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Transcript Q&A – Industrial Solutions
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1 Portfolio

1.1 Impact of electromobility

Andrew Stott (UBS): A question on technology disruption: How do you feel you and your customers will cope with the growth of EVs, especially in areas like oil and lubricant additives?

Dr. Markus Kamieth: Of course, we are following the electromobility transformation of the automotive industry very closely. As you know, a big picture, for BASF electromobility is overall a trend that is going to be positive because of our strong engagement in battery materials. So, if you look at the chemical content of a car, actually electromobility has a chance of significantly improving the footprint of BASF and the innovation opportunity we have in the automotive industry.

However, it also goes against some of the more classical businesses and one of the businesses that is most obvious is, of course, the fuel and lubricants business.
I will just share one thought and then, Thomas, you can take over.

If we look at the automotive transformation, we often talk about the build rates. But if you model this out and even at the highest expected penetration rates of electromobility into automotive build rates, we will still have a lot of cars on the road for a long period of time, given the average lifetime of a car of ten to fifteen years, that will be running on an internal combustion engine. There the expectations to lowering emission and meeting highest environmental standards will, of course, drive innovation also in this segment.

Dr. Thomas Kloster: I was positively surprised to learn that there are many opportunities also in the electric vehicle space, specifically when we talk about coolants and coolants requirements. The requirements for coolants in an e-vehicle are much higher, bigger volumes and higher characteristics that you need to fulfil. Therefore, I would like to say: There are as many opportunities in that transformation of the transportation industry as there are challenges for us.

Gops Pillay: Electromobility and battery materials is a hot topic. Within Dispersions & Pigments, we have speciality dispersions that improve the efficiency to prevent swelling in the electrode separators. So, this is a very specific type of development. And actually, as we are speeding up on this, you get a much higher efficacy in the cathode materials. We are pretty excited about launching that in China, which is the biggest market for battery materials.

Dr. Markus Kamieth: You see a lot of opportunities come around this transformation. There are always businesses that come under threat and especially more classical applications, low-grade applications if you think about lubricants with low efficiency, let’s say, last-generation fuel additivation packages etc. They come under threat. But there is still significant innovation pressure. Also, in overall sectors that are maybe no longer growing with such high rates, there are always innovation opportunities because the drive for resource efficiency, also in a technology like internal combustion engine, is going to increase.

1.2 Divestments

Laurent Favre (Exane BNP Paribas): Can you please talk about the time horizon you have in mind for the full exit of Stahl and Solenis? Are you looking to sell to existing partners or do you need to wait for the assets to be IPO-ready?

Dr. Markus Kamieth: Both of these participations that we have, a relatively low-share participation in Stahl and forty nine percent in Solenis, are, of course, participations that we would like to exit at one point in time. We are discussing with the respective partners what the right timing and the right conditions are here, but we are under no particular time pressure to do so.

We are following very strictly always the philosophy of looking for value-optimizing exits and at this point in time there is no particular target timing. There is, let's say, a close observation of both of the participations and nothing to report at this point in time beyond that.

Laurent Favre (Exane BNP Paribas): There has been a lot of "clean up" in the divisions: Is there scope for further fine-tuning? Would you participate as a consolidator in oilfield surfactants? Is the kaolin business core?

Dr. Markus Kamieth: As I said, Laurent, I think, the portfolio we have today, we like this portfolio a lot. There are always things we are looking at. But I would say, in Industrial Solutions we are very selective. We are based on very good market positions and the businesses have been optimized now over this period of time. For example, in an area like oilfield, I would not see us in a role as a consolidator of this industry. I have limited appetite now to go out and buy an oilfield chemicals business. That wouldn't be making a lot of sense for us because also synergies would be, compared to what we do, rather limited. So this is not sounding like a great idea to me.

Overall, the smaller businesses that we have in the portfolio, we always, on a very frequent basis, look at their value contribution to the overall portfolio. As I said right now, there is nothing to discuss or comment upon. The portfolio we have is a good one and we like it, and this is how I would leave it.

Rob Hales (Morningstar): Is the pigments divestment included in your pro-forma impacts on historical EBITDA margin and ROCE and if not, how much does that divestment contribute to your new EBITDA margin and ROCE targets?

Dr. Markus Kamieth: I am not quite sure which slide you refer to. If you refer to the slide that had the bar charts on it (slide 6), these were as-reported figures. So pigments are in, also in the year 2020, including also some one-offs or special items that affected the ROCE negatively in 2020, coming from preparation of the pigments divestiture.

