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FOR WHAT TRULY COUNTS



M&A Facts Quarterly Q4 – 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 Q3 2023, trading multiples increased slightly, with an EBITDA median of 11.7x. Likewise, Transaction multiples increased from 10.5x in Q3 to 15.5x EV/EBITDA in Q4 2023.
- ▶ **Review and outlook** – Market conditions for specialty chemicals and materials improved modestly in the fourth quarter. Nevertheless, economic uncertainty remains in many regions. Opportunities in the sector are emerging due to sustained attention on less cyclical end markets, a stabilizing supply chain landscape, and careful evaluation of price and volume dynamics, among other factors. Due to significant inventory management at customers in 2023, the pipeline is empty which will have a pos. effect in many sub sectors at the beginning of 2024. Transaction value and the number of transactions increased slightly. The transaction multiple also increased.

Overall, there is optimism about the possibility of a recovery in chemical M&A activity in 2024. Recent macroeconomic volatility has kept potential sellers on the sidelines. The combination of seller pressure to return capital to limited partners and buyer comfort with the current environment will support accelerated activity in 2024.

- ▶ **Notable transactions** – The industry saw several interesting deals in Q4. Otemon acquired a majority stake in Taisho and plans to acquire more and delist the company. Viatris, a global healthcare company, sold substantially all of its OTC business to Cooper Consumer Health. Arkema acquires Arc Building Products in Ireland, specialized in construction adhesives and sealants to strengthen its position in Ireland’s growing construction adhesives market with a broader range of solutions and a local manufacturing footprint.

Specialty Chemicals & Materials Peer Group

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

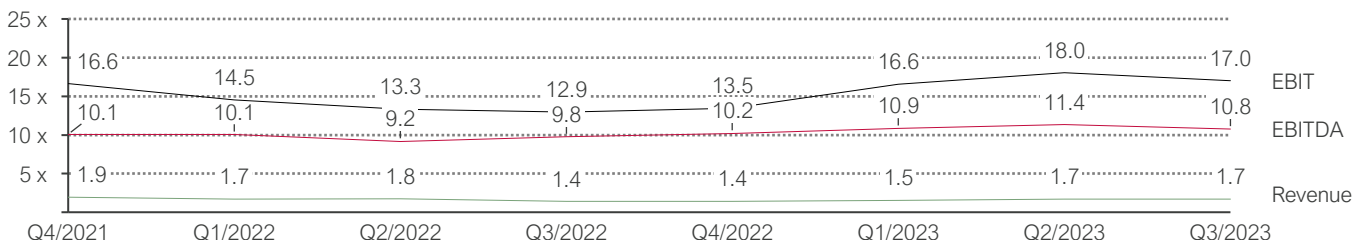
Company Name	Country	Market Cap	TEV	Revenues LTM	EBITDA LTM ¹⁾	TEV/EBITDA LTM Q3 2023 ²⁾	TEV/EBITDA LTM Q4 2023 ²⁾	Q4 vs. Q3 Trend
Merck KGaA	Germany	62'651	71'097	21'428	5'948	12.2x	11.7x	▽
Sika AG	Switzerland	47'172	55'157	12'075	2'271	22.3x	28.3x	△
Bayer Aktiengesellschaft	Germany	33'039	71'324	47'775	9'886	7.4x	7.1x	▽
DuPont de Nemours, Inc.	United States	29'930	37'091	10'918	2'583	11.9x	13.2x	△
Henkel AG & Co. KGaA	Germany	28'729	30'545	22'410	2'731	9.8x	10.6x	△
Lonza Group AG	Switzerland	28'228	29'115	7'217	1'662	17.1x	14.3x	▽
DSM-Firmenich AG	Switzerland	24'442	26'484	10'627	85	36.4x	41.3x	△
Akzo Nobel N.V.	Netherlands	12'764	17'090	10'668	1'419	14.3x	12.9x	▽
Evonik Industries AG	Germany	8'621	12'316	16'002	1'200	6.2x	9.0x	△
Yara International ASA	Norway	8'209	11'304	13'960	1'146	5.3x	6.1x	△
Axalta Coating Systems Ltd.	United States	6'764	9'460	4'690	811	10.8x	11.9x	△
Clariant AG	Switzerland	4'390	5'556	5'035	739	7.2x	6.3x	▽
LANXESS Aktiengesellschaft	Germany	2'450	5'031	7'251	517	8.0x	11.6x	△
Median						10.8x	11.7x	△

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.



