

3 BASF Group list of shares held pursuant to section 313(2) of the German Commercial Code (HGB)

The list of consolidated companies and the complete list of all companies in which BASF SE holds shares as required by section 313(2) HGB and information on the exemption of subsidiaries from accounting and disclosure obligations are an integral component of the audited Consolidated Financial Statements submitted to the electronic Federal Gazette (Bundesanzeiger). The list of shares held is also published online.

For more information, see basf.com/en/corporategovernance

4 Reporting by segment and region

In 2018, BASF's business was conducted by 13 divisions in five segments until a binding agreement between BASF and LetterOne was signed on September 27, 2018, to merge their oil and gas activities; from that date until the end of the year, business was conducted by 12 divisions in four segments. The divisions are allocated to the segments based on their business models.

BASF adjusted its segment structure as part of its updated strategy. The changes effective as of January 1, 2019, affect all segments except the Agricultural Solutions segment. Since then, the 12 divisions are allocated to six segments. The composition of a number of divisions has changed as well. The propylene oxide and propylene glycol business will be transferred from the Petrochemicals division to the Monomers division. The superabsorbents business will be allocated to the Petrochemicals division rather than the Care Chemicals division. The styrene, polystyrene and styrene-based foams business, which previously fell mainly under Performance Materials and a small part under Other, will be bundled in Petrochemicals.

The new segment structure will enable an even more differentiated steering of the businesses, taking into account market-specific requirements and the competitive environment. It will further increase the transparency of the segments' results and highlight the importance of the Verbund and value chains to business success. The aggregation of the segments based on business models reflects the divisions' focal points, their customer groups, the focus of their innovations, their investment relevance and sustainability aspects.

The **Chemicals** segment comprises the classic chemicals business with basic chemicals and intermediates. It continues to form the core of BASF's Production Verbund and contributes to the organic growth of BASF's key value chains. Customers include the chemical and plastics industries as well as internal outlets. The segment's competitiveness will be augmented through technological leadership and operational excellence. The Chemicals segment was composed of the Petrochemicals, Monomers and Intermediates divisions until December 31, 2018. As of January 1, 2019, the Monomers division is allocated to the new Materials segment.

The **Performance Products** segment consisted of the Dispersions & Pigments, Care Chemicals, Nutrition & Health and Performance Chemicals divisions until the end of 2018. They focus on tailor-made solutions enabling customers to improve the application properties of their products and optimize production processes, for example. Close customer contact and meeting the demanding requirements of a wide range of industries were crucial to business success.

The divisions in this segment were separated into two segments as of January 1, 2019.

- The new **Industrial Solutions** segment comprises the Dispersions & Pigments division and the Performance Chemicals division. This segment develops and markets ingredients and additives for industrial applications such as polymer dispersions, pigments, resins, electronic materials, antioxidants and admixtures. Its customers come from key industries such as automotive, plastics and electronics.
- The new **Nutrition & Care** segment combines the Care Chemicals and Nutrition & Health divisions. This segment produces ingredients for consumer products in the area of nutrition, cleaners and personal care. Its customers include food and feed producers as well as the pharmaceutical, cosmetics, and the detergent and cleaner industries.

Until the end of 2018, the **Functional Materials & Solutions** segment bundled industry and customer-specific system solutions, services and innovative products, especially for the automotive, electronics, chemical and construction sectors, as well as applications for household, sports and leisure. An in-depth understanding of applications, the development of innovations in close cooperation with customers, and adaptation to different regional needs were key success factors. The segment was made up of the Catalysts, Construction Chemicals, Coatings, and Performance Materials divisions. The divisions of this segment were allocated to two new segments as of January 1, 2019:

- The new **Materials** segment consists of the Performance Materials division and the Monomers division, formerly pertaining to the Chemicals segment. This segment offers advanced materials and their precursors for new applications and systems. Its product portfolio includes isocyanates and polyamides as well as inorganic basic products and specialties for plastics and plastics processing in various industries.
- The new **Surface Technologies** segment comprises the Catalysts, Coatings and Construction Chemicals divisions. It offers a platform for chemical surface solutions. Its product spectrum includes catalysts and battery materials for the automotive and chemical industries, surface treatments, colors and coatings as well as cement modifications and construction materials.

