

Interim Report

3rd Quarter 2014



Despite declining demand, BASF increases sales and earnings

- Chemicals and Oil & Gas segments improve earnings
- Earnings dip in Agricultural Solutions segment
- Outlook 2014: BASF continues to strive for slight increase in EBIT before special items in challenging environment

 **BASF**
The Chemical Company

BASF Group

3rd Quarter 2014

		3rd Quarter			January – September		
		2014	2013	Change %	2014	2013	Change %
Sales	million €	18,312	17,733	3.3	56,279	55,824	0.8
Income from operations before depreciation and amortization (EBITDA)	million €	2,524	2,494	1.2	8,188	7,837	4.5
Income from operations (EBIT) before special items	million €	1,842	1,692	8.9	6,035	5,738	5.2
Income from operations (EBIT)	million €	1,810	1,682	7.6	6,078	5,624	8.1
Financial result	million €	(169)	(167)	(1.2)	(488)	(455)	(7.3)
Income before taxes and minority interests	million €	1,641	1,515	8.3	5,590	5,169	8.1
Net income	million €	1,043	1,096	(4.8)	3,819	3,699	3.2
Earnings per share	€	1.14	1.20	(5.0)	4.16	4.03	3.2
Adjusted earnings per share ¹	€	1.27	1.28	(0.8)	4.45	4.35	2.3
Cash provided by operating activities	million €	2,121	1,952	8.7	4,765	5,982	(20.3)
Additions to noncurrent assets ²	million €	1,314	2,995	(56.1)	3,394	5,680	(40.2)
Research expenses	million €	488	445	9.7	1,401	1,329	5.4
Amortization and depreciation ²	million €	714	812	(12.1)	2,110	2,213	(4.7)
Segment assets (as of September 30) ³	million €	59,618	56,062	6.3	59,618	56,062	6.3
Personnel costs	million €	2,224	2,352	(5.4)	6,908	6,987	(1.1)
Number of employees (as of September 30)		113,351	112,617	0.7	113,351	112,617	0.7

¹ For more information, see page 36.

² Intangible assets and property, plant and equipment (including acquisitions)

³ Intangible assets; property, plant and equipment; inventories; and business-related receivables

Contents

Interim Management's Report

BASF Group Business Review	1
BASF on the Capital Market ⁴	3
Significant Events and Economic Environment	4
Chemicals	5
Performance Products	6
Functional Materials & Solutions	8
Agricultural Solutions	10
Oil & Gas	11
Regional Results	12
Overview of Other Topics	13
Outlook	14

Interim Financial Statements

Statement of Income	15
Statement of Income and Expense Recognized in Equity	16
Balance Sheet	17
Statement of Cash Flows	18
Statement of Changes in Equity	19
Segment Reporting	20
Notes to the Interim Financial Statements	22
Calculation of Adjusted Earnings per Share ⁵	36

⁴ This section is not part of the Interim Management's Report.

⁵ This section is not part of the Interim Financial Statements.

3rd Quarter 2014

Sales

Change compared with 3rd quarter 2013

EBIT before special items

(Change compared with 3rd quarter 2013)
Million €

+3%

1,842 (+150)

BASF's Segments



Chemicals [Page 5](#)

The Chemicals segment comprises our business with basic chemicals and intermediates. Its portfolio ranges from solvents, plasticizers and high-volume monomers to glues and electronic chemicals as well as raw materials for detergents, plastics, textile fibers, paints and coatings, plant protection and pharmaceuticals. In addition to supplying customers in the chemical industry and numerous other sectors, we also ensure that other BASF segments are supplied with chemicals for producing downstream products.



Performance Products [Page 6](#)

Our Performance Products lend stability, color or improved application properties to many everyday items. Our product portfolio includes vitamins and other food additives as well as ingredients for pharmaceuticals and for hygiene, household, cosmetic and personal care items. Other products from this segment improve processes in the paper industry, oil and gas production, mining and water treatment. They can also enhance the efficiency of fuels and lubricants, the effectiveness of adhesives and coatings, and the stability of plastics.



Functional Materials & Solutions [Page 8](#)

In the Functional Materials & Solutions segment, we bundle system solutions, services and innovative products for specific sectors and customers, in particular for the automotive, electrical, chemical and construction industries as well as for household applications and for sports and leisure. Our portfolio comprises catalysts, battery materials, engineering plastics, polyurethane systems, automotive and industrial coatings and concrete admixtures as well as construction systems such as tile adhesives and decorative paints.



Agricultural Solutions [Page 10](#)

The Agricultural Solutions segment provides innovative solutions in chemical and biological crop protection as well as seed treatment and solutions to manage water, nutrients and plant stress. Our research in plant biotechnology concentrates on plants for greater efficiency in agriculture, better nutrition, and use as renewable raw materials.

Research expenses, sales, earnings and all other data of BASF Plant Science are not included in the Agricultural Solutions segment; these are reported in Other.



Oil & Gas [Page 11](#)

We focus our exploration and production on oil and gas-rich regions in Europe, North Africa, South America, Russia and the Middle East. Together with our Russian partner Gazprom, we are active in the transport, storage and trading of natural gas in Europe.

BASF Innovations

In the clear with ultrafiltration

→ Multibore® membranes improve water treatment

Seas and oceans are the biggest water reservoirs on Earth. For decades, their water has been made drinkable through desalination. A modern desalination plant is currently being established in Ghana to produce up to 60,000 cubic meters of drinking water each day – enough to supply half a million people. Our Multibore® ultrafiltration membranes play an important role in this plant: They filter the seawater, protecting the downstream salt filters from contamination.

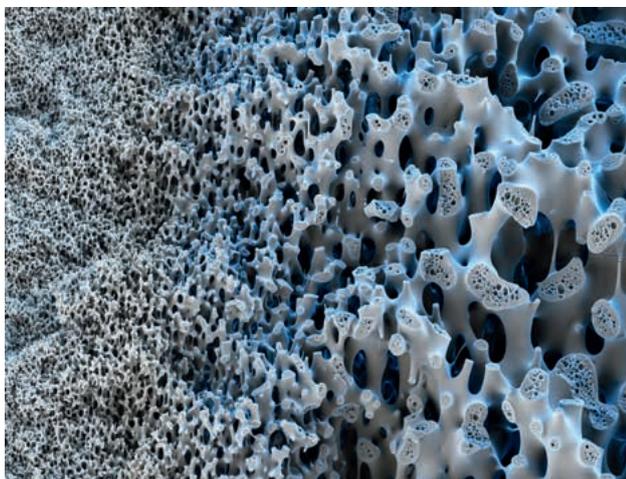
The water taken from the sea is forced through the very fine-pore Multibore® membranes and can pass through them, while particulate matter such as sand, clay, algae and even pathogens are intercepted. At first glance, the ultrafiltration membranes look like thin white tubules. Yet a cross-section reveals their complex inner life: The fiber contains seven capillaries whose walls are perforated by tiny pores of around 20 nanometers in diameter – that is 500 times thinner than a spiderweb's thread. All particles larger than this are held back by the membrane.

For the filters to work reliably in practice, the fibers must be robust. This is ensured by their honeycomb structure inside: It guards the membrane against fine cracks through which bacteria or viruses could otherwise slip.

The membrane fibers are bundled together into plastic cylinders in a filter plant. During operation, the bottom surface is sealed so that the capillaries are open only at the top. The water is pumped in here, flows through the pores into the fibers' capillary walls, and emerges out the other side as clean water. The filter system is regularly cleansed of accumulated residues by reversing the direction of the water.



Cross-section of the filtration fibers: The seven capillaries' honeycomb-like arrangement provides stability.



Once the water passes through the membrane surface, it can wend its way back out through the porous material.

BASF Innovations – Multibore® Membranes

- Clean water: membranes filter out particles and pathogens
 - Tiny pores: with pore diameter of only 20 nanometers, capillaries intercept anything larger
 - Fine capillaries: membranes stabilized by arrangement of filter fibers
-

BASF Group Business Review 3rd Quarter 2014

In the third quarter of 2014, we observed declining demand in the chemicals business¹ and in the Agricultural Solutions segment. Sales nevertheless grew by 3% compared with the previous third quarter, reaching €18.3 billion. A sharp rise in volumes in the Natural Gas Trading business sector was mainly responsible for this growth, which was slowed by a drop in oil and gas prices.

We raised income from operations before special items by €150 million to around €1.8 billion. The primary contributors to this development were the Chemicals and Oil & Gas segments, together with Other. The increase was dampened by a considerable earnings decline in the Agricultural Solutions segment.

Sales volumes grew compared with the third quarter of 2013. This was largely on account of a sharp increase in volumes in the Natural Gas Trading business sector. We were able to raise our prices slightly in the chemicals business and Agricultural Solutions segment. Because of considerably lower oil and gas prices, however, prices went down overall. Currency effects and portfolio measures had no material impact on sales development.

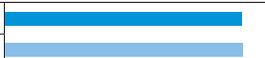
Factors influencing sales in 2014 (% of sales)

	3rd Quarter	Jan. – Sep.
Volumes	7	6
Prices	(4)	(3)
Portfolio	0	0
Currencies	0	(2)
	3	1

Sales in the **Chemicals** segment matched the level of the previous third quarter. The market environment in Asia was difficult; in Europe, sales volumes declined. There was sharp volumes growth in the Petrochemicals division in North America. Earnings considerably exceeded the prior third-quarter level, mainly due to higher margins in the Petrochemicals division.

Sales achieved the level of the previous third quarter in the **Performance Products** segment. Volumes and sales prices remained stable while currency effects were negative. We were able to significantly increase volumes in the Performance Chemicals division. In the Paper Chemicals division, however, lower volumes led to a considerable decline in sales. We reduced our fixed costs, thanks in part to restructuring measures. Earnings matched the level of the previous third quarter.

Third-quarter sales (million €, relative change)

Chemicals	2014	4,201	(1%)	
	2013	4,224		
Performance Products	2014	3,919	(1%)	
	2013	3,939		
Functional Materials & Solutions	2014	4,527	2%	
	2013	4,439		
Agricultural Solutions	2014	1,018	(3%)	
	2013	1,054		
Oil & Gas	2014	3,670	17%	
	2013	3,130		
Other	2014	977	3%	
	2013	947		

In the **Functional Materials & Solutions** segment, sales slightly exceeded the level of the third quarter of 2013. We raised prices in most business areas, more than compensating for negative currency effects. Demand remained strong from the automotive industry, especially in the Catalysts division. We slightly increased our earnings, mostly through considerably higher contributions from the Coatings and Catalysts divisions.

BASF Group 3rd Quarter 2014

- Sales up by 3% to €18.3 billion compared with third quarter 2013, thanks especially to strong volumes growth in Natural Gas Trading business sector
- Declining demand in chemicals business¹ and Agricultural Solutions segment
- Lower oil and gas prices dampen sales increase
- At around €1.8 billion, income from operations before special items exceeds prior third-quarter level by 9%
- Considerable earnings improvement in Chemicals, Oil & Gas and Other

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

In the **Agricultural Solutions** segment, sales were slightly below the level of the third quarter of 2013. Price increases in all regions were unable to compensate for a drop in sales volumes. Earnings fell significantly. Aside from the lower volumes, this was largely the result of weaker margins due to a less favorable product mix as well as higher spending on research and development, production, and distribution.

Sales in the **Oil & Gas** segment grew considerably compared with the previous third quarter. This was primarily attributable to sharply increased volumes in the Natural Gas Trading business sector. Sales growth was slowed by lower oil and gas prices. Earnings rose considerably thanks to a higher contribution from the Natural Gas Trading business sector.

