Adnoc Completes Acquisition of Covestro

By Beatriz Santos Plastics News

December 11, 2025 04:39 AM EST

A unit of Abu Dhabi National Oil company (Adnoc) has completed the acquisition of German materials firm Covestro.

The €11.7 billion deal was officially confirmed in October 2024 after months of speculation.

The transaction was completed by Adnoc International Germany Holding AG, a wholly-owned indirect subsidiary of XRG P.J.S.C., which until recently was known as Adnoc International Ltd.

As part of the deal, Adnoc has paid an additional €1.17 billion in capital injection to support Covestro's strategic investment plans and advance the company's 'Sustainable Future' strategy. The total deal value, including assumed debt and capital injections, is around €14.7 billion.

Covesto aims to achieve climate neutrality for its Scope 1 and Scope 2 emissions by 2035, and the Group's Scope 3 emissions are also set to be climate neutral by 2050.

"With today's closing of the transaction, we can now begin our joint journey with XRG," said Markus Steilemann, CEO of Covestro. "Together with XRG as a strong and long-term partner, we are well positioned to drive Covestro's transformation and create long-term value for our customers, employees and stakeholders worldwide."

The acquisition supports XRG's ambitions to become a 'top three global chemicals investor', according to the company's new release.

Under the terms of the deal, Covestro will act as the foundational platform for XRG's Performance Materials and Specialty Chemicals business. Covestro will retain its autonomy, officials said, with its board of management, led by Steilemann, continuing to oversee operational management and strategic direction.

XRG will collaborate with Covestro's management to identify opportunities to enhance operational efficiency, strengthen resilience and capture long-term value, officials said. There are no plans to sell, close or significantly reduce Covestro's business activities as part of the transaction.

Covestro also maintains its corporate structure, German corporate governance standards and existing general works agreements along with its headquarters in Leverkusen.

European Commission concludes investigation

The closure of the transaction comes after the EU opened an 'in-depth' investigation into the deal this July.

The Commission said it had 'preliminary concerns that foreign subsidies granted by the United Arab Emirates (UAE) could distort the EU internal market'.

The investigation found that Adnoc and Covestro had received foreign subsidies from the United Arab Emirates that were likely to distort the EU internal market.

These subsidies included an unlimited state guarantee for Adnoc, a committed capital increase into Covestro and certain favourable tax measures.

According to the Commission, these advantages could have negatively affected competition during the acquisition process by making Adnoc's offer unduly attractive and potentially discouraging other bidders.

The Commission also found that the subsidies would likely distort competition after the transaction, as the unlimited guarantee and enhanced financing capacity could allow the merged entity to operate with reduced sensitivity to risk and pursue more aggressive investment strategies than competitors, harming overall market conditions.

On 14 November 2025, the Commission approved the acquisition conditional upon compliance with the commitments offered by the parties.

Covestro must license its sustainability patents

To resolve these concerns, Adnoc committed to modifying its articles of association so that they no longer diverge from standard UAE insolvency law, thereby removing the unlimited state guarantee.

It also agreed to license Covestro's sustainability-related patents to selected market participants under transparent, pre-set conditions, providing important access to technology for competitors dependent on these innovations.

The Commission determined that these commitments would eliminate the guarantee and that the open access to key patents would counterbalance the transaction's negative effects, including fostering broader innovation benefits within the chemical and sustainability sectors.

The commitments apply for 10 years, although patent licences granted during this period will remain valid for their full term. Compliance will be monitored by an independent trustee under the Commission's supervision, and the approval is conditional on full adherence to these commitments.

Plastics News senior reporter Frank Esposito contributed to this article.