I indicated on the slide where I showed the timeline and the individual divestitures and joint ventures we made (slide 7) a, let's say, pro-forma backward-looking trend indicator. This is where I included the pigments divestitures, where I anticipated that, so to say.

I will not give you a specific number of what the individual contribution of the pigment deal on the financial KPI will be. But I can tell you: Overall, we expect that the pigment divestiture will contribute to a positive ROCE development in Industrial Solutions.

1.3 Acquisitions

Christian Faitz, (Kepler Cheuvreux): Would you see any gaps in your Industrial Solutions portfolio in terms of potential acquisitions?

Dr. Markus Kamieth: I do not personally see a gap in our portfolio. There are always, of course, technologies, individual product lines where we look a little bit across the fence and would be happy if we would have this. But if you look at the overall strengths of our individual businesses, as I tried to explain this, these are in and itself, if you look at plastic additives, fuel and lubricants additives, dispersions, resins additives etc., if you look at these franchises, these are powerful enough. They are of critical mass. They supply superior customer value. We don't feel that we have a portfolio gap that we need to close to compete.

I also mentioned that for Industrial Solutions, the M&A relevance is relatively low; so we are not, let's say, on the active search to complete our portfolio. However, there is certainly the one or the other target out there that might be very synergistic in the future, but certainly nothing short term. And we don't feel that M&A is a significant element of any of our division strategies in Industrial Solutions.

2 Sustainability

2.1 Accelerator products

Thomas Wrigglesworth (Citi): What is Industrial Solutions' contribution to Accelerator sales? Can this segment deliver above-target growth rates in Accelerator sales? How can this be achieved?

Dr. Markus Kamieth: We don't publish Accelerator Sales per segment. I will not give you a number now. But I can tell you that Accelerator sales also in Industrial Solutions play a big role and also achieve over-proportional growth rates in both of the divisions and also, let's say, are setting the key direction in all our innovation strategies.

Gops Pillay: What is really important is that we are working very closely with customers. The customers – especially if I use coating customers as an example – are looking for brand equity. And for brand equity, they need functionality. Therefore, we always have to launch and tweak products so that they can actually have a better brand equity and also have high functionalities.

So if you look at our overall sales – not to give a number out there –, it is over-proportionally that our innovation sales grow every year, at least by a single digit on a year-to-year basis. So it is a pretty healthy vitality index if you look at the innovation sales.

Dr. Thomas Kloster: I would like to echo also what Martin said this morning. The topic of Accelerator sales is closely linked to the topic of sustainability and the customer interest is steadily increasing on that topic. Two, three years ago, you would present a new solution or a new product to a customer and they would challenge you by saying: Okay, it is interesting, but only if it is also lowering my costs. Today, you have an open door to discuss also some of the solutions that come at a slightly higher price point if they really help to achieve the sustainability goals together. In that respect, I am very confident about our Accelerator sales.

Dr. Markus Kamieth: I can say: If you look at the share of R&D projects that are linked to improving the Accelerator sales in both divisions, the share of R&D projects that have this characteristic is rather high. However, I would like to also say – you were asking about the specific share of Accelerator sales in this segment compared to the Group: We have to acknowledge also that some of the chemistry that we do is well-established, for example some key plastic additives molecules have been around for a long period of time, and they are still key essential elements to this. And this is then, of course, also limiting to some extent the share of Accelerator sales. But, overall, this is also a key development direction for this segment.

2.2 Circularity, plastics recycling

Laurence Alexander (Jefferies): With respect to both mechanical recycling and biodegradable adhesives and polymers, can you give a sense for how much of an increase BASF can see in its dispersion and additive revenues for each kilogram of plastic or adhesive produced? It is a bit analytical. I can repeat once again: With respect to both mechanical recycling and biodegradable adhesives and polymers, can you give a sense for how much of an increase BASF can see in its dispersion and additive revenues for each kilogram of plastic or adhesive produced?

Dr. Markus Kamieth: I will probably not be able to give a quantitative answer. But maybe we can elaborate little bit on some of the themes that you imply in your question.

