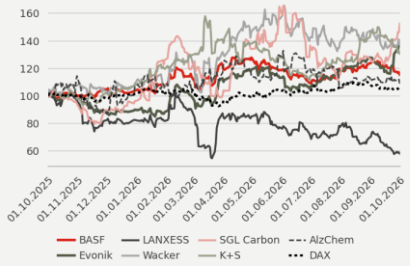
Overweight

Coverage	Sector study
Price date*	01.10.2026

*XETRA closing prices (1 Oct 2026)

CHART



Indexed, 01.10.2025 = 100; DAX as benchmark

INITIAL RATINGS AND TARGETS

Company	Rating	PT (€)	12m TR
BASF	Buy	59.00	+24.0%
Evonik	Hold	20.50	+4.3%
LANXESS	Buy (spec.)	21.00	+70.2%
Wacker	Buy	106.00	+21.1%
SGL Carbon	Buy (spec.)	5.40	+8.7%
K+S	Hold	17.50	+16.4%
AlzChem	Hold	140.00	-10.2%

Source: Parmantier & Cie. Research; XETRA 01.10.2026

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German Chemicals

Sector: Chemicals / Region: Germany / Coverage: 7 stocks

"European Chemicals: The 2027 Cycle"

We initiate coverage of German chemicals at Overweight. On 25 September 2026 Evonik confirmed a non-binding BASF approach regarding a voluntary public takeover offer for all its shares, BASF confirmed exploratory talks with Evonik and the RAG-Stiftung, and RAG confirmed it had been approached [R]. Consolidation has moved from rumour to a confirmed approach, but not to an offer, terms, financing or an agreement. Handelsblatt (29.09.2026) reports that BASF continues to work on the idea after Evonik's initial rejection [M]. Our view: buy the consolidation where balance sheets can carry it, and the break-up where they cannot.

BASF: Buy, PT EUR 59.00 (+24.0% 12m total return). Agricultural Solutions supports EUR 27.3bn base EV at 12x 2027E EBITDA; 17-19x is an upside sensitivity, not an IPO assumption. Battery Materials is further separation optionality, not an announced listing. Evonik requires price and funding discipline [A/R].

Evonik: Hold, PT EUR 20.50 (+4.3% 12m total return). Its confirmed BASF approach is not an offer. The reported EUR 22.15 proposal remains unconfirmed; RAG could hypothetically reinvest proceeds in Agricultural Solutions instead of BASF shares [R/M/A].

LANXESS: speculative Buy, PT EUR 21.00. H1 EBITDA pre exceptionals was EUR 246m (Q1 EUR 94m; Q2 EUR 152m). Private equity, including Advent, is a more coherent hypothetical buyer than BASF. The scenario is a take-private and three-division SOTP, not just purchase of the Envalior stake; no bid is confirmed [R/H].

Wacker (Buy) is a quality recovery; SGL-Carbon is a speculative investment case; K+S and AlzChem are Holds. The cap-weighted 12-month total return of ~20% supports the Overweight [A].

Key figures; 2026e	Price (€)*	Mkt cap (€ m)	EV/EBITDA	P/E	Div. yield
BASF	49.40	42,530	8.5x	15.0x	4.6%
Evonik	20.62	9,609	6.4x	17.9x	4.8%
LANXESS	12.40	1,071	7.3x	n.m.	0.8%
Wacker	87.50	4,347	7.3x	39.8x	n.a.
SGL Carbon	4.97	608	5.9x	14.2x	nil
K+S	15.10	2,704	4.0x	15.1x	0.5%
AlzChem	158.10	1,601	13.0x	22.6x	1.3%

Source: S&P Capital IQ (XETRA 01.10.2026, TEV); PCR estimates 2026e

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Executive overview

Initial sector and company study: BASF's approach for Evonik changes the strategic equation

We initiate coverage of German chemicals at Overweight. On 25 September 2026 Evonik confirmed a non-binding BASF approach regarding a voluntary public takeover offer for all its shares, BASF confirmed exploratory talks with Evonik and the RAG-Stiftung, and RAG confirmed it had been approached [R]. Consolidation has moved from rumour to a confirmed approach, but not to an offer, terms, financing or an agreement. Our initial view: buy the consolidation where balance sheets can carry it, and the break-up where they cannot. Handelsblatt (29.09.2026) reports that BASF continues to work on the idea after Evonik's initial rejection; no renewed talks, offer terms or timetable have been confirmed by either company [M].

Key Takeaways

- **BASF: initial Buy, PT EUR 59.00 (+24.0% 12m TR).** Agricultural Solutions base EV EUR 27.3bn (EUR 2,275m 2027E EBITDA × 12x); EUR 38.675bn (17x) is a control ceiling, not an IPO value. Standalone value ~EUR 60; we deduct ~EUR 1.2/share for probability-weighted Evonik overpayment and dilution risk [C/A].
- **Evonik: initial Hold, PT EUR 20.50 (+4.3% 12m TR).** The approach raises strategic value, but the shares already trade 19.6% above the EUR 17.24 unaffected price; a 30% premium equals EUR 22.41. A reported EUR 22.15 proposal was rejected as too low (28.09.2026) [M]; our probability-weighted value is EUR 20.57 [R/M/A].
- **LANXESS: initial speculative Buy, PT EUR 21.00.** The 40.94% Envalior stake explains most of a EUR 1.07bn market cap; tender windows 2027/28. No new bid exists: consolidation read-through is optionality only [R/A].
- **The deal arithmetic is demanding.** At a 30% premium, purchase EV including pensions is EUR 15.7bn (7.5x 2026E adj. EBITDA). All-cash takes BASF to 3.3x; only all-share (2.2x; 1.6x after IPO proceeds) protects single-A, at 25% dilution. Value break-even needs ~EUR 0.9bn gross synergies [A].
- **A ~50% RAG anchor stake is not arithmetically plausible.** An all-share deal gives all Evonik holders ~20% of BASF and RAG ~8.6%; RAG has reportedly signalled a medium-term reduction toward 25.1% [M] and stated on 30.09.2026 that its statutes also permit a complete sale of the stake [R].

This document presents Parmantier & Cie.'s first equity research on these sector and company topics. Prices: XETRA closes of 1 October 2026; unaffected Evonik reference EUR 17.24 (21.09.2026). Research cut-off 22 September 2026, except the explicitly labelled announcements and reports of 24 September to 1 October 2026 [R].

Supplementary reporting considered to 1 October 2026, including the RAG-Stiftung statement of 30 September 2026. Prices and market data are refreshed to the XETRA close of 1 October 2026; targets are unchanged. The Handelsblatt reporting of 29 September 2026 is not a company announcement.

Prices: XETRA closes 01.10.2026 for all names. Twelve-month returns include dividends. [R/A]

Independent, unsponsored investment recommendation (§ 86 Abs. 1 WpHG). Initial rating bands: Buy > +15%, Hold -15% to +15%, Sell < -15% total return over 12 months. For analyst certification, disclosures and potential conflicts of interest, see the Legal notice at the end of this report.

PRINCIPAL RISKS

Failure to agree terms with RAG/Evonik; cash-heavy consideration; antitrust remedies in additives and catalysts; BASF dilution; 2027 windfall normalisation; TTF > EUR 60/MWh; delayed Agricultural Solutions IPO.

FALSIFICATION

EU utilisation not above 76% by mid-2027; BASF commits to >50% cash consideration before Agricultural Solutions proceeds; Envalior declined again; Evonik 2027 adj. EBITDA below EUR 1.8bn.

	Initial view		
Sector view	Overweight		
Initiation date	6 October 2026		
Price date	01.10.2026 (all names)		
First publication	Yes		
	Initial rating	**PT (EUR)**	**12m TR**
BASF	Buy	59.00	+24.0%
Evonik	Hold	20.50	+4.3%
LANXESS	Buy (spec.)	21.00	+70.2%
Wacker	Buy	106.00	+21.1%
SGL Carbon	Buy (spec.)	5.40	+8.7%
K+S	Hold	17.50	+16.4%
AlzChem	Hold	140.00	-10.2%

Evidence labels used throughout

Label	Meaning
[R]	Reported fact: company release, regulatory filing, statutory voting-rights notification, exchange or market data
[G]	Management guidance or management commentary
[C]	Broker research or consensus, attributed and dated
[M]	Market report or press report citing unnamed sources; unverified
[A]	Parmantier & Cie. Research assumption, estimate or calculation
[H]	Hypothetical: no report, rumour or filing exists; analysed because the question was asked

Prices are XETRA closes of 1 October 2026 unless stated. EUR throughout. Multiples use S&P Capital IQ standardised EV and EBITDA unless a company basis is stated; Evonik is shown on its adjusted basis where labelled, because guidance and consensus are set on it.

Key debates

Exhibit 1: Five debates that decide the sector call

Debate	Market view	Our view	What would change our mind
Is 2026 a cycle or a windfall?	Split: pro-cyclical houses see a turn; bears see a supply shock	Mostly windfall in Q2 [C/G]. We do not need the windfall to persist: the case rests on disposals, closures and asset values	EU utilisation below 76% by mid-2027 with no disposal progress
Does the BASF approach make consolidation investable?	Confirmed approach = imminent bid; Evonik re-rated +7.2% on 25.09, BASF -3.6% [R]	Confirmed approach, not an offer [R]. It lifts the probability of consolidation, but value accrues only in share-heavy structures; ~EUR 0.9bn gross synergies needed at a 30% premium [A]	A § 10 WpÜG announcement with ≥50% share consideration and RAG support; or BASF withdrawal
Is the BASF Agricultural Solutions IPO in the price?	Near-term listing catalyst	The 24.09 operating announcement advances readiness; 2027E Agricultural Solutions EBITDA EUR 2,275m at 12x gives EUR 27.3bn fair EV, versus 17x takeover ceiling EUR 38.675bn [C/A]	Carve-out targets, cash conversion and a market-clearing IPO multiple
What is LANXESS worth ex-Envalior?	A levered cyclical in distress	An operating business priced at ~EUR 370m of equity at EUR 12.40 [A], with >EUR 1.35bn undrawn lines [R]	Advent declines the stake again in 2027
Can Wacker bid for LANXESS?	Siltronic cash adds firepower	No: EUR 359m covers ~9% of a ~EUR 4bn price; the family majority caps issuance [R/A]. Asset buyer at most	Any report, filing or statement linking the two

Source: Parmantier & Cie. Research. Evidence labels as defined above.

1. Investment summary

1.1 Why we initiate now: five conclusions

1. Consolidation has moved from rumour to a confirmed approach. On 25 September 2026 Evonik confirmed, by ad hoc notice under Art. 17 MAR, a non-binding BASF approach regarding a voluntary public takeover offer for all shares; BASF confirmed exploratory talks with the RAG-Stiftung and Evonik; RAG (43.8%) confirmed it was approached [R]. There is no offer, price, structure, financing or agreement, and Evonik states that no talks are currently taking place [R]. Alongside ADNOC/Covestro, the Coatings sale, the Agricultural Solutions hive-down and three stake monetisations, the approach turns "consolidation by dismantling" into a two-sided cycle [R/A].

2. BASF is our preferred large-cap way to own consolidation. BASF is Buy with a EUR 59 target: Agricultural Solutions separation carries the value (EUR 27.3bn base EV), while an Evonik deal is disciplined optionality only if paid largely in shares or after IPO proceeds. The market already marked BASF down 3.6% on 25.09.2026 for execution and dilution risk [R/A].

3. Evonik: strategic value rises, standalone upside narrows. The shares closed at EUR 20.62 on 01.10.2026, 19.6% above the unaffected EUR 17.24. A 30% premium implies EUR 22.41; our probability-weighted value is EUR 20.57 after incorporating the reported EUR 22.15 proposal that Evonik rejected [M]. With no talks confirmed and RAG's price expectations undisclosed, we initiate at Hold, PT EUR 20.50 [R/A].

4. LANXESS remains the asymmetric option. We initiate at speculative Buy, PT EUR 21.00. The 40.94% Envalior interest and 2027/28 tender windows are confirmed value channels; a sponsor take-private and three-division SOTP, including an Advent scenario, is additional hypothetical optionality. BASF is not our preferred buyer. H1 2026 EBITDA pre exceptionals was EUR 246m, not EUR 174m, and substantial one-offs require a reported-earnings and cash-flow bridge. No takeover approach is confirmed [R/A/H].

5. Balance sheets decide who can consolidate. Only all-share or post-IPO structures keep BASF near single-A (1.6-2.2x). At a 30% premium, value creation requires ~EUR 0.9bn of gross synergies, above the EUR 650-700m range circulating in market commentary [M/A]. Wacker (Buy, EUR 106) remains a quality recovery and an asset buyer at most [R/A].

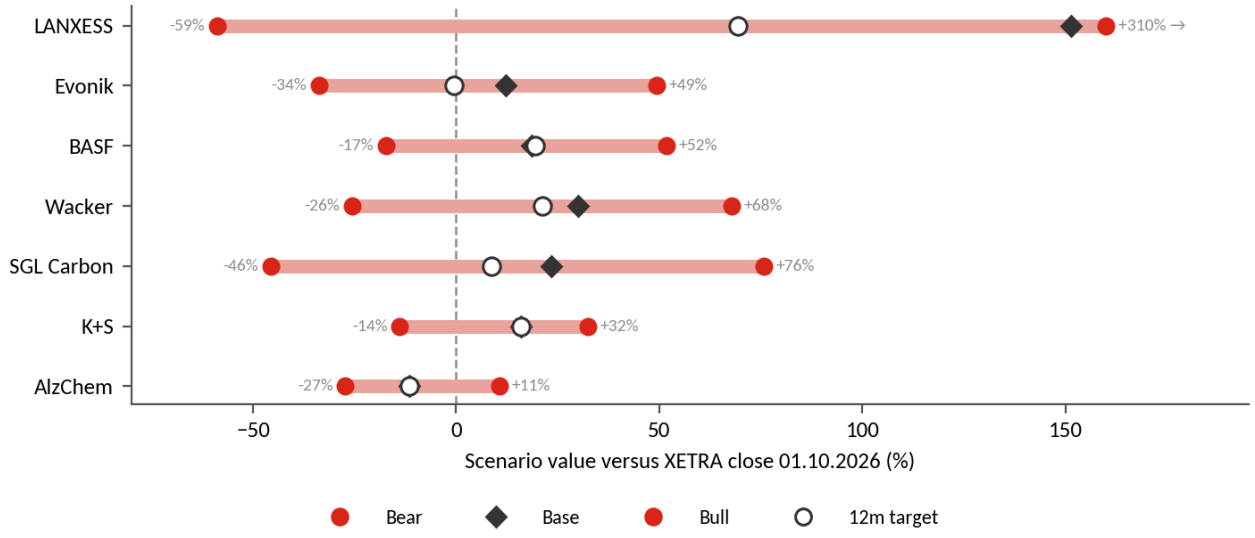
The sequence matters more than the headline. An approach can re-price a target before a buyer has proven that its own shareholders will earn an adequate return. We therefore separate three decisions. First, what is Evonik worth without BASF as its commodity businesses are exited and cash conversion improves? Second, how much of that value would BASF have to pay away as a premium? Third, which savings exist only because the assets are combined, rather than already appearing in either company's standalone guidance? The two equity calls can rationally differ: we see enough Agricultural Solutions-driven value to own BASF, but at Evonik's current price we would not buy a completion probability that neither company has established [A].

Investment interpretation. The sector Overweight is not a paired merger trade. BASF benefits from the documented preparation path for the Agricultural Solutions separation; LANXESS is a special situation where equity value is sensitive to Envalior and modest industrial improvement;

Wacker is a recovery and capital-discipline case. Evonik retains exposure to a possible formal bid, but its valuation already reflects substantial transaction optionality. A decline in German chemical output need not invalidate these investment cases if asset disposals, group simplification and selective fixed-cost absorption proceed, but an adverse energy or import shock would hit the high-beta names before it hits the accounting value of Agricultural Solutions [A].

Source: BASF and Evonik company disclosures 25.09.2026 [R]; BASF Agricultural Solutions release 24.09.2026 [R]; Parmantier & Cie. Research scenario analysis [A].

Exhibit 2: Risk-reward: bear, base and bull scenario values versus current share price



Source: Parmantier & Cie. Research [A]; XETRA closes 01.10.2026, S&P Capital IQ [R]. Scenario values: BASF 2027E SOTP with Agricultural Solutions 12x base / 14x listed bull / 9x bear; other names on their own 2028E cases. LANXESS bull truncated.

Exhibit 3: Initial ratings, targets and expected returns

Company	Initial rating	Price 01.10.26	12m PT	24m range	Div. yield	12m TR	24m TR	Bucket
BASF	BUY	49.40	59.00	64-72	4.6%	+24.0%	+36% to +50%	Agricultural Solutions IPO / disciplined consolidator
Evonik	HOLD	20.62	20.50	20-25	4.8%	+4.3%	+9% to +29%	Confirmed approach / M&A floor
LANXESS	BUY (spec.)	12.40	21.00	26-31	0.8%	+70.2%	+109% to +148%	Special situation
Wacker Chemie	BUY	87.50	106.00	115-130	nil*	+21.1%	+32% to +49%	Quality recovery
SGL-Carbon	BUY (spec.)	4.97	5.40	6.20-7.00	nil	+8.7%	+25% to +41%	Special situation
K+S	HOLD	15.10	17.50	18-20	0.5%	+16.4%	+19% to +33%	Different cycle
AlzChem	HOLD	158.10	140.00	130-150	1.3%	-10.2%	-7% to -1%	Quality, fully valued

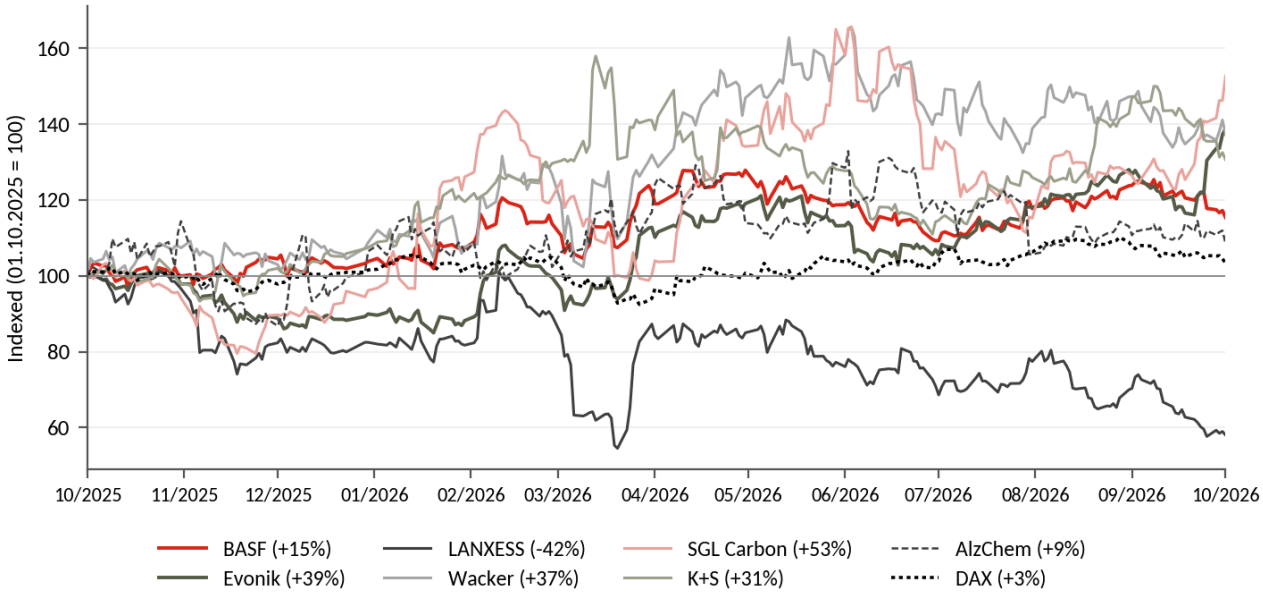
*Source: S&P Capital IQ, XETRA closes 01.10.2026 [R]; Parmantier & Cie. initial estimates [A]. *Wacker dividend unverified, assumed zero. Covered-universe cap-weighted 12m total return ~20.2%. Rating bands: Buy > +15%, Hold -15% to +15%, Sell < -15%.*

BASF is about 68% of our covered universe by market value. With a 24.0% BASF total return to our EUR 59 target, the cap-weighted expected 12-month return is ~20.2%, supporting our sector Overweight rating [A].

A cap-weighted Overweight is really a BASF call. Because BASF dominates the basket, a large numerical target for LANXESS cannot compensate for a poorly funded BASF acquisition. A 10% negative surprise to BASF's equity is far more consequential for this covered-universe return than a 50% move in a sub-€1.1bn LANXESS. That asymmetry is why our BASF investment test begins with funding and per-share value, not with potential industrial synergies. The test would be reversed if Agricultural Solutions IPO proceeds were not retained for balance-sheet repair, or if a bid were announced before its cash perimeter had been made visible [A].

Twelve-month share prices to 1 October 2026 show how differently the market has already priced the themes of this study: SGL-Carbon (+53%), Evonik (+39%), Wacker (+37%) and K+S (+31%) clearly outperformed the DAX (+3%), BASF rose 15% and AlzChem 9%, while LANXESS lost 42% [R]. Evonik's final leg reflects the confirmed BASF approach; the LANXESS discount is the asset value our speculative Buy is built on [A].

Exhibit 4: Share price performance of the covered companies versus the DAX (indexed, 01.10.2025 = 100)



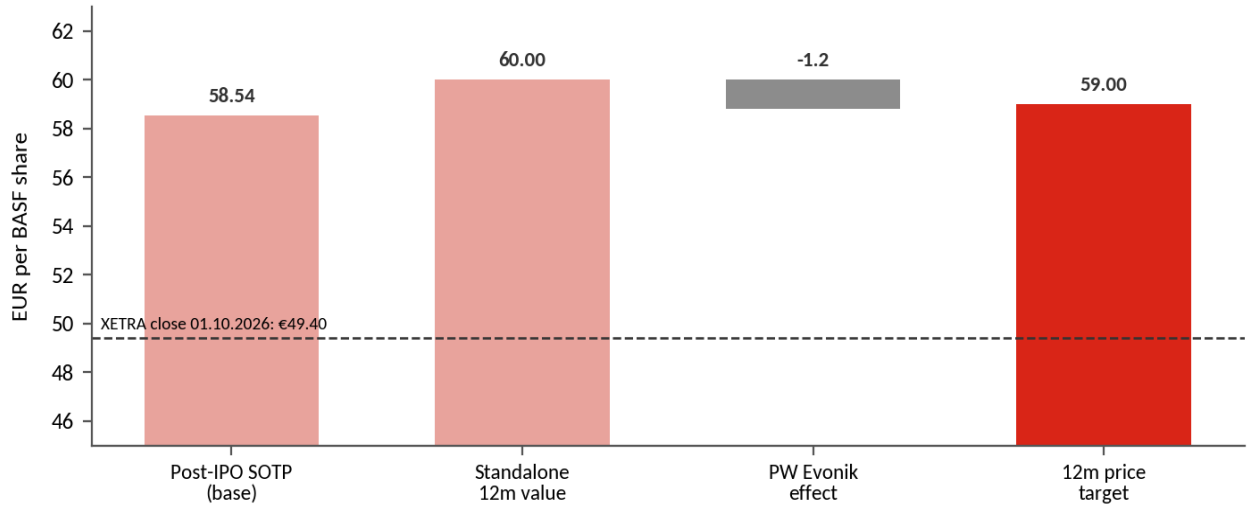
Source: S&P Capital IQ (XETRA closing prices); Yahoo Finance (DAX); Parmantier & Cie. Research. Daily closes 01.10.2025-01.10.2026, rebased to 100.

2. Initiation valuation and estimate framework

2.1 BASF initial valuation framework

BASF initial Buy, 12-month target €59.00, Agricultural Solutions separation plus disciplined consolidation optionality Verified 24.09.2026 Agricultural Solutions leadership and operating-model announcement is a readiness milestone, not a forecast [R]. Group 2027E EBITDA bsi €7.8bn, of which Agricultural Solutions €2.275bn (Bernstein 22.09.2026 cross-check) [C/A]. Base Agricultural Solutions EV €27.3bn (12x); ~€5.77bn IPO proceeds reduce debt once; 30% fair-value minority deducted separately. 17x (€38.675bn) is a control ceiling. Confirmed Evonik approach (25.09.2026) [R]: we deduct ~€1.2/share probability-weighted; a cash-heavy offer before IPO proceeds would invalidate the Buy [A].

Exhibit 5: BASF initial price-target triangulation



Source: Parmantier & Cie. Research initial valuation [A]. Pre-IPO cross-check: 100% Agricultural Solutions with net debt before proceeds. Peer-framework cross-check: Morgan Stanley's 8.5x group multiple, net debt and minority adjustments (27.03.2026) applied to the EUR 7.3bn midpoint of BASF 2026 guidance [C/G/A].

How we set the initial EUR 59.00 BASF target. An Agricultural Solutions fair EV of EUR 27.3bn and 2027E group EBITDA bsi of EUR 7.8bn yield a post-IPO base SOTP of EUR 58.54 per share; a pre-IPO full-ownership SOTP is about EUR 60.06, and we set standalone 12-month value at EUR 60.00. The confirmed Evonik approach adds a probability-weighted deduction of ~EUR 1.2 per share (Exhibit on outcomes, Section 8), reflecting overpayment and dilution risk in cash-heavy structures. On BASF's EUR 49.40 close (01.10.2026), the price upside is 19.4%; adding an assumed EUR 2.25 dividend gives 24.0% total return: Buy [A/R].

What drives the target. The valuation depends on disclosure and execution of the Agricultural Solutions separation, not on an Evonik deal, and not on an undisclosed takeover of Agricultural Solutions. The 24 September organisation announcement is an operating-readiness milestone; the 24 November Capital Markets Day, carve-out accounts and the 2027 listing window are the next measurable catalysts. For Evonik, the decisive variable is consideration mix: the more shares and the later the timing (after IPO proceeds), the smaller our deduction [R/A].

Exhibit 6: BASF initial segment EBITDA estimates (EUR m)

Segment	FY2025A	2026E	2027E	2028E	Initial assumption
Agricultural Solutions	2,081	2,050	2,275	2,450	Bernstein 2027E €2,275m; self-help, volume recovery; 24.09 operating setup [C/R/A]
Materials	1,575	1,850	1,900	2,000	2026 MDI benefit partly persists, not perpetual [A]
Chemicals	853	1,450	1,450	1,550	Modest price/mix and utilisation recovery [A]
Industrial Solutions	1,200	1,300	1,400	1,500	Fixed-cost absorption [A]
Nutrition & Care	649	760	860	900	Self-help and mix [A]
Surface Technologies	800*	500	500	500	Coatings sold 01.07.2026; residual catalysis [R/A]
Corporate / other	(604)	(610)	(585)	(600)	Cost controls and intersegment adjustments [A]
Group	**6,053**	**7,300**	**7,800**	**8,300**	2026 management midpoint; 2027 below Bernstein €7,885m [G/C/A]

Source: S&P Capital IQ FY2025 segment data (standardised EBITDA) and BASF FY2025 EBITDA before special items €6,554m [R]; different metric definitions. Group 2026 €7.3bn midpoint of company EBITDA bsi guidance (29.07.2026) [G]. PCR 2027E €7.8bn [A].

