



Agricultural Solutions

**Sustainable growth
through market-driven innovations**



Disclaimer



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The Chemical Company

Agricultural Solutions

**Sustainable growth
through market-driven innovations**

Dr. Stefan Marcinowski

Member of the Board
of Executive Directors

**BASF Roundtable
Agricultural Solutions**

New York & Monmouth

August 8, 2011

BASF Group results H1 2011



Business performance

| | H1 2011 | vs. H1 2010 |
|---|---------------|-------------|
| ■ Sales | €37.8 billion | +19% |
| ■ EBITDA | €6.4 billion | +16% |
| ■ EBITDA margin | 16.9% | 17.3% |
| ■ EBIT before special items (bSI) | €5.0 billion | +19% |
| ■ EBIT bSI adjusted for non-comp. oil taxes | €4.7 billion | +26% |
| ■ EBIT | €4.8 billion | +22% |
| ■ Net income | €3.9 billion | +75% |
| ■ EPS | €4.21 | +75% |
| ■ Adjusted EPS | €3.69 | +31% |

- Significant sales and earnings growth in the chemicals business
- Excellent performance of the acquired former Cognis business
- Earnings in Agricultural Solutions increased despite adverse weather conditions
- Sales growth in Oil & Gas was price driven. Net income rose by 34%

Outlook 2011



Assumptions

- We forecast Brent oil price of \$110/bbl (from \$100/bbl) and US\$/€ of \$1.40 (from \$1.35)
- We are assuming that oil production in Libya will not restart during 2011
 - EBIT before special items from our Libyan oil production for the full year 2011 will be about €1 billion lower compared with 2010 (thereof about €700 million of non-compensable oil taxes)

Targets 2011

- We expect to generate significantly higher sales
- We aim to significantly exceed the 2010 EBIT before special items adjusted for non-compensable oil taxes (2010: €7.2 billion)
- We expect to achieve a high premium on our cost of capital

Medium-term targets

- We aim to grow sales on average by two percentage points per year faster than chemical production growth
- We strive to grow our earnings further year by year, and to achieve an EBITDA margin of 18% by 2012

