Regional Results

Regions

Million €

	Sales by location of company			Sales by location of customer			Income from operations by location of company		
	2018	**2017**	**+/–**	**2018**	**2017**	**+/–**	**2018**	**2017**	**+/–**
Europe	28,502	28,045	2%	26,546	26,507	0%	3,210	4,090	(22%)
of which Germany	18,113	18,663	(3%)	6,965	7,159	(3%)	1,140	1,838	(38%)
North America	16,659	15,937	5%	16,143	15,357	5%	802	1,236	(35%)
Asia Pacific	13,886	13,658	2%	14,646	14,343	2%	1,820	2,209	(18%)
South America, Africa, Middle East	3,628	3,583	1%	5,340	5,016	6%	201	52	287%
BASF Group	**62,675**	**61,223**	**2%**	**62,675**	**61,223**	**2%**	**6,033**	**7,587**	**(20%)**

Europe

- **Sales up 2% compared with 2017 at €28,502 million**
- **Investments strengthen businesses in growth industries and markets**

Sales at companies located in Europe rose by 2% year on year to €28,502 million. Higher prices more than compensated for the negative currency effects and lower volumes.

Higher prices led to slight sales growth in the Chemicals segment. Sales also rose slightly in the Agricultural Solutions segment as a result of portfolio effects and volumes growth. In the Functional Materials & Solutions segment, sales matched the prior-year level. Slight price improvements were offset by lower volumes and negative currency effects. By contrast, sales declined slightly in the Performance Products segment. Lower volumes and negative portfolio and currency effects could not be completely offset by higher prices.

Income from operations (EBIT) decreased by 22% compared with the previous year to €3,210 million due to considerably lower contributions from all segments, but especially from the Chemicals segment. The main drivers for the lower earnings in the Chemicals segment were higher raw materials prices, temporary plant shutdowns as well as the low water levels on the Rhine River. The lower contribution from the Agricultural Solutions segment was mainly attributable to the higher fixed costs from the acquisition of the Bayer businesses. Earnings were also negatively impacted by the long dry period. Softer margins had a significant influence on earnings development in the Functional Materials & Solutions and Performance Products segments.

We aim to strengthen our position in the European market though investments, for example in a production plant for battery materials in Harjavalta, Finland. This investment supports the European Commission's goal of establishing a European value chain for battery production.

North America

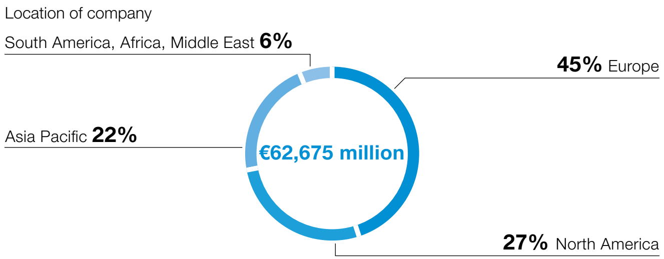
- **Sales growth of 5% year on year to €16,659 million**
- **Ongoing investments in production plants**

Sales at companies located in North America rose by 5% compared with 2017 to €16,659 million. In local currency terms, sales grew by 9%. This was largely due to higher sales prices in all segments. Sales were also positively impacted by portfolio effects, mainly from the acquisition of significant businesses from Bayer, and higher volumes, especially in the Functional Materials & Solutions segment. Currency effects dampened sales in all segments.

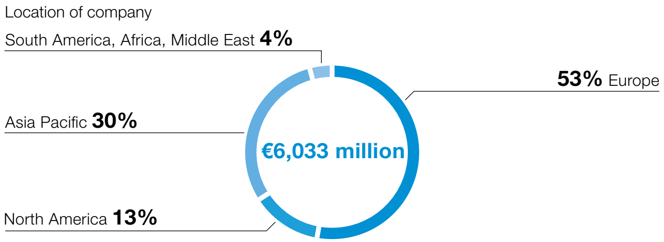
EBIT was down 35% from the 2017 figure, at €802 million. Earnings declined in the Agricultural Solutions segment in particular.