Company / metric	2026E PCR	2027E PCR	2028E PCR	2029E PCR	Latest consensus 26 / 27 / 28	Variance vs consensus	Key assumption
BASF Revenue	63,000	65,000	67,000	69,000	63,488 / 64,518 / 66,329	-0.8% / +0.7% / +1.0%	Agricultural Solutions and rest-of-group volume/mix; 24.09 organisation [A]
EBITDA bsi / margin	7,300 / 11.6%	7,800 / 12.0%	8,300 / 12.4%	8,700 / 12.6%	7,576 / 7,585 / 8,307	-3.6% / +2.8% / -0.1%	Agricultural Solutions 2027E €2,275m; normalised rest €5,525m [C/A]
EBIT	3,400	3,800	4,250	4,650	3,562 / 3,609 / 4,277	-4.5% / +5.3% / -0.6%	D&A and portfolio effects [A]
EPS (EUR)	3.30	2.95	3.50	4.00	3.53 / 2.55 / 3.28	-6.5% / +15.7% / +6.7%	Assumed 30% Agricultural Solutions float with minority income [A]
FCF	1,800	2,750	3,150	3,500	2,149 / 2,959 / 3,089	-16% / -7% / +2%	Seasonal working capital; capex discipline [A]
Net debt	16,500	14,730	13,700	12,500	n/a	n/a	2027 after ~€5.77bn net secondary IPO proceeds [A]
Evonik Revenue	14,600	14,500	14,950	15,400	14,778 / 14,591 / 14,948	-1.2% / -0.6% / 0.0%	Portfolio exits offset volume recovery
Adj. EBITDA / margin	2,100 / 14.4%	2,050 / 14.1%	2,150 / 14.4%	2,250 / 14.6%	2,196 / 1,999 / 2,099	-4.4% / +2.6% / +2.4%	Temporary pricing fades; restructuring adds back
EBIT	1,100	1,050	1,150	1,250	1,162 / 1,001 / 1,057	-5.4% / +4.9% / +8.8%	Disposals and closures improve quality
EPS (EUR)	1.15	1.25	1.40	1.55	1.13 / 1.23 / 1.14	+2% / +2% / +23%	Lower exceptional burden over time
FCF	750	800	850	900	810 / 819 / 798	-7% / -2% / +6%	Cash conversion normalizes
Net debt	3,500	3,350	3,200	2,950	n/a	n/a	Dividends and disposal proceeds included
LANXESS Revenue	5,700	5,850	6,050	6,250	5,766 / 5,880 / 6,035	-1.1% / -0.5% / +0.3%	No full industrial recovery

Company / metric	2026E PCR	2027E PCR	2028E PCR	2029E PCR	Latest consensus 26 / 27 / 28	Variance vs consensus	Key assumption
EBITDA / margin	430 / 7.5%	520 / 8.9%	600 / 9.9%	650 / 10.4%	487 / 554 / 605	-11.7% / -6.1% / -0.8%	More conservative 2026-27 normalization
EBIT	10	90	140	185	16 / 93 / 98	-37% / -3% / +43%	High D&A; self-help visible by 2028
EPS (EUR)	(2.80)	(1.60)	(0.80)	0.20	(2.88) / (1.77) / (1.73)	better / better / better	Exceptional charges fall
FCF	30	70	150	200	55 / 75 / 136	-45% / -7% / +11%	Working capital and capex normalize
Net debt	2,050	1,950	1,209	1,000	n/a	n/a	EUR 700m Envalior proceeds assumed in 2028
Wacker Revenue	5,850	6,000	6,100	6,300	5,710 / 5,904 / 6,200	+2.5% / +1.6% / -1.6%	Silicones and semi recovery
EBITDA / margin	720 / 12.3%	790 / 13.2%	854 / 14.0%	930 / 14.8%	674 / 728 / 805	+6.8% / +8.5% / +6.1%	PACE and mix offset solar weakness
EBIT	250	330	414	490	196 / 232 / 311	+28% / +43% / +33%	Normalized charges and lower capex
EPS (EUR)	2.20	3.80	5.00	6.20	1.84 / 3.56 / 4.07	+20% / +7% / +23%	No large acquisition
FCF	180	220	300	350	199 / 190 / 229	-10% / +16% / +31%	Capex below D&A; PACE delivery
Net debt	500	400	300	100	n/a	n/a	Includes both Siltronic placements

Exhibit 7: BASF 2027E valuation bridge, €bn (illustrative IPO with 30% secondary float)

Component	Bear	Base	Bull
Rest of BASF EV	36.20	42.31	48.42
Agricultural Solutions EV (2027E EBITDA × multiple)	18.45 (2.05×9x)	27.30 (2.275×12x)	35.00 (2.50×14x)
Coatings, Harbour and financial stakes	1.90	2.60	3.30
Group EV	56.55	72.21	86.72
Less group 2027E net debt after IPO cash	(17.19)	(14.73)	(12.57)
Less 30% Agricultural Solutions minority at FAIR equity (EV less allocated debt)	(4.22)	(7.08)	(9.60)
BASF equity value	35.15	50.40	64.55
BASF per share, €	40.83	58.54	74.98

Source: PCR [A], reflecting BASF US Agricultural Solutions release 24.09.2026 [R]; 2027E Agricultural Solutions EBITDA €2,275m cross-check Bernstein 22.09.2026 [C]. Pre-proceeds 2027 net debt €20.5bn; fair minority equity deducted separately. Listed minority is not a second source of BASF proceeds.

How to read the Agricultural Solutions bridge. Enterprise value is attached to the whole Agricultural Solutions business, whether BASF subsequently sells a minority or not. In the illustrative 30% secondary IPO, cash received reduces BASF's debt, but 30% of the subsidiary's *equity* then belongs to new shareholders. Subtracting a minority interest at the enterprise value rather than equity value would over-penalise BASF for allocated Agricultural Solutions debt; keeping 100% of Agricultural Solutions after deducting IPO cash from net debt would overstate BASF equity. The table separates those steps. The €38.675bn control sensitivity is deliberately outside the base bridge: it assumes a buyer pays a

strategic premium for all of Agricultural Solutions, whereas a listed minority would carry neither control nor an established free-float valuation [A].

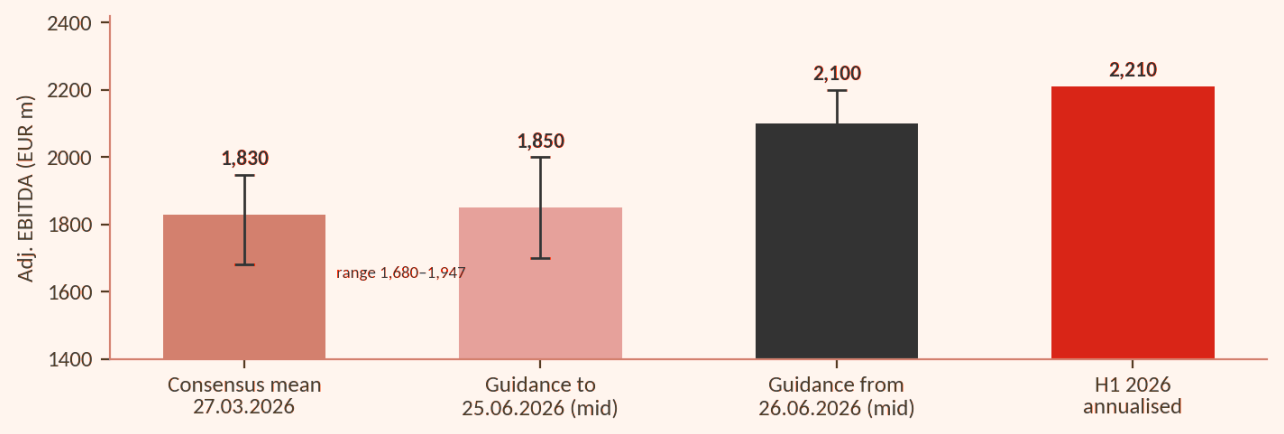
What makes this a capital-allocation story rather than a listing date trade. A separately traded crop-science business could disclose margins, cash conversion, pipeline economics and governance more clearly than the consolidated BASF segment note. Better disclosure can reduce the conglomerate discount before the first share is sold, but only if the new entity can fund seasonal working capital and R&D without shifting hidden costs back to BASF. We would judge the IPO by the equity value realised *after* debt allocation, taxes and separation costs, and by the multiple assigned to the retained chemical businesses, not by gross proceeds in isolation [A].

2.2 Initial Parmantier & Cie. estimates versus consensus

Exhibit 8: Initial Parmantier & Cie. estimates versus latest available consensus (EUR m)

Source: Company reports; S&P Capital IQ; Parmantier & Cie. Research initial estimates [A]. Consensus: latest structured estimates available for BASF, Evonik, LANXESS and Wacker, retrieved 22.09.2026 [C]. The data provider did not expose a snapshot date or 2029 estimates; consensus is therefore shown for 2026-2028 only. Values are EUR m except EPS and margins.

Exhibit 9: Evonik 2026E EBITDA: estimates have moved up ~15% in six months



Source: Consensus mean and range (Refinitiv) per Morgan Stanley, 27.03.2026 [C]; Evonik guidance EUR 1.7-2.0bn (AGM, 03.06.2026) raised to EUR 2.0-2.2bn (26.06.2026) and reaffirmed 04.08.2026 [G]; H1 2026 adjusted EBITDA EUR 1,105m (Q1 EUR 475m, Q2 EUR 630m) annualised [R/A].

Time-stamp the comparison. Morgan Stanley's attached sector work is dated 27 March 2026. Its estimates explain what a supply-constrained, upstream-led call looked like before BASF's July results, Evonik's August interim report and the September BASF approach; they are not a current consensus poll. We keep that historical comparison to identify the direction and sources of earnings surprise. Our initial 2026-2029 forecasts in Exhibit 8 use the later operating disclosures; where structured consensus does not provide a 2029 figure or an auditable snapshot date, the comparison is omitted rather than manufactured. The decision-useful question is whether upgrades reflect volumes and permanent cost removal, or temporary prices against the Middle East supply disruption [C/A].

Source: Morgan Stanley, Industrial Chemicals, 27.03.2026, pp. 1, 17-18, 21-22 [C]; BASF H1 2026 and Evonik H1 2026 reports [R]; Parmantier & Cie. Research [A].

The Evonik pattern is the core of our differentiation. Company guidance and consensus have moved up about 15% since March and the share price sits below the EUR 18 target Morgan Stanley set on the lower base. The two subsequent broker actions we verified are both cuts: Goldman to neutral in June and Morgan Stanley to Equal-weight on 15.09.2026 [C]. The market has read the upgrade as a windfall and valued the pre-restructuring portfolio. We agree the upgrade was partly a windfall. We disagree that the portfolio is static.

Exhibit 10: Initial estimates, second-row coverage

Company / metric	2026E	2027E	2028E	2029E	Basis
SGL Carbon Revenue	860	890	930	970	PCR assumption [A]
EBITDA / margin	120 / 14.0%	126 / 14.2%	135 / 14.5%	145 / 14.9%	PCR assumption [A]
EBIT	70	75	82	90	PCR assumption [A]
EPS (EUR)	0.35	0.40	0.47	0.55	PCR assumption [A]
FCF	30	35	42	50	PCR assumption [A]
Net debt	100	85	65	40	PCR assumption [A]
K+S Revenue	4,050	4,150	4,250	4,350	PCR assumption [A]
EBITDA / margin	720 / 17.8%	700 / 16.9%	720 / 16.9%	740 / 17.0%	Operating EBITDA; 2026E = guidance midpoint [G/A]
EBIT	250	230	250	270	EBITDA less ~EUR 470m D&A [A]
EPS (EUR)	1.00	0.90	1.00	1.10	PCR assumption [A]
FCF	70	120	180	220	2026E per guidance range [G/A]
Net debt	150	450	400	300	Qemetica EUR 350m in Q1 2027 [R/A]
AlzChem Revenue	620	670	720	770	PCR assumption [A]
EBITDA / margin	125 / 20.2%	138 / 20.6%	150 / 20.8%	163 / 21.2%	PCR assumption [A]
EBIT	100	112	124	137	PCR assumption [A]
EPS (EUR)	7.00	7.80	8.60	9.40	PCR assumption [A]
FCF	45	50	55	60	PCR assumption [A]
Net debt / (cash)	(35)	(60)	(85)	(115)	PCR assumption [A]

Source: Parmantier & Cie. Research initial estimates [A]. No current structured consensus series was retrieved for the second-row names; the report does not infer one. K+S is driven by the potash cycle rather than the European chemicals thesis.

3. Industry thesis: from dismantling to a confirmed consolidation approach

Kullmann at the Handelsblatt chemistry conference: consolidation is coming, but a cyclical upswing is not assured
Kullmann explicitly anticipated European chemicals consolidation. At the Handelsblatt Jahrestagung Chemie in Berlin on 20 May 2026 (Reuters, same day), Evonik CEO Christian Kullmann said: "Wir sind in Europa unter Druck… Steht uns eine Konsolidierung der europäischen Chemie ins Haus? Ja." And: "Wird die nur im eigenen Saft stattfinden, Europäer zwischen Europäern? Nein… Die wird sehr viel offener sein." In the same speech: "Wir werden ein starkes zweites Quartal sehen, das im Wesentlichen durch Hamsterkäufe und die Notwendigkeit zu produzieren getrieben ist" and "Ein Aufschwung ist nicht absehbar." [R] Kullmann has been medically absent since late August; Claus Rettig is interim CEO from 01.09.2026 [R, Evonik, 27.08.2026].

Kullmann's statement supports the consolidation thesis directly. At the Handelsblatt chemistry conference, he anticipated a more open process involving outside capital, not only combinations between European producers. Portfolio sales, separations and closures are part of that process; a sponsor-led whole-company acquisition followed by disposals is another possible route. BASF's subsequently confirmed Evonik approach adds a documented strategic-buyer route. None of these developments guarantees a transaction or a broad cyclical recovery [R/A].

Exhibit 11: Confirmed events are sales, separations and closures, plus, since 25.09.2026, one confirmed takeover approach

Event	Type	Status	Common driver
ADNOC acquires Covestro	Foreign takeover	Completed [R]	Sovereign cost of capital
BASF Coatings to Carlyle / QIA, EUR 7.7bn EV	Divisional disposal	Closed 01.07.2026 [R]	Deleveraging; focus
BASF Agricultural Solutions hive-down and IPO	Separation	Shareholder-approved 30.04.2026; coordinators mandated 14.09.2026 [R]	Conglomerate discount
BASF Harbour Energy sell-down	Stake monetisation	Tranche completed 09.2026 [R]	Balance sheet
Wacker Siltronic placements (26.05, 22.09)	Stake monetisation	Completed; ~EUR 359m gross [R]	Balance sheet; refocus
LANXESS Envalior tender	Stake monetisation	Advent declined 2026; windows 2027/28 [R]	Balance sheet
Evonik Oxeno and Syneqt	Divisional disposal	In process [R]	Exit of commodity chains
Evonik Hamburg and Bitterfeld closures	Capacity rationalisation	Announced 11.09.2026 [R]	Asian supply; low utilisation
BASF-Evonik	**Potential voluntary public takeover**	**Confirmed non-binding approach; exploratory talks; no offer or terms (25.09.2026) [R]**	Scale versus Asia; RAG diversification
Wacker-LANXESS	**Full-company merger**	**No report of any kind [H]**	-

Source: Company releases and filings as dated; Dealreporter via Seeking Alpha/TradingView, 21.09.2026 [M]; Parmantier & Cie. Research.

Exhibit 12: Most plausible consolidation pathways, ranked

Rank	Type	Why
1	Restructuring-led value creation without M&A	Under way at every covered name; no financing or approval risk [R]
2	Asset-level transactions and stake monetisations	Siltronic, Envalior, Harbour, Coatings, Oxeno, Syneqt: the dominant confirmed pattern [R]
3	Spin-offs and IPOs	BASF Agricultural Solutions; unlocks value without a buyer [R]
4	Equity-funded full-company mergers	Now confirmed as an approach (BASF-Evonik) [R]; only structure that protects single-A; shareholder dilution resistance [A]
5	Private-equity takeovers and joint ventures	Carlyle/QIA (Coatings), Advent (Envalior) show appetite for carve-outs, not public German majors [R/A]
6	Debt-funded consolidation	Least favoured: 3x+ leverage, rating pressure, value transfer to targets [A]

Source: Parmantier & Cie. Research.

Exhibit 13: Why consolidation can create or destroy value

Value-creating channel	Evidence in our coverage	Value-destroying channel	Evidence in our coverage
Capacity rationalisation	~9% of European capacity withdrawn since 2022 [C]; Bitterfeld closure [R]	Overpayment	€10bn for Evonik equals EUR 21.46 per share, below our EUR 23.12 base [A]: a fair price for BASF is a bad one for Evonik holders
Lower conglomerate discount	Agricultural Solutions separate reference multiple [R/A]	Combining challenged assets	BASF-Evonik overlap sits in PU catalysts and coating additives, not in winners [A]
Deleveraging	Siltronic: Wacker net debt -40% [R/A]; Agricultural Solutions proceeds ~EUR 5bn [A]	Excess leverage	All-cash BASF-Evonik 3.28x; Wacker-LANXESS 3.6x [A]
Realised disposal multiples	Coatings at EUR 7.7bn EV [R]	Loss of high-quality assets	Agricultural Solutions is 32% of BASF segment EBITDA on 15% of revenue [R]
Takeover premia	Covestro [R]	Antitrust and political risk	Co-determination; works-council negotiations at Evonik closures [R]

Source: Parmantier & Cie. Research.

Exhibit 14: Consolidators, targets and exposed subsectors

Role	Who	Rationale
Consolidators: capital-rich outsiders	ADNOC/XRG, sovereigns, Asian majors	Only buyers with the cost of capital to act counter-cyclically; proven by Covestro [R]
Consolidators: private capital	Advent, Carlyle and sector sponsors	Carlyle/QIA bought BASF Coatings; Advent controls Envalior [R]
Consolidators: European strategics	BASF (confirmed approach for Evonik); Arkema; Wacker for bolt-ons	BASF: share-heavy or post-IPO only; others after balance-sheet repair [R/A]
Targets	Evonik (approached), Oxeno, Syneqt, LANXESS assets, SGL Carbon	Depressed valuations, motivated holders, formal processes [R/A]
Most exposed subsectors	C4/butadiene, intermediates, PU catalysts and coating additives, site services	Chronic overcapacity; no natural European owner [R/A]
Least exposed	Crop protection, biocides, pharma intermediates, oil additives	Qualification barriers: assets owners keep, or sell at full value [A]

Source: Parmantier & Cie. Research; company disclosures.

Exhibit 15: Consolidation evidence classified: what is confirmed and what is not

Category	Events	Status
Completed transactions	ADNOC/Covestro; BASF Coatings to Carlyle/QIA (closed 01.07.2026)	[R]
Confirmed approaches	BASF → Evonik (non-binding; exploratory talks; 25.09.2026)	[R]
Announced disposals / processes	Evonik Oxeno and Syneqt; Siltronic and Harbour stake sales; Envalior tender windows	[R]
Separations / IPOs	BASF Agricultural Solutions (readiness mid-2027; coordinators mandated)	[R]
Capacity closures	Evonik Hamburg and Bitterfeld; BASF Ludwigshafen restructuring	[R]
Media-reported discussions	Advisers and earlier BASF work on Evonik (FT, Dealreporter)	[M]
Speculative targets	LANXESS or its assets; SGL Carbon	[A]; no report
Unrelated company-specific actions	Wacker PACE savings; LANXESS job cuts	[R]

Source: Company releases and filings as dated; media reports as labelled; Parmantier & Cie. Research [A].

Why the confirmed approach changes the probability distribution. Before 25 September every confirmed event was a sale, separation or closure. A confirmed approach by the sector's largest company, directed also at the anchor holder, shows that full-company consolidation is under active consideration at board level. That raises the probability of the value-creating channels, capacity rationalisation, pricing discipline, lower overhead and more transparent equity stories, but also of the value-destroying ones: overpayment, excess leverage and speculation overcapitalised in share prices. Our framework rewards the former only where balance sheets and consideration mix allow it [A].

Consolidation is a process, not a multiple. The economics differ across three routes. A site closure removes capacity and can improve industry spreads, but it usually creates severance, remediation and stranded overhead before the margin benefit arrives. An asset sale crystallises a price and may reduce debt, but the selling group also gives up earnings and may retain shared services. A full-company merger allows procurement and site decisions across both groups, but adds a control premium and the burden of financing a business with its own pension and lease obligations. The market should pay most readily for the first two routes once signed, and give a much lower probability to the third until consideration, regulatory perimeter and RAG's position are disclosed [A].

Why a European champion is not by itself a thesis. Scale can improve purchasing, logistics and negotiating capacity; it cannot repeal the European energy differential, reset customers' qualification approvals or allow competitors to co-ordinate prices. Consolidating overlapping high-cost plants may be valuable if management actually closes the marginal capacity and preserves key customers. It destroys value if political or labour conditions keep both footprints intact. We distinguish a stronger *company* from a stronger *industry*: EBITDA synergies can accrue to BASF even where the global price of basic chemicals continues to be set by the Chinese or Middle Eastern marginal exporter [A].

4. Cycle, energy and China: what the recovery does and does not need

Our position in one line. The Q2 2026 strength was mainly a supply windfall; we accept that. The investment case does not need it to last, because it rests on disposals, closures and asset values. What it does need is that the energy gap and Chinese export pressure do not worsen from here.

A short-cycle bounce has four stages. Restocking first fills the distribution channel and lifts orders before final demand improves; higher throughput then spreads labour and maintenance costs over more tonnes; constrained spot products may subsequently recover price; finally, free Cashflow either rises or disappoints as receivables and inventories absorb cash. A company can report strong EBITDA at stage two while still producing weak first-half Cashflow. This is why the 2026 supply shock and a sustainable 2027 recovery are different claims. For BASF we look for persistent Chemicals and Materials volumes after the temporary Q2 price benefit unwinds. For Evonik we look for structural savings outside methionine and C4. For LANXESS we require FCF after interest and restructuring, not merely a higher reported EBITDA [A].

Exhibit 16: Five-year record: the trough and the 2026 windfall

EUR m	2021	2022	2023	2024	2025	H1 2026
BASF revenue	78,598	87,327	68,902	61,444	59,657	33,226
BASF EBITDA	10,594	10,229	6,186	6,131	6,053	4,663
BASF EBITDA margin	13.5%	11.7%	9.0%	10.0%	10.1%	14.0%
BASF free cash flow	3,713	3,334	2,716	748	1,343	(1,564)
Evonik revenue	14,955	18,488	15,267	15,157	14,069	7,319
Evonik EBITDA	2,155	2,333	1,795	1,993	1,713	1,070
LANXESS revenue*	6,101	8,088	6,714	6,366	5,673	2,939
LANXESS reported EBITDA*	740	852	420	521	332	186
LANXESS EBITDA pre exceptionals	n/a	n/a	n/a	n/a	n/a	246
Wacker revenue	6,208	8,209	6,402	5,722	5,485	2,924
Wacker EBITDA	1,407	1,808	686	667	456	384

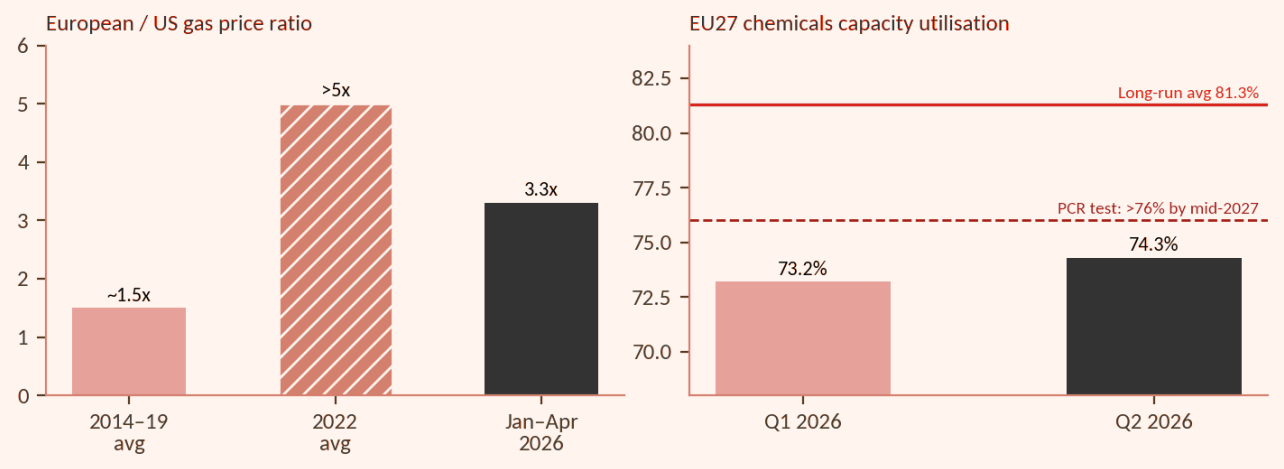
*Source: S&P Capital IQ standardised financials; company reports. *LANXESS 2021-22 include High Performance Materials, contributed to Envalior in 2023; the comparable recovery range is EUR 500-750m. Wacker H1 2026 = Q1 + Q2 reported. LANXESS H1 2026 is corrected to official reported EBITDA EUR 186m, with EBITDA pre exceptionals EUR 246m shown separately (H1 report, p. 2); prior-year provider history is not silently relabelled as adjusted EBITDA.*

Exhibit 17: What the 2026 uplift was made of, in the words of those who reported it

Source (date)	Statement	Label
Evonik Q2 release (04.08.2026)	"Higher volumes and selling prices due to supply chain bottlenecks outside of Europe"	[R]
Berenberg on BASF Q2 (07.2026)	Beat "helped by exceptional ammonia and [MDI] prices"; many commodity chemicals already retracing	[C]
mwb research, BASF downgrade (02.09.2026)	"Supply-related conditions that supported upstream pricing in Q2 are beginning to normalize… precautionary purchasing has faded"	[C]
Kullmann, Handelsblatt Jahrestagung (20.05.2026)	Q2 strength "im Wesentlichen durch Hamsterkäufe"; "Ein Aufschwung ist nicht absehbar"	[R]
VCI (2026)	German chemical production expected to fall 1.5% in 2026; H1 -3%	[R]

Source: As dated; MT Newswires; Reuters; company releases.

Exhibit 18: The two conditions we monitor: the gas gap and utilisation



Source: Cefic, Chemical Trends Report Q2 2026 (06.2026): European gas +40% and US -17% between April 2025 and April 2026; EU27 utilisation 74.3% in Q2 2026 vs 73.2% in Q1 and an 81.3% long-run average [R]. 2022 ratio shown as a floor. PCR falsification threshold [A].