BASF's segment structure



Chemicals



Plastics



**Performance
Products**



**Functional
Solutions**



**Agricultural
Solutions**



Oil & Gas

Inorganics

Petro-
chemicals

Inter-
mediates

Performance
Polymers

Poly-
urethanes

Dispersions &
Pigments

Care
Chemicals

Performance
Chemicals

Paper
Chemicals

Nutrition &
Health

Catalysts

Construction
Chemicals

Coatings

Crop
Protection

Plant
Biotechnology

Oil & Gas

Sales 2010 by segments

Chemicals Business

Chemicals
18%

Plastics
16%

Performance Products
19%

Functional Solutions
15%

Agricultural Solutions
6%

Oil & Gas
17%

Other
9%

**Total sales
€64 billion**

Agricultural Solutions

R&D expenditures 2010

Chemicals Business

Chemicals
9%

Plastics
10%

Performance
Products
19%

Functional
Solutions
12%

Other
1%

Agricultural
Solutions
26%

Plant Biotech
10%

other Corp. R&D
12%

Oil & Gas
1%

**€1.5
billion**

Capex 2011 – 2015

Chemicals Business

Chemicals
15%

Plastics
14%

Performance
Products
14%

Functional
Solutions
6%

Agricultural
Solutions
4%

Oil & Gas*
35%

Other
12%

**€12.6
billion**

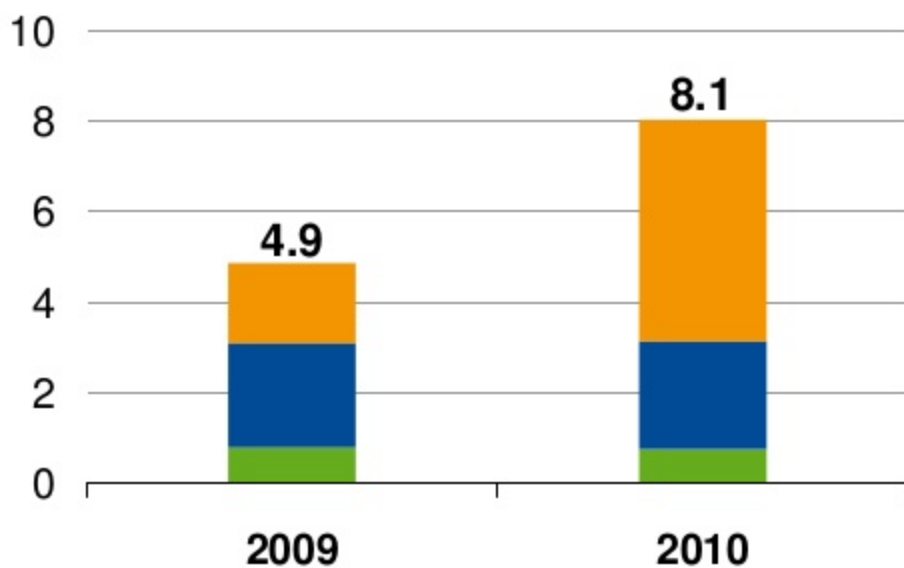
* Excluding investments in Nord Stream

