# BlueTigre Screening of BASF purchase of Evonik

28 October 2026

Growth by PROWL. Risk by STALK, our machine-learning model, which flags far fewer healthy companies than the Altman test.

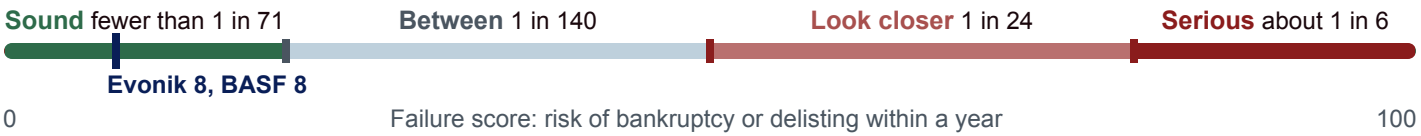
**Our call:** both companies are sound, and BASF can carry Evonik. At €24 a share the savings no longer pay for the price; the rest is a bet on growth.

## 1 COMPANY HEALTH

Are Evonik and BASF headed for trouble within a year?

**Evonik 8** **BASF 8** out of 100

**SOUND**




Odds counted on US chemical companies, 2016-2025, the years the score was built from.

## 2 THE DEAL

Can BASF carry Evonik, at this price?

Yes, at a cost. Borrowing costs BASF one Moody's notch, A3 to about Baa1. At €24 a share, Evonik's profit must grow about 3.7% a year; savings cut that to 2.1% to 0.2%.

**GO**

## A. Who they are

### BASF, the buyer

The world's largest chemical group, Ludwigshafen. 2025 sales €59.7bn; 5.8% return on capital. **Third quarter 2026:** sales €16.4bn (+14%), operating profit before one-offs €1.6bn (+15%); 2026 forecast raised to €7.4-7.8bn. Net debt €16.7bn (30 Sep), €1.7bn lower since December after the coatings sale.

### Evonik, the target

Specialty chemicals, Essen. 2025 sales €14.1bn; net debt €3.3bn; 6.1% return on capital. 43% of sales from plastics, silica, hydrogen peroxide and feed methionine; 39% from cosmetic, cleaning and medicine ingredients. RAG-Stiftung owns 43.8%.

**Where they meet:** head on in 8 lines, including care, cleaning and pharmaceutical ingredients and catalysts. Silica, peroxide and methionine would be new to BASF.

## B. Why this deal, why now

1. **Both earn below their 8.9% cost of capital** (5.8%, 6.1%); combining the overlap cuts cost fastest.
2. **Energy costs and cheap imports squeeze Europe's makers;** Evonik plans to sell Oxeno.
3. **BASF has room:** a strong third quarter and lower debt; Evonik's debt is 1.6 years' earnings.
4. **The seller may sell:** RAG-Stiftung has a €15.4bn funding gap; Reuters says its rules allow a full sale.

**In the news, as of 28 October 2026:** BASF raised its offer to €24 after Evonik turned down €22.15 (Reuters, 23 Oct; unconfirmed). On 28 October its chief executive said it "will not pay inflated prices". Evonik is weighing a purchase of Ashland and reports on 3 November.

## C. The deal on the table

€24 a share, 32.8% over the €18.07 close: about €11.2bn; payment not yet said. Evonik's shares trade at €21.0-21.3, about 12% below: the market doubts it closes. Borrowed, BASF's debt rises from 3.2 to 4.3 times 2025 earnings, one notch lower; in shares it stays at 3.0. On BASF's new forecast and 30 September debt: 2.2 times today, about 3.3 after a borrowed deal.

**What has to be true:** at €24, Evonik's profit grows about 3.7% a year, or 2.1% to 0.2% with €0.3bn-0.65bn of savings. Savings alone no longer pay for it.