Sales rose slightly in **Other**, mainly through increased raw materials trading. Income from operations before special items improved considerably. Valuation effects for the long-term incentive program played a significant role here.

Special items in EBIT totaled minus €32 million in the third quarter of 2014, partly in connection with various restructuring measures in the Performance Products segment. The third quarter of the previous year had included special items in EBIT totaling minus €10 million.

EBIT grew by €128 million to €1,810 million compared with the third quarter of the previous year. EBITDA rose by €30 million to €2,524 million.

Third-quarter EBIT before special items (Million €, absolute change)

	2014	2013	Change	
Chemicals	616	527	89	
Performance Products	376	376	-	
Functional Materials & Solutions	310	300	10	
Agricultural Solutions	43	172	(129)	
Oil & Gas	504	422	82	
Other	(7)	(105)	98	

At minus €169 million, the **financial result** nearly matched the level of the third quarter of 2013 (minus €167 million). While the interest result and income from shareholdings both improved, other financial result fell considerably.

Income before taxes and minority interests increased by €126 million quarter-on-quarter to €1,641 million. The tax rate rose to 28.3% (third quarter of 2013: 23.1%).

Because of the higher tax rate and increased minority interests, **net income** declined by €53 million to €1,043 million.

Earnings per share were €1.14 in the third quarter of 2014, compared with €1.20 in the same quarter of 2013. Adjusted for special items and amortization of intangible assets, earnings per share amounted to €1.27, remaining at the level of the previous third quarter (€1.28).

Information on the calculation of adjusted earnings per share can be found on page 36

Special items in earnings before taxes (million €)

	2014	2013
1st quarter	67	10
2nd quarter	(34)	(46)
3rd quarter	(29)	(21)
4th quarter		259
Full year		202

Adjusted earnings per share (€)

	2014	2013
1st quarter	1.64	1.67
2nd quarter	1.54	1.40
3rd quarter	1.27	1.28
4th quarter		1.02
Full year		5.37

BASF on the Capital Market

Overview of BASF shares

		3rd Quarter 2014	Jan. – Sep. 2014
Performance (with dividends reinvested)			
BASF	%	(14.6)	(3.2)
DAX 30	%	(3.6)	(0.8)
DJ EURO STOXX 50	%	0.2	6.5
DJ Chemicals	%	(5.0)	0.8
MSCI World Chemicals	%	(0.7)	6.6
Share prices and trading (XETRA)			
Average	€	78.93	80.36
High	€	87.14	87.36
Low	€	72.41	72.41
Close (end of period)	€	72.63	72.63
Average daily trade	million shares	2.5	2.6
Outstanding shares (end of period)	million shares	918.5	918.5
Market capitalization (end of period)	billion €	66.7	66.7

Market trend

Geopolitical conflict, weaker economic figures in the eurozone and continuing uncertainty as to when the U.S. Federal Reserve would enact a change in its interest rate policy all led to volatile stock market development in the third quarter of 2014. While share prices dipped considerably at the beginning of the quarter, they recovered by the quarter's end. The European Central Bank's renewed interest rate cut and bond purchase announcements, along with positive economic figures from the United States, were among the contributing factors here.

At €72.63, the BASF share was 14.6% below the previous quarter's closing price and underperformed the German stock index DAX 30, which fell by 3.6% in the third quarter. The European benchmark index DJ EURO STOXX 50 grew by 0.2% over the same period. The global industry indices DJ Chemicals and MSCI World Chemicals lost 5.0% and 0.7%, respectively.

 For up-to-date information on BASF shares, visit basf.com/share

Good credit ratings and solid financing

With "A+/A-1 outlook stable" from rating agency Standard & Poor's and "A1/P-1 outlook stable" from Moody's, we have good credit ratings, especially compared with competitors in the chemical industry. Our financing is solid. In September, we paid back a €1.25 billion bond issued in 2007. Net debt rose by €1.3 billion to around €13.9 billion since the beginning of the year.

BASF a sustainable investment

In September, BASF shares were included in the Dow Jones Sustainability World Index (DJSI World) for the fourteenth year in succession. The analysts especially recognized our commitment to ecoefficiency, environmental reporting, labor practice and human rights. As one of the most well-known sustainability indexes, the DJSI World represents the top 10% of the 2,500 largest companies in the Dow Jones Global Index based on economic, environmental and social criteria.

BASF on the capital market

- Volatile stock market development in third quarter
- Good credit ratings and solid financing
- BASF once again represented in important sustainability indexes

 You can reach our Investor Relations team by phone at +49 621 60-48230 or by email at ir@basf.com

Change in value of an investment in BASF shares (Jan. – Sep. 2014)
(With dividends reinvested; indexed)



Significant Events

Significant Events

We are continuing to expand our reserves and production of oil and gas in the North Sea. We will acquire shares in oil and gas fields from the Norwegian company Statoil ASA encompassing reserves and resources of around 170 million barrels of oil equivalent (BOE). With a purchase price of \$1.25 billion, the transaction will be financially retroactive to January 1, 2014. The transaction is subject to approval by the relevant authorities and is expected to close by the end of 2014. Wintershall's daily production in Norway will rise from the current 40,000 BOE to 60,000 BOE as a result.

Effective January 1, 2015, we will reorganize our paper chemicals business in order to better meet the demands of the paper industry and strengthen our competitiveness. The Paper Chemicals division will be dissolved and its headquarters in Basel, Switzerland, closed by the end of 2014. Our business with paper chemicals will continue as part of the Performance Chemicals and Dispersions & Pigments divisions, and be integrated into existing value chains. Around 50 positions will be cut worldwide. For parts of the kaolin business, we are reviewing strategic options.

We are divesting our global textile chemicals business to Archroma, a portfolio company of investment firm SK Capital Partners. These activities, headquartered in Singapore, are currently part of the Performance Chemicals division. They comprise chemical solutions for the entire textile value chain. The transaction, subject to approval from the relevant antitrust authorities, is expected to close in the first quarter of 2015. Approximately 290 positions will be affected by the transaction worldwide, of which around 230 are in Asia.

We have started up a new butadiene extraction plant at our Verbund site in Antwerp, Belgium. The facility has a production capacity of 155,000 metric tons per year. Our butadiene capacity in Europe has now more than doubled. With the new plant, we are expanding the C4 value chain in Antwerp. Butadiene is a raw material necessary for the production of such products as synthetic rubber.

We are opening a new production plant for automotive OEM coatings in Shanghai, China. Investing around €50 million, we are strengthening our local presence in China and our position as the leading supplier of coatings for the automotive industry. This modern plant allows for the newest environmentally friendly production processes.

We have developed a new method for steering our portfolio based on sustainability criteria. The sustainability profiles of around 50,000 product applications are being systematically reviewed and evaluated through the externally validated "Sustainable Solution Steering" method. It shows, for example, how a product contributes to cost effectiveness and resource conservation as well as to health and safety. So far, we have evaluated more than 80% of our portfolio. Over 20% of the analyzed products (measured by sales) already make a substantial contribution to sustainability. Our goal is to continually increase the proportion of these products.

Significant Events

- We further expand our oil and gas production in the Norwegian North Sea
 - Paper chemicals business to be reorganized
 - We divest our global textile chemicals business to Archroma
 - New butadiene extraction plant starts up in Antwerp
 - Production facility for automotive OEM coatings opens in Shanghai
 - New method developed to evaluate our product portfolio according to sustainability measures
-

Chemicals

Segment data Chemicals (million €)

	3rd Quarter			January – September		
	2014	2013	Change in %	2014	2013	Change in %
Sales to third parties	4,201	4,224	(1)	12,897	12,803	1
Thereof Petrochemicals	1,913	1,925	(1)	6,029	5,790	4
Monomers	1,587	1,599	(1)	4,755	4,897	(3)
Intermediates	701	700	0	2,113	2,116	0
Income from operations before depreciation and amortization (EBITDA)	802	718	12	2,309	2,255	2
Income from operations (EBIT) before special items	616	527	17	1,787	1,672	7
Income from operations (EBIT)	615	442	39	1,751	1,586	10
Assets (as of September 30)	12,197	10,495	16	12,197	10,495	16
Research expenses	51	44	16	141	131	8
Additions to property, plant and equipment and intangible assets	570	445	28	1,319	1,193	11

3rd Quarter 2014

In the Chemicals segment, sales matched the level of the previous third quarter (volumes 0%, prices –1%, currencies 0%). Sales development was dampened by a market environment in Asia that remained difficult and by lower sales volumes in Europe. Increased volumes in the Petrochemicals division in North America partly counteracted these effects. Income from operations before special items grew considerably, primarily through higher margins in the Petrochemicals division.

Petrochemicals

Sales in the Petrochemicals division reached the level of the third quarter of 2013. Sales in Europe fell considerably, due in part to a plant outage at our Ellba joint venture in Moerdijk, Netherlands. In North America, sales rose considerably from the positive market development for steam cracker products as well as from the steam cracker expansion in Port Arthur, Texas, in March 2014. Lower overall prices in our business with industrial petrochemicals such as solvents and acrylates were more than offset, mostly through higher prices for steam cracker products in North America. Earnings rose, mainly due to improved margins for steam cracker products, especially in North America and Europe.

Monomers

Sales in the Monomers division were at the previous third-quarter level, despite lower sales prices in Asia. Especially in the MDI, polyamide-6 extrusion polymer and electronic chemicals businesses, we posted significant increases in sales volumes. Polyol sales volumes were down considerably due to a plant outage at our Ellba joint venture in Moerdijk, Netherlands. In a difficult market environment, lower margins in Asia led to a considerable decline in earnings.

Intermediates

In the Intermediates division, sales matched the level of the previous third quarter. We noted a sharper seasonal drop in demand for basic products in Europe compared with the third quarter of 2013. This was counterbalanced by higher sales of specialties. Pressure continued on prices and margins for some key products, such as butanediol and formic acid, but we were able to compensate for this with a more favorable product mix. Earnings considerably exceeded the level of the third quarter of 2013, thanks in part to lower fixed costs.

Chemicals

- Sales at previous third-quarter level
- Market environment in Asia continues to be difficult, sales volumes down in Europe
- Considerable earnings improvement, especially through higher margins in Petrochemicals division

3rd Quarter 2014

Sales
Change compared with
3rd quarter 2013

–1%

EBIT before special items
(Change compared with
3rd quarter 2013)
Million €

616 (+89)

Performance Products

Segment data Performance Products (million €)

	3rd Quarter			January – September		
	2014	2013	Change in %	2014	2013	Change in %
Sales to third parties	3,919	3,939	(1)	11,715	11,851	(1)
Thereof						
Dispersions & Pigments	1,003	1,005	0	2,988	2,979	0
Care Chemicals	1,203	1,209	0	3,671	3,716	(1)
Nutrition & Health	522	540	(3)	1,537	1,577	(3)
Paper Chemicals	344	365	(6)	1,030	1,097	(6)
Performance Chemicals	847	820	3	2,489	2,482	0
Income from operations before depreciation and amortization (EBITDA)	564	532	6	1,821	1,656	10
Income from operations (EBIT) before special items	376	376	–	1,238	1,149	8
Income from operations (EBIT)	366	322	14	1,234	1,033	19
Assets (as of September 30)	14,594	14,006	4	14,594	14,006	4
Research expenses	92	91	1	267	275	(3)
Additions to property, plant and equipment and intangible assets	237	207	14	564	1,299	(57)

3rd Quarter 2014

In the Performance Products segment, sales matched the level of the previous third quarter. Volumes and prices remained stable, while currency effects were slightly negative (volumes 0%, prices 0%, currencies –1%). Restructuring measures contributed to a reduction in our fixed costs. Income from operations before special items matched the level of the third quarter of 2013.