Exhibit 19: Energy sensitivity: EBITDA and equity value per EUR/MWh move in gas-equivalent cost

Company	Assumed exposure	Moderate -5	Bullish -15	Extreme -25	Adverse +10
BASF	45 TWh	+225m / +4.7%	+675m / +14.0%	+1,125m / +23.2%	(450)m / -9.3%
Evonik	12 TWh	+60m / +4.1%	+180m / +12.2%	+300m / +20.3%	(120)m / -8.1%
LANXESS	4 TWh	+20m / +17.6%	+60m / +52.9%	+100m / +88.2%	(40)m / -35.3%
Wacker	10 TWh	+50m / +7.3%	+150m / +21.9%	+250m / +36.5%	(100)m / -14.6%

Source: Parmantier & Cie. Research. Neither company discloses gas volumes; exposures are our assumptions and the grid is a framework, not a derived elasticity [A]. Equity impact at current multiples, gross of hedging and pass-through. Near-term margin effect only; closure and stranding risk is separate and not symmetric.

The cost curve has a timing dimension. Morgan Stanley's March 2026 report argued that Middle East feedstock disruption could lift Asian landed naphtha costs ahead of the comparable European costs, allowing European upstream producers to regain some orders. That is a dated scenario, not proof of a permanent reversal in European competitiveness. Its mechanism is useful: European crackers may benefit from a short-lived relative-cost advantage even while European gas remains structurally more expensive than in the United States. Inventories can buffer input-cost changes; feedstock costs may lag market prices by several weeks, while downstream customers may resist repricing for months. A favourable quarterly spread can therefore be followed by a cash outflow and, if trade flows normalise, a margin reversal [C/A].

Fixed-cost absorption is powerful but bounded. At low utilisation, incremental tonnes of BASF's Chemicals and Materials products can earn a contribution margin well above the segment's reported EBITDA margin because the site, basic staff and utilities infrastructure are already in place. That operating leverage supports our constructive case without assuming a full return to pre-crisis output. The same integrated network becomes a liability when volumes fail to arrive: fixed energy and maintenance spend cannot be shed at the speed of a spot-price decline. Neither Morgan Stanley's March spot case nor our gas sensitivity should be annualised without checking product mix, downtime, hedges, logistics and the duration of Asian import relief [C/A].

What would change the interpretation? We would gain confidence if the improvement survives two quarters of normalised Asian feedstock flows, if order growth is accompanied by lower days of inventory rather than channel filling, and if pre-working-capital operating cash converts into reported FCF. Conversely, crude sustained above Morgan Stanley's dated US$120/bbl stress marker would risk demand destruction even as Europe's relative feedstock position improved. We do not use that threshold as a forecast for September 2026; it identifies the point at which a cost-curve benefit could be overwhelmed by lost end-market volumes [C/A].

Source: Morgan Stanley, Industrial Chemicals, 27.03.2026, pp. 1-6, 17 [C]; Cefic Chemical Trends, June 2026 [R]; Parmantier & Cie. Research [A].

4.1 China: what "50-100% of revenues lost" means, and where it is right

Taken literally at company level the claim is wrong: peak-to-trough revenue fell 24-32% at BASF, Evonik and LANXESS, and the EU still ran a EUR 6.7bn chemicals trade surplus in Q1 2026 [R/Cefic]. But consolidated revenue understates the damage. The claim is directionally valid at product level: in standard intermediates, chlorosilanes, solar polysilicon and basic olefins, Europe has lost most of the incremental market and much of the profit pool, and has forgone capacity investment it will not now make. Evonik named "increasing supply from Asia" as the reason for closing Bitterfeld [R, 11.09.2026].

Exhibit 20: Defensible versus vulnerable businesses

Defensible, and why	Vulnerable: value on a structurally lower base
Crop protection: registration data, patents, national approvals. BASF Agricultural Solutions at 21.6% margin [R]	Methionine: global and scale-driven (Evonik) [C]
Biocides and material protection: registration barriers. LANXESS Consumer Protection 14.9% [R]	C4 chain and butadiene: Oxeno now being divested [R]
Pharma intermediates and CDMO: site named in customer filings. Evonik Custom Solutions 16.2% [R]	Commodity polymers and basic olefins in Europe [C]
Semiconductor-grade polysilicon: purity and multi-year qualification (Wacker) [R]	Standard intermediates: LANXESS Advanced Intermediates 7.3% [R]
Catalysts, oil additives, formulated chemistry: qualification [A]	Solar-grade polysilicon: Chinese cost dominance (Wacker) [R]

Source: Company segment data FY2025 (S&P Capital IQ); Parmantier & Cie. Research.

Is Chinese pressure permanent? Partly. The cost advantage in coal-based and integrated commodity chains is structural. The export intensity is not: China has begun rolling back export tax rebates on selected chemicals and easing property policy [C, Goldman Sachs, 10.02.2026], and Berenberg sees "more concerted action against overcapacity" in silicon chemicals [C]. We price the structure, not the peak in export pressure.

Import displacement and demand are not the same variable. The March Morgan Stanley thesis assumed Asian feedstock scarcity would make some imported chemicals less competitive in Europe; it did not require the European auto or construction customer to consume more material. A producer could temporarily recover share of a flat market and report better utilisation. We therefore ask whether the recovery is in net realised price, tonnes sold to end-users, or tonnes sold to a distributor rebuilding inventory. The risk to the thesis is that Chinese exports resume at lower prices when Asia's input chain normalises: a re-gained share of the market may then prove temporary, especially in unqualified

commodity grades. That risk is smaller in formulations where registration, purity, customer trials and supply assurance matter more than the spot tonne price [C/A].

Source: Morgan Stanley, Industrial Chemicals, 27.03.2026, pp. 1-4 [C]; Parmantier & Cie. Research sector and product analysis [A].

5. Where we differ from the Street

Exhibit 21: Sell-side audit: dated positions and how they compare with ours

Date	Institution	Action	Cycle view	Agree / differ	Signal type
24.11.2025	Deutsche Bank	BASF Buy→Hold, PT 51→45; warned of an EBITDA decline and 11% downside to consensus	Bearish	Falsified: H1 EBITDA +12.4%, guidance raised	Lagging: trough extrapolation
28.01.2026	Kepler Cheuvreux	Prefers BASF, Bayer; avoids Evonik; H&R to Reduce	Selective	Agree on H&R; differ on Evonik ("structural")	Best Evonik bear case
10.02.2026	Goldman Sachs	Arkema, Evonik, Symrise to Buy; LANXESS to neutral	Pro-cyclical	Closest to us, seven months earlier; later cut Evonik	Leading; narrows our edge
27.03.2026	Morgan Stanley	BASF Top Pick (PT 58); Evonik to OW (PT 18); LANXESS PT 20 incl. EUR 9 Envalior	In-Line; upstream over downstream	Agree on Envalior; BASF SOTP EUR 66 used EBITDA above guidance	Best-quality source
15.09.2026	Morgan Stanley	Evonik OW→EW; PT 21→18	Cautious	A round trip in under six months	Consensus instability
02.09.2026	mwb research	BASF downgrade on normalising upstream pricing	Cautious	Agree on the windfall; reflected in our 2027E estimates	Useful counterargument
22.09.2026	mwb research	Wacker upgraded to Buy, PT raised	Constructive	Agree	Confirming
24.09.2026	JPMorgan	Underweight BASF and Evonik; BASF-Evonik deal "eher unwahrscheinlich"	Cautious: windfall to fade	Differ: approach now confirmed; agree on windfall	Useful counterargument
25.09.2026	Deka / Union Investment (buy-side)	Evonik valuation "attractive"; deal could strengthen specialties	Consolidation logical	Agree on logic; differ on price discipline	Investor-support signal

Source: Investing.com (Goldman Sachs, 10.02.2026; Deutsche Bank, 24.11.2025); Deutsche Börse/dpa-AFX (Kepler Cheuvreux, 28.01.2026); Morgan Stanley research, 27.03.2026; MT Newswires (mwb, 02.09.2026 and 22.09.2026; MS Evonik, 15.09.2026) [C].

Exhibit 22: Which consensus assumptions we reject, and which we accept

We reject WHAT IS ALREADY PRICED IN • Current price reflects the pre-restructuring portfolio and a partial reversal of the Q2 supply windfall. WHAT THE MARKET MAY BE MISPRICING • The market may be underestimating disposal value, the quality of Custom Solutions and the durability of cost savings.	We accept
That low multiples at Evonik reflect a static portfolio: the impaired units are being sold or closed	That the Q2 2026 uplift was mainly a supply windfall, and 2027 estimates for upstream names will fall
That LANXESS equity is a levered bet on the cycle: it is mostly an asset (Envalior) plus a small stub	That European energy is a lasting structural disadvantage
That merger optionality supports BASF: it is a tail risk for BASF holders	That Chinese cost advantages in commodity chains are structural
That Siltronic proceeds make Wacker a bidder: they make it a better standalone investment	That BASF is valued with IPO upside under normalized initial estimates
That Chinese export intensity is a permanent constant	That Kullmann does not forecast an upswing, and he is closer to the data than we are

Source: Parmantier & Cie. Research.

Why this initiation differs. Goldman published a pro-cyclical sector call in February 2026 and Morgan Stanley made BASF its Top Pick in March; both later reversed on Evonik [C]. Our initial view is anchored in asset values and corporate action rather than sustained spreads, and our estimates explicitly normalize the temporary 2026 upstream windfall.

Use the broker work as a counterfactual. In March Morgan Stanley favoured European upstream exposure: BASF's integrated crackers, Evonik's methionine and C4, and a temporary reduction in Asian imports. Its BASF spot framework suggested around €7.4bn annualised EBITDA and explicitly warned that working capital could consume roughly 3.3 percentage points of FCF yield at that point in time. By September BASF had raised full-year guidance, Evonik had guided to €2.0-2.2bn adjusted EBITDA and the first two companies were discussing a possible transaction. That sequence makes the March call a strong explanation of *how* the 2026 earnings uplift arrived, but a weak standalone reason to pay a takeover premium now. Our incremental claim is that portfolio action and lower fixed costs can preserve part of the gain after the transient spreads fade; the burden of proof remains with cash flow [C/R/A].

Source: Morgan Stanley, Industrial Chemicals, 27.03.2026, pp. 1, 17, 21, 24 [C]; BASF and Evonik H1 2026 reports [R]; Evonik EQS and BASF releases 25.09.2026 [R]; Parmantier & Cie. Research [A].

6. Initial risk/reward assessments

One page per core name: initial rating and target, current valuation, scenario values, probability weighting, catalysts, risks, what is priced in, what the market may be mispricing and the evidence that would invalidate the thesis.

Initial risk/reward assessment: Evonik Industries AG (EVK.DE)

Initial rating	Price target	Price 01.10.26	Upside	12m TR	Div. yield
HOLD	**EUR 20.50**	**EUR 20.62**	**-0.6%**	**+4.3%**	**4.8%**

SCENARIO VALUES

Case	EUR/sh	vs price	Key assumptions
Positive (25%)	30.79	+49.3%	2028E adj. EBITDA EUR 2,450m at 7.0x; disposals at full value
Base (40%)	23.12	+12.1%	EUR 2,150m at 6.5x; restructuring delivered
Downside (35%)	13.65	-33.8%	EUR 1,750m at 5.75x; windfall reverses
PW incl. BASF	20.57	-0.2%	Section 8.10; reported EUR 22.15 rejected [M]

KEY EARNINGS INPUTS

EUR m	2025A	2026E	2027E	2028E
Adj. EBITDA	1,900	2,100	2,050	2,150
Margin	13.5%	~14.5%	~14.5%	~15%
Net debt	3,248	~3,500	~3,350	3,200
ND/EBITDA	1.7x	1.7x	1.6x	1.5x

WHY HOLD?

■ Strategic value up: approach confirmed by Evonik, BASF and RAG (25.09.2026) [R]; a documented floor, not yet an offer.
■ Standalone upside narrowed: +19.6% versus the EUR 17.24 unaffected price; ~65% of a 30%-premium move already priced [R/A].
■ Earnings base credible: guidance EUR 2.0-2.2bn; H1 EUR 1,105m; Moody's Baa1 (27.08.2026) [R/G].
■ Income: EUR 1.00 DPS (4.8%) within the 40-60% payout policy [R].
■ Negotiating gap: standalone base EUR 23.12 > 30% offer; BASF needs ~EUR 0.9bn synergies to pay 30% [A].

WHAT IS ALREADY PRICED IN

• ~65% of the move to a 30% offer and a restructuring-led earnings base.

WHAT THE MARKET MAY BE MISPRICING

• The fallback if BASF withdraws is ~EUR 18, not the unaffected price: disposals and RAG's sell-down attract other buyers.

RISKS TO OUR VIEW

To the upside

• Oxeno or Syneqt sold above 6x EBITDA
• Formal BASF offer ≥ EUR 23 or a rival approach
• Methionine tightness persists

To the downside

• Windfall unwinds harder: 2027 adj. EBITDA below EUR 1.8bn
• Execution under an interim CEO
• BASF withdraws; RAG sells on market
• Chinese pressure in intermediates

CATALYSTS

• § 10 WpÜG decision or RAG statement; Q3 statement (Nov 2026)
• Oxeno signing; Syneqt process from 2027 [R]
• FY2026 results and first dividend under new policy (Mar 2027)
• Clarity on permanent CEO

WHAT WOULD PROVE US WRONG

• 2027 adj. EBITDA below EUR 1.8bn
• BASF withdraws and Oxeno clears below 5x
• Dividend set below the 40-60% range

Source: Evonik releases 26.06.2026, 04.08.2026, 27.08.2026, 11.09.2026 and 22.09.2026 [R/G]; Moody's 27.08.2026 [R]; Dealreporter 21.09.2026 [M]; Parmantier & Cie. Research estimates [A].

Initial risk/reward assessment: LANXESS AG (LXS.DE)

Initial rating	Price target	Price 01.10.26	Upside	12m TR	Div. yield
BUY (spec.)	**EUR 21.00**	**EUR 12.40**	**+69.4%**	**+70.2%**	**0.8%**

SCENARIO VALUES

Case	EUR/sh	vs price	Key assumptions
Bull	50.85	+310.1%	2028E op. EBITDA EUR 750m at 7.0x; Envalior EUR 900m; net debt EUR 0.9bn
Base (40%)	31.16	+151.3%	EUR 600m at 6.5x; Envalior EUR 700m in 2027/28; net debt EUR 1.2bn
Bear (25%)	5.11	-58.8%	EUR 400m at 5.5x; Envalior only EUR 400m; equity largely impaired
12m target	21.00	+69.4%	Base value discounted for timing and a 35% risk of a second Advent refusal [A]

KEY EARNINGS INPUTS

EUR m	2025A	2026E	2027E	2028E
EBITDA	332	430	520	600
Margin	5.9%	~7.5%	~9%	~10%
Net debt	2,036	~2,050	~1,950	1,209
ND/EBITDA	6.1x	4.8x	3.8x	2.0x

WHY BUY (SPECULATIVE)?

■ The equity is mostly an asset: 40.94% of Envalior, valued by Morgan Stanley at EUR 606-777m [C]; operating business priced at ~EUR 370m of equity at EUR 12.40 [A].

■ Contractual exits: Advent declined in 2026 (05.03.2026); tender windows in 2027 and 2028 [R].

■ Liquidity is not the problem: >EUR 1.35bn undrawn lines; October 2026 bond repayment secured [R].

■ Self-help: 550 further job cuts, EUR 100m savings by 2028 [R]; Consumer Protection at 14.9% margin [R].

■ Extreme gearing: EUR 10/MWh on gas moves equity ~35% [A]. This gearing amplifies both upside and downside risk.

WHAT IS ALREADY PRICED IN

• Current price reflects solar-polysilicon stress and a charge-heavy 2025.

WHAT THE MARKET MAY BE MISPRICING

• The market may be using stale net debt and underestimating PACE retention and the specialty tail of silicones and semi-grade polysilicon.

RISKS TO OUR VIEW

To the upside

• Advent exercises in the 2027 window

• Sale of selected assets at full value

• Gas below EUR 35/MWh through a winter

To the downside

• Advent declines again in 2027 (35%)

• Gas sustained above EUR 60/MWh

• Chinese pressure in Advanced Intermediates

• Refinancing at wider spreads

CATALYSTS

• Q3 statement 05.11.2026 [R]

• Envalior tender window 2027 [R]

• FY2026 results (Mar 2027)

WHAT WOULD PROVE US WRONG

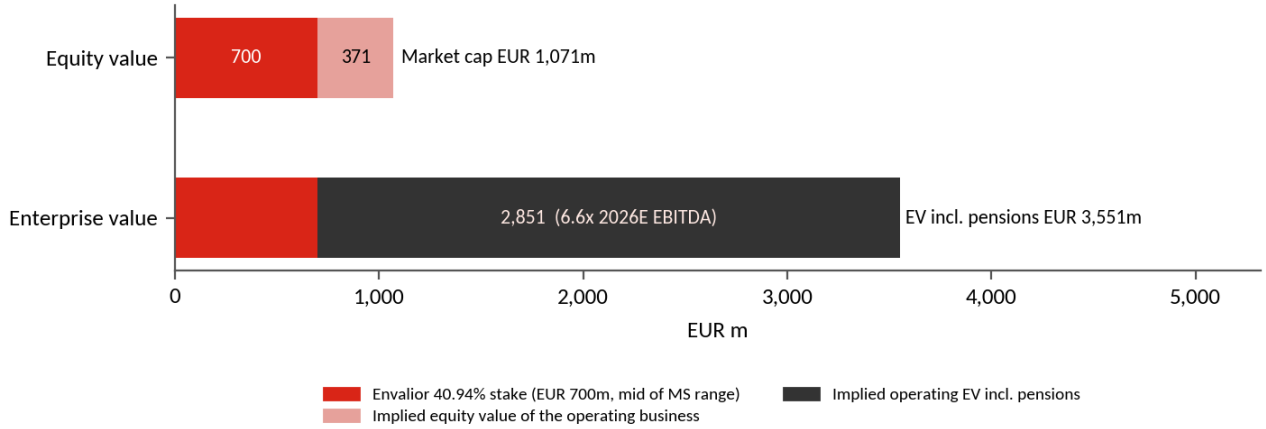
• Advent declines in 2027: we would withdraw the Buy

• 2027 EBITDA below EUR 450m

• Net debt above EUR 2.3bn

Source: LANXESS releases 23.09.2025, 05.03.2026, 19.03.2026 [R]; Morgan Stanley 27.03.2026 [C]; S&P Capital IQ; Parmantier & Cie. Research [A]. Probability of permanent capital loss ~18% [A].

Exhibit 23: LANXESS: the Envalior stake explains most of the equity value



Source: S&P Capital IQ (market cap 01.10.2026, net debt 30.06.2026); pensions ~EUR 421m per Morgan Stanley FY2025e, not re-verified [C]; Envalior EUR 700m = midpoint of Morgan Stanley EUR 606-777m [C]; Parmantier & Cie. Research [A].

Initial risk/reward assessment: Wacker Chemie AG (WCH.DE)

Initial rating	Price target	Price 01.10.26	Upside	12m TR	Div. yield
BUY	**EUR 106.00**	**EUR 87.50**	**+21.1%**	**+21.1%**	**nil***

SCENARIO VALUES

Case	EUR/sh	vs price	Key assumptions
High-upside	188.61	+116%	2028E EBITDA EUR 1,156m (17%) at 7.5x; net cash EUR 0.2bn (10%)
Constructive	146.82	+68%	EUR 992m (15.5%) at 7.0x (25%)
Base (50%)	113.75	+30%	EUR 854m (14%) at 6.5x; Siltronic stake EUR 400m (40%)
Low (25%)	65.02	-26%	EUR 605m (11%) at 6.0x; silicones relapse (25%)

KEY EARNINGS INPUTS

EUR m	2025A	2026E	2027E	2028E
EBITDA	456	720	790	854
Margin	8.3%	~12.3%	~13%	14.0%
Net debt	886	~500	~400	~300
ND/EBITDA	1.9x	0.7x	0.5x	0.4x

WHY BUY?

■ Recovery is in the numbers: Q2 EBITDA EUR 211m, EUR 175m ex a one-off pension gain; Q3 guided at the same level; H1 +64% [R].

■ Cheaper than screens show: ~6.2x operating EV / 2026E EBITDA after updating net debt and valuing Siltronic separately [A].

■ Balance sheet repaired: two Siltronic placements, ~EUR 359m gross; net debt ~EUR 554m pro forma, 0.8x [R/A].

■ Contracted self-help: PACE saves >EUR 300m a year from 2028, >50% retained in EBITDA; capex EUR 300-400m below D&A [R].

■ Genuine moats in specific lines: nearly half of all chips use Wacker hyperpure polysilicon; VAE market leader [R].

WHAT IS ALREADY PRICED IN

• Current price reflects the fact of the Agricultural Solutions separation and a mid-cycle residual multiple.

WHAT THE MARKET MAY BE MISPRICING

• The market may be underestimating execution milestones and deleveraging, but our base SOTP indicates limited current mispricing.

RISKS TO OUR VIEW

To the upside

• Chinese silicone discipline

• US polysilicon footprint decision

• Sale of the residual ~15% Siltronic stake after Lock-up

To the downside

• Silicone prices: ±5% = ±20.5% equity [A]

• Solar polysilicon; US policy "disappointing" [R]

• Family control limits free float (33.09%) [R]

• A large leveraged acquisition (<2%) [H]

CATALYSTS

• Q3 results 28.10.2026 [R]

• Lock-up expiry on residual Siltronic ~Dec 2026 [R]

• Polysilicon footprint decision (2027)

WHAT WOULD PROVE US WRONG

• Q3 EBITDA well below EUR 175m

• Silicone pricing relapse

• A leveraged acquisition of LANXESS or similar

Source: Wacker releases 26.05.2026 and 22.09.2026; Capital Markets Day (Reuters, 17.09.2026); dpa-AFX 17.09.2026 [R]; MT Newswires (mwb 22.09.2026) [C]; Parmantier & Cie. Research [A]. Probability-weighted 2028E value EUR 117 [A].

Initial risk/reward assessment: BASF SE (BAS.DE)

Initial rating	Price target	Price 01.10.26	Upside	12m TR	Div. yield
BUY	**EUR 59.00**	**EUR 49.40**	**+19.4%**	**+24.0%**	**4.6%**

SCENARIO VALUES

Case	EUR/sh	vs price	Key assumptions
Bull	74.98	+51.8%	Agricultural Solutions €2.50bn at 14x; stronger rest-of-group
Base	58.54	+18.5%	Agricultural Solutions €2.275bn at 12x; 30% minority deducted
Bear	40.83	-17.3%	Agricultural Solutions €2.05bn at 9x; weak chemical cycle
Control tail	+9.25	incremental	17x vs 12x EV on retained 70%; NOT the IPO

KEY EARNINGS INPUTS

EUR m	2025A	2026E	2027E	2028E
EBITDA (bsi)	6,554	7,300	7,800	8,300
Net debt	19,123	16,500	14,730	13,700
ND/EBITDA	-	2.3x	1.9x	1.7x
DPS (EUR)	2.25	2.25	2.25	2.25

WHY BUY?

■ Agricultural Solutions at €2.275bn × 12x = €27.3bn base EV; 17x control ceiling €38.675bn [C/A].
■ Agricultural Solutions organisation 24.09; U.S. leadership 01.10; global setup 01.01.2027 [R].
■ Evonik approach confirmed 25.09.2026; exploratory, outcome open [R]. We deduct ~€1.2/share PW for overpayment risk [A].
■ SOTP €58.54 base, €74.98 bull, €40.83 bear; target €59 [A].
■ 4.6% dividend yield; deepest liquidity in coverage [R/A].

RISKS TO OUR VIEW

To the upside

• Crop-protection pure-play clears at >12x; US setup yields tangible commercial gains
• Middle East disruption keeps upstream spreads high through 2027
• TTF below EUR 35/MWh

To the downside

• 2027 group EBITDA bsi below €7.3bn or Agricultural Solutions below €2.0bn
• Agricultural Solutions IPO deferred beyond 2028 (20%)
• Cash-heavy Evonik offer before Agricultural Solutions proceeds (11%)
• Rhine logistics

CATALYSTS

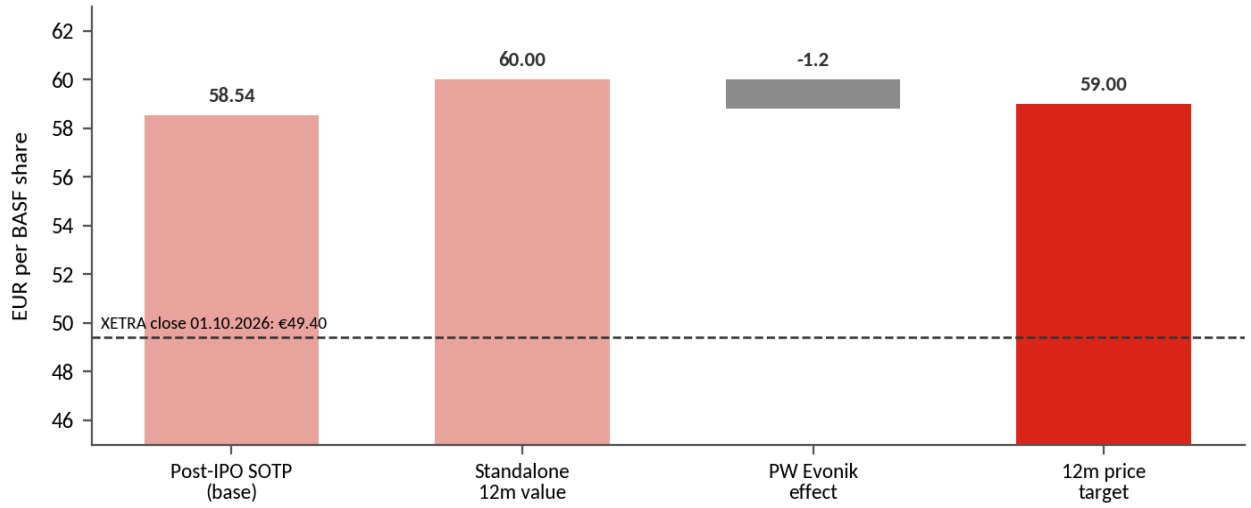
• Q3 results 28.10.2026; any § 10 WpÜG decision on Evonik
• 24.11.2026 Agricultural Solutions Capital Markets Day; carve-out accounts H1 2027
• Agricultural Solutions IPO readiness mid-2027 [R]

WHAT WOULD PROVE US WRONG

• Buy invalid if Agricultural Solutions CMD targets imply <22% margin in 2029 or readiness slips beyond 2028
• Buy withdrawn if BASF commits to >50% cash for Evonik before Agricultural Solutions proceeds, or the IPO is abandoned

Source: BASF Q2 release and guidance (29.07.2026); spin-off report 18.03.2026; AGM 30.04.2026; mandate of global coordinators 14.09.2026 [R/G]; Parmantier & Cie. Research estimates [A]. DPS assumed flat at EUR 2.25 [A].

Exhibit 24: BASF initial valuation methods (repeated for reference)



Source: Parmantier & Cie. Research.