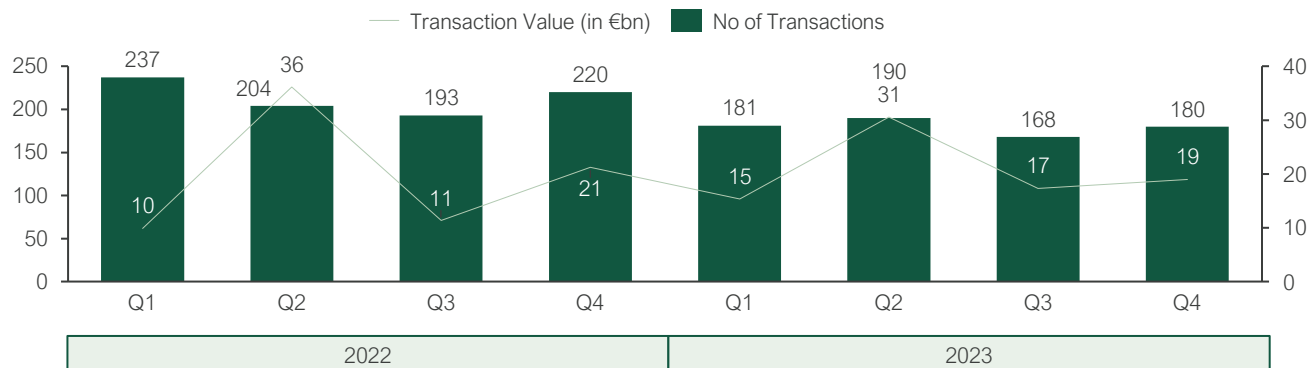
Recent Specialty Chemicals & Materials M&A Transactions

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
22/12/2023	A selection of established products in Europe and Canada of Sanofi	EU & CA	Lupin Atlantis Holdings SA	CH	100	18	n/a
21/12/2023	Lonstroff AG	CH	NCM Investments VII B.V.	NL	100	n/a	n/a
19/12/2023	Vio Chemicals AG	CH	Biosynth AG	CH	100	n/a	n/a
19/12/2023	Teknikum Group Ltd.	FI	Sanok Rubber Company Spółka Akcyjna	PL	100	47	n/a
18/12/2023	Zeus Company Inc.	US	EQT AB	SE	100	n/a	n/a
13/12/2023	Arc Bulding Products	IE	Arkema S.A.	FR	100	n/a	n/a
24/11/2023	Taisho Pharmaceutical Holdings Co., Ltd.	JP	Otemon Co., Ltd.	JP	73	3'400	10.38
17/11/2023	Substantially All the assets of Timber Pharmaceuticals, Inc.	UA	LEO Pharma A/S	DK	100	13	n/a
02/11/2023	Filgotinib business of Galapagos NV	BE	Alfasigma S.p.A.	IT	100	170	n/a
30/10/2023	Cosrxinc Co., Ltd.	KR	Amorepacific Corporation	KR	55	528	n/a
17/10/2023	MICS Chemical Co., Ltd.	JP	Nakamoto Packs Co.,Ltd.	JP	51	8	4.21
12/10/2023	SK Pucore	US	Glenwood Private Equity Co., Ltd.	KR	100	289	n/a
01/10/2023	Substantially All of the Over-the-Counter Business of Viatrix Inc.	US	Cooper Consumer Health SAS	FR	100	1'950	n/a

Specialty Chemicals & Materials M&A Deal Count, Recorded Transaction Volume 2022-2023

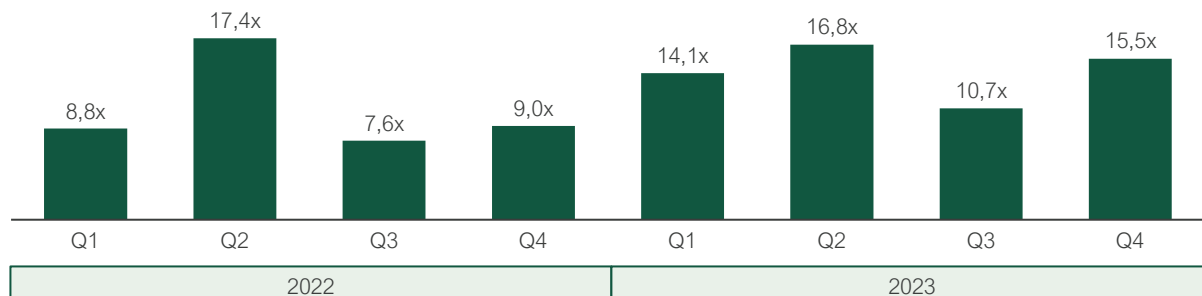
Data Source: S&P Capital IQ.



