PAPER

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Two into One, Part II

Part II of Paper No. 39

THE PITCH, THE PRICE, AND THE GUARANTEE THAT ALREADY EXISTS

What BASF has now said to Evonik's employees, what remains unpublished for Evonik's shareholders, and what each statement would be worth on paper.

Uwe Riemeyer · IMP InterMediaPartners GmbH · November 2026

2022
the year Evonik agreed protection against compulsory redundancies to end-2032

€24
per share: BASF's raised approach, stated publicly by BASF on 30 October after press reports; no formal offer has been published

€629m
Evonik's adjusted EBITDA in Q3 2026, up 40 percent; guidance moved to the upper half of its range

5
ex-officio seats on the RAG-Stiftung board: NRW, Saarland, two federal ministers, the IGBCE

01 Executive Summary: The pitch has been made. The offer has not.

On 22 October 2026 BASF's Chief Executive, Markus Kamieth, addressed Evonik's employees and the Ruhr region in a video statement. It is BASF's first extended public case for the transaction and the first time it has made commitments: existing site agreements would be taken over, compulsory redundancies would remain ruled out until 2032, collective agreements and the social partnership would remain untouched, Essen would keep at least one board member, and BASF could operate the Marl and Wesseling chemical parks itself rather than see them sold.

This paper examines each commitment against three questions. Did it exist before BASF's approach? Is it a negotiated, verifiable undertaking? And what would make it one?

The first answer frames Part II. The protection against compulsory redundancies until the end of 2032 was agreed between Evonik, its general works council and the IGBCE under the name "Deutschlandpakt", documented by the IGBCE in August 2022, and the IGBCE has since described it as the protection "already agreed in 2022" when the further Tailor Made reductions were negotiated. Kamieth refers to it accurately: BASF "would take over the existing site agreements". The time horizon in the video was therefore agreed four years before BASF's approach. BASF's contribution is the undertaking not to remove it, not an extension beyond it.

The second and third answers are shorter. The commitments in the video are phrased conditionally, are made outside an offer document, and sit beneath a legal notice stating that the terms of any offer would be set out only in a formal offer document. The video publishes no negotiated agreement with identifiable obligations, beneficiaries and consequences, and none has been publicly disclosed.

What else has changed since Part I: BASF approached Evonik at about €22.15 per share, roughly €10.3bn for the equity, Evonik rejected it as too low, and BASF has since raised the figure to €24, roughly €11.2bn, first reported by Reuters and dpa from unnamed sources and stated publicly by BASF on 30 October; on 28 October, presenting third-quarter results, Kamieth called a combination "a logical and sensible step at the right time" and said BASF would not pay excessive prices; on 30 October Evonik's board stated by ad-hoc release that it would not enter negotiations on the basis of the information available, that it remains focused on developing Evonik as an independent company, and that it is open to a purely informational and confidential exchange; BASF said it could not comprehend the decision and confirmed €24; on 3 November Evonik reported third-quarter adjusted EBITDA of €629m, up 40 percent, and guided to the upper half of its range; the economics minister of North Rhine-Westphalia has spoken against a takeover; the IGBCE has put written questions to both companies and the foundation, and its chairman has recused himself on the BASF supervisory board; the foundation's board of trustees has met and left the matter to the companies; and Evonik, according to Handelsblatt, has for months been examining a larger acquisition in the United States, with Ashland among the candidates and two banks mandated, with no decision taken.

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KEY FINDING

BASF has made its public case to employees, who do not decide. Any shareholder can sell; the one whose decision is decisive is a foundation whose board of trustees seats the minister-presidents of two states, two federal ministers, the IGBCE chairman and the chairman of Evonik's general works council, and whose charter requires that board's approval for decisions that fundamentally change its assets. Until a price, a structure and a negotiated set of commitments exist, the video is a statement of intent. The questions in this paper are the ones such an agreement would have to answer.

[Remark] Scope. Part II continues the observation from the sideline begun in Part I and is built entirely from public sources. Figures reported by the press from unnamed sources, including the offer price, its rejection and the Ashland review, are attributed as reports throughout and not treated as confirmed. Companies and individuals are named only as matters of public record. Not investment advice.

02 What changed since 28 September

Part I closed with a confirmed, non-binding approach and no price. The sequence since, as far as it is public:

28 September. Reuters, citing people familiar with the matter, reports that BASF's approach was at about €22.15 per share, roughly €10.3bn for the equity, and that Evonik rejected it as too low. Reuters gives €18.07 as the closing price immediately before the approach became public. Neither company confirms a figure.

Early October. The IGBCE sends a letter to the works councils of both companies putting questions to BASF, Evonik and the RAG-Stiftung. Michael Vassiliadis, IGBCE chairman, member of the BASF supervisory board and deputy chairman of the foundation's board of trustees, declares himself conflicted on the BASF board. Press reports citing BASF circles say the figure need not be the last word in formal talks.

9 October. The foundation's board of trustees discusses BASF's interest and, according to press reports, leaves the clarification to the companies.

14 October. North Rhine-Westphalia's economics minister, Mona Neubaur, speaks in the Landtag against a sale of Evonik to BASF. The Landtag rejects the SPD motion 18/21603, which had called among other things for an examination of a state shareholding, with the votes of CDU, Greens, FDP and AfD. A minister's opposition to a takeover and a parliament's rejection of a motion that included examining a state stake are compatible positions: against a sale, and against a state purchase.