The **Agricultural Solutions** segment comprises the Agricultural Solutions division, which was previously known as Crop Protection and was renamed after the acquisition of significant businesses from Bayer and the associated expansion of its portfolio. As an integrated provider of crop protection and seeds, Agricultural Solutions will continue to grow, primarily organically through innovation, and through targeted portfolio enhancement. Its portfolio comprises fungicides, herbicides, insecticides and biological crop protection products, as well as seeds and seed treatment products. Furthermore, Agricultural Solutions offers farmers innovative solutions, in-

cluding those based on digital technologies, combined with practical advice.

Activities that are not allocated to any of the continued operating divisions continue to be recorded under **Other**. These include other businesses such as commodity trading, engineering and other services, rental income and leases, steering the BASF Group by corporate headquarters, and cross-divisional corporate research. Cross-divisional corporate research, which includes plant biotechnology research, works on long-term topics of strategic importance to the BASF Group. Furthermore, it focuses on the development of specific key technologies, which are of central importance for the divisions.

Earnings from currency translation that are not allocated to the segments are also reported under Other, as are earnings from the hedging of raw materials prices and foreign currency exchange risks. Furthermore, gains and losses from the long-term incentive (LTI) program are reported here.

Discontinued operations and all remaining activities after divestiture not previously reported under Other are reported under Other as of January 1, 2019. The latter includes, for example, participating interests accounted for using the equity method or supply obligations assumed in the context of divestitures. Reclassification affects the remaining activities for the leather and textile chemicals business, previously recorded in the Performance Products segment, and the remaining activities for the industrial coatings business, previously recorded in the Functional Materials & Solutions segment. Furthermore, the following will also be reported here in the future: remanent fixed costs resulting from organizational changes or restructuring; function and region-related restructuring costs not allocated to a division; idle capacity costs from internal human resource platforms.

Since the signing of the binding agreement between BASF and LetterOne to merge their oil and gas activities, the former Oil & Gas division has been reported as a **discontinued oil and gas business**. The segment of the same name was dissolved. The assets and liabilities of the oil and gas business were reclassified to a disposal group as of the end of the third quarter of 2018. Since then, they are included in Other.

The oil and gas business focuses on exploration and production in oil and gas-rich regions in Europe, North Africa, Russia, South America and the Middle East. It benefits from strong partnerships and its technological expertise. In Europe, it is also active in the transport of natural gas together with its Russian partner Gazprom.

For more information on the discontinued oil and gas business, see Note 2.5 from page 209 onward

The same accounting rules are used for segment reporting as those used for the Group, which are presented in Note 1. Transfers between the segments are generally executed at adjusted market-based prices, taking into account the higher cost efficiency and lower risk of intragroup transactions. Assets, as well as their depreciation and amortization, are allocated to the segments based on economic control. Assets used by more than one segment are allocated based on the percentage of usage. Assets not used by the segments are reported under Other.

Sales by operating division¹

Million €

	2018	2017
Petrochemicals	6,904	6,389
Monomers	6,464	6,963
Intermediates	3,133	2,979
Chemicals	16,501	16,331
Dispersions & Pigments	5,292	5,398
Care Chemicals	4,913	5,079
Nutrition & Health	1,696	1,844
Performance Chemicals	3,911	3,896
Performance Products	15,812	16,217
Catalysts	7,469	6,658
Construction Chemicals	2,456	2,412
Coatings	3,856	3,969
Performance Materials	7,654	7,706
Functional Materials & Solutions	21,435	20,745
Fungicides	2,287	2,357
Herbicides	2,436	2,371
Insecticides	670	663
Functional Crop Care	463	305
Seeds & Traits	300	–
Agricultural Solutions	6,156	5,696
Other	2,771	2,234
BASF Group	62,675	61,223

¹ Indications and sectors are given for the Agricultural Solutions segment, which comprises just one operating division.