7. BASF: segments, sum-of-the-parts and the Agricultural Solutions IPO

Company view: BASF SE, the Agricultural Solutions separation carries the value; the Evonik bid must not consume it

Investment case in one paragraph. We initiate BASF at Buy with a EUR 59 target because the market price of EUR 49.40 (01.10.2026) pays little more than our bear-to-base range for the chemical businesses and gives only partial credit for an Agricultural Solutions business that is being prepared, legally and organisationally, to stand alone. The confirmed approach for Evonik is the principal new risk to that case, not an additional source of upside: it can destroy value if BASF pays a control premium in cash before Agricultural Solutions proceeds are banked, and it can create value only if the consideration is share-heavy, the price stays close to Evonik's intrinsic value, and the synergies are genuinely incremental [R/A].

What BASF is after the 2026 portfolio moves. The group now reports four core segments, Chemicals, Materials, Industrial Solutions and Nutrition & Care, and two standalone segments, Surface Technologies and Agricultural Solutions [R: BASF release 25.09.2026]. Coatings was sold to Carlyle/QIA at an enterprise value of EUR 7.7bn and closed on 01.07.2026; a Harbour Energy tranche was sold in September [R]. In other words, BASF has already done what we argue the sector should do: it has sold businesses without Verbund integration and used the proceeds to protect the balance sheet. The Evonik approach sits awkwardly with that logic, because it would buy a site-based specialty group that is not physically connected to BASF's Verbund sites. We read it as a portfolio swap, standalone assets out, core-adjacent specialties in, rather than a return to conglomerate building [R/A].

The earnings bridge. FY2025 EBITDA before special items was EUR 6,554m; management guides EUR 6.9-7.7bn for 2026, and we model EUR 7.3bn in 2026E and EUR 7.8bn in 2027E [R/G/A]. The composition matters more than the total. Chemicals rises from a depressed EUR 853m to ~EUR 1.45bn in our 2026E, reflecting the Middle East supply shock that raised Asian feedstock costs ahead of European costs, the mechanism Morgan Stanley described in March [C]. We deliberately do not annualise that windfall. Our

2027E instead rests on three slower drivers: fixed-cost absorption at sites running well below historical utilisation, the Ludwigshafen restructuring, and Agricultural Solutions growing from EUR 2,081m to EUR 2,275m of EBITDA before special items [R/C/A]. If the upstream spread normalises faster than we assume, the first casualty is the Chemicals segment, and our 2027E group figure could fall towards EUR 7.3bn; that is the single most important estimate risk in the BASF case [A].

Agricultural Solutions: why it anchors the valuation. In 2025 Agricultural Solutions produced EUR 2,081m of EBITDA before special items on EUR 9,587m of sales, a 21.7% margin, roughly a third of segment EBITDA from about one-sixth of sales [R]. At 12x 2027E EBITDA the business is worth EUR 27.3bn; the 17x Syngenta-style control ceiling gives EUR 38.675bn, which we treat as a sensitivity, not a target [C/A]. The organisational announcement of 24.09.2026, dedicated leadership, U.S. management from 01.10.2026 and a global operating setup from 01.01.2027, is the clearest evidence that the IPO path is real [R]. Scope Ratings' commentary on the bid (circulated 28.09.2026) makes the complementary point from the credit side: if BASF funds an Evonik bid mainly with debt, the Agricultural Solutions IPO changes from a source of credit upside into a necessary deleveraging tool [C, as provided to PCR]. Our valuation already treats IPO proceeds as debt reduction, not as a fund for acquisitions.

The buyback: faster execution, not a bigger programme. BASF's current tranche of up to EUR 1.0bn runs from August 2026 to the end of April 2027 and is part of a EUR 4bn programme to 2028; the company states it will cancel the repurchased shares [R]. In the week of 21-25 September BASF bought 838,832 shares for EUR 43.1m, about 30% more than the 644,178 shares of the prior week, and 400,000 shares, 48% of the weekly total, on Friday 25 September alone, the day the stock fell 3.6% on the Evonik news [R]. Cumulative purchases reached 5,025,589 shares and ~EUR 260m by 25.09.2026, i.e. 26% of the tranche after ~21% of its scheduled duration. We read this as price-sensitive execution by the mandated bank within an unchanged programme, not as a decision to increase the buyback. It is nonetheless informative that the programme has not been suspended: a board planning an all-cash bid would normally preserve cash rather than keep retiring shares [R/A].

Exhibit 25: BASF share buyback, tranche August 2026 - April 2027

Week	Shares bought	Amount (EUR m)	Avg. price (EUR)	Comment
03.08-07.08	545,000	27.9	51.13	Launch
10.08-14.08	695,000	35.4	50.97	
17.08-21.08	557,966	28.6	51.33	
24.08-28.08	591,251	30.7	52.00	
31.08-04.09	484,017	25.7	53.18	Lowest weekly volume
07.09-11.09	669,345	35.3	52.80	
14.09-18.09	644,178	33.6	52.11	
21.09-25.09	838,832	43.1	51.36	400,000 shares on 25.09 alone
Cumulative	**5,025,589**	**260.4**	**51.81**	**26% of the EUR 1.0bn tranche**

Source: BASF share buyback page and 8th interim report, 28.09.2026 [R]; average prices are PCR calculations from reported amounts and share counts [A]. Repurchased shares are to be cancelled [R].

How the market is positioned. Sentiment is sceptical. JPMorgan kept BASF at Underweight with a EUR 40 target on 28.09.2026, arguing that BASF/Evonik is not one of the most obvious European combinations and that business overlap of roughly one-third of sales raises antitrust and divestment

questions; Bloomberg reported a Marshall Wace net short position of 0.5% of BASF's shares as of 25.09.2026 [M]. We regard both as evidence that the downside of an overpriced deal is already partly discussed in the market, the shares fell 3.6% on 25.09, while the Agricultural Solutions value is not. The asymmetry therefore depends on BASF's price discipline, which BASF itself emphasised in its 25.09 statement ("In doing so, BASF takes a disciplined approach") [R/M].

Valuation and what would prove us wrong. Our post-IPO SOTP is EUR 58.54 per share and our standalone 12-month value EUR 60; a probability-weighted Evonik deduction of ~EUR 1.2 gives the EUR 59 target and a 24.0% total return including the EUR 2.25 dividend [A]. Morgan Stanley's March SOTP of EUR 66 used 2026 EBITDA of EUR 8,121m, above the later guidance range; applied to the guidance midpoint the same framework gives ~EUR 57.5 [C/A]. We would withdraw the Buy if BASF commits to more than 50% cash before Agricultural Solutions proceeds, if an agreed price for Evonik exceeds ~EUR 24 without a credible synergy case of at least EUR 0.9bn gross, or if the 24 November Capital Markets Day sets Agricultural Solutions margin ambitions below 22% for 2029 [A]. The next hard dates are the Q3 results on 28.10.2026 and the Capital Markets Day on 24.11.2026 [R/M].

Exhibit 26: BASF segments, FY2025

EUR m	Revenue	EBITDA	Margin	EBIT	Capex	Comment
Agricultural Solutions	9,587	2,081	21.7%	1,500	(351)	32% of segment EBITDA on 15% of revenue
Materials	13,520	1,575	11.6%	722	(940)	Principal beneficiary of the 2026 MDI spike
Industrial Solutions	9,063	1,200	13.2%	786	(391)	Most consistent returns
Chemicals	13,488	853	6.3%	(286)	(2,108)	Crackers; loss-making at EBIT; 44% of segment capex
Surface Technologies	9,010	800	8.9%	587	(116)	Coatings majority since sold
Nutrition & Care	6,961	649	9.3%	133	(662)	Underearning versus specialty peers
Other	3,277	(604)	n.m.	(752)	(219)	Corporate
BASF Group	**59,657**	**6,053**	**10.1%**	**2,473**	**(4,267)**	After EUR -5,311m intersegment items

Source: BASF-Report 2025, Agricultural Solutions third-party revenue €9,587m and EBITDA bsi €2,081m, margin 21.7% [R]; S&P Capital IQ segment data for other groups. €9,650m includes intersegment transfers and is not used as external revenue.

7.1 Independent valuation cross-check

Morgan Stanley's EUR 66 SOTP (27.03.2026) provides a useful peer-method reference but uses EUR 8,121m of 2026 EBITDA, above the subsequent EUR 6.9-7.7bn BASF guidance range [C/G]. Applying the same 8.5x framework to the EUR 7.3bn guidance midpoint produces EUR 57.51 [C/G/A]. Our initial target triangulates that cross-check with a normalized post-IPO SOTP and a pre-IPO SOTP.

Why a value range is more honest than one blended multiple. A group-wide EV/EBITDA multiple capitalises an agricultural business, commodity crackers and additives at the same rate even though their capital intensity, earnings persistence and potential ownership are different. The SOTP assigns separate prices to those profit pools and shows where the BASF target changes when Agricultural Solutions is listed. The DCF cross-check tests the reverse risk: a large terminal value can conceal mediocre returns on capital and high sustaining capex in the chemicals base. Morgan Stanley's March work produced a higher sum-of-the-parts than DCF; we do not interpret the difference as proof of hidden value unless cash generation and a market-clearing transaction validate the segment values [C/A].

Operating assumptions that matter most. Our Agricultural Solutions multiple has the greatest weight, but the residual group is not a plug. A €100m change in sustainable EBITDA at a 7-8x segment multiple moves EV by roughly €0.7-0.8bn, or about €0.8-0.9 per BASF share before tax and minority effects [A]. Chemicals segment EBITDA recovery from the FY2025 depressed base matters because fixed-cost absorption is high; Materials must also hold enough of its 2026 spread benefit after the supply disruption fades. We separate that recovery from the €2.275bn Agricultural Solutions 2027E EBITDA case and from any assumed Evonik synergies. A stronger transaction narrative cannot compensate for a weaker organic earnings bridge [A].

Source: Morgan Stanley, Industrial Chemicals, 27.03.2026, pp. 17-20, 46 [C]; BASF FY2025 and H1 2026 reports [R]; Parmantier & Cie. Research [A].

7.2 Agricultural Solutions IPO: status

Exhibit 27: From intention to filing: the separation timeline

Date	Milestone	Status
18.03.2026	Joint spin-off report (Gemeinsamer Ausgliederungsbericht) on the hive-down of Agricultural Solutions	[R] Regulatory filing
30.04.2026	BASF shareholders approve the carve-out (AGM agenda item 7)	[R] Shareholder resolution
20.07.2026	BASF confirms approach to banks; capital-market readiness mid-2027	[R] Company confirmed
24.09.2026	BASF announces global Agricultural Solutions operating setup for faster decisions and Crop Systems integration; Leta LaRush to lead U.S. from 01.10; global model starts 01.01.2027	[R] company release
21.08.2026	Board member Livio Tedeschi: legal groundwork "essentially complete across Europe and the Americas"	[G] Management
14.09.2026	Citi, Deutsche Bank, Goldman Sachs, JPMorgan mandated as global coordinators; no decision on execution or timing	[R] Company confirmed
Q4 26-Q1 27	Carve-out accounts	[A] Expected
Mid-2027	IPO readiness	[R] Target

Source: BASF filings and releases as dated; MT Newswires 14.09.2026 [R/G].

7.3 Syngenta control precedent: 17x EBITDA is a ceiling, not the IPO base

Exhibit 28: Agricultural Solutions EV/EBITDA sensitivity and Syngenta-style control ceiling

2027E EBITDA basis	9.0x	12.0x	14.0x	17.0x control case
EUR 2,050m (downside)	18,450	24,600	28,700	34,850
EUR 2,275m (Bernstein)	20,475	27,300	31,850	38,675
EUR 2,500m (upside)	22,500	30,000	35,000	42,500
Syngenta 2016 transaction	Equity offer $43bn	2015 net debt $2.586bn	2015 EBITDA $2.777bn	~16.4x; ~17x rounded
Interpretation	Trading low	PCR fair IPO value	Strong listed bull	Control-sale ceiling, not IPO price

Source: Bernstein, BASF: Key Themes Ahead of 3Q26 Results, 22.09.2026 (2027E Agricultural Solutions EBITDA EUR 2,275m) [C]; ChemChina offer statement 03.02.2016 ($43bn equity) and Syngenta 2015 FY results ($2,777m EBITDA, $2,586m net debt) [R]; PCR calculations [A]. Syngenta 16.4x on reported 2015 figures, ~17x rounded; control premium not an IPO multiple.

Exhibit 29: Agricultural Solutions EV sensitivity (2027E EBITDA × EV/EBITDA; €bn)

2027E EBITDA (€m)	9x	10x	11x	12x	13x	14x	17x CONTROL
2,050	18.45	20.50	22.55	24.60	26.65	28.70	34.85
2,275	20.48	22.75	25.02	27.30	29.57	31.85	38.67
2,500	22.50	25.00	27.50	30.00	32.50	35.00	42.50

Source: PCR calculation [A]; Bernstein Agricultural Solutions 2027E EBITDA €2,275m (22.09.2026) [C]; Syngenta 2016 ChemChina control transaction approx. 16.4x reported FY2015 EBITDA on $43bn equity offer plus $2.586bn net debt [R]. 17x is a rounded control sensitivity, not IPO price.

Exhibit 30: Agricultural Solutions: standalone valuation and IPO proceeds

	Bear	Base	Bull
EBITDA 2026E (EUR m) / margin	1,950 / 20.6%	2,050 / 21.7%	2,150 / 22.8%
EBITDA 2027E (EUR m)	2,050	2,275	2,500
EV/2027E EBITDA multiple	9.0x	12.0x	14.0x
Enterprise value (EUR m)	18,450	27,300	35,000
Less allocated net debt and pensions	(4,400)	(3,700)	(3,000)
Equity value (EUR m)	14,050	23,600	32,000
Indicative net proceeds at 30% float*	EUR 3.31bn	EUR 5.77bn	EUR 7.93bn
Annual stranded costs	(200)	(150)	(100)
BASF 2027E net debt after proceeds	~17,186	~14,729	~12,568

Source: BASF H1 2026 report (net debt €17,117m at 30.06.2026) [R]; Bernstein 22.09.2026 (Agricultural Solutions 2027E EBITDA €2,275m) [C]; PCR assumptions [A]. (i) 12.5% discount to fair equity, 30% secondary float, 2% fees, €300m cash separation costs; (ii) €20.5bn pre-proceeds 2027 net debt, after other distributions and cash movements [A].

Who captures the Agricultural Solutions re-rating? BASF only captures the revaluation on the shares it retains and on the cash it receives at issue. If a minority lists at a discount to our estimated fair equity value, the transaction can still help BASF by lowering debt and establishing credible segment disclosure, but the sold percentage does not become worth the later, higher listed multiple to BASF shareholders. Conversely, a high headline IPO price with excessive debt allocated to the new company could make Agricultural Solutions's standalone shares unattractive and constrain a later sell-down. In the base case the retained 70% and the illustrative net proceeds are explicitly reconciled; neither is a separate windfall on top of the full-enterprise-value SOTP [A].

Proof milestones, not assumed completion. BASF's new Agricultural Solutions leadership and operating model, including the U.S. transition, are evidence of separation capability; they do not fix the IPO date or a valuation. The next questions are whether carve-out accounts reconcile to the group, who bears working capital and pension obligations, and whether product pipeline investment can be funded independently. A public market that values the business as a crop-protection company rather than as an integrated seeds-and-traits peer would justify less than the strategic-control sensitivity. The Syngenta multiple reflects a full-company control transaction, not a minority listing: we keep it as a ceiling, not a target for Agricultural Solutions's first trade [R/A].

Source: BASF Agricultural Solutions release 24.09.2026 and IPO-readiness statement 14.09.2026 [R]; Syngenta/ChemChina 2016 offer and FY2015 results [R]; Parmantier & Cie. Research [A].

Exhibit 31: What the BASF market EV implies for Agricultural Solutions at different control and listed values

Implied value of Agricultural Solutions	% of BASF EV	Residual EV (EUR m)	On rest-of-group 2026E EBITDA €5.25bn
EUR 22bn	34%	42,901	8.2x
EUR 27.3bn	42%	37,601	7.2x
EUR 38.675bn	60%	26,226	5.0x

Source: S&P Capital IQ, BASF EV €64,901m (24.09.2026) [R]; BASF 2026 guidance midpoint €7.3bn less Agricultural Solutions €2.05bn PCR estimate [G/A]. €38.675bn is a hypothetical full-control takeout value, not an IPO estimate [A].

Exhibit 32: Probability-weighted share-price path by IPO stage

Stage	Status	Scenario / probability	Weighted
Announcement, approval, advisers	Completed	In the price	0.0%
24 Nov CMD: standalone management and targets	Pending	Credible margin/cash targets 45% / neutral 35% / weak 20%	+2.2%
Carve-out accounts	Pending	Audited cash conversion/standalone cost disclosure	+1.3%
IPO pricing	Earliest mid-2027	Premium pure-play pricing 35% / mid 45% / postponed 20%	+1.6%
Post-IPO trading / deleveraging	Pending	Debt reduction and parent discount closure	+1.8%
Total event-path sensitivity (not added on top of SOTP)			**+6.9% [A]**

Source: PCR illustrative event-path sensitivity [A]. It is not additive to the 2027E SOTP because some events are capitalised in base EV. BASF 24.09.2026 global operating announcement is a completed milestone [R].

7.4 Agricultural Solutions value and Evonik capacity

Section 8.6 combines Agricultural Solutions valuation, IPO proceeds, leverage and Evonik financing capacity in one matrix. The conclusion for BASF shareholders: in our base case the IPO lowers 2027E leverage to ~1.9x but leaves only ~EUR 1.6bn of cash capacity for Evonik within ~2.0x; any transaction therefore has to be paid mostly in shares. Our EUR 59 target embeds a ~EUR 1.2 probability-weighted deduction for the risk that it is not [A].

7.5 Battery Materials: the next separation candidate, not yet the next announced IPO

BASF's Battery Materials business is distinct from the Materials segment. It sits within Surface Technologies and is identified as a standalone business alongside Environmental Catalyst and Metal Solutions. BASF's 2025 annual report describes reduced fixed costs and capital spending, customer contracts to use existing capacity, and cooperation opportunities along the value chain. It does not announce a Battery Materials IPO [R: BASF Report 2025, pp. 17–18].

After Agricultural Solutions, a Battery Materials flotation is therefore a possible next portfolio step, alongside a partner, joint venture or partial sale [H]. Listing readiness would require standalone audited accounts, a clear debt and technology perimeter, utilisation visibility, customer concentration disclosure and sustainable cash generation. Battery Materials' 2025 sales to third parties were EUR 642m; Surface Technologies EBITDA must not be treated as Battery Materials EBITDA [R: BASF Report 2025, p. 76]. No IPO date, proceeds or incremental value are included in our EUR 59 BASF target [A].

Exhibit 27A: BASF separation pipeline—confirmed plan versus hypothetical optionality

Business	Status	Valuation treatment
Agricultural Solutions	IPO-readiness target for 2027; execution remains conditional [R]	Existing 12x base valuation; no change
Battery Materials	Standalone business; possible IPO / partner / partial sale [H]	No assumed IPO timing, proceeds or valuation uplift
Materials segment	Core business; not the battery carve-out [R]	Retained in the existing core-business valuation

Source: BASF Report 2025, pp. 17–18 and 76; Parmantier & Cie. Research [A/H].

8. BASF-Evonik: confirmed approach, unconfirmed transaction

Status: CONFIRMED NON-BINDING APPROACH, no offer, no terms, no agreement
Evonik (ad hoc notice under Art. 17 MAR, 25.09.2026, 15:12 CEST): the Executive Board "has received a non-binding approach from BASF SE regarding a voluntary public takeover offer for all shares of the company. Currently there are no talks taking place." [R]
BASF (release P-26-172, 25.09.2026): BASF "confirms exploratory talks with RAG-Stiftung and Evonik … The course and outcome of these exploratory talks remain open at this stage." [R]
RAG-Stiftung (43.8%) confirmed that it was approached by BASF (MT Newswires, Dow Jones, Reuters, 25.09.2026) [R, via newswires]. No party has disclosed a price, structure, financing, due-diligence arrangement or timetable. Everything quantitative below is a Parmantier & Cie. scenario [A].

8.1 What is confirmed, what is reported, and what remains unknown

Exhibit 33: BASF-Evonik: what is confirmed, what is reported, and what remains unknown

Item	Status	Evidence	Source / date	Investment implication
BASF approach	Confirmed	Non-binding approach regarding a voluntary public takeover offer for all Evonik shares	Evonik ad hoc, 25.09.2026 [R]	Consolidation probability rises; still not an offer
BASF statement	Confirmed	Exploratory talks with RAG and Evonik; outcome "open"; acquisitions must "strengthen its core businesses"; "disciplined approach"	BASF P-26-172, 25.09.2026 [R]	Signals a price ceiling and discipline
Evonik board response	Confirmed (limited)	"Currently there are no talks taking place"; no comment beyond legal obligations	Evonik ad hoc, 25.09.2026 [R]	No reasoned statement due: no offer exists

Item	Status	Evidence	Source / date	Investment implication
RAG-Stiftung	Contact confirmed; stance unknown	43.8% holder confirmed the approach; declined comment to the FT	MT Newswires, Dow Jones 25.09.2026 [R]; FT via Seeking Alpha [M]	RAG is the gatekeeper
Advisers / preparatory work	Reported	BASF talking to advisers "since earlier this year"; in contact with banks	FT, via Reuters and Seeking Alpha, 25.09.2026 [M]	Seriousness signal; unverified
Original report	Reported	Dealreporter (21.09.2026): BASF explored a deal; one source called BASF "cash constrained", IPO first	Seeking Alpha, 21-25.09.2026 [M]	Financing is the binding constraint
Transaction terms	Unconfirmed	"None of the companies said how much money BASF was putting on the table"	Dow Jones / WSJ, 25.09.2026 [R]	All premiums here are scenarios [A]
Cash-and-share structure	Scenario only	No structure disclosed by any party	-	Modelled in Section 8.4 [A]
RAG rollover or anchor position	Scenario only	Not disclosed; RAG reportedly aims to cut its stake to 25.1% over the medium term; on 30.09.2026 RAG stated that a complete sale is possible under its statutes with board-of-trustees approval	Reuters via MarketScreener, 25.09.2026 [M]	A ~50% anchor in BASF is not plausible (8.5)
Synergies	Unverified	No management estimate; EUR 650-700m circulates in market commentary only	Market reports [M]	PCR gross range EUR 500-800m [A]
Financing	Unconfirmed	No commitment disclosed; BASF net debt EUR 17,117m at 30.06.2026	BASF H1 2026 report [R]	Cash capacity limited before IPO proceeds
Due diligence, exclusivity, standstill	Unconfirmed	None disclosed	-	No evidence of a signed process
Completion timetable	Unconfirmed	No § 10 WpÜG decision published	-	Earliest realistic closing 2027-28 [A]
Stakeholder comment	Investors only	Deka: low valuation "makes it an attractive potential partner"; Union Investment: could strengthen specialties; JPMorgan (24.09): deal unlikely, Underweight both. Political: NRW SPD (30.09.2026), "Evonik ist keine Beute" [M]; no labour or regulator comment identified	Reuters 25.09.2026; Trading-Treff 24.09.2026 [M]	Investor support in principle; sell-side sceptical
Active at report date	Open	BASF: talks "remain open"; Evonik: no talks "currently"	25.09.2026 [R]	Live but early-stage

Source: Evonik EQS ad hoc 25.09.2026; BASF news release P-26-172 25.09.2026; MT Newswires and Dow Jones/WSJ 25.09.2026 (WSJ original paywalled; Dow Jones syndicated text used); Reuters 25.09.2026; FT as reported by Reuters and Seeking Alpha; Trading-Treff 24.09.2026. [R] = company or regulatory disclosure; [M] = media/market report.

8.2 Legal and process framework

Exhibit 34: What the approach does and does not trigger under German takeover law

Requirement	Rule	Status 01.10.2026	Implication
Ad hoc disclosure	Art. 17 MAR	Published by Evonik 25.09.2026 after media reports	Leak ended any delay of disclosure
Decision to make an offer	§ 10 WpÜG: publish without undue delay	Not published by BASF	No formal offer process has started
Offer document	§ 14 WpÜG: submit to BaFin within four weeks of § 10	n/a	Weeks between any decision and a document
Minimum price	§ 31 WpÜG; §§ 4-5 WpÜG-AngebV: ≥ 3-month VWAP before § 10 and ≥ highest price paid in prior six months	n/a	A late § 10 lifts the floor through leak-affected prices
Share consideration	§ 31(2) WpÜG: liquid shares on an EEA organised market; cash alternative if ≥5% bought for cash	n/a	BASF shares qualify: all-share offer is feasible
Mandatory offer	§ 35 WpÜG: 30% control; exemption if control via a voluntary takeover offer	n/a	Buying RAG's 43.8% outside an offer triggers a mandatory offer
Target board	§§ 27, 33 WpÜG: reasoned statement; neutrality, with supervisory-board exceptions	No statement due	Evonik's view matters only once an offer exists
BASF shareholders	§§ 182, 202 AktG: capital increase via AGM or authorised capital	Authorised capital volume not verified [A]	A large all-share deal may need an EGM
Merger control	EU Merger Regulation	n/a	Phase II risk in additives and catalysts [A]
Post-offer integration	§ 293 AktG domination agreement (75% AGM); squeeze-out at 90% (merger) or 95%	n/a	Minimum-acceptance threshold central to terms

Source: WpÜG, WpÜG-AngebV, AktG, MAR, statutory framework summarised by Parmantier & Cie., not legal advice [A]; status per company releases of 25.09.2026 [R].

8.3 Strategic rationale, separate from financial feasibility

Why now. Three drivers are evidenced. First, BASF frames acquisitions as those that "strengthen its core businesses" [R]; Evonik's additives, care and nutrition activities sit next to BASF's core Industrial Solutions and Nutrition & Care segments [R/A]. Second, Evonik trades at 6.3x 2026E adjusted EBITDA on an unaffected, pension-inclusive basis (Exhibit below), so a buyer with a stronger equity currency acquires earnings at a discount, the point Deka's Linus Vogel made publicly [M]. Third, the RAG-Stiftung has reportedly signalled a reduction toward 25.1% [M], turning the blocking stake into a motivated seller; on 30.09.2026 it added that its statutes permit a complete sale with board-of-trustees approval [R]. Two further drivers are inferences: the Agricultural Solutions IPO (readiness mid-2027) creates a funding path, and Evonik's interim leadership since 01.09.2026 weakens its negotiating position [R/A].

Is it consistent with "Winning Ways"? Only partly. Reuters reports that Kamieth seeks to exit or separate businesses not closely integrated with BASF's Verbund sites [M]. Evonik is a site-based specialty group with its own integrated locations; buying it adds businesses that are not Verbund-connected. The coherent reading is a portfolio swap: sell standalone businesses (Coatings, Agricultural Solutions) and buy core-adjacent specialties that feed Industrial Solutions and Nutrition & Care. It is not a return to crackers, and the C4 chain (Oxeno) is already being sold by Evonik [R/A].

