

BASF Increases Sales and Income From Operations in 2012

The Associated Press

Full year 2012: Sales EUR 78.7 billion (plus 7%) EBIT before special items EUR 8.9 billion (plus 5%) Record year in Agricultural Solutions and Oil & Gas; earnings in the chemicals business below prior year 4th quarter 2012: Sales EUR 19.6 billion (plus 9%) EBIT before special items EUR 1.8 billion (plus 18%) Dividend proposal EUR 2.60 (2011: EUR 2.50) Outlook 2013: Increase in sales and earnings targeted BASF maintained its good performance in 2012. The company exceeded the 2011 record levels in sales and income from operations (EBIT) and once again earned a substantial premium on the cost of capital. Kurt Bock, Chairman of the Board of Executive Directors of BASF SE, said at the Annual Press Conference: "The Oil & Gas and Agricultural Solutions segments achieved new records, while development in our chemicals business was weaker than in 2011."

Sales in the fourth quarter of 2012 were EUR 19.6 billion, 9% higher than in the same quarter of the previous year. This increase was mainly due to higher volumes in almost all segments as well as price and currency effects. At EUR 1.8 billion, EBIT before special items was 18% above the level of the previous fourth quarter, mainly due to significantly higher volumes in Oil & Gas as well as improved earnings in Polyurethanes and Construction Chemicals.

For the full year, BASF increased sales to EUR 78.7 billion, up 7% compared with 2011. EBIT before special items improved by 5% to EUR 8.9 billion and EBIT by almost 5% to around EUR 9 billion. Net income fell by EUR 1.3 billion to EUR 4.9 billion, due in part to the higher earnings contribution from Oil & Gas and thus the significantly higher taxes. Furthermore, gains from the sale of BASF's shares in K+S Aktiengesellschaft in 2011 were predominantly tax-free.

At the Annual Shareholders' Meeting, the Board of Executive Directors and the Supervisory Board will propose a higher dividend of EUR 2.60 per share. This is an increase of EUR 0.10 compared with the previous year. Based on the 2012 year-end share price of EUR 71.15, the dividend yield would be 3.65%.

"At EUR 6.7 billion, cash flow from operating activities once again reached a high level," said Hans Engel, CEO of BASF Corporation and Chief Financial Officer of BASF SE. The equity ratio of 40.1% remained at a high level.

BASF in North America

At EUR 14.6 billion (approx. \$18.7 billion), BASF sales in North America in 2012 were 1% below the level of 2011. Sales rose considerably in the Plastics and Agricultural

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Solutions segments, but declined in the Chemicals segment. North America accounted for 18% of BASF Group sales in 2012. Income from operations (EBIT) in North America decreased by 27% to EUR 964 million, mostly as a result of the lower contribution from the Chemicals segment.

Outlook for 2013

BASF's outlook for 2013 is based on the following economic conditions (previous year figures in parentheses):

World economic growth: +2.4% (+2.2%) Growth in global chemical production: +3.6% (+2.6%) An average euro/dollar exchange rate of \$1.30 per euro (\$1.28 per euro) An average oil price of \$110/barrel (\$112/barrel)

"We aim to grow again in 2013 and exceed the 2012 levels in sales and EBIT before special items," said Bock. The company strives to increase sales and earnings in all operating segments. The expected increase in demand, together with measures to improve operational excellence and raise efficiency, will contribute to this. BASF aims to earn a high premium on its cost of capital once again in 2013.

Bock said, "Innovations are the basis for future profitable growth and thus lie at the core of our competitiveness." Therefore, BASF will once again increase its research and development spending in 2013, after expenditures of EUR 1.7 billion in the past year -- around 9% more than in 2011.

Sales increase in almost all segments in the fourth quarter

In Chemicals, sales in the fourth quarter 2012 increased, equally driven by price and portfolio effects. Volume growth and currency tailwinds also contributed to topline growth. EBIT before special items declined mainly due to lower margins and plant shutdowns. For the full year 2012, sales increased by 7% to EUR 13.8 billion. EBIT before special items decreased by 30% to EUR 1.7 billion.

Sales in Plastics increased due to higher volumes and prices as well as positive currency effects. There was continuing strong demand from the automotive industry, particularly in North America and Asia. EBIT before special items rose substantially due to a significant improvement in earnings in Polyurethanes. In 2012, sales in the Plastics segment increased 4% to EUR 11.4 billion. EBIT before special items declined by 27% to EUR 873 million.