Dispersions & Pigments

Sales in the Dispersions & Pigments division remained at the prior third-quarter level despite declining demand in Europe. This was mostly because of strong volumes growth in the other markets. Earnings slightly exceeded the level of the previous third quarter, boosted by cost discipline and the reduction in fixed costs following restructuring measures.

Care Chemicals

Sales in the Care Chemicals division matched the level of the third quarter of 2013. Prices especially rose for lauric oil-based standard products; here, we passed higher raw material costs on to the customer. Volumes dropped particularly in the hygiene business, which had benefited in the previous third quarter from temporarily low capacities on the market. The division's sales were negatively impacted by currency effects. With a minor decline in margins, earnings took a slight dip.

Performance Products

- Sales match prior third-quarter level despite negative currency effects
- Fixed costs reduced, partly as a result of restructuring
- Earnings at level of third quarter of 2013

3rd Quarter 2014

Sales
Change compared with
3rd quarter 2013

–1%

EBIT before special items
(Change compared with
3rd quarter 2013)
Million €

376 (0)

Nutrition & Health

Sales declined slightly in the Nutrition & Health division. More intense competition in pharmaceuticals and human nutrition resulted in lower sales volumes. We were only partly able to compensate for this through a slight volumes increase in the animal nutrition and aroma chemicals business areas. Prices were stable overall: While pressure on vitamin prices continued, we were able to raise prices slightly for aroma chemicals. Negative currency effects put a strain on sales in all business areas. Earnings dropped slightly due to a minor, currency-related rise in fixed costs.

Paper Chemicals

Sales were considerably down in the Paper Chemicals division. This was predominantly on account of weaker demand. Whereas margins fell for kaolin, we were able to increase them slightly in the other business areas. We reduced fixed costs through restructuring measures. Earnings matched the level of the previous third quarter.

Performance Chemicals

In the Performance Chemicals division, sales slightly exceeded the level of the third quarter of 2013. Considerably higher volumes more than compensated for slightly lower prices as well as negative currency and portfolio effects. We were especially able to achieve significant volumes increases in the fuel and lubricant additives businesses as well as in water treatment, oil-field and mining chemicals. Earnings rose slightly as a result of these higher volumes.

Performance Products

- Dispersions & Pigments: sales at prior third-quarter level; slight earnings growth, thanks in part to reduced fixed costs
 - Care Chemicals: sales at level of previous third quarter; slight, margin-related dip in earnings
 - Nutrition & Health: slight sales decline as a result of lower volumes and negative currency effects; earnings decrease slightly, mostly because of minor, currency-related rise in fixed costs
 - Paper Chemicals: sales down considerably; earnings at level of third quarter of 2013
 - Performance Chemicals: sales and earnings rise slightly thanks to higher volumes
-

Functional Materials & Solutions

Segment data Functional Materials & Solutions (million €)

	3rd Quarter			January – September		
	2014	2013	Change in %	2014	2013	Change in %
Sales to third parties	4,527	4,439	2	13,281	13,123	1
Thereof Catalysts	1,572	1,466	7	4,558	4,382	4
Construction Chemicals	565	576	(2)	1,549	1,623	(5)
Coatings	736	728	1	2,213	2,178	2
Performance Materials	1,654	1,669	(1)	4,961	4,940	0
Income from operations before depreciation and amortization (EBITDA)	434	405	7	1,326	1,153	15
Income from operations (EBIT) before special items	310	300	3	977	832	17
Income from operations (EBIT)	311	292	7	973	815	19
Assets (as of September 30)	13,033	12,402	5	13,033	12,402	5
Research expenses	99	95	4	279	274	2
Additions to property, plant and equipment and intangible assets	148	166	(11)	398	417	(5)

3rd Quarter 2014

Sales in the Functional Materials & Solutions segment grew slightly compared with the third quarter of 2013 (volumes 1%, prices 2%, currencies –1%). Higher prices in most business areas were partly offset by negative currency effects. Because of continuing high demand in the automotive industry, we especially increased sales volumes in the Catalysts division. Income from operations before special items rose slightly. This was largely due to considerably higher contributions from the Coatings and Catalysts divisions.

Catalysts

Sales increased considerably in the Catalysts division compared with the third quarter of 2013. This was predominantly on account of higher sales volumes for chemical and mobile emissions catalysts as well as increased prices in precious metal trading. The sales contribution from precious metal trading grew to €685 million (third quarter of 2013: €657 million). Our successful business with mobile emissions catalysts and the higher contribution from precious metal trading supported a considerable increase in earnings.

Construction Chemicals

In the Construction Chemicals division, sales were slightly below the level of the third quarter of 2013. Higher sales volumes and prices were only partly able to compensate for negative portfolio and currency effects. Volumes in Germany and Northern Europe declined as a result of lower demand. We achieved a volumes and price-driven sales increase in North America. We were able to slightly improve earnings through higher volumes with lower fixed costs.

Functional Materials & Solutions

- Sales slightly up as a result of higher prices and volumes
- Continuing high demand from automotive industry
- Slight earnings improvement, thanks primarily to considerably higher contributions from Coatings and Catalysts divisions

3rd Quarter 2014

Sales
Change compared with
3rd quarter 2013

+2%

EBIT before special items
(Change compared with
3rd quarter 2013)
Million €

310 (+10)

Coatings

Higher prices led to a slight increase in sales in the Coatings division. In our businesses with automotive OEM and refinish coatings, sales rose slightly; lower demand in South America was more than offset by volumes growth in North America as well as through higher sales prices. Despite price increases, sales in the decorative paints business were slightly below the level of the previous third quarter due to lower sales volumes. We noted a considerable, especially volumes-driven sales increase in the industrial coatings business area. We were able to considerably raise earnings for the division. This was largely the result of a more favorable product mix as well as lower fixed costs from restructuring measures and positive currency effects.

Performance Materials

In the Performance Materials division, marginally lower prices and stable volumes resulted in a slight decrease in sales. While business development for engineering plastics and specialties – especially Ultrason® and Cellasto® – was positive, sales of polyurethane systems and styrene foams declined. Development varied on a regional level: Sales declined considerably in Europe, particularly in the consumer goods and construction industries. In North America, however, we were able to increase sales to all customer industries. Successful business with the automotive industry was especially beneficial for sales growth in Asia. Earnings were down considerably despite significant growth in our high-margin specialties. This was on account of additional costs arising from the startup of new plants and increased research spending.

Functional Materials & Solutions

- Catalysts: sales and earnings rise considerably; successful business with mobile emissions catalysts and higher sales and earnings contributions from precious metals trading
 - Construction Chemicals: negative currency and portfolio effects lead to slight sales decline; earnings improve slightly thanks to higher sales volumes and lower fixed costs
 - Coatings: slight sales growth; earnings considerably above prior third-quarter levels
 - Performance Materials: sales dip slightly as a result of lower prices; earnings down considerably
-

Agricultural Solutions

Segment data Agricultural Solutions (million €)

	3rd Quarter			January – September		
	2014	2013	Change in %	2014	2013	Change in %
Sales to third parties	1,018	1,054	(3)	4,337	4,337	–
Income from operations before depreciation and amortization (EBITDA)	93	210	(56)	1,121	1,267	(12)
Income from operations (EBIT) before special items	43	172	(75)	986	1,155	(15)
Income from operations (EBIT)	43	168	(74)	986	1,145	(14)
Assets (as of September 30)	7,347	6,636	11	7,347	6,636	11
Research expenses	135	118	14	378	329	15
Additions to property, plant and equipment and intangible assets	107	92	16	275	229	20

3rd Quarter 2014

The seasonal third-quarter slowdown in the Agricultural Solutions segment was even more pronounced this year. Continuously falling prices for agricultural raw materials and correspondingly cautious purchasing behavior were noticeable in nearly every market. Sales remained slightly below the high level of the previous third quarter (volumes –4%, prices 2%, currencies –1%). Price increases in all regions were unable to compensate for a reduction in volumes.

Europe saw a considerable, mainly volumes-related decline in sales. Sharply decreased canola (oilseed rape) prices resulted in less cultivated acreage, which led to lower demand for canola herbicides.

Sales in **North America** were down considerably. Prices were lower for agricultural raw materials and demand decreased, especially for fungicides for plant health. Business in the region was also dampened by our customers' reduction in stockpiled inventories.

In **Asia**, sales were slightly above the level of the previous third quarter. Decreases in China and Southeast Asia were offset by growth in India and South Korea, as well as by higher prices.

We were able to slightly increase sales in **South America**. Our innovative fungicide Xemium® and our herbicide Kixor® in Brazil showed particularly good development. We raised volumes and sales prices in the region.

Income from operations before special items declined considerably. In addition to lower volumes, earnings were dampened by falling margins from a less favorable product mix. Increased expenses for research and development as well as production and distribution also contributed to this decline.

Agricultural Solutions

- Sales slightly below previous third-quarter level
- Decrease in volumes partly offset by higher sales prices
- Earnings decline considerably

3rd Quarter 2014

Sales
Change compared with
3rd quarter 2013

–3%

EBIT before special items
(Change compared with
3rd quarter 2013)
Million €

43 (–129)

Oil & Gas

Segment data Oil & Gas (million €)

	3rd Quarter			January – September		
	2014	2013	Change in %	2014	2013	Change in %
Sales to third parties	3,670	3,130	17	11,140	10,626	5
Thereof Exploration & Production	611	754	(19)	2,210	2,068	7
Natural Gas Trading	3,059	2,376	29	8,930	8,558	4
Income from operations before depreciation and amortization (EBITDA)	626	726	(14)	2,094	1,960	7
Thereof Exploration & Production	421	636	(34)	1,693	1,563	8
Natural Gas Trading	205	90	128	401	397	1
Income from operations (EBIT) before special items	504	422	19	1,585	1,434	11
Thereof Exploration & Production	310	360	(14)	1,216	1,151	6
Natural Gas Trading	194	62	213	369	283	30
Income from operations (EBIT)	502	587	(14)	1,712	1,598	7
Thereof Exploration & Production	308	525	(41)	1,343	1,315	2
Natural Gas Trading	194	62	213	369	283	30
Assets (as of September 30)	12,447	12,523	(1)	12,447	12,523	(1)
Thereof Exploration & Production	8,190	7,737	6	8,190	7,737	6
Natural Gas Trading	4,257	4,786	(11)	4,257	4,786	(11)
Exploration expenses	23	37	(38)	70	108	(35)
Additions to property, plant and equipment and intangible assets	206	2,024	(90)	718	2,452	(71)
Net income	265	451	(41)	1,100	1,128	(2)

3rd Quarter 2014

Sales grew considerably in the Oil & Gas segment, predominantly as a result of sharply increased volumes in the Natural Gas Trading business sector. Lower oil and gas prices had a negative effect (volumes 43%, prices/currencies –26%). Income from operations before special items considerably exceeded the level of the previous third quarter. This was mainly because of price revisions in the Natural Gas Trading business sector. Net income fell considerably. The third quarter of 2013 had included tax-free special income from the sale of a share in a Norwegian oil and gas field.

 For more on net income in the Oil & Gas segment, see the Notes to the Interim Financial Statements on page 25

The **Exploration & Production** business sector saw a considerable sales decline on account of lower prices and volumes. There was also a considerable drop in earnings. This was largely due to lower oil and gas prices, as well as offshore lifting in Libya in the third quarter of 2013. Higher earnings in Norway were only partly able to offset these factors. The average price for Brent crude oil was \$102 per barrel, compared with \$110 per barrel (–8%) in the third quarter of 2013; the price of oil also declined by 8% in euro terms.

In the **Natural Gas Trading** business sector, higher volumes resulted in sales considerably above the level of the same quarter of the previous year. Earnings also rose considerably, especially through the procurement-end price revisions implemented in the third quarter.

