PAPER

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Two into One

PART I: THE BASF APPROACH TO EVONIK, SEEN FROM THE SIDELINE

What would BASF actually be buying, and what would the RAG-Stiftung be giving up in exchange? Part I of a series that will follow the case as it develops.

Uwe Riemeyer · IMP InterMediaPartners GmbH · October 2026

€74bn
combined 2025 sales of BASF and Evonik

43.8%
of Evonik held by the RAG-Stiftung

6.1% / 5.8%
2025 return on capital employed, Evonik / BASF, each company's own definition

€31.4bn
present value of the perpetual mining obligations the foundation funds

Part II is planned after the third-quarter results of both companies. Data cut-off for Part I: 28 September 2026.

01 Executive Summary: What is being proposed

As of the data cut-off, there is no transaction. There is a confirmed, non-binding approach.

On 25 September 2026 BASF confirmed exploratory contacts with the RAG-Stiftung and Evonik Industries AG regarding a possible acquisition of Evonik, and stated that progress and outcome are open. Evonik confirmed the same day that it had received a non-binding approach from BASF directed at a voluntary public takeover offer for all Evonik shares, and that no concrete talks are taking place. The RAG-Stiftung, which holds around 43.8 percent of Evonik's shares, confirmed by ad-hoc release that BASF had approached it regarding a possible voluntary public takeover offer, and that no concrete talks are under way.

Three parties, three statements, one contact. This paper does not resolve the differences between them. It sets out what is publicly known, who decides, what would change hands, and what the record of comparable transactions says, and draws no conclusion on whether a transaction will happen, or should.

Two features distinguish this case from ordinary chemical-industry M&A. First, the publicly confirmed approach concerns a possible takeover of Evonik, not a merger of equals; on 2025 figures BASF reported sales of €59.7bn and Evonik €14.1bn. Second, the shareholder structure: Evonik's largest shareholder is a foundation whose income, including an Evonik dividend of €252.3m in 2025, funds the perpetual obligations of German hard-coal mining, obligations that are backed, should the foundation's assets fall short, by the states of North Rhine-Westphalia and Saarland, with the federal government contributing one third.

> KEY FINDING
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> **The RAG-Stiftung turns this from an ordinary portfolio transaction into a capital-allocation problem with a public-liability dimension. Any proposal for Evonik must be assessed not only against the value of the shares, but against the long-term income and risk profile required to finance the perpetual obligations of German hard-coal mining.**

[Remark] Scope. Part I is an observation from the sideline, built entirely from public sources. It precedes the third-quarter reporting of both companies. Part II is planned after those results (Section 10). Companies are named only as matters of public record. Not investment advice.

02 The transaction as it stands

The sequence, as far as it is public, is short.

On 22 September 2026 the trade publication Dealreporter reported that BASF had explored a possible combination with Evonik during the year. On 25 September the Financial Times reported, citing unnamed people familiar with the matter, that BASF had recently made a merger proposal to Evonik, had been speaking with banks this year about a possible takeover, and was continuing to work on a possible deal. On the afternoon of 25 September, BASF, Evonik and the RAG-Stiftung each issued the statements summarised in Section 01.

Market reaction on 25 September: Evonik shares closed around 7 to 8 percent higher; BASF shares fell between 2 and 3.6 percent during the session, according to press reports. Evonik's market capitalisation stood at €8.4bn at the previous close; including net debt, the Financial Times put the enterprise value at approximately €12bn. BASF's market value was roughly €47bn. Combined sales of the two companies were €74bn in 2025.

Four contextual facts belong here without interpretation.

The buyer's own sequence. BASF's Report 2025, published in February 2026, states that BASF will focus on strengthening its core businesses and growing them organically or through value-creating acquisitions, and that it regards the current consolidation of the chemical industry as an opportunity. On 30 June 2026 BASF completed the sale of its Coatings business to Carlyle at an enterprise value of €7.7bn, receiving around €5.8bn in pre-tax cash and retaining 40 percent of the new company, Surventis. BASF ended 2025 with net debt of €18.3bn and free cash flow of €1.3bn, and has guided 2026 capex to €3.4bn. It aims for IPO readiness of its Agricultural Solutions business by 2027, to place a minority stake on the Frankfurt Stock Exchange. The documented chronology is therefore: portfolio restructuring, an explicit strategic statement on consolidation, substantial proceeds from portfolio transactions, and then the approach to Evonik. The approach follows a publicly stated strategy of portfolio reshaping, balance-sheet strengthening and selective acquisition-led growth. Whether Evonik fits that strategy on value-creating terms has not been explained by BASF.