## D. The case for

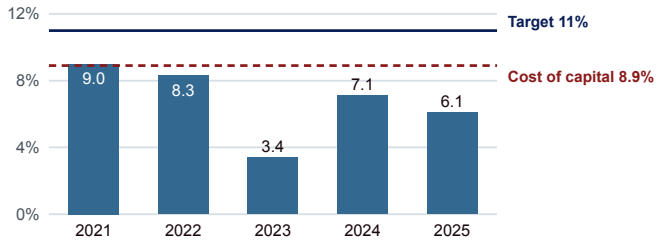
1. **Both healthy:** 8 out of 100; fewer than 1 in 71 at that level failed within a year.
2. **BASF can carry it:** still investment grade (about Baa1) if it borrows.
3. **Real savings:** €296m-647m a year (2-5% of Evonik's costs); they cover up to €23.25 a share.
4. **Growth markets Evonik already invests in** (H).

## E. The case against

1. **No growth yet:** profit before one-offs fell from €1,338m (2021) to €861m (2025).
2. **Past the savings line:** €24 is above €23.25; the no-layoff pledge caps savings.
3. **Others decide:** RAG-Stiftung, unions, the state; BASF says it can walk away.
4. **Crowded markets:** methionine rivals expanding; PPG's silica under review.

## F. What Evonik promised, and its record

Evonik targets "around 11 percent" return on capital; it has not hit 11% in five years.




Return on capital, %, Evonik's 2025 report; cost of capital, Damodaran.

## G. The price against the growth it needs

| Premium | A share | Growth needed | With savings |
|---|---|---|---|
| 15% (low) | €20.78 | 3.1% | 1.3% to 0 |
| 22.6% (turned down) | €22.15 | 3.4% | 1.6% to 0 |
| **32.8% (offer)** | **€24.00** | **3.7%** | **2.1% to 0.2%** |
| 54% (high) | €27.83 | 4.3% | 2.8% to 1.1% |

Premiums from recent deals. On 2025 profit before one-offs (€861m); on reported €578m the offer needs 5.4%.

## H. The PROWL review found three growth segments backed by Evonik resources

| Market | Size and growth, as the source states it | Evonik's own move |
|---|---|---|
| **Biosurfactants** | US$2.64bn in 2025; 10.6% a year to 2034 (Straits Research) | Rhamnolipid plant, Slovakia, since 2024 |
| **Feed methionine** | US$3.1-7.0bn in 2025; 5.5% a year to 2033 (Reportprime, IMARC) | Raw-material plant, Mobile, Alabama, since July 2026 |
| **Specialty silica** | US$7.81bn in 2025; 5.4% a year to 2034 (Future Market Insights) | Larger plant, Charleston, SC |

**I. What would change our call:** paid in shares, the rating holds; regulators force sales in the 8 shared lines, savings fall toward €296m; Evonik's profit falls again on 3 November, growth needed nears 5.4% a year.

## J. Past the savings line: what BASF could be buying at €24

1. **A ceiling in a negotiation:** "We will not pay inflated prices" (chief executive, 28 Oct) tells RAG-Stiftung where the top is.
2. **The cycle:** Evonik's profit before one-offs fell from €1,338m (2021) to €861m (2025); a return to 2021 is worth far more than 3.7% a year. Evonik's second-quarter sales rose 11%.
3. **Deeper consolidation:** savings beyond our estimate from merging care chemicals and catalysts, and from Evonik's planned sales.

Evonik's results on 3 November could show which.

**Only the companies can answer:** RAG-Stiftung's price; how BASF pays; committed savings; remedies for regulators.
**How we did it:** Moody's grid on 2025 filed figures; savings from Evonik's 2025 cost lines; growth needed makes the price earn 8.9%.

Sources: Evonik and BASF annual and quarterly reports; Reuters, 23 and 28 Oct; FT, 25 Sep; Handelsblatt, 22 Oct; Skadden, UK public M&A 2025; Moody's chemicals method, Feb 2026; Damodaran, Jan 2026; market reports named. Bluetigre Consultants LLC, bluetigre.com. Not investment advice.