Does consolidation improve capacity discipline? At the margin in PU additives, coating additives and C4, yes; in methionine and silica BASF adds nothing. Combining two high-cost European asset bases does not close the 3.3x Europe/US gas-cost gap. Its real value is that closure decisions across overlapping assets would sit with one owner, the only synergy neither company can achieve alone [A].

The best case is selective, not comprehensive. BASF might gain customer intimacy and formulation expertise from Evonik's additives and care businesses without needing to own every peripheral asset. An asset swap, minority investment or staged divestment of C4/site services could preserve those complementarities while lowering antitrust overlap. A whole-company offer is much harder to square with BASF's stated intention to simplify standalone operations: the buyer would have to integrate Evonik's own site networks, restore its earnings after temporary methionine and C4 tightness, and dispose of businesses whose separation Evonik has already begun. We give a lower probability to a full deal because this portfolio work is not optional once a premium has been paid [R/A].

Exhibit 35: Portfolio overlap and complementarity

Evonik business	BASF adjacency	Overlap	Fit with BASF core	PCR view
Coating additives	Dispersions, resins, formulation additives	Medium-high	Core-adjacent	Synergy and antitrust hotspot
PU additives and amine catalysts	PU systems and catalysts (Materials)	High	Core	Most likely remedy
Care Solutions (actives, emollients, biosurfactants)	Care Chemicals (Nutrition & Care)	Medium	Core	Complementary in actives
Animal nutrition (methionine)	Vitamins, feed enzymes	Low	Core-adjacent	Cross-selling; no overlap
Silica, hydrogen peroxide	Customer (HPPO), not competitor	Low	Non-core	Retain or sell
High-performance polymers (PA12, PEEK)	Engineering plastics (PA6/66, PBT)	Low-medium	Core (Materials)	Adjacent end-markets
Oil additives	Lubricant additives	Medium	Core-adjacent	Moderate overlap
Catalysts (base-metal, precious-metal powder)	Process and hydrogenation catalysts	Medium	Core-adjacent	Niche overlap
C4 chain (Oxeno), being divested	Cracker C4, oxo alcohols	High	Core (Chemicals)	Exclude or remedy
Site services (Syneqt), being divested	Verbund site services	n.m.	Non-core	Excluded

Source: Company segment and product disclosures [R]; Parmantier & Cie. classification [A]. Overlap grades are qualitative and not verified by merger filings.

8.4 Transaction model: purchase price and capital structure

Exhibit 36: Evonik purchase price: premium to unaffected equity and implied multiples

Case	Offer / share	Equity	+ Net fin. debt	+ Pensions	+ Minorities	Purchase EV	EV / 26E EBITDA	EV / 26E EBIT	EV / 27E EBITDA
Unaffected (21.09.2026)	17.24	8,034	3,620	1,538	61	13,253	6.3x	12.0x	6.5x
Market (01.10.2026)	20.62	9,609	3,620	1,538	61	14,828	7.1x	13.5x	7.2x
+20% premium	20.69	9,641	3,620	1,538	61	14,860	7.1x	13.5x	7.2x
+24.5% (= EUR 10bn equity)	21.46	10,000	3,620	1,538	61	15,219	7.2x	13.8x	7.4x
+30% premium	22.41	10,444	3,620	1,538	61	15,663	7.5x	14.2x	7.6x
+40% premium	24.14	11,247	3,620	1,538	61	16,466	7.8x	15.0x	8.0x

Source: Evonik H1 2026 report, net financial debt EUR 3,620m, pensions EUR 1,538m, non-controlling interests EUR 61m (30.06.2026); 2026 adj. EBITDA guidance EUR 2.0-2.2bn [R]; XETRA closes [R]; PCR 2026E adj. EBITDA EUR 2,100m, adj. EBIT EUR 1,100m, 2027E adj. EBITDA EUR 2,050m [A]. Lease liabilities (EUR 845m) treated as within net financial debt [A]; pensions shown pre-tax. EUR m unless stated.

Versus history and precedents. At 7.1-7.8x 2026E adjusted EBITDA including pensions, a 20-40% premium is not expensive by specialty-chemicals standards and sits close to the 7.0x our positive standalone Evonik case applies to 2028E EBITDA. The constraint is not the multiple; it is BASF's balance sheet and the synergy hurdle [A].

Exhibit 37: Financing structures at a 30% premium: leverage, dilution, EPS and rating

Structure	Cash (EUR m)	New BASF shares (m)	Dil.	PF net debt	ND/EBITDA pre-IPO	Post-IPO	Add. interest	2027E EPS, pre-syn.	With EUR 500m synergies	Single-A?
All cash	10,444	-	-	31,181	3.32x	2.70x	366	+12.6%	+26.7%	No
50/50 cash and shares	5,222	105.7	12.3%	25,959	2.76x	2.15x	183	+4.9%	+17.5%	Marginal, post-IPO
RAG shares / free float cash	5,870	92.6	10.8%	26,607	2.83x	2.22x	205	+5.7%	+18.5%	Marginal, post-IPO
All shares	-	211.4	24.6%	20,737	2.21x	1.59x	-	-1.3%	+10.1%	Yes

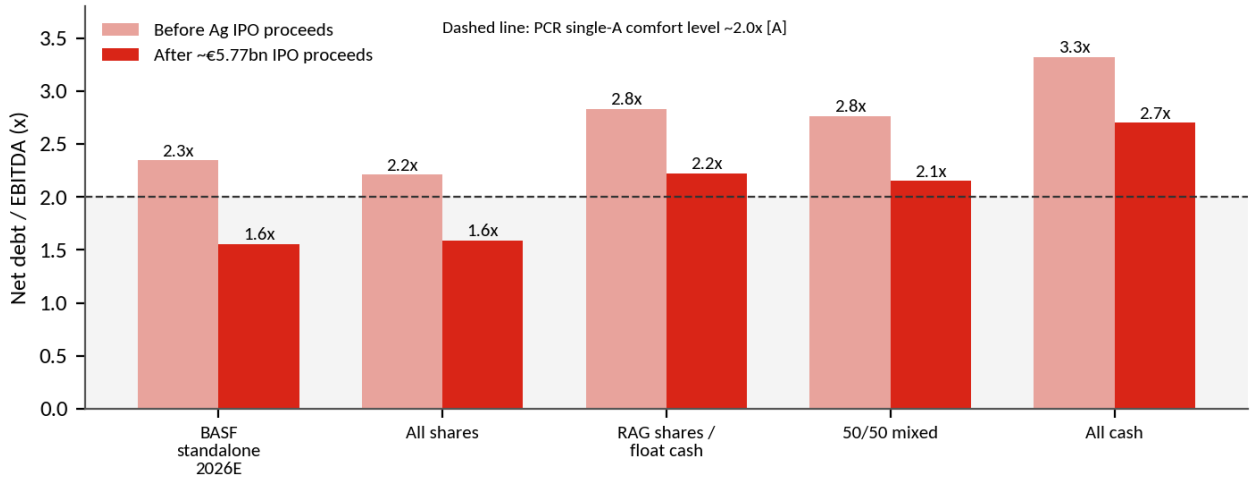
Source: BASF H1 2026 report (net debt EUR 17,117m) [R]; BASF 2026 EBITDA bsi guidance midpoint EUR 7.3bn [G]; Evonik net financial debt EUR 3,620m [R]; PCR 2027E EPS BASF EUR 2.95, Evonik EUR 1.25 [A]. New shares at EUR 49.40; 3.5% pre-tax cost of new debt; 28% tax; EPS before PPA amortisation and integration costs. Leverage excludes pensions. The ~2.0x single-A comfort level is a PCR proxy, not an agency threshold. Post-IPO assumes ~EUR 5.77bn net proceeds [A].

Exhibit 38: Premium sensitivity: pro forma leverage and dilution

Premium	All cash: ND/EBITDA pre / post IPO	50/50: pre / post IPO	All shares: dilution	All shares: 2027E EPS
20%	3.23x / 2.62x	2.72x / 2.11x	22.7%	+0.2%
30%	3.32x / 2.70x	2.76x / 2.15x	24.6%	-1.3%
40%	3.40x / 2.79x	2.80x / 2.19x	26.4%	-2.8%

Source: Parmantier & Cie. Research [A]; inputs as in the preceding exhibit.

Exhibit 39: Pro forma BASF leverage by structure (30% premium)



Source: BASF and Evonik H1 2026 reports [R]; Parmantier & Cie. Research [A]. EPS accretion is not value creation: at 17.9x P/E on the offer versus a ~2.5% after-tax cost of debt, cash deals are mechanically accretive while destroying value if the premium exceeds capitalised synergies.

Why mechanical EPS accretion is not enough. Funding a relatively low-multiple Evonik with cash borrowed at 3.5% makes the model appear accretive before synergies even if no operating integration succeeds. That arithmetic compares an earnings yield with an interest rate; it does not deduct a purchase-price-allocation amortisation charge, one-off restructuring cash, tax leakage or the higher refinancing spread that may follow a rating action. All-share consideration avoids much of the refinancing burden but increases the share count immediately, while savings arrive over several years. We therefore value a structure on premium less risk-adjusted *incremental* synergies and cash conversion, rather than treating the first pro forma EPS percentage as a recommendation [A].

Dividend and buyback capacity. BASF's EUR 2.25 dividend costs ~EUR 1.94bn a year [R/A]. In an All-share deal, 211m new shares add ~EUR 476m to the dividend bill, close to Evonik's own EUR 1.00 × 466m distribution, so cash paid to external shareholders is broadly unchanged. Cash structures instead add EUR 180-370m of pre-tax interest and would, in our view, require suspension of the reported buyback programme of up to EUR 1bn [M/A]. The dividend is safe in All-share and 50/50 structures; the buyback is not safe in any cash-heavy structure [A].

8.5 The RAG-Stiftung: gatekeeper, not a 50% anchor

Exhibit 40: RAG ownership arithmetic under alternative structures (30% premium, EUR 10,444m equity)

Structure	RAG consideration	RAG cash (EUR m)	BASF shares to RAG (m)	RAG % of BASF	All Evonik holders % of BASF	BASF cash need (EUR m)
All shares	100% shares	-	92.6	8.6%	19.7%	-
RAG shares / float cash	100% shares	-	92.6	9.7%	9.7%	5,870
RAG 50/50 rollover; float cash	50% shares	2,287	46.3	5.1%	5.1%	8,157
RAG cash; float shares	100% cash	4,574	-	0.0%	12.1%	4,574
RAG keeps 25.1%; BASF buys 74.9%	Retains Evonik stake	-	-	0.0% (25.1% of Evonik)	-	7,823
Hypothetical: RAG ~50% of combined BASF	**Would need ~861m BASF shares**	**-**	**~861**	**50%**	**-**	**~EUR 42.5bn of stock: 4.1x the offer value**

Source: RAG stake 43.8% per MT Newswires/Dow Jones 25.09.2026 [R]; RAG 25.1% medium-term target per Reuters 25.09.2026 [M]; BASF 860.9m shares, EUR 49.40 (S&P Capital IQ, 01.10.2026) [R]; Parmantier & Cie. Research [A]. All structures are scenarios; none has been proposed publicly.

A ~50% RAG position is not economically plausible as ownership of the combined group. Evonik's equity at a 30% premium is ~20% of pro forma BASF; RAG's share of that is ~8.6%. A "~50%" figure can only describe the share of RAG's *own consideration* taken in BASF stock, not control of BASF. As an 8-10% holder, RAG would likely be BASF's largest shareholder: a source of stability and possibly a board seat, but not control, and consistent with its reported wish to diversify away from a single chemical exposure [A].

What RAG likely needs. Our inference from its reported 25.1% target is partial cash and partial shares: cash to diversify, shares to keep dividend income (BASF 4.6% yield versus Evonik 4.8% at current prices) and participate in synergies. A RAG rollover reduces BASF's cash need by up to EUR 4.6bn but leaves the 56.2% free float to be paid, so it only works for BASF alongside a share offer to the float or after IPO proceeds [A].

RAG is not an unencumbered block. Its own ad hoc notice of 25.09.2026 discloses three outstanding bonds exchangeable into Evonik shares and confirms 43.8% of issued Evonik shares [R]. The exact deliverable share count, collateral mechanics, conversion triggers and timing must be checked before treating all 43.8% as freely deliverable in a cash sale or BASF share swap. For a foundation that uses Evonik dividends to fund permanent obligations, dividend continuity, currency, liquidity, governance and bondholder claims all matter. A reported long-term ambition to reduce the holding to 25.1%, and RAG's statement of 30.09.2026 that a complete sale is possible, are not consent to any particular BASF proposal [R/M/A].

Source: RAG-Stiftung, Art. 17 MAR ad hoc notice, 25.09.2026 [R]; Handelsblatt 29.09.2026 (accessible lead and user-provided excerpts only) [M]; Parmantier & Cie. Research [A].

8.5a RAG as an Agricultural Solutions shareholder: a portfolio rotation alternative

A further hypothetical route is for RAG to monetise some or all of its Evonik holding and reinvest an agreed portion in the Agricultural Solutions IPO or a pre-IPO placement, rather than retaining only

cash or becoming a BASF shareholder [H]. This would exchange concentrated chemicals exposure for a crop-protection platform; it would not eliminate sector, liquidity or valuation risk. No RAG commitment, cornerstone allocation, agreed price or allocation of exchangeable-bond obligations has been disclosed.

The economic case is to improve future returns, not simply to transfer an investment at a depressed price. At an illustrative 11x entry EV/EBITDA, a move to 17x or 19x implies 54.5% or 72.7% enterprise-value upside at unchanged EBITDA. With the study's EUR 3.7bn allocated net debt and pensions held constant, equity upside is 64.0% or 85.3% [A]. These are high-end exit sensitivities: 17x is the existing control-precedent reference and 19x is an additional stretch assumption, not a confirmed IPO range or an assured return. Our 12x base case remains unchanged.

Exhibit 40A: Agricultural Solutions reinvestment sensitivity for RAG (hypothetical)

Metric	11x entry	17x exit sensitivity	19x stretch sensitivity
2027E EBITDA (EUR m)	2,275	2,275	2,275
Enterprise value (EUR m)	25,025	38,675	43,225
Allocated debt and pensions (EUR m)	3,700	3,700	3,700
Equity value (EUR m)	21,325	34,975	39,525
Enterprise-value upside	—	54.5%	72.7%
Equity-value upside	—	64.0%	85.3%
Illustrative EUR 4,521m investment value (EUR m)	4,521	7,415	8,379

Source: existing Agricultural Solutions model (2027E EBITDA EUR 2,275m; debt/pensions EUR 3,700m), Exhibit 30; Parmantier calculations. Assumes identical EBITDA and debt at entry and exit; excludes fees, taxes, time value and distributions. EUR 4,521m is the existing illustrative RAG block value, not a committed investment.

At 11x, EUR 4,521m would buy about 21.2% of the illustrative Agricultural Solutions equity. That is a company ownership interest, not a recommended portfolio weight. A transfer of shares by BASF and a cash sale followed by reinvestment have different funding, tax and governance consequences. Cash recycled into the IPO is not a second source of proceeds: the same transaction flow must be counted once. Any linked takeover structure would need legal review of equal treatment, minimum pricing, exchangeable bonds and required approvals [A/H].

RAG's funding pressure must be measured, not asserted. We have not verified a 40% loss of RAG's total investment portfolio: that claim requires a defined time window, denominator and valuation basis. The foundation's audited 2025 standalone accounts instead disclose EUR 217.8m of write-downs on financial assets and current securities, total book assets of EUR 12,436.2m versus EUR 12,385.6m in 2024, and provisions for perpetual obligations of EUR 9,867.6m. Book assets are not portfolio market value. These figures support scrutiny of return generation, diversification and recurring cash flows; they do not substantiate a 40% total-portfolio loss or prove an imminent liquidity crisis [R: RAG-Stiftung Annual Financial Statements 2025, pp. 3–4].

8.6 Agricultural Solutions proceeds and transaction capacity

Exhibit 41: Combined BASF valuation matrix: Agricultural Solutions valuation, IPO proceeds, leverage and Evonik capacity

Agricultural Solutions valuation	Agricultural Solutions EV (EUR bn)	Proceeds (EUR bn)	BASF 2027E ND/EBITDA	Evonik cash capacity at ≤2.0x (EUR bn)	BASF SOTP (EUR/sh)	Target incl. PW Evonik effect	Implied 12m TR
Downside (9x)	18.45	3.31	2.2x	None: shares only	40.83	41.10	-12.2%
Base (12x)	27.30	5.77	1.9x	~1.6	58.54	59.00	+24.0%
Bull (14x listed)	35.00	7.93	1.6x	~3.8	74.98	75.20	+56.8%
Strategic / control (17x; 100% sale, illustrative)	38.675	~35.0 gross equity, before tax leakage	Net cash	>20	73.28 (pre-tax)	~72.10	+50.5%

Source: Parmantier & Cie. Research [A]; Agricultural Solutions 2027E EBITDA EUR 2,275m (Bernstein 22.09.2026 cross-check) [C]; 30% secondary float, 12.5% discount to fair equity; pre-proceeds 2027E BASF net debt EUR 20.5bn; Evonik 2027E net debt EUR 3,350m and EBITDA EUR 2,050m [A]. BASF intends to remain majority shareholder of Agricultural Solutions [R]; the control row is an upper-bound sensitivity, not a plan. Returns vs EUR 49.40 (01.10.2026) plus EUR 2.25 dividend.

The IPO helps, but it does not fund a cash bid. In our base case, ~EUR 5.8bn of proceeds creates only ~EUR 1.6bn of cash capacity for Evonik within ~2.0x, about 15% of a 30%-premium equity price of EUR 10.4bn. The IPO therefore changes feasibility from “no” to “only with mostly shares”. Only a full sale of Agricultural Solutions at control value (not planned) would make an all-cash offer affordable, and it would give up BASF’s highest-quality earnings stream [R/A].

8.7 Synergies: gross, net and what the premium consumes

Exhibit 42: Synergy build: gross versus net, overlap with existing programmes (PCR estimates, EUR m)

Category	Gross	Already in existing programmes?	Incremental	Timing	Probability
Procurement and energy sourcing	120-180	Partly (BASF cost programmes)	90-130	Year 1-2	High
Shared services, admin, IT	120-160	Partly (Evonik: 3,200 job cuts 2027-29)	60-90	Year 1-3	Medium-high
Manufacturing and site rationalisation	150-250	Partly (Hamburg, Bitterfeld; Ludwigshafen)	80-150	Year 2-4	Medium
Logistics and supply chain	40-60	No	40-60	Year 1-2	Medium-high
R&D	40-70	No	40-70	Year 2-3	Medium
Sales and distribution	30-60	No	30-60	Year 2-3	Medium
Treasury and financing	10-20	No	10-20	Year 1	High
Total cost synergies	500-800		350-580		
Less dis-synergies, remedies, stranded costs	(75)-(90)				
Net recurring EBITDA synergies			~275-470	Year 3 run-rate	
One-off implementation costs	1.2x gross		600-960 pre-tax	Year 1-3	
Working capital (one-off cash)	300-500	No	one-off	Year 1-2	Medium
Revenue synergies (EBITDA)	30-80	No	Not in base case	Year 3+	Low

Source: Parmantier & Cie. Research estimates [A]; Evonik job-cut programme per MT Newswires 18.06.2026 and site closures announced 11.09.2026 [R]. No company has published a synergy estimate.

Exhibit 43: Value created for BASF shareholders (EUR m): capitalised net synergies less implementation costs and premium

Gross synergies	Net run-rate	20% / 3 yrs	20% / 5 yrs	30% / 3 yrs	30% / 5 yrs	40% / 3 yrs	40% / 5 yrs
EUR 300m	145	(1,003)	(1,126)	(1,806)	(1,929)	(2,609)	(2,733)
EUR 500m	275	(401)	(635)	(1,205)	(1,438)	(2,008)	(2,242)
EUR 700m	405	200	(144)	(604)	(948)	(1,407)	(1,751)
EUR 1,000m	600	1,101	592	298	(212)	(505)	(1,015)
Break-even gross synergies	**-**	**634**	**-**	**901**	**-**	**1,168**	**-**

Source: Parmantier & Cie. Research [A]. Net = gross × (1 - 30% overlap) - EUR 50m - 5% of gross; capitalised at 7.5x EBITDA; discounted at 8% over the realisation period; implementation 1.2x gross after 28% tax; premium versus unaffected equity EUR 8,034m. Per BASF share at 30% / 3 years: EUR -1.40 (EUR 500m gross) to EUR +0.35 (EUR 1.0bn). Funding mix changes who bears the value, not its sign; EBITDA post-deal multiples of 6.5-8.5x move break-even by roughly ±EUR 120m.

Reading. EUR 650-700m of run-rate synergies, the figure circulating in market commentary [M], would justify a premium of only ~20%. A 30% premium needs ~EUR 0.9bn gross; 40% needs ~EUR 1.2bn. Unless BASF can demonstrate closures that neither company would undertake alone, the premium transfers value to Evonik holders. This is why we do not treat the approach as positive for BASF per se [A].

A synergy is incremental only if the two companies cannot earn it separately. Evonik has already announced headcount reductions, site closures and portfolio exits; BASF is also restructuring its own footprint. Savings from those plans are embedded at least partly in standalone forecasts and should not be sold a second time to justify an acquisition premium. The plausible extra benefit is joint procurement at shared specifications, eliminating duplicated sales and services functions, or rationalising mutually substitutable capacity. But the last category also creates the longest delay, the highest employee costs and the greatest antitrust exposure. That explains our 30% overlap haircut, €50m fixed dis-synergies, 5% variable dis-synergies and 1.2x gross one-off cost in the exhibit. Each is an analyst assumption, not a BASF or Evonik target [A].

8.8 Antitrust, labour and politics

Exhibit 44: Product-by-product overlap review (indicative; not verified by merger filings)

Market	Combined share (PCR indicative)	Geography	Main competitors	Likely scrutiny	Likely remedy	Jobs / politics
PU amine catalysts and additives	High (est. 35-50% EEA)	EEA / global	Huntsman, Tosoh, Momentive, Dow	Phase II likely	Divest one catalyst line	Low
Coating additives	Medium-high (est. 25-35%)	Global	BYK (Altana), Dow, Elementis, Arkema	Phase I with remedies / Phase II	Divest overlapping lines	Low
Hydrogenation and specialty catalysts	Medium in niches (est. 20-30%)	Global	Johnson Matthey, Clariant, Grace, Umicore	Phase I with remedies	Carve-out of niche lines	Low
C4 / plasticiser alcohols	High in EEA if Oxeno included	EEA	ExxonMobil, OQ, Perstorp, Sabic	Phase II likely	Exclude Oxeno (already for sale)	Marl; resolved by disposal
Oil and specialty additives	Medium (est. 15-25%)	Global	Lubrizol, Infineum, Afton, Chevron Oronite	Phase I	Unlikely	Low
Care ingredients	Medium (est. 15-25%)	Global	Croda, Clariant, Dow, Givaudan	Phase I	Unlikely	Low
Intermediates (general)	Low-medium	Global	Ineos, Dow, Chinese producers	Phase I	Unlikely	Site-closure politics
Nutrition (methionine vs vitamins)	No horizontal overlap	Global	Adisseo, Novus, CJ; dsm-firmenich	Phase I	None	None

Source: Parmantier & Cie. Research indicative estimates [A]. Market shares are not disclosed by the companies and are unverified; they indicate where the European Commission is likely to focus, not outcomes.

Labour and politics. Both groups are co-determined, with employee representatives holding half of supervisory-board seats, and IG BCE is the key union [A]. As at 01.10.2026 we identified no labour or regulatory comment [R: none found]; politically, the NRW SPD stated on 30.09.2026 that "Evonik ist keine Beute" [M]. The political framing is likely supportive of a German champion, Reuters notes BASF's 2025 group revenue of EUR 59.7bn was almost the same as the chemicals segment of Sinopec [M], but hostile to site closures in North Rhine-Westphalia and to remedy sales to non-European buyers [A]. EU merger control has no formal "champions" exemption; resilience arguments may be heard but the substantive test still applies. A Phase II review would add 9-15 months after signing [A].

Exhibit 45: Precedents: what they teach and where they do not apply

Transaction	Year	Terms (as announced)	Lesson	Comparability
BASF / Ciba	2008	CHF 50 per share; ~CHF 6.1bn equity	Bought a restructuring case near the cycle peak; heavy post-deal restructuring	Similar: specialty additives; different: loss-making target, smaller
BASF / Cognis	2010	~EUR 3.1bn EV including debt	Integrated into Care Chemicals; synergies delivered	Different: private-equity-owned target, no minority holders
Evonik / Air Products PMD	2016-17	USD 3.8bn	Clean additives bolt-on (the origin of Evonik's PU additives)	Different: carve-out, not a public target
ADNOC / Covestro	2024-25	EUR 62 per share offer	Sovereign capital; long regulatory path incl. EU subsidies review	Different: non-European cash buyer, no overlap
Clariant / Huntsman (abandoned)	2017	All-share merger of equals, abandoned after activist opposition	All-share deals fail on shareholders, not regulators	Relevant to any BASF all-share structure

Source: Historical transaction terms as announced at the time [R: not re-sourced for this note]; Parmantier & Cie. Research [A].*

8.9 The reported EUR 22.15 proposal, a RAG-Block purchase and the buyback-share idea

Status 28.09.2026: reported, not confirmed by the companies
FT and Reuters (28.09.2026, citing people familiar with the matter): BASF's initial proposal was about EUR 22.15 per Evonik share (~EUR 10.3bn); Evonik rejected it as too low to warrant formal negotiations or due diligence. BASF declined to comment on the size of the offer; Evonik declined to comment [M]. No § 10 WpÜG decision has been published [R].

What the reported price tells us. EUR 22.15 is 28.5% above the EUR 17.24 close of 21.09.2026 and 26.9% above our estimated three-month VWAP of EUR 17.46 to 24.09.2026. Including net financial debt, pensions and minorities, it values Evonik at ~EUR 15.5bn, or 7.4x our 2026E adjusted EBITDA and 14.1x adjusted EBIT [M/R/A]. That is not a stretched multiple for a specialty group, but it sits below our EUR 23.12 standalone base value (2028E basis), which is exactly why Evonik's rejection is rational. On our synergy framework, a 28.5% premium requires ~EUR 0.86bn of gross synergies before BASF shareholders break even. The price gap between what Evonik can reasonably ask and what BASF can justify is narrow but real, and it is the reason we do not assume a quick agreement [A].

Exhibit 46: Reported EUR 22.15 proposal: premium, multiples and BASF leverage by funding mix

Item	Value	Comment
Offer per share / equity value	EUR 22.15 / EUR 10,322m	Reported [M]
Premium to 21.09.2026 close / 3M VWAP	+28.5% / +26.9%	PCR calculation [A]
Purchase EV incl. pensions and minorities	EUR 15,541m	Net fin. debt 3,620; pensions 1,538; minorities 61 [R]
EV / 2026E adj. EBITDA / adj. EBIT	7.4x / 14.1x	PCR 2026E EBITDA 2,100; EBIT 1,100 [A]
Break-even gross synergies	~EUR 0.86bn	PCR framework, 3-year ramp [A]
BASF ND/EBITDA: all cash (pre / post IPO)	3.30x / 2.69x	PCR basis, excl. pensions [A]
25% shares / 75% cash	3.03x / 2.42x	Scope: "more neutral for the rating outlook" [C]
50/50	2.76x / 2.14x	
All shares	2.21x / 1.59x	~209m new BASF shares
Scope-adjusted 2027E leverage, all-debt deal	3.3-3.5x (from 2.3x)	Scope Ratings commentary, 28.09.2026 [C, as provided]

Source: FT/Reuters 28.09.2026 [M]; Evonik H1 2026 report [R]; XETRA via S&P Capital IQ [R]; Scope Ratings commentary circulated 28.09.2026, provided to PCR and not independently retrieved [C]; Parmantier & Cie. Research [A]. PCR and Scope leverage definitions differ.