I think mechanical as well as chemical recycling will put a lot of constraints around the composition of consumer products. If you think about a certain packaging material, of course, the composition of this material will have to be much more thought through in the future, based on the recyclability of the actual article that you produce with it. For example, take a plastic bottle. Then, of course, you will have to make sure that the adhesive that you use to put a label on the bottle or the ink that you make to print directly on the bottle will not be disturbing the recycling process. This, for example, has a lot to do with what Gops and the team are doing in the dispersions business. Maybe, Gops, you have some things to add there.

Gops Pillay: Yes. Thanks, Markus. I think maybe, to give you a concrete example: Probably most of you, like myself, love a good cup of coffee in the morning and normally you are rushing. So you are going down to Starbucks. If you look at the Starbucks coffee cups, it is always lined with polyethylene. Of course, a lot of the big brand owners want to go – exactly what you mentioned – more towards environmentally friendly solutions. So basically, we actually have FDA approval now for a product to replace polyethylene in these coffee mugs.

Of course, this takes time because you have to work with the tier suppliers to get this on board and then to the brand owners. But as we speak today, we have a tangible product right now for this application to replace polyethylene.

So we are pretty excited about this development. But also to give you a sort of indication, Lawrence: The percentage is still on a smaller basis. But it is gaining momentum by all the companies and customers.

Dr. Thomas Kloster: To build on that topic with respect to mechanical recycling: Markus has shown this tremendous growth opportunity of 10 percent per year and that this market really is promising.

Of course, the starting base is a rather low number if you compare it to virgin plastics. So, we see that this share is going to increase. And the race is currently up for the best plastic additives provider to really find a solution for this growing market. And in that respect, we will also achieve a higher pricing.

Dr. Markus Kamieth: I would say: There is no formula there to calculate back from a kilogram of recycled plastic to a euro business opportunity for BASF. But I can tell you: There is a tremendous amount of customer communications, of joint development projects to tackle these problems. But at the end of the day, they are very specific to the individual challenge that you have in certain markets and certain types of recycling streams etc. But we are active in all of them and this is actually a revitalization of our innovation conversations that we have with customers in practically all industries.

Laurence Alexander (Jefferies): On plastics recycling, can your additives make recycled polypropylene completely comparable to virgin polypropylene, for example? Or is there some fraction of the market, such as medical grade, that cannot be addressed by recycled polypropylene?

Dr. Markus Kamieth: I don’t know if I feel comfortable to give a real black-and-white answer here. I am a chemist, so I can maybe give you a certain perspective on this. I doubt whether we will ever get into an area where we will get 100 percent recycling, closing the loop by mechanical recycling to achieve each and every property, especially when we go to extremely high-performance characteristics and/or medical specifications, for example.

I highly doubt whether this is a feasible direction and maybe I am proven wrong by some technologies that are still yet to develop.

This is why I believe that, at the end of a day, to put all your chips on pure mechanical recycling is also going to be not the right strategy. That is why we believe chemical recycling, so to break polypropylene, in your example, down into its chemical components and again circle back through the Verbund and make either new polypropylene out of it or a completely different molecule, has to be part of a circular economy and will become overall a very competitive and increasingly important part of recycling. So, we cannot rely on mechanical recycling alone in these spaces.

Dr. Thomas Kloster: There is a space for both types of recycling. This question was really touching on the highest requirements with respect to polypropylene recycling; we’re not there yet. But we really start now that journey together with our customers and we will, of course, start with a bit of the easier applications of mechanically recycled polypropylene. Maybe eventually we will also get to that and overcome that hurdle. But it is certainly not the first topic on our list and on the list of our customers.

Dr. Markus Kamieth: If you once have a pure polypropylene stream, you are already in good shape. Today, most of the plastics that is actually up for recycling and that you could access to start recycling, is actually mixed plastic waste.

Also here, you need solutions to compatibalize the different material types into a recycling stream. This is another R&D activity that we have today: developing compatibalizers to make sure that you don’t have to drive the separation and the cleaning of plastic streams to the extreme, but you can accommodate more and more cross-contamination to again achieve great properties of recycled plastics.

Andreas Heine (Stifel): A peer mentioned to generate €350 million with additives/catalysts for the recycling of plastics by 2030. How does that compare to your own ambitions?

Dr. Markus Kamieth: We don't have a number, for sure. It is also not a number we would like to share here. €350 million, I don't know what the exact scope is; I cannot comment on this. We don't have a specific target number here. It would also be, from my perspective, a little bit speculative. I think it is a rather evolving field; it is dynamic. There is lot of technologies, we cooperate with start-up companies also in this area. So I think the technology landscape is still somewhat opaque and I would not feel comfortable now to pin down a number already for 2030 in such a dynamic area.