22 October. Handelsblatt reports that Evonik has for months been examining a larger acquisition outside Europe, with Ashland among the candidates and Perella Weinberg and JPMorgan mandated; the review predates BASF's approach; no decision has been taken; Evonik and the banks decline to comment. The same day BASF publishes Kamieth's video and a dedicated web page. Evonik shares close at about €20.6, down 1.3 percent [to verify exact close].

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23 to 24 October. Reuters, citing two people familiar with the matter, and dpa report that BASF has raised its approach to about €24 per share, roughly €11.2bn for the equity, about €900m more than the first figure.

28 October. BASF reports third-quarter results: sales €16.36bn, up 14.2 percent on higher prices and volumes after the Middle East escalation; EBITDA before special items €1.64bn, up 15 percent; full-year guidance raised for the second time this year to €7.4 to 7.8bn (from €6.9 to 7.7bn). Kamieth describes a combination with Evonik as "a logical and sensible step at the right time", says acquisitions are "a can, not a must" in BASF's strategy, that BASF will not pay excessive prices and will not deviate from its financial targets, and declines to comment on the state of confidential talks or a timetable. Union Investment, among BASF's twenty largest shareholders, welcomes the discipline; Deutsche Bank has downgraded BASF to Hold. Handelsblatt's analysis of the same day concludes that BASF's finances would allow a higher offer.

30 October. Evonik's board, by ad-hoc release: it has examined BASF's letter of 22 October regarding its interest in a voluntary public takeover offer; on the basis of the information available it will not enter negotiations; it remains focused on the strategic direction and development of Evonik as an independent company; it is prepared for a purely informational and confidential exchange to explain its position and to give BASF the opportunity to set out its motives. BASF, by spokesman: it cannot comprehend that the board is not prepared to negotiate in view of the attractive offer and the extensive commitments to employees and sites; it confirms €24 publicly, which it puts at about 39 percent above the unaffected closing price (BASF's reference; against Reuters' €18.07 the premium is 32.8 percent). From this date the figure is BASF's own; Evonik has not confirmed it, and no formal offer document exists.

3 November. Evonik third-quarter results: sales €3.83bn, up 13 percent on prices and volumes; adjusted EBITDA €629m, up 40 percent, margin 16.4 percent; net loss of €53m, including restructuring provisions for Tailor Made; adjusted EBITDA almost unchanged against the second quarter (€630m); 2026 adjusted EBITDA now expected in the upper half of €2.0 to 2.2bn, with the company noting that the special effects from disrupted supply chains are diminishing and a normalisation is expected; ROCE expected clearly above 2025's 6.1 percent. Claus Rettig: "once again more optimistic on the outlook". CFO Michael Rauch criticised BASF for making its approach public shortly after Evonik had announced its interim leadership arrangement.

What has not changed: no published offer, no offer document, no statement from the foundation on its position, and no publicly disclosed agreement of any kind.

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03 The video, line by line

The statement runs to about nine hundred words. The table takes each commitment as made and asks what it is.

What Kamieth said	Form of the statement	Did it exist before the approach?	What a verifiable undertaking would look like
"BASF would take over the existing site agreements."	Undertaking to respect Evonik's agreements	Yes. The agreements bind Evonik today. In a share acquisition the employer entity does not change; restructurings would be assessed separately.	A contractual commitment not to terminate or renegotiate them within a stated period, with beneficiaries and remedies
"Compulsory redundancies would remain ruled out until 2032."	Restatement of the Deutschlandpakt	Yes. Agreed August 2022.	As above; the horizon stays 2032
"Collective bargaining agreements and the social partnership would remain untouched."	Restatement of existing conditions	Yes. Chemical-industry collective agreements apply to Evonik; a change of shareholder does not end them.	Commitments beyond the status quo would be describable: continued collective-agreement coverage after restructurings, participation procedures, a waiver of specific structural measures
"Essen and North Rhine-Westphalia would remain important locations, with at least one Board member based there."	Intention to base at least one board function in Essen	No.	A provision in a business combination or investor agreement; otherwise a decision of the acquirer's supervisory board
"We would look at which joint activities could be managed from Essen."	Intention to examine	No.	n/a
"We want to strengthen North Rhine-Westphalia as a location for research and development."	Intention	No.	Investment commitments with amounts, sites and dates
"We believe that we could continue to operate the parks in Marl and Wesseling ourselves."	Belief; an alternative to Evonik's planned sale of Syneqt	No. Evonik says the Syneqt divestment is progressing as planned (22 September).	A retention commitment with a stated period
"Evonik currently has to purchase certain feedstocks. Through BASF's Verbund, these could be sourced more cost-effectively, more directly and more reliably."	Synergy claim	n/a	Quantification: which feedstocks, which volumes, which net cost differential (Section 07)

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What Kamieth said	Form of the statement	Did it exist before the approach?	What a verifiable undertaking would look like
"This is an opportunity for Evonik to create value for all shareholders."	Claim to shareholders	n/a	A price and a structure
"We will not pursue a merger at any price."	Negotiating position, addressed to BASF's own shareholders	n/a	n/a

Three observations follow. The three commitments that sound most like guarantees restate what Evonik's employees already have, and the video says so. The commitments that would be new, Essen, research, Syneqt, are intentions; conditional language is what a hypothetical transaction calls for and is not by itself proof of non-commitment, but the video's own legal notice separates them from any offer, and no negotiated package with obligations, beneficiaries and enforcement has been publicly disclosed. The feedstock synergy is the claim most directly open to economic testing, and no figures are given.