The target's operating moment. Evonik raised its 2026 guidance for adjusted EBITDA to €2.0 to 2.2bn on 26 June 2026, from €1.7 to 2.0bn, and confirmed it on 4 August after a second quarter in which adjusted EBITDA rose 24 percent to €630m. Evonik attributed part of the improvement to supply shortages at Asian competitors affected by the disruption of shipping through the Strait of Hormuz, and described that effect as temporary. The approach therefore arrived during a quarter with an externally driven earnings uplift that management itself characterised as temporary.

The target's governance. Since 1 September 2026 Claus Rettig, previously head of Evonik's Asia business and with the company for more than thirty years, has served as Deputy Chairman of the Executive Board and has temporarily assumed the Chief Executive's responsibilities. On 22 September, after a strategy meeting of the Executive and Supervisory Boards, Evonik reconfirmed its restructuring plan; Rettig was quoted describing the situation as “a structural and economic crisis of our industry”.

The position of the largest shareholder. The RAG-Stiftung has for years pursued a gradual reduction of its Evonik stake (Section 05). Nothing it has said indicates a willingness to sell the whole stake to a single buyer; nothing excludes it.

> COUNTERPOINT
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> The confirmed facts remain entirely compatible with a transaction that never materialises. At the data cut-off there is no announced offer, no price, no agreed structure, no disclosed negotiation process, and no statement from the RAG-Stiftung on its position beyond confirming the contact; the foundation said it would issue a further statement only if it considered one necessary.

Next dated events: BASF third-quarter results on 28 October 2026; Evonik third-quarter results on 3 November 2026; the European Commission plans to finalise its Merger Guidelines review in the fourth quarter of 2026.

03 BASF and Evonik: starting position

The two companies enter the conversation from similar positions on one metric and very different ones on the rest.

FY 2025	BASF	Evonik
Sales	€59.7bn (2024: €61.4bn)	€14.1bn (minus 7%)
EBITDA before special items / adjusted EBITDA	€6.6bn, margin 11.0%	€1.87bn, margin 13.3%
Special items in EBITDA	minus €936m, of which €937m restructuring, mainly Ludwigshafen	n/c
Net income	n/c	€265m
ROCE	5.8% (2024: 5.1%)	6.1% (2024: 7.1%); target about 11%
Free cash flow	€1.3bn (2024: €0.7bn)	€695m (2024: €873m)
Net debt	€18.3bn	n/c
2026 guidance	EBITDA before special items €6.2 to 7.0bn; capex €3.4bn	adjusted EBITDA €2.0 to 2.2bn
Cost programme	savings of more than €2.3bn p.a. by end-2026 against 2022	“Evonik Tailor Made”: about 2,800 positions by end-2026; a further 3,200 from 2027 to end-2029, of which 2,150 in Germany
R&D	n/c	€418m, 3.0% of sales, 246 new patent filings
Dividend	€2.25 per share (unchanged)	€1.00 per share for 2025 (2024: €1.17); from 2026, 40 to 60% of adjusted net income

Sources: BASF Report 2025; Evonik Financial and Sustainability Report 2025; company releases. Figures as reported; n/c where the paper has not placed a like-for-like figure.

What the table shows without commentary: both companies reported a return on capital of around 6 percent in 2025, both below their own medium-term targets, and both are running substantial cost programmes. The reader may draw a conclusion about timing from that; the paper does not.

Portfolio in motion, both sides. BASF put the first products of its Zhanjiang Verbund site in China on stream in November 2025, a project of around €8.7bn over 2019 to 2028, and its strategy names China, India and five ASEAN countries as the markets that account for around 80 percent of global chemical growth to 2035. Evonik sold its superabsorbents business with effect from 31 August 2024, will discontinue its global polyester business in 2027 (about €150m of annual sales, unprofitable for years, with the Witten site and its 266 employees closing), and intends to separate from Oxeno, its C4 chemicals business, and from Syneqt, its Marl and Wesseling site-services business, which together employ about 4,300 people. Evonik had earlier described several ownership options for Syneqt, from partial investment to a complete sale; on 22 September it said the divestments of both Oxeno and Syneqt were progressing as planned.

Credit and ratings. Moody's raised Evonik's rating to Baa1 with a stable outlook on 27 August 2026. Evonik is restructuring; it is not in financial distress, and the paper does not describe it as such.