Idea 1, using buyback shares for a RAG share swap. The idea is attractive at first sight: BASF already holds repurchased shares and could hand them to RAG instead of issuing new ones. Handelsblatt, 29.09.2026, reports this as a possible structure but not BASF's preferred route [M]. We see three problems. First, BASF has stated that repurchased shares will be cancelled [R]; using them as acquisition currency would require a change of purpose that the AGM authorisation must permit, and a disclosure, we have not verified the authorisation wording [A]. Second, scale: 5.03m shares bought in the current tranche cover only ~5% of the ~92m BASF shares RAG would need at EUR 22.15 [R/A]. Third, and most important, economics: shares bought back with cash and then handed to RAG are a cash payment in disguise. The leverage effect is the same as paying RAG in cash; only newly issued shares preserve the balance sheet. And if, as we think, BASF is worth ~EUR 59 while trading at ~EUR 49, paying in BASF shares at market transfers roughly EUR 0.9bn of value to RAG [A]. Idea 1 is therefore value-neutral at best for BASF shareholders, its merit is that it is dividend-neutral for RAG: ~92m BASF shares at EUR 2.25 would yield ~EUR 206m a year, almost exactly RAG's ~EUR 204m of Evonik dividends at EUR 1.00, which matters for a foundation that, according to Scope, uses Evonik dividends to help fund EUR 250-300m a year of perpetual mining costs [C/A].

Idea 2, buying RAG's 43.8% at the three-month average. This is the more interesting structure. Buying RAG's 204.1m shares at the pre-approach three-month VWAP of ~EUR 17.46 would cost ~EUR 3.56bn and buy Evonik at ~6.4x 2026E adjusted EBITDA including pensions. Crossing 30% triggers a mandatory offer to all other holders, but under § 31 WpÜG and §§ 4-5 WpÜG-AngebV the minimum price is the higher of the three-month VWAP and the highest price paid, i.e. the same EUR 17.46. With the shares at EUR 20.62, few minorities would tender, and BASF would likely hold a de facto controlling 43.8% stake, consolidate Evonik and carry ~2.6x leverage before and ~2.0x after Agricultural Solutions proceeds [R/A]. If the market later valued Evonik at 8x EBITDA, the stake would be worth ~EUR 1.5bn more than its cost (~EUR 1.75 per BASF share); at 10x, ~EUR 3.3bn (~EUR 3.90 per share). On our numbers, this is the only structure that is clearly value-accretive for BASF shareholders [A].

Why Idea 2 is unlikely to happen at that price. The 6x-to-10x uplift is not automatic: BASF itself trades at ~7-8x, and a re-rating to 10x would require evidence that Evonik's earnings are structurally more specialty and more stable than today. We therefore use 8x as the realistic reference and 10x as a bull case. More fundamentally, a foundation with a duty to preserve capital cannot rationally sell 21% below a proposal its investee has already rejected as too low. The block route becomes realistic only near the reported EUR 22.15, at which point it is simply the full bid again, because the mandatory offer would then have to be made at ≥ EUR 22.15 and most minorities would tender [M/A].

Exhibit 47: Buying RAG's 43.8% block: cost, leverage and value per BASF share

Purchase price	Cost (EUR m)	Implied EV/2026E EBITDA	ND/EBITDA pre / post IPO	Value gain at 8x (EUR m / per BASF sh.)	Value gain at 10x (EUR m / per BASF sh.)
3M VWAP EUR 17.46	3,564	6.4x	2.59x / 1.97x	1,509 / 1.75	3,348 / 3.89
Close 01.10 EUR 20.62	4,209	7.1x	2.65x / 2.04x	864 / 1.00	2,703 / 3.14
Reported proposal EUR 22.15	4,521	7.4x	2.69x / 2.07x	551 / 0.64	2,391 / 2.78

Source: Parmantier & Cie. Research [A]; three-month VWAP estimated from S&P Capital IQ daily VWAP and volume, 25.06-24.09.2026 (BaFin determines the legally relevant figure) [R/A]. Evonik fully consolidated on de facto control; cash-funded; leverage excludes pensions. Value gain = value of 204.1m shares at the stated multiple less cost; no synergies, no minority tender.

8.10 Probability-weighted outcomes

Exhibit 48: BASF-Evonik outcome framework: 12-month values (EUR per share; vs 01.10.2026 close)

Scenario	Prob.	BASF value (impact)	Evonik value (impact)	PF BASF leverage	LANXESS / sector read-through
1. No agreement / approach withdrawn	27%	60.50 (+22.5%)	18.00 (-12.7%)	1.9x standalone	LXS: consolidation premium fades; sector reverts to break-up thesis
2. Prolonged negotiations	20%	58.00 (+17.4%)	20.75 (+0.6%)	1.9x; overhang	Supports the M&A floor across mid-caps
3. Minority investment or asset transaction	12%	60.00 (+21.5%)	20.50 (-0.6%)	2.0-2.1x	Asset-level template; positive for LXS asset sales
4. Negotiated all-share transaction	12%	57.50 (+16.4%)	23.00 (+11.5%)	2.2x / 1.6x post-IPO	Validates equity-funded consolidation; re-rates targets
5. Cash-and-share transaction	11%	55.50 (+12.3%)	23.25 (+12.8%)	2.8x / 2.2x post-IPO	Leverage concern caps sector multiples
6. Full transaction, RAG as anchor shareholder	7%	56.50 (+14.4%)	23.00 (+11.5%)	2.8x / 2.2x post-IPO	Foundation-anchored model for other holders
7. Failed bid, sector consolidation accelerates	11%	61.00 (+23.5%)	19.75 (-4.2%)	1.9x	Strongest LXS read-through: PE and strategic interest
Probability-weighted	**100%**	**58.80 → PT 59.00**	**20.57 → PT 20.50**		

Source: Parmantier & Cie. Research [A]. BASF standalone 12m value EUR 60; Evonik fallback EUR 18.00 (unaffected EUR 17.24 plus restructuring drift); deal values reflect the reported EUR 22.15 proposal lifted to ~EUR 23 (agreement assumed only at an improved price) less a small spread. Price impacts exclude dividends. Full-transaction probability (4-6) 30%.

Exhibit 49: What to watch in each outcome

Scenario	Completion probability	Key evidence	Catalyst	Main failure risk
1. No agreement	n/a	RAG or BASF statement ending talks	Q3 results (BASF late Oct.; Evonik Nov.)	Evonik falls toward unaffected
2. Prolonged negotiations	~20% eventual	Adviser mandates; due-diligence access	Agricultural Solutions CMD 24.11.2026	Leadership vacuum at Evonik
3. Minority / asset deal	~70% once agreed	Oxeno or additives carve-out talks	Oxeno signing	Antitrust on additives
4. All-share	~60% once agreed	§ 10 WpÜG publication; EGM notice	Offer document	BASF shareholder dilution resistance
5. Cash-and-share	~50% once agreed	Bridge financing; rating-agency comments	Rating outlooks	Downgrade; buyback suspended
6. RAG anchor	~55% once agreed	RAG irrevocable undertaking	RAG board decision	RAG cash needs; governance
7. Failed bid, wider consolidation	n/a	PE or strategic interest in Evonik/LANXESS assets	Envalior 2027 window	Speculation overcapitalised

Source: Parmantier & Cie. Research [A].

Verdict: medium-term optionality and a partial valuation floor for Evonik, not yet a near-term catalyst, and not noise
Not noise: three parties have confirmed contact [R]. Not yet a catalyst: no § 10 WpÜG decision, no terms, and Evonik says no talks are under way [R].
Evonik already discounts ~65% of the move from the EUR 17.24 unaffected price to a EUR 22.41 (30%) offer. The standalone base value (EUR 23.12, 2028E) exceeds a 30% offer, so the Evonik side should hold out for more, while BASF needs ~EUR 0.9bn of synergies to justify even 30%. That gap is why we put full-transaction probability at 30% [A].
For BASF, a share-heavy or post-IPO transaction is tolerable; a cash-heavy offer before Agricultural Solutions proceeds is the principal risk to our Buy [A].

8.11 Handelsblatt, 29 September: a possible RAG currency, not a financing commitment

Source and status: PARTIAL ARTICLE; USER-SUPPLIED EXCERPTS
The Handelsblatt share link returned no readable text. Its canonical page exposes only the headline and lead: BASF continues work after Evonik's refusal; the article describes a longer-range timetable to 2028 and conditions on a higher proposal, but does not disclose those conditions in the accessible extract [M].
The three supplied screenshots contain the BASF/Evonik comparison graphic and two paragraphs on a possible RAG share swap. They support the statements below; they do not establish that BASF is preparing such a swap or that an agreed transaction exists [M].

What the article adds. Handelsblatt describes BASF as continuing to work toward an Evonik acquisition despite the first rejection and calls it, through unnamed sources, a longer-term project; it refers in its publicly accessible lead to a timetable running to 2028 and to a higher proposal being conditional [M, 29.09.2026]. Without the remainder of the article we cannot identify the proposed conditions or reliably date any intermediate milestones. BASF's official position is unchanged: the result of its exploratory talks is open; Evonik's 25.09 statement said no talks were taking place. Press reporting that a buyer continues to prepare is not evidence that the target has opened due diligence [R/M].

The RAG route as described by Handelsblatt. A screenshot states that RAG could receive BASF shares in exchange for its Evonik holding, a block with an indicative value just under EUR 5bn. Another states that BASF could in principle use its own repurchased shares as acquisition currency but that, according to people involved, this is not currently BASF's preferred route [M]. The first point is consistent with our 8.5 and 8.9 all-share or RAG-rollover structures. The second is a *legal and capital-allocation possibility*, not a ready treasury inventory: BASF's 29.07.2026 release explicitly says repurchased shares will be

cancelled, including the 31.6m shares bought in the preceding tranche; 5.03m shares had been bought in the current tranche by 25.09.2026. We have not verified how many uncancelled treasury shares are actually available or whether the 30.04.2026 AGM authorisation permits an in-kind transfer to RAG [R/M].

Scale and economics. At the reported EUR 22.15 Evonik price, RAG's 43.8% block represents about EUR 4.52bn; priced at EUR 49.40 per BASF share this would need about 91.5m shares. The 5.03m shares acquired in the current buyback would cover only 5.5% of that amount. Even completing the full EUR 4bn *cumulative* buyback programme would not mean that 81m+ usable shares sit on the balance sheet at once, because previous purchases are earmarked for cancellation and the programme runs through 2028. New shares, not reissued cash-funded buyback shares, would preserve BASF's liquidity. The scenario would give RAG ~9.6% of BASF after issuing those shares, not a 50% position [R/A].

Exhibit 50: The proposed RAG swap: reported route versus deliverable financing

Item	Reported or verified	Analytical implication
RAG block	43.8% of Evonik; 3 outstanding exchangeable bonds [R, 25.09]	~204.1m shares before any bond-delivery constraints [A]
Illustrative price	EUR 22.15 per Evonik share [M, 28.09]	~EUR 4.52bn block consideration [A]
BASF shares at EUR 49.40	~91.5m shares [A]	~9.6% post-issue BASF ownership for RAG [A]
Current buyback tranche	5.03m shares acquired by 25.09 [R]	Covers ~5.5% of illustrative RAG consideration; shares earmarked for cancellation [R/A]
Programme through 2028	Cumulative EUR 4bn, not a present treasury-share stock [R]	Cannot fund the swap simply by pointing to the aggregate programme
Current preference	Treasury-share route not BASF's present preference according to article sources [M]	Not a proposed or approved structure
Required disclosure	Board/AGM authority, treasury stock count, standstill, §10 WpÜG decision not verified [A]	Keep structure outside base-case target

Source: Handelsblatt, 29.09.2026, user-provided excerpts and accessible lead [M]; RAG-Stiftung ad hoc, 25.09.2026 [R]; BASF share-buyback release, 29.07.2026, and interim report, 28.09.2026 [R]; S&P Capital IQ BASF close, 01.10.2026 [R]; Parmantier & Cie. Research [A].

The scale chart deserves caution. Handelsblatt's comparison graphic reports BASF/Evonik FY2025 revenue of EUR 59.66bn/EUR 14.07bn; EBITDA before special items or adjusted EBITDA of EUR 6,554m/EUR 1,874m; group profit of EUR 1,619m/EUR 265m; free cash flow of EUR 1,342m/EUR 695m; and 108,251/31,053 employees. It places the September 2026 equity values at EUR 44.9bn and EUR 9.3bn [M]. The headline combined EUR 73.73bn revenue and EUR 8.43bn EBITDA explain the political scale, but these are different adjusted reporting bases, different reporting perimeters, and historic FY2025 amounts, not pro forma 2027 transaction earnings or verified synergy. Employees and group profit likewise do not identify which sites can be rationalised without regulatory remedies [M/A].

Exhibit 51: BASF versus Evonik: scale is clear; earnings are not pro forma synergies

Metric	BASF FY2025	Evonik FY2025	Read-through
Revenue	EUR 59.66bn	EUR 14.07bn	Together EUR 73.73bn before eliminations
Adjusted EBITDA	EUR 6,554m (bsi)	EUR 1,874m (adj.)	Different non-GAAP definitions; no synergy included
Net result	EUR 1,619m	EUR 265m	PPA and financing would change pro forma result
Free cash flow	EUR 1,342m	EUR 695m	Both reported; compare after capex and working capital
Employees at 31.12.2025	108,251	31,053	~139,304 before any overlap or closures
Equity value, Sept. 2026 (Handelsblatt graphic)	EUR 44.9bn	EUR 9.3bn	Snapshot, not the single-date 25.09 model inputs

Source: Handelsblatt comparison graphic supplied with the article, 29.09.2026 [M]; Bloomberg/company data as credited in the graphic. Adjusted EBITDA definitions differ; PCR summations [A].

Investment conclusion. The report increases the probability that BASF will keep working on alternatives beyond an immediate rejected offer, but it does not prove that BASF will use treasury shares, pay a higher price, or sign a deal before the Agricultural Solutions separation. Our BASF Buy (EUR 59) and Evonik Hold (EUR 20.50) remain unchanged. We will recut both targets if BASF publishes a §10 WpÜG decision with consideration terms, RAG discloses a rollover, or Agricultural Solutions IPO proceeds are explicitly committed to funding a bid. Until then the tension is still the same: Agricultural Solutions proceeds promised for deleveraging cannot simultaneously be counted as free acquisition capacity [A].

9. Evonik: strategic value rises, standalone upside narrows

Company view: Evonik Industries, a better business than its share price in June, a fully priced share after the approach

Where Evonik stands. Evonik reports three segments, Custom Solutions, Advanced Technologies and Infrastructure, and guides 2026 adjusted EBITDA of EUR 2.0-2.2bn after raising the range from EUR 1.7-2.0bn; H1 2026 adjusted EBITDA was EUR 1,105m and Q2 alone EUR 630m, +24% [R]. Net financial debt was EUR 3,620m and pensions EUR 1,538m at 30.06.2026; Moody's upgraded Evonik to Baa1 on 27.08.2026, and the EUR 1.00 dividend yields 4.8% at the current price [R/A]. The group is run by an interim CEO, Claus Rettig, since 01.09.2026 while Christian Kullmann recovers [R]. That governance detail is not trivial: an interim board negotiating the most important transaction in the company's history is structurally inclined to insist on a clear price before opening its books.

Quality of the EUR 2bn. Evonik explains Q2 by customer demand resulting from "bottlenecks in global supply chains" [R]. Two businesses carry most of the cyclical uplift. Methionine is price-inelastic: when feedstocks such as sulphur, propylene, methanol and gas are constrained in Asia, a European producer with secure supply earns higher spot margins before volumes move. The C4 chain had a poor 2025 and tightened further as Asian crackers lost feedstock, Morgan Stanley's March upgrade rested on exactly these two drivers [C]. Both effects are real, but only one is durable: methionine is a core business Evonik keeps, while C4 (Oxeno) is being sold. Our 2027E adjusted EBITDA of EUR 2.05bn is therefore slightly below 2026E: the windfall fades, while the 3,200 job cuts planned for 2027-2029, the Hamburg and Bitterfeld closures and the exit from commodity chains replace part of it with a smaller, higher-quality base [R/A].

What BASF's reported EUR 22.15 means for Evonik holders. The proposal implies 7.4x 2026E adjusted EBITDA including pensions and a 28.5% premium to the unaffected price [M/A]. Evonik's reported response, too low even to open due diligence, is consistent with our valuation: our standalone base value is EUR 23.12 on a 2028E basis, and Morgan Stanley's March bull case was EUR 35 per share [C/A]. RAG is the gatekeeper. It holds 43.8%, has long aimed to reduce towards 25.1% mainly through exchangeable bonds, and relies on Evonik dividends to help fund perpetual mining liabilities [M/C]. A foundation with those needs will prefer a structure that preserves dividend income and gives it a liquid, diversified currency; BASF shares at a share-for-share ratio would do exactly that, which is why we see a RAG share rollover as the most plausible path to an agreement if one comes [A].

Why we stay at Hold rather than chase the bid. At EUR 20.62 (01.10.2026) the shares already discount most of the move to EUR 22.15. The fallback if BASF walks away is not the unaffected price of EUR 17.24 forever: disposals, restructuring and RAG's sell-down logic keep other buyers interested. But neither is it the bid. Incorporating the reported price into our seven-scenario framework lifts the probability-weighted value from EUR 20.17 to EUR 20.57; we set a 12-month target of EUR 20.50, a total return of ~4% including the dividend, within our Hold band [M/A].

Exhibit 52: Evonik bear, base and bull cases (12-month values, EUR per share)

Case	Prob.	EUR / share	vs EUR 20.62	What has to happen	Implied valuation
Bear	30%	17.50	-15.1%	BASF withdraws; windfall fades; 2027 adj. EBITDA ~EUR 2.0bn	~6.5x 2027E EBITDA incl. pensions
Base	45%	20.75	+0.6%	Talks resume; improved proposal around EUR 23 under discussion but not agreed	Market prices ~60% chance of a ~EUR 23 deal
Bull	25%	24.00	+16.4%	Agreed deal at ~EUR 24 (≈39% premium) or a rival approach; RAG rolls into shares	~7.8x 2026E EBITDA incl. pensions
Probability-weighted	100%	20.59	-0.1%		PT EUR 20.50; TR ~+4% incl. EUR 1.00 DPS
Tail: standalone downside	-	13.65	-33.8%	No deal; methionine weak; disposals stall; 2028E adj. EBITDA EUR 1.75bn at 5.75x	Not in the 12m weighting

Source: Evonik H1 2026 report [R]; FT/Reuters 28.09.2026 (reported proposal) [M]; Parmantier & Cie. Research [A]. The three-case weighting is consistent with the seven-scenario framework in Section 8.10 (EUR 20.57).

What would change our rating. We would move to Buy if the shares fell back below ~EUR 18 while talks remained alive, because the option would then be cheap; or if a formal offer at or above EUR 23 were published and supported by RAG, in which case the shares become a merger-arbitrage position. We would move to Sell if BASF withdrew and Evonik's 2027 guidance pointed to adjusted EBITDA below EUR 1.8bn, because the market would then lose both the bid floor and the earnings base in one step [A]. Catalysts: any § 10 WpÜG decision, a RAG statement, the Q3 statement in November, the appointment of a permanent CEO, and the Oxeno signing [R/A].

Exhibit 53: Is the EUR 2bn credible? Yes, on the adjusted basis

Basis	FY2025	FY2026	Note
Company adjusted EBITDA	EUR 1.9bn [R]	EUR 2.0-2.2bn [G]	Raised 26.06.2026 from EUR 1.7-2.0bn; reaffirmed 04.08.2026
CapIQ standardised EBITDA	EUR 1,713m [R]	~EUR 1.9bn [A]	~EUR 190m definitional gap
Run rate	-	H1 EUR 1,105m [R]	Annualises to EUR 2.21bn
Composition	-	Partly windfall [R]	"Supply chain bottlenecks outside of Europe" (Q2 release)

Source: Evonik releases as dated [R/G]; S&P Capital IQ; Parmantier & Cie. Research [A].

Exhibit 54: Evonik segments, FY2025

EUR m	Revenue 2024	Revenue 2025	EBITDA 2024	EBITDA 2025	Margin	Status
Advanced Technologies	6,177	6,062	1,023	944	15.6%	Additives, oil additives, catalysts; C4 via Oxeno
Custom Solutions	5,880	5,607	978	909	16.2%	Health, care, animal nutrition: the keeper
Infrastructure	4,139	2,914	275	213	7.3%	Site services; Syneqt
Enabling / other	(1,039)	(514)	(211)	(192)	n.m.	Corporate
Group	**15,157**	**14,069**	**1,993**	**1,713**	**12.2%**	[R]

Source: S&P Capital IQ segment data [R]. Evonik reports Custom Solutions, Advanced Technologies and Infrastructure since FY2024.

9.1 Evonik: EUR 2bn EBITDA, restructuring optionality and M&A value

The EUR 2bn is credible on the adjusted basis. H1 2026 adjusted EBITDA was EUR 1,105m (+3%), Q2 EUR 630m (+24%), and guidance was raised to EUR 2.0-2.2bn [R: Evonik H1 report, 04.08.2026]. Evonik itself attributes Q2 to demand driven by "bottlenecks in global supply chains" [R], so part of the EUR 2bn is temporary. Our 2026E is EUR 2,100m and 2027E EUR 2,050m: the windfall fades, restructuring (3,200 job cuts 2027-29; Hamburg and Bitterfeld closures) and the Oxeno and Syneqt exits replace it with a smaller, higher-quality base [R/A]. Net financial debt was EUR 3,620m and pensions EUR 1,538m at 30.06.2026 [R]; the EUR 1.00 dividend (4.8% yield) sits within the 40-60% payout policy [R/A].

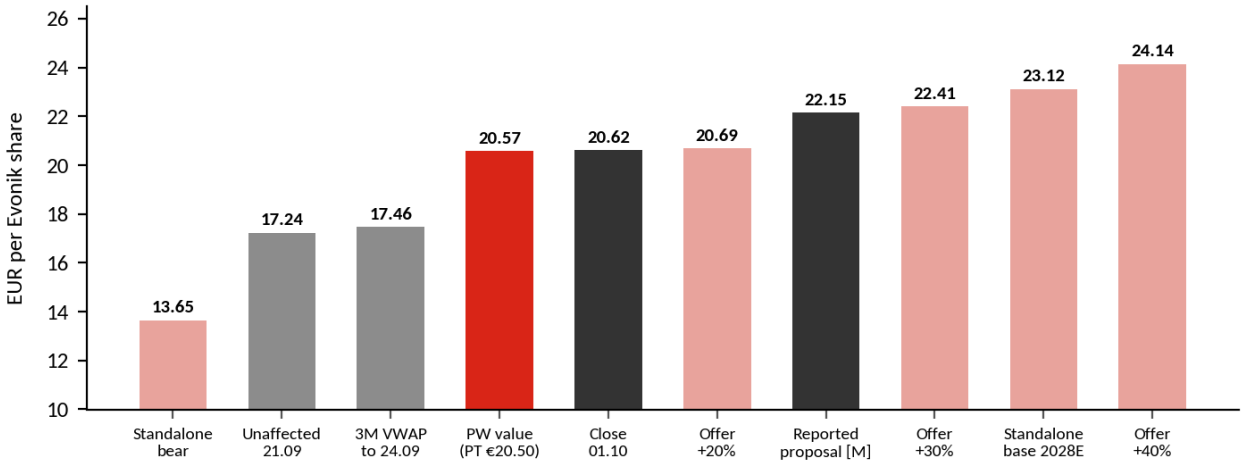
An earnings-quality bridge is essential for Evonik. Methionine demand is comparatively inelastic, so when supply is disrupted a producer with secure inputs may benefit from price faster than volumes move. C4 is different: the 2025 trough and constrained Asian feedstock can improve short-run spreads, but an asset already marked for disposal cannot simultaneously be valued as a permanent earnings engine inside the retained group and as a separate sale receipt. In March Morgan Stanley saw upside from both mechanisms; by September company guidance has partly captured that upside. Our 2027 estimate steps below 2026 to allow the price pulse to fade, while retained specialty businesses and previously announced restructuring replace some of it. The Hold does not dispute the existence of operating value; it asks whether that value remains unpriced after the takeover-driven share-price rise [C/R/A].

What evidence would move the rating? A formal BASF offer at or above the standalone base value could turn the strategic option into realised value; a signed Oxeno disposal at a robust multiple with a quantified stranded-cost bridge could independently improve the retained group's quality. In contrast, a weak 2027 guidance despite the announced cost programme would reveal that 2026 margins relied heavily on temporary C4/methionine conditions. We would also be more cautious if RAG sold shares into the market rather than rolling or negotiating a strategic price. The same investor can prefer Evonik as a business and avoid it as a share at €20.62 [A].

Source: Morgan Stanley, Industrial Chemicals, 27.03.2026, pp. 21-23, 48-49 [C]; Evonik H1 2026 report 04.08.2026 [R]; Evonik EQS 25.09.2026 [R]; Parmantier & Cie. Research [A].

Why the approach raises strategic value but narrows standalone upside. Confirmation turns a speculative M&A floor into a documented one; a credible buyer and a motivated 43.8% holder limit downside. But the shares closed at EUR 20.62 on 01.10.2026, 19.6% above the EUR 17.24 unaffected price, and already discount ~65% of the move to a 30%-premium offer (EUR 22.41). Our probability-weighted 12-month value is EUR 20.57 including the reported EUR 22.15 proposal [M]; with the EUR 1.00 dividend, total return to our EUR 20.50 target is ~+4%, inside our Hold band [R/A].

Exhibit 55: Evonik value ladder: unaffected, market, offer scenarios and standalone values (EUR per share)



Source: XETRA (unaffected close 21.09.2026; close 01.10.2026) [R]; Parmantier & Cie. Research [A]. Offers are scenarios; no price has been proposed.

