Dedicated Marketing Strategies for the Global AgChem Markets

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BASF – Top Player in Agricultural Products

Strategy: Focus on high-value
• Markets
• Products
• Innovation

Success in today’s and tomorrow’s agro markets

Profitability

Pipeline

Customer Satisfaction
1 | Presence in the Right Segments

2 | Have the Right Technologies

3 | Successful Partnerships

4 | Growing the Future
Market Segmentation Drives Strategy
Combination of Customer Needs, Crops and Countries

Focus on attractive market segments is key
## Global AgChem Market 2004

<table>
<thead>
<tr>
<th>Region</th>
<th>Market Size</th>
<th>Share</th>
<th>Major Crops</th>
<th>Key Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>N. America</td>
<td>USD 9 bn</td>
<td>26%</td>
<td>Corn, Soybeans, Cereals, Cotton</td>
<td>Strong biotech impact, emergence of fungicides</td>
</tr>
<tr>
<td>Europe</td>
<td>USD 11 bn</td>
<td>32%</td>
<td>Cereals, Vines/Grapes, Fruits &amp; Vegetables, Oilseeds</td>
<td>Biotech aversion, middle and eastern European countries joining EU</td>
</tr>
<tr>
<td>Asia</td>
<td>USD 9 bn</td>
<td>25%</td>
<td>Rice, Fruits &amp; Vegetables, Cotton, Sugar Cane</td>
<td>Fast population growth and rising buying power, change in dietary patterns</td>
</tr>
<tr>
<td>S. America</td>
<td>USD 6 bn</td>
<td>17%</td>
<td>Soybeans, Sugar cane, Fruits &amp; Vegetables</td>
<td>Strong biotech impact, emergence of fungicides</td>
</tr>
</tbody>
</table>

Our focus is on North America, Europe, Japan and Brazil

Source: Phillips McDougall, BASF
Focus on the Right Crops and Countries

2003 Spending for Crop Protection USD/ha

- **Corn**
  - France
  - USA
  - Brazil
  - China
  - India

- **Soybeans**
  - Argentina
  - USA
  - Brazil
  - China

- **Wheat**
  - France
  - Germany
  - USA
  - China

- **Rice**
  - Japan
  - USA
  - China
  - India

Spending in high value markets is one determining factor for BASF activities

Source: Global insight 2003
Global AgChem Market by Crops

Crop market drivers
- Technology shifts
- Change in dietary patterns
- Renewable energies

Circle size =
agrochemical market 2004
- >4 bn USD
- 2-4 bn USD
- 1-2 bn USD

Development of agrochemical market 1999 – 2004

Source: Phillips McDougall, BASF data
### We Focus on Important Customer Needs

<table>
<thead>
<tr>
<th>Customer Needs</th>
<th>Indications</th>
<th>Long-Term Market Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>New diseases and resistance trigger high demand for innovations</td>
<td>Fungicides</td>
<td>➤ &gt;2% p.a.</td>
</tr>
<tr>
<td>Phase out of old products and resistance trigger high demand for innovations</td>
<td>Insecticides</td>
<td>➤ 2% p.a.</td>
</tr>
<tr>
<td>Only few unmet needs (glyphosate gaps, cereal graminicide) limit demand for innovations</td>
<td>Herbicides</td>
<td>➣ -1% p.a.</td>
</tr>
<tr>
<td>Increased yield and quality requirements create opportunity for plant health products</td>
<td>New Opportunities</td>
<td>➤</td>
</tr>
</tbody>
</table>
Attractive Intra-Segment Shifts
High Growth Potential With Innovative Solutions

- Top-line insecticide market growth of 2% p.a.
- Regulatory pressure and resistance issues demand new modes of action
- New chemistry classes to grow by more than 5% p.a.
- Mature “old” chemistry being steadily substituted

Example Insecticides

- **Old Chemistry:**
  - Organochlorines, Organophosphates, Carbamates, Pyrethroids

- **New Chemistry:**
  - Neonicotinoids, Phenylpyrazoles, Benzoylurea, Semicarbamates, Others

- **Niche Chemistry:**
  - Acaricides, Nematicides, Insect Growth Regulators

Source: Phillips McDougall, BASF data, crop applications only
We Hold Leading Positions in Attractive Market Segments