[Remark] *The two companies report on different bases. BASF's "EBITDA before special items" and Evonik's "adjusted EBITDA" are each company's own definition; the same applies to ROCE. The table is a reading aid, not a like-for-like comparison.*

> COUNTERPOINT
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> Similar return metrics do not imply similar situations. BASF's 2025 result carries the cost of restructuring Ludwigshafen and the ramp-up of Zhanjiang; Evonik's carries the exit from standard chemicals and a portfolio that is smaller and more specialised. A 6 percent return at a €60bn integrated producer and a 6 percent return at a €14bn specialty producer are different facts with the same number.

04 Why now: the German and European chemical-industry squeeze

The approach arrives amid a prolonged contraction of Germany's chemical industry that neither company caused and neither can end alone.

The German picture, as the VCI reports it. Chemical and pharmaceutical production in Germany fell 0.5 percent in 2025, on sales of €220bn, and the association forecasts a further 1.5 percent decline in production for 2026. In the first half of 2026 production was about 3 percent below the prior year and sales fell 1 percent to €106bn; production and volumes remain well below 2021 levels. The second quarter looked better, with production up 2.4 percent quarter on quarter, but the VCI attributes that to stockpiling in response to the Middle East conflict and to temporary supply-chain problems at competitors in Asia and the Middle East, which benefited some German and European producers; orders and sales were already falling again in June, and capacity utilisation stood at 73.2 percent against a long-term average of 83 percent. The association's own summary: a breathing space, not a turning point.

Investment is the metric that matters for the question this paper asks. The VCI reports that 45 percent of surveyed companies expect to reduce investment in Germany in 2026, and cites a McKinsey analysis putting net productive investment in Germany at around 0.2 percent of economic output. Both BASF and Evonik reflect this in their own reporting. BASF's German sales fell 3.3 percent in 2025 to about €10bn, while Greater China was its only growing region, up about 5 percent to €8.3bn. Evonik announced in July 2026 an investment of US$100m over five years in its Tippecanoe site in Indiana, describing it as part of global asset balancing with a focus on North America, and said on 22 September that it sees particular growth opportunities in Asia and the Americas, where further investment projects are under review.

The cost side. Feedstock prices moved sharply in 2026 with the Middle East conflict; the VCI reports naphtha, the industry's main oil-based feedstock, up almost 18 percent quarter on quarter in the first quarter. Energy costs, competition from Chinese capacity and weak demand from automotive and construction are the pressures both companies and the VCI name.

What the squeeze does not explain. Neither company's public reporting links its 2025 result to a need for consolidation. BASF's stated response is “Winning Ways”, Evonik's is “Evonik Tailor Made” (Section 03). Both programmes were publicly presented as standalone programmes, without reference to a combination with the other company. Whether they are sufficient is a question the following sections leave to the reader.

[Remark] *Association figures cover chemicals and pharmaceuticals combined. The VCI utilisation series (73.2 percent, Q2 2026) is not comparable with EU27 chemicals utilisation or with global operating-rate series used in earlier IMP papers.*

> COUNTERPOINT
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> The same VCI review that describes the crisis also describes what its president called the first serious reform attempt in years, referring to the federal coalition's reform package, and insists that Germany retains the industrial substance and innovation capacity to recover; that is the association's assessment, not this paper's. If the package delivers on energy prices and permitting, the pressure that makes consolidation look attractive in 2026 may look different in 2028. A transaction of this size would close well after that question is answered.

05 The RAG-Stiftung equation

The largest shareholder in Evonik is not a fund. It is a foundation with a statutory purpose, and the numbers are public.

The obligation. The RAG-Stiftung finances the perpetual obligations of German hard-coal mining at Ruhr and Saar, above all pumping mine water and keeping subsided polder land dry. Its consolidated accounts for 2025 put the total obligation at €31.4bn (2024: €32.4bn), an economic present value of a cash-flow series that is, in principle, perpetual: the foundation models 61 years explicitly and a perpetuity thereafter. Against this, the consolidated accounts report approximately €11.2bn provisioned at group level at year-end 2025 and the foundation's own standalone balance sheet carries a provision of €9,867.6m. The two figures arise from different reporting perimeters and are not to be mixed. The foundation classifies the risk from the perpetual obligations as a “medium risk”, unchanged from the prior year, assessing individual burdens as probable in occurrence but moderate in impact.