[Remark] The table quotes the English transcript published by BASF. The second column follows the grammatical form of each statement, not an assessment of sincerity. The video does address shareholders, both Evonik's and BASF's; what it does not contain is a price, a structure or a quantified case.

> COUNTERPOINT
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> A video addressed to employees is not the place for an offer document, and BASF has said that any synergy figure would need verification with Evonik's cooperation. Read as a signal of what BASF would be prepared to put in writing, the statement contains identifiable starting points for a negotiation: a board seat, an alternative for Syneqt, a protection horizon. The question is not whether the video binds, but what BASF would sign. That is a question for BASF, and it is answerable.

[Remark] On timing, style and means. Whether the timing of the approach, the choice of a video message to another company's employees and the means of persuasion were appropriate is a question of judgment. Readers will form their own view, as the works council, the union and both companies already have. This paper examines the numbers and the structure around them. Everything beyond that is perception, and the paper does not supply it.

04 What a protection agreement is, and is not

Evonik's agreement. In August 2022 the IGBCE documented the Deutschlandpakt: investment commitments by Evonik in Germany in return for an extension of the protection against compulsory redundancies to the end of 2032. On 22 April 2024, when the first Tailor Made reductions were negotiated, the IGBCE confirmed the protection as the one "already agreed in 2022" to end-2032, with reductions to run through voluntary instruments. The second phase, 3,200 further positions worldwide from 2027 to 2029, of which 2,150 in Germany, was announced in June 2026; the German protection applies to the German positions.

What such an agreement is. It excludes one form of termination, compulsory redundancy, for a period. It does not protect every position, function or plant; Evonik is reducing positions in Germany under it, through voluntary instruments. It is a collective instrument with parties, a term and its own provisions; whether and how it can be ended before term depends on those provisions, which are not public, and on

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the form of the instrument. The paper makes no statement on early terminability.

The precedent. On 10 September 2024 Volkswagen formally terminated the job-security agreement in force, continuously renewed, since 1994, together with other collective agreements, opening the possibility of compulsory redundancies from July 2025. In December 2024 Volkswagen and IG Metall agreed a new arrangement: protection against compulsory redundancies until the end of 2030, in return for substantial concessions, including the reduction of about 35,000 positions in Germany by 2030 through voluntary instruments [to verify figures against the Volkswagen newsroom]. The precedent does not show that such protection evaporates when the business case changes. It shows that under economic pressure it is renegotiated, and that the price of its renewal is paid by the workforce in other forms.

The horizon. The Deutschlandpakt ends on 31 December 2032. A transaction announced in 2027 would, on the timetables in Part I's precedents, close in 2027 or 2028. The protection period and an integration period could therefore overlap for several years; when integration would end is unknown. What applies after 2032, under any owner, would be negotiated.

What a commitment looks like when it is meant to bind. In 2021 Vonovia, seeking to acquire Deutsche Wohnen against political resistance in Berlin, agreed with the Berlin Senate a "Zukunfts- und Sozialpakt": rent commitments to 2026 and the sale of 14,750 apartments to the state. Whatever one thinks of its terms, it was specific, dated and contractual, and it was made to the political counterparty whose support the bidder considered decisive, whatever its legal standing in the transaction. Even then, a commitment to a state or a foundation does not of itself give employees enforceable rights; that depends on parties, beneficiaries, term, exceptions and remedies.

What happened to the names. The question whether "Evonik" survives as a company and a brand is answered, in the only way it can be answered now, by what BASF did with the businesses it bought.

Acquisition	Year	What happened to the name and the organisation
Engelhard	2006	Name retired; businesses became BASF Catalysts
Ciba	2009	Name retired; businesses absorbed into BASF segments
Cognis	2010	Name retired; businesses became the core of Care Chemicals; head office closed
Chemetall	2016	Name retained as "Chemetall, a BASF company"; organisation integrated; since July 2026 part of Surventis, in which BASF holds 40 percent

The table lists acquired companies, not product brands or business units. Three company names were retired; one was kept where it carried commercial value and has since left the group with the Coatings business. That is a record, not a prediction. It is the record against which any commitment on Essen, on the brand or on the organisation would be read.

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KEY FINDING

The protection horizon in the video is Evonik's, agreed in 2022 and ending in 2032, and BASF's commitment is to respect it. A commitment that would mean something to an employee in Marl in 2033 would have to be new, written, and made to the parties who can enforce it. None has been publicly disclosed.

COUNTERPOINT

Evonik's own plan removes 3,200 positions worldwide by 2029, 2,150 of them in Germany, and separates from Oxeno and Syneqt, with about 4,300 employees; the German reductions run under the same agreement. Employees comparing the two paths are comparing two sets of reductions under one protection, not security against insecurity.

05 The price

The paper does not name a fair price. It sets out the ladder and what each rung means.

Reference points. €18.07 was Evonik's closing price immediately before the approach became public (Reuters); €22.15 is a premium of about 22.6 percent to it, and the reported €24 a premium of about 32.8 percent. Reuters' German edition cites a premium of over 28 percent to an earlier reference price before first speculation; that is a different reference, not a contradiction. Against the 22 October close of about €20.6, €22.15 is a premium of about 7.5 percent and €24 of about 16.5 percent. On about 466 million shares, €22.15 is about €10.3bn for the equity; with Evonik's net financial debt of €3.62bn at 30 June 2026, the implied enterprise value is about €13.9bn, roughly 6.6 times the midpoint of the 2026 guidance for adjusted EBITDA (€2.0 to 2.2bn) and about 7.4 times 2025's €1.87bn.

