

# News Release



## Annual Meeting of BASF SE

### **BASF enters a challenging 2008 with a record first quarter**

- **Significantly higher sales and earnings:**
  - Sales up 9 percent, EBIT before special items up 11 percent**
- **Confident outlook for full year 2008 confirmed**

Ludwigshafen, Germany – April 24, 2008 – The BASF Group has continued on its successful path in the first three months of 2008. Having posted a further record quarter, it is confident with regard to the coming months. First-quarter **sales** rose by almost 9 percent to €15.9 billion, while **income from operations (EBIT) before special items** increased by more than 11 percent compared with the same period of 2007 to almost €2.4 billion.

“Our long-term strategy is paying off. That’s most apparent in turbulent times like the ones we’re currently seeing in the financial markets. BASF’s strategy is not to try to achieve improvements over just a few quarters. Instead, we strive constantly to keep ahead of the global competition over the long term,” said BASF’s Chairman Dr. Jürgen Hambrecht in his presentation of the company’s figures for 2007 and the first quarter of 2008 at the first annual meeting of BASF SE on April 24, 2008 in Mannheim.

First-quarter sales rose significantly in the **Chemicals** segment due to higher volumes and prices. All divisions contributed to the

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increase in sales with double-digit growth rates. The excellent earnings level achieved in the same quarter of the previous year was not reached. This was due to a decline in margins for cracker products and decreased plant availability in the Petrochemicals division.

The **Plastics** segment posted a slight increase in sales compared with the first quarter of 2007. The rise in sales in the Polyurethanes division as a result of continued high demand worldwide more than offset the slight currency-related decrease in the Performance Polymers division. First-quarter earnings were considerably higher than in the same quarter of 2007. The strong increase in the Polyurethanes division more than offset the slight decline in the Performance Polymers division

Sales in the **Performance Products** segment were close to the level achieved in the same quarter of 2007. Higher volumes in all divisions could not fully offset divestiture-related declines in the Care Chemicals division and negative currency effects. Earnings improved. Good business performance in the Care Chemicals division contributed to this. Prices of vitamins, in particular, were increased, and fixed costs were reduced.

Sales in the **Functional Solutions** segment increased slightly due to higher volumes and prices. The Catalysts division in particular made a significant contribution to this rise despite negative currency effects. Earnings decreased. Considerably higher earnings in the Catalysts division could not fully offset declines mainly in Construction Chemicals and also in Coatings.

Sales in the **Agricultural Solutions** segment increased due to higher volumes and sales prices compared with the first quarter of 2007. Earnings therefore also increased significantly.

The strongest sales growth was again posted in the **Oil & Gas** segment. This was due to higher crude oil prices and increased natural gas production in the Exploration & Production business sector as well as sales volume increases in the Natural Gas Trading business sector. The Oil & Gas segment also posted the highest increase in income from operations. The decline in earnings in the Natural Gas Trading business sector was more than offset by the volume and price-related increase in the Exploration & Production business sector.

**Special items** in EBIT were related to expenses for restructuring that are recorded under "Other" until they are implemented in the course of the year. Compared with the same period of 2007, first-quarter **EBIT** rose by almost 15 percent to €2.3 billion.

**Income before taxes and minority interests** rose by approximately 14 percent to just under €2.2 billion. At 41 percent, the tax rate was at the same level as in the first quarter of 2007. **Net income** increased by 13 percent to almost €1.2 billion compared with the first quarter of 2007.

**Earnings per share** rose to €2.48 from €2.08 in the first quarter of 2007.

### **Confident outlook for full year 2008 confirmed**

Hambrecht remains confident for full year 2008 and expects global economic growth and growth in chemical production excluding pharmaceuticals of 2.8 percent. The company is basing its estimates on an average oil price of \$90 per barrel and an average euro/dollar exchange rate of \$1.50 per euro in 2008.

"The strong start to the first quarter confirms our positive outlook for 2008. Assuming that there are no changes to our portfolio, we aim to

increase sales and improve income from operations before special items slightly in 2008. We expect to grow faster than the chemical market each year, and we are confident of earning our cost of capital in any given year," said Hambrecht.