Specialty Chemicals & Materials M&A Transaction Multiples 2022-2023

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

Data Source: S&P Capital IQ.



Specialty Chemicals & Materials Operating Financial Metrics

Q3 23 data only. Q4 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 77
- ▶ Number of companies 1,870

Mid Cap



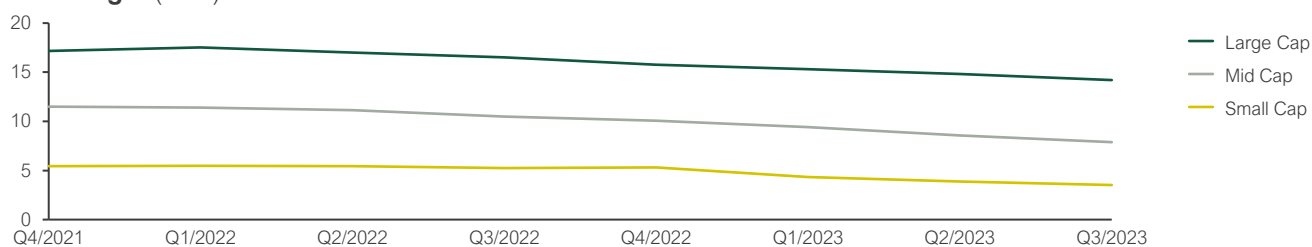
- ▶ Revenue in €m 251 to 2,500
- ▶ Average Revenue in €m 564
- ▶ Number of companies 664

Large Cap

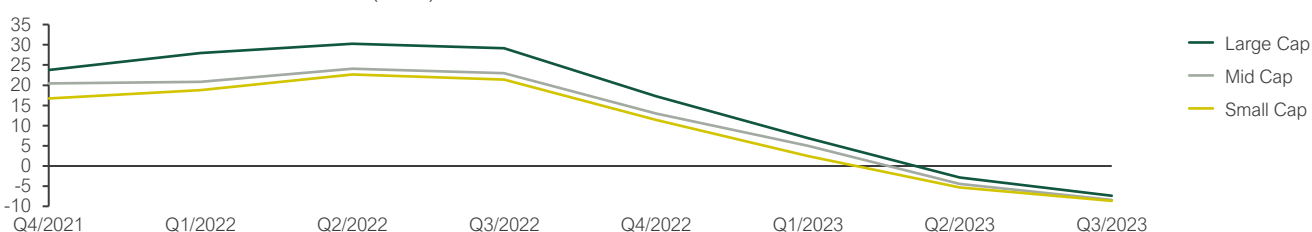


- ▶ Revenue in €m >2,500
- ▶ Average Revenue in €m 7,337
- ▶ Number of companies 171

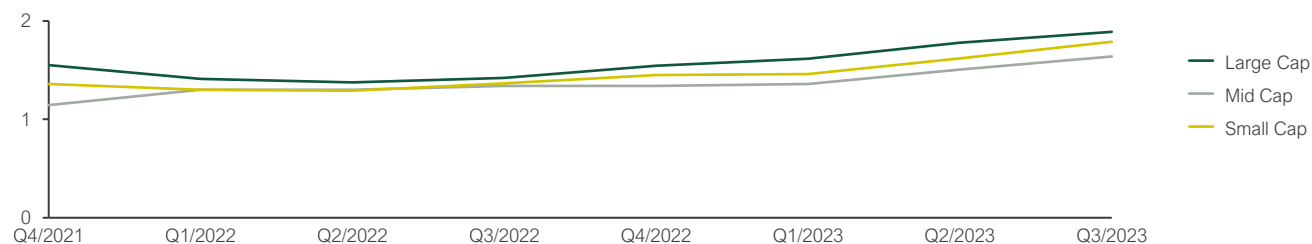
EBIT Margin (in %)



