

# News Release



## **BASF on track with integration of Cognis**

- **Synergies to generate €275 million of additional EBIT**
- **One-time integration costs of €290 million expected**
- **European Regional Business Unit Personal Care will be located in Monheim, Germany**

Ludwigshafen, Germany – March 25, 2011 – BASF today announced its integration plans for Cognis. BASF expects to achieve an additional EBIT of €275 million (10.6% of Cognis' 2009 net sales) through the integration. This consists of growth synergy targets to generate an additional EBIT of €135 million by 2015 and cost synergies of around €140 million which will be achieved by the end of 2013.

To achieve the growth targets 230 additional jobs will be created worldwide, mainly in the Care Chemicals division. At the same time, BASF plans to reduce 680 positions due to overlaps in functional and administrative units as well as measures to improve efficiency. This means an overall reduction of 450 positions in the BASF Group, most of which will be realized by the end of 2012. The employees will be offered a suitable position within BASF whenever possible.

By the end of 2013, BASF expects one-time integration costs of around €290 million, excluding an inventory step-up of €120 million in 2010/2011. The integration will already be accretive as of 2012, less than two years after the acquisition.

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“We see great potential for profitable growth in our Performance Products segment,” said Dr. John Feldmann, member of BASF’s Board of Executive Directors, responsible for BASF’s Performance Products segment and the Cognis integration. “Through the acquisition, we have strengthened our activities in attractive growing markets such as personal and home care, nutrition and health, coating additives synlubes and mining chemicals. The businesses complement each other excellently and allow us to offer our customers a comprehensive portfolio of products and solutions from both renewable and petro-based chemistry.”

“Over the past months, the joint integration teams have identified growth areas and defined cost synergies and worked out the plans to successfully integrate Cognis into the BASF Group,” said Michael Heinz, BASF’s Global Integration Manager for Cognis. “We will now work on implementing these measures to create additional value for our customers and for our company. We aim to complete the major parts of the structural integration by the end of 2011.”

### **Growth synergies of €135 million**

The growth measures aim to generate an additional EBIT of around €135 million by 2015. They include leveraging the extended customer base, the extended solution capabilities and innovation capabilities as well as the regional setup of the combined business.

### **Cost synergies of €140 million**

The cost synergies of around €140 million (5.4% of Cognis' 2009 net sales) will be achieved by the end of 2013. Main drivers are the combination of procurement activities, the consolidation of administrative structures, the improvement of production efficiency as well as the consolidation of the IT landscape.

**Future site footprint and concept for Düsseldorf area**

BASF plans to maintain 26 of the 28 Cognis production sites. Hythe, UK, will be sold. For Tromsø, Norway, future strategic options will be evaluated. Of Cognis' 37 non-production sites, 26 will be consolidated with existing BASF sites or exited, nine will remain and two are still under review.

BASF's European Regional Business Unit (RBU) Personal Care will be located at Cognis' former company headquarters in Monheim, Germany. The Düsseldorf-Holthausen production site, which was Cognis' largest site, will be one of the Care Chemicals division's key sites within its global production network, the center for global development in Personal Care and an important platform focusing on renewable-based ingredients as part of BASF's corporate research.

"We will continue to focus on our customers' needs and put the highest priority on ensuring that there are no business disruptions of any kind during the integration process," said Feldmann. "In order to maintain high customer satisfaction in the course of the process and system changes within the integration we have already started to implement various measures in close cooperation with our customers."

BASF announced its plans to acquire Cognis in June 2010 and completed the acquisition in December 2010. The equity purchase price was €700 million. Including net financial debt and pension obligations, the enterprise value of the transaction was €3.1 billion.

**About BASF**

BASF is the world's leading chemical company: The Chemical Company. Its portfolio ranges from chemicals, plastics, performance products and agricultural products to oil and gas. As a reliable partner BASF creates chemistry to help 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 posted sales of about €63.9 billion in 2010 and had approximately 109,000 employees as of the end of the year. 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) or in its Social Media Newsroom at [newsroom.basf.com](http://newsroom.basf.com).