PAPER

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Two into One, Part III

Part III of Paper No. 39

THE WITHDRAWAL: WHAT WAS SAID, WHAT IT LEAVES OPEN, AND WHERE EACH GOES ALONE

BASF has ended its attempt to acquire Evonik. This closes the series: what was said, which constraints are visible in the public record, how Parts I and II compare with the outcome, and what each company has told the market about its way forward.

Uwe Riemeyer · IMP InterMediaPartners GmbH · November 2026

19 Nov
the day BASF ended the attempt, after two non-binding approaches that Evonik's board declined

€24
per share, about €11.2bn: the last figure. BASF says it had signalled a further moderate increase

€18.09
Evonik's share price around midday on 24 November as quoted in the financial press; the close before the approach became public was €18.07 (Reuters)

25.1%
the stake to which the RAG-Stiftung still intends to reduce its holding of about 43 percent, step by step

01 What was said

BASF, 19 November. The company ended its efforts after Evonik's board had declined two non-binding cash approaches, the last at €24 per share. Its reasons, as published and reported: Evonik had declined a substantive exchange to the end; BASF had signalled readiness for a further moderate increase; Evonik's standalone outlook and the risks attached to it were not a sufficient basis for a higher valuation; and pursuing the matter at a higher price would not be in the interest of BASF's shareholders. Chief executive Markus Kamieth said the offer would have meant considerable and certain value for Evonik's shareholders and that a combination under BASF's ownership would have created a stronger company.

Evonik, 19 November. Interim chief executive Claus Rettig said, according to Reuters, that the company took note of the decision, that its plan for the coming years stood, and that it would continue on its own with full force. The works council pointed to the existing protection against compulsory redundancies to the end of 2032 and to investment commitments. The supervisory board held an extraordinary meeting after the withdrawal.

The RAG-Stiftung, 20 November. Evonik's largest shareholder said it regretted that BASF had ended its efforts without in-depth exploratory talks between the two management boards having taken place. It confirmed its intention to reduce its stake gradually to 25.1 percent.

The market. Evonik shares fell by more than 23 percent intraday on 19 November, to €16.75, recovered above €18 the next day, and was quoted at €18.09 around midday on 24 November. BASF shares rose by up to 2.8 percent on the day of the withdrawal.

Note. *The sequence before the withdrawal, as reported: management of both companies met in person on Saturday 7 November (Handelsblatt), after which Evonik remained opposed (Reuters); on 17 November Bloomberg reported that BASF was preparing a new approach and had written to the state government, members of parliament and the foundation; on 18 November the prime minister of North Rhine-Westphalia, Hendrik Wüst, who sits on the foundation's board of trustees, spoke sceptically in public. On 19 November BASF withdrew.*

IN SHORT

Three parties made three different statements. The bidder says the exchange never became substantive. The target's board says its plan stands. The target's largest owner regrets that the exchange did not develop into in-depth exploratory talks. That third sentence is the new fact of the week, and Parts I and II did not anticipate it. It is a statement of regret about a process. It is not consent to €24 and not a declaration of willingness to sell the whole stake.

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02 Why it ended: four constraints visible in the public record

The price. BASF indicated room for a moderate increase above €24 and published neither a revised figure nor a maximum. Its stated reason for stopping is that a higher price would not be in its shareholders' interest. Part II's price ladder gives an order of magnitude for what each step costs, on the assumption of full debt financing at 4 percent, an assumption BASF never confirmed.

Assumption	€24 per share	€30 per share
Equity price, 466 million shares	€11.18bn	€13.98bn
Annual interest at 4 percent	€447m	€559m
Share of Evonik's free cash flow 2025 (€695m)	64%	80%
Share of Evonik's expected free cash flow 2026 (about €850m)	53%	66%

According to The Market, the DZ Bank analyst had put a justifiable price at €21 to €22 and argued that anything higher needed cost synergies, which the bidder's own exclusion of compulsory redundancies to 2032 made hard to realise.

The guarantee. Part II's title named it: the guarantee that already exists. BASF's public commitments to Evonik's employees ran to 2032, the horizon of the protection Evonik agreed in 2022. According to Reuters, citing insiders, the guarantees for jobs and sites did not convince on Evonik's side. The works council's response to the withdrawal was to point to the existing agreement. Nothing on the public record shows a commitment that went beyond it in a verifiable form.

