced selected calculations taking into account risk-based considerations.

In addition, we satisfied ourselves of the correct presentation of the acquisition in the Consolidated Financial Statements of BASF SE. In doing so, we also assessed whether the disclosures on the acquisition contained in the Notes to the Consolidated Financial Statements are complete and appropriate.

Our observations

The underlying approach used to identify and measure the assets acquired and liabilities assumed is appropriate and consistent with the applicable accounting principles.

The key assumptions and parameters underlying purchase price allocation are reasonable and the presentation of the acquisition in the Notes to the Consolidated Financial Statements is complete and appropriate.

Accounting treatment of the oil and gas business

For information on the accounting principles applied and on BASF's oil and gas price scenario, please refer to Note 1.4 to the Consolidated Financial Statements on pages 200 and 201. Information on the discontinued oil and gas business can be found in Note 2.5 to the Consolidated Financial Statements from page 209 onward.

Financial statement risk

On September 27, 2018, BASF and LetterOne signed an agreement on the merger of their oil and gas activities. BASF's oil and gas activities represent a separate, material business area of BASF and were accounted for as the Oil & Gas segment until signing of the agreement. BASF will hold a majority share in the newly created company, which will operate under the name Wintershall Dea. BASF will lose control over the oil and gas activities as a result of the agreements signed by the shareholders on the management of the newly created company, and therefore classified these activities as a discontinued operation.

Prerequisites for the classification and thus the presentation of the oil and gas activities as a discontinued operation in accordance with IFRS 5 include the loss of control over these activities. To assess this, the future management structure of Wintershall Dea must be analyzed using the criteria of IFRS 10 (concept of control); this analysis is complex. Properly accounting for the assets and liabilities allocated to the discontinued operation, including their subsequent measurement and the corresponding explanatory disclosures in the Notes to the Consolidated Financial Statements, are just as complex.

There is a risk for the Consolidated Financial Statements that the prerequisites for classification as a discontinued operation are not met, and thus that its presentation as a discontinued operation in the Consolidated Financial Statements of the BASF Group is not correct. In addition, there is a risk that the assets and liabilities allocated to the discontinued operation are not recognized and measured properly, and that the corresponding disclosures in the Notes to the Consolidated Financial Statements are not complete and appropriate.

Furthermore, the accounting figures for the discontinued operation must be tested for potential impairment on initial classification. A key factor in the recoverability of the assets of the oil and gas business, including the goodwill allocated to the Exploration & Production cash-generating unit, is BASF's oil and gas price projections. 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 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 and gas business, including the goodwill allocated to the Exploration & Production cash-generating unit, were not measured properly on initial classification as a discontinued operation. There is also a risk that estimation uncertainties have not been sufficiently disclosed in the Notes to the Consolidated Financial Statements.

Our audit approach

We started by assessing whether the classification of the oil and gas business as a discontinued operation was performed in accordance with IFRS 5. In addition, we satisfied ourselves that BASF loses control over its oil and gas activities as a result of the agreements signed by the shareholders on the management of the newly created company. To this end, we evaluated the agreements concluded in connection with the merger on the management structure and spoke with members of the Board of Executive Directors and other BASF employees. Furthermore, we evaluated whether the assets and liabilities allocated to the discontinued operation were recognized and measured properly, and assessed whether the explanations on the discontinued operation in the Notes to the Consolidated Financial Statements are complete and appropriate.

In addition, 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 impairment test on initial classification of the discontinued operation. 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 on BASF's oil and gas price scenario and estimation uncertainties related to the scenario are sufficient and appropriate.

Our observations

The classification of the oil and gas business as a discontinued operation is appropriate and consistent with IFRS 5. The assets and liabilities allocated to the discontinued operation are recognized and measured properly, and the related explanations in the Notes to the Consolidated Financial Statements are complete and appropriate.

Overall, the assumptions about oil and gas prices made by the Board of Executive Directors underlying the impairment test on initial classification of the discontinued operation are appropriate. The estimates and assumptions made in the preparation of the company's internal forecasts are sufficiently documented and justified. 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.

Other Information

The Board of Executive Directors is responsible for the other information. The other information comprises:

- the unaudited part of the Group Management Report described in section "Opinions", and
- the remaining parts of the BASF Report 2018, with the exception of the audited Consolidated Financial Statements and Group Management Report and our auditor's report.

