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FOR WHAT TRULY COUNTS



## M&A Facts Quarterly Q2 – 2023

Base- & Petrochemicals Sector



**Base- and Petrochemicals - M&A-Highlights and Market Insights**

Data source: S&P Capital IQ. Analysis by Proventis Partners.

- ▶ **Trading and transaction multiples** – In the second quarter of 2023, the EBITDA multiple of the peer group decreased slightly, from 6.2x in Q1 to 5.9x in Q2. Likewise, transaction multiples continued their decline, dropping from a previously high level to 8.0x in Q2 2023.
  - ▶ **Review and outlook** – The deal volume remained low in Q2/23 and continued the trend already seen since summer 2022. Even so the markets for Petro- and Base-Chemicals supply chains remained stable and volatility of Oil Price remained low, the uncertainty of the economy in many regions remained. Subsequently quarterly reporting in the industry saw with significant profit warnings with BASF, for instance, announcing that turnover could fall by more than 10 EURbn to 73 EURbn year-over-year, while profits could slip from 6.5 EURbn to up to 4 EURbn.
  - ▶ **Notable transaction** – Borealis AG has acquired Rialti S.p.A.. This acquisition expands Borealis' presence in Italy and leverages Rialti's expertise in producing specialized compounds. It reinforces Borealis' commitment to sustainable solutions and the circular economy by producing recycled and polymer compounds for diverse markets. In another transaction, Mitsui Chemicals Tohcello, Inc. has acquired SunTox Co., Ltd.. This acquisition strengthens Mitsui Chemicals Tohcello's product offerings in specialty films and expands its market share. ICIG acquired HCS Group.
- Others followed and we do not expect an improvement until year end. As one consequence transactions continue to take longer. In the second half it will be interesting if ADNOC (Abu Dhabi) is moving forward on Covestro and their progress on the combination of Borouge and Borealis together with OMV.

**Base- and Petrochemicals Peer Group**

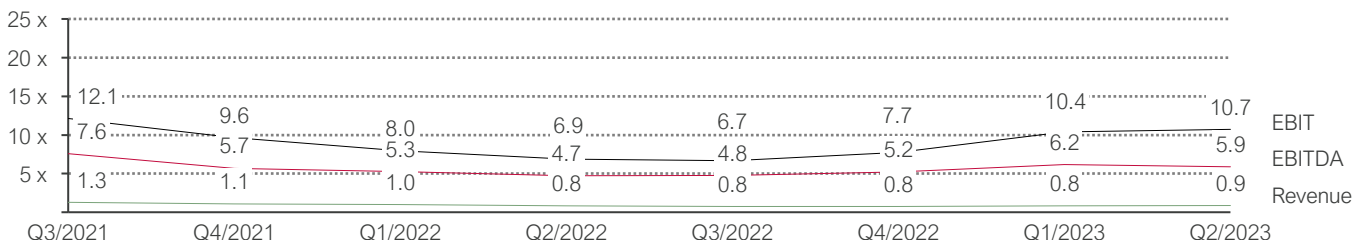
Note: TEV = Total Enterprise Value. LTM = Last Twelve Months. Data source: S&P Capital IQ. In €m.