Exhibit 56: Evonik: standalone and transaction valuation

Case	EUR / share	vs EUR 20.62	Basis
Standalone positive (25%)	30.79	+49%	2028E adj. EBITDA EUR 2,450m at 7.0x; disposals at full value
Standalone base (40%)	23.12	+12%	EUR 2,150m at 6.5x; restructuring delivered; net debt EUR 3.2bn
Standalone downside (35%)	13.65	-34%	EUR 1,750m at 5.75x; windfall reverses; disposals stall
Standalone probability-weighted (2028E basis)	21.72	+5%	Weighted value before time discount
Offer +20% / reported / +30% / +40%	20.69 / 22.15 / 22.41 / 24.14	+0% / +7% / +9% / +17%	Premia to unaffected EUR 17.24; EUR 22.15 reported [M]
Failed approach (fallback)	~18.00	-13%	Unaffected plus restructuring drift
Probability-weighted 12m value (outcome framework)	20.57	±0%	Section 8.10, incl. reported EUR 22.15 proposal [M]
12-month price target	**20.50**	**-1%; TR ~+4%**	**Hold**

Source: Evonik H1 2026 report [R]; Parmantier & Cie. Research [A].

Why a Hold, not a Buy or a Sell. (1) Standalone base value (EUR 23.12) exceeds a 30% offer, so shareholders and RAG can rationally demand more than BASF can justify, deal probability is capped. (2) If BASF withdraws, downside to ~EUR 18 is limited by restructuring, disposals and the RAG sell-down logic that also attracts other buyers. (3) Evonik remains a credible M&A beneficiary without BASF: Oxeno and Syneqt are in sale processes, and asset-level interest from private capital is plausible [R/A]. **Catalysts:** any § 10 WpÜG decision; RAG statement; Q3 statement (November); permanent CEO; Oxeno signing. **Risks:** withdrawal; windfall unwind (2027 adj. EBITDA below EUR 1.8bn); execution under interim leadership; RAG accelerating an on-market sell-down. **What would make us wrong:** a formal offer at or above EUR 23 (upside), or a BASF withdrawal combined with a 2027 guide below EUR 1.8bn (downside) [A].

10. LANXESS: a speculative consolidation play, Envalior, the operating stub and the ownership filings

Company view: LANXESS, a call option on the enterprise value, with little time value left

The equity is a call option on the enterprise. At EUR 12.40 (01.10.2026) LANXESS has a market capitalisation of ~EUR 1.07bn against net debt of ~EUR 2.07bn, almost twice the equity value, and pensions of ~EUR 0.42bn [R/C]. The equity is therefore only ~30% of enterprise value: a 10% change in EV moves the equity by roughly 33%. In option language, shareholders own a call on the enterprise struck at the debt. The market prices that call close to its intrinsic value, the Envalior stake (~EUR 0.7bn) plus an operating stub valued at roughly 6x EBITDA, as Morgan Stanley also calculated in March [C/A], and pays almost nothing for volatility. That is the bullish reading. The bearish reading is that the option has little *time* value left: the decisive dates are near, the Envalior tender windows in 2027 and 2028, refinancing needs, and the point at which persistent weak free cash flow forces a decision. Either the value crystallises within 12-24 months, or the equity behaves like an option expiring out of the money (our bear value EUR 5.11) [R/A].

If LANXESS stays alone, Advent holds the stronger cards. Advent controls Envalior with 59.06% and declined in March 2026 to take over LANXESS's 40.94% under the contractual tender [R]. With net debt close to twice its market value, LANXESS is the more time-constrained party: Advent can wait for the 2027 or 2028 window, test a lower price, or negotiate terms that LANXESS would not accept from a position of strength. LANXESS has said an equity raise is not on the agenda and that the 2027 bond can be met from its revolving credit facility [C: Morgan Stanley, citing the 19.03.2026 call], and it has more than EUR 1.35bn of undrawn lines [R]. Liquidity is therefore not the immediate problem; negotiating leverage is. A second Advent refusal in 2027 is the event that would invalidate our Speculative Buy [A].

If LANXESS is acquired, the buyer becomes a big player. A buyer would gain scale in Consumer Protection and Specialty Additives, businesses with qualification barriers and regulated customer approvals, plus the Envalior stake as a separately realisable asset. At a 30% premium (EUR 16.12 per share) the purchase EV including pensions would be ~EUR 3.9bn, 9.0x 2026E and 7.5x 2027E EBITDA; at 50% (EUR 18.60) ~EUR 4.1bn, 9.5x and 7.9x [A]. Those multiples are digestible for a buyer with a low cost of capital, which is why private capital or a sovereign-backed strategic, rather than a leveraged European peer, is the more plausible acquirer. We stress that no approach, report or filing points to any such interest; this is hypothetical [H].

Exhibit 57: LANXESS: the equity as a leveraged claim, and illustrative takeover values

Item	Value	Comment
Market cap (01.10.2026)	EUR 1,071m	86.35m shares × EUR 12.40 [R]
Net debt / net debt to market cap	EUR 2,065m / 1.9x	S&P Capital IQ [R]
Equity as % of EV incl. pensions	~30%	Pensions ~EUR 421m [C]
Equity move for a 10% EV move	~33%	PCR [A]
Takeover at +30%: per share / EV / x 26E / x 27E	EUR 16.12 / 3,878m / 9.0x / 7.5x	Hypothetical [H]
Takeover at +50%: per share / EV / x 26E / x 27E	EUR 18.60 / 4,092m / 9.5x / 7.9x	Hypothetical [H]
PCR 12m target	EUR 21.00	Envalior windows + recovery; above both takeover cases

Source: S&P Capital IQ [R]; Morgan Stanley 27.03.2026 (pensions FY2025e) [C]; LANXESS releases 05.03.2026 [R]; Parmantier & Cie. Research [A]. [H] = hypothetical; no report of interest exists.

The option framing carries a substantial failure risk. The investment case depends on progress on Envalior or cash generation; a lack of progress by the FY2026 results in March 2027 would warrant reassessment [A].

Speculative Buy: confirmed facts versus optionality
Confirmed [R]: LANXESS offered its entire 40.94% Envalior stake to Advent for 2026; on 05.03.2026 Advent HoldCo declined; further tender windows apply in 2027 and 2028. Undrawn credit lines exceed EUR 1.35bn and the October 2026 bond repayment is secured.
Not confirmed: there is no new Advent bid, no private-equity approach and no strategic approach for LANXESS or its assets. The BASF-Evonik approach is a sector read-through only.
Why it matters: at EUR 12.40 (01.10.2026) the market capitalisation is ~EUR 1.07bn; Envalior at ~EUR 700m implies ~EUR 370m of equity for a EUR 5.7bn-revenue operating business. A takeover premium on that stub would be large in percentage terms; a second Advent refusal would impair it. [R/A].

Exhibit 58: What the Envalior stake does to the valuation

Envalior assumption	Value	Per LANXESS share	% of EUR 12.40	Implied operating EV	On 2026E EBITDA EUR 430m
Morgan Stanley low (discounted proceeds)	EUR 606m	EUR 7.02	57%	EUR 2,530m	5.9x
Morgan Stanley high	EUR 733m	EUR 8.49	68%	EUR 2,403m	5.6x
Morgan Stanley PT component	EUR 777m	EUR 9.00	73%	EUR 2,359m	5.5x

Source: Morgan Stanley 27.03.2026 [C]; LANXESS 23.09.2025 and 05.03.2026 [R]; S&P Capital IQ EV EUR 3,136m excl. pensions (01.10.2026) [R]; Parmantier & Cie. Research [A].

The equity is not the enterprise. Morgan Stanley's March analysis valued LANXESS excluding Envalior at roughly 6.1-6.3x EBITDA after discounting the stake's put-related proceeds; it also emphasised weak FCF and the growing relevance of credit spreads. This is a useful constraint on an apparently cheap stock: an investor must own the operating company, refinance its liabilities and wait for a contractual monetisation window before the stake value becomes cash. Our Envalior scenario is not a second pot of value on top of a lower pro forma net debt figure. If Advent declines again, or if sale proceeds are absorbed by restructuring rather than repaying obligations, the supposed operating-stub discount could persist [C/A].

Source: Morgan Stanley, Industrial Chemicals, 27.03.2026, pp. 24-26, 39 [C]; LANXESS disclosure 05.03.2026 [R]; Parmantier & Cie. Research [A].

Exhibit 59: LANXESS segments, FY2025

EUR m	Revenue 2024	Revenue 2025	EBITDA 2024	EBITDA 2025	Margin	End-market
Specialty Additives	2,218	2,063	227	201	9.7%	Lubricants, flame retardants; autos, construction, electronics
Consumer Protection	2,159	1,949	286	290	14.9%	Biocides, preservatives: the quality asset
Advanced Intermediates	1,913	1,746	210	128	7.3%	Industrial and agro intermediates; China-exposed
Other / consolidation	(76)	(85)	(109)	(109)	n.m.	Corporate
Group	**6,366**	**5,673**	**521**	**332**	**5.9%**	[R]

Source: S&P Capital IQ segment data [R].

10.1 Shoreholder changes: what the filings say

Exhibit 60: Voting-rights notifications, August-September 2026

Notifier	Filed	Threshold date	Prev.	New	Stated reason	Instrument and reading
DWS Investment	26.08.2026	24.08	3.03%	2.83%	"Equity collateral returned"	Decrease; collateral via transfer of title
DWS Investment	11.09.2026	07.09	3.08%	2.90%	"Equity collateral returned"	Further decrease
DWS Investment	22.09.2026	16.09	2.96%	4.01%	"Equity collateral received"	Received as collateral, not purchased: securities lending
Barclays PLC	22.09.2026	16.09	4.55%	5.14%	Acquisition/disposal	Shares 0.87%→1.95%; instruments fell 3.68%→3.00% (Portfolio Swap 1.37%, Swap Index 1.63%, Right to Recall 0.18%): a dealer/hedging book
Causeway Capital	22.09.2026	16.09	9.93%	4.59%	Acquisition/disposal	Long-only manager halving a position: the only outright investment decision

Source: Statutory voting-rights notifications under §§ 33 ff. WpHG via EQS News, as dated [R]; Parmantier & Cie. Research reading [A].

DWS took legal title to collateral without economic long exposure, and two earlier filings on the same rationale were decreases. Barclays' physical increase is offset by a larger fall in cash-settled swaps. Causeway halving its stake is genuine disconfirming evidence, and we keep it in view. Six notifications in four weeks on a EUR 1.1bn company shows unusual activity in lending and hedging, which usually reflects client demand somewhere in the chain, but that is an observation, not evidence. We rate LANXESS on its assets, not its register.

Exhibit 61: LANXESS 2028E scenarios

Case	Op. EBITDA	Exit x	Operating EV	Envalior	Cum. FCF	Net debt 2028E	Equity	Per share	vs 12.40
Downside	400	5.50x	2,200	400	(100)	1,759	441	EUR 5.11	-58.8%
Base	600	6.50x	3,900	700	150	1,209	2,691	EUR 31.16	+151.3%
Positive	750	7.00x	5,250	900	300	859	4,391	EUR 50.85	+310.1%

Source: Parmantier & Cie. Research [A]. Pensions not deducted in this table; at ~EUR 421m [C] they would lower the base by ~EUR 4.9 per share, inside the gap between the EUR 31.16 base value and the EUR 21.00 target.

Why operating and financial leverage matter to the risk/reward assessment. LANXESS has the largest operating and financial leverage in the coverage: better utilisation can move a small equity remainder by multiples, while persistent cash burn can move it in the opposite direction without a dramatic change in enterprise value. The financing problem becomes acute if the operating business fails to convert EBITDA into cash before the 2027/28 Envalior windows. A technical shareholder disclosure does not finance the company or validate a fair value; we continue to treat DWS collateral, Barclays swaps and Causeway's reduction as distinct signals. The equity therefore retains an option-like risk profile with a substantial failure case [A].

10.2 Earnings reset: adjusted EBITDA is not reported EBITDA or free cash flow

LANXESS's H1 2026 EBITDA pre exceptionals was EUR 246m: Q1 EUR 94m plus Q2 EUR 152m, not EUR 174m and not EUR 244m. Reported H1 EBITDA was EUR 186m. The EUR 60m difference consists of EUR 71m net exceptional charges at EBIT level less EUR 11m exceptional depreciation and amortisation. Restructuring and strategic realignment—particularly Saltigo—accounted for EUR 54m of EBIT charges; strategic IT EUR 10m and other measures EUR 7m. This is a material earnings-quality distinction [R: LANXESS H1 report, pp. 2 and 13; Q2 slides, pp. 10 and 19–22].

Exhibit 61A: LANXESS H1 2026 earnings and cash-flow reconciliation (EUR m)

Metric	Q1 2026	Q2 2026	H1 2026
EBITDA pre exceptionals	94	152	246
Reported EBITDA	81	105	186
Net exceptional EBITDA charges	(13)	(47)	(60)
Net exceptional EBIT charges	—	—	(71)
Exceptional depreciation / amortisation	—	—	11
Operating cash flow	12	120	132
Capital expenditure cash outflow	(41)	(64)	(105)
Free cash flow	(29)	56	27

Source: LANXESS Half-Year Financial Report 2026, pp. 2 and 13; Q2 2026 presentation, pp. 10 and 19–22. Q1 EBITDA, reported EBITDA, exceptional EBITDA charges and operating cash flow are H1 minus Q2. Exceptional EBIT/D&A shown on H1 basis only, avoiding mismatched rounded quarterly classifications.

A "clean-sheet" interpretation of Zachert's restructuring is plausible, but remains an analyst interpretation rather than evidence about management's motive [A]. The test is whether upfront restructuring charges produce durable savings and whether cash outlays taper. We therefore assess reported EBITDA, adjusted EBITDA, cash restructuring costs, working capital, free cash flow and net debt together. The company's FY2026 EBITDA-pre-exceptionals guidance is EUR 450–550m, with Q3 EUR 130–150m; the prior EUR 430m PCR estimate is below that range and is retained as a conservative windfall-unwind scenario, not described as management guidance [G/A].

10.3 Advent buying LANXESS, not merely buying out Envalior: a hypothetical take-private and break-up

BASF is not our preferred hypothetical buyer for LANXESS. A private-equity sponsor, including Advent, is more coherent with the asset-realisation thesis [H]. Advent already controls 59.06% of Envalior and declined the 2026 tender for LANXESS's 40.94% interest [R]. Those facts do not establish an intention to bid for LANXESS. The separate hypothesis is that a sponsor acquires the listed parent and realises value across Consumer Protection, Specialty Additives and Advanced Intermediates, while separately managing the Envalior investment.

The Software AG analogy concerns transaction mechanics. After Silver Lake acquired control, IBM agreed in December 2023 to buy StreamSets and webMethods for EUR 2.13bn in cash, demonstrating the potential to monetise a business inside a taken-private group [R: IBM, 18 December 2023]. LANXESS's three chemical divisions require different separation work: site services, permits, pensions, environmental obligations, customer contracts, taxes and stranded overhead. We do not infer a chemical take-private valuation from a software disposal multiple. Management execution and investor communication remain key debates: capital allocation and separation plans should be judged against realised cash proceeds, durable savings and transparent valuation disclosure, not personal characterisations [A].

Exhibit 61B: LANXESS three-division SOTP—illustrative sponsor realisation, not a bid valuation

Component	H1 EBITDA pre (EUR m)	Annualised basis (EUR m)	Multiple (low / high)	Value low / high (EUR m)
Consumer Protection	143	286	8x / 10x	2,288 / 2,860
Specialty Additives	121	242	7x / 9x	1,694 / 2,178
Advanced Intermediates	62	124	4x / 6x	496 / 744
Gross divisional EV				4,478 / 5,782
Central-cost capitalisation	(80)	(160)	6x	(960) / (960)
Envalior realisable package				700 / 700
Net financial debt, 30.06.2026				(2,049) / (2,049)
Pension provisions, 30.06.2026				(374) / (374)
Separation / transaction reserve				(250) / (250)
Illustrative equity value				1,545 / 2,849
Value per 86.346m shares (EUR)				17.89 / 33.00

Source: LANXESS H1 2026 report (segment EBITDA EUR 143m / 121m / 62m; central costs EUR -80m; net debt EUR 2,049m; pensions EUR 374m; 86.346303m shares). Annualisation is 2× H1, not a forecast; all multiples, EUR 700m Envalior package and EUR 250m reserve are PCR assumptions. The Envalior package includes the stake and shareholder-loan recovery; it is not added again via lower net debt. Illustrative values do not change the EUR 21 target.

The bear case is that the divisional values cannot be realised independently at these multiples. H1 included temporary supply-chain benefits, separation costs may exceed the reserve, central overhead may prove hard to eliminate, and sale proceeds may be consumed by debt and restructuring. A refusal by Advent to acquire the Envalior stake does not prove that it intends to acquire the parent instead. We keep the confirmed tender route, a sponsor take-private and individual asset disposals as separate scenarios, with no takeover premium added to the EUR 21 target [A/H].

11. Wacker Chemie: reset, Siltronic and the LANXESS question

Company view: Wacker Chemie, a quality recovery, and a target only with the family's consent

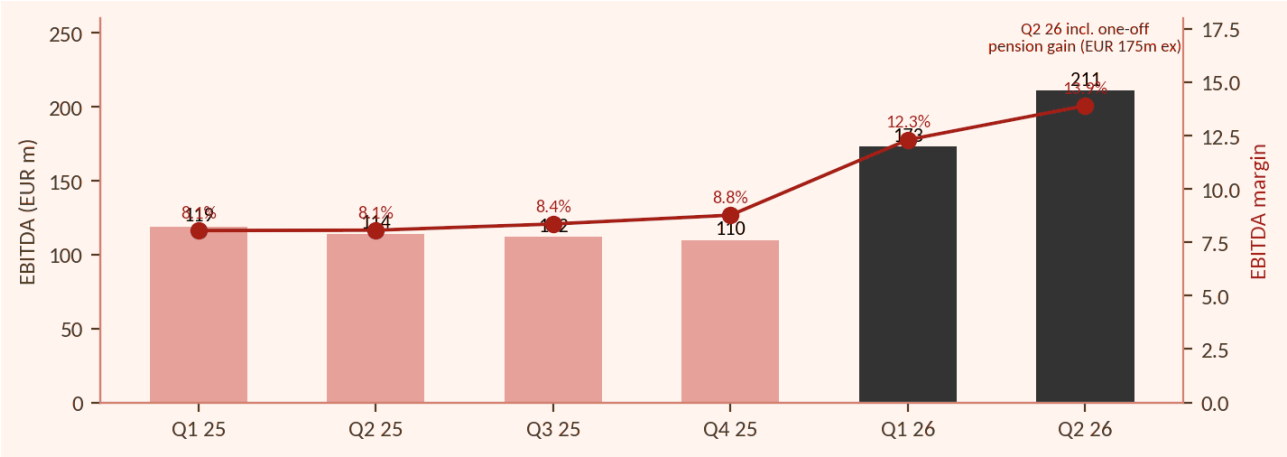
The standalone case. Wacker has reset its 2030 ambition to a 15% (±2pp) EBITDA margin, launched the PACE savings programme of more than EUR 300m a year from 2028, and capped capex at EUR 300-400m a year, below depreciation [R: Capital Markets Day, 17.09.2026]. Q2 2026 EBITDA was EUR 211m, or EUR 175m excluding a one-off pension gain [R]. Two Siltronic placements (May and 22.09.2026) raised ~EUR 359m and cut pro forma net debt to ~EUR 554m, about 0.8x EBITDA [R/A]. On adjusted numbers, and valuing the remaining ~15% Siltronic stake separately, Wacker trades at ~6.2x 2026E EBITDA, cheap for a company with leading silicone and semi-grade polysilicon positions [A].

Could Wacker itself become a takeover target? The investment logic exists. Wacker's enterprise value is only ~EUR 5.2bn; its semiconductor-grade polysilicon is a strategically sensitive supply for European and U.S. chip production; its silicones franchise is global; and the balance sheet is now light. For a capital-rich strategic buyer, an Asian silicones major or a Middle Eastern sovereign-backed group following the ADNOC/Covestro precedent, Wacker would be a rare chance to buy a high-quality European materials platform at a trough multiple [R/A]. The constraint is ownership: the Dr. Alexander Wacker

Familiengesellschaft holds more than 50% of the voting shares, and free float is ~33% [R]. No hostile bid is possible; any transaction requires the family's active decision to sell or to share control. We have seen no report, statement or filing suggesting such an intention [H].

How we treat the optionality. We do not include any takeover value in our EUR 106 target. What the family structure does allow is portfolio monetisation, the remaining Siltronic stake, or partnerships in biosolutions or polysilicon, which the Siltronic sales show management is willing to use. If a strategic buyer appeared, the relevant reference would be the replacement value of Wacker's silicone and polysilicon assets, not today's depressed EBITDA; on that basis a control premium of 30-40% to the current price would still leave the buyer paying well under 10x normalised EBITDA [A]. Our risks remain operational: silicone price relapses (a 5% move shifts equity value by ~20%), Chinese polysilicon oversupply and European energy costs [A].

Exhibit 62: Wacker quarterly EBITDA and margin: the trough is behind it



Source: S&P Capital IQ quarterly data; Wacker Q2 2026 release: EBITDA EUR 211m, EUR 175m without a one-off pension gain (dpa-AFX, 17.09.2026) [R].

Exhibit 63: Segments: the 2025 collapse was mostly a one-off

EUR m	Revenue 2024	Revenue 2025	EBITDA 2024	EBITDA 2025	Margin	Change
Silicones	2,805	2,733	341	336	12.3%	-5 (flat)
Polymers	1,463	1,379	194	158	11.5%	-36
Polysilicon	949	883	193	96	10.9%	-97
Biosolutions	375	360	35	21	5.7%	-14
Corporate / other	144	142	(20)	(185)	n.m.	-165 (restructuring)
Segment sum	**5,722**	**5,485**	**743**	**427**	**7.8%**	**-316**

Source: S&P Capital IQ segment data [R]; group EBITDA (standardised) EUR 667m (2024) and EUR 456m (2025).

The 2030 reset. Wacker now targets a 15% EBITDA margin (±2pp) by 2030, down from "more than 20%" two years ago [R, dpa-AFX, 17.09.2026]. We read it as realism: REFOCUS is the strategy motto, PACE the savings programme (>EUR 300m a year from 2028, >50% retained in EBITDA), with investment concentrated on electronics, healthcare and mobility and capex below D&A [R, Wacker/Reuters, 17.09.2026]. JPMorgan's criticism that there is no timeline and no fix for solar polysilicon is fair [C].

Exhibit 64: The Siltronic placements

	Placement 1	Siltronic capital raise	Placement 2
Date	26.05.2026 [R]	June 2026 [C]	22.09.2026 [R]
Shares	2.1m (7%)	~10% new shares; EUR 273m	~2.2m (6.7%)
Price	EUR 89.35	-	EUR 77.25 (Xetra close EUR 82.75)
Gross proceeds to Wacker	~EUR 188m	none	~EUR 171m
Method / banks	ABB; Rothschild & Co adviser	ABB; HAL-Trust anchor [C]	ABB; BofA Securities, Deutsche Bank
Wacker stake after	~24%	21.67% (diluted)	~15%
Lock-up	90 days	-	90 days

Source: Wacker releases 26.05.2026 and 22.09.2026; MarketScreener/4investors 22.09.2026 [R]; MT Newswires [C].

Exhibit 65: Balance-sheet bridge after the September placement (EUR m)

Item	Value	Basis
Net debt, 31.12.2025	886	[R]
Net debt, 30.06.2026 (after May proceeds)	722	[R]
Less September gross proceeds	(171)	[R]
Plus fees ~1.5%	3	[A]
Cash tax	~0	[A] 95% exempt under § 8b KStG
Pro forma net debt	~554	[A] Before Q3 cash flow; 0.8x 2026E EBITDA
Remaining ~4.95m Siltronic shares	382-410	[A] At EUR 77.25-82.75

Source: Wacker; S&P Capital IQ [R]; Parmantier & Cie. Research [A].

Siltronic cash does not solve an acquisition puzzle. Selling shares in a high-quality semiconductor asset gives Wacker a simpler balance sheet and room to withstand a polysilicon downturn. It does not create a strategic overlap with LANXESS's intermediates, biocides and additives, nor does it remove the Wacker family's incentive to preserve control. We would spend that flexibility on PACE, selective capacity rationalisation and small technologies close to silicones or bioprocessing before underwriting an all-company transaction. Unlike the March Morgan Stanley paper, which analysed upstream BASF, Evonik and LANXESS, the Wacker argument rests on Wacker's own September 2026 reset and Siltronic transactions; we do not attribute a Wacker M&A view to Morgan Stanley [R/A].

11.1 Could Wacker acquire LANXESS? [H]

Status: HYPOTHETICAL
No report, rumour, filing or statement links Wacker to LANXESS. We analyse the question because it was asked.

Exhibit 66: LANXESS at a 30% premium: every structure dilutes EPS

Structure	Cash (EUR m)	New shares	Family stake	PF net debt	PF leverage	After Envalior sale	EPS impact
All cash	1,491	0	51.3%	4,104	3.57x	2.96x	-19%
Treasury shares + cash	1,275	0	51.3%	3,888	3.38x	2.77x	-18%
All new shares	0	14.6m	40.1% (majority lost)	2,613	2.27x	1.66x	-14%
Rights issue, family pro rata	0	20.1m	51.3% (family invests ~EUR 765m)	2,613	2.27x	1.66x	-18%

Source: Parmantier & Cie. Research [A]. Equity EUR 1,491m (EUR 17.26/share); EV incl. pensions EUR 3,971m; 9.2x 2026E EBITDA (7.6x ex-Envalior). Dr. Alexander Wacker Familiengesellschaft >50% of voting shares; free float 33.09% [R, Wacker IR].

Exhibit 67: Consolidator comparison

Buyer	Capacity	Currency	Fit for LANXESS assets	Constraint	Probability
Wacker Chemie	~0.8x; EUR 0.5-0.8bn bolt-ons	Limited: family majority	Flame retardants only	Family control; capex discipline	~5% (assets)
BASF	Not a preferred buyer in our scenario	Liquid, EUR 44bn	Low; no evidence of interest	Single-A objective	Not assigned
Evonik	1.8x; selling, not buying	Depressed	Low	Interim CEO; restructuring	~1%
Private equity / Advent	Potential take-private or divisional carve-outs	n/a	Three-division SOTP; Envalior ownership adjacency	Leverage, separation costs, pensions; no bid identified	Hypothetical; not quantified
ADNOC/XRG, sovereigns	Very deep	n/a	Moderate	Political scrutiny; Seele: “Diversifizierung des Portfolios” [R]	~5%

Source: Parmantier & Cie. Research [A]; company disclosures; Reuters 20.05.2026 [R].

Verdict. Wacker is a credible asset buyer (part of Specialty Additives, EUR 400-800m at 7-8x, leverage 1.3-1.7x) and a better standalone investment. The Siltronic money covers ~9% of a ~EUR 4bn LANXESS price including pensions. Private equity is the more likely buyer of LANXESS assets [A].

Exhibit 68: Wacker versus LANXESS

	Wacker Chemie	LANXESS
Market cap / EV	EUR 4,347m / ~4,501m operating	EUR 1,071m / ~3,551m incl. pensions
Net debt; leverage 2026E	~EUR 554m pf; 0.8x	EUR 2,059m; 4.8x
EBITDA 2026E / normalised	~EUR 720m / 850-880m	~EUR 430m / ~600m
Differentiation	Higher: semi-grade polysilicon, VAE leadership	Mixed: Consumer Protection strong, intermediates weak
Valuation	~6.2x operating EV/2026E EBITDA	~5.5-5.9x ex-Envalior
Bear case	EUR 65 (-26%)	EUR 5.11 (-59%)
Permanent-loss risk	~12%	~18%
12m TR	+21.1%	+70.2%

Source: Parmantier & Cie. Research [A]; S&P Capital IQ [R]. Conclusion: own both, in different roles and sizes.