Offer per share	Premium to €18.07	Equity value	Implied EV	EV / 2026 guidance midpoint	Interest at 4%	Share of Evonik FCF 2025
€22.15	22.6%	€10.3bn	€13.9bn	6.6x	€413m	59%
€24.00	32.8%	€11.2bn	€14.8bn	7.0x	€447m	64%
€25.00	38.3%	€11.7bn	€15.3bn	7.3x	€466m	67%
€28.00	54.9%	€13.0bn	€16.7bn	7.9x	€522m	75%
€30.00	66.0%	€14.0bn	€17.6bn	8.4x	€559m	80%

Basis: 466 million shares; net financial debt €3.62bn (Evonik, 30 June 2026); guidance midpoint €2.1bn; interest at an assumed 4 percent on the equity price; Evonik free cash flow 2025 €695m. Arithmetic, not a forecast. The last two columns show what each rung would claim of the acquired company's own cash generation, before repayment, integration cost or a weaker year. The last two columns are a sensitivity, not a financing forecast for the combined group: they compare a hypothetical interest cost at the acquirer with the historical cash generation of the target, before tax effects, synergies and the overall use of funds.

What Evonik's board is weighing. A third quarter that supports its position: adjusted EBITDA up 40 percent, margin 16.4 percent against a target of 18 to 20, guidance to the upper half of the range, ROCE

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expected clearly above 6.1 percent, and the board's own statement of 30 October that it remains focused on independent development. Against that, a net loss for the quarter from restructuring and the company's own note that tailwinds are easing. Its targets: ROCE of about 11 percent and an EBITDA margin of 18 to 20 percent. Were the margin target reached on 2025 sales, adjusted EBITDA would be in the order of €2.5 to 2.8bn; at the multiple implied by €22.15, and only on the assumptions of target attainment, an unchanged sales base, an unchanged multiple and unchanged net debt, that would correspond to a materially higher equity value. The figure is an illustration of what the targets imply, not a valuation. The standalone case, in price terms, is that the targets will be met and the market will pay for them; the offer case is that certain cash today is worth more. Neither is proven, and a rejection at one price is a position, not a verdict on another.

What the foundation is weighing. Replacing a €1.00 dividend from the sale proceeds of a share sold at €22.15 requires a gross income yield of about 4.5 percent (1/22.15); at €30, about 3.3 percent. The stake cancels out of the calculation. But €1.00 is not a promised dividend: from financial year 2026 Evonik's policy is 40 to 60 percent of adjusted net income, which may be more or less. Proceeds are gross; the foundation's outstanding exchangeable bonds and their terms would have to be considered separately. The question posed in Part I, what combination of proceeds, return, diversification and risk leaves the foundation at least as able to meet its obligations, is answered differently on each rung, and by the structure of the consideration as much as by its amount.

Where the ceiling sits. Kamieth has said BASF will not deviate from its financial targets, which include keeping a single-A rating; Handelsblatt reads the balance sheet as allowing more than €24; Union Investment reads €24 as discipline. The ceiling is therefore not a number BASF has published but a constraint it has: the point at which the next rung breaks the rating or the return. Every rung above €24 raises the foundation's cash and, all else equal, lowers BASF's return in the same step. Where the two lines cross, neither company has said.

> **COUNTERPOINT**
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> A 32.8 percent premium to an undisturbed price, or 39 percent on BASF's reference, is a substantial one, and BASF has said it will not pay any price. Evonik's first rejection was a negotiating position as much as BASF's figures are. A reader who concludes that €24 still undervalues Evonik's plan is reading the same numbers as one who concludes it is a full price for a company at 6.1 percent return on capital.

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06 Who finances it

The starting balance sheets, 30 September 2026. BASF: net debt €16.65bn (30 June: €17.1bn; 31 December 2025: €18.3bn), after the Coatings proceeds of about €5.8bn pre-tax and early repayments of €1.6bn of bonds and loans in the third quarter. Free cash flow 2025 €1.34bn; capex guided at €3.4bn for 2026. Evonik: net financial debt €3.29bn (30 June: €3.62bn); free cash flow 2025 €695m.

An illustrative all-cash case at €24.

Component	€ bn
BASF net debt, 30 September 2026	16.7
Purchase of the equity: 466m shares at €24	11.2
Evonik net financial debt, consolidated on acquisition	3.3
Illustrative combined net debt	31.1

Before fees, adjustments and interim cash flows. Evonik's existing debt is consolidated, not newly borrowed; the purchase price is the new financing need, whether met by new debt or by existing liquidity. Against a combined EBITDA on a comparable basis, which would have to reflect the Coatings disposal and the same period for both companies, the ratio would rise from BASF's current level; the paper does not state a rating metric, because the agencies' definitions and thresholds for this transaction are not public.

The ratings. BASF is rated A (Fitch, stable, 13 February 2026), A3 (Moody's, stable, 29 May 2026) and A- (S&P, stable, 13 July 2026), all before the approach became public, and BASF states that it aims to keep a single-A rating. The question is not whether a downgrade follows; it is how much additional debt the agencies would accommodate if they credit synergies cautiously and count integration cost and capex. That is BASF's question to answer.

The interest. At an assumed 4 percent, financing the €11.2bn purchase price would cost about €447m a year, equivalent to about 64 percent of Evonik's 2025 free cash flow of €695m. Evonik's free cash flow is stated after investment outflows, so the comparison is between the interest and the cash the acquired business generates after its own capex. It says nothing about repayment or refinancing, integration outlays, or the position in a weaker year; 4 percent is an assumption, not a financing price. It is a comparison of magnitudes against a historical cash flow, not a published financing structure. It does not show that the deal is affordable or that it is not.

