

Edgar Filing: BASF AKTIENGESELLSCHAFT - Form 6-K

BASF AKTIENGESELLSCHAFT
Form 6-K
February 22, 2007

6-K UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

February 22, 2006

BASF AKTIENGESELLSCHAFT
(Exact name of Registrant as Specified in its Charter)

BASF CORPORATION
(Translation of Registrant's name into English)

Carl-Bosch-Strasse 38, LUDWIGSHAFEN, GERMANY 67056
(Address of Principal Executive Offices)

Indicate by check mark whether the Registrant files or will file annual reports under cover Form 20-F or Form 40-F
Form 20-F Form 40-F

Indicate by check mark whether the Registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes No

If "Yes" is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b): 82- .

BASF On Course for Further Success: Record Earnings In 2006 - Optimistic For 2007

- Record sales (plus 23 percent) and EBIT before special items (plus 18 percent) in 2006
- Premium of EUR 2.1 billion earned on cost of capital
- New business areas strengthen BASF
- Outlook: BASF confident for full-year 2007

Business Editors

LUDWIGSHAFEN, Germany--(BUSINESS WIRE)--Feb. 22, 2007--In 2006, BASF - The Chemical Company (NYSE:BF) (FWB:BAS) (LSE:BFA) reached important goals. For the first time in the company's history, sales passed the EUR 50 billion mark, and income from operations (EBIT)

Edgar Filing: BASF AKTIENGESELLSCHAFT - Form 6-K

before special items climbed to a new record of more than EUR 7.2 billion.

"Our ambitious team has achieved this using its own strength. The economic tailwind also aided us. Our value-enhancing acquisitions in the areas of catalysts, construction chemicals and resins for paint and printing systems have helped us to grow in highly innovative areas and have brought us closer to our customers. At the same time, we have broadened our competence and have become more resilient to cyclicity," said BASF's Chairman, Dr. Jurgen Hambrecht, at the company's Annual Press Conference in Ludwigshafen, Germany.

In 2006, BASF again earned a high premium of EUR 2.1 billion on its cost of capital and grew faster than the market. Sales increased by 23 percent to almost EUR 53 billion. The businesses acquired in 2006 contributed EUR 4.2 billion to this amount. EBIT before special items climbed 18 percent to more than EUR 7.2 billion.

BASF is making good progress in integrating the businesses it acquired in 2006 and is on track to largely complete the process as planned by the middle of 2007. The company expects to achieve full synergies of approximately EUR 290 million per year by 2010. This amount is significantly higher than expected.

Optimistic outlook for 2007: Strong sales growth

Hambrecht's outlook for the further course of 2007 was positive. BASF is basing its business planning for 2007 on the following assumptions:

- Global economic growth of 3.2 percent and a similar increase in global chemical production (excluding pharmaceuticals)
- An average oil price of around \$55/barrel for Brent crude with a downward trend in the following years
- An average euro/dollar exchange rate of \$1.30 per euro
- Moderately higher interest rates in the course of the year, primarily in Europe

"In 2007, we want to further expand our position as the world's leading chemical company. We want to further increase BASF's value and again earn an attractive premium on our cost of capital. We will derive additional energy from the newly acquired businesses, from our investments in growth markets and from our broadened research and development activities," said Hambrecht.

For the full year, BASF expects significantly higher sales in 2007 compared with 2006. This will be driven by both the businesses acquired in 2006 as well as organic growth in the company's existing businesses. Despite the significant decline in the price of oil and the associated impact on the earnings of the Oil & Gas segment, BASF has set itself the ambitious goal of at least matching the record level of EBIT before special items that it posted in 2006. Due to the sustained strengthening of its earnings power, BASF expects to at least earn its cost of capital in any given year, irrespective of the economic situation.

BASF's Chief Financial Officer, Dr. Kurt Bock, noted that BASF improved earnings at all levels of the income statement compared with its strong performance in 2005. "The company's financial strength -

Edgar Filing: BASF AKTIENGESELLSCHAFT - Form 6-K

measured in terms of cash provided by operating activities - increased further. In combination with a solid balance sheet, this provides us with the financial leeway we need," he said. Bock also pointed out that BASF bought back shares for almost EUR 1 billion in 2006 and was planning to buy back additional shares in 2007 under the ongoing program.