Our opinions on the Consolidated Financial Statements and on the Group Management 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 Report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

In accordance with our engagement, we performed a separate review of the nonfinancial statement. For the type, scope and results of this review, please refer to our audit report dated, February 20, 2019.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management 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 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 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 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 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 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 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 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 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 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 4, 2018. We were engaged by the Chairwoman of the audit committee on July 23, 2018. 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 20, 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Sailer
Wirtschaftsprüfer
[German Public Auditor]

Bock
Wirtschaftsprüfer
[German Public Auditor]

Statement of Income

BASF Group

Statement of income

Million €

	Explanations in Note	2018	2017 restated[1]	2017 previous
Sales revenue	**[1], [4]**	**62,675**	**61,223**	**64,475**
Cost of sales	[6]	(44,319)	(41,591)	(43,929)
Gross profit on sales		**18,356**	**19,632**	**20,546**
Selling expenses	[6]	(8,588)	(8,182)	(8,262)
General administrative expenses	[6]	(1,426)	(1,330)	(1,412)
Research and development expenses	[6]	(2,028)	(1,843)	(1,888)
Other operating income	[7]	1,815	1,569	1,916
Other operating expenses	[8]	(2,365)	(2,582)	(2,949)
Income from companies accounted for using the equity method	[9]	269	323	571
Income from operations	**[4]**	**6,033**	**7,587**	**8,522**
Income from other shareholdings		36	27	31
Expenses from other shareholdings		(78)	(57)	(60)
Net income from shareholdings		**(42)**	**(30)**	**(29)**
Interest income		174	177	226
Interest expenses		(540)	(492)	(560)
Interest result		**(366)**	**(315)**	**(334)**
Other financial income		32	39	70
Other financial expenses		(369)	(399)	(429)
Other financial result		**(337)**	**(360)**	**(359)**
Financial result	**[10]**	**(745)**	**(705)**	**(722)**
Income before income taxes		**5,288**	**6,882**	**7,800**
Income taxes	[11]	(1,138)	(1,290)	(1,448)
Income after taxes from continuing operations		**4,150**	**5,592**	**–**
Income after taxes from discontinued operations	**[2]**	**829**	**760**	**–**
Income after taxes		**4,979**	**6,352**	**6,352**
Noncontrolling interests	[12]	(272)	(274)	(274)
Net income		**4,707**	**6,078**	**6,078**
Earnings per share from continuing operations (€)	**[5]**	**4.29**	**5.84**	**–**
Earnings per share from discontinued operations (€)	**[5]**	**0.83**	**0.78**	**–**
Earnings per share (€)	**[5]**	**5.12**	**6.62**	**6.62**
Dilution effect (€)	[5]	(0.01)	(0.01)	(0.01)
Diluted earnings per share (€)	**[5]**	**5.11**	**6.61**	**6.61**

1 Figures for 2017 were restated with the presentation of the oil and gas activities as discontinued operations. For more information, see Note 1.4 from page 192 onward

Statement of Income and Expense Recognized in Equity

BASF Group

Statement of comprehensive income[1]

Million €

	2018			2017		
	BASF Group	Shareholders of BASF SE	Noncontrolling interests	BASF Group	Shareholders of BASF SE	Noncontrolling interests
Income after taxes	**4,979**	**4,707**	**272**	**6,352**	**6,078**	**274**
Remeasurement of defined benefit plans[2]	(977)	(977)	–	1,064	1,064	–
Deferred taxes on nonreclassifiable gains/losses	235	235	–	(320)	(320)	–
Nonreclassifiable gains/losses after taxes from equity-accounted investments	(3)	(3)	–	9	9	–
Nonreclassifiable gains/losses	**(745)**	**(745)**	**–**	**753**	**753**	**–**
Unrealized gains/losses from fair value changes in securities measured at FVOCI[3]	1	1	–	6	6	–
Reclassification of realized gains/losses recognized in the statement of income	–	–	–	–	–	–
Fair value changes in securities measured at FVOCI,[3] net[4]	**1**	**1**	**–**	**6**	**6**	**–**
Unrealized gains/losses in connection with cash flow hedges	23	23	–	(48)	(48)	–
Reclassification of realized gains/losses recognized in the statement of income	(48)	(48)	–	99	99	–
Fair value changes in derivatives designated as cash flow hedges, net[4]	**(25)**	**(25)**	**–**	**51**	**51**	**–**
Unrealized gains/losses from currency translation	194	172	22	(2,051)	(1,964)	(87)
Deferred taxes on reclassifiable gains/losses	9	9	–	12	12	–
Reclassifiable gains/losses after taxes from equity-accounted investments	(20)	(20)	–	(126)	(126)	–
Reclassifiable gains/losses	**159**	**137**	**22**	**(2,108)**	**(2,021)**	**(87)**
Other comprehensive income after taxes	**(586)**	**(608)**	**22**	**(1,355)**	**(1,268)**	**(87)**
Comprehensive income	**4,393**	**4,099**	**294**	**4,997**	**4,810**	**187**