Oil & Gas

- Considerable sales growth due especially to sharply increased volumes in Natural Gas Trading
- Significant drop in oil and gas prices
- Earnings up considerably through higher contribution from Natural Gas Trading business sector

3rd Quarter 2014

Sales
Change compared with
3rd quarter 2013

+17%

EBIT before special items
(Change compared with
3rd quarter 2013)
Million €

504 (+82)

Regional Results

Overview of regions (million €)

	Sales Location of company			Sales Location of customer			EBIT before special items		
	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %
3rd Quarter									
Europe	10,303	9,970	3	9,782	9,507	3	1,130	928	22
Thereof Germany	7,921	7,153	11	4,062	3,404	19	611	271	125
North America	3,697	3,602	3	3,688	3,468	6	342	355	(4)
Asia Pacific	3,024	2,919	4	3,192	3,095	3	173	206	(16)
South America, Africa, Middle East	1,288	1,242	4	1,650	1,663	(1)	197	203	(3)
	18,312	17,733	3	18,312	17,733	3	1,842	1,692	9
January – September									
Europe	32,685	32,541	0	31,169	30,951	1	3,935	3,479	13
Thereof Germany	24,366	23,368	4	11,232	10,967	2	1,808	1,532	18
North America	11,756	11,309	4	11,603	11,048	5	1,299	1,294	0
Asia Pacific	8,733	8,748	0	9,282	9,318	0	519	647	(20)
South America, Africa, Middle East	3,105	3,226	(4)	4,225	4,507	(6)	282	318	(11)
	56,279	55,824	1	56,279	55,824	1	6,035	5,738	5

3rd Quarter 2014

Sales at companies located in **Europe** grew by 3% compared with the previous third quarter. This was mainly because of the considerably higher volumes in the Natural Gas Trading business sector. We achieved a considerable increase in sales and volumes in the Catalysts division, as well. In the Petrochemicals division, lower plant availability dampened sales. Income from operations before special items rose by €202 million to €1,130 million, primarily on account of considerably improved contributions from Chemicals, Oil & Gas, and Other.

In **North America**, sales rose by 3% in both U.S. dollars and euros. This was mainly attributable to price and volume-related sales growth in the Petrochemicals division. Sales were considerably down in the Catalysts division because of a significant volumes decline in precious metals trading. At €342 million, earnings saw a slight decrease, due in part to a considerably lower contribution from the Agricultural Solutions segment (third quarter of 2013: €355 million).

Sales in **Asia Pacific** increased by 4% in both local-currency and euro terms, predominantly on account of higher volumes, especially in the Catalysts and Performance Chemicals divisions. Slightly declining sales prices and negative currency effects weakened sales growth in the region. At €173 million, earnings were €33 million below the level of the third quarter of 2013. This was largely the result of considerably lower earnings in the Chemicals division.

In **South America, Africa, Middle East**, sales grew by 8% in local currency terms and 4% in euro terms. We were able to more than compensate for negative currency effects, mainly through higher prices. Particularly in the Oil & Gas segment, price increases led to a considerable rise in sales. We were able to considerably improve sales volumes in our business with crop protection products. Earnings declined slightly, dipping €6 million to €197 million. In the Agricultural Solutions segment, earnings fell considerably as a consequence of weaker margins.

3rd Quarter 2014

- Europe: sales grow slightly, mainly through higher volumes in Natural Gas Trading; considerable earnings increase
- North America: sales slightly up quarter-on-quarter, especially as a result of considerably higher contribution from Petrochemicals division; earnings decline slightly
- Asia Pacific: sales increase slightly due to higher volumes; earnings down considerably, primarily due to lower contribution from Chemicals
- South America, Africa, Middle East: sales slightly above previous third-quarter level, largely owing to increased prices; slight decline in earnings

Overview of Other Topics

Research and Development

In July, we broke ground for the second phase of construction on the Innovation Campus Asia Pacific in Shanghai, China. The €90 million expansion comprises an additional building for research and development as well as auxiliary facilities. Completion is expected at the end of 2015. With this expansion, we are further strengthening BASF's regional research capabilities in order to serve growth industries in Asia Pacific, such as the automotive and construction sectors.

BASF, Cargill and Novozymes have achieved another milestone in the joint development of technologies to produce acrylic acid from renewable raw materials. The team was able to successfully convert 3-hydroxypropionic acid into acrylic acid and superabsorbents. To date, acrylic acid is produced through the oxidation of propylene, which is mainly derived from refined crude oil.

With Storanet®, we offer foresters the first nonliquid technology for pest control in harvested timber. This insecticide-coated net can cover or be wrapped around a pile of timber. Storanet® replaces conventional spray systems, significantly reducing the risk of exposure for users and the environment.

Trace elements in animal feed are essential for productivity in livestock farming. They strengthen immune functions, for example, supporting the animals' welfare. Our new, globally launched glycinate product line – containing copper, iron, manganese and zinc – demonstrates a high degree of bioavailability. The animals thus receive an optimal supply of nutrients, and the environment benefits from fewer excreted trace elements.

Employees

Since the end of 2013, the number of BASF Group employees increased by 1,145 to a total of 113,351 by September 30, 2014. On this date, 63.2% were employed in Europe while North America accounted for 15.0% of employees, Asia Pacific for 15.0% and South America, Africa, Middle East for 6.8%.

Compared with the same period of 2013, personnel expenses declined by 1.1% from January to September 2014 and amounted to €6,908 million.

Research and development

- Expansion begun of Innovation Campus Asia Pacific in Shanghai
- Milestone reached in development of technologies for producing bio-based acrylic acid
- Storanet®: first nonliquid technology for pest control in harvested timber
- Market launch of new glycinate product line for animal nutrition

Employees by region

	Sep. 30, 2014	Dec. 31, 2013
Europe	71,643	70,977
Thereof Germany	53,221	52,523
North America	17,034	16,996
Asia Pacific	16,981	16,708
South America, Africa, Middle East	7,693	7,525
	113,351	112,206

Outlook

Demand was noticeably weaker in the chemicals business and in the Agricultural Solutions segment in the third quarter of 2014. The lower price of oil also led to declining prices for basic chemicals.

For the fourth quarter of 2014, we do not anticipate an upturn in demand. We assume that the environment will remain volatile and challenging. We nevertheless still aim to slightly raise our income from operations before special items for the year. Sales are likely to decrease slightly as a result of the divestiture of the gas trading and storage business planned for this year in addition to negative currency effects.

Opportunities and risks

In the fourth quarter of 2014, we may be presented with opportunities arising from stronger growth in the global economy and our customer industries. A stronger U.S. dollar would have positive effects on our earnings.

We also see opportunities in consistently implementing our “We create chemistry” strategy and further improving our operational excellence, as well as in strengthening research and development. We will continue to concentrate on expanding our business in growth markets as well as on innovations, portfolio optimization, restructuring and increasing efficiency. For example, our excellence program, STEP, serves to strengthen our competitiveness and profitability. Starting at the end of 2015, STEP is expected to contribute more than €1 billion to earnings each year. STEP comprises over 100 individual projects and is running right on schedule.

However, there are also risks to the development of our business. A renewed intensification of the sovereign debt crisis in Europe, an escalation of the conflict in the Ukraine, and the deceleration of growth in China would all have a negative impact on global economic growth. A further decrease in the price of oil would additionally reduce the contribution from our oil and gas business.

The statements on opportunities and risks made in the BASF Report 2013 remain valid.

 More detailed information can be found in the BASF Report 2013 in the Opportunities and Risks Report on pages 106–114

Forecast

Global economic prospects have clouded over, especially in Europe; economic risks have risen considerably. Because the fourth quarter has so far shown no indication of a significant upturn, we have adjusted our expectations for the global economy in 2014 (previous forecast in parentheses):

- Growth of gross domestic product: 2.3% (2.5%)
- Growth in industrial production: 3.4% (3.7%)
- Growth in chemical production: 4.0% (4.4%)
- An average euro/dollar exchange rate of \$1.35 per euro
- An average oil price for the year of \$105 per barrel (\$110 per barrel)

Sales in 2014 are likely to decline slightly compared with the previous year, largely on account of the divestiture of our gas trading and storage business in addition to negative currency effects. We are striving for a slight increase in income from operations before special items. Income from operations is expected to rise considerably. Special income from the planned divestitures of our gas trading and storage business as well as our shares in the Styrolution joint venture will make a significant contribution here. We aim to considerably improve income from operations after cost of capital, once again earning a high premium on our cost of capital.

Outlook 2014

- Sales expected to be slightly below 2013 levels due to divestiture of gas trading and storage business planned for 2014, as well as to currency effects
 - Slight rise in income from operations (EBIT) before special items and significant increase in EBIT and EBIT after cost of capital targeted
 - STEP excellence program to help strengthen our competitiveness and profitability
 - Risks could be posed by renewed intensification of sovereign debt crisis in Europe, escalation of conflict in the Ukraine and deceleration of growth in China
-

BASF Group Interim Financial Statements

Statement of Income

Statement of income (million €)

	Explanations in Note	3rd Quarter			January – September		
		2014	2013	Change in %	2014	2013	Change in %
Sales revenue		18,312	17,733	3.3	56,279	55,824	0.8
Cost of sales		(13,836)	(13,243)	(4.5)	(42,067)	(41,742)	(0.8)
Gross profit on sales		4,476	4,490	(0.3)	14,212	14,082	0.9
Selling expenses		(1,863)	(1,811)	(2.9)	(5,489)	(5,508)	0.3
General and administrative expenses		(329)	(331)	0.6	(979)	(1,003)	2.4
Research and development expenses		(488)	(445)	(9.7)	(1,401)	(1,329)	(5.4)
Other operating income	[5]	287	415	(30.8)	968	959	0.9
Other operating expenses	[5]	(330)	(713)	53.7	(1,451)	(1,798)	19.3
Income from companies accounted for using the equity method	[6]	57	77	(26.0)	218	221	(1.4)
Income from operations		1,810	1,682	7.6	6,078	5,624	8.1
Other income from shareholdings		14	22	(36.4)	52	50	4.0
Other expenses from shareholdings		(3)	(16)	81.3	(8)	(37)	78.4
Interest income		64	33	93.9	137	94	45.7
Interest expense		(172)	(178)	3.4	(504)	(490)	(2.9)
Other financial result		(72)	(28)	.	(165)	(72)	.
Financial result	[7]	(169)	(167)	(1.2)	(488)	(455)	(7.3)
Income before taxes and minority interests		1,641	1,515	8.3	5,590	5,169	8.1
Income taxes	[8]	(465)	(350)	(32.9)	(1,497)	(1,232)	(21.5)
Income before minority interests		1,176	1,165	0.9	4,093	3,937	4.0
Minority interests	[9]	(133)	(69)	(92.8)	(274)	(238)	(15.1)
Net income		1,043	1,096	(4.8)	3,819	3,699	3.2
Earnings per share (€)	[10]						
Undiluted		1.14	1.20	(5.0)	4.16	4.03	3.2
Diluted		1.14	1.20	(5.0)	4.16	4.03	3.2

Statement of Income and Expense Recognized in Equity

Statement of income and expense recognized in equity (million €)