We further strengthened our position in the region with the acquisition of significant businesses from Bayer in the areas of seeds and non-selective herbicides. We aim to invest continuously in our production facilities. For example, we started up a new ammonia plant in Freeport, Texas, together with Yara International ASA, Oslo, Norway; are expanding production for ibuprofen in Bishop, Texas; and started construction of a new MDI synthesis unit in Geismar, Louisiana. We strengthened our global battery materials business with the formation of BASF Toda America LLC (BTA), a cooperation between BASF and Toda Kogyo Corp., Hiroshima, Japan. BTA produces state-of-the-art high energy cathode active materials close to our North American customers.

Sales by region



Income from operations by region



Asia Pacific

- **Sales 2% above prior-year level at €13,886 million**
- **Local production footprint expanded with new plants, including in South Korea and Malaysia**

Sales at companies headquartered in the Asia Pacific region rose by 2% to €13,886 million in 2018. In local currency terms, sales rose by 5% year on year. The positive development was mainly driven by the Functional Materials & Solutions segment. We also increased sales in the Agricultural Solutions segment.

All segments increased volumes; Functional Materials & Solutions and Performance Products also achieved higher prices. By contrast, sales were consistently weighed down by currency effects. Portfolio measures had no effect on sales development in 2018. The trade conflict between the United States and China dampened economic sentiment across Asia, leading to lower prices and volumes year on year in the fourth quarter of 2018.

EBIT in the region decreased by 18% year on year to €1,820 million. This was primarily due to the lower contribution from the Chemicals segment as a result of narrower margins in the isocyanates business, as well as for steam cracker products at our joint venture. Lower fixed costs were unable to compensate for these effects.

As part of our regional strategy, we aim to further increase the proportion of sales from local production in Asia Pacific. We once again made progress toward this goal: For instance, we started commercial production of polyoxymethylene (POM) in Gimcheon, South Korea, in October 2018. We started production of citral, citronellol and menthol at our new aroma ingredients complex in Kuantan, Malaysia.

Our investments in production facilities as well as in research and development serve to bring products to market for our local and global customers in this fast-growing region. We therefore plan to build an integrated Verbund site in Zhanjiang in the southern Chinese province of Guangdong and expand our existing joint venture with Sinopec in Nanjing, China.

South America, Africa, Middle East

- **Sales growth of 1% to €3,628 million**
- **Successful integration of acquired businesses in Agricultural Solutions segment**

Sales at companies located in the region South America, Africa, Middle East increased by 1% compared with 2017 to €3,628 million. In local currency terms, sales exceeded the prior-year figure by 17%.

In South America, the year was characterized by a slight economic recovery amid political uncertainty ahead of the presidential elections in Brazil. Weaker local currencies in Brazil and Argentina led to strongly negative currency effects. Against this background, our sales nevertheless rose as a result of higher prices, positive portfolio effects from the acquisition of significant businesses from Bayer and volumes growth. The Agricultural Solutions segment in particular increased volumes thanks to stronger demand. Sales volumes also rose in the Functional Materials & Solutions segment on the back of the recovery in the automotive industry. Volumes in the Performance Products segment were on a level with the prior year. By contrast, we recorded lower sales volumes in the Chemicals segment due to product shortages.

Companies in Africa and in the Middle East posted a considerable sales decrease. Lower volumes and negative currency effects were responsible for this development.

At €201 million, EBIT in the region South America, Africa, Middle East exceeded the prior-year figure by 287%. This was driven by improved earnings in the Agricultural Solutions segment as a result of higher demand, especially in Brazil, as well as the contribution from the acquired businesses.

Following the two-year recession in South America, which lasted until the end of 2016, our focus in 2018 was on increasing sales volumes and integrating the acquired businesses and assets in the Agricultural Solutions segment. We also continued the expansion of our sales channels to capture new customer segments, including with investments in digital platforms.