Georgina Iwamoto (Goldman Sachs): Does your innovation in Industrial Solutions keep in mind recyclability of the end products? Are there legacy products in the portfolio that don't have a future in the circular economy due to hard-to-remove or catalyst-poisoning additives?

Dr. Thomas Kloster: In the same way how we work with our customers to find more sustainable solutions, we, of course, constantly screen our own product portfolio and I think we did also publish that with respect to Accelerator sales.

So where are the areas in our portfolio that we need to challenge ourselves? I think there we have done, I would say, eighty to ninety percent of our homework and wherever we found a substitute we have also implemented that. There might be a few small grams and kilograms left in our portfolio where we still need to work on. And, of course, there are some unsolved challenges for the industry where none of us, none of our competitors, not even us, has a solution yet. But this is a very, very small part of our portfolio.

Gops Pillay: In most of these portfolios, this is very much an active portfolio management. If you look at just the Dispersions & Pigments, we are very much skewed towards water-based solutions. Yes, we still have some solvent-based products in our portfolio. But this is very much the minority. And in those sorts of categories, there is no alternative solution right now as we speak, even from competition, but we continue to work along those lines to find more acceptable solutions.

Dr. Markus Kamieth: I would also refer back to our triple-S (Sustainable Solution Steering) exercise. We segment really our entire portfolio and we not only carve out the Accelerator sales, which we always talk about. These are the sustainability accelerating products that we have in the portfolio. But we also have transitioners and we have products on the other end of the spectrum.

We do this very diligently and we address also products that not only from a regulatory side come under pressure, which is the extreme scenario, but we also identify products very clearly that are, let's say, a drag to sustainability targets, for example, of our customer industries.

There are always complications in the one or the other circularity idea. But I am now also going through this in my head; I do not come up with a category of products that I would feel is really right now a certain problem also in the establishment of the circular business models that we and our customers have in front of us. So I don't see any significant red flags there.

3 Pricing, financials, current trading

3.1 Pricing

Tim Jones (Deutsche Bank): Do you think that the automotive industry is generally willing to pay more for lower carbon solutions that Industrial Solutions is increasingly looking to provide, or will they just demand the products for the same price?

Dr. Markus Kamieth: That is a good question. Having had quite some experience in the automotive industry, as Thomas had as well in his last job – we enjoy some experience in the automotive coatings business –, it is a little bit difficult to say that the automotive industry is willing to pay a higher price. You know that the procurement environment in automotive is a tough one. This comes, of course, from the high value-add that typically suppliers provide to the automotive industry.

But I can tell you one thing: The automotive industry is in a huge transformation right now, probably the biggest transformation that it had to go through over the last century. And the automotive industry is always willing to honour and pay for innovation that brings differentiation, either in their cost structure or differentiating their product in their competitive space.

I think this has always been the mode of action why BASF has been successful in automotive because we were always able to bring superior solutions to automotive customers and also differentiate. In the past, this was very much driven on functionality, then came cost-in-use as a second topic over the last decade and now it is sustainability.

If you differentiate your offer into the automotive industry in these aspects, I think there is a high chance you can have a very good business in automotive. We have shown this over the last decade.

So there is not a per se willingness to pay higher prices in the automotive industry, for sure not. If you are on par with everybody else, it is a tough place to be. But if you differentiate – I think also in the future an increasing share –, for example, by providing the lowest CO_2 footprint for a given product, you will be able to get a premium also in the automotive industry.

Dr. Thomas Kloster: CO_2 footprint has become a backpack that is seen and also valued by the automotive industry. Therefore, it has become a certain currency that we try to also use in our favour, and it will come down to supply and demand, being the first one in the market with an opportunity that has a lower footprint. I am convinced we can convince some of the more difficult procurement colleagues that Markus and myself have met over our careers that this is value for both of us.

Chetan Udeshi (J. P. Morgan): How cyclical is the margin with raw material price development? Specifically, today the raw material prices are rising significantly across the board. Does the division have enough pricing power to maintain the margin?

Dr. Thomas Kloster: We see this, of course; we see the raw material development, our customers see that. But, luckily, both of us see a very strong demand at the moment. In that respect, there is also a certain pricing power on our customers' side and as well on our side. In an environment where raw materials go up, this is from my point of view and from my experience very crucial.

