

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

As of January 1, 2019, we have 11 divisions grouped into six segments as follows:

- **Chemicals:** Petrochemicals, Intermediates
- **Materials:** Performance Materials, Monomers
- **Industrial Solutions:** Dispersions & Pigments, Performance Chemicals
- **Surface Technologies:** Catalysts, Coatings
- **Nutrition & Care:** Care Chemicals, Nutrition & Health
- **Agricultural Solutions:** Agricultural Solutions

The Construction Chemicals division was part of the Surface Technologies segment until December 21, 2019. The division was reclassified to Other as a discontinued operation with the agreement on the sale of BASF's construction chemicals business to an affiliate of Lone Star. The prior-year figures have been restated accordingly.

The composition of a number of divisions also changed at the beginning of 2019. The propylene oxide and propylene glycol business was transferred from the Petrochemicals division to the Monomers division. The superabsorbents business was reallocated from the Care Chemicals division to the Petrochemicals division. The styrene, polystyrene and styrene-based foams business, which previously mainly fell under the Performance Materials division and a small part under Other, is bundled in the Petrochemicals division.

The divisions are allocated to the segments based on their business models and according to their focal points, customer groups, the focus of their innovations, their investment relevance and sustainability aspects.

The **Chemicals** segment comprises the Petrochemicals and Intermediates divisions and is the cornerstone of BASF's Verbund structure. It supplies the other segments with basic chemicals and intermediates, contributing to the organic growth of our key value chains. Alongside internal transfers, customers include the chemical and plastics industries. The segment's competitiveness is strengthened by technological leadership and operational excellence.

The **Materials** segment is composed of the Performance Materials division and the Monomers division. The 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.

The **Industrial Solutions** segment consists of the Dispersions & Pigments and the Performance Chemicals divisions. The segment develops and markets ingredients and additives for industrial applications, such as polymer dispersions, pigments, resins, electronic materials, antioxidants and additives. Its customers come from key industries such as automotive, plastics and electronics.

The **Surface Technologies** segment bundles chemical solutions for surfaces with the Catalysts and Coatings divisions. Its product spectrum includes catalysts and battery materials for the automotive and chemical industries, surface treatments, colors and coatings.

The **Nutrition & Care** segment comprises the Care Chemicals division and the Nutrition & Health division. The segment produces ingredients and solutions for consumer applications in the areas of nutrition, home and personal care. Its customers include food and feed producers as well as the pharmaceutical, cosmetics, detergent and cleaner industries.

The **Agricultural Solutions** segment consists of the division of the same name. As an integrated provider, 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, including those based on digital technologies, combined with practical advice.

Activities that are not allocated to any of the segments are recorded under **Other**. These include other businesses, which comprise commodity trading, engineering and other services, as well as rental income and leases. Discontinued operations and all remaining activities after divestitures not previously reported under Other have also been reported here since January 1, 2019. These remaining activities include, for example, equity-accounted participating interests assumed in the context of divestitures or supply obligations. 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, were reclassified to Other. Discontinued operations include the business of the former Construction Chemicals division and the oil and gas business. Following the merger of the oil and gas businesses of Wintershall and DEA, the equity-accounted interest in Wintershall Dea GmbH, Kassel/Hamburg, Germany, and the resulting contribution to earnings have also been reported under other businesses since May 1, 2019. The assets and liabilities of the oil and gas business were already presented under Other following the signing of the binding agreement between BASF and LetterOne to merge their oil and gas activities in the third quarter of 2018 until closing of the transaction.

The following activities are also presented under Other:

- The steering of the BASF Group by corporate headquarters.
- 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.
- Results from currency translation that are not allocated to the segments; earnings from the hedging of raw materials prices and foreign currency exchange risks; and gains and losses from the long-term incentive (LTI) program.
- Miscellaneous income and expenses include expenses and income in connection with contaminated sites, project costs that are not allocated to the segments and, since the beginning of 2019, remanent fixed costs resulting from organizational changes or restructuring, function and region-related restructuring costs not allocated to a division, and idle capacity costs from internal human resource platforms.