Income from operations (EBIT) of Other

Million €	2018	2017
Costs for cross-divisional corporate research	(414)	(379)
Costs of corporate headquarters	(249)	(224)
Other businesses	38	81
Foreign currency results, hedging and other measurement effects	327	88
Miscellaneous income and expenses	(193)	(257)
Income from operations of Other	(491)	(691)

Income from operations of Other increased by €200 million year on year from minus €691 million to minus €491 million. The **costs for cross-divisional corporate research** increased by €35 million to €414 million, and the **costs of corporate headquarters** were €25 million higher at €249 million. Income from **other businesses** fell by €43 million to €38 million. The line item **foreign currency results, hedging and other measurement effects** increased by €239 million to €327 million. This was due to an increase of €195 million to €262 million from the release of provisions for the LTI program. The line item **miscellaneous income and expenses** amounted to minus €193 million compared with minus €257 million in the previous year.

Assets of Other

Million €	Dec. 31, 2018	Dec. 31, 2017
Assets of businesses included in Other	2,134	2,007
Financial assets	570	606
Deferred tax assets	2,342	2,118
Cash and cash equivalents/marketable securities	2,644	6,547
Defined benefit assets	63	70
Other receivables/prepaid expenses	1,902	2,328
Operating assets of the former Oil & Gas segment (2017) and of the oil and gas business disposal group (2018) ¹	12,570	11,967
Other assets of the oil and gas business disposal group ¹	1,518	–
Assets of Other	23,743	25,643

¹ For more information, see Note 2.5 from page 209 onward

Segments 2018

Million €	Chemicals	Performance Products	Functional Materials & Solutions	Agricultural Solutions	Other ²	BASF Group
Sales	16,501	15,812	21,435	6,156	2,771	62,675
Intersegmental transfers	6,105	498	837	58	2	7,500
Sales including transfers	22,606	16,310	22,272	6,214	2,773	70,175
Research and development expenses	129	394	412	679	414	2,028
Income from companies accounted for using the equity method	196	22	43	–	8	269
Income from operations	3,360	1,338	1,235	591	(491)	6,033
Assets	13,264	14,903	17,654	16,992	23,743	86,556
of which goodwill	55	2,079	3,773	3,236	68	9,211
other intangible assets	104	895	1,878	4,441	25	7,343
property, plant and equipment	7,837	4,875	4,554	2,660	854	20,780
investments accounted for using the equity method	1,000	360	410	–	433	2,203
Liabilities	4,104	5,421	4,587	3,080	33,255	50,447
Additions to intangible assets and property, plant and equipment (including acquisitions)	1,325	765	872	7,110	663	10,735
Amortization and depreciation of intangible assets and property, plant and equipment	1,072	867	682	394	735	3,750
of which impairments and reversals of impairments	29	10	5	7	2	53

² Other includes assets and liabilities as well as amortization of intangible assets and depreciation of property, plant and equipment of the discontinued oil and gas business. For more information, see Note 2.5 from page 209 onward. Until reclassification to the disposal group, additions to intangible assets and property, plant and equipment (including acquisitions) of the discontinued oil and gas business, also included in Other, amounted to €468 million in 2018.

Segments 2017

Million €

	Chemicals	Performance Products	Functional Materials & Solutions	Agricultural Solutions	Other ¹	BASF Group
Sales	16,331	16,217	20,745	5,696	2,234	61,223
Intersegmental transfers	6,063	506	805	36	(3)	7,407
Sales including transfers	22,394	16,723	21,550	5,732	2,231	68,630
Research and development expenses	128	395	431	507	382	1,843
Income from companies accounted for using the equity method	257	(1)	49	–	18	323
Income from operations	4,208	1,510	1,545	1,015	(691)	7,587
Assets	13,233	14,432	17,364	8,096	25,643	78,768
of which goodwill	56	2,078	3,718	1,929	1,572	9,353
other intangible assets	103	1,048	2,045	208	837	4,241
property, plant and equipment	7,497	5,000	4,163	1,366	7,232	25,258
investments accounted for using the equity method	1,026	369	393	–	2,927	4,715
Liabilities	4,461	5,419	4,385	1,768	27,979	44,012
Additions to intangible assets and property, plant and equipment (including acquisitions)	1,149	800	1,056	185	1,174	4,364
Amortization and depreciation of intangible assets and property, plant and equipment	1,166	917	706	267	1,146	4,202
of which impairments and reversals of impairments	129	53	28	2	(72)	140