	January – September	
	2014	2013
Income before minority interests	4,093	3,937
Remeasurements of defined benefit plans	(3,361)	1,059
Revaluation due to acquisition of majority of shares	–	(1)
Deferred taxes for items that will not be reclassified to the statement of income	990	(290)
Income and expense recognized directly in equity that will not be reclassified to the statement of income at a later date	(2,371)	768
Foreign currency translation adjustment	978	(675)
Fair value changes in available-for-sale securities	9	2
Cash flow hedges	(181)	9
Deferred taxes for items that will be reclassified to the statement of income	28	20
Income and expense recognized directly in equity that will be reclassified to the statement of income at a later date	834	(644)
Minority interests	29	(38)
Total income and expense recognized directly in equity	(1,508)	86
Income before minority interests and income and expense recognized directly in equity	2,585	4,023
Thereof attributable to shareholders of BASF SE	2,282	3,823
Thereof attributable to minority interests	303	200

Development of income and expense recognized directly in equity of shareholders of BASF SE (million €)

	Other comprehensive income						Total income and expense recognized directly in equity
	Remeasurements of defined benefit plans	Foreign currency translation adjustment	Fair value changes in available-for-sale securities	Cash flow hedges	Revaluation due to acquisition of majority of shares		
As of January 1, 2014	(2,444)	(917)	15	(54)	–	(3,400)	
Additions	(3,361)	–	9	(181)	–	(3,533)	
Releases	–	978	–	–	–	978	
Deferred taxes	990	(14)	(1)	43	–	(1,018)	
As of September 30, 2014	(4,815)	47	23	(192)	–	(4,937)	
As of January 1, 2013	(3,571)	165	17	(73)	1	(3,461)	
Additions	–	–	2	–	–	2	
Releases	1,059	(675)	–	9	(1)	392	
Deferred taxes	(290)	10	(1)	11	–	(270)	
As of September 30, 2013	(2,802)	(500)	18	(53)	–	(3,337)	

Balance Sheet

Assets (million €)

	Explanations in Note	Sep. 30, 2014	Sep. 30, 2013	Change in %	Dec. 31, 2013	Change in %
Intangible assets	[11]	12,387	12,500	(0.9)	12,235	1.2
Property, plant and equipment	[11]	20,438	18,338	11.5	18,254	12.0
Investments accounted for using the equity method	[11]	3,441	3,706	(7.2)	4,137	(16.8)
Other financial assets	[11]	811	623	30.2	630	28.7
Deferred tax assets		1,968	1,279	53.9	992	98.4
Other receivables and miscellaneous assets		1,631	1,341	21.6	876	86.2
Noncurrent assets		40,676	37,787	7.6	37,124	9.6
Inventories	[12]	10,453	9,471	10.4	9,592	9.0
Accounts receivable, trade	[12]	9,906	9,846	0.6	9,376	5.7
Other receivables and miscellaneous assets	[12]	3,645	3,900	(6.5)	3,630	0.4
Marketable securities	[12]	44	17	158.8	17	158.8
Cash and cash equivalents	[12]	1,961	1,661	18.1	1,815	8.0
Assets of disposal groups		3,922	2,868	36.8	2,828	38.7
Current assets		29,931	27,763	7.8	27,258	9.8
Total assets		70,607	65,550	7.7	64,382	9.7

Equity and liabilities (million €)

	Explanations in Note	Sep. 30, 2014	Sep. 30, 2013	Change in %	Dec. 31, 2013	Change in %
Subscribed capital	[13]	1,176	1,176	–	1,176	–
Capital surplus	[13]	3,165	3,188	(0.7)	3,165	–
Retained earnings	[13]	27,516	25,032	9.9	26,170	5.1
Other comprehensive income		(4,937)	(3,337)	(47.9)	(3,400)	(45.2)
Equity of shareholders of BASF SE		26,920	26,059	3.3	27,111	(0.7)
Minority interests		823	986	(16.5)	678	21.4
Equity		27,743	27,045	2.6	27,789	(0.2)
Provisions for pensions and similar obligations	[14]	7,044	4,371	61.2	3,709	89.9
Other provisions	[15]	3,163	3,098	2.1	2,924	8.2
Deferred tax liabilities		2,801	2,955	(5.2)	2,849	(1.7)
Financial indebtedness	[16]	11,452	10,011	14.4	11,151	2.7
Other liabilities	[16]	1,248	1,176	6.1	1,157	7.9
Noncurrent liabilities		25,708	21,611	19.0	21,790	18.0
Accounts payable, trade		4,267	4,618	(7.6)	4,505	(5.3)
Provisions	[15]	2,946	2,868	2.7	2,616	12.6
Tax liabilities		986	1,017	(3.0)	954	3.4
Financial indebtedness	[16]	4,375	4,645	(5.8)	3,256	34.4
Other liabilities	[16]	2,888	2,282	26.6	2,182	32.4
Liabilities of disposal groups		1,694	1,464	15.7	1,290	31.3
Current liabilities		17,156	16,894	1.6	14,803	15.9
Total equity and liabilities		70,607	65,550	7.7	64,382	9.7

Statement of Cash Flows

Statement of cash flows (million €)

	January – September	
	2014	2013
Net income	3,819	3,699
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	2,110	2,236
Changes in net working capital	(739)	374
Miscellaneous items	(425)	(327)
Cash provided by operating activities	4,765	5,982
Payments related to property, plant and equipment and intangible assets	(3,426)	(3,038)
Acquisitions/divestitures	355	(1,093)
Financial investments and other items	(554)	(498)
Cash used in investing activities	(3,625)	(4,629)
Capital increases/repayments, share repurchases	–	–
Changes in financial liabilities	1,661	1,304
Dividends	(2,656)	(2,604)
Cash used in financing activities	(995)	(1,300)
Net changes in cash and cash equivalents	145	53
Cash and cash equivalents as of beginning of year and other changes	1,816	1,608
Cash and cash equivalents at end of quarter	1,961	1,661

Cash provided by operating activities amounted to €4,765 million in the first three quarters of 2014, down by €1,217 million compared with the same period of the previous year. This was mainly the result of a €739 million outflow in net working capital that arose predominantly from lower trade accounts payable, as well as stockpiling in preparation for scheduled plant shut-downs. By contrast, higher trade accounts payable had been the primary driver for the release of funds totaling €374 million in the same period of the previous year. The negative value in miscellaneous items was mainly from the reclassification to “cash used in investing activities” of the disposal gain on the sale of shares in non-BASF-operated oil and gas fields in the British North Sea to the Hungarian MOL Group. Furthermore, just as in the same period of the previous year, miscellaneous items were negatively affected by increased net working capital in the natural gas trading disposal group.

Investing activities led to a cash outflow of €3,625 million, compared with €4,629 million in the first three quarters of 2013. At €3,426 million, payments related to property, plant and equipment and intangible assets were considerably higher than in the same period of the previous year. In the first three quarters of 2014, proceeds of €355 million came from the divestiture of shares in non-BASF-operated oil and gas fields in the British

North Sea to the MOL Group, as well as from the sale of the PolyAd Services business to Edgewater Capital Partners, L.P., based in Cleveland, Ohio. The same period of 2013 had included payments of €1,121 million, predominantly for the acquisition of Pronova BioPharma ASA in Lysaker, Norway, and the acquisition of assets from Statoil ASA, headquartered in Stavanger, Norway.

Financing activities led to a cash outflow of €995 million, compared with an outflow of €1,300 million in the same period of the previous year. Cash inflow resulting from the change in financial liabilities amounted to €1,661 million in the first three quarters of 2014. This was largely attributable to the issuance of several bonds with a nominal value of €1,550 million, as well as the assumption of around €1,080 million in bank loans. Partly counterbalancing this was the repayment of a bond with a nominal value of €1,250 million. Dividends of €2,480 million were paid to shareholders of BASF SE, which was €92 million more than in the previous year. Payments of €176 million were made to minority shareholders of Group companies.

Cash and cash equivalents amounted to €1,961 million as of September 30, 2014, compared with €1,815 million at the end of 2013.

Statement of Changes in Equity

January – September 2014 (million €)

	Number of subscribed shares outstanding	Subscribed capital	Capital surplus	Retained earnings	Other com- prehensive income ¹	Equity of shareholders of BASF SE	Minority interests	Equity
As of January 1, 2014	918,478,694	1,176	3,165	26,170	(3,400)	27,111	678	27,789
Effects of acquisitions achieved in stages	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	(2,480)	–	(2,480)	(176) ²	(2,656)
Net income	–	–	–	3,819	–	3,819	274	4,093
Change in income and expense recognized directly in equity	–	–	–	–	(1,537)	(1,537)	29	(1,508)
Changes in scope of consolidation and other changes	–	–	–	7	–	7	18	25
As of September 30, 2014	918,478,694	1,176	3,165	27,516	(4,937)	26,920	823	27,743

January – September 2013 (million €)

As of January 1, 2013	918,478,694	1,176	3,188	23,708	(3,461)	24,611	1,010	25,621
Effects of acquisitions achieved in stages	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	(2,388)	–	(2,388)	(216) ²	(2,604)
Net income	–	–	–	3,699	–	3,699	238	3,937
Change in income and expense recognized directly in equity	–	–	–	–	124	124	(38)	86
Changes in scope of consolidation and other changes	–	–	–	13	–	13	(8)	5
As of September 30, 2013	918,478,694	1,176	3,188	25,032	(3,337)	26,059	986	27,045

¹ Details are provided in "Development of income and expense recognized directly in equity of shareholders of BASF SE" on page 16.

² Including profit and loss transfers

Segment Reporting

3rd Quarter (million €)

	Sales			EBITDA			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %
Chemicals	4,201	4,224	(0.5)	802	718	11.7	616	527	16.9	615	442	39.1
Performance Products	3,919	3,939	(0.5)	564	532	6.0	376	376	-	366	322	13.7
Functional Materials & Solutions	4,527	4,439	2.0	434	405	7.2	310	300	3.3	311	292	6.5
Agricultural Solutions	1,018	1,054	(3.4)	93	210	(55.7)	43	172	(75.0)	43	168	(74.4)
Oil & Gas	3,670	3,130	17.3	626	726	(13.8)	504	422	19.4	502	587	(14.5)
Other	977	947	3.2	5	(97)	.	(7)	(105)	93.3	(27)	(129)	79.1
	18,312	17,733	3.3	2,524	2,494	1.2	1,842	1,692	8.9	1,810	1,682	7.6

3rd Quarter (million €)

	Research expenses			Assets			Additions to noncurrent assets ¹			Amortization and depreciation ²		
	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %
Chemicals	51	44	15.9	12,197	10,495	16.2	570	445	28.1	187	276	(32.2)
Performance Products	92	91	1.1	14,594	14,006	4.2	237	207	14.5	198	210	(5.7)
Functional Materials & Solutions	99	95	4.2	13,033	12,402	5.1	148	166	(10.8)	123	113	8.8
Agricultural Solutions	135	118	14.4	7,347	6,636	10.7	107	92	16.3	50	42	19.0
Oil & Gas	13	8	62.5	12,447	12,523	(0.6)	206	2,024	(89.8)	124	139	(10.8)
Other	98	89	10.1	10,989	9,488	15.8	46	61	(24.6)	32	32	-
	488	445	9.7	70,607	65,550	7.7	1,314	2,995	(56.1)	714	812	(12.1)

¹ Investments in intangible assets and property, plant and equipment (including acquisitions)

² Amortization and depreciation of intangible assets and property, plant and equipment

January – September (million €)

	Sales			EBITDA			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %
Chemicals	12,897	12,803	0.7	2,309	2,255	2.4	1,787	1,672	6.9	1,751	1,586	10.4
Performance Products	11,715	11,851	(1.1)	1,821	1,656	10.0	1,238	1,149	7.7	1,234	1,033	19.5
Functional Materials & Solutions	13,281	13,123	1.2	1,326	1,153	15.0	977	832	17.4	973	815	19.4
Agricultural Solutions	4,337	4,337	-	1,121	1,267	(11.5)	986	1,155	(14.6)	986	1,145	(13.9)
Oil & Gas	11,140	10,626	4.8	2,094	1,960	6.8	1,585	1,434	10.5	1,712	1,598	7.1
Other	2,909	3,084	(5.7)	(483)	(454)	(6.4)	(538)	(504)	(6.7)	(578)	(553)	(4.5)
	56,279	55,824	0.8	8,188	7,837	4.5	6,035	5,738	5.2	6,078	5,624	8.1