Income from operations (EBIT) of Other

Million €	2019	2018
Costs for cross-divisional corporate research	(397)	(414)
Costs of corporate headquarters	(231)	(249)
Other businesses	15	17
Foreign currency results, hedging and other measurement effects	(89)	324
Miscellaneous income and expenses	35	(184)
Income from operations of Other	(667)	(506)

Income from operations of Other declined by €161 million year on year, from minus €506 million to minus €667 million. **The costs for cross-divisional corporate research** decreased by €17 million to minus €397 million, and the **costs of corporate headquarters** were €18 million lower at minus €231 million. Income from **other businesses** declined by €2 million to €15 million. The line item **foreign currency results, hedging and other measurement effects** decreased by €413 million to minus €89 million. This was due to expenses resulting from the addition to provisions for the LTI program in 2019, compared with income from the release of provisions in the previous year, as well as negative currency effects. The line item **miscellaneous income and expenses** rose by €219 million to €35 million and includes the gain on the sale of our share of the Klybeck site in Basel, Switzerland.

Reconciliation of the assets of Other to the assets of the BASF Group

Million €

	December 31, 2019	December 31, 2018
Segment assets	59,365	59,700
Assets of businesses included in Other	15,904	2,528
Financial assets	636	570
Deferred tax assets	2,887	2,342
Cash and cash equivalents / marketable securities	2,871	2,644
Defined benefit assets	123	63
Other receivables / prepaid expenses	2,429	1,901
Operating assets of the oil and gas business disposal group	–	12,570
Other assets of the oil and gas business disposal group	–	1,518
Operating assets of the former Construction Chemicals division (2018) and of the construction chemicals business disposal group (2019) ^a	2,661	2,720
Other assets of the construction chemicals business disposal group (2019) ^a	74	–
Assets of Other	27,585	26,856
Assets of the BASF Group	86,950	86,556

^a For more information, see Note 2.5 from page 215 onward.**Reconciliation of segment income to income before income taxes**

Million €

	2019	2018
EBIT before special items of the segments	5,224	6,742
EBIT before special items of Other	(688)	(461)
EBIT before special items	4,536	6,281
Special items of the segments	(505)	(262)
Special items of Other	21	(45)
Special items	(484)	(307)
EBIT of the segments	4,719	6,480
EBIT of Other	(667)	(506)
EBIT	4,052	5,974
Financial result	(750)	(741)
Income before income taxes	3,302	5,233

The same accounting rules are used for segment reporting as those used for the Group, which are presented in these Notes. 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.

Income from operations (EBIT) before special items is used for the internal steering of the segments and complements the key management indicator, ROCE. EBIT is calculated from gross profit on sales, selling expenses, general administrative expenses, research and development expenses, other operating income and expenses, and income from companies accounted for using the equity method. To calculate EBIT before special items, this figure is then adjusted for special items. Special items arise from the integration of acquired businesses, restructuring costs, certain impairments, gains or losses resulting from divestitures and sales of shareholdings accounted for using the equity method, and other expenses and income that arise outside of ordinary business activities. EBIT and EBIT before special items are alternative performance measures that are not defined under IFRS and are to be considered as being complementary to the indicators defined by IFRS.

Segments 2019

Million €

	Chemicals	Materials	Industrial Solutions	Surface Technologies	Nutrition & Care	Agricultural Solutions	Other ^a	BASF Group
Sales	9,532	11,466	8,389	13,142	6,075	7,814	2,898	59,316
Intersegment transfers	3,428	849	524	212	490	197	77	5,777
Sales including transfers	12,960	12,315	8,913	13,354	6,565	8,011	2,975	65,093
Income from companies accounted for using the equity method	99	22	–	26	5	–	(36)	116
Income from operations	622	973	889	663	644	928	(667)	4,052
Assets	8,978	8,782	6,903	11,773	6,399	16,530	27,585	86,950
of which goodwill	201	172	649	2,912	884	3,219	68	8,105
other intangible assets	65	102	256	1,158	558	4,224	57	6,420
property, plant and equipment	5,117	4,999	2,226	3,078	2,347	2,938	1,087	21,792
investments accounted for using the equity method	763	235	37	388	43	–	13,542	15,008
Liabilities	3,507	3,603	2,886	3,152	2,897	3,251	25,304	44,600
Research and development expenses	108	193	192	214	161	879	411	2,158
Additions to intangible assets and property, plant and equipment (including acquisitions)	1,108	784	426	565	595	320	299	4,097
Depreciation and amortization of intangible assets and property, plant and equipment	923	718	438	457	545	719	346	4,146
of which impairments and reversals of impairments	146	8	19	9	124	12	6	324

^a Other includes assets and liabilities as well as amortization of intangible assets and depreciation of property, plant and equipment of the discontinued construction chemicals business. For more information, see Note 2.5 from page 215 onward. Until reclassification to the disposal group, additions to intangible assets and property, plant and equipment (including acquisitions) of the discontinued construction chemicals business, also included in Other, amounted to €176 million. The assets of Other also include the equity-accounted interest in Wintershall Dea GmbH.