¹ Other includes assets and liabilities as well as amortization of intangible assets and depreciation of property, plant and equipment of the discontinued oil and gas business. For more information, see Note 2.5 from page 209 onward. Additions to intangible assets and property, plant and equipment (including acquisitions) of the discontinued oil and gas business, also included in Other, amounted to €988 million in 2017.

Regions 2018

Million €

	Europe	of which Germany	North America	Asia Pacific	South America, Africa, Middle East	BASF Group
Location of customer						
Sales	26,546	6,965	16,143	14,646	5,340	62,675
Share	42.3	11.1	25.8	23.4	8.5	100.0
Location of company						
Sales	28,502	18,113	16,659	13,886	3,628	62,675
Sales including interregional transfers ¹	35,805	24,083	19,161	14,872	4,006	73,844
Income from companies accounted for using the equity method	36	10	0	233	–	269
Income from operations	3,210	1,140	802	1,820	201	6,033
Assets	45,562	23,739	22,079	13,576	5,339	86,556
of which intangible assets	7,281	3,874	7,308	1,499	466	16,554
property, plant and equipment	9,231	6,357	6,286	4,416	847	20,780
investments accounted for using the equity method	637	289	122	1,444	–	2,203
Additions to intangible assets and property, plant and equipment (including acquisitions)	5,317	3,674	4,461	585	372	10,735
Amortization of intangible assets and depreciation of property, plant and equipment including impairments and reversals of impairments	2,031	1,180	990	479	250	3,750

¹ The sum of sales including interregional transfers for all the regions can differ from the sum of sales including intersegmental transfers for all the segments, as the segments are viewed globally, and therefore shipments and services between regions within the same segment are not classified as transfers.

Regions 2017

Million €

	Europe	of which Germany	North America	Asia Pacific	South America, Africa, Middle East	BASF Group
Location of customer						
Sales	26,507	7,159	15,357	14,343	5,016	61,223
Share	43.3	11.7	25.1	23.4	8.2	100.0
Location of company						
Sales	28,045	18,663	15,937	13,658	3,583	61,223
Sales including interregional transfers ¹	35,243	24,452	18,570	14,534	3,890	72,237
Income from companies accounted for using the equity method	23	5	9	291	–	323
Income from operations	4,090	1,838	1,236	2,209	52	7,587
Assets	43,924	24,631	16,201	13,547	5,096	78,768
of which intangible assets	7,167	2,736	4,428	1,499	500	13,594
property, plant and equipment	13,876	7,019	5,281	4,337	1,764	25,258
investments accounted for using the equity method	3,153	989	115	1,447	–	4,715
Additions to intangible assets and property, plant and equipment (including acquisitions)	2,455	1,228	958	711	240	4,364
Amortization of intangible assets and depreciation of property, plant and equipment including impairments and reversals of impairments	2,399	1,234	1,011	516	276	4,202

¹ The sum of sales including interregional transfers for all the regions can differ from the sum of sales including intersegmental transfers for all the segments, as the segments are viewed globally, and therefore shipments and services between regions within the same segment are not classified as transfers.

In the United States, sales to third parties in 2018 amounted to €14,775 million (2017: €13,909 million) according to location of companies and €14,062 million (2017: €13,127 million) according to location of customers. In the United States, intangible assets, property, plant and equipment, and investments accounted for using the equity method amounted to €12,958 million compared with €9,279 million in the previous year.

In China, sales to third parties in 2018 amounted to €7,595 million (2017: €5,976 million) according to location of companies and €6,731 million (2017: €6,676 million) according to location of customers. In China, intangible assets, property, plant and equipment, and investments accounted for using the equity method amounted to €4,162 million compared with €4,206 million in the previous year.