Reporting Factsheet

Q3 2009

BASF The Chemical Company

BASF Group						
(Million €)	**Q3 2009**	Q3 2008	Change (%)	*Q3 2009*	*Q2 2009*	*Change (%)*
Sales	**12,798**	15,772	(18.9)	*12,798*	*12,502*	*2.4*
Income from operations before depreciation and amortization (EBITDA)	**1,993**	2,171	(8.2)	*1,993*	*1,576*	*26.5*
Income from operations (EBIT) before special items	**1,248**	1,568	(20.4)	*1,248*	*1,140*	*9.5*
Income from operations (EBIT)	**971**	1,509	(35.7)	*971*	*772*	*25.8*
Financial result	**(173)**	(39)	.	*(173)*	*(59)*	*.*
Income before taxes and minority interests	**798**	1,470	(45.7)	*798*	*713*	*11.9*
Net income	**237**	758	(68.7)	*237*	*343*	*(30.9)*
Earnings per share (€)	**0.26**	0.82	(68.3)	*0.26*	*0.37*	*(29.7)*
Adjusted earnings per share (€)*	**0.61**	0.96	(36.5)	*0.61*	*0.79*	*(22.8)*
EBITDA in % of sales	**15.6**	13.8	-	*15.6*	*12.6*	*23.8*
Cash provided by operating activities	**1,729**	948	82.4	*1,729*	*1,563*	*10.6*
Additions to long-term assets**	**363**	602	(39.7)	*363*	*4,390*	*(91.7)*
Excluding acquisitions	**520**	602	(13.6)	*520*	*737*	*(29.4)*
Amortization and depreciation**	**1,022**	662	54.4	*1,022*	*804*	*27.1*
Segment assets (end of period)***	**40,934**	39,419	3.8	*40,934*	*41,794*	*(2.1)*
Personnel costs	**1,825**	1,604	13.8	*1,825*	*1,793*	*1.8*
Number of employees (end of period)	**105,858**	96,695	9.5	*105,858*	*106,667*	*(0.8)*

*) Adjusted for special items and amortization of intangible assets
**) Intangible assets and property, plant and equipment (including acquisitions); includes adjustment of investments following purchase price allocation for Ciba
***) Intangible assets and property, plant and equipment, inventories and business-related receivables

Segments	**Sales**			**EBIT bef. special items**			**EBIT**		
3rd Quarter (Million €)	**2009**	2008	Change (%)	**2009**	2008	Change (%)	**2009**	2008	Change (%)
Chemicals	**2,000**	3,033	(34.1)	**364**	401	(9.2)	**364**	401	(9.2)
Plastics	**1,967**	2,452	(19.8)	**216**	198	9.1	**216**	194	11.3
Performance Products	**2,651**	2,126	24.7	**286**	221	29.4	**125**	221	(43.4)
Functional Solutions	**1,888**	2,479	(23.8)	**106**	117	(9.4)	**86**	112	(23.2)
Agricultural Solutions	**623**	636	(2.0)	**21**	31	(32.3)	**21**	31	(32.3)
Oil & Gas	**2,389**	3,182	(24.9)	**550**	870	(36.8)	**550**	870	(36.8)
thereof Exploration & Production	***891***	*1,415*	(37.0)	***467***	*905*	(48.4)	***467***	*905*	(48.4)
Natural Gas trading	***1,498***	*1,767*	(15.2)	***83***	*(35)*	.	***83***	*(35)*	.
Other*	**1,280**	1,864	(31.3)	**(295)**	(270)	9.3	**(391)**	(320)	(22.2)
BASF Group	**12,798**	15,772	(18.9)	**1,248**	1,568	(20.4)	**971**	1,509	(35.7)

**) "Other" includes the styrenics business, fertilizers activities, the sale of feedstock, engineering and other services, as well as rental income and leases. This item also includes foreign currency results from financial indebtedness and results from hedging for raw material prices that are not allocated to the segments.*

Factors influencing sales changes in % vs. Q3 2008	**Changes in sales Q3 2009**	**Thereof**			
		Volumes	**Prices**	**Currencies**	**Acqu./Divest.**
Chemicals	(34.1)	(10.9)	(24.8)	1.4	0.2
Plastics	(19.8)	(3.4)	(17.9)	1.5	-
Performance Products	24.7	(8.1)	(6.0)	1.1	37.7
Functional Solutions	(23.8)	(11.6)	(13.5)	1.3	0
Agricultural Solutions	(2.0)	(6.2)	1.8	1.0	1.4
Oil & Gas	(24.9)	3.6	(29.0)*		0.5
BASF Group	**(18.9)**	**(6.2)**	**(18.6)**	**0.7**	**5.2**

**) mix of price and currency effects*

Segments Q3 2009 vs. Q3 2008

Chemicals: Sales declined due to lower volumes and prices, but earnings were almost flat. Inorganics sales and earnings were down due to lower volumes and continued low margins for ammonia and methanol. Petrochemicals sales fell due to lower prices. Plant shutdowns in the industry led to shortages (olefins, acrylic acid and butadiene), especially in Europe. Sales in Intermediates were negatively impacted by weaker demand from the textiles, coatings and plastics industries combined with falling prices. Earnings in Petrochemicals and Intermediates increased due to improved cost discipline and improved margins.