The cash flows. In 2025 the foundation paid €309.3m to RAG AG: €277.8m for perpetual obligations and €31.5m as the interest component of RAG's investments in mine-water management. Its investment income was €558.8m, of which the Evonik dividend, the largest single item, contributed €252.3m. The dividend is not earmarked; it flows into the same pool as all other income. Against the €309m of outflows, the foundation reported cash-generating income of €634m for 2025. Cumulative payments for perpetual obligations since the end of mining passed €2bn in the first quarter of 2026.

The assets. The foundation reported assets of €15.9bn at the end of 2025 (2024: €17.0bn), recovering to about €16.5bn by April 2026, with the movement mainly valuation-driven.

At the end of 2024 its investment portfolio held 33.8 percent in bonds, 7.4 percent in equities and 20.7 percent in real estate and infrastructure. Evonik describes the foundation's managed portfolio as exceeding €20bn, with more than 65 percent invested outside Evonik. Evonik is the largest single position; it is not the only source of income.

The stake. At 31 December 2025 the foundation directly held about 45.8 percent of Evonik, of which it classified 25.1 percent as long-term fixed assets and 20.7 percent as held for sale. Its ad-hoc statement of 25 September 2026 gives a current holding of around 43.8 percent. The foundation has three exchangeable bonds on Evonik shares outstanding. Its accounts state that, from today's perspective, proceeds from Evonik share sales and their reinvestment, Evonik dividends, distributions from Vivawest and RSBG, and returns on its diversified investments are sufficient to meet the expected outflows.

Cash income, total return, funding adequacy. These are three different questions, and the foundation's model addresses them differently. In its own description, current income from holdings and investments pays the perpetual costs, while surpluses build provisions; the obligation is not funded as a lump sum. The question any proposal for Evonik raises is therefore not “how would one dividend be replaced?” but: what combination of sale proceeds, future distributions, portfolio return and risk would leave the foundation at least as capable of meeting its perpetual obligations as it is today? A large cash consideration could improve diversification. A share-for-share structure could replace one concentrated position with another. The paper assumes neither.

ILLUSTRATIVE DIVIDEND-REPLACEMENT ARITHMETIC, NOT A FUNDING REQUIREMENT

The Evonik dividend of €252.3m corresponded to roughly four-fifths of the foundation's 2025 payments for perpetual obligations. At current market values, replacing the annual cash contribution generated by the Evonik dividend alone would require an income yield of roughly 6.8 percent on equivalent proceeds, before any takeover premium, taxes, transaction effects or portfolio reallocation; a premium raises the proceeds and lowers the required yield. Evonik's dividend for 2025 falls to €1.00 per share from €1.17, which on 43.8 percent of about 466 million shares yields a little over €200m. This is arithmetic, not a forecast, and it addresses cash income only.

The public backstop. Under the Erblastenvertrag of 14 August 2007, North Rhine-Westphalia and Saarland undertake to finance the perpetual obligations should the foundation be unable to; if the states are called upon, the federal government contributes one third. The Bundesrechnungshof warned of substantial financial risks for the federal budget on exactly this point in 2007, before the foundation was created. The backstop exists today, independently of any transaction. Whether a transaction would make it more or less likely to be drawn upon depends entirely on the structure of a deal that is not public.

The decision structure, as a matter of law rather than intention. Under German takeover law, a voluntary public takeover offer can be launched without the prior consent of the target's management board; the board and supervisory board must issue a reasoned statement once the offer is published. Control is reached at 30 percent of the voting rights. BASF could therefore, in principle, cross the statutory control threshold without the RAG-Stiftung. The foundation's holding of around 43.8 percent nevertheless makes it decisive for any transaction seeking substantially higher ownership, a clear shareholder majority, or full integration. Exchangeable bonds are not voting rights and are not added to the holding here.

COUNTERPOINT

The adequacy of the foundation's funding model is a matter of ongoing public scrutiny independently of BASF. The foundation's own accounts, by contrast, describe the obligation as discounted over an unlimited horizon, the risk as medium, and current income as sufficient; the more than €2bn paid since the end of mining were financed, in its account, from investment returns. A reader can conclude that a sale at a premium would strengthen the foundation. A reader could alternatively conclude that audit scrutiny raises the hurdle for exchanging a listed, dividend-paying position for an asset or consideration with a less certain income profile. Both conclusions are available from the same numbers.

KEY FINDING

This is not solely a shareholder-value equation. Evonik's largest shareholder is an institution whose statutory purpose is the perpetual funding of mining liabilities and whose failure to fund those obligations is contractually backstopped by North Rhine-Westphalia, Saarland and, to one third, the federal government. Any proposal therefore has to be assessed not only against the value of the Evonik shares, but against its effect on the foundation's long-term income, asset and risk profile. That does not make a sale inherently riskier or safer. It makes the structure of the consideration as important as its headline price.