The alternative. A share component reduces the new debt, dilutes BASF's shareholders and makes the foundation a BASF shareholder, with the consequences for its income and concentration risk set out in Part I. At BASF's market value of about €46bn and Evonik's €11.2bn at €24, a full share deal would give Evonik's shareholders roughly 19.6 percent of the combined group, and the foundation, at 43.8 percent of Evonik, roughly 8.6 percent [arithmetic].

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Who bears what. At a low price, Evonik's shareholders, including the foundation, forgo value. At a high price, BASF's shareholders pay for it. Under either, the integration costs documented in Part I's precedents land on sites and functions. The video addresses value for shareholders in general terms; the allocation between these three groups is what an offer document would make visible.

KEY FINDING

On the 30 September balance sheets, an all-cash acquisition at €24 would take the combined net debt to about €31bn, and the illustrative interest on the purchase price would equal about two-thirds of Evonik's 2025 free cash flow, as a sensitivity, not as a statement that this cash flow would have to carry it. Neither figure shows the transaction to be unfinanceable; both show what BASF would be asking its own shareholders and rating agencies to carry, and neither appears in the video.

COUNTERPOINT

BASF has carried comparable leverage before and has a second disposal, Agricultural Solutions, targeted for IPO readiness in 2027. Readiness is not proceeds, the planned listing is of a minority stake with BASF retaining the majority, and how much of any proceeds reaches BASF depends on the IPO structure; but a bidder that says "not at any price" may be describing exactly the discipline that keeps it within its rating.

07 The synergy claims, tested

The video names four sources of advantage: feedstocks, procurement, infrastructure, research.

Feedstocks. Kamieth: Evonik "has to purchase certain feedstocks" that the Verbund could supply. The claim is testable, and the test is not whether an internal transfer price is lower than a market price. A group synergy is the external cost avoided, less the additional production, transport and capital cost of supplying internally, less any third-party sales forgone. Evonik's feedstock-dependent lines sit in Advanced Technologies (the isophorone chain, methionine precursors) and parts of Custom Solutions; the C4 business, Oxeno, is in Infrastructure and is being divested. Four numbers would substantiate the claim: which feedstocks, which volumes, which net differential, and over what logistics between Ludwigshafen, Antwerp and Marl. None is public.

Procurement. Combined scale usually improves purchasing terms, and this is the most reliable synergy in Part I's precedents. Sales are not purchasing volume, however, and the synergy depends on addressable third-party spend, category overlap and the terms each company already has. Remedies that remove businesses from the combination also remove their purchasing volume from the synergy base.

Infrastructure. The video's concrete example is the chemical parks: BASF "could continue to operate" Marl and Wesseling, which Evonik intends to sell as Syneqt. Retaining a site-services business brings

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revenue and may ease integration; it also retains a cost base and an investment need that Evonik has chosen to shed. Which is better cannot be judged without the business's earnings, investment and contract data, which are not public. Retention is first a portfolio decision; whether synergies follow from it is not demonstrated by the decision itself. It concerns about 3,500 employees in either case.

Research. "Advantages in research" is the claim on which the empirical evidence (Section 11) bears most directly. Evonik spent €418m on R&D in 2025 and filed 246 new patent applications. Whether two research organisations produce more together than apart is a question the DG Competition study answers, on average across cleared mergers, in the negative. This case may differ, and the study does not decide it.

The remedy offset. Every synergy above is gross. Part I identified seven business lines as potential overlaps where merger control would begin. Any divestment required there removes the business, its procurement and its feedstock from the synergy base. The net figure is what matters, and it cannot be calculated from outside.

Potential areas for competition review. The paper cannot know what the Commission would require, and public segment data do not support a ranking of scrutiny intensity, which would need product and geographic market definitions, shares and competitor data. What they support is a list of areas where both companies are active and the question a review would have to answer.

Business line	Both active?	The question a review would ask
Care ingredients (personal and home care)	Yes (BASF Care Chemicals, Evonik Care Solutions)	Which product classes overlap, and what shares each holds in Europe
Coating and adhesive resins; coating additives	Yes (BASF Dispersions & Resins and Performance Chemicals, Evonik Coating Additives and Resins)	Whether the two serve the same customers with substitutable products
Oil additives (VI improvers)	Yes (BASF Fuel and Lubricant Solutions, Evonik Oil Additives)	How concentrated the supplier base is
Isophorone chain (IPDA, curing agents)	Yes (BASF Baxxodur IPDA products, Evonik Crosslinkers)	How many producers exist and where capacity sits
Process catalysts	Yes, by catalyst class	Which classes overlap
Hydrogen peroxide / HPPO	Yes	Regional capacity shares
Pharmaceutical ingredients	Partly (BASF Pharma Solutions, Evonik Health Care)	Which categories, if any, are comparable
PA12, methionine, silica, silanes	Adjacent or no direct counterpart	Whether vertical or neighbouring relationships matter

The list is structural and says nothing about outcomes; a divestment in any row would also remove that business from the synergy base, which is why the net synergy figure matters more than the gross one.

