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FOR WHAT TRULY COUNTS



M&A Facts Quarterly Q2 – 2023

Specialty Chemicals & Materials Sector

Specialty Chemicals & Materials - M&A-Highlights and Market Insights

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

- ▶ **Trading and transaction multiples** – Compared to 2022, trading multiples rise steadily again in Q1 and Q2 2023, with an EBITDA median of 11.4x. Transaction multiples increased at the same rate and are at 16.6x EV/EBITDA for Q2 2023.
- ▶ **Review and outlook** – The quarterly reporting in the industry started with a significant profit warning by LANXESS with an EBITDA 2023 guidance of -30%. Similarly, Clariant, Croda, Evonik and DSM -to name a few- have already had to lower their forecasts. This is on top of high raw material and energy prices as well as less pricing flexibility driven by lacking demand. Almost all major consumer industries face issues: e.g. collapsing orders in the construction industry or inflation depressing the mood in the consumer goods industry. Chemical companies will need to continue to review their portfolios and must carry on with the discussion about the best home for assets and businesses despite financing markets remain a challenge. Appropriate M&A strategies and options to be considered for acquisitions and divestments will remain an essential part of these discussions until year end and beyond. Also some processes that have been stalled where reactivated like the sale of ESIM the Austrian based CMO.
- ▶ **Notable transactions** – The industry saw several interesting deals in Q2: JICC-02 Co., Ltd. made a tender offer to acquire JSR Corporation with a total transaction value of 6.9 EURbn. EQT selling Dechra (5.7 EURbn transaction value) and HIG Capital's portfolio company HCS Group GmbH, a leading international supplier of solutions for high-value hydrocarbon specialties, acquired by International Chemical Investors S.E..The transaction is expected to close in August 2023. Arkema bought a major stake in S-Korean PI Advanced Materials (e.g. polyimide films for PE, Electronics). Closing is expected by end of 2023.

Specialty Chemicals & Materials Peer Group

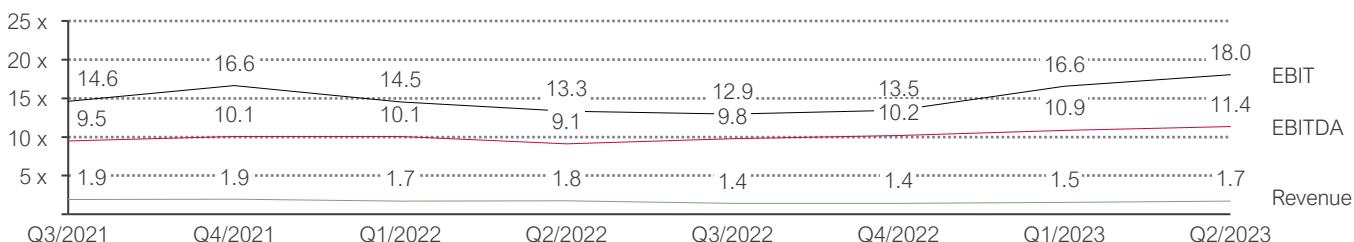
Note: TEV = Total Enterprise Value. LTM = Last Twelve Months. Data source: S&P Capital IQ. In €m.

Company Name	Country	Market Cap	TEV	Total Revenue LTM	EBITDA LTM ¹⁾	TEV/EBITDA LTM Q1 2023 ²⁾	TEV/EBITDA LTM Q2 2023 ²⁾	Q2 vs. Q1 Trend
Merck KGaA	Germany	65'891	74'895	22'327	6'444	12.4x	11.4x	▽
Bayer Aktiengesellschaft	Germany	49'779	85'256	50'489	11'413	6.9x	7.3x	△
Lonza Group AG	Switzerland	40'558	40'999	6'297	1'921	21.1x	20.6x	▽
Sika AG	Switzerland	40'307	42'408	10'617	1'799	22.2x	22.2x	△
DuPont de Nemours, Inc.	United States	30'038	33'837	11'745	2'851	10.9x	11.2x	△
Henkel AG & Co. KGaA	Germany	28'672	30'933	22'397	2'510	11.8x	11.7x	▽
DSM-Firmenich AG	Switzerland	26'201	26'489	8'390	1'234	-	20.4x	△
Akzo Nobel N.V.	Netherlands	12'746	17'235	10'978	947	14.9x	16.2x	△
Yara International ASA	Norway	8'250	10'968	20'352	3'352	3.2x	3.2x	△
Evonik Industries AG	Germany	8'122	11'367	17'995	2'044	4.9x	5.2x	△
Clariant AG	Switzerland	4'351	5'291	5'260	823	6.5x	5.7x	▽
Axalta Coating Systems Ltd.	United States	6'658	9'571	4'597	722	12.5x	12.7x	△
LANXESS Aktiengesellschaft	Germany	2'383	6'217	8'056	782	7.8x	7.4x	▽
Median						10.9x	11.4x	△

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.