06 Where the portfolios overlap

Evonik reports in three segments since January 2025. Custom Solutions groups the additives businesses (Comfort & Insulation, Interface & Performance, Coating Additives, Coatings & Adhesive Resins, Catalysts, Oil Additives) and the Health & Care unit (Care Solutions, Health Care). Advanced Technologies groups the organics (High Performance Polymers, Crosslinkers), the inorganics (Smart Effects, Active Oxygens) and Animal Nutrition. Infrastructure bundles the Marl and Wesseling site businesses (Syneqt, sales above €1.8bn) and the Oxeno C4 business (sales about €1.9bn), both of which Evonik intends to separate from (Section 03). In 2024 Custom Solutions had sales of €5.7bn and Advanced Technologies €6.1bn.

BASF's core businesses are Chemicals, Materials, Industrial Solutions and Nutrition & Care. Its remaining standalone businesses are grouped in Surface Technologies, comprising Battery Materials and Environmental Catalyst and Metal Solutions, and in Agricultural Solutions. The former Coatings business was transferred to Surventis on 30 June 2026; BASF retains a 40 percent equity interest but no longer consolidates it.

Evonik business line	Nearest BASF activity	Relationship
Care Solutions (personal and home care ingredients)	Care Chemicals (Nutrition & Care), built largely on the 2010 Cognis acquisition	Potential overlap
Coatings & Adhesive Resins	Dispersions & Resins (Industrial Solutions)	Potential overlap
Coating Additives	Performance Chemicals and Dispersions & Resins (Industrial Solutions)	Potential overlap; product-level mapping required
Oil Additives (VI improvers, specialty methacrylates)	Fuel and Lubricant Solutions (Industrial Solutions)	Potential overlap
Catalysts (process catalysts, adsorbents)	Chemical and refining catalysts within Performance Chemicals; ECMS for emission catalysts	Potential overlap, depending on catalyst class
Active Oxygens (hydrogen peroxide; HPPO with Dow)	Hydrogen peroxide and HPPO activities	Potential overlap
Crosslinkers (isophorone chain)	Intermediates, including isophorone diamine and IPDA-based epoxy curing agents	Potential overlap in parts of the portfolio; product-level verification required
Health Care (drug substances, drug delivery, lipids, CDMO)	Pharma Solutions (excipients and selected active ingredients)	Partial overlap in pharmaceutical ingredients; broader Evonik CDMO and delivery activities require separate mapping
Smart Effects (silica, silanes)	Silica, adsorbent and silicate activities; sodium-silicate business under agreed divestment	Adjacent; silica and silanes to be treated separately
High Performance Polymers (PA12, PEEK, PEBA)	Performance Materials (PA6/66, PESU, TPU)	Adjacent chemistries, some competing applications
Animal Nutrition (methionine, feed system solutions)	Nutrition & Health (vitamins, carotenoids, feed enzymes)	Same customer universe; predominantly adjacent products
Comfort & Insulation (polyurethane foam additives)	Monomers (MDI, TDI), polyurethane systems	Supplier and customer relationship; complementary
Oxeno (C4 chemicals)	Petrochemicals C4 chain (Chemicals)	Potential overlap; Evonik intends to divest, no closing has occurred

Infrastructure is treated separately. Syneqt's site-services model may have implications for industrial integration, but it is not a product-market overlap. Superabsorbents, once a shared business, are no longer relevant: Evonik exited on 31 August 2024.

What the map is for. The rows marked “potential overlap” are the areas in which merger-control scrutiny would most likely begin. Some may also offer cost or commercial synergies, but the two are not equivalent: significant synergies can arise from complementary businesses through procurement, sites, logistics, administration and integration along value chains, while direct overlaps may instead trigger divestment requirements. The map does not say what the Commission would require; that depends on market definitions, shares and closeness of competition the paper does not have. It says where the questions would be asked.

[Remark] Business-line pairings are structural, based on published segment descriptions. They imply no market shares, are not a competition-law market definition and should not be read as one.

> COUNTERPOINT
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> Several significant Evonik activities appear more adjacent or complementary than directly overlapping, including PA12, methionine and substantial parts of the silica and silanes portfolio. A reader who weighs the table by sales rather than by row count may conclude that the two portfolios are more complementary than overlapping, which would reduce the antitrust exposure and change the synergy case at the same time. Part II will place segment sales for both companies side by side.