Sales in Performance Products came in above the previous fourth quarter, mainly driven by higher volumes. Price declines were offset by positive currency effects. EBIT before special items in the segment decreased due to lower margins. Sales for the full year 2012 of EUR 15.9 billion were around 1% higher than in the previous year. EBIT before special items fell 17% to EUR 1.4 billion.

Sales in Functional Solutions decreased slightly compared with the fourth quarter of 2011. Volumes were down, particularly due to a lower contribution from precious metals trading. A small decrease in sales prices was compensated for by currency tailwinds. Healthy demand in Catalysts and Coatings came from the automotive industry. Strict fixed cost management led to a substantial increase in EBIT before

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special items. Sales in 2012 were EUR 11.5 billion, 1% higher than in 2011. At EUR 561 million, EBIT before special items was slightly above the previous year.

Sales in Agricultural Solutions were up in the fourth quarter of 2012. Growth was driven by higher volumes, the Becker Underwood acquisition, and favorable currency effects. Sales in South America increased significantly despite dry weather conditions in Brazil. Prices were just below the high level of the prior-year quarter. EBIT before special items was lower than in the fourth quarter of 2011 due to higher R&D expenditures and investments in growth markets. In addition, royalty income in North America reported in the fourth quarter in 2011 was already reported in the third quarter in 2012. Agricultural Solutions had another record year in 2012. Sales rose by 12% to EUR 4.7 billion. EBIT before special items grew by 28% to more than EUR 1 billion. The EBITDA margin target of 25% was achieved.

Sales in Oil & Gas in the fourth quarter grew strongly mainly due to significantly increased oil production in Libya and higher volumes from Natural Gas Trading. The start-up of additional wells in the Achimgaz joint venture also contributed to sales. EBIT before special items grew substantially. Special items of EUR 120 million were related to impairment charges on the Yme development project in Norway. Non-compensable taxes on oil production amounted to EUR 492 million. Net income decreased by 9% and was EUR 250 million. For the full year, sales rose by 39% to EUR 16.7 billion and EBIT before special items almost doubled to EUR 4.1 billion. Net income also grew to EUR 1.2 billion.

In the fourth quarter, sales in Other were around EUR 1.2 billion. These activities include the sale of raw materials, engineering and other services, rental income and leases. EBIT before special items declined by EUR 91 million mainly due to lower earnings of other businesses. In 2012, sales were EUR 4.8 billion, a decline of 24% and EBIT before special items decreased to minus EUR 839 million. This was primarily due to the divestiture of the styrenic plastics activities and the fertilizer business.

BASF - The Chemical Company

BASF Corporation, headquartered in Florham Park, New Jersey, is the North American affiliate of BASF SE, Ludwigshafen, Germany. BASF has more than 16,900 employees in North America, and had sales of \$18.7 billion in 2012. For more information about BASF's North American operations, visit www.basf.us.

BASF is the world's leading chemical company: The Chemical Company. Its portfolio ranges from chemicals, plastics, performance products and crop protection products to oil and gas. We combine economic success with environmental protection and social responsibility. Through science and innovation, we enable our customers in nearly every industry to meet the current and future needs of society. Our products and solutions contribute to conserving resources, ensuring nutrition and improving quality of life. We have summed up this contribution in our corporate purpose: We create chemistry for a sustainable future. BASF posted sales of EUR 78.7 billion in 2012 and had more than 113,000 employees as of the end of the year. Further information on BASF is available on the Internet at www.basf.com.

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On February 26, 2013, you can obtain further information from the internet at the following addresses:

BASF Report 2012 basf.com/overview (English)basf.com/uebersicht (German)

Global Press Release basf.com/pressrelease (English)basf.com/pressemitteilungen (German)

For the North American Press Release (English only), visit www.basf.us

Live Transmission (from 10:30 a.m. CET) basf.com/pcon (English)basf.com/pk (German)

Speech - print version (from 10:30 a.m. CET) basf.com/pcon (English)basf.com/pk (German)

Live Transmission - Conference for analysts and investors (from 4:00 p.m. CET) basf.com/share (English)basf.com/aktie (German)

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TV interview with Dr. Kurt Bock (from 12:00 noon CET) basf.com/group/tv-interviews_en (English)basf.com/group/tv-interviews_de (German)

Forward-looking statements

This release 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 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. BASF does not assume any obligation to update the forward-looking statements contained in this release.

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