Company Name	Country	Market Cap	TEV	Revenues LTM	EBITDA LTM <sup>1)</sup>	TEV/EBITDA LTM Q1 2023 <sup>2)</sup>	TEV/EBITDA LTM Q2 2023 <sup>2)</sup>	Q2 vs. Q1 Trend
Exxon Mobil Corporation	United States	397'127	412'263	363'176	87'313	4.5x	4.1x	▽
Reliance Industries Limited	India	180'847	208'162	98'570	16'017	13.8x	13.1x	▽
TotalEnergies SE	France	127'290	153'449	237'089	54'450	2.7x	2.9x	△
China Petroleum & Chemical	China	89'702	146'567	438'891	23'181	4.9x	5.4x	△
Saudi Basic Industries Corp	Saudi Arabia	64'619	67'615	45'492	6'614	7.2x	8.7x	△
BASF SE	Germany	39'750	58'937	84'235	9'382	9.9x	9.5x	▽
LG Chem, Ltd.	South Korea	34'627	47'001	38'652	4'362	10.4x	11.0x	△
Dow Inc.	United States	34'507	46'570	49'231	6'681	5.0x	5.9x	△
LyondellBasell Industries N.V.	United States	27'361	37'812	43'757	5'200	6.2x	6.6x	△
Solvay SA	Belgium	10'615	12'160	13'538	3'177	3.6x	3.5x	▽
Eastman Chemical Company	United States	9'137	13'919	9'460	1'574	8.0x	8.9x	△
Mitsubishi Chemical Group	Japan	7'777	22'322	32'088	4'067	9.4x	5.9x	▽
Arkema S.A.	France	6'451	8'180	11'187	1'789	4.1x	4.4x	△
<b>Median</b>						<b>6.2x</b>	<b>5.9x</b>	<b>▽</b>

1) EBITDA LTM does not include income (loss) from affiliates.  
 2) Multiples are calculated based on last reported LTM EBITDA including income (loss) from affiliates.

**Base- and Petrochemicals Peer Group Trading Multiples**

Data source: S&P Capital IQ.



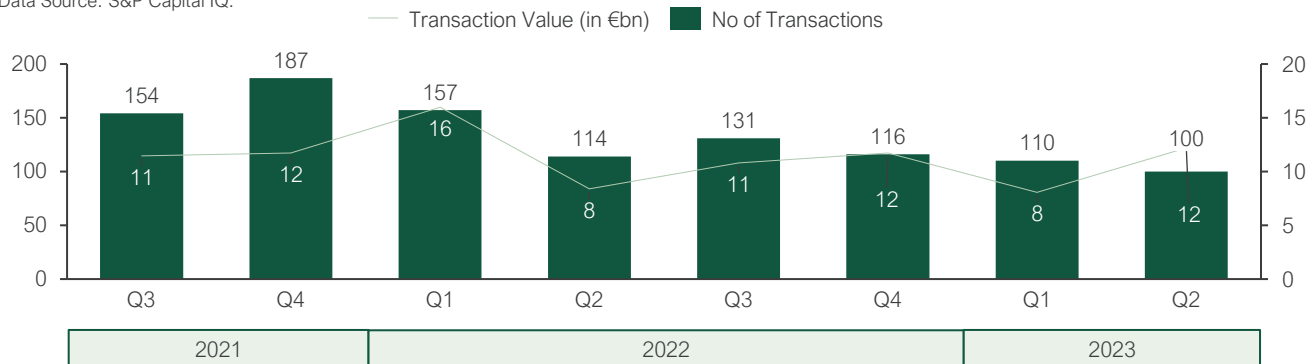
### Recent Base- and Petrochemicals M&A Transactions

Note: EV = Total Enterprise Value. Total Transaction Value in €m. Data source: S&P Capital IQ. Selection of transactions by Proventis Partners.