07 What BASF would actually be buying

Not necessarily today's Evonik. Any transaction would intersect with the portfolio transformation described in Section 03: the separations from Oxeno and Syneqt, the polyester exit, and the Tailor Made programme running to 2029. Any transaction would therefore be negotiated against a portfolio whose perimeter is still changing.

What that company says about itself. Financial targets: organic growth above 4 percent, an EBITDA margin of 18 to 20 percent, ROCE of about 11 percent, free cash flow conversion above 40 percent. Innovation: €1.5bn of additional sales by 2032 against a 2023 base from three growth areas in biosolutions, the energy transition and the circular economy, with an "Innovation Factory" announced in June 2026 intended to contribute up to €300m of that. Next Generation Solutions, Evonik's own sustainability classification of its portfolio, accounted for 48 percent of sales in 2025. Regional split in early 2025: 49 percent EMEA, 29 percent Americas, 22 percent Asia-Pacific, with a stated aim of regional balance. Employees: about 31,000. Production sites: 98 at the end of 2025.

What comes with it. A German site footprint concentrated in North Rhine-Westphalia and Hesse, six German production sites to which Evonik has assigned defined roles, and the co-determination and works-council structures of a German listed company. And a counterparty on the shareholder side unlike any in BASF's previous specialty acquisitions.

What BASF has said it wants. Regarding Evonik specifically, nothing beyond the 25 September statement. Its published group strategy, however, states that BASF intends to strengthen its core businesses organically or through value-creating acquisitions and regards the current consolidation of the chemical industry as an opportunity. Press assessments that an acquisition would extend BASF's regional footprint and product range in competition with Chinese producers are assessments, not company statements.

***[Remark]** Evonik's forward targets and investment announcements are the company's own statements of intent and are reproduced as such. This paper does not assess whether they will be met.*

> COUNTERPOINT
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> The same description can be read two ways. A buyer sees a specialty portfolio that has already done its own pruning, at a return on capital below its own target, at an enterprise value of about €12bn. A standalone reader sees a company two years into a programme with published targets it has not yet had time to reach. Section 09 sets out the standalone case on the company's own terms.

08 The precedent record

No verdicts. The table records what was announced, what was disclosed afterwards, and what happened to the combined company. Interpretation follows the table.

Deal	Year and consideration	Announced synergies	Integration cost	Divestments and remedies	Employment and site actions	Subsequent portfolio action
BASF / Ciba	2009, CHF 6.1bn	at least €400m p.a. from 2012; €300m by end-2010	not disclosed here	none material reported	job cuts and site restructuring announced; Swiss sites excluded from closure	Ciba absorbed into BASF segments
BASF / Cognis	2010, €3.1bn incl. debt and pensions	€275m EBIT: €140m cost synergies by 2013, €135m growth by 2015	about €290m by 2013, plus €120m inventory step-up	Hythe (UK) site sold	450 net positions; 26 of 28 production sites kept; 26 of 37 non-production sites closed or merged, incl. Cincinnati head office	Cognis became the core of today's Care Chemicals
DowDuPont	2017, all-stock, about $130bn combined	about $3bn cost synergies within 24 months plus about $1bn growth synergies	one-time costs initially estimated at $3.5 to 4.1bn	remedies in agriculture and materials	restructuring charges of about $2bn announced in November 2017	separation into three independent companies planned at announcement; completed 2019
Bayer / Monsanto	2018, $63bn cash	about $1.5bn after three years	not disclosed here	disposals of €7.6bn required for clearance	not disclosed here	Monsanto name dropped; extensive litigation provisions in subsequent years
Linde / Praxair	2018, all-stock merger of equals, about $80bn combined	$1.1 to 1.2bn p.a. within about three years	not disclosed here	Praxair's European business (about €1.3bn sales, 2,600 employees) and substantial Linde assets in the Americas and Asia divested	not disclosed here	combined company continues

Sources: company announcements and press releases at the time; SEC filings (DowDuPont); Linde plc disclosures; C&EN. “Not disclosed here” means the paper has not placed a primary-sourced figure, not that none exists. Clariant / Huntsman (2017, about $20bn announced as a merger of equals) is noted for completeness: it was abandoned after shareholder opposition before any integration, so the columns do not apply.