Specialty Chemicals & Materials Peer Group Trading Multiples

Data source: S&P Capital IQ.



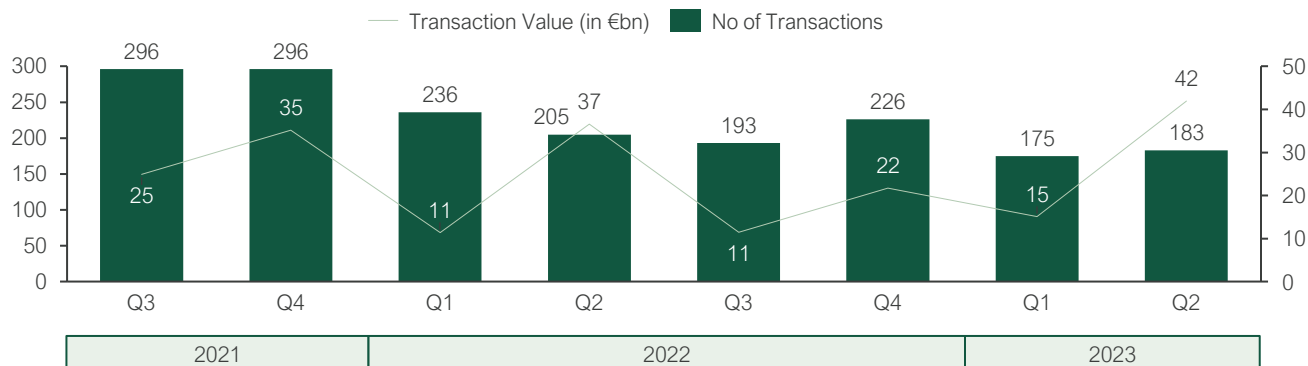
Recent Specialty Chemicals & Materials M&A Transactions

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
26/06/2023	JSR Corporation	JP	JICC-02 Co., Ltd.		100	6'940	16.16
20/06/2023	DICE Therapeutics, Inc.	US	Eli Lilly and Company	US	100	2'242	n/a
14/06/2023	HCS Group GmbH	DE	International Chemical Investors S.E.	LU	100	n/a	n/a
06/06/2023	Paratek Pharmaceuticals, Inc.	US	Novo Holdings A/S; Gurnet Point Capital Limited		100	416	n/a
05/06/2023	Swedencare AB	SE	Symrise AG	DE	70	521	19.98
17/05/2023	Polytec PT GmbH Polymere Technologien	DE	Arkema S.A	FR	100	n/a	n/a
10/05/2023	Livent Corporation	US	Alkem Limited	AU	100	3'648	8.46
10/05/2023	KMG Chemicals, Inc.	US	FUJIFILM Holdings America Corporation	US	100	638	n/a
10/05/2023	Beardow & Adams (Adhesives) Limited	UK	H.B. Fuller Company	US	100	91	n/a
08/05/2023	Baxter Pharmaceutical Solutions LLC/Baxter Oncology GmbH		Advent International Corporation; Warburg Pincus LLC		100	3'857	n/a
07/05/2023	Ceram-Traz Corporation	US	Valentus Specialty Chemicals, Inc.		100	n/a	n/a
02/05/2023	Macspred Australia	AU	Syngenta Australia Pty Ltd	AU	100	n/a	n/a
30/04/2023	DCL Corporation	CA	Blackstone Alternative Credit Advisors LP	US	100	n/a	n/a
22/04/2023	Baba Fine Chemicals		Ami Organics Limited	IN	55	n/a	n/a
19/04/2023	Chinese Decorative Paints business of The Sherwin-Williams Company		Akzo Nobel N.V.	NL	100	n/a	n/a
13/04/2023	Dechra Pharmaceuticals PLC	UK	EQT Partners Inc.; Luxinva SA		100	5'744	36.89

Specialty Chemicals & Materials M&A Deal Count, Recorded Transaction Volume 2021-2023