Announced Date	Target	Target Country	Acquirer	Acquirer Country	Acquired Stake %	Total Transaction Value	Implied EV/ EBITDA
30/06/2023	Rialti S.p.A.	IT	Borealis AG	AT	100	n/a	n/a
29/06/2023	SunTox Co., Ltd.		Mitsui Chemicals Tohcello, Inc.	JP	100	69	n/a
28/06/2023	PI Advanced Materials Co., Ltd.	KR	Arkema S.A. (ENXTPA:AKE)	FR	54	n/a	n/a
12/06/2023	Biogas and Biomethane Platform of energielenker Management		Partners Group Holding AG	CH	100	n/a	n/a
01/06/2023	Morse Rubber LLC	US	FLSmith & Co. A/S	DK	100	n/a	n/a
01/06/2023	Bublön GmbH		Omya AG	CH	100	n/a	n/a
25/05/2023	Natural gas-to-syngas processing facility in Qashqadaryo Province		Air Products and Chemicals, Inc.	US	100	932	n/a
09/05/2023	Iber Resinas SL.	ES	TotalEnergies SE	FR	100	n/a	n/a
02/05/2023	16 Refined Product Terminals located across the East Coast and Midwest of Zenith Energy		Sunoco LP (NYSE:SUN)	US	100	100	n/a
02/05/2023	nokutec Kunststofftechnik GmbH	DE	Likum GmbH	DE	-	n/a	n/a
28/04/2023	QCP Holding BV	NL	LyondellBasell Industries N.V.	NL	50	n/a	n/a
10/04/2023	Port-Based Refinery Located in Avondale Terminal, Louisiana	US	Loders Crocklaan USA LLC	US	100	n/a	n/a
06/04/2023	Brink Chemicals Pvt. Ltd.	IN	Caldic B.V.	NL	100	n/a	n/a
03/04/2023	Whitefield Plastics Corporation	US	Mearthane Products Corporation	US	100	n/a	n/a
31/03/2023	Mitsubishi Chemical Agri Dream Co.,Ltd.	JP	Sumikasekuisui Film CO.,LTD.	JP	100	n/a	n/a

### Base- and Petrochemicals M&A Deal Count, Recorded Transaction Volume 2021-2023

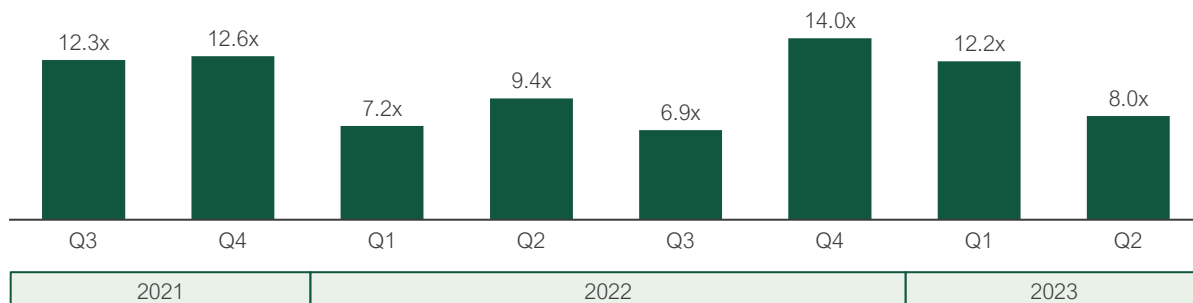
Data Source: S&P Capital IQ.



### Base- and Petrochemicals M&A Transaction Multiples 2021-2023

Implied Transaction Enterprise Value / EBITDA of announced transactions with disclosed multiple.

Data Source: S&P Capital IQ.



### Base- and Petrochemicals Operating Financial Metrics

Q1 23 data only. Q2 23 data not yet released. In €m or % where indicated. Data source: S&P Capital IQ

#### Company Size

##### Small Cap



- ▶ Revenue in €m 1 to 250
- ▶ Average Revenue in €m 222
- ▶ Number of companies 772

##### Mid Cap



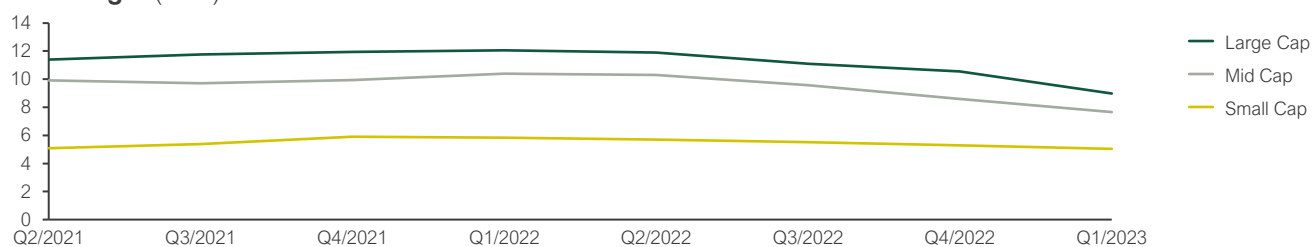
- ▶ Revenue in €m 251 to 2,500
- ▶ Average Revenue in €m 1,524
- ▶ Number of companies 412

