Regional results

Europe

- Sales decline by 1% to €42,854 million
- Site for mobile emissions catalysts opened in Poland

In 2014, sales at companies headquartered in the region Europe decreased by 1% to €42,854 million. Sales in the chemicals business fell by 2% to €23,461 million; a higher contribution from the Oil & Gas segment was able to almost fully compensate for this.

The Chemicals segment posted a volumes and price-related sales decline in 2014. With volumes stable, sales in the Performance Products segment were slightly below the previous year’s level. In the Functional Materials & Solutions segment, sales rose compared with 2013 as a result of higher volumes. We also posted growth in the Agricultural Solutions segment, boosted by positive development in volumes and prices. Sales were considerably up in the Oil & Gas segment due to higher volumes in gas trading.

Income from operations before special items amounted to €4,759 million, an increase of 10% compared with 2013. The main reason for this was an increase of 7% in the chemicals business.

We are taking a series of steps to sharpen the competitive edge of the Performance Products segment. We are adapting our business to altered market conditions by streamlining processes, investing in new technologies, taking portfolio measures and making organizational revisions.

In Środa Śląska, Poland, we opened our largest European production plant for mobile emissions catalysts in 2014. This will enable us to even better accommodate the rising demand resulting from Euro 6/VI, the stricter exhaust gas regulations for trucks and passenger cars in Europe.

North America

- Sales rise by 6% to €15,467 million
- Intensified investment in the region

At €15,467 million, sales for companies headquartered in North America were up by 6% compared with 2013. In local currency terms, this was an increase of 7%. Sales in the Chemicals segment rose considerably, thanks in particular to higher volumes for steam cracker products. The Functional Materials & Solutions and Agricultural Solutions segments also contributed to sales growth. Sales in the Performance Products segment matched the level of the previous year.

Income from operations before special items rose by 2% to €1,566 million. The main reason for this was a considerably larger, margin-driven contribution from the Petrochemicals division. We were able to increase earnings in the Agricultural Solutions segment, as well.

In this region, we continue to focus on innovation, attractive market segments and cross-business initiatives in order to ensure profitable growth. At the same time, we are enhancing our operational excellence through ongoing improvements. We want to intensify our investment in North America in light of the attractive growth prospects and lower raw material prices. Together with Yara, we are planning the construction of an ammonia production plant in Freeport, Texas. We are furthermore exploring an investment in a world-scale methanol-to-propylene complex on the U.S. Gulf Coast. This would be BASF’s largest single investment to date.

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Sales by region (Location of company)

1. Germany 43%
2. Europe (excl. Germany) 14%
3. North America 21%
4. Asia Pacific 16%
5. South America, Africa, Middle East 6%

Income from operations before special items by region

1. Germany 27%
2. Europe (excl. Germany) 38%
3. North America 21%
4. Asia Pacific 8%
5. South America, Africa, Middle East 6%

Asia Pacific

- At €11,643 million, sales match level of previous year
- Strengthening research and development presence and local production

Sales at companies headquartered in the Asia Pacific region reached €11,643 million, a level comparable with that of the previous year. In local currency terms, sales rose by 1%. We observed substantially higher volumes, especially in the Catalysts, Crop Protection, Performance Chemicals, Coatings and Dispersions & Pigments divisions. This sales volumes increase was able to compensate for negative currency effects and falling prices.

Income from operations before special items fell by 27% to €614 million, mostly weighed down by lower prices in the Monomers division.

We continued to pursue our regional “grow smartly” strategy last year. In Asia Pacific, we aim to increase the proportion of sales from local production from its current level of 55% to around 75% by 2020. Steps toward this goal included opening a new production site in Dahej, India; starting up the Crop Protection division’s first Asia Pacific plant in Rudong, China; and inaugurating new plants in China for superabsorbents, acrylic acid, butyl acrylate and automotive coatings. We also began constructing plants to produce butanediol and PolyTHF® in Korla, China; aroma chemicals in Kuantan, Malaysia; and isononanol in Maoming, China.

The new Electronic Materials R&D Center in Suwon, South Korea, has further strengthened our presence in the global Research Verbund. The continued expansion of the Innovation Campus Asia Pacific in Shanghai, China, and a new innovation campus in Mumbai, India, will also contribute to this. With the opening of the regional Learning Campus in Singapore, we provide our employees in the region with additional programs for personal and professional development.

To improve profitability in Asia Pacific, we enacted a program to increase efficiency and expand our ability to tap market potential.

South America, Africa, Middle East

- Sales dip by 1% to €4,362 million
- New production capacities for acrylic acid and superabsorbents in South America

At €4,362 million, sales for companies headquartered in South America, Africa, Middle East were 1% below the level of 2013. Sales grew by 8% in local currency terms.

Economic development in South America was weaker than we had expected. Our sales declined slightly. Higher prices only partly compensated for negative currency effects. While sales decreased in the chemicals business, they rose in the crop protection business, especially through the launch of innovative products. Sales also grew in the Oil & Gas segment.

Companies in Africa posted a slight, volumes-driven boost in sales. Sales also increased slightly in the Middle East. Through higher volumes and prices, we were able to more than compensate for negative currency effects there.

Income from operations before special items rose by 8% to €418 million, largely on account of improved earnings in the Performance Products and Functional Materials & Solutions segments as well as in Other.

In South America, we continued to implement our growth strategy, enhancing our focus on customer and market needs. By opening two new laboratories for the Nutrition & Health division, we are strengthening our research and development in the region. We are also supporting our long-term growth with the construction of a production complex for acrylic acid and superabsorbents in Camarã, Brazil, which will begin operations at the beginning of 2015. In order to respond to the weak economic development expected in the region for the medium term, we started a program to increase efficiency. We are analyzing processes and structures in order to make even better use of our resources and further raise productivity.