Chemicals segment posts record sales

The Chemicals segment posted record sales of EUR 11.6 billion. This 43 percent increase was due in particular to the first-time inclusion of the new Catalysts division. EBIT before special items reached a new high of EUR 1.7 billion.

Higher volumes and price increases led to an improvement in sales and EBIT before special items in the Plastics segment. Sales rose by 9 percent to EUR 12.8 billion, while EBIT before special items climbed 18 percent to EUR 1.2 billion.

Sales in the Performance Products segment rose by 23 percent to more than EUR 10 billion as a result of the newly acquired businesses. EBIT before special items declined, however, due to integration and restructuring costs and declining margins, in particular for acrylic monomers.

Sales in the Agricultural Products & Nutrition segment were at approximately the previous year's level segment (minus 2 percent), while EBIT before special items declined (minus 37 percent).

Unfavorable weather conditions for the use of fungicides, low prices for agricultural produce and high energy costs negatively impacted BASF's business with crop protection products in important agricultural regions.

Sales and EBIT before special items rose in the Fine Chemicals division, but EBIT declined as a result of extensive restructuring measures.

BASF expects this segment's earnings to improve significantly in 2007 thanks to its portfolio of innovative crop protection products and its restructuring efforts in the Fine Chemicals division.

The increase in prices for crude oil and natural gas and the expansion of the gas trading business meant that sales and EBIT before special items in the Oil & Gas segment reached new record levels of EUR 10.7 billion and EUR 3.2 billion, respectively.

BASF will publish its Financial Report and Corporate Report on March 14, 2007.

BASF is the world's leading chemical company: The Chemical Company. Its portfolio ranges from chemicals, plastics, performance products, agricultural products and fine chemicals to crude oil and natural gas. As a reliable partner to virtually all industries, BASF's high-value products and intelligent system solutions help its customers to be more successful. BASF develops new technologies and uses them to meet the challenges of the future and open up additional market opportunities. It combines economic success with environmental protection and social responsibility, thus contributing to a better future. BASF has over 95,000 employees and posted sales of EUR 52.6 billion in 2006. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA), New York (BF) and Zurich (AN). Further

Edgar Filing: BASF AKTIENGESELLSCHAFT - Form 6-K

information on BASF is available on the Internet at www.basf.com.

On February 22, 2007 you can obtain further information on the Internet at the following addresses:

Annual press conference report (from 7:30 a.m. CET)
corporate.basf.com/pcon-report (English)
corporate.basf.com/pk-bericht (German)

Press release (from 7:30 a.m. CET)
corporate.basf.com/pressrelease (English)
corporate.basf.com/pressemitteilungen (German)

Live transmission Annual Press Conference
(from 10:30 a.m. CET)
corporate.basf.com/pcon (English)
corporate.basf.com/pk (German)

Speech Dr. Jurgen Hambrecht/Dr. Kurt Bock
(from 10:30 a.m. CET)
corporate.basf.com/pcon (English)
corporate.basf.com/pk (German)

Photos from the Annual Press Conference
(from 1:00 p.m. CET)
corporate.basf.com/photos (English)
corporate.basf.com/fotos (German)

Live transmission Analyst Conference (from 3:00 p.m. CET)
corporate.basf.com/share (English)
corporate.basf.com/aktie (German)

Information about BASF shares
corporate.basf.com/share (English)
corporate.basf.com/aktie (German)

Note to Editors:

You can also access our Corporate Press Photo DVD on the Internet:
corporate.basf.com/pressphoto-cd (English)
corporate.basf.com/pressefoto-cd (German)

Forward-looking statements

This release contains forward-looking statements under the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on current expectations, estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed in BASF's Form 20-F filed with the Securities and Exchange Commission. We do not assume any obligation to update the forward-looking statements contained in this release.