12. Second row and exclusions

Exhibit 69: Second-row shortlist

	Wacker Chemie	SGL-Carbon	K+S	AlzChem
Price 01.10.2026 (EUR)	87.50	4.97	15.10	158.10
Market cap / EV (EUR m)	4,347 / 5,226	608 / 707	2,704 / 2,897	1,601 / 1,627
Avg daily value (EUR k)	~4,542	~788	~22,747	~2,407
FY2025 revenue / EBITDA	5,485 / 456	850 / 113	3,648 / (921)	575 / 114
Net debt; leverage	~554 pf; 0.8x	107; 0.9x	254; 0.6x (2024)	(27); net cash
EV/EBITDA FY2025	11.5x (headline)	6.3x	n.m.	14.3x
Energy / China exposure	Very high / very high	High / moderate	High / low	Moderate / low
Initial rating / PT	BUY / 106.00	BUY (spec.) / 5.40	HOLD / 17.50	HOLD / 140.00
Bull / base / bear	189-147 / 114 / 65	8.73 / 6.13 / 2.70	20 / 17.50 / 13	175 / 140 / 115
Permanent-loss risk	~12%	~25%	~10%	~10%

Source: S&P Capital IQ market data 21.09.2026 and FY2025 financials [R]; Parmantier & Cie. Research [A].

Company view: K+S, Hold after a ~30% rebound; the potash cycle, not the chemical thesis

What drove the move. K+S shares rose ~35% from EUR 12.83 (29.06.2026) to EUR 17.34 (08.09.2026) and closed at EUR 15.10 on 01.10.2026, still ~18% above the low [R]. The trigger was a strong second quarter: revenues rose to EUR 978m and operating EBITDA to EUR 176m (Q2 2025: EUR 110m), ahead of the EUR 149m market expectation, and K+S raised its 2026 operating EBITDA guidance to EUR 680-760m (from EUR 630-730m; 2025: EUR 613m) [R: K+S, 12.08.2026]. Higher potash volumes and prices, better production output and a strong de-icing salt business all contributed.

Why the rally does not make it a Buy. At an EV of ~EUR 2.9bn, K+S trades at ~4.0x the guidance midpoint, optically very cheap. But cash conversion is weak: capex of ~EUR 600m in 2026 leaves EBITDA minus capex of only ~EUR 120m, and adjusted free cash flow is guided at a mid- to higher-double-digit million figure [R/A]. The midpoint of guidance assumes that current potash prices hold through the second half [R]. Capital is also being committed: Werra 2060 (~EUR 600m, dry processing by summer 2028), the Bethune expansion in Canada, and the EUR 350m (plus up to EUR 30m earn-out) acquisition of Qemetica's salt business, funded with a EUR 320m convertible bond and expected to close in Q1 2027 [R]. The investment case is therefore a potash-price and execution case, with dilution optionality from the convertible, not a European chemicals recovery case.

Rating. After the rebound we keep K+S at Hold with a EUR 17.50 target (+16% total return), which implies ~5x our 2027E operating EBITDA including the Qemetica debt. We have corrected our estimates to the company's operating EBITDA basis (2026E EUR 720m, 2027E EUR 700m); the earlier table understated EBITDA because it used a standardised definition affected by the 2025 impairment [R/A]. We would turn more positive on evidence of sustained potash pricing into 2027 and on free cash flow converging with EBITDA as the capex programmes complete.

Company view: AlzChem, an excellent business at a full price; target set at 10x EBITDA

A niche champion with rising margins. AlzChem's calcium carbide / cyanamide Verbund supplies niche ingredients where it is often the global leader. In H1 2026 group sales rose 6% to EUR 303.9m and

EBITDA 14% to EUR 64.5m (margin 21.2%); Specialty Chemicals grew sales 10% to EUR 214.3m with EBITDA up 19% to EUR 64.1m (margin 29.9%), driven by creatine (Creapure, Creavitalis), nitroguanidine for the defence industry and custom manufacturing, while Basics & Intermediates was at break-even during a carbide furnace renovation [R: AlzChem, 30.07.2026]. Guidance is for sales of ~EUR 600m and EBITDA of ~EUR 126m in 2026 [G]. Growth capacity is coming: the new German nitroguanidine plant starts up in stages in H2 2026, a U.S. plant in Bushy Park, South Carolina, has been selected, creatine capacity is being expanded, and a new financing line of up to EUR 100m has been agreed [R].

A strategic shareholder has appeared. Czechoslovak Group (CSG), a defence company, raised its position to 20.1% including derivatives in June 2026 [R: MT Newswires, 02.06.2026]; the company's factsheet lists Staluna Trade (CSG) at 9.90%, four two na GmbH at 10.14% and Löw SE at 6.39% [R]. A defence group building a position in the leading Western nitroguanidine supplier is strategically logical, and it is the main upside risk to our view. We do not capitalise it: there is no offer or statement of intent [A].

Valuation: 10x EBITDA gives EUR 140. At EUR 158.10 AlzChem trades at ~12.9x the 2026 EBITDA guidance and ~11.8x our 2027E of EUR 138m [A]. We value the company at 10x forward EBITDA, a clear premium to the 7-8x we apply to diversified European chemicals, reflecting its margins and growth, but a discount to its own recent trading, reflecting heavy growth capex, concentration in defence and creatine, and a small free float. 10x 2027E EBITDA of EUR 138m plus our expected end-2026 net cash of ~EUR 35m gives ~EUR 140 per share; on the 2026 guidance of ~EUR 126m the same multiple gives ~EUR 122 [A]. Our 12-month target is EUR 140, implying a total return of about -10% including the dividend. That sits in the lower half of our Hold band (-15% to +15%); we would move to Sell if the shares rose materially without an upgrade to earnings or a bid [A].

Exhibit 70: AlzChem and K+S: valuation snapshot

	AlzChem	K+S
Price 01.10.2026 / market cap	EUR 158.10 / EUR 1,601m	EUR 15.10 / EUR 2,704m
2026 guidance (EBITDA)	~EUR 126m [G]	EUR 680-760m operating [G]
PCR 2027E EBITDA	EUR 138m	EUR 700m
EV / 2026E EBITDA	12.9x	4.0x (midpoint)
Valuation basis for target	10x 2027E EBITDA + net cash	~5x 2027E EBITDA incl. Qemetica debt
12m target / total return	EUR 140 / ~-10%	EUR 17.50 / ~+16%
Initial rating	Hold	Hold
Main swing factor	CSG strategic interest; nitroguanidine ramp	Potash price; capex and FCF

Source: AlzChem H1 2026 release and factsheet (30.07.2026) [R/G]; MT Newswires 02.06.2026 [R]; K+S Q2 2026 release (12.08.2026) [R/G]; S&P Capital IQ [R]; Parmantier & Cie. Research [A].

Exhibit 71: Excluded names

Name	Reason
Covestro	Acquired by ADNOC [R]; pinned at EUR 60.00 on ~2,400 shares a day: a corporate-action price, not a market
H&R	~EUR 22k average daily value; net debt EUR 246m vs EUR 273m market cap; Kepler to Reduce, 28.01.2026 [R/C]
Atotech	No longer separately listed
Arkema, Clariant, Solvay, Eastman, Huntsman, Syensqo	Read-across only: outside the German focus and already repriced by Goldman (10.02.2026) and Morgan Stanley (27.03.2026) [C]

Source: S&P Capital IQ; broker research as dated.

13. Valuation, scenarios and sensitivities

Exhibit 72: Current valuation

Multiples at pre-approach prices: BASF 24.09.2026; others 21.09.2026	BASF	Evonik	LANXESS	Wacker	SGL	K+S	AlzChem
Share price (EUR)	52.30	17.24	13.28	87.35	4.215	16.11	162.66
Market cap (EUR m)	45,026	8,034	1,147	4,339	515	2,885	1,647
Enterprise value (EUR m)	64,901	11,838	3,212	5,219	615	3,077	1,673
EV/EBITDA FY2025A	10.6x	6.9x	9.7x	11.5x	5.4x	n.m.	14.7x
EV/EBITDA 2026E	8.9x	5.6x*	7.5x	8.7x (6.2x op.)	5.1x	7.0x	13.5x
Net debt / EBITDA 2026E	2.3x	1.8x	4.8x	0.8x pf	0.9x	0.5x	net cash
Price / book	1.29x	0.98x	0.33x	1.16x	1.10x	0.59x	6.38x
Dividend yield	4.3%	5.8%	0.8%	n/v	nil	0.4%	1.3%

Source: S&P Capital IQ standardised EV/EBITDA and historical pre-approach share prices (BASF 24.09.2026; other companies 21.09.2026) [R]; Parmantier & Cie. assumptions [A]. These historical inputs are not the current share prices on the cover.

Exhibit 73: Four-case framework, 2026-2029

	Consensus	PCR constructive (base)	High-upside procyclical	Downside
Probability	30%	40%	15%	15%
Revenue growth 2027-29 p.a.	0% to +2%	+3% to +5%	+6% to +8%	-2% to 0%
Volume / price-mix	+1% / -1%	+2% / +2%	+4% / +3%	-1% / -2%
EU utilisation by 2029	75-76%	78-79%	81%+	73-74%
Sector EBITDA / EBIT margin 2029	10-11% / 5-6%	12-13% / 7-8%	14-15% / 9-10%	8-9% / 3-4%
Sector ND/EBITDA	2.5x	1.8x	1.4x	3.2x
Sector EV/EBITDA	7.0-7.5x	8.0-8.5x	9.0-9.5x	6.0-6.5x
BASF per share (2027E SOTP)	Current consensus PT unavailable	58.54	74.98	40.83
Evonik per share	18.50	23.12	30.79	13.65
LANXESS per share	17.00	31.16	50.85	5.11
Wacker per share	-	113.75	188.61	65.02
Covered universe, cap-weighted	+4%	+~20% (12m BASF TR; sector selective)	+42% (scenario value)	-21% (scenario value)

Source: PCR first-study estimates [A]; BASF 24.09.2026 Agricultural Solutions operating release [R]; Bernstein 22.09.2026 2027E Agricultural Solutions EBITDA €2,275m [C]. BASF SOTP base €58.54, listed bull €74.98, bear €40.83. 17x control ceiling is separate.

Probability-weighted values are not a substitute for solvency analysis. A 12-month target can look attractive while a bear case permanently impairs the equity. That is why we separate the EV/EBITDA re-rating from net debt and pensions, and ask whether the downside case can still fund interest, maintenance capex, dividends and maturities. The answer differs sharply: BASF retains liquid equity and an Agricultural Solutions separation path even without Evonik; Evonik has a solid adjusted EBITDA base but a narrowing deal spread; LANXESS's share price is a residual claim with a meaningful permanent-loss tail. The consolidation theme changes the assessment of catalysts and execution risks, not investors' portfolio allocation [A].

Exhibit 74: Sensitivities

Variable	Move	BASF	Evonik	LANXESS	Wacker
European gas / power	±EUR 10/MWh	±9.3% equity	±8.1%	±35.3%	±15.0%
Chinese export intensity	-10% volumes into Europe	+3% to +5% EBITDA	+4% to +7%	+6% to +10%	+8% to +12%
European industrial production	+2pp	+5% to +7% EBITDA	+4% to +6%	+10% to +14%	+8% to +11%
Pricing	+2% across portfolio	+10% to +13% EBITDA	+9% to +12%	+25% to +35%	+18% to +24%
Volumes	+3%	+7% to +9% EBITDA	+6% to +8%	+15% to +20%	±9.2% equity at 35% drop-through
Silicone prices	±5%	-	-	-	±20.5% equity
EUR/USD	+10% EUR	Negative (USD, BRL revenue)	Moderately negative	Moderately negative	Negative
Interest rates	+100bp on refinancing	Limited at 2.3x	Limited at 1.8x	Material at 4.8x	Limited at 0.8x
Agricultural Solutions fair EV	€18.45bn / €27.3bn / €35bn	BASF SOTP €40.83 / €58.54 / €74.98	n/a	n/a	n/a
Agricultural Solutions control 17x at €2.275bn EBITDA	€38.675bn EV, NOT IPO	~€9.25/BASF share after 30% float vs 12x case	n/a	n/a	n/a
Merger probability	10% to 30%	-1% to -3%	+4% to +7%	n/a	n/a
Envalior monetisation	EUR 400m vs 900m	n/a	n/a	EUR 5.79/share swing	n/a
Siltronic value	±20% on residual	n/a	n/a	n/a	±EUR 1.65/share

Source: PCR sensitivities [A], company market data BASF 24.09.2026 [R]. Energy exposures assumed; Agricultural Solutions control ceiling €38.675bn = Bernstein €2.275bn 2027E EBITDA × 17, not an announced transaction [C/A].

14. Catalysts, risks and what would prove us wrong

Exhibit 75: Catalyst calendar

Timing	Event	Company	Why it matters
24.09.2026 / 01.10 / 01.01.2027	Agricultural Solutions global and U.S. leadership setup [R]	BAS	US largest market leadership from Oct; global model Jan 2027; separate evidence from IPO decision
25.09.2026 →	BASF-Evonik: confirmed approach; exploratory talks [R]	BAS, EVK, RAG	Next: § 10 WpÜG decision, RAG position, or withdrawal
28.10.2026	Q3 results (BASF 28.10.2026) [R/M]	BAS, WCH	First test of raised BASF guidance; Wacker Q3 guided at Q2 level
05.11.2026	Q3 statement [R]	LXS	H1 EBITDA pre exceptionals EUR 246m (Q1 94 + Q2 152); Q3 guidance EUR 130–150m. Monitor restructuring cash costs.
24.11.2026	BASF Capital Markets Day incl. Agricultural Solutions [R]	BAS	Agricultural Solutions targets; capital allocation; any Evonik framing
Nov 2026	Q3 statement	EVK	First commentary after the approach; earnings composition
Q4 2026	Initial 2027 framing; Siltronic accounting at ~15%	All, WCH	Is 2027 guided off the windfall base?
~Dec 2026	Lock-up expiry on residual Siltronic stake [R]	WCH	Further monetisation option
Q4 26-Q1 27	Agricultural Solutions carve-out accounts	BAS	First hard evidence for the Agricultural Solutions multiple
Feb-Mar 2027	FY2026 results and 2027 guidance	All	Evonik's first dividend under the new policy
2027	Envalior tender window; Oxeno completion; Syneqt launch; polysilicon footprint	LXS, EVK, WCH	The dated corporate events the thesis rests on
Mid-2027	Agricultural Solutions IPO readiness [R]	BAS	Execution; proceeds; reference multiple

Source: Company financial calendars and releases [R]; Parmantier & Cie. Research [A].

Exhibit 76: Risk matrix

Risk	Probability	Impact	Most exposed
2027 EBITDA cut as the supply windfall unwinds (now in our BASF numbers)	High (60%)	-10% to -18%	BAS, EVK
European gas sustained above EUR 60/MWh	Medium (35%)	-15% to -35%	LXS, WCH
Advent declines Envalior again in 2027	Medium (35%)	-25% to -40%	LXS
Renewed Chinese export surge into intermediates	Medium (35%)	-8% to -15%	EVK, LXS, WCH
Silicone price relapse	Medium (30%)	-15% to -20%	WCH
Evonik restructuring under-delivers under interim leadership	Medium (30%)	-8% to -15%	EVK
Agricultural Solutions IPO deferred beyond 2028	Low-medium (20%)	-6% to -10%	BAS
RAG accelerates its Evonik sell-down	Low-medium (25%)	-4% to -8%	EVK
BASF cash-heavy Evonik offer before Agricultural Solutions proceeds	Low-medium (11%)	-8% to -12%	BAS
Wacker large leveraged acquisition [H]	Very low (<2%)	-10% to -20%	WCH
BASF-Evonik talks end; Evonik reverts toward unaffected	Medium (27%)	-7% to -11% (EVK)	EVK
Antitrust remedies or political conditions erode synergies	Medium (30% if a deal is agreed)	-3% to -6%	BAS, EVK

Source: Parmantier & Cie. Research [A].

Exhibit 77: What would make us abandon the constructive view

Test	Threshold	Consequence
EU27 capacity utilisation	Not above 76% by mid-2027 [R: Cefic]	Sector to neutral
BASF consideration mix	>50% cash for Evonik before Agricultural Solutions IPO proceeds	Withdraw BASF Buy
Synergy disclosure	Any agreed deal at ≥30% premium without ≥EUR 0.9bn credible gross synergies	BASF to Hold
Envalior	Advent declines in the 2027 window	Withdraw LANXESS Buy
Evonik earnings base	2027 adjusted EBITDA below EUR 1.8bn with no offer	Evonik to Sell
Wacker recovery	Q3 2026 EBITDA well below EUR 175m; silicones relapse	Wacker to Hold
Energy	TTF sustained above EUR 60/MWh through winter 2026/27	Cut LANXESS and Wacker
Consolidation form	Debt-funded full-company merger in our coverage at 3x+ leverage	Sector to neutral

Source: Parmantier & Cie. Research [A].

Where we are most likely to be wrong: if the Middle East supply disruption fades quickly, upstream spreads fall and our 2027E €7.8bn group EBITDA could prove too high. Agricultural Solutions 2027E €2.275bn must be validated by the 24 November Capital Markets Day; the 24 September organisation news alone does not justify it [C/R/A].

Evidence ladder for the next six months. A new § 10 WpÜG publication would move BASF-Evonik from a non-binding approach to a regulated offer decision; an actual offer document would establish consideration, minimum acceptance, financing and board opinion; a signed agreement and competition filings would then test execution. Until those stages occur, we do not treat a share-rich structure, RAG rollover or €650-700m of gross savings as an announced term. Independently, BASF's Agricultural

Solutions Capital Markets Day must show cash conversion, standalone costs and a debt perimeter, while LANXESS must show that Envalior proceeds are collectible on the next contractual timetable. A confirmed merger without those cash and balance-sheet checks would not validate our Overweight [R/A].

15. Portfolio construction and initial Parmantier & Cie. view

Exhibit 78: Investment themes and transaction optionality

Bucket	Names
Large-cap valuation anchor	BASF (Buy)
Quality recovery	Wacker Chemie
High-beta cyclicals	LANXESS, Wacker, SGL-Carbon
Confirmed or credible consolidation beneficiaries	Evonik (confirmed approach), LANXESS (asset sales), BASF (disciplined acquirer only in share-heavy structures)
M&A optionality	Evonik (confirmed approach); LANXESS (hypothetical sponsor take-private / three-division SOTP, including Advent; no confirmed approach)
Potential acquirers	BASF (share-heavy / post-IPO); Wacker (selected assets only)
IPO / spin-off optionality	BASF Agricultural Solutions (confirmed IPO-readiness plan); Battery Materials (hypothetical future IPO, partner or sale—not announced)
Special situations	LANXESS, SGL-Carbon
Speculative distressed value	LANXESS in its bear case
Not for this thesis / excluded	K+S, AlzChem / Covestro, H&R

Source: Parmantier & Cie. Research.

Exhibit 79: Ranking by criterion (1 = best)

Criterion	1	2	3	4	5	6	7
Risk-adjusted upside	LXS	BAS	WCH	SGL	EVK	K+S	AlzChem
Exposure to European consolidation	EVK	BAS	LXS	SGL	WCH	K+S	AlzChem
Balance-sheet resilience	AlzChem	K+S	WCH	BAS	EVK	SGL	LXS
Strategic optionality	EVK	BAS	LXS	WCH	SGL	K+S	AlzChem
Catalyst visibility	BAS	EVK	LXS	WCH	SGL	K+S	AlzChem
Quality of standalone business	AlzChem	BAS	EVK	WCH	K+S	SGL	LXS
Liquidity / investability	BAS	EVK	K+S	LXS	WCH	AlzChem	SGL
Lowest permanent-loss risk	BAS	EVK	K+S	AlzChem	WCH	LXS	SGL

Source: Parmantier & Cie. Research [A]. Initial Parmantier & Cie. ranking [A].

15.1 The questions, answered directly

Exhibit 80: The questions, answered directly

Question	Answer
Does Evonik's confirmation strengthen the sector thesis?	Yes, materially: consolidation now includes a confirmed approach by the sector leader to a peer and its anchor holder [R]. It raises the probability of capacity rationalisation; it does not guarantee a deal.
Why does a confirmed approach matter more than the rumour?	It is disclosed under Art. 17 MAR and confirmed by BASF and RAG [R]; it cannot be dismissed as market chatter. But there is no offer, price or financing.
Is BASF's approach coherent and feasible?	Strategically partly: core-adjacent additives, care and nutrition, not Verbund-integrated. Financially only with mostly shares or after IPO proceeds (1.6-2.2x) [A].
Which structures protect BASF?	All-share (1.6x post-IPO; 25% dilution; dividend bill cash-neutral) or ≥50% shares after proceeds. Cash before proceeds (3.3x) does not [A].
Can a cash-and-share deal with RAG as anchor work?	Yes as RAG shares / float cash (2.2x post-IPO), with RAG at ~9.7% of BASF. A ~50% RAG stake in the combined group is not plausible [A].
Does the Agricultural Solutions IPO change capacity?	Helps, but base-case proceeds (~EUR 5.8bn) create only ~EUR 1.6bn of cash capacity at ≤2.0x, ~15% of a 30%-premium price [A].
Why is BASF a Buy?	Agricultural Solutions base EV EUR 27.3bn supports a EUR 60 standalone value; after a ~EUR 1.2 PW Evonik deduction, PT EUR 59 and +24.0% total return [A].
Why is Evonik a Hold?	Strategic value up, but +19.6% versus unaffected; the reported EUR 22.15 proposal was rejected as too low [M]; PW value EUR 20.57; ~+4% total return to EUR 20.50 [R/M/A].
Why is LANXESS still a speculative Buy?	Envalior explains most of the equity; tender windows in 2027/28; no bid is required for the case, but a second Advent refusal would invalidate it [R/A].
What is already priced?	Evonik: ~65% of a 30% offer and ~69% of the move to the reported EUR 22.15; BASF: a dilution discount (-3.6% on 25.09; Marshall Wace net short 0.5%) [R/M]; LANXESS: no consolidation value at all [R/A].
Cleanest risk/reward?	BASF (liquidity and visible catalysts); LANXESS (asymmetric, high-risk opportunity); Wacker (quality recovery). Evonik: strategic optionality is largely reflected in the current price [A].
What would make us abandon Overweight?	EU utilisation ≤76% by mid-2027; a debt-funded merger at 3x+; BASF paying >50% cash before proceeds; Envalior refused again [A].

Source: Parmantier & Cie. Research.

15.2 Initial Parmantier & Cie. view: European Chemicals: The 2027 Cycle

Media check to 1 October. Handelsblatt reports that BASF is still working on Evonik after the first rejection and describes a possible RAG share swap with BASF shares [M]. The full article was not accessible from the supplied share link; only its lead and the user-provided excerpts were read. Nothing in the material changes BASF's publicly stated intention to cancel repurchased shares, Evonik's statement that no talks were taking place on 25 September, or RAG's outstanding exchangeable bonds [R]. On 30 September RAG stated that a complete sale of its Evonik stake is possible under its statutes with the approval of its board of trustees [R]; this widens the range of structures but is neither a price nor consent. We therefore do not turn a possible transaction currency into assumed proceeds, an agreed offer or an extra euro of our targets [A].

Source: Handelsblatt 29.09.2026 (accessible lead and user-provided excerpts) [M]; Evonik and RAG ad hoc notices 25.09.2026 [R]; BASF buyback release 29.07.2026 [R]; Parmantier & Cie. Research [A].

Our first sector study is Overweight. The confirmed BASF approach for Evonik (25 September 2026) moves consolidation from rumour to a documented, board-level option, adding a second value channel to the break-up thesis. We buy the consolidation where balance sheets can carry it and the break-up

where they cannot. BASF is our Buy (PT EUR 59): Agricultural Solutions carries the value, and an Evonik deal is acceptable only in share-heavy or post-IPO form. Evonik is a Hold (PT EUR 20.50): its strategic value has risen, but its shares already discount ~65% of a 30%-premium offer, and its standalone base value exceeds what BASF can justify paying. LANXESS remains a speculative Buy (PT EUR 21), because Envalior and the 2027/28 tender windows, not an unconfirmed bid, carry the case. Wacker is a quality recovery (Buy, PT EUR 106); SGL-Carbon a speculative investment case; K+S and AlzChem Holds. The catalysts that could re-rate the sector are a § 10 WpÜG decision with share-heavy consideration, the 24 November BASF Capital Markets Day, carve-out accounts for Agricultural Solutions, and the 2027 Envalior window. We would abandon the Overweight on EU utilisation at or below 76% by mid-2027, a debt-funded merger at 3x+ leverage, or BASF committing to majority cash before IPO proceeds. These are initial Parmantier & Cie. recommendations, not changes to an existing published rating framework [A].

The investment rule is discipline, not deal enthusiasm. Own a group only where its standalone case is adequately financed, and credit a consolidation premium only after the buyer demonstrates that consideration, gross-to-net synergies and the regulatory perimeter leave per-share value intact. The Morgan Stanley report of 27 March explained the supply-side route by which an upstream producer might enjoy a transient advantage; our later, separate thesis asks who retains the cash benefit when the shock fades and which assets can be sold or closed. That distinction is the bridge from the charts to the recommendations: BASF's Agricultural Solutions option funds the core; Evonik's current price limits entry despite strategic interest; LANXESS is an equity option with a real failure case [C/A].

Source: Morgan Stanley, Industrial Chemicals, 27.03.2026 [C]; BASF, Evonik and LANXESS company disclosures through 25.09.2026 [R]; Parmantier & Cie. Research [A].

Appendix: current Parmantier & Cie. recommendation framework

Exhibit 81: First Parmantier & Cie. recommendations for German chemicals

Company	Initial rating	Price 01.10.2026	12m target	12m total return
BASF	Buy	EUR 49.40	EUR 59.00	+24.0%
Evonik	Hold	EUR 20.62	EUR 20.50	+4.3%
LANXESS	Buy (spec.)	EUR 12.40	EUR 21.00	+70.2%
Wacker Chemie	Buy	EUR 87.50	EUR 106.00	+21.1%
SGL-Carbon	Buy (spec.)	EUR 4.97	EUR 5.40	+8.7%
K+S	Hold	EUR 15.10	EUR 17.50	+16.4%
AlzChem	Hold	EUR 158.10	EUR 140.00	-10.2%
Industry	Overweight	-	-	+20.2% cap-weighted

Source: Parmantier & Cie. initial sector and company equity research [A]. Recommendation-table prices are XETRA closes of 01.10.2026 for all covered companies [R].

Price refresh completed on 1 October 2026: share prices, market capitalisations and all price-derived returns, multiples and deal ratios reflect XETRA closes of 1 October 2026. The 22 September baseline cut-off applies, with labelled events from 24 September to 1 October 2026. Ratings, targets, estimates and scenario probabilities are unchanged.

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