Segments 2018

Million €

	Chemicals	Materials	Industrial Solutions	Surface Technologies	Nutrition & Care	Agricultural Solutions	Other ^a	BASF Group
Sales	11,694	13,270	9,120	11,199	5,940	6,156	2,841	60,220
Intersegment transfers	3,611	962	525	192	470	58	15	5,833
Sales including transfers	15,305	14,232	9,645	11,391	6,410	6,214	2,856	66,053
Income from companies accounted for using the equity method	200	11	(3)	38	4	–	19	269
Income from operations	1,573	2,374	653	574	715	591	(506)	5,974
Assets	8,947	9,005	7,464	11,062	6,230	16,992	26,856	86,556
of which goodwill	197	170	1,060	2,881	846	3,236	821	9,211
other intangible assets	55	99	343	1,231	548	4,441	626	7,343
property, plant and equipment	4,700	4,789	2,345	2,723	2,133	2,660	1,430	20,780
investments accounted for using the equity method	854	235	57	384	48	–	625	2,203
Liabilities	2,953	2,952	2,712	2,232	2,431	3,080	34,087	50,447
Research and development expenses	114	194	224	217	152	679	414	1,994
Additions to intangible assets and property, plant and equipment (including acquisitions)	962	639	436	531	298	7,110	759	10,735
Depreciation and amortization of intangible assets and property, plant and equipment	661	619	423	379	392	394	882	3,750
of which impairments and reversals of impairments	26	4	5	4	5	7	2	53

^a Other includes assets and liabilities as well as amortization of intangible assets and depreciation of property, plant and equipment of the discontinued construction chemicals business. For more information, see Note 2.5 from page 215 onward. Additions to intangible assets and property, plant and equipment (including acquisitions) of the discontinued construction chemicals business, also included in Other, amounted to €87 million in 2018. Other also 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 until the assets were reclassified to the disposal group at the end of the third quarter of 2018. 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.

Regions 2019

Million €

	Europe	Of which Germany	North America	Asia Pacific	South America, Africa, Middle East	BASF Group
Location of customer						
Sales	23,827	6,123	15,948	14,203	5,338	59,316
Share	40.2	10.3	26.9	23.9	9.0	100.0
Location of company						
Sales	25,706	14,049	16,420	13,384	3,806	59,316
Income from companies accounted for using the equity method	(45)	(18)	2	159	–	116
Income from operations	1,976	418	692	1,082	302	4,052
Assets	47,347	34,412	21,345	13,912	4,346	86,950
of which intangible assets	6,652	3,588	6,152	1,353	368	14,525
property, plant and equipment	9,857	6,928	6,467	4,644	824	21,792
investments accounted for using the equity method	13,516	12,761	125	1,367	–	15,008
Additions to intangible assets and property, plant and equipment (including acquisitions)	2,135	1,459	1,310	581	71	4,097
Amortization of intangible assets and depreciation of property, plant and equipment including impairments and reversals of impairments	1,896	1,235	1,501	599	150	4,146

In the United States, sales to third parties in 2019 amounted to €14,211 million (2018: €14,202 million) according to location of companies and €13,506 million (2018: €13,496 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 €12,115 million on December 31, 2019, compared with €12,958 million in the previous year.

In China, sales to third parties in 2019 amounted to €7,216 million (2018: €7,501 million) according to location of companies and €6,734 million (2018: €6,644 million) according to location of customers. In China, intangible assets, property, plant and equipment, and investments accounted for using the equity method amounted to €4,299 million on December 31, 2019, compared with €4,162 million in the previous year.

Regions 2018

Million €

	Europe	Of which Germany	North America	Asia Pacific	South America, Africa, Middle East	BASF Group
Location of customer						
Sales	25,589	6,687	15,388	14,210	5,033	60,220
Share	42.4	11.1	25.6	23.6	8.4	100.0
Location of company						
Sales	27,526	17,767	15,900	13,454	3,340	60,220
Income from companies accounted for using the equity method	36	10	0	233	–	269
Income from operations	3,210	1,146	794	1,793	177	5,974
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