Important figures from Annual Press Conference Report

Edgar Filing: BASF AKTIENGESELLSCHAFT - Form 6-K

Million EUR	2006	2005	Change in %
Sales	52,610	42,745	23.1
Income from operations before interest, taxes, depreciation and amortization (EBITDA)	9,723	8,233	18.1
Income from operations (EBIT) before special items	7,257	6,138	18.2
Income from operations (EBIT)	6,750	5,830	15.8
Income before taxes and minority interests	6,527	5,926	10.1
Net income	3,215	3,007	6.9
Earnings per share (EUR)	6.37	5.73	11.2
Income from operations (EBIT) in percent of sales	12.8	13.6	-
Cash provided by operating activities	5,940	5,250 (3)	13.1
Additions to long-term assets(1)	10,039	2,523	297.9
Excluding acquisitions	2,425	1,937	25.2
Amortization and depreciation(1)	2,973	2,403	23.7
Segment assets (as of December 31) (2)	38,599	29,180	32.3
Personnel costs	6,210	5,574	11.4
Number of employees (as of December 31)	95,247	80,945	17.7

(1) Intangible assets and property, plant and equipment (including acquisitions)

(2) Intangible assets and property, plant and equipment, inventories and business-related receivables

(3) Before external financing of pension obligations

Segment Reporting						
Million EUR	Sales			EBITDA		
4th Quarter	2006	2005	in %	2006	2005	in %
Chemicals	3,448	2,211	55.9	775	513	51.1
Plastics	3,260	3,037	7.3	379	342	10.8

Edgar Filing: BASF AKTIENGESELLSCHAFT - Form 6-K

Plastics	145	135	7.4	6,911	6,639	4.1
Performance Products	288	214	34.6	9,727	4,863	100.0
Agricultural Products & Nutrition	404	373	8.3	6,054	6,637	(8.8)
Agricultural Products	334	303	10.2	4,458	5,156	(13.5)
Fine Chemicals	70	70	.	1,596	1,481	7.8
Oil & Gas	.	1	(100.0)	5,434	4,895	11.0
Other (a)	262	227	15.4	6,692	6,490	3.1
	1,277	1,064	20.0	45,291	35,670	27.0

Segment Reporting

Million EUR	EBIT before special items			EBIT		
4th Quarter	2006	2005	in %	2006	2005	in %
Chemicals	592	379	56.2	571	296	92.9
Plastics	253	221	14.5	241	207	16.4
Performance Products	152	177	(14.1)	33	148	(77.7)
Agricultural Products & Nutrition	74	118	(37.3)	(55)	58	(194.8)
Agricultural Products	54	124	(56.5)	58	118	(50.8)
Fine Chemicals	20	(6)	.	(113)	(60)	(88.3)
Oil & Gas	780	753	3.6	780	753	3.6
Other (a)	16	(57)	.	96	20	380.0
	1,867	1,591	17.3	1,666	1,482	12.4
Full Year						
Chemicals	1,704	1,488	14.5	1,380	1,326	4.1
Plastics	1,216	1,031	17.9	1,192	1,015	17.4
Performance Products	848	890	(4.7)	669	863	(22.5)
Agricultural Products & Nutrition	435	693	(37.2)	381	623	(38.8)
Agricultural Products	378	671	(43.7)	447	681	(34.4)
Fine Chemicals	57	22	159.1	(66)	(58)	(13.8)
Oil & Gas	3,245	2,410	34.6	3,250	2,410	34.9
Other (a)	(191)	(374)	48.9	(122)	(407)	70.0