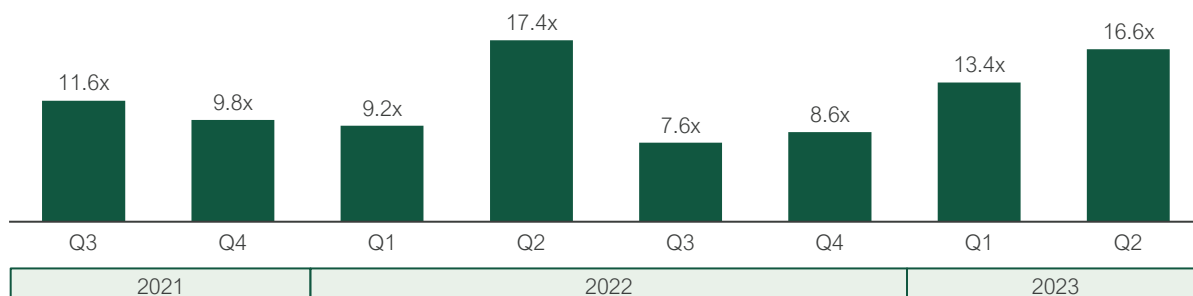
Data Source: S&P Capital IQ.



Specialty Chemicals & Materials M&A Transaction Multiples 2021-2023

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

Data Source: S&P Capital IQ.



Specialty Chemicals & Materials 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 76
- ▶ Number of companies 1,915

Mid Cap



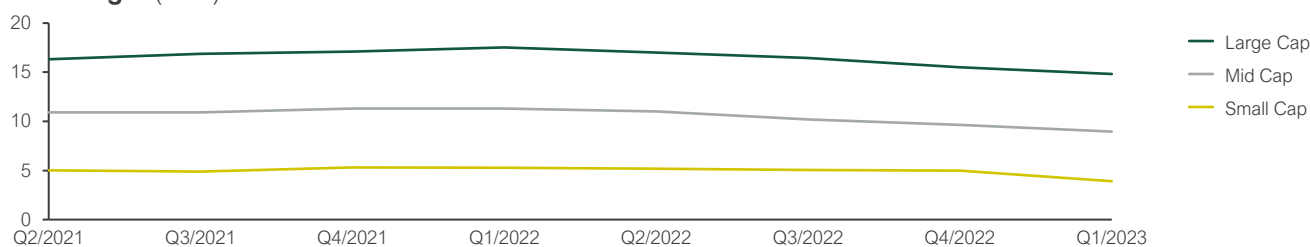
- ▶ Revenue in €m 251 to 2,500
- ▶ Average Revenue in €m 605
- ▶ Number of companies 685

Large Cap

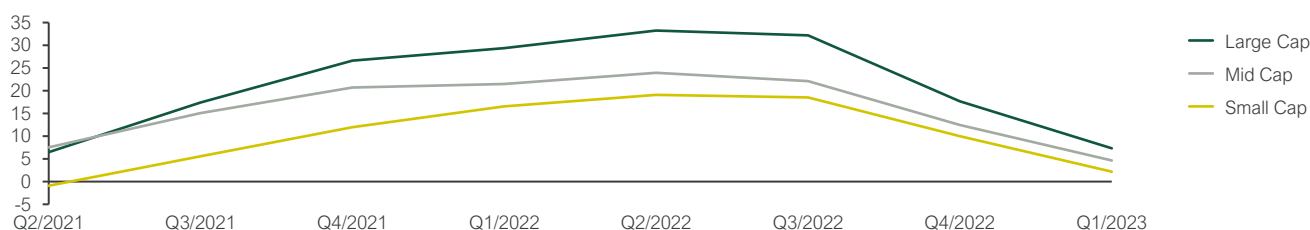


- ▶ Revenue in €m >2,500
- ▶ Average Revenue in €m 8,108
- ▶ Number of companies 190

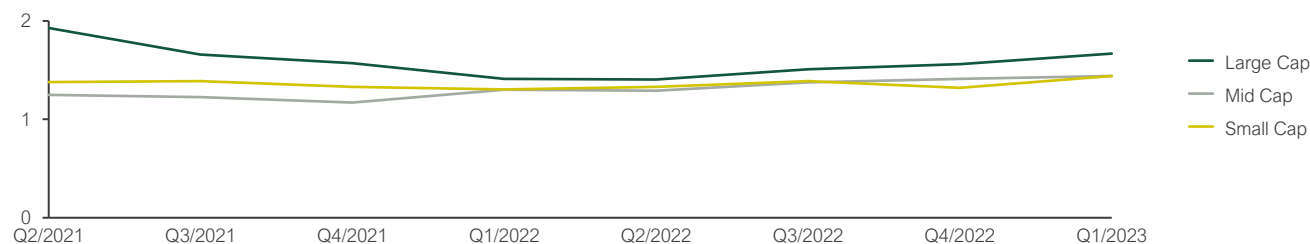
EBIT Margin (in %)



