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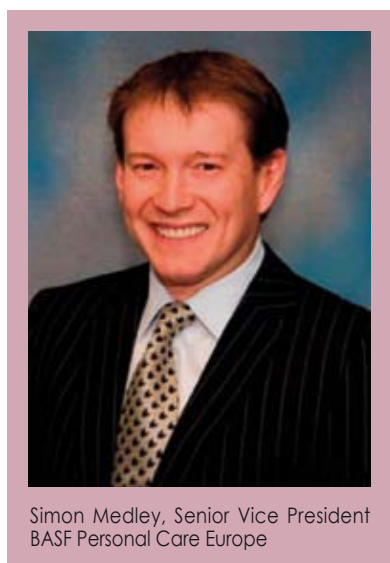
BASF integrating Cognis

A word with Simon Medley, senior vice president BASF Personal Care Europe

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Simon Medley, Senior Vice President
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One thing is sure. The acquisition of Cognis operated by BASF gave rise to a remarkable brand new novelty in our sector. The most interesting novelty of the last period, we would argue. Basf and Cognis are two brands, which made the history of one of the most active markets in today's worldwide economic landscape, providing products touching our every day's life. Two worlds, two philosophies, two

visions met! To better understand how this process was generated, how it has developed and which are the perspectives for the future, we decided to have a word with Simon Medley, Senior Vice President BASF Personal Care Europe

1. **With the integration of Cognis into BASF, the market has gained a new key player. When and how did this process start? What were the factors and issues behind the integration?**

Cognis was acquired by BASF on December 9, 2010. The acquisition strengthened BASF's leading position in home care and positioned BASF as the market leader in supplying the personal care industry. The acquired product portfolio perfectly complemented BASF's own, and also expanded our range of products that are based on renewable raw materials. The home and personal care markets are particularly appealing because of the attractive growth rates, the markets' constant demand for innovative solutions and the resilience of these markets to economic cycles.

2. **What can you tell us about the process? How was it managed? And how did the corporate worlds of BASF and Cognis get along?**

Almost all of Cognis' businesses were integrated into

BASF's Performance Products segment. In preparation for the integration, we modified the divisional structure of the segment on August 1, 2010, splitting BASF's Care Chemicals division in two – the newly formed Nutrition & Health division and the Care Chemicals division. In Europe, we set up a new business unit within BASF's Care Chemicals division, to serve the personal care market and focus on anticipating current and future customer needs in the personal care segment. The new BASF Personal Care unit is now the leading supplier of high-quality raw materials for the personal care industry, and has the most comprehensive product portfolio for all relevant cosmetic applications – a position we achieved by bringing together the skills of BASF and Cognis. We successfully managed the integration by drawing on our combined strengths, with BASF and former Cognis employees pushing the process forward. I am proud to say that the organizational set-up, the infrastructure and the definition of the business model were completed by the end of 2011, and the implementation phase is on-going. In short, 2011 was a resounding success, and will now form the basis for an equally successful 2012.

3. **Team-building and team integration are vital in such processes. What were your experiences during the integration?**

The working atmosphere here is highly cooperative and solution-oriented. At Personal Care Europe, we foster an open team culture that embraces the diversity of our organization and supports creativity in over-coming challenges. We successfully applied this to the integration project and our market approach, where we are passionate about our commitment to fulfilling customers' needs. This culture provides the environment for personal development, exciting experiences and great success.

4. **Personal care, beauty care, cosmetic applications – how was BASF reorganized in terms of R&D, production processes, sales and technical support after the integration with Cognis?**

Along with the integration came the organizational set-up, the infrastructure and the definition of the business model and related processes. For instance, Personal Care Europe is now run from the former Cognis headquarters in Monheim, Germany. The

nearby Düsseldorf-Holthausen location, formerly Cognis' largest site, is now the main hub for Personal Care's global development and an important research platform for BASF. Holthausen has joined other locations as part of our international network of development and production sites. We have also adapted our sales structures and put together a new customer interaction model and value proposition. Our customers benefit from this integrated network through our global reach, our technological excellence and our formulation expertise adapted to local market needs. And now they can choose from an even broader portfolio of products, enjoying the very best from BASF's and Cognis' former ranges. This in turn puts them in a position to anticipate market trends and develop innovation-driven products for all types of personal care and cosmetics applications.

5. What is your current portfolio in terms of technologies and products? Do you have a development program? What is your strategy for making sure you can provide quality products that meet your customers' requirements?

At Personal Care, we produce a wide range of ingredients for cosmetics, hair and body-care products. These include, beside others, surfactants and emulsifiers, polymers, emollients, actives, pigments and UV filters. Innovation is one of our strategic priorities, because many of our customers operate in trend-driven markets. The way to stay ahead of the competition is to keep enhancing our portfolio and bringing innovative solutions to market quickly. This requires constant investment in R&D, and close industry monitoring in order to identify new trends. The combination of the former Cognis and BASF portfolio is particularly promising: for example, we are now able to offer sun-care products that provide both effective sun protection and optimum sensorial formulations.

6. What challenges do you see arising out of a global environment dominated by economic uncertainty and change?

An uncertain economic environment is a challenge for every company and every market. Personal Care, like the other businesses of Care Chemicals, is one of the more recession-resilient sectors. The constant market demand is promising, as are the various mega and macro trends. There are plenty of opportunities for us. So we always monitor market developments closely, in order to identify potential opportunities for growth.

7. Sustainability has become a factor in all our daily lives. Companies have been committed to going green for a long while now. Even today, APG, the green surfactant developed by Cognis, sets a benchmark in the surfactants industry. Can you tell us about BASF's vision and commitment to sustainability?

Sustainability is becoming one of the main drivers of growth and value creation. BASF's approach to sustainability can be summed up in our company slogan: we create chemistry for a sustainable future. This brings together the combination of ecological, social and economic factors. Our customers are looking for sustainable solutions, and our employees expect us to be sustainable in our day-to-day activities. We firmly believe greater sustainability can only be achieved through innovation – and that's where chemistry plays a vital role. New materials and system solutions come from combining expertise from a variety of disciplines. Innovation requires a broad portfolio, interdisciplinary cooperation and a deep understanding of our customers' value chains.

8. What would be your suggestion for young people aiming to work in this field? What's the best way for them to start?

Well first of all it is a good choice. The industry is recession resilient and will continue to grow globally alongside GDP. It offers opportunities for continuous innovation and creativity. This means there are opportunities for personal development in every discipline. My advice is to firstly find your passion – the role that you would like to play. Then, as part of your training and qualification, seek out work experience in this industry. BASF's Personal Care business is always interested in adding to the talent of our great team.

9. Let's look forward. What can we expect from BASF Personal Care?

We've spent the past few months developing the cornerstones of our new strategy, so you can look forward to a few glimpses into the future at this year's In-Cosmetics show. Our team has done an amazing job, and we'll be presenting our new communication strategy at Barcelona on April 16, 2012. We will also provide an exclusive look into how our customers can benefit from new, unique products that help meet consumer and market demands. So it is an exciting, innovative and growth-driven future for BASF Personal Care.



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