So we constantly monitor that; we work very hard; you have seen our announcements regarding price increases. They come actually on rather short notice because the increase of the raw materials side has been very sharp. But we are confident that we can also share that burden with some of our customers.

Gops Pillay: I mentioned earlier the operational excellence. If I talk about Dispersions & Pigments, we have also a part of the portfolio that is formula pricing. So in the formula pricing of part of the portfolio the unit margins are pretty much safe.

I think the other thing is what Markus alluded to earlier on: We have very strong partnerships. In the slide deck, you saw a company like Behr that we work very closely with over twenty years. And we discuss very openly the situation. It is no secret: We have freight costs that are going up. We have the U.S. freeze, there is force majeure on certain raw materials.

I think that the main advantage we have in terms of pricing power is: We have these relationships with these customers that are strong in their marketplace and we work together to get prices up. It is very clear; it is not a comfortable discussion all the time. But certainly, we have proven over a period of time, over the last five years that we are capable of getting unit margins up and our customers do understand the rationale behind that.

I think the other point that is pretty important is something that Thomas alluded to: The demand is strong. If you have a market where the demand is strong – we have a recovery in certain industries –, there is a willingness also to accept a higher price level. So you can actually look at how you position these products in the market.

Dr. Markus Kamieth: I would maybe just conclude that, of course, in times of rising raw materials, the downstream businesses come under pressure. We have a relatively high share of businesses in Industrial Solutions that have formula pricing, which on the one-hand side sounds always easy because margins are locked in. But remember: There is always a time lag. In times of increasing prices, you often see a temporary margin drag there. And a combination of increasing raw materials and strong demand is typically not threatening to us because of the strong market position that we have and the arguments that Thomas and Gops mentioned.

But we also had times – you remember maybe, back in 2017 – where raw materials went up and we had a rather weak environment. I still remember that vividly because it was my first year on the Board and many of you have challenged me with that margin development back then.

That is then a more challenging task and we had to work very, very hard over the course of 2017 and 2018 to restore some of the margins because it was an overall weaker demand environment.

That is different today and we are also confident that throughout 2021 we will continue to see a very strong demand development. This gives us hope that we will not see a significant margin drag here.

3.2 Financial targets

Laurence Alexander (Jefferies): The ROCE targets both look to be setting a floor one to two percent above the five-year range, without much of a step up in margins. Can you walk through the key levers? In particular, will growth capex need to step up in the next three to five years?

Dr. Markus Kamieth: I would say, these ambitions, the corridors we have given you on the last slide, are certainly our mid-term expectations for the segment. They are specifically a little bit broader, especially when it comes to EBITDA margin because we have a certain volatility we discussed a little bit earlier, also the impact of raw materials, for example, on the segment margin.

You will see the same thing in Nutrition & Care as well. It should give you a kind of an orientation of where we expect in our mid-term planning the segment to be, certainly with an EBITDA margin that also last year was in Industrial Solutions very good. We are rather on a higher end of that range. But this is at least our target corridor. We would be happy to beat the target corridor in any given year, for sure. We will strive and we will try our best to do it.

When it comes to ROCE, I would say: There is a significant improvement in ROCE that you see compared to historic averages that we target. This comes from two aspects. The one is the full accretion of all our portfolio moves now that are completed and that will be completed in 2021, so an overall portfolio effect. The second thing is, of course, now a normalisation, I would call it, of the capex expenditure in the segment and, a focus very much on smart debottlenecking measures rather than big investments over the next year; that will also help to further streamline the capital base of the segment. That along with an on average three to four percent volume growth leads to the target corridors that I presented.

So, there is no magic behind it. It is basically a continuous volume growth at attractive margins with strong capital discipline; it gives you that target range. But also quite clear is: Our ambition is to not disappoint, but rather take the corridor as a minimum expectation.

3.3 Current trading

Christian Faitz (Kepler Cheuvreux): What kind of demand trends are you currently seeing from the coatings industry?

Gops Pillay: Christian, the coatings industry is really enjoying a very positive demand at the moment. The DIY segment, the do-it-yourself segment, has really skyrocketed, especially if I look at Germany, Northern Europe and the U.S. Then you saw the results of the big coaters, be this Akzo, be this Sherwin-Williams. So, if you look at coatings in general, especially DIY: strong demand.