Which of these benefits require ownership? This is the question the video does not ask, and it is the one that tests the necessity of the transaction. Feedstock supply from the Verbund can be contracted; long-term supply agreements between BASF and third parties are routine. Research advantages can be pursued through cooperation agreements and joint programmes. Site partnerships, including the operation of Marl and Wesseling, can be structured without a change of control; Evonik is selling Syneqt to an operator, not closing it. Even joint purchasing can be organised contractually, within the limits the

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EU's horizontal cooperation guidelines set. Whether any contractual alternative would be lawful and economically equivalent in a given case is a separate question, and the paper does not decide it. The point is the burden of proof: a bidder claiming benefits that could plausibly be obtained by contract owes an explanation of the additional value that ownership, and only ownership, provides, with figures. The video does not offer one; a video to employees is not where it would belong, and an offer document is.

> **COUNTERPOINT**
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> Contracts are not Verbund. Internal supply gives a producer security of allocation, joint investment decisions and shared process know-how that arm's-length contracts do not, and that is BASF's stated model. Cognis came with a targeted €275m of additional annual EBIT from cost and growth synergies on a €3.1bn acquisition, a target, not a documented realisation. BASF's own investors will look for the equivalent figure here, net of remedies.

08 Evonik: rejection, review, guidance

The rejections. Evonik's board rejected the first reported approach as too low (Reuters) and, on 30 October, declined by ad-hoc release to enter negotiations on the second, while offering an informational exchange. A board's duty is to the company, and a rejection at one price is neither obstruction nor a verdict on a higher one. It is the first exercise of the option value described in Part I: neither the board nor the foundation is obliged to monetise today.

The acquisition review. Handelsblatt reports that Evonik has spent months examining larger acquisitions outside Europe, with Ashland among the candidates; that Perella Weinberg and JPMorgan are mandated; that the review began before BASF's approach; and that no decision has been taken. Ashland's market value was reported at about US$3bn [to verify date]. The paper does not assess Ashland as a target and does not treat the review as a decision. It notes that a company examining an acquisition of this size with banks mandated has an agenda of its own, and that the agenda predates the approach.

The guidance. Adjusted EBITDA for 2026 is guided at €2.0 to 2.2bn, raised in June and confirmed in August, with the temporary second-quarter effect described in Part I. On 3 November the third quarter delivered: adjusted EBITDA €629m, up 40 percent, margin 16.4 percent, guidance moved to the upper half of the range, ROCE expected clearly above 2025, a net loss of €53m from the restructuring provision, and the company's note that market tailwinds are easing. Evonik did not comment on the US review and restated that it is not negotiating with BASF.

Two agendas side by side. BASF's video describes a combination that preserves jobs in Germany and competes globally. Evonik's published plan reduces 3,200 positions, exits standard chemicals, invests US$100m in Indiana, reviews further projects in Asia and the Americas, and, if the reports are accurate, examines a US acquisition. Both companies are international; the difference the public record shows is one of emphasis, a German combination against a company rebalancing towards the Americas and Asia. Whether that is a weakness of the standalone case or its point depends on where the reader expects specialty chemicals to be made in 2035. The VCI investment data in Part I suggest where

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German companies expect it.

> **COUNTERPOINT**
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> A US acquisition by Evonik would be made by a company with 6.1 percent return on capital, in a market it has only begun to balance into, and it would be tested on exactly the synergy and price questions this paper puts to BASF. Ashland is a report, not a plan.

09 If there is no transaction: BASF

The question is rarely asked in a takeover debate, and it is the one that explains the bidder.

What BASF has committed to without Evonik. Winning Ways: the core businesses (Chemicals, Materials, Industrial Solutions, Nutrition & Care) to be run with up to 20 percent lower net cash fixed costs by 2029 against 2024 (CoreShift, announced 20 May 2026); standalone businesses prepared for separation; savings of more than €2.3bn a year by the end of 2026; Zhanjiang (€8.7bn) ramping up; ROCE of about 10 percent targeted for 2028, from 5.8 percent in 2025; Coatings sold; Agricultural Solutions targeted for IPO readiness by 2027. The third quarter, reported on 28 October, was stronger than expected: EBITDA before special items €1.64bn, sales up 14 percent, guidance raised to €7.4 to 7.8bn, with Kamieth attributing the improvement to higher prices after the Middle East escalation and noting that further plant closures remain possible.

What BASF has said it wants. Core businesses strengthened "organically or through value-creating acquisitions"; consolidation seen "as an opportunity" (Report 2025, published 27 February 2026). The video adds the criteria it sees in Evonik: specialty chemicals, customer-focused solutions, global market access, complementarity with the Verbund. Those criteria describe a class of companies. The press has reported no other candidate, and this paper names none; any target would face the tests this paper applies to Evonik, on price, remedies, synergies and financing.

Can BASF respond alone? The numbers that bear on the question: German sales down 3.3 percent in 2025 to about €10bn; Greater China the only growing region; group ROCE below its own target; restructuring charges of €937m in 2025; about 7,000 positions removed since the start of 2024 under existing agreements. BASF is executing a plan that does not require Evonik and has pursued Evonik anyway. The reader may conclude that the plan is on track and Evonik would accelerate it, or that the plan is not enough and Evonik is the acceleration. BASF's own words support the first, and the raised guidance of 28 October supports them: a company raising its outlook twice in a year is not describing a rescue. The sequence, a strategy statement in February, Coatings cash on 30 June, an approach by late September, a raised figure in October, is consistent with a buyer executing a plan, and Kamieth's "a can, not a must" is the sentence that leaves the exit open.

What no transaction costs BASF. Publicly, little: the approach was non-binding and BASF has said it would not pay any price. Strategically, the question "then what?": the Report 2025 names consolidation as an opportunity, and a lapsed approach leaves that sentence waiting for its next object. Whether that matters depends on a pipeline no one outside Ludwigshafen can see.