January – September (million €)

	Research expenses			Assets			Additions to noncurrent assets ¹			Amortization and depreciation ²		
	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %	2014	2013	Change in %
Chemicals	141	131	7.6	12,197	10,495	16.2	1,319	1,193	10.6	558	669	(16.6)
Performance Products	267	275	(2.9)	14,594	14,006	4.2	564	1,299	(56.6)	587	623	(5.8)
Functional Materials & Solutions	279	274	1.8	13,033	12,402	5.1	398	417	(4.6)	353	338	4.4
Agricultural Solutions	378	329	14.9	7,347	6,636	10.7	275	229	20.1	135	122	10.7
Oil & Gas	36	36	-	12,447	12,523	(0.6)	718	2,452	(70.7)	382	362	5.5
Other	300	284	5.6	10,989	9,488	15.8	120	90	33.3	95	99	(4.0)
	1,401	1,329	5.4	70,607	65,550	7.7	3,394	5,680	(40.2)	2,110	2,213	(4.7)

¹ Investments in intangible assets and property, plant and equipment (including acquisitions)

² Amortization and depreciation of intangible assets and property, plant and equipment

Other³ (million €)

	3rd Quarter			January – September		
	2014	2013	Change in %	2014	2013	Change in %
Sales	977	947	3.2	2,909	3,084	(5.7)
EBIT before special items	(7)	(105)	93.3	(538)	(504)	(6.7)
Thereof Group corporate costs	(53)	(57)	7.0	(159)	(171)	7.0
Corporate research	(96)	(90)	(6.7)	(291)	(284)	(2.5)
Currency results, hedges and other valuation effects	100	(74)	.	(112)	(81)	(38.3)
Other business	23	59	(61.0)	110	155	(29.0)
Special items	(20)	(24)	16.7	(40)	(49)	18.4
EBIT	(27)	(129)	79.1	(578)	(553)	(4.5)

³ For more information on Other, see the Notes to the Interim Financial Statements on pages 24 and 25.

Notes to the Interim Financial Statements

1 – Basis of presentation

The Consolidated Financial Statements of the BASF Group for the year ending December 31, 2013, were prepared in accordance with the International Financial Reporting Standards (IFRS) valid as of the balance sheet date. The Interim Financial Statements as of September 30, 2014, have been prepared in line with the rules of International Accounting Standard 34 in abbreviated form and using the same accounting policies. The Interim Financial Statements and Interim Management's Report have been neither audited nor subject to an auditor's review.

 The BASF Report 2013 containing the Consolidated Financial Statements as of December 31, 2013, can be found online at: basf.com/report

Selected exchange rates

1 € equals	Closing rates		Average rates January - September	
	Sep. 30, 2014	Dec. 31, 2013	2014	2013
Brazil (BRL)	3.08	3.26	3.10	2.79
China (CNY)	7.73	8.35	8.35	8.12
Great Britain (GBP)	0.78	0.83	0.81	0.85
Japan (JPY)	138.11	144.72	139.49	127.36
Malaysia (MYR)	4.13	4.52	4.39	4.13
Mexico (MXN)	17.00	18.07	17.77	16.71
Russian Federation (RUB)	49.77	45.32	48.02	41.69
Switzerland (CHF)	1.21	1.23	1.22	1.23
South Korea (KRW)	1,330.34	1,450.93	1,411.62	1,456.82
United States (USD)	1.26	1.38	1.35	1.32

2 – Scope of consolidation

In addition to BASF SE, all material subsidiaries are included in the BASF Group Financial Statements on a fully consolidated basis. Joint arrangements that are classified as joint operations according to IFRS 11 are proportionally consolidated. Changes in the number of fully and proportionally consolidated companies are shown in the table.

Since the beginning of 2014, 18 companies have been deconsolidated due to mergers with other BASF companies, divestitures, or reduced materiality. Four companies were included in the scope of consolidation for the first time due to increased significance.

There was no change in the number of companies accounted for using the equity method.

Scope of consolidation

	2014	2013
As of January 1	309	312
Thereof proportionally consolidated	8	8
First-time consolidations	4	8
Thereof proportionally consolidated	–	–
Deconsolidations	18	9
Thereof proportionally consolidated	–	–
As of September 30	295	311
Thereof proportionally consolidated	8	8

Companies consolidated using the equity method

	2014	2013
As of January 1	34	32
As of September 30	34	33

3 – Acquisitions/Divestitures

Acquisitions

BASF did not make any material acquisitions in the first three quarters of 2014.

The preliminary purchase price allocation for the acquisition of assets from Statoil ASA on July 31, 2013, was reviewed at the end of the 12-month evaluation period as per IFRS 3; parts were adjusted on the basis of more detailed information on the production profiles of the acquired Vega, Brage and Gjøa fields. This led to a €20 million reduction in noncurrent assets to €1,413 million, and a €22 million reduction in noncurrent liabilities to €954 million. Furthermore, the expected value of the payment obligation to Statoil ASA in connection with the development of the Vega field rose by €42 million, resulting in a corresponding increase in the total purchase price to €895 million. These adjustments brought about a €40 million increase in goodwill, which amounted to €683 million.

Divestitures

On March 25, 2014, BASF concluded the sale of selected oil and gas investments in the North Sea to the Hungarian MOL Group, as agreed upon on December 12, 2013. MOL acquired 14 licenses, including those for the non-BASF-operated Broom field (29%) and for the Catcher (20%), Cladhan (33.5%) and Scolty/Crathes (50%) developments. The transaction also included the sale of BASF's shares in the infrastructure of the Sullom Voe Terminal and in the Brent Pipeline System. The transaction was financially retroactive to January 1, 2013. The purchase price agreed upon was \$375 million; less adjustments, the total purchase price amounted to €264 million.

On June 2, 2014, BASF completed the sale of its PolyAd Services business to Edgewater Capital Partners, L.P. PolyAd Services provides services for a wide range of plastic applications in various industries, such as the automotive, construction, packaging and electronics industry. The activities had been allocated to the Performance Chemicals division.

Agreed-upon future transactions

On June 30, 2014, BASF and INEOS announced that INEOS will acquire BASF's 50% share in Styrolution. An option for INEOS to purchase BASF's share in Styrolution was already contained in the articles of association from 2011. The transaction, which is still subject to approval by the relevant antitrust authorities, is expected to close in the fourth quarter. As of June 30, 2014, Styrolution's equity-accounted carrying amount of €776 million was reclassified to assets of disposal groups. The equity method will be discontinued until the transaction is complete. The negative fair value of options for the disposal of shareholdings amounting to minus €158 million has also been frozen, and will be recognized directly in the income statement at the time of disposal. It is contained in liabilities of disposal groups.

On September 12, 2014, BASF signed an agreement with Statoil ASA for the expansion of oil and gas production and the acquisition of reserves in the North Sea. BASF is to receive shares in the Gjøa (5%) and Vega (24.5%) production fields, the Aasta Hansteen development project (24%), the Asterix prospect (19%) and the Polarled Pipeline Project (13.2%), as well as in four exploration licenses near Aasta Hansteen. For a payment of \$1.25 billion, the transaction will be financially retroactive to January 1, 2014. The transaction, subject to approval by the relevant authorities, is expected to close by the end of 2014.

4 – Segment reporting

BASF's business is conducted by 14 operating divisions aggregated into five segments for reporting purposes. The divisions are allocated to the segments based on their business models.

The Chemicals segment comprises the classical chemicals business with basic chemicals and intermediates. It forms the core of BASF's Production Verbund and is the starting point for a majority of the value chains. In addition to supplying the chemical industry and other sectors, the segment ensures that other BASF divisions are supplied with chemicals for producing downstream products. Chemicals comprises the Petrochemicals, Monomers and Intermediates divisions.

The Performance Products segment consists of the Dispersions & Pigments, Care Chemicals, Nutrition & Health, Paper Chemicals and Performance Chemicals divisions. Customized products allow customers to make their production processes more efficient or to give their products improved application properties.

The Functional Materials & Solutions segment bundles system solutions, services and innovative products for specific sectors and customers, in particular for the automotive, electronic, chemical and construction industries. It comprises the Catalysts, Construction Chemicals, Coatings and Performance Materials divisions.

Agricultural Solutions is made up of the Crop Protection division, whose products secure yields and guard crops against fungal infections, insects and weeds, in addition to serving as

biological and chemical seed treatments. Plant biotechnology research is not assigned to this segment; it is reported in Other.

The Oil & Gas segment is composed of the Oil & Gas division with its Exploration & Production and Natural Gas Trading business sectors.

Activities not assigned to a particular division are reported in Other. These include the sale of raw materials, engineering and other services, rental income and leases, and the production of precursors not assigned to a particular segment.

With cross-divisional corporate research, BASF is developing growth fields and ensuring its long-term competence with regard to technology and methods. This includes plant biotechnology research. Corporate research costs are not allocated to the segments, but rather are also reported under Other, as are corporate costs, which comprise expenses for steering the BASF Group.

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

Transfers between the segments are generally executed at adjusted market-based prices which take into account the higher cost efficiency and lower risk of Group-internal 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.

Sales in Other grew slightly in the third quarter, mainly driven by increased raw materials trading. This effect was dampened

by lower plant availability. Income from operations improved considerably. This was largely on account of valuation effects for the long-term incentive program: Provisions were reversed as a result of share price development, while the previous third quarter had contained expenses for recognizing these.

Assets of Other (million €)

	Sep. 30, 2014	Sep. 30, 2013
Assets of businesses included under Other	3,154	3,233
Financial assets	811	623
Deferred tax assets	1,968	1,279
Cash and cash equivalents / marketable securities	2,005	1,679
Defined benefit assets	–	151
Miscellaneous receivables / prepaid expenses	3,051	2,523
Assets of Other	10,989	9,488

Reconciliation reporting for Oil & Gas (million €)

	3rd Quarter		January – September	
	2014	2013	2014	2013
Income from operations	502	587	1,712	1,598
Income from shareholdings	–	–	8	(3)
Other income	27	24	(37)	78
Income before taxes and minority interests	529	611	1,683	1,673
Income taxes	(200)	(153)	(507)	(463)
Income before minority interests	329	458	1,176	1,210
Minority interests	(64)	(7)	(76)	(82)
Net income	265	451	1,100	1,128

In the reconciliation reporting for Oil & Gas, the income from operations of the Oil & Gas segment is reconciled to the contribution of the companies in this segment to the net income of the BASF Group.

Income from operations fell by €85 million to €502 million quarter-on-quarter. Unlike in the same period of 2013, no off-shore lifting took place in Libya in the third quarter of 2014. Furthermore, special income from the sale of a 15% share in the Edvard Grieg development project had led to higher income

from operations in the previous year. The activities acquired in Norway in 2013 had a positive effect on income from operations in 2014.

The Oil & Gas segment's other income relates to income and expenses not included in the segment's income from operations, the interest result and other financial result.

Highly taxed operating income in Norway raised the tax rate in the third quarter of 2014.