However, I have to say, it will be naïve to think that the strong demand is there to stay for the next four, five quarters. We started the year in Q1 with a very strong demand. We think this will continue slightly into Q2, but we expect a slight softening and, if you look at the press releases from the main coating accounts, they also see it this way. But a very strong performance, especially Q4, Q3 last year.

Dr. Markus Kamieth: I would also say that this special strength in DIY coatings – as you know, we also have our own decorative paints business in the Coatings division in Brazil – I think we have seen the same thing there. This trend towards an increasing demand for DIY paint because people are just spending more time in their home over the last twelve months than ever before, this was clearly visible. But for sure, if lockdowns go away, if people return back to normal, you can only paint so many walls in your house. So this will also certainly normalize.

I would say, the other big segments in the coatings industry, industrial, follows very much the demand of the overall industrial sectors. Automotive in 2020 was very difficult – extremely difficult, I have to say –, but also has returned rather positively and surprisingly positive as of Q4 last year, especially driven by a strong rebound of China.

4 Excellence program

Tim Jones (Deutsche Bank): Over the past two years, BASF has moved around twenty thousand people from head office functions into the divisions. Can you let us know how this move has impacted the Industrial Solutions business and also can you comment on how you assess what the financial impact has been for the segment of this move?

Dr. Markus Kamieth: The second part I will take because I will also tell you, Tim, that we will not now also dissect the contribution of our overall excellence measures and we will not break this down onto the segment level because this would, I think, go a little bit too far.

I can start by saying: We were going as a Board through this exercise to say: Do we have actually an organizational model that is contributing to our mission to become more focused on the customer, to work more externally focused, to work more organic growth focused? Do we have the right set-up to do this? We made the decision to say: To drive competitiveness in our corresponding businesses, we have to move these people closer into the business units, to bring decisions closer to the markets

I think this has, from an organizational implementation perspective, taken off really well. But whether it now actually brings the divisions into a position that you feel more empowered and stronger in exerting your business models, maybe Thomas and Gops can share their thoughts on this.

Dr. Thomas Kloster: I am happy to start. But there is a clear message from the division Presidents that this was a very positive and important move of our company.

We want all our employees to know what customer they serve. Markus has shown in his chart that we serve very distinct markets, also with very different customer requirements. And responsiveness is key. Decision-making is very important to come back to a customer and to say: I can offer this product at that price or not. I have the logistic solution that we need. We have the joint decision that we invest into a certain manufacturing process.

And in that respect, this has really accelerated in our division, and also this customer mindset has further grown. In that respect, I think, it was a very important move for our company. Also, my first discussions with my new team members show that there is a very, very positive momentum behind that change.

Gops Pillay: To add to what Thomas said, maybe, Tim, to speak with a concrete example: When we talk about putting the customer first and customer intimacy, it’s all about driving content. If I take a concrete example of our electronics materials business: For example, in ultra-pure we are number one, if you look at electronic-grade sulfuric acid. So we have now engineering and maintenance that is sitting within Dispersions & Pigments, sitting within electronic materials. And there are a lot of projects where we are investing: We are putting in new capacity in Taiwan, we plan new capacities also in China in the coming years.

So, if you look at that, you have a dedicated team and a lot of these projects are time critical. You are dealing with the Intels of the world, the TSMCs. You follow the electronics industry in terms of the chips. So, I think by having these teams in the operating divisions, you are having this ownership to the customer. You are also having very much content-driven discussions which customers also can dial into.

And as Thomas said, it is a huge step forward. That is not to say that it was really bad in the past. But I think it is a lot more focused moving forward. That is one example.

The second example is: If you look at when we have all these shortages with force majeure, you have dedicated customer teams, for example in the customer service offices, that understand and connect with customers so that you actually can do a much better planning in terms of firefighting.

So we are pretty excited about that and it took us well, at least six months, to get embedded. But now we are much more than a year into it and have very positive outcomes.

Dr. Markus Kamieth: Let me just conclude on one thing. This transformation is also not finished, as you also have heard. We are still in the course of now going into the next phase of establishing our Global Business Services division that will at the end of the day tackle the next step of efficiency gains and of operational excellence to harmonization and digitalization of many of our service-related processes.

This is really where we expect a significant contribution to our excellence also over the next years. So it is not done. But as you have heard very authentic statements from people who run a business in BASF, it created already positive momentum where it matters most.