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M&A Facts Quarterly Q3 – 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 Q2 2023, trading multiples decreased slightly, with an EBITDA median of 10.8x. Likewise, Transaction multiples decreased from 16.1x in Q2 to 10.5x EV/EBITDA in Q3 2023.
- ▶ **Review and outlook** – In the last 3 months the overall outlook did not change. Decreasing earnings in nearly all areas of the Chemical Industry did raise the uncertainty of the future development which had an impact on the duration and the number of transaction processes. In Q3 transactions reached the lowest level in the last 2 years. Examples –amongst others- are the sale of Merck’s Surface Solutions or CMO producer ESIM which last longer than expected. Nonetheless, there are several interesting targets especially in the food and cosmetics segment which are expected to be sold within the coming 6 months, e.g. IFFs Lucas Meyer cosmetics business, BASF food and cosmetic business at the Illertissen site in Germany as well as Corbion’s Food emulsifier business. Others like

Evonik’s Superabsorbent Materials business or HIG Capital’s Fluids producer Recochem are expected to be sold in Q4.

- ▶ **Notable transactions** – The industry saw several interesting deals in Q3 with KKR boosting its chemicals portfolio with 1.3 USDbn deal for Chase Corporation, a specialty chemicals firm focused on protective materials for high-reliability applications; DuPont largely completing its planned exit of the former