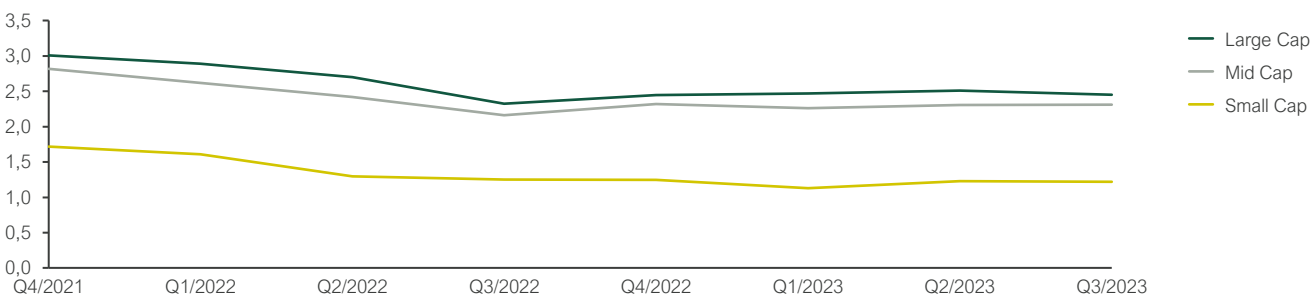
Year-on-Year Revenue Growth (in %)



Debt/EBITDA



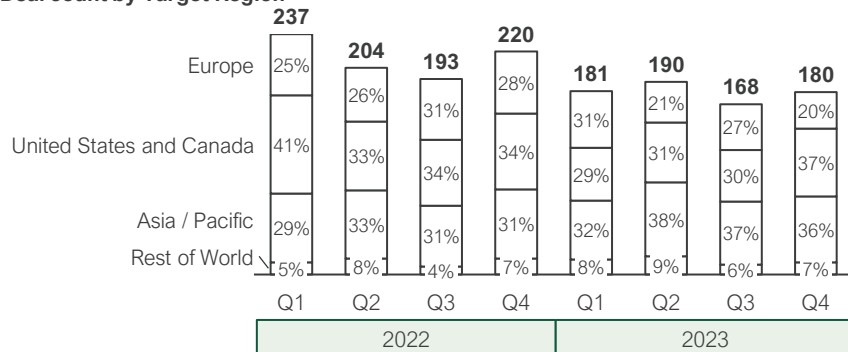
Market Capitalization/Revenue



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

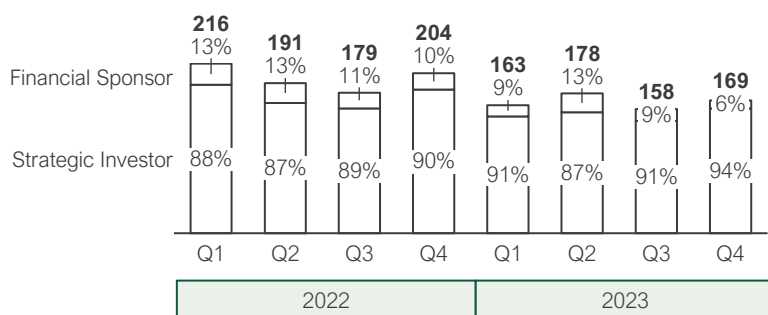


EBITDA Multiple (LTM) by Target Region



Deal count by Investor Type

Announced transaction with identified investors.

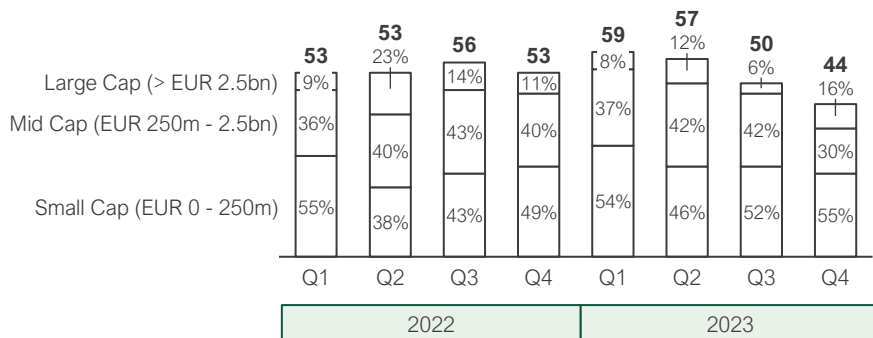


EBITDA Multiple (LTM) by Investor Type

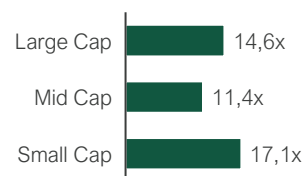


Deal count by Company Size

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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