The board and the owner. Evonik's management board declined negotiations by ad-hoc release on 30 October and, by BASF's account, a substantive exchange thereafter. The foundation's statement of 20 November shows that the largest owner would have preferred the talks to go further. According to Reuters, citing insiders, the chairman of the foundation's board, who also chairs Evonik's supervisory board, was open to the approach; private banking magazin reports that he stayed out of the talks because of the conflict between his two roles. A sale of the whole stake would in any case have required the board of trustees.

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The politics. The state government of North Rhine-Westphalia opposed a takeover; its economics minister said so in October and its prime minister in November. The board of trustees is chaired by a former prime minister of the state and includes the prime ministers of North Rhine-Westphalia and the Saarland, two federal ministers and the chairman of the IGBCE. The state elects a new parliament next year.

Note. *According to Reuters, Evonik also saw no industrial logic in the combination. That is an insider report, not a published position; Evonik's published position is that it will develop as an independent company.*

Note. *The four constraints are an ordering of what is public. Which of them was decisive inside either company is not known, and this paper does not weight them.*

> **THE OTHER SIDE**
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> None of the four constraints is a verdict on the industrial case. An analyst at Deka said after the withdrawal that the deal could make economic sense, but not at any price. BASF maintains that the combined company would have been stronger. The public record shows why the transaction did not happen. It does not show that it should not have.

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03 The price gap, and who points to it

At the quoted market price, the gap to BASF's last indicated price is €5.91 per share: about €2.75bn on Evonik's 466 million shares and about €1.2bn on a stake of 43 percent. That is a comparison with a withdrawn non-binding proposal, not a realised loss. The share is quoted at about the level at which it closed before the approach became public.

That is the basis of the criticism now directed at the outcome. A commentary in The Market calls the foundation the biggest loser and expects it to come under pressure to justify the rejection in economic terms; if the share does not reach €24 in the foreseeable future, it writes, the state politicians on the board of trustees may be left looking like poor losers. The foundation's statement separately expresses regret about the absence of in-depth exploratory talks. Its assets were €15.9bn at the end of 2025, about €1.1bn less than a year earlier, and according to the foundation about €16.5bn again in April 2026; it has spent more than €2bn on the perpetual obligations of hard-coal mining since 2018; audit courts have criticised its concentration in a single share, according to private banking magazin; and Evonik has indicated, according to Reuters, that dividends could be lower in future.

Note. *Own calculation at a quoted intraday price; a share price on one day is not a valuation. Whether the foundation would have sold at €24, or at any figure, is not known.*

> **THE OTHER SIDE**
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> Three things stand against reading the gap as a loss. First, no offer was ever published; €24 was a non-binding figure, and a transaction would still have needed examination, merger clearance and, for the whole stake, the foundation's board of trustees. Second, the foundation's stated aim is a blocking minority of 25.1 percent, not an exit. Third, the question Part II asked has not gone away: what would a sale have secured that is not secured now? For Evonik's employees, on the public record, nothing verifiable beyond 2032. For its owners, a price. Those are different constituencies, and the foundation's charter obliges it to more than one of them.

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04 Parts I and II against the outcome

Parts I and II said	What happened
"No transaction" was the first of five outcomes; the next document that mattered would be an offer, a withdrawal or a voting-rights notification	A withdrawal, sixteen days after Part II's cut-off; it was one of the scenarios considered
The guarantee already exists; the additional security offered was not yet verifiable	Reported as unconvincing on Evonik's side; the works council pointed to the existing agreement. Whether this was decisive is not known
The price ladder: each step above €24 takes a larger share of Evonik's cash flow	BASF withdrew after its €24 proposal, having indicated willingness to consider a further moderate increase, and cited its shareholders. Consistent with the ladder; no confirmation of its financing assumption
The informational exchange was the only channel left open	A meeting took place on 7 November; by BASF's account the exchange never became substantive
The foundation's board of trustees decides, and it had left the matter to the companies	Not anticipated: the foundation publicly regrets that its own portfolio company's board did not explore further
"Evonik acquires abroad" as an outcome, with Ashland under review	Bloomberg reported on 6 November that Evonik was cooling on a possible approach; on 23 November Clariant confirmed talks about Ashland together with CD&R
Cost of no transaction to Evonik: "a share price now above its pre-approach level"	True on 3 November and temporary: the share is quoted at about that level again
Stake-building below 30 percent as a fifth path	No publicly disclosed stake-building was identified by the cut-off

IN SHORT

The withdrawal was one of the scenarios considered. The public explanations are consistent with several constraints identified in Parts I and II, but do not establish their relative weight. What the series did not see is that the target's management and its largest shareholder would express different preferences about the process. That difference was not visible from the documents, and it outlasts the approach.