Agricultural Solutions: Innovation-driven business

Agricultural Solutions



EBIT before special items in billion €



■ Agricultural Solutions

■ Oil & Gas

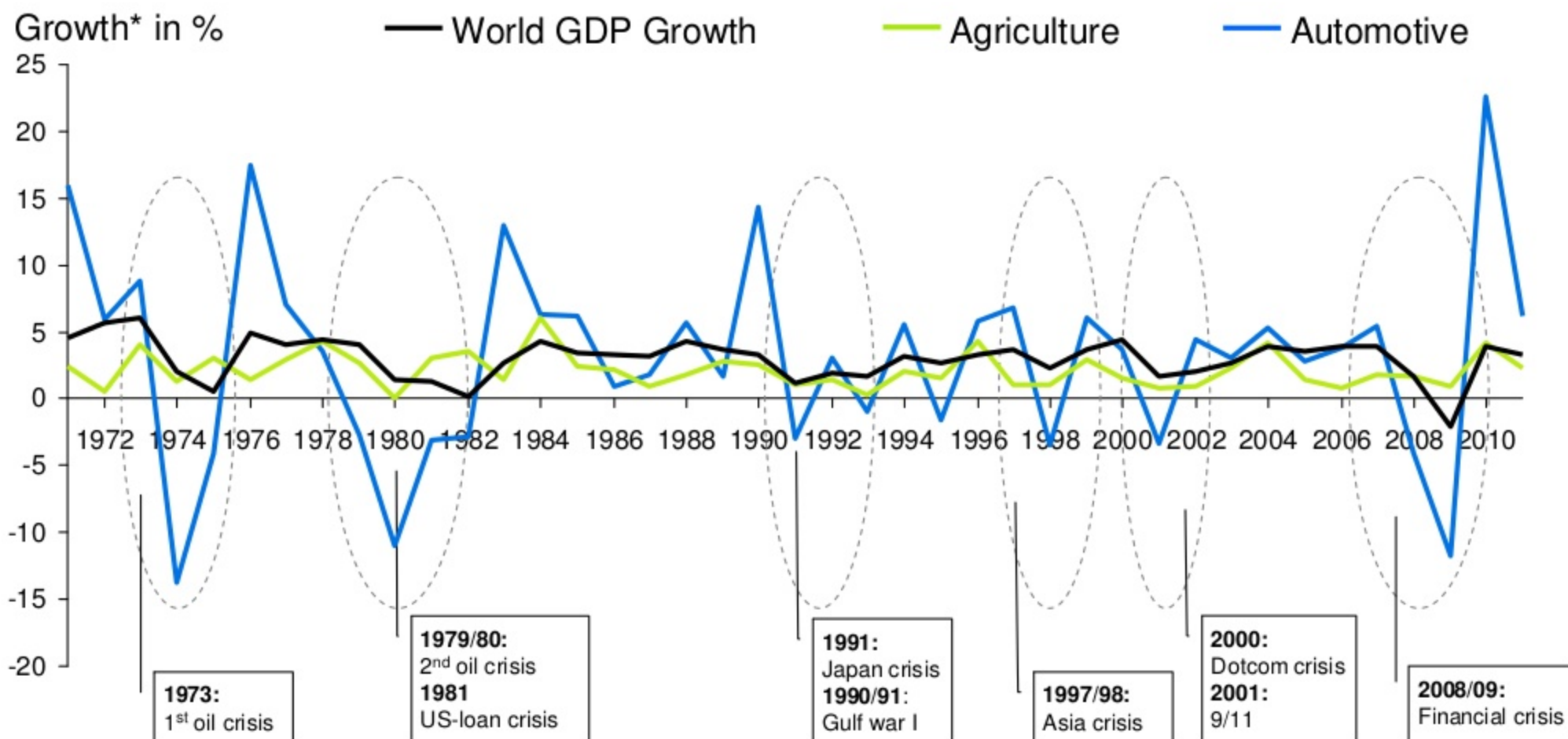
■ Chemical activities including Others

Reliable earnings contribution to BASF Group

Agricultural Solutions, reliable EBIT generator for BASF

- Not coupled to chemical cycle, stable earnings
- Substantial contribution to Group earnings in 2009 trough

Agriculture is resilient to crises



*GDP: Annual percentage change of a country's GDP in constant prices of base year 2005

Sectors: Annual percentage change of world's Production Index, 2005=100

Source: BASF analysis of FAO, IHS Global Insight and national statistics (e.g. Eurostat)

BASF Roundtable Agricultural Solutions, August 8, 2011

Results

Agricultural Solutions

Sustainability

Verbund synergies

Summary, outlook

Agriculture is a growth industry



**Growing / aging
global population**



**Urbanization,
metropolization**



**Globalization and
emerging markets**



**Energy demand,
climate impact**



Rising demand for agricultural products



Limited resources (land, water)