5 – Other operating income and expenses

Other operating income (million €)

	3rd Quarter		January – September	
	2014	2013	2014	2013
Income on the reversal of provisions	22	–	50	30
Revenue from miscellaneous revenue-generating activities	38	60	119	143
Income from foreign currency and hedging transactions	21	34	146	166
Income from the translation of financial statements in foreign currencies	36	(15)	60	26
Gains on the disposal of fixed assets and divestitures	7	173	188	187
Income on the reversal of valuation allowances for business-related receivables	11	6	32	24
Miscellaneous income	152	157	373	383
Other operating income	287	415	968	959

Other operating expenses (million €)

	3rd Quarter		January – September	
	2014	2013	2014	2013
Expenses from the measurement of LTI options as well as other personnel obligations	(115)	58	27	170
Restructuring measures	13	14	35	78
Environmental protection and safety measures, costs of demolition and removal, and project expenses related to capital expenditures that are not subject to mandatory capitalization	97	81	242	230
Amortization, depreciation and impairments of intangible assets and property, plant and equipment	6	99	18	121
Costs from miscellaneous revenue-generating activities	31	58	98	144
Expenses from foreign currency and hedging transactions	52	99	288	228
Losses from the translation of financial statements in foreign currencies	17	28	92	67
Losses from the disposal of fixed assets and divestitures	6	17	15	29
Oil and gas exploration expenses	23	37	70	108
Expenses from the addition of valuation allowances for business-related receivables	19	11	53	47
Expenses from the use of inventories measured at market value and the derecognition of obsolete inventory	45	59	115	153
Miscellaneous expenses	136	152	398	423
Other operating expenses	330	713	1,451	1,798

Income from foreign currency and hedging transactions improved compared with the third quarter of the previous year, from minus €65 million to minus €31 million. This was attributable to lower expenses from commodity derivatives as well as the positive market value development of transactions to hedge the Russian ruble.

The decline in gains on the disposal of fixed assets and divestitures in the third quarter was because the previous year had included a disposal gain from the sale of BASF's 15% share in the Edvard Grieg development project in return for assets from Statoil ASA.

Expenses from the valuation of options for the long-term incentive program declined owing to the adjustment of provisions for the long-term incentive program; the third quarter of 2014 included income from the reversal of provisions, whereas the previous third quarter had included expenses for the addition of provisions.

6 – Income from companies accounted for using the equity method

The largest portion of income from companies accounted for using the equity method pertained to the Oil & Gas segment, especially the companies GASCADE Gastransport GmbH and Nord Stream AG. The year-on-year decline in earnings came partly from the company OAO Severneftegazprom as well as

from the disuse of the equity method to account for Styrolution GmbH due to its reclassification to the disposal group. Since the creation of the disposal group, the equity-accounted carrying amounts of companies in this group remain unchanged and are only tested for impairment.

7 – Financial result

Million €	3rd Quarter		January – September	
	2014	2013	2014	2013
Income from investments in affiliated and associated companies	8	10	41	30
Income from the disposal of shareholdings	5	11	5	12
Income from profit transfer agreements	1	2	5	7
Income from tax allocation to participating interests	–	(1)	1	1
Income from shareholdings	14	22	52	50
Expenses from profit transfer agreements	(1)	(1)	(4)	(12)
Write-downs on / losses from the sale of shareholdings	(2)	(15)	(4)	(25)
Expenses from shareholdings	(3)	(16)	(8)	(37)
Interest income from cash and cash equivalents	59	23	113	79
Interest and dividend income from securities and loans	5	10	24	15
Interest income	64	33	137	94
Interest expenses	(172)	(178)	(504)	(490)
Net interest income from overfunded pension plans and similar obligations	–	–	1	–
Net interest income from other long-term employee obligations	–	–	–	–
Income from the capitalization of construction interest	39	31	111	75
Miscellaneous financial income	–	9	–	57
Other financial income	39	40	112	132
Write-downs on / losses from the disposal of securities and loans	(1)	–	(2)	(4)
Net interest expense from underfunded pension plans and similar obligations	(37)	(48)	(110)	(144)
Net interest expense from other long-term employee obligations	(3)	(3)	(8)	(6)
Interest accrued on other noncurrent liabilities	(20)	(17)	(58)	(50)
Miscellaneous financial expenses	(50)	–	(99)	–
Other financial expenses	(111)	(68)	(277)	(204)
Financial result	(169)	(167)	(488)	(455)

The interest result improved in the period from January to September 2014 primarily on account of hedging transactions. The slight increase in the cumulative interest expense mainly arose from the issuing of new bonds.

Compared with the same periods of the previous year, net interest expense from underfunded pension plans and similar obligations declined in the third quarter of 2014 as well as in the period from January to September 2014, mostly as a result of the lower defined benefit obligation as of December 31, 2013.

Miscellaneous financial expenses from January to September 2014 predominantly included hedging costs from the hedging of loans in U.S. dollars, as well as expenses from the market valuation of options for the disposal of BASF's share in Styrolution, which amounted to €42 million. In the same period of 2013, financial gains of €57 million had arisen from the valuation.

8 – Income taxes

Income before taxes and minority interests (million €)

	3rd Quarter		January – September	
	2014	2013	2014	2013
Germany	524	167	1,528	1,258
Foreign	1,117	1,348	4,062	3,911
Income before taxes and minority interests	1,641	1,515	5,590	5,169

Income taxes

		3rd Quarter		January – September	
		2014	2013	2014	2013
Germany	million €	130	87	495	384
Foreign	million €	335	263	1,002	848
Income taxes	million €	465	350	1,497	1,232
Tax rate	%	28.3	23.1	26.8	23.8

The increased tax rate in the current year was mostly the result of the greater portion of earnings from companies in countries with high tax rates, particularly Norway. This was partly offset by tax-free special income from the sale of investments in

North Sea oil and gas fields to the MOL Group. In the previous third quarter, special income from the sale of BASF's 15% share in the Edvard Grieg development project had not resulted in tax burdens.

9 – Minority interests

Million €	3rd Quarter		January – September	
	2014	2013	2014	2013
Minority interests in profits	140	66	303	240
Minority interests in losses	(7)	3	(29)	(2)
Minority interests	133	69	274	238

There were higher minority interests in profits at WINGAS GmbH in the third quarter of 2014 due to procurement-end price revisions. At BASF Petrochemicals LLC in Port Arthur, Texas, the startup of the tenth furnace in the steam cracker in March

2014 and a higher capacity utilization rate since the beginning of the year for the condensation splitter also led to higher minority interests in profits in the first three quarters of 2014.

10 – Earnings per share

		3rd Quarter		January – September	
		2014	2013	2014	2013
Net income	million €	1,043	1,096	3,819	3,699
Number of outstanding shares (weighted average)	in thousands	918,479	918,479	918,479	918,479
Earnings per share	€	1.14	1.20	4.16	4.03

The calculation of earnings per share is based on the weighted average number of common shares outstanding. The calculation of diluted earnings per common share reflects all possible outstanding common shares and the resulting effect on income of the BASF employee incentive share program “*plus*.”

In the third quarter of 2014, and in the corresponding period of 2013, there was no dilutive effect; undiluted earnings per share were the same as the diluted value per share.

11 – Noncurrent assets

Development (million €)

	January – September 2014			
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method	Other financial assets
Acquisition costs				
Balance as of January 1	15,286	54,466	4,137	824
Additions	116	3,278	24	181
Disposals	(236)	(848)	–	(24)
Transfers	76	23	(809)	33
Exchange differences	543	1,810	89	10
Balance as of September 30	15,785	58,729	3,441	1,024
Amortization and depreciation				
Balance as of January 1	3,051	36,212	–	194
Additions	436	1,674	–	2
Disposals	(162)	(618)	–	(13)
Transfers	15	18	–	30
Exchange differences	58	1,005	–	–
Balance as of September 30	3,398	38,291	–	213
Net carrying amount as of September 30	12,387	20,438	3,441	811

Development (million €)

	January – September 2013			
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method	Other financial assets
Acquisition costs				
Balance as of January 1	14,876	53,919	3,459	792
Additions	1,247	4,433	205	51
Disposals	(225)	(776)	(6)	(24)
Transfers	39	(520)	92	–
Exchange differences	(439)	(656)	(44)	(3)
Balance as of September 30	15,498	56,400	3,706	816
Amortization and depreciation				
Balance as of January 1	2,683	37,309	–	178
Additions	470	1,743	–	23
Disposals	(146)	(597)	–	(11)
Transfers	54	(8)	–	3
Exchange differences	(63)	(385)	–	–
Balance as of September 30	2,998	38,062	–	193
Net carrying amount as of September 30	12,500	18,338	3,706	623

Significant investments in the first three quarters of 2014 were particularly related to the construction of the TDI plant in Ludwigshafen, Germany, the acrylic acid production complex in Camaçari, Brazil, the MDI plant in Chongqing, China, and oil and gas production facilities and wells in Europe and South America. Investments for expansion purposes were particularly made at the sites in Ludwigshafen, Germany; Antwerp, Belgium; Geismar, Louisiana; and Freeport, Texas.

Disposals of property, plant and equipment were largely attributable to the sale of selected oil and gas investments in the North Sea to the Hungarian MOL Group.

Disposals of intangible assets were also related to the sale of oil and gas investments to the MOL Group as well as to the derecognition of fully amortized technologies.

Transfers of €776 million from investments accounted for using the equity method resulted from the reclassification of Styrolution to the disposal group.

12 – Current assets

Million €	Sep. 30, 2014	Dec. 31, 2013	Sep. 30, 2013
Raw materials and factory supplies	2,940	2,560	2,581
Work-in-process, finished goods and merchandise	7,347	6,923	6,750
Advance payments and services-in-process	166	109	140
Inventories	10,453	9,592	9,471
Accounts receivable, trade	9,906	9,376	9,846
Other receivables and miscellaneous current assets	3,645	3,630	3,900
Marketable securities	44	17	17
Cash and cash equivalents	1,961	1,815	1,661
Assets of disposal groups	3,922	2,828	2,868
Other current assets	9,572	8,290	8,446
Current assets	29,931	27,258	27,763

Work-in-process, finished goods and merchandise are combined into one item due to the production conditions in the chemical industry. Services-in-process primarily relate to services not invoiced as of the balance sheet date. Inventories are valued using the weighted average cost method.

The rise in inventories resulted from preparatory measures for scheduled plant shutdowns.

Trade accounts receivable increased compared with year-end 2013 primarily as a result of seasonal effects in the Agricultural Solutions segment.

The increase in assets of disposal groups was attributable to the reclassification of the carrying amount of the equity share in Styrolution in connection with its planned divestiture. Furthermore, inventories in the gas business rose in anticipation of the coming heating season.

13 – Equity

Authorized capital

At the Annual Shareholders' Meeting of May 2, 2014, shareholders authorized the Board of Executive Directors, with the approval of the Supervisory Board, to increase the subscribed capital by issuing new registered shares up to a total of €500 million against cash or contributions in kind through May 1, 2019. The Board of Executive Directors is empowered, following the approval of the Supervisory Board, to decide on the exclusion of shareholders' subscription rights for these new shares in certain predefined cases covered by the enabling resolution. Until now, this option has not been exercised and no new shares have been issued.

Retained earnings

Transfers to other retained earnings increased legal reserves by €19 million in the first three quarters of 2014.

Reserves (million €)

	Sep. 30, 2014	Dec. 31, 2013
Legal reserves	507	488
Other retained earnings	27,009	25,682
Retained earnings	27,516	26,170

Payment of dividends

In accordance with the resolution of the Annual Meeting on May 2, 2014, BASF SE paid a dividend of €2.70 per share from the retained profit of the 2013 fiscal year. With 918,478,694 shares entitled to dividends, this amounts to a total dividend payout of €2,479,892,473.80.