##### Large Cap

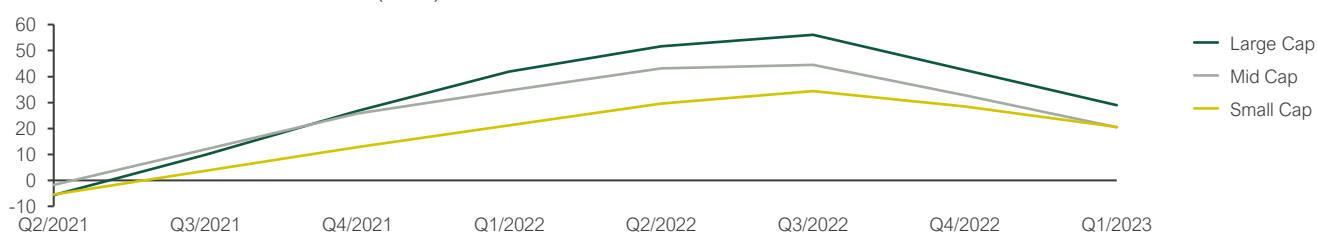


- ▶ Revenue in €m >2,500
- ▶ Average Revenue in €m 18,443
- ▶ Number of companies 168

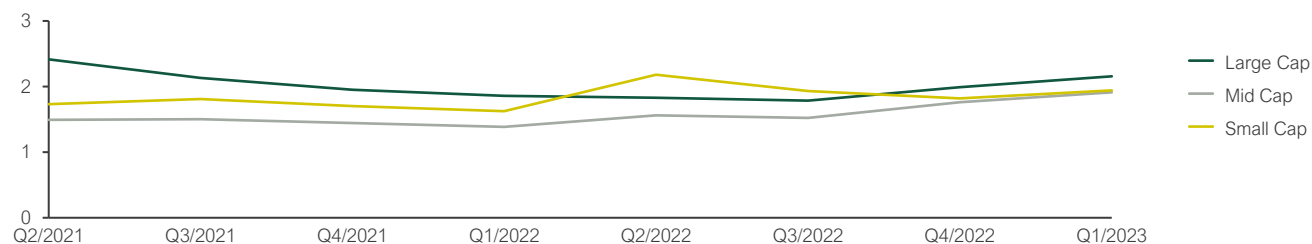
#### EBIT Margin (in %)



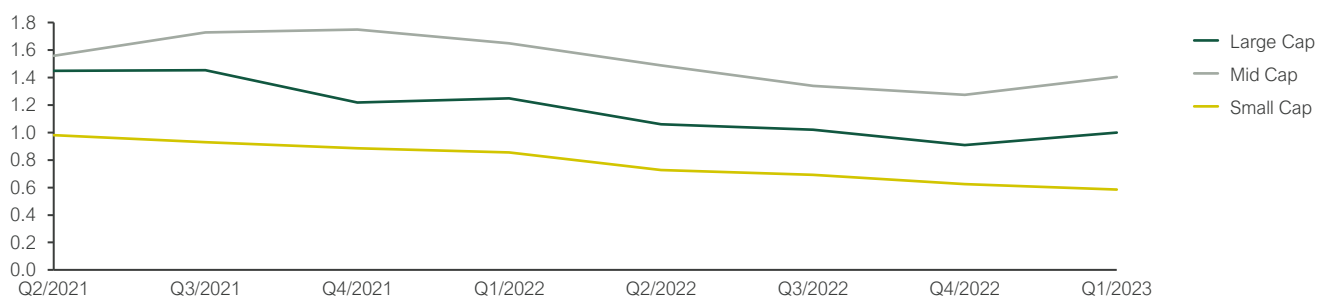
#### Year-on-Year Revenue Growth (in %)