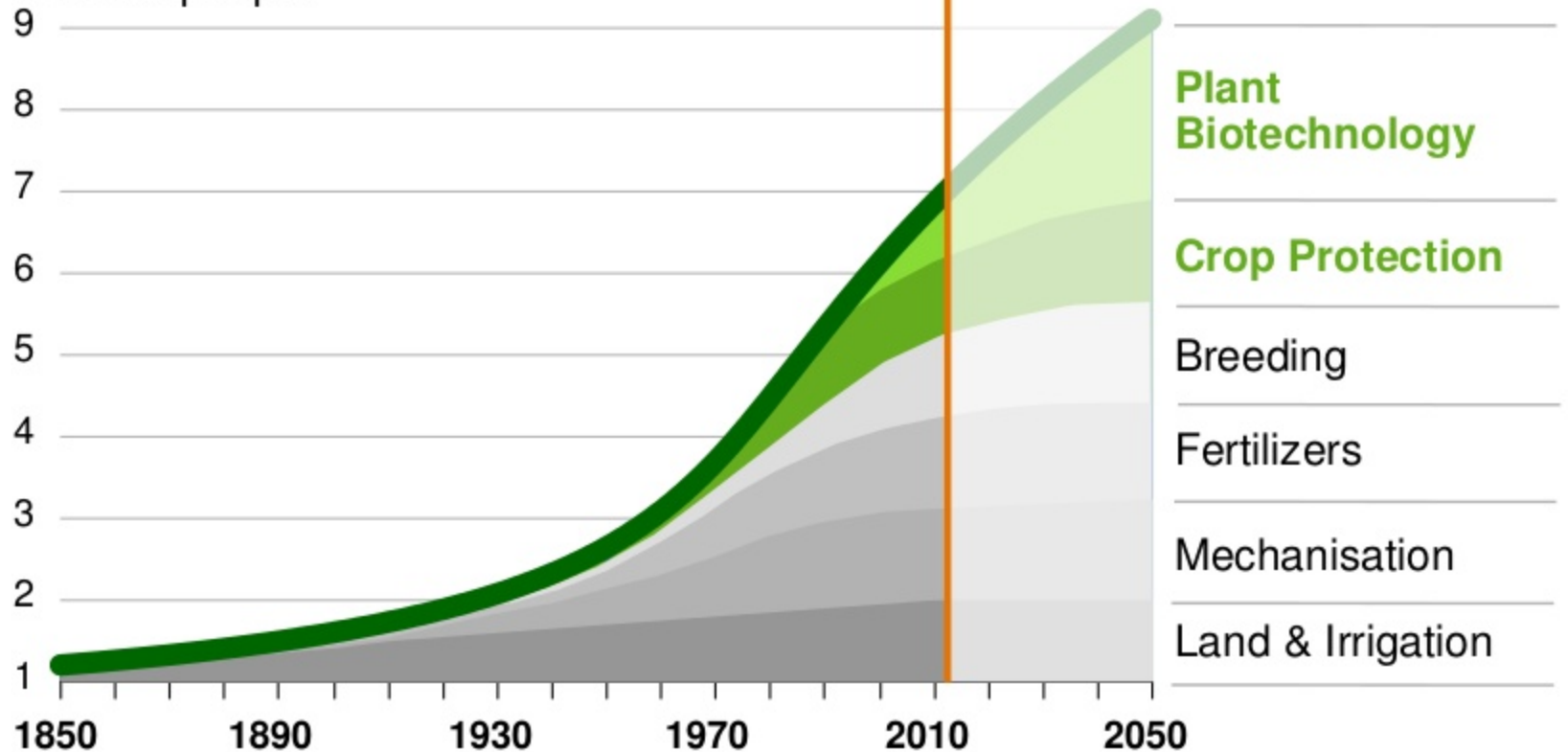
Yield increase via agricultural solutions needed

Agriculture needs innovation



World Population

in billion people



Technological innovations needed to fill the gap between demand and supply

BASF's offering: Agricultural Solutions



Crop Protection



BASF Plant Science

BASF's Agricultural Solutions offering helps to fill the gap

Sustainable agriculture



BASF's definition of sustainable agriculture

- Achieving more yield with less land, water, and energy, while ensuring the profitability of farming, caring for the environment, and meeting the needs of society.

Sustainability: Translating values into value

Sustainability: Value for BASF

- Integral part of R&D strategy
- Differentiation on product level
- Increased customer retention via new business models
- Transparency in our sustainability concepts supports positive perception of BASF by public and investors

Sustainable agriculture

Product example

- Plant Health effect
 - Improved stress tolerance and growth
 - Improved crop quality
- Yield increases of >10%
 - Higher return on farmer's investment
- Improved land-use efficiency
 - Resource conservation
- Integrated offer from planting to harvest in launch:

 **AgCelence System**
Top Productivity



Plant Health: Economic & ecological benefit

Sustainable agriculture

Mite Away™ Quick Strips: Efficient control of mites

- Mites are one of the major causes for bee colony collapse disorder
- Biodegradable product: gel containing formic acid, sugar, starch wrapped in paper and Ecoflex® film
- Combination of BASF and beekeeper know-how
- Mites are efficiently killed
- Product launched in US in 2011