1 For more information on other comprehensive income, see Note 20 on page 239
2 For more information, see Note 22, "Provisions for pensions and similar obligations," from page 240 onward
3 FVOCI: fair value through other comprehensive income
4 For more information, see Note 27, "Supplementary information on financial instruments," from page 251 onward

Development of income and expense recognized in equity attributable to shareholders of BASF SE

Million €

	Other comprehensive income				
	Remeasurement of defined benefit plans	Unrealized gains/losses from currency translation	Measurement of securities at fair value	Cash flow hedges	Total income and expense recognized in equity
As of December 31, 2017	**(4,620)**	**(605)**	**39**	**(96)**	**(5,282)**
IFRS 9 transition effect	–	–	(35)	(14)	(49)
As of January 1, 2018	**(4,620)**	**(605)**	**4**	**(110)**	**(5,331)**
Changes	(980)	141	1	(14)	(852)
Deferred taxes	235	(2)	–	11	244
As of December 31, 2018	**(5,365)**	**(466)**	**5**	**(113)**	**(5,939)**
As of January 1, 2017	**(5,373)**	**1,476**	**32**	**(149)**	**(4,014)**
Changes	1,073	(2,109)	8	68	(960)
Deferred taxes	(320)	28	(1)	(15)	(308)
As of December 31, 2017	**(4,620)**	**(605)**	**39**	**(96)**	**(5,282)**

Balance Sheet

BASF Group

Assets

Million €

	Explanations in Note	December 31, 2018	December 31, 2017
Intangible assets	[14]	16,554	13,594
Property, plant and equipment	[15]	20,780	25,258
Investments accounted for using the equity method	[16]	2,203	4,715
Other financial assets	[16]	570	606
Deferred tax assets	[11]	2,342	2,118
Other receivables and miscellaneous assets	[18]	886	1,332
Noncurrent assets		**43,335**	**47,623**
Inventories	[17]	12,166	10,303
Accounts receivable, trade[1]	[18]	10,665	10,801
Other receivables and miscellaneous assets[1]	[18]	3,139	3,494
Marketable securities		344	52
Cash and cash equivalents[2]	[1]	2,300	6,495
Assets of disposal groups	[2]	14,607	–
Current assets		**43,221**	**31,145**
Total assets		**86,556**	**78,768**

1 As of January 1, 2018, receivables from bank acceptance drafts are no longer reported under trade accounts receivable, but under the item other receivables and miscellaneous assets. The 2017 figures have been restated accordingly. For more information, see Note 18 from page 235 onward
2 For a reconciliation of the amounts in the statement of cash flows with the balance sheet item cash and cash equivalents, see page 181.

Equity and liabilities

Million €

	Explanations in Note	December 31, 2018	December 31, 2017
Subscribed capital	[19]	1,176	1,176
Capital reserves	[19]	3,118	3,117
Retained earnings	[19]	36,699	34,826
Other comprehensive income	[20]	(5,939)	(5,282)
Equity attributable to shareholders of BASF SE		**35,054**	**33,837**
Noncontrolling interests	[21]	1,055	919
Equity		**36,109**	**34,756**
Provisions for pensions and similar obligations	[22]	7,434	6,293
Other provisions	[23]	1,860	3,478
Deferred tax liabilities	[11]	1,787	2,731
Financial indebtedness	[24]	15,332	15,535
Other liabilities	[24]	705	1,095
Noncurrent liabilities		**27,118**	**29,132**
Accounts payable, trade		5,122	4,971
Provisions	[23]	3,252	3,229
Tax liabilities	[11]	695	1,119
Financial indebtedness	[24]	5,509	2,497
Other liabilities	[24]	2,998	3,064
Liabilities of disposal groups	[2]	5,753	–
Current liabilities		**23,329**	**14,880**
Total equity and liabilities		**86,556**	**78,768**