### **Double-digit sales growth in Europe**

Sales by location of company in **Europe** increased by 14 percent in the first quarter of 2008. Income from operations before special items rose by €195 million to almost €1.8 billion. The increase in the Chemicals segment was due in particular to the significant increase in sales and earnings in Inorganics. Business in the Agricultural Solutions segment, in particular with fungicides, developed positively as a result of favorable weather conditions and a good start to the season. The Oil & Gas segment posted higher sales and earnings, in particular as a result of higher oil prices.

Sales by companies in **North America** increased by 9 percent in dollar terms and decreased by 4 percent in euro terms. At €268 million, EBIT before special items was slightly higher than in the first quarter of 2007. Earnings increased significantly in the Plastics segment but declined in the Functional Solutions segment. Weaker cracker margins especially impacted earnings in the Chemicals segment.

In **Asia Pacific**, companies recorded a sales increase of 17 percent in local currency terms and 7 percent in euro terms. EBIT before special items rose by €17 million to €224 million. The Plastics segment made an important contribution to this as a result of a significant increase in the volumes and sales of polyurethanes. Increasing demand and higher sales prices for vitamins were recorded in the Performance Products segment. Declines in the Chemicals segment were more than offset.

In **South America, Africa, Middle East** first-quarter sales by location of company rose by 18 percent in local currency terms and by 10 percent in euro terms. EBIT before special items climbed €23 million to €76 million. Sales and earnings, in particular for fungicides, improved significantly in the Agricultural Solutions segment. In the Construction Chemicals division, activities developed favorably in the region. The same was also true in the Coatings division due to higher demand for architectural and automotive coatings.

#### **About BASF**

BASF is the world's leading chemical company: The Chemical Company. Its portfolio ranges from oil and gas to chemicals, plastics, performance products, agricultural products and fine chemicals. As a reliable partner BASF helps its customers in virtually all industries to be more successful. With its high-value products and intelligent solutions, BASF plays an important role in finding answers to global challenges such as climate protection, energy efficiency, nutrition and mobility. BASF has more than 95,000 employees and posted sales of almost €58 billion in 2007. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (AN). Further information on BASF is available on the Internet at [www.basf.com](http://www.basf.com).

On April 24, 2008, you can obtain further information from the Internet at the following addresses:

#### **Interim Report (from 7:00 a.m. CEST)**

[corporate.basf.com/interimreport](http://corporate.basf.com/interimreport) (English)  
[corporate.basf.com/zwischenbericht](http://corporate.basf.com/zwischenbericht) (German)

#### **Press release (from 7:00 a.m. CEST)**

[corporate.basf.com/pressrelease](http://corporate.basf.com/pressrelease) (English)  
[corporate.basf.com/pressemitteilungen](http://corporate.basf.com/pressemitteilungen) (German)

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

[corporate.basf.com/share](http://corporate.basf.com/share) (English)  
[corporate.basf.com/aktie](http://corporate.basf.com/aktie) (German)

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

[corporate.basf.com/shareholdermeeting](https://corporate.basf.com/shareholdermeeting) (English)  
[corporate.basf.com/hauptversammlung](https://corporate.basf.com/hauptversammlung) (German)

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

[corporate.basf.com/pcon](https://corporate.basf.com/pcon) (English)  
[corporate.basf.com/pk](https://corporate.basf.com/pk) (German)

**Photos (from 7:00 a.m. CEST)**

[corporate.basf.com/photos](https://corporate.basf.com/photos) (English)  
[corporate.basf.com/fotos](https://corporate.basf.com/fotos) (German)

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

[corporate.basf.com/photos](https://corporate.basf.com/photos) (English)  
[corporate.basf.com/fotos](https://corporate.basf.com/fotos) (German)

**Information about BASF shares**

[corporate.basf.com/share](https://corporate.basf.com/share) (English)  
[corporate.basf.com/aktie](https://corporate.basf.com/aktie) (German)

**Forward-looking statements**

This release contains forward-looking statements based on current experience, 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. We do not assume any obligation to update the forward-looking statements contained in this release.