<table>
<thead>
<tr>
<th>Category</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals</td>
<td>Fungicide EUR, Fungicide USA, Fungicide BRA</td>
</tr>
<tr>
<td></td>
<td>Opera®, Opus®, Headline®, Opera®, Caramba®</td>
</tr>
<tr>
<td>Corn</td>
<td>Herbicides USA, Fungicide BRA</td>
</tr>
<tr>
<td></td>
<td>Guardsmart® Max, Outlook®, Opera®</td>
</tr>
<tr>
<td>Rice</td>
<td>Herbicides BRA, Herbicides USA, Insecticides JAP</td>
</tr>
<tr>
<td></td>
<td>Facet®, Clearfield®, Aura®, Newpath®, Facet®, Prince®</td>
</tr>
<tr>
<td>Soybeans</td>
<td>Insecticide Brazil, Herbicides USA, Fungicide BRA</td>
</tr>
<tr>
<td></td>
<td>Standack®, Raptor®, Extreme®, Opera®</td>
</tr>
<tr>
<td>Specialty Crops</td>
<td>Fungicide Citrus ARG, Insecticide Grape EUR, Fungicide Coffee BRA</td>
</tr>
<tr>
<td></td>
<td>Comet®, RAK®, Cascade®, Opera®, Opus®</td>
</tr>
<tr>
<td>Non Crop Uses</td>
<td>Insecticide USA, Insecticide AUS, Insecticide USA</td>
</tr>
<tr>
<td></td>
<td>Termidor®, Phantom®</td>
</tr>
</tbody>
</table>

Top 3 ranking brands
1 | Presence in the Right Segments

2 | Have the Right Technologies

3 | Successful Partnerships

4 | Growing the Future
We Have the Right Technology Mix

- New Active Ingredients
- Formulation Technology
- Leveraging Technology Verbund

All three dimensions of technology drive market success
### Powerful Pipeline with New Technologies
New Active Ingredients for Areas of True Opportunity

<table>
<thead>
<tr>
<th></th>
<th>In Launch</th>
<th>In Development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Row Crops</strong></td>
<td>F500 (F)</td>
<td>2 new Fungicides</td>
</tr>
<tr>
<td></td>
<td>Dimoxystrobin (F)</td>
<td>2 new Herbicides</td>
</tr>
<tr>
<td></td>
<td>Tritosulfuron (H)</td>
<td>1 HT Project*</td>
</tr>
<tr>
<td></td>
<td>Picolinafen (H)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dimethenamid-P (H)</td>
<td></td>
</tr>
<tr>
<td><strong>Specialty Crops</strong></td>
<td>Boscalid (F)</td>
<td>2 new Fungicides</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 new Insecticide</td>
</tr>
<tr>
<td><strong>Non Crop Uses</strong></td>
<td>Boscalid (F)</td>
<td>1 new Herbicide</td>
</tr>
<tr>
<td></td>
<td>Chlorfenapyr (I)</td>
<td>1 new Insecticide</td>
</tr>
<tr>
<td><strong>Seed Treatment</strong></td>
<td></td>
<td>3 Fungicides</td>
</tr>
</tbody>
</table>

*Herbicide tolerant soybeans
Challenge for Soybean Growers
Asian Soybean Rust

Asian Soybean Rust
• Major threat to growers
• High damage potential

Customers’ needs
• Excellent plant protection preventative and curative
• Peace of mind
• Enhancing quantity and quality of harvest

Market size in South America ~ USD 800 million. Additional potential in North America larger than USD 300 million.
We are Benchmark for Soybean Growers
F500® with Plant Health™ Effect

Build on first-mover and market leader experience in South America

Leverage BASF knowledge on Plant Health™ benefits of strobilurins that go beyond disease control: plant growth efficiency and plant tolerance to stress

New opportunity for BASF and our customers
• Improved grower profitability
• Increased marketable crop yields
• Strengthens BASF’s portfolio in the US

Objective: Identify new products with effects beyond classical crop protection
US Soybean Growers Trust in BASF’s Competence

**F500®** – US market leader in cereals, peanuts, fruits and vegetables in less than two years

**Headline®** – product of choice in soybeans in first year

**Plant Health™** – BASF develops new market segment in USA

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**Soybean Fungicides Grower Purchase Intentions for 2005**

- **Headline**
- **Quadris (SYN)**: 15%
- **Stratego (BCS)**: 13%
- **Folicur (BCS)**: 9%
- **Quilt (SYN)**: 9%

Source: Stratus Survey April 2005
**Boscalid** – Innovative new mode of action active ingredient to control multiple fungal diseases in a variety of specialty crops like grapes, fruits & vegetables

**Customers’ needs**
- Safeguarding quantity and quality of produce
- Broad spectrum activity

**BASF solution**
- New mode of action
- Broad spectrum of fungal diseases controlled
- New tool for resistance management
We Set Benchmark in Specialty Crops

- Solution for a great variety of customer needs
- First registered in 2002
- Sales target >150 million EUR
- Registered in 36 countries
- Registered for over 100 crops

Number of countries with Boscalid registered
Formulation is the process of converting an active ingredient into an applicable plant protection product.

