



Kanoo and the BASF subsidiary Elastogran to establish polyurethane system house in the Arabian Peninsula

- **Customer-oriented service for PU processors in the Arabian Peninsula**
- **Joint venture with the strong regional partner Kanoo**
- **Acquisition of the PU business of Multi Chemical Est. from Al Hamid Group**

Abu Dhabi/ Dubai and Ludwigshafen, Germany – May 15, 2008 – BASF is strengthening its business with polyurethane (PU) customers in the Gulf region. The BASF subsidiary Elastogran and the Kanoo Group have agreed to create a joint venture (Kanoo 51%, BASF/Elastogran 49%) under the operational lead of Elastogran. This joint venture will acquire the polyurethane business of Multi Chemical Est. in Abu Dhabi from the Al Hamid Group by end of May 2008. The joint venture and Al Hamid have agreed to not disclose the purchase price. The closing of the transaction is subject to approval by the relevant authorities.

With its approximately 20 employees Multi Chemical Est. achieved as part of the Al Hamid Group a turnover of around \$20 million in the PU business in 2007. Founded in 1995, the company is one of the leading system houses in the region.

In a next step, the partners plan to construct a new polyurethane system house in Dubai Industrial City. Construction is to commence in mid-2008. The production of PU systems by the joint venture will be concentrated there as of 2010.

“With the acquisition of the polyurethane business from Multi Chemical Est. we have created ideal conditions for our success in the strongly growing market of polyurethane applications in the Arabian Peninsula,” said Dr. Uwe Hartwig, Group Vice President of the regional business unit Polyurethanes Europe. “We will strengthen existing customer relationships and consistently implement our worldwide proven strategy of locally operating customer-oriented system houses. Through its engagement in the Gulf region, BASF is strengthening its global network of more than 30 polyurethane system houses.”

“We are happy to continue and expand our cooperation with BASF into the polyurethane segment offering innovative, valuable and highly customized PU Systems,” said Mishal Hamed Kanoo, Deputy Chairman of The Kanoo Group, whose company has been a joint venture partner of BASF in the United Arab Emirates (UAE) since 1970.

With BASF as their new partner, current customers of Multi Chemical Est. will enjoy the advantages of one of the world’s leading polyurethane enterprises. Like all BASF customers, they will benefit from a high service level, a broader product portfolio with backward integration of raw materials, the expertise of BASF’s global polyurethane research platform and high quality products and processes.

In the market segments construction and insulation especially, BASF sees great potential for applications with the high-quality specialty plastic material polyurethane



throughout the Arabian Peninsula market. Sandwich elements, insulating boards and spray foam are ideal products for energy-efficient and uncomplicated constructions, both in the industrial and in the private housing sector. Elastopor[®] H offers well-established applications for the construction sector.

In Saudi Arabia and UAE, BASF markets almost the entire range of BASF products. The main focus is on petrochemicals, gas purification, oilfield industries, seawater desalination, packaging and construction industries. In addition, two production sites for construction chemicals are being operated in Saudi Arabia and UAE.

BASF is the leading supplier of polyurethane basic products, systems and specialties. With its global network of more than 30 polyurethane system houses and its comprehensive product and service portfolio, BASF is the preferred partner of its customers in many industries.

In the European Economic Area Elastogran – an established subsidiary for the past 40 years – is running the BASF polyurethane business via its system houses. In Europe, Elastogran is both the market and technology leader of polyurethane systems and polyurethane specialty elastomers (www.elastogran.com).

Through its system houses BASF provides fast local support – from technical service and sales to marketing – during the development of customized solutions. With its world-scale plants BASF secures its leading market position in the manufacture of polyurethane basic products in all regions of the world.

Polyurethanes make life more comfortable, safer and more pleasant – and they help to save energy sustainably. They contribute toward an improved insulation of buildings and a more attractive and more light-weight design of cars. The manufacturers of shoe soles, mattresses and household as well as sports equipment use the manifold opportunities and advantages of this special plastics material together with the knowledge and expertise of the polyurethane experts of BASF world-wide.

About Multi Chemical Est.

Multi Chemical Est. is a leading regional supplier of rigid polyurethane systems to various industries like construction or oil and gas in the markets of the Arabian Peninsula. The company is a member of the Al Hamid Group - a highly reputed business conglomerate in United Arab Emirates.

About Kanoo

With its head office in Bahrain and offices in the major areas of the Gulf Region, the Kanoo Group is a family-run diversified business house with interests in the world's most dynamic industries from shipping, travel, holidays, machinery, oil and gas, power and industrial projects to exhibition services, courier services, logistics, specialty chemicals and business centers. In addition, Kanoo has a remarkable history in forming joint ventures with world-class companies supporting the service and industrial sectors.

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.

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