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05 BASF without Evonik

BASF's capital markets day on 24 November, five days after the withdrawal, gave the standalone answer.

Subject	What BASF said
Strategy	"Winning Ways", presented two years ago, confirmed, with the cost programme now under the name CoreShift
Acquisitions	Remain an option, particularly in the core businesses; value-enhancing targets only; "we are patient"; ideas are not taken off the table, targets are not chased. In a weak industry, Kamieth called acquisitions a more capital-efficient route to growth than own investment
Costs	Net fixed costs in the core business to fall by up to 20 percent by 2029; about 9,200 jobs cut since 2024, about 600 of them in the top four management levels; transformation costs of about €800m in 2026
Balance sheet	Divestment proceeds, including €5.8bn from the Coatings majority sale, go mostly to debt reduction; net debt below €15bn by year-end, against €16.65bn on 30 September
Shareholders	At least €12bn to be returned by 2028; about €6bn paid so far
Agricultural Solutions	IPO-ready by mid-2027; decision on whether and when depends partly on the market; about €15bn gross peak sales potential from launches over fifteen years; 2025 sales €9.6bn, EBITDA margin target about 23 percent

Three readings follow. Without Evonik, BASF retains financing capacity while continuing its stated priorities of deleveraging, shareholder distributions and selective acquisitions; the distribution targets predate the approach. The appetite has not gone: the chief executive described the conditions for acquisitions as better, not worse, and named the core businesses as the place. And the company named no segment and no size. Which gaps BASF wants to fill in Chemicals, Materials, Industrial Solutions or Nutrition & Care, the question Part I asked of this transaction, is as open as it was in September.

Note. *Press reports from financial circles put the valuation of the agricultural business at €20bn to €30bn and possible IPO proceeds at €5bn to €6bn; BASF has confirmed neither. BASF shares were slightly lower in early trading on the day.*

THE OTHER SIDE

BASF's shareholders rewarded the withdrawal, and a major investor had warned beforehand against expensive acquisitions. A management that walks away at its limit may gain credibility for its next approach, whoever it is addressed to. Whether the public manner of this one, video included, has cost the same management credibility with the next target's board and employees is a question this paper leaves to the reader, as Part II did.

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06 Evonik alone

Evonik's standalone case now has a public benchmark it did not choose. The interim chief executive said in early November that the company's own planning leads above BASF's figure. That is a management statement about value potential, not a promise of a share price by a date. The figure was €24. The share is quoted at about €18.

What the company has on the table: third-quarter adjusted EBITDA of €629m, up 40 percent; 2026 guidance in the upper half of €2.0bn to €2.2bn, with free cash flow of about €850m and a return on capital of more than 8 percent expected; a programme that removes 3,200 jobs by the end of 2029, 2,150 of them in Germany; a dividend policy of 40 to 60 percent of adjusted net income from financial year 2026; and protection against compulsory redundancies in Germany to the end of 2032.

What is open:

Leadership. The company has been led by an interim chief executive since September. The decision to decline was taken, and the standalone plan is being defended, by a board in that configuration.

Acquisitions. On Bloomberg's report of 6 November, Evonik was cooling on a possible approach to Ashland, the candidate named in the US review that Part II described. On 23 November Clariant confirmed discussions about a potential acquisition of Ashland in partnership with CD&R; the outcome and final terms remain uncertain. Why Evonik became more reserved is not public. Ashland reported sales of US$1.86bn and adjusted EBITDA of US$385m for its fiscal year to 30 September. The interim chief executive does not rule out acquisitions that create value, in Germany, Europe or the United States, and says none is being actively pursued.

The owner. A foundation that intends to go from about 43 to 25.1 percent has roughly 83 million shares to place, about €1.5bn at the current price. To whom, when and at what price is the question the withdrawal has reopened. A bidder who is turned away by the board while the largest owner is a seller in principle has not received a final answer on the company. It has received one on this approach.