Statement of Cash Flows

BASF Group

Statement of cash flows[1]

Million €	2018	2017
Net income	4,707	6,078
Depreciation and amortization of intangible assets and property, plant and equipment	3,750	4,213
Changes in inventories	(1,249)	(915)
Changes in receivables	(394)	(870)
Changes in operating liabilities and other provisions	1,113	618
Changes in pension provisions, defined benefit assets and other items	78	(227)
Gains (–) / losses (+) from the disposal of noncurrent assets and securities	(66)	(112)
Cash flows from operating activities	**7,939**	**8,785**
Payments made for property, plant and equipment and intangible assets	(3,894)	(3,996)
Payments made for financial assets and securities	(1,210)	(748)
Payments made for acquisitions	(7,362)	(150)
Payments received for divestitures	107	177
Payments received from the disposal of noncurrent assets and securities	555	759
Cash flows from investing activities	**(11,804)**	**(3,958)**
Capital increases/repayments and other equity transactions	3	19
Additions to financial and similar liabilities	6,355	8,572
Repayment of financial and similar liabilities	(3,389)	(5,324)
Dividends paid		
To shareholders of BASF SE	(2,847)	(2,755)
noncontrolling interests	(174)	(118)
Cash flows from financing activities	**(52)**	**394**
Net changes in cash and cash equivalents	**(3,917)**	**5,221**
Changes in cash and cash equivalents		
From foreign exchange rates	(59)	(110)
changes in the scope of consolidation	–	9
Cash and cash equivalents at the beginning of the year	**6,495**	**1,375**
Cash and cash equivalents at the end of the year[2]	**2,519**	**6,495**

1 More information on the statement of cash flows can be found in the Management's Report (Financial Position) from page 55 onward. Other information on cash flows can be found in Note 29 from page 261 onward.
2 From the third quarter of 2018 onward, cash and cash equivalents presented in the statement of cash flows deviate from the figure in the balance sheet, as cash and cash equivalents of the oil and gas business in the balance sheet have been reclassified to the disposal group.

Statement of Equity

BASF Group

Statement of equity[1]

Million €

	Number of shares outstanding	Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income[2]	Equity attributable to shareholders of BASF SE	Noncontrolling interests	Equity
As of December 31, 2017	**918,478,694**	**1,176**	**3,117**	**34,826**	**(5,282)**	**33,837**	**919**	**34,756**
IFRS 9 transition effect	–	–	–	21	(49)	**(28)**	(2)	**(30)**
As of January 1, 2018	**918,478,694**	**1,176**	**3,117**	**34,847**	**(5,331)**	**33,809**	**917**	**34,726**
Effects of acquisitions achieved in stages	–	–	–	–	–	**–**	–	**–**
Dividends paid	–	–	–	(2,847)	–	**(2,847)**	(174)[3]	**(3,021)**
Income after taxes	–	–	–	4,707	–	**4,707**	272	**4,979**
Changes to income and expense recognized directly in equity	–	–	–	–	(608)	**(608)**	22	**(586)**
Changes in scope of consolidation and other changes	–	–	1[4]	(8)	–	**(7)**	18	**11**
As of December 31, 2018	**918,478,694**	**1,176**	**3,118**	**36,699**	**(5,939)**	**35,054**	**1,055**	**36,109**
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	–	–	–	–	–	**–**	–	**–**
Dividends paid	–	–	–	(2,755)	–	**(2,755)**	(118)[3]	**(2,873)**
Income after taxes	–	–	–	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**

1 For more information on the items relating to equity, see Notes 19 and 20 from page 238 onward
2 Details are provided in the Statement of Income and Expense Recognized in Equity on page 177.
3 Including profit and loss transfers
4 Granting of BASF shares under BASF's "plus" share program