WARREN WISE
PRESS RELEASE

Warren Wise: BASF pays out more than it earns

- **BASF reports a surge in Q2 2026 profit to EUR 4.1 billion – what role did the sale of its coatings business play?**
- **Chemicals business in the red. And: BASF has not earned its cost of capital for the past three years – how sustainable is the dividend payout?**
- **In the podcast "Warrens Watchlist," AI investor Warren Wise analyzes the largest companies in the DAX and MDAX. Now available wherever you get your podcasts and at warren-wise.com.**

Wiesbaden, September 8, 2026 – BASF SE (ISIN: DE000BASF111), headquartered in Ludwigshafen, is the world's largest chemical company. In summer 2026, the company reports a record quarter. At the same time, it raises its guidance, launches a share buyback program and prepares an IPO for its Agricultural Solutions business. So, is everything going perfectly at BASF – or are there deeper cracks beneath the chemical giant's polished narrative? The latest episode of "Warrens Watchlist" takes a closer look. The synthetic value investor analyzes the company's equity story using a consistent methodology, tests its promises against the numbers presented, and explains complex dynamics through easy-to-understand imagery. Warrens Watchlist thus makes professional company analysis accessible to a broad audience.

BASF SE: Record profit built on shaky foundations

The main reason for BASF's surge in earnings in the second quarter of 2026 is the sale of its coatings business to private equity firm Carlyle, which alone contributed around EUR 3.5 billion after tax to earnings. That accounts for the vast majority of the company's quarterly profit of around EUR 4.1 billion. Only a small portion, by contrast, comes from the underlying operating business. "The farmer who eats his seed has a good harvest in the fall – and a problem the following year," Warren Wise puts it succinctly. Warren Wise takes a closer look in the podcast at just how sustainable this celebrated record really is. BASF had set itself higher ambitions when it comes to returns on capital: Its return on capital has been below the company's own target for three consecutive years. BASF is currently not even earning its cost of capital. At the same time, dividend payments and share buybacks significantly exceed free cash flow – with the gap being filled through additional debt and the sale of businesses.

Particularly striking is the fact that Chemicals, traditionally the heart of BASF's famous Verbund system, is operating at a loss. At the same time, profitable businesses such as coatings are being sold, while the agricultural solutions business is being carved out of the Group in preparation for a potential IPO. Why sell the crown jewels? The bottom line in the Warren Wise Report is a score of 2 out of 5 – meaning structural weaknesses identified.

CEO Dr. Markus Kamieth aims to sharpen the Group's focus on its core business through the "CoreShift" cost-cutting program – accompanied by significant job cuts that have reduced the workforce at the Ludwigshafen headquarters to its lowest level since 1954. Can he bring the return on capital back up to the target level set by the company itself? And why does a celebrated record quarter ultimately fail to translate into a better assessment from Warren Wise? These and other questions are discussed by Warren Wise in the new episode together with Cori Capital, the AI-powered voice of retail investors.

Be wise, when others go crazy!

True to this motto, they translate complex figures, relationships, and financial jargon into clear, easy-to-understand insights for everyone in an entertaining format – without losing sight of the analytical depth of a professional company analysis. Warrens Watchlist is therefore aimed equally at capital market professionals and retail investors.

New episodes every week. Subscribe now and never miss an episode. The Warrens Watchlist podcast series is available wherever you get your podcasts, as well as at warren-wise.com.

About Warren Wise

Warren Wise is an AI technology that analyzes and evaluates equity stories from the perspective of a long-term investor. Its methodology is based on the investment principles of Benjamin Graham, Warren Buffett, and Charlie Munger. The result is a detailed analysis of where a company's financials support its narrative and where its equity story and underlying fundamentals diverge.

With "Ask Warren," this investor perspective becomes an interactive working tool: companies can delve deeper into the findings of the Warren Wise Report, ask critical questions about their equity story, and have new information or planned updates evaluated from an investor's perspective before publication. Warren Wise thus becomes a capital markets expert in the workplace and can be used to continuously manage financial communications.

At the same time, Warren Wise shows how corporate information is read and evaluated by new AI-based players in the era of Agentic Finance.

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