The analysts. DZ Bank lowered its fair value from €22 to €20 in a study dated 23 November, with an unchanged hold rating: the takeover premium is gone, and disposals and efficiency gains now carry the case.

> THE OTHER SIDE
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> A company with a rising result, raised guidance and a protection agreement that runs for six more years is not a company in need of rescue, and its board is entitled to say that a price does not reflect its plan. The burden that comes with saying it is delivery. The board has told its owners that it sees more value in its plan than in BASF's figure, and from now on each quarterly result will be read against that claim.

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07 What remains open

Question	What would answer it
How and to whom does the foundation reduce its stake?	A placement, an exchangeable, a block sale; each is disclosed
Who leads Evonik permanently?	A supervisory board decision
Does the standalone plan close the gap to €24?	Full-year results and the 2027 outlook, in March
Where does BASF acquire, if it does?	A named target in a core business
Is the relationship between the two companies damaged?	Nothing on the public record indicates it either way; they remain suppliers, customers and neighbours at several sites
What follows the protection agreement in 2032?	A negotiation that now takes place without a bidder at the table

This series ends here. If the foundation's stake moves, that is a new file.

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08 A personal note

The seven sections before this one are analysis. This one is my view, and it comes with the disclosure I make every time: I have worked with Evonik for many years.

I did not see the industrial case from the start, and I still do not. Seen from outside, the combination made sense for BASF in places. For Evonik I could not find the place. The company is agile enough, global enough and present enough to grow on its own; its performance is not the best it has shown, but it is good enough to look forward, to innovate and to bring new products. And I found no publicly verifiable additional employment protection: the existing horizon is 2032, and no extension beyond it was disclosed. No acquirer in any takeover I know of has guaranteed sites beyond what was reasonable for its own business. I do not hold that against BASF. It would have been commercially unreasonable to promise more, and it was reasonable to stop where it stopped.

The strongest argument against my view is in Section 03, and it is a number: at today's quoted price, €5.91 a share lie between the market and what was indicated to Evonik's owners. The gap does not establish a realised loss against an available sale at €24. If the plan does not close the gap, the board that said no will have to explain it, and so will I.

Could it have been done more quietly? BASF confirmed exploratory contacts with the foundation and with Evonik in September, so there was a confidential channel before there was a video. My own preference would have been to stay in that channel for longer before addressing the other company's employees in public. That is a question of manner, and readers will judge it for themselves. For my part I think the relationship between the two companies will settle. They have lived next to each other for a long time.

Uwe Riemeyer

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Methodology & Sources

BASF statements of 25 September and 19 November 2026 and capital markets day of 24 November 2026, as published and as reported by **Reuters**, **dpa-AFX** and **Handelsblatt**; **Evonik** ad-hoc release of 30 October 2026, third-quarter statement of 3 November 2026 and statements of its interim chief executive as reported by Reuters; **RAG-Stiftung** statement of 20 November 2026 as reported by Reuters and private banking magazin; **Bloomberg** as reported by MT Newswires and MarketScreener on Evonik and Ashland (6 November) and on BASF's preparations (17 November); **Ashland** fourth-quarter release of 3 November 2026; **Clariant** ad hoc announcement of 23 November 2026; commentary in **The Market** (19 November) and the **DZ Bank** study of 23 November as reported by dpa-AFX; share prices as reported by Reuters and in the financial press; IMP Intelligence Series Nos. 39 and 40. Statements attributed to insiders (Evonik's view of the industrial logic, the reception of BASF's guarantees, the position of the foundation's chairman, the valuation of the agricultural business) are reports and are not treated as confirmed. The interest table in Section 02 assumes full debt financing at 4 percent and is an illustration, not a description of BASF's financing. The price gap in Section 03 and the placement volume in Section 06 are own calculations at a quoted share price of €18.09 around midday on 24 November and 466 million shares; the comparison with the pre-approach close of €18.07 sets an intraday quote against a closing price. Section 08 is the author's opinion and is not part of the analysis.

Disclosure: IMP InterMediaPartners GmbH has an existing professional relationship with Evonik. Evonik was not consulted on this paper and no non-public information was used. Companies and individuals are named only as matters of public record. Data cut-off: 24 November 2026. Not investment advice.

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