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COUNTERPOINT

Serial acquirers do not disclose pipelines, and BASF's two specialty acquisitions after the last crisis, Ciba and Cognis, came eighteen months apart. "Not at any price" is consistent with a bidder that walks away and buys elsewhere.

10 Who decides now

The video addressed employees and the Ruhr. The decision sits elsewhere, and the "elsewhere" has become visible.

The foundation's governance. Under its charter, the RAG-Stiftung's executive board manages the foundation and represents it; the board of trustees supervises the executive board, appoints it, and must approve decisions of fundamental importance, including those that fundamentally change the foundation's assets, financial position or earnings (charter, §12). A sale of the Evonik stake would be such a decision. The board of trustees has thirteen members. Five sit ex officio: the minister-presidents of North Rhine-Westphalia (Hendrik Wüst) and Saarland (Anke Rehlinger), the federal ministers of finance (Lars Klingbeil) and of economics and energy (Katherina Reiche), and the chairman of the IGBCE (Michael Vassiliadis, deputy chairman). The eight further members include Armin Laschet (chairman), Martin Albers (chairman of Evonik's general works council), the mayor of Essen, a former federal foreign minister and the president of the automotive industry association. The board met on 9 October and left the clarification to the companies.

The conflict. Vassiliadis sits on the BASF supervisory board and on the foundation's board and has declared himself conflicted at BASF. The IGBCE, which he chairs, has put written questions to both companies and the foundation; its stated position is that size alone does not guarantee a better future for employees.

The state. The NRW economics minister has spoken against a sale. The minister-president sits on the foundation's board. The Landtag has rejected a motion that included examining a state stake. North Rhine-Westphalia is also, with Saarland, the guarantor of last resort for the perpetual obligations under the 2007 Erblastenvertrag (Part I, Section 05).

The works council. Under WpÜG §27, the management board and supervisory board of a target must publish a reasoned statement on an offer, and the works council may submit its own, which is attached. Evonik's general works council chairman sits on the foundation's board. The employees Kamieth addressed are represented, formally, in both places where the decision will be shaped.

The legal thresholds. Control under the WpÜG is 30 percent of voting rights, which BASF could reach without the foundation. A domination agreement under §293 AktG requires three quarters of the share capital represented at the general meeting; a foundation voting its 43.8 percent against would block it. A domination agreement, the instrument of full legal integration, therefore depends on the foundation not voting against it; that is a blocking position on one specific step, not a veto over every form of operational integration. The foundation's own decisions on its stake require the approval of a board

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composed as above.

KEY FINDING

Every constituency the video addressed is represented on the board whose approval a sale of the stake requires: four politicians, a union chairman and a works council chairman among thirteen members. A commitment to the foundation would be made to its executive board and require the trustees' approval; commitments to employees would be made to their representatives. Neither has been publicly disclosed, and a video is addressed to neither.

COUNTERPOINT

A politically composed board is not a politically motivated one. The foundation's purpose is defined by statute, its executive board manages the assets, and its record of gradual, market-based reductions suggests the 2007 design has worked. Political opposition in Düsseldorf is a fact; whether it binds a foundation in Essen is a different question, and the charter's approval requirement cuts both ways: it can block a sale, and it can authorise one.

11 Competition, innovation and the "foreign investor" argument

Kamieth's case rests on a dichotomy: consolidate as German companies, or be "overtaken in global competition or increasingly acquired by foreign investors". Two facts and one study bear on it.

The list. Germany's larger listed chemical groups with their own research base, by ownership structure: BASF (free float); Evonik (RAG-Stiftung 43.8 percent); Covestro (XRG/ADNOC of Abu Dhabi, acquisition completed 10 December 2025); Lanxess (free float); Wacker (family-controlled); Merck KGaA (family-controlled, largely pharmaceutical). The "foreign investor" in Kamieth's sentence has a recent example, and the example came with commitments on sites and jobs that will be tested in the same way as BASF's video.

The study. The DG Competition study (Stiebale and Szücs, 4 September 2026) covers more than 3,000 mergers cleared by the Commission between 1990 and 2024 and finds, on average, lower citation-weighted patent output afterwards at the merging firms and at their rivals, alongside higher markups, with the decline concentrated where the merging firms overlap technologically. The study is an average across cleared transactions. It does not predict the effect of this combination, it does not distinguish acquirers by nationality, and it does not measure innovation by counting organisations. What it does is remove the presumption that scale brings innovation; it does not decide this case.

The policy promise. Kamieth cites the coalition agreement's goal of making Germany "the most innovative chemical industry location in the world". Part I set out the data against which that goal can be measured: production down in 2025 and forecast down in 2026, utilisation at 73 percent against a

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long-term 83, net productive investment around 0.2 percent of output, 45 percent of VCI companies planning to cut investment in Germany, labour costs 29 percent above the EU average, a corporate tax reduction that begins in 2028. The video presents consolidation as the industry's answer to these conditions. It is one answer. The conditions themselves are not changed by the transaction, and they are not the companies' to change.

> COUNTERPOINT
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> Headquarters nationality matters for things the study does not measure: where site decisions are taken, which government is heard, which social partnership applies. A reader who thinks a Ludwigshafen owner is more likely to keep Marl open than one in Abu Dhabi is not being irrational. The study does not examine that distinction, and an unexamined difference is not a refuted one. What the average finding does is remove the presumption that scale brings innovation; the effect of this combination, and the role of the owner's nationality in it, remain open questions.