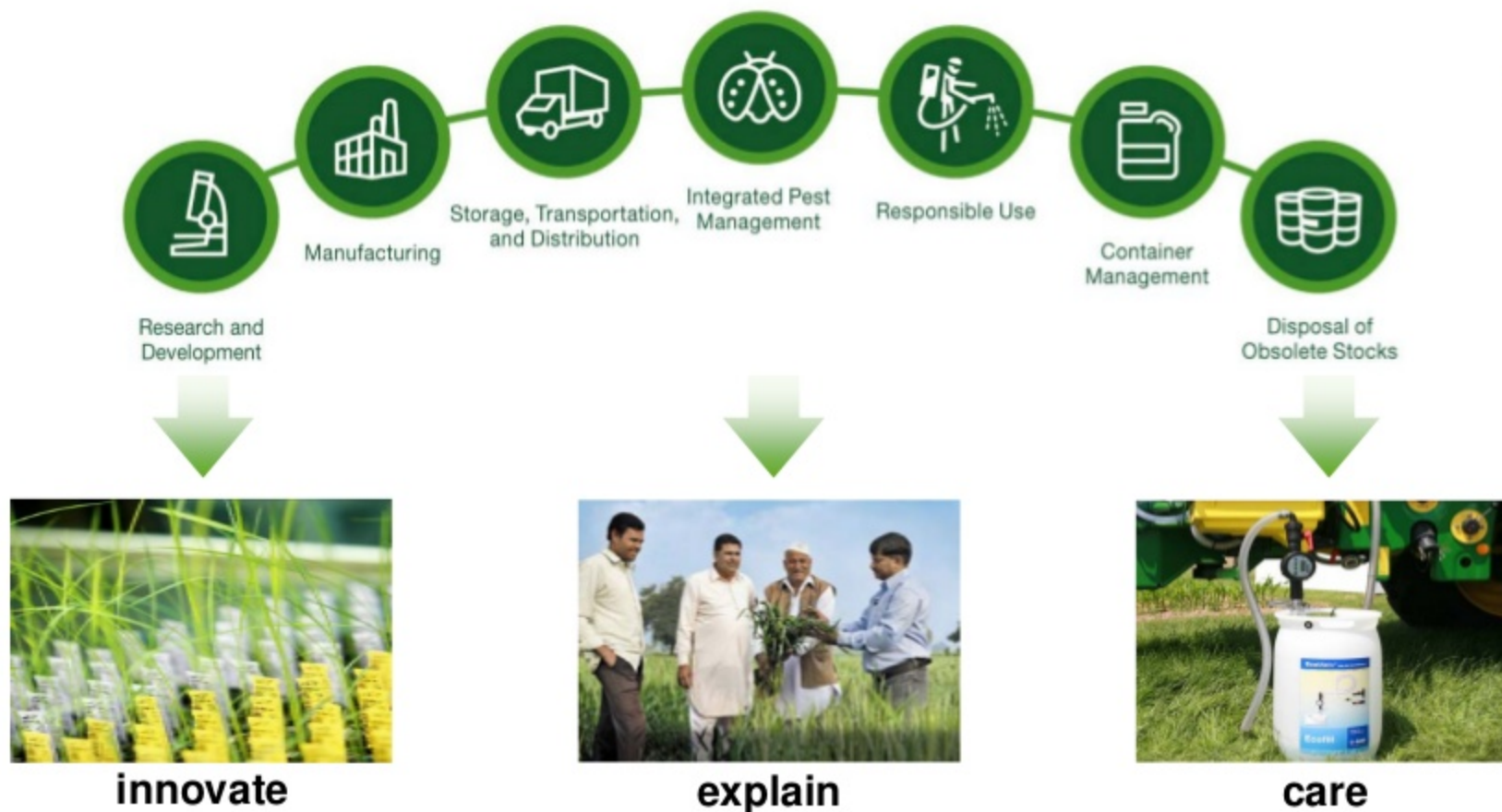


Mite Away™ contributes to improving bee health

Sustainable agriculture

BASF
The Chemical Company

PRODUCT
Stewardship



Product stewardship throughout the entire product life-cycle



Verbund synergies along the value chain