**Active Ingredient**
- crystalline
- oily
- resin-like
- etc.

**Formulation**
- suspension
- concentrate
- granule
- etc.

**Performance**
- bioavailability
- uptake by plant
- photo stability
- residual action
- concentration
- shelf life
- etc.
Customer need – improve original formulation, characterized by loss in efficacy over time, staining of equipment/clothes and unpleasant odor

BASF solution:

**AquaCap™ Technology**
Innovative, patented formulation technology (water-based microencapsulation)

**Prowl H₂O launched 2003**
- Reduced staining potential, virtually no odor
- Enhanced persistence, i.e. long-lasting effect
- Reduced use of organic solvents
- Smart extension of product lifecycle
- 15% of Pendimethalin sales in year two after launch are patent-protected
Leveraging Technology Verbund
Fight Against Malaria – Deadly Threat to Millions

Malaria kills more than one million people and causes over 300 million acute illnesses per year

Customers’ needs
• Effective insect control
• Protection especially against malaria
• Ease of use, i.e. no retreatment of nets necessary

WHO recommends insecticide treated bed nets

Market potential of USD 200 million (institutional buyers)
We Set Benchmark in Malaria Control
Long-Lasting Insecticide-Treated Nets

Technology Verbund at work:
Agricultural Products Division:
• Insecticide Technology

Specialty Chemicals Division:
• Textile Technology

BASF Solution – Long-lasting Insecticide-Treated Nets
• No need for retreatment
• >95% knock-down of mosquitoes after 20 washes
• BASF ensures quality by managing entire value chain
• Submission for WHO approval
• Market launch expected in 2006
1 | Presence in the Right Segments
2 | Have the Right Technologies
3 | Entrepreneurial Partnerships
4 | Growing the Future
Problem for Rice Growers
Red Rice Control

Grower problem: Red Rice weed
- Difficult to distinguish from crop
- Difficult to control
- High damage potential (up to 100% yield loss)
- Conventional herbicides not satisfactory

Customers’ need
- Safe and reliable solution to control red rice weed
We Set Benchmark in Red Rice Control
CLEARFIELD® Rice Production System Introduced in 2002

BASF solution for rice growers
System of Newpath™ Herbicide + herbicide resistant CLEARFIELD® Rice

• Superior control of red rice and broad leaf weeds
• High reliability
• Ease of use
• High-yielding, non-GMO varieties
• Certified CLEARFIELD® quality

= 30% market share in the US
CLEARFIELD® – Network and alliance model to deliver trait technology to the farmer

We Partner With the Best in Seed
“Virtual Seed Company”

BASF forms winning partnerships

Best Trait Provider
Best Seed Breeder
Best Distributor
Best Farmer
Best Seed Partner/Dealer

CLEARFIELD crops
- Canola
- Lentils
- Sunflower
- Rice
- Wheat

Peak Sales Potential 200 million EUR (not included in pipeline)
1 | Presence in the Right Segments
2 | Have the Right Technologies
3 | Successful Partnerships
4 | Growing the Future
Seed Treatment – A New Opportunity
Driver for Long Term Profitable Growth

2003: Seed treatment assets and technology acquired with “Fipronil Package” from Bayer

BASF Strategy

- Maximize the synergies of acquired product range
- Develop seed treatment solutions based on our existing innovative BASF active ingredient portfolio
- Use BASF Verbund to find and establish new innovations and high value solutions around the seed

Sales 2004 approx. 100 million EUR
Seed Treatment World Market
Growth Opportunity for BASF

Total 2004: approx. USD 1.2 billion

World market growing strongly with more than 5% p. a.
We Protect the Crop Beyond the Farm Gate

Fruit & Vegetable Grower

Pre-Harvest Disease Control

• New mode of action fungicide
• Excellent performer in high value specialty crops like fruits and vegetables on value determining diseases
• Safeguarding quantity and quality of harvest

Fruit Company – Retailer – Consumer

Post-Harvest Freshness Preservation

• Water-based liquid polymer coating
• Preserves fruits and vegetables
• Very cost effective
• Commercially available and FDA approved
• Extends shelf-life and improves quality of produce
Key Messages

• BASF focuses on high-profit segments

• BASF brings leading technologies to the market

• BASF forms winning partnerships

• BASF is exploiting new growth opportunities
BASF in the eye of our customers:

<table>
<thead>
<tr>
<th>Country</th>
<th>Year 2001</th>
<th>Year 2004/5</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>#3</td>
<td>#1</td>
</tr>
<tr>
<td>Brazil</td>
<td>n.a.</td>
<td>#1</td>
</tr>
<tr>
<td>France</td>
<td>#5</td>
<td>#1</td>
</tr>
<tr>
<td>Germany</td>
<td>#1</td>
<td>#1</td>
</tr>
<tr>
<td>UK</td>
<td>#2</td>
<td>#1</td>
</tr>
<tr>
<td>Italy</td>
<td>#2</td>
<td>#1</td>
</tr>
<tr>
<td>Japan</td>
<td>#9</td>
<td>#7</td>
</tr>
</tbody>
</table>

Source: Various independent customer satisfaction studies
Stratus (USA), A Granja (Brazil), Eider (France), DLG (Germany), B2C (UK), CIF (Italy), Crecon (Japan)
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