Edgar Filing: BASF AKTIENGESELLSCHAFT - Form 6-K

	7,257	6,138	18.2	6,750	5,830	15.8
4th Quarter	Additions to long-term assets (b)			Amortization and depreciation (c)		
Chemicals	227	105	116.2	204	217	(6.0)
Plastics	194	175	10.9	138	135	2.2
Performance Products	217	98	121,4	176	110	60.0
Agricultural Products & Nutrition	56	199	(71.9)	207	116	78.4
Agricultural Products	35	26	34.6	58	63	(7.9)
Fine Chemicals	21	173	(87.9)	149	53	181.1
Oil & Gas	177	268	(34.0)	166	133	24.8
Other (a)	115	58	98.3	23	29	(20.7)
	986	903	9.2	914	740	23.5
Full Year						
Chemicals	3,539	639	453.8	855	616	38.8
Plastics	631	490	28.8	523	489	7.0
Performance Products	4,490	347	.	508	364	39.6
Agricultural Products & Nutrition	466	296	57.4	466	373	24.9
Agricultural Products	88	74	18.9	216	226	(4.4)
Fine Chemicals	378	222	70.3	250	147	70.1
Oil & Gas	545	624	(12.7)	516	449	14.9
Other (a)	368	127	189.8	105	112	(6.3)
	10,039	2,523	297.9	2,973	2,403	23.7

(a) "Other" includes the fertilizers business and other businesses as well as expenses, income and assets not allocated to the segments. This item also includes foreign currency results from financial indebtedness that are not allocated to the segments as well as from currency positions that are macro-hedged (EUR 23 million in the fourth quarter (previous year: EUR 23 million) and EUR 86 million in 2006 (previous year: EUR (97) million)).

(b) "Other" includes, in addition to the assets of the fertilizers business and other businesses, assets that are not allocated to the segments (financial assets, cash and cash equivalents, marketable securities, financial receivables, deferred tax assets: December 31, 2006: EUR 4,642 million; December 31, 2005: EUR 4,755 million).

Edgar Filing: BASF AKTIENGESELLSCHAFT - Form 6-K

(c) Additions to property, plant and equipment and intangible assets, adjusted as of September 30, 2006 following the purchase price allocations relating to the acquisitions of Engelhard Corp. and the construction chemicals business.

Regions	Sales by location of company			Sales by location of customer		
	2006	2005	Change in %	2006	2005	Change in %
Million EUR						

4th Quarter						

Europe	8,733	7,011	24.6	8,141	6,639	22.6
Thereof Germany	6,365	4,722	34.8	3,277	2,514	30.4
North America (NAFTA)	2,852	2,401	18.8	2,904	2,382	21.9
Asia Pacific	2,108	1,647	28.0	2,309	1,754	31.6
South America, Africa, Middle East	781	661	18.2	1,120	945	18.5
	14,474	11,720	23.5	14,474	11,720	23.5

Full Year						

Europe	31,444	25,093	25.3	29,529	23,755	24.3
Thereof Germany	22,963	17,100	34.3	11,062	8,865	24.8
North America (NAFTA)	11,415	9,542	19.6	11,522	9,479	21.6
Asia Pacific	7,450	6,042	23.3	8,102	6,500	24.6
South America, Africa, Middle East	2,301	2,068	11.3	3,457	3,011	14.8
	52,610	42,745	23.1	52,610	42,745	23.1

Regions	Income from operations (EBIT)		
	2006	2005	Change in %
Million EUR			

4th Quarter			

Europe	1,343	1,246	7.8
Thereof Germany	995	903	10.2
North America (NAFTA)	189	123	53.7
Asia Pacific	32	(6)	.
South America, Africa, Middle East	102	119	(14.3)

Edgar Filing: BASF AKTIENGESELLSCHAFT - Form 6-K

	1,666	1,482	12.4
----- Full Year -----			
Europe -----	5,485	4,385	25.1
Thereof Germany -----	4,125	3,019	36.6
North America (NAFTA) -----	869	855	1.6
Asia Pacific -----	181	297	(39.1)
South America, Africa, Middle East -----	215	293	(26.6)
-----	6,750	5,830	15.8

CONTACT: BASF
Daniel Smith, +49 621 60-20829
daniel.smith@basf.com
or
Michael Grabicki, +49 621 60-99938
michael.grabicki@basf.com

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Current Report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 22, 2006

BASF Aktiengesellschaft
By: /s/ Elisabeth Schick

Name: Elisabeth Schick
Title: Director Site Communications Ludwigshafen
and Europe

By: /s/ Christian Schubert

Name: Christian Schubert
Title: Director Corporate Communications
BASF Group