14 – Provisions for pensions

Assumptions used to determine the defined benefit obligation (in %)

	Germany		United States		Switzerland		United Kingdom	
	Sep. 30, 2014	Dec. 31, 2013	Sep. 30, 2014	Dec. 31, 2013	Sep. 30, 2014	Dec. 31, 2013	Sep. 30, 2014	Dec. 31, 2013
Discount rate	2.60	3.90	4.10	4.80	1.30	2.40	4.00	4.40
Projected pension increase	2.00	2.00	–	–	–	–	3.10	3.10

Assumptions used to determine expenses for pension benefits (from January 1 through September 30 of the respective year in %)

	Germany		United States		Switzerland		United Kingdom	
	2014	2013	2014	2013	2014	2013	2014	2013
Discount rate	3.90	3.50	4.80	3.75	2.40	2.00	4.40	4.40
Projected pension increase	2.00	2.00	–	–	–	–	3.10	2.70

The assumptions used to determine the defined benefit obligation as of December 31, 2013, are used in the 2014 reporting year to determine the expenses for pension plans.

Since the first-time application of IAS 19 (revised), the standardized return on plan assets is ascertained by multiplying plan assets at the beginning of the year with the discount rate used for existing obligations at the beginning of the year. This takes into account expected benefit and contribution payments made during the year.

The considerable drop in the discount rate due to capital market developments in all relevant countries in the first three quarters of 2014 was primarily responsible for actuarial losses in the defined benefit obligation. Including the deviation between the actual and standardized return on plan assets as well as the change in the asset ceiling, a negative remeasurement occurred in the amount of €3,361 million. This was recognized in other comprehensive income (OCI), taking into account deferred taxes of €990 million. This valuation effect was also the main reason for the €3,335 million increase in pension provisions.

15 – Other provisions

Development of other provisions from January to September 2014 (million €)

	Jan. 1, 2014	Additions	Unwinding of discount	Utilization	Reversals	Other changes	Sep. 30, 2014
Restoration obligations	996	10	30	(29)	(1)	(3)	1,003
Environmental protection and remediation costs	601	125	6	(110)	(9)	18	631
Employee obligations	1,866	1,085	4	(1,326)	(40)	20	1,609
Sales and purchase risks	612	666	–	(195)	(35)	65	1,113
Restructuring measures	228	28	–	(67)	(10)	4	183
Litigation, damage claims, guarantees and similar obligations	105	11	1	(15)	(8)	6	100
Other	1,132	491	2	(143)	(77)	65	1,470
Total	5,540	2,416	43	(1,885)	(180)	175	6,109

On September 30, 2014, other provisions had risen by €569 million compared with year-end 2013. Provisions for employee obligations were reduced, as the utilization of provisions for paying out variable compensation for the past business year more than offset the additions in the first three quarters to provisions for variable compensation for the current business year.

There was a seasonal increase in provisions for sales and purchase risks. By the end of the third quarter, additions to short-term provisions for rebates in the Agricultural Solutions segment considerably exceeded the utilization of prior-year provisions.

Other provisions rose on account of higher long-term tax provisions. Negative currency effects led to an increase in equivalent values in euros in all provision categories.

16 – Liabilities

Liabilities (million €)

	September 30, 2014		December 31, 2013		September 30, 2013	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Accounts payable, trade	4,267	–	4,505	–	4,618	–
Bonds and other liabilities to the capital market	3,237	9,702	2,493	10,102	3,868	8,955
Liabilities to credit institutions	1,138	1,750	763	1,049	777	1,056
Financial indebtedness	4,375	11,452	3,256	11,151	4,645	10,011
Tax liabilities	986	–	954	–	1,017	–
Advances received on orders	92	–	284	–	112	–
Negative fair values from derivatives and liabilities for precious metal obligations	753	52	125	193	252	210
Liabilities related to social security	140	19	125	35	141	18
Miscellaneous liabilities	1,778	993	1,528	760	1,663	777
Deferred income	125	184	120	169	114	171
Other liabilities	2,888	1,248	2,182	1,157	2,282	1,176
Liabilities	12,516	12,700	10,897	12,308	12,562	11,187

Financial indebtedness (million €)

				Carrying amounts based on effective interest method			
		Currency	Nominal value (million, in issuing currency)	Effective interest rate	Sep. 30, 2014	Dec. 31, 2013	Sep. 30, 2013
BASF SE							
Commercial paper		USD	1,300		1,033	1,232	1,369
4.5%	Bond 2006/2016	EUR	500	4.62%	499	499	498
variable	Bond 2013/2016	EUR	200	variable	200	200	200
4.25%	Bond 2009/2016	EUR	200	4.40%	199	199	199
variable	Bond 2014/2017	EUR	300	variable	300	–	–
5.875%	Bond 2009/2017	GBP	400	6.04%	513	478	476
4.625%	Bond 2009/2017	EUR	300	4.69%	299	299	299
variable	Bond 2013/2018	EUR	300	variable	300	300	300
1.5%	Bond 2012/2018	EUR	1,000	1.51%	1,000	1,000	746
1.375%	Bond 2014/2019	EUR	750	1.44%	748	–	–
variable	Bond 2013/2020	EUR	300	variable	300	300	300
1.875%	Bond 2013/2021	EUR	700	1.94%	697	697	697
2%	Bond 2012/2022	EUR	1,000	2.16%	988	987	987
2.5%	Bond 2014/2024	EUR	500	2.60%	496	–	–
3.675%	Bond 2013/2025	NOK	1,450	3.70%	178	173	178
3%	Bond 2013/2033	EUR	500	3.15%	490	489	490
2.875%	Bond 2013/2033	EUR	200	3.09%	198	198	197
3.25%	Bond 2013/2043	EUR	200	3.27%	199	199	199
3.89%	US Private Placement Series A 2013/2025	USD	250	3.92%	198	181	–
4.09%	US Private Placement Series B 2013/2028	USD	700	4.11%	555	506	–
4.43%	US Private Placement Series C 2013/2034	USD	300	4.45%	238	217	–
BASF Finance Europe N.V.							
6%	Bond 2008/2013	EUR	1,250	6.15%	–	–	1,250
5%	Bond 2007/2014	EUR	1,250	5.04%	–	1,250	1,249
3.625%	Bond 2008/2015	CHF	200	3.77%	166	163	163
5.125%	Bond 2009/2015	EUR	2,000	5.07%	2,001	2,001	2,002
4.5%	Bond 2009/2016	EUR	150	4.56%	150	150	150
Ciba Specialty Chemicals Finance Luxembourg S.A.							
4.875%	Bond 2003/2018	EUR	477	4.88%	436	428	425
Other bonds					558	449	449
Bonds and other liabilities to the capital market					12,939	12,595	12,823
Liabilities to credit institutions					2,888	1,812	1,833
Financial indebtedness					15,827	14,407	14,656

17 – Related-party transactions

The BASF Group maintains relationships with several related parties that are either jointly controlled or significantly influenced by the Group, or which are controlled by the BASF Group but are not consolidated due to their minor significance. The following table shows the scope of the Group's transactions with related parties (including transactions of companies within the disposal group).

A significant portion of joint venture sales were related to Wintershall Erdgas Handelshaus GmbH & Co. KG, Berlin; these amounted to €179 million in the first three quarters of 2014, compared with €159 million in the same period of the previous year.

Substantial sales to associated companies were attributable to the Styrolution Group. Sales to the Styrolution Group amounted to €1,010 million in the first three quarters of 2014, compared with €1,735 million in the same period of 2013. The decline in sales to associated companies was mostly related to the €725 million reduction in sales to Styrolution Group companies in the first three quarters of 2014 compared with the same period of the previous year.

There were no reportable related-party transactions with members of the Board of Executive Directors or the Supervisory Board and their related parties during the reporting period.

Sales to related parties (million €)

	3rd Quarter		January – September	
	2014	2013	2014	2013
Nonconsolidated subsidiaries	94	137	384	487
Joint operations	52	90	224	308
Joint ventures	112	178	440	498
Associated companies	212	700	1,604	2,363

Trade accounts receivable from and trade accounts payable to related parties (million €)

	Accounts receivable, trade		
	Sep. 30, 2014	Dec. 31, 2013	Sep. 30, 2013
Nonconsolidated subsidiaries	168	154	212
Joint operations	19	35	32
Joint ventures	101	117	114
Associated companies	155	397	350

	Accounts payable, trade		
	Sep. 30, 2014	Dec. 31, 2013	Sep. 30, 2013
Nonconsolidated subsidiaries	46	70	51
Joint operations	38	57	51
Joint ventures	203	293	317
Associated companies	34	101	63

Other receivables from and other payables to related parties (million €)

	Other receivables		
	Sep. 30, 2014	Dec. 31, 2013	Sep. 30, 2013
Nonconsolidated subsidiaries	233	187	285
Joint operations	145	152	165
Joint ventures	110	66	423
Associated companies	829	710	23

	Other payables		
	Sep. 30, 2014	Dec. 31, 2013	Sep. 30, 2013
Nonconsolidated subsidiaries	109	115	140
Joint operations	22	7	39
Joint ventures	93	103	157
Associated companies	345	120	68

Calculation of Adjusted Earnings per Share

		3rd Quarter		January – September	
		2014	2013	2014	2013
Income before taxes and minority interests	million €	1,641	1,515	5,590	5,169
Special items	million €	30	21	(4)	57
Amortization of intangible assets	million €	145	164	436	470
Amortization of intangible assets contained in special items	million €	–	–	–	–
Adjusted income before taxes and minority interests	million €	1,816	1,700	6,022	5,696
Adjusted income taxes	million €	(517)	(453)	(1,655)	(1,456)
Adjusted income before minority interests	million €	1,299	1,247	4,367	4,240
Adjusted minority interests	million €	(132)	(71)	(276)	(241)
Adjusted net income	million €	1,167	1,176	4,091	3,999
Weighted average number of outstanding shares	in thousands	918,479	918,479	918,479	918,479
Adjusted earnings per share	€	1.27	1.28	4.45	4.35

The earnings per share figure adjusted for special items and amortization of intangible assets has become internationally established as a key figure that can be compared over the course of time and is particularly suitable for forecasts of future earnings.

Special items are primarily the result of the integration of acquired businesses, restructuring measures, impairment losses, and gains or losses resulting from divestitures and sales of shareholdings. These involve expenses and income that do not arise in conjunction with ordinary business activities.

Intangible assets primarily result from the purchase price allocation following acquisitions. The amortization of intangible assets is therefore of a temporary nature.

The calculation of earnings per share in accordance with the International Financial Reporting Standards (IFRS) is presented in the Notes on page 29. Adjusted income before taxes and minority interests, adjusted net income and adjusted earnings per share are key ratios that are not defined under IFRS. They should not be viewed in isolation, but rather treated as supplementary information.

Forward-Looking Statements

This report contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed on pages 106 to 114 in the BASF Report 2013. The BASF Report can be found online at: basf.com/report. We do not assume any obligation to update the forward-looking statements contained in this report.

Full-Year Results 2014

Feb. 27, 2015

Annual Shareholders' Meeting 2015 / Interim Report 1st Quarter 2015

Apr. 30, 2015

Interim Report 1st Half 2015

July 24, 2015

Interim Report 3rd Quarter 2015

Oct. 27, 2015

Further information

Published on October 24, 2014

You can find this and other BASF publications online at www.basf.com

You can also order the reports:

- By phone: +49 621 60-99001
- Online: basf.com/mediaorders

Contact

General inquiries

Phone: +49 621 60-0, fax: +49 621 60-42525

Media Relations

Jennifer Moore-Braun, phone: +49 621 60-99123, fax: +49 621 60-92693

Investor Relations

Magdalena Moll, phone: +49 621 60-48230, fax: +49 621 60-22500

Internet

www.basf.com

BASF SE, 67056 Ludwigshafen, Germany