

News Release



BASF presents first-quarter results at 55th Annual Meeting

Powerful start to 2007

- **Further increase in sales (plus 17 percent) and EBIT before special items (plus 13 percent)**
- **Earnings jump (plus 98 percent) in Chemicals segment**
- **Positive outlook for 2007 confirmed:**
Significant increase in sales and EBIT before special items to at least match the previous year's strong level

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BASF remained on its successful course in the first quarter of 2007 and looked confidently to the coming months following a powerful start to the year. "BASF's team is working constantly to bring the company even closer to its customers and make BASF even more innovative and cyclically resilient," said BASF's Chairman Dr. Jürgen Hambrecht during the presentation of the company's results for 2006 and the first quarter of 2007 at the 55th Annual Meeting in Mannheim on April 26, 2007.

Compared with the same period of 2006, sales in the first quarter rose 17 percent to €14.6 billion. This was due primarily to the acquisitions in 2006, as well as higher volumes and sales prices in the chemical businesses. Disregarding currency effects, in particular from the depreciation of the U.S. dollar, sales increased by 21 percent.

Compared with the very strong first quarter of 2006, BASF increased income from operations (EBIT) before special items by 13 percent to

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€2.1 billion. Earnings in the Chemicals segment almost doubled, and were significantly higher in all divisions. Margins improved, in particular for petrochemicals. The Catalysts division also made a major contribution to the earnings growth. In the Plastics segment, earnings declined slightly because the Polyurethanes division did not quite match the strong performance of the previous year's first quarter. Earnings improved in the Styrenics business due to the expansion of the business and improved efficiency. Earnings in the Performance Products segment were lower than in the first quarter of 2006 as a result of persistent pressure on margins for functional polymers. Both divisions in the Agricultural Products & Nutrition segment posted higher earnings. The earnings situation in Brazil improved in the Agricultural Products division. In the Fine Chemicals division, earnings increased as a result of the restructuring measures initiated in 2006 and the contribution from the acquired personal care business. In the Oil & Gas segment, a rise in the contribution from the natural gas trading business kept earnings at the previous year's strong level despite the decline in oil prices.

Compared with the same period of 2006, first-quarter EBIT after special items rose by 9 percent to approximately €2 billion. Special items in income from operations were related to integration costs for the acquisitions made in 2006 and expenses for restructuring.

The financial result declined by €115 million to minus €94 million. Interest expenses rose in connection with financing for the acquisitions made in mid-2006. The previous year's first quarter contained proceeds from the sale of securities.

Income before taxes and minority interests rose by 2 percent to €1.9 billion. The tax rate declined from 46 percent to 40 percent as a result of the acquisitions and the lower contribution to the BASF

Group's earnings from the Oil & Gas segment. In the first quarter, foreign taxes for oil production that are noncompensable with German corporate income tax amounted to €258 million compared with €272 million in the same period of 2006.

Net income rose by 9 percent to more than €1 billion. Earnings per share were €2.08 compared with €1.87 in the first quarter of 2006.

Positive outlook confirmed for full-year 2007

Hambrecht remained confident with regard to the ongoing year, expecting global economic growth of 3.2 percent. In 2007, the company anticipates an average oil price (Brent) of about \$55/barrel and an average euro/dollar exchange rate of \$1.30 per euro. Major risk factors are seen as being associated with an escalation in geopolitical trouble spots.

"The good start in the first quarter confirms our positive outlook for 2007. We expect significantly higher sales based on the acquisitions made in 2006 and organic growth. We expect to at least match the previous year's strong EBIT before special items despite our assumption of a lower average oil price in 2007," said Hambrecht.

Double-digit sales growth in all regions

Sales by location of company in **Europe** increased by 14 percent in the first quarter of 2007. EBIT before special items rose by €171 million to €1.6 billion. This was due both to the acquired businesses and organic growth in the chemical businesses. Earnings in the Oil & Gas segment matched the previous year's level despite the decline in oil prices.

As a result of the acquisitions, companies in **North America** increased sales by 23 percent in dollar terms and by 15 percent in euro terms. EBIT before special items declined by €33 million to €265 million. Earnings were reduced by the shutdown of the TDI plant in Geismar, Louisiana, as well as by weaker demand from the automotive industry. This could not be fully offset by the acquired businesses.

In **Asia Pacific**, BASF increased sales by 37 percent in local currency terms and by 28 percent in euro terms. EBIT before special items climbed €92 million to €207 million. The sales and earnings growth was due to the acquisitions as well as strong demand for products from the Chemicals and Plastics segments. The measures to increase efficiency that were initiated in 2006 also contributed to the rise in earnings.

In **South America, Africa, Middle East**, first-quarter sales by location of company rose by 49 percent in local currency terms and by 41 percent in euro terms. EBIT before special items increased by €21 million to €53 million. The activities of the Catalysts division in South Africa and the Agricultural Products division in South America contributed to the expansion of the business. Higher prices for agricultural produce improved the economic situation for farmers in Brazil, thus increasing demand for crop protection products.

BASF is the world's leading chemical company: The Chemical Company. Its portfolio ranges from chemicals, plastics, performance products, agricultural products and fine chemicals to crude oil and natural gas. As a reliable partner to virtually all industries, BASF's high-value products and intelligent system solutions help its customers to be more successful. BASF develops new technologies and uses them to meet the challenges of the future and open up additional market opportunities. It combines economic success with environmental protection and social responsibility, thus contributing to a better future.

BASF has approximately 95,000 employees and posted sales of €52.6 billion in 2006. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA), New York (BF) and Zurich (AN). Further information on BASF is available on the Internet at www.basf.com.

On April 26, 2007, you can obtain further information from the Internet at the following addresses:

Interim Report (from 7:30 a.m. CEST)

corporate.basf.com/interimreport (English)
corporate.basf.com/zwischenbericht (German)

Press release (from 7:30 a.m. CEST)

corporate.basf.com/pressrelease (English)
corporate.basf.com/pressemitteilungen (German)

**Live Transmission-Telephone Conference for Analysts
(from 8:30 a.m. CEST)**

corporate.basf.com/share (English)
corporate.basf.com/aktie (German)

**Live Transmission – Speech Dr. Jürgen Hambrecht
(from 10:00 a.m. CEST)**

corporate.basf.com/shareholdermeeting (English)
corporate.basf.com/hauptversammlung (German)

**Speech Dr. Jürgen Hambrecht – print version
(from 11:30 a.m. CEST)**

corporate.basf.com/pcon (English)
corporate.basf.com/pk (German)

Photos (from 7:30 a.m. CEST)

corporate.basf.com/photos (English)
corporate.basf.com/fotos (German)

**Photos from the Annual Meeting
(from 1:00 p.m. CEST)**

corporate.basf.com/photos (English)
corporate.basf.com/fotos (German)

Information about BASF shares

corporate.basf.com/share (English)
corporate.basf.com/aktie (German)

Forward-looking statements

This release contains forward-looking statements under the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on current expectations, 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 in BASF's Form 20-F filed with the Securities and Exchange Commission. We do not assume any obligation to update the forward-looking statements contained in this release.