What the table can support. Two of the five are BASF's own specialty acquisitions. Both involved stated cost synergies, integration measures and absorption of the acquired businesses into BASF's organisational structure; Cognis additionally provides a documented example of extensive consolidation of non-production locations. That is a record, not a prediction. The larger transactions show a different pattern: remedies measured in billions, and outcomes ranging from a planned three-way separation to abandonment before closing. DowDuPont is a reminder that synergy delivery can be disclosed and exceeded: the company reported more than $1.3bn of cost synergies realised within a year of closing and later raised its target to $3.6bn.

What the table cannot support. Whether any of these transactions “succeeded” depends on the measure: announced synergies are pre-integration estimates, disclosure of delivery is uneven, and shareholder return depends on the period chosen. The paper does not rank them.

The evidence on innovation. On 4 September 2026 the European Commission's DG Competition published an empirical study by Joel Stiebale and Florian Szücs covering more than 3,000 mergers reviewed and cleared by the Commission between 1990 and 2024. On average, the study finds lower innovation-weighted patent output after mergers, both at the merging firms and at their rivals, alongside higher markups and accounting profits; the decline is concentrated among firms with large patent portfolios and is sharpest where the merging firms overlap technologically. The study estimates average effects across thousands of transactions; it does not predict the innovation effect of any individual combination, including this one. The Commission is at the same time revising its Merger Guidelines, with a draft published on 30 April 2026 and the review to be finalised in the fourth quarter of 2026; on 24 September the Competitiveness Council discussed how scale and internal-market benefits should be weighed. Any filing in this case would be assessed under a framework whose final text does not yet exist.

COUNTERPOINT

McKinsey's analysis of chemical-industry M&A holds that the sector has succeeded with large deals more often than other industries, while noting a wider dispersion of outcomes, and BCG's 2025 review describes dealmaking as an imperative for chemical companies seeking growth in a difficult environment. The consulting literature and the competition-economics literature ask different questions of different samples. The paper presents both and does not adjudicate.

KEY FINDING

The record does not show that large chemical combinations fail. It shows that announced benefits are management estimates made before integration, that subsequent disclosure of delivery is uneven, and that the study published by DG Competition reports lower innovation output after mergers on average, at both merging firms and rivals. Any synergy claim in this case would therefore need to be tested business line by business line rather than accepted at headline level. Part II does that.

09 The standalone case

The alternative to a transaction is not the status quo. It is the plan Evonik has already published, and it can be read on its own terms.

What Evonik has committed to. The financial targets, innovation programme and portfolio measures set out in Sections 03 and 07 form a single published plan: ROCE of about 11 percent, an EBITDA margin of 18 to 20 percent, organic growth above 4 percent and cash conversion above 40 percent; €1.5bn of additional sales from three growth areas by 2032; the Tailor Made reductions through 2029, to be implemented without compulsory redundancies; and a footprint rebalanced towards the Americas and Asia, where further investment projects are under review.

Where the plan stands. The distance to the published targets varies materially by metric. Cash conversion was already close to target in 2025, at 37 percent against a target above 40 percent. ROCE, at 6.1 percent, and the adjusted EBITDA margin, at 13.3 percent, remained substantially below the company's medium-term ambitions of about 11 percent and 18 to 20 percent respectively. Guidance for 2026 stands at €2.0 to 2.2bn of adjusted EBITDA, including the temporary second-quarter uplift described in Section 02.

The German conditions, as data. Labour costs per hour worked in Germany averaged €45.00 in 2025 across industry and services, against an EU average of €34.90, about 29 percent higher, with the gap essentially unchanged since 2020 (Destatis). Germany's nominal tax burden on corporations is currently just under 30 percent; under the federal reform package the corporate income tax rate is to fall by one percentage point a year from 2028, reducing the total burden to just under 25 percent from 2032 (Bundesministerium der Finanzen). The chemical industry's labour model is characterised by sector-wide collective bargaining and institutionalised cooperation between the IGBCE union and the BAVC employers' association; its 2026 agreement combines wage increases with dedicated employment-security contributions. A reader from outside Germany will assume “German unions” is one variable; in the chemical industry it has not behaved like one.

The question for the reader. Does the published standalone plan require a partner to succeed? The paper does not answer that. It leaves the distance between targets, baseline and conditions for the reader to judge, on 3 November and again in March 2027.