12 Five outcomes

Described, not weighted. Each is consistent with the public record after 3 November.

No transaction. BASF withdraws or lets the approach lapse after the Q3 round. Evonik continues Tailor Made and pursues or abandons its US review. The foundation continues its gradual reduction. Cost to BASF: Section 09. Cost to Evonik: management time and uncertainty, against a share price now above its pre-approach level.

A further raised cash offer, accepted by the foundation. BASF returns above the reported €24 with an agreement containing written commitments to the foundation, the works council and the state. The foundation converts about 44 percent of Evonik into cash and diversifies. Integration follows the pattern of Part I's precedents, with remedies in the overlap lines. The Deutschlandpakt runs to 2032; what follows is negotiated.

A share-for-share combination. The foundation becomes a BASF shareholder with roughly 8 percent [arithmetic] and depends for its income on BASF's dividend and balance sheet. BASF's leverage rises less. The foundation's concentration risk is replaced, not removed.

Stake-building without an offer. BASF buys Evonik shares in the market and stays below 30 percent of voting rights, including attributed rights, to avoid a mandatory offer under WpÜG §35. German law makes each step visible at 3, 5, 10, 15, 20 and 25 percent. With about 43.8 percent in the foundation, such a stake reaches no majority and no domination agreement; it makes BASF the largest shareholder after the foundation and turns every subsequent decision, including the foundation's own reduction plans, into a negotiation with a co-owner. It also commits capital without the commitments.

Evonik acquires abroad and remains independent. If the review leads to a transaction, Evonik's leverage may rise depending on price and financing, the foundation's stake is unchanged, and Evonik is tested on the synergy and price questions it has put to BASF.

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Over all five stands the line from Part I: none can be evaluated independently of price, consideration structure, financing, remedies and quantified synergies, none of which is public. The video changed none of these. It changed the audience.

KEY FINDING

After the video, the public record contains BASF's commitments to Evonik's employees and no published terms for Evonik's shareholders. After Evonik's second refusal and its third quarter, the next document that matters is not a statement. It is a published offer with a price, any agreements that accompany it, or a withdrawal, or a voting-rights notification. Between the two, what is taking place is a public campaign ahead of a possible offer, and the question it raises is how far a bidder may draw on the security concerns of another company's workforce when the additional security it offers is not yet verifiable.

13 What to watch

When	Event	Why it matters
Open	Whether the "informational exchange" takes place, and what follows it	The only channel both companies have publicly left open
Open	A third BASF figure, a published offer, or a withdrawal	The documents that would move the question from campaign to transaction; BASF has said it will not deviate from its financial targets
Open	Any disclosed agreement with the foundation, the works council or the state	The form a commitment takes when it is meant to bind
Open	Evonik decision on the US review	The standalone case acquires a price of its own
Q4 2026, announced	European Commission plans to finalise its Merger Guidelines review	Framework for any filing; treatment of scale and innovation
2027	Agricultural Solutions IPO readiness	BASF's second source of funds, if an IPO follows
31 December 2032	End of the Deutschlandpakt	The horizon of every protection statement in the video

Part III, if there is one, follows an offer or a withdrawal.

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Methodology & Sources

All figures are from public sources. BASF: Report 2025 (27 February 2026); Half-Year Financial Report 2026; Q3 2026 results and statements of 28 October 2026; the video statement and English transcript of 22 October 2026 and BASF's dedicated web page; press releases of 20 May, 1 July and 14 September 2026; published ratings as of their stated dates. Evonik: Financial and Sustainability Report 2025; Half-Year Report 2026; Q3 2026 quarterly statement and ad-hoc release of 30 October 2026; Company Factbook 2026; press releases of 18 June, 26 June, 4 August, 27 August and 22 September 2026; the Deutschlandpakt as documented by the IGBCE on 12 August 2022 and the IGBCE's confirmation of 22 April 2024 (igbce.de). RAG-Stiftung: charter (Satzung); board of trustees as published at rag-stiftung.de; Jahresabschluss and Konzernabschluss 2025; ad-hoc statement of 25 September 2026. Landtag NRW: plenary protocol of 14 October 2026 and motion 18/21603. Precedents: Volkswagen AG press releases of 10 September and December 2024; Vonovia SE and Berlin Senate, 2021; Covestro AG, 10 December 2025; Part I sources for Ciba, Cognis, DowDuPont, Bayer/Monsanto, Linde/Praxair. Legal: WpÜG §§11, 27, 29, 35; AktG §293. Industry and policy data as in Part I. The DG Competition study (Stiebale and Szücs, 4 September 2026) as in Part I.

Reported figures from unnamed sources, specifically the €22.15 approach, its rejection, and Evonik's review of Ashland, are from Reuters, Handelsblatt, dpa-AFX and outlets citing them and are treated as reports throughout. The figure of €24 was first reported from unnamed sources and then stated publicly by BASF on 30 October 2026; Evonik has not confirmed it, and no offer document has been published. Net debt figures as of 30 September 2026 are from the companies' third-quarter statements. Arithmetic in Sections 05 and 06 uses the stated bases and is illustrative; the 4 percent interest rate is an assumption. Where primary sources and press reporting differ, primary-source wording and figures take precedence. Forward-looking targets, synergy claims and strategic objectives are company statements and are not treated as forecasts. Characterisations of statements in Section 03 follow their grammatical form. Data cut-off: 3 November 2026. Companies and individuals 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 has not been consulted on the contents of this paper, and no non-public information has been used in preparing it.

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