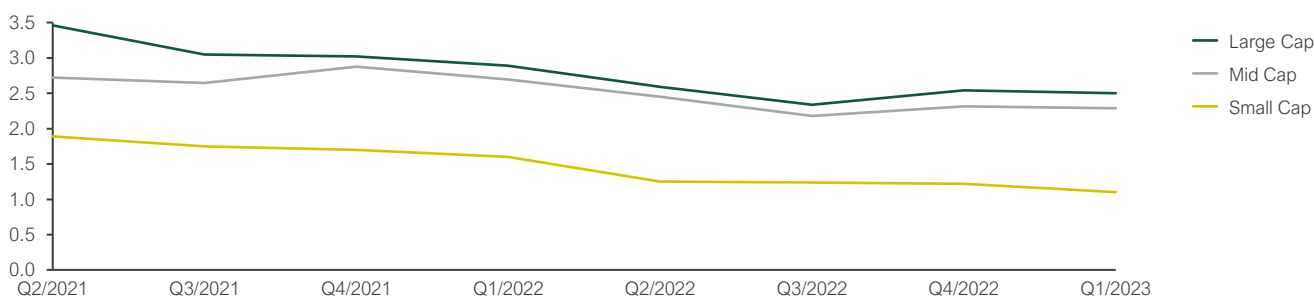
Year-on-Year Revenue Growth (in %)



Debt/EBITDA



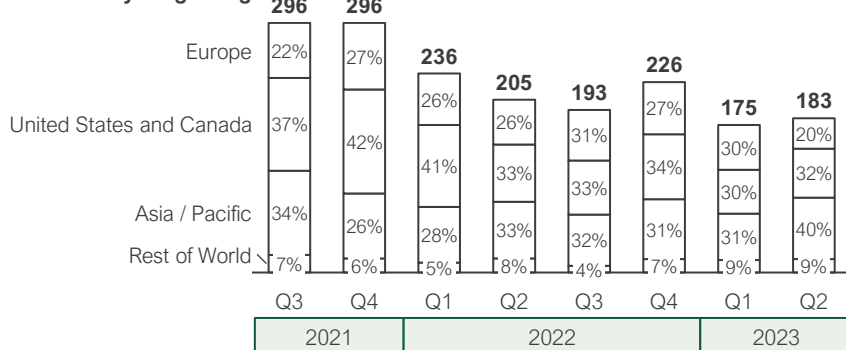
Market Capitalization/Revenue



Specialty Chemicals & Materials 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

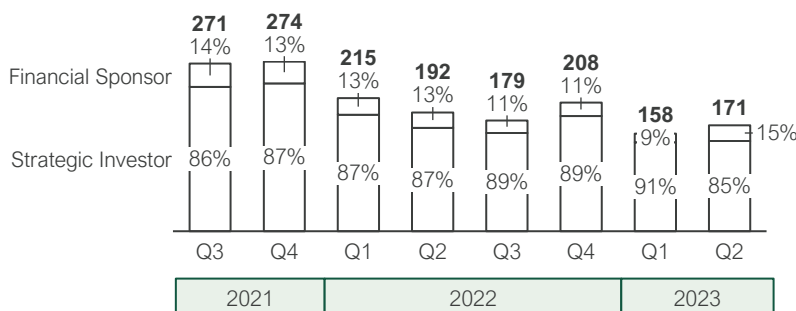


EBITDA Multiple (LTM) by Target Region

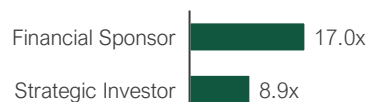


Deal count by Investor Type

Announced transaction with identified investors.

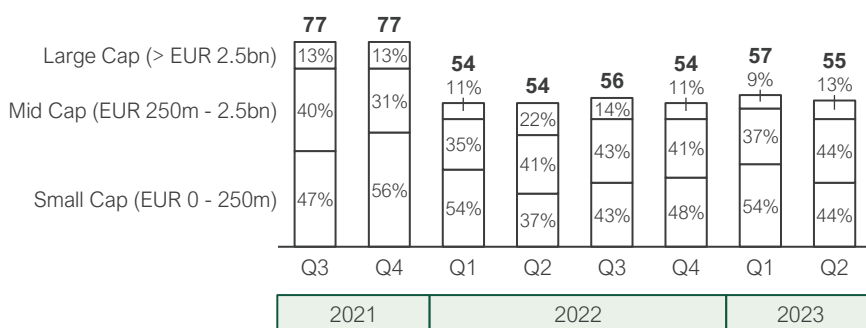


EBITDA Multiple (LTM) by Investor Type

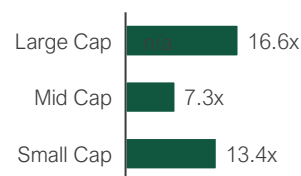


Deal count by Company Size

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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