#### Debt/EBITDA



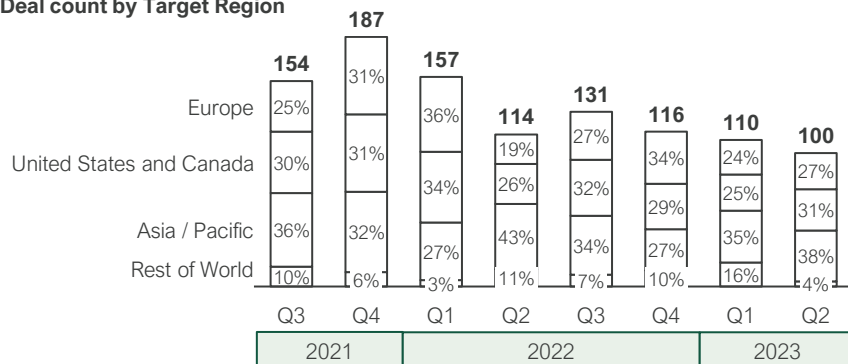
#### Market Capitalization/Revenue



### Base- and Petrochemicals M&A Deal Analysis

Announced transactions. Implied M&A Enterprise Value / LTM EBITDA of announced transactions with disclosed multiple.  
Data Source: S&P Capital IQ.

#### Deal count by Target Region

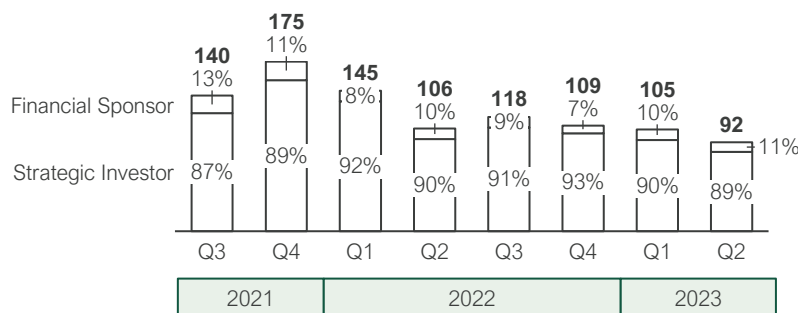


#### EBITDA Multiple (LTM) by Target Region

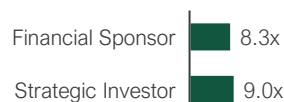


#### Deal count by Investor Type

Announced transaction with identified investors.

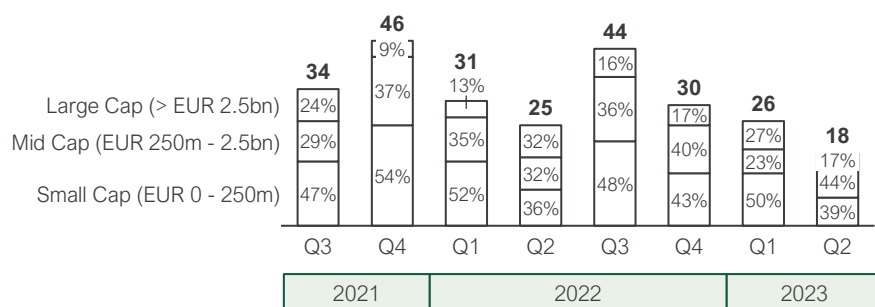


#### EBITDA Multiple (LTM) by Investor Type

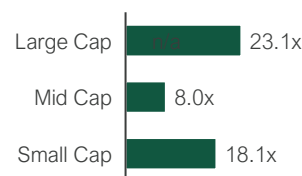


#### Deal count by Company Size

Announced transactions with disclosed annual pre-transaction revenues.



#### EBITDA Multiple (LTM) by Company Size



### Notes

The analysis considers announced transactions only. Recent Transactions and Quarterly Multiples only include transactions with available Enterprise Values (EV). As Capital IQ constantly updates its database, the values might differ from previous M&A Facts.

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