[Remark] *Evonik's targets, growth-area figures and Next Generation Solutions share are the company's own definitions and classifications and are reproduced as such. Next Generation Solutions is a sustainability classification, not an externally certified innovation measure.*

> **COUNTERPOINT**
>
> The same numbers permit different readings of the standalone plan. The 2025 guidance was cut in September 2025 before being met at €1.87bn; the 2026 uplift is partly external and temporary; German chemical production remains well below 2021 levels with the VCI forecasting a further decline for 2026; and Evonik's interim chief executive describes the industry as being in a structural crisis. A reader who concludes that the 2027 targets are ambitious for a company with a substantial German production base is reading the same table as a reader who concludes that the transformation is working. Both readings are available; that is why the paper leaves the question open.

KEY FINDING

Evonik has a published standalone plan with dated and quantified targets. Any takeover proposal would therefore have to be compared against an existing alternative rather than against the status quo. For the RAG-Stiftung, that comparison would involve not only the offer price but also the expected income, liquidity, diversification and risk profile of the proceeds relative to its continuing Evonik holding. The 3 November results provide the first public operating datapoint after BASF's approach.

10 What to watch

Dated events, in order. No probabilities attached.

When	Event	Why it matters
28 October 2026	BASF third-quarter results	Balance-sheet capacity after the Coatings proceeds; any comment on consolidation
3 November 2026	Evonik third-quarter results	First test of the raised 2026 guidance; interim leadership's first results presentation
Q4 2026	European Commission plans to finalise its Merger Guidelines review	May alter the analytical framework relevant to any subsequent filing
H2 2026	Closing of BASF's sodium-silicate divestment	Changes one row of the overlap map
Open	Oxeno and Syneqt separations	Change what a buyer would acquire and how a transaction would be priced
Open	Any further RAG-Stiftung statement	The foundation said it would speak only if it considered it necessary
Open	Any announcement under the WpÜG	A decision to launch an offer must be published; 30 percent of voting rights is the statutory control threshold
2027	BASF targets IPO readiness for Agricultural Solutions	Funding capacity and management bandwidth
March 2027	BASF and Evonik full-year 2026 results	Full-year test of both companies' programmes
2029 to 2031	RAG-Stiftung exchangeable bond maturities	Potential changes in the foundation's Evonik exposure depending on exchange, redemption and market conditions

Part II of this paper is planned after the third-quarter results of both companies and will address the synergy test, employees, sites, customers and competition, and the range of possible outcomes.

Methodology & Sources

All figures are from public sources. Company data are taken from the **BASF Report 2025** and BASF press releases, including those of 27 February and 1 July 2026; the **Evonik Financial and Sustainability Report 2025**, the Evonik Company Factbook 2026 and Evonik press releases, including those of 18 June, 26 June, 8 July, 4 August, 27 August and 22 September 2026; and the **RAG-Stiftung** Jahresabschluss and Konzernabschluss 2025, its annual press conference of June 2026 and its ad-hoc statement of 25 September 2026. Industry data are from the **VCI** (Halbjahresbilanz 2026, Quartalsbericht 2/2026, Branchenkennzahlen 2025), **Destatis** and the **Bundesministerium der Finanzen**. The transaction chronology draws on the statements of BASF, Evonik and the RAG-Stiftung of 25 September 2026 and on reporting by the **Financial Times** (as carried by Bloomberg and other outlets) and Dealreporter, attributed where used. Precedent data are from company announcements at the time, **SEC** filings (DowDuPont), Linde plc disclosures and **C&EN**. The innovation evidence is the study by Stiebale and Szücs published by **DG Competition** on 4 September 2026, and the Commission's Merger Guidelines review materials. Legal references are to the **WpÜG** and to the Erblastenvertrag of 14 August 2007 as documented in Bundestag materials.

Where primary sources and press reporting differ, primary-source wording and figures take precedence. Forward-looking targets, synergy estimates and strategic objectives are identified as company statements and are not treated as forecasts by this paper. BASF's “EBITDA before special items”, Evonik's “adjusted EBITDA” and the two companies' ROCE definitions are company-specific and not strictly comparable; the VCI utilisation series is not comparable with EU27 or global operating-rate series used in earlier IMP papers. The RAG-Stiftung's standalone and consolidated accounts use different reporting perimeters and are quoted separately. The overlap map in Section 06 is structural, implies no market shares, and is not a competition-law market definition. Sections 01, 02, 05 and 10 describe an unresolved situation and will be superseded by events. Data cut-off: 28 September 2026. Companies are named only as matters of public record.

Disclosure: IMP has an existing professional relationship with Evonik. This paper is based exclusively on publicly available information. Evonik was not consulted on its contents, and no non-public information has been used in preparing this paper.

Not investment advice.