Plastics: Despite decrease in sales, due to lower volumes and prices, earnings increased. Sales of Performance Polymers fell significantly due to lower prices and weaker demand. Earnings were significantly higher due to higher margins and lower fixed costs. Polyurethanes sales decreased as a result of lower prices. Especially MDI and TDI were exposed to strong price competition. Decline in earnings was partly offset by cost reduction measures.

Performance Products: Due to the inclusion of CIBA sales increased. Earnings increased significantly due to cost reduction and margin management. Special charges (~ €160 million) were mainly related to Ciba integration. Sales in Dispersions & Pigments increased. Improved margins for dispersions and resins as well as cost reductions more than compensated for earnings decline due to lower volumes. Sales in Care Chemicals fell slightly, but earnings increased to record levels driven by vitamins and surfactants. Sales in Paper Chemicals increased significantly, although demand remained unsatisfactory. Despite this, improved margins led to higher earnings. Sales of Performance Chemicals more than doubled and earnings increased as a result of the acquisition.

Functional Solutions: Weaker business environment led to lower sales, but all divisions made a positive contribution to earnings (lower fixed costs and margin improvement in Construction Chemicals). In Catalysts lower prices of precious metals impacted sales negatively. In Construction Chemicals sales decreased resulting from the continued low level of construction activity in Europe and North America. Coatings sales were negatively impacted by decreased volumes from the automotive industry in Europe and North America.

Agricultural Solutions: Slightly lower sales, because lower prices for corn and wheat led to more cautious buying behavior and weaker demand, particularly for fungicides and herbicides. Earnings were lower due to increased expenses for marketing and sales, as well as for R&D. We expect to achieve an EBITDA margin of more than 25% in 2009.

Oil & Gas: Significant decrease in sales and earnings due to the sharp decline in the price of crude oil. Average Brent crude in Q3 2009 at $68/bbl (-$47/bbl) or €48/bbl (-€29/bbl). *Exploration & Production:* Natural gas production could be expanded significantly. Yuzhno Russkoye natural gas field reached the plateau production level. In Libya, production of crude oil decreased due to lower OPEC quotas. *Natural Gas Trading*: Gas sales volumes increased due to the postponement of natural gas purchases by some customers until Q3. Significantly lower prices resulted in 15% lower sales. Improved margins led to considerably higher earnings.

Other: Sales decreased due to lower demand and falling prices for styrenics. Earnings in the Styrenics division rose thanks to improved margins and lower fixed costs. Overall, earnings in Other were lower mainly caused by expenses for the BASF option program resulting from the higher share price.

Financials Q3 / YTD 2009

- Special items Q3 2009: -€277 million (Q3 2008: -€59 million), mainly related to Ciba integration as well as restructuring of sites.
- Financial result Q3 2009: -€173 million (Q3 2008: -€39 million), due to a rise in interest expenses and higher expenses for pension obligations.
- Income taxes Q3 2009: €482 million (Q3 2008: €670 million). Non-compensable income taxes on oil production Q3 2009: €244 million (Q3 2008: €531 million). Tax rate Q3 2009: 60.4% (Q3 2008: 45.6%). Underlying tax rate Q3 2009: 43.0% (Q3 2008: 14.8%). The increased tax rate in Q3 resulted from one-off effects caused by the acquisition of Ciba Holding AG. In the previous year, the tax rate was positively affected by a higher share of tax-free income.
- Cash provided by operating activities YTD 2009: €5,376 million (YTD 2008: €3,577 million). Cash inflow of almost €2 billion related to reduction in net working capital. Free cash flow YTD 2009: €3,548 million (YTD 2008: €1,934 million).
- Capex YTD 2009: €1,828 million (YTD 2008: €1,643 million) below corresponding depreciation and amortization.
- As of September 30, 2009: Equity ratio 35%; net debt €12.9 billion.

Outlook

- Q4 2009: Sales expected to be at the level of the previous quarter; EBIT before special items expected to be higher than in Q4 2008, but lower than in Q3 2009. For FY 2009 we anticipate a significant decline in sales and earnings.
- Ciba integration accelerated. Higher integration costs will negatively impact earnings. Integration costs of more than €800 million in 2009.
- BASF is therefore unlikely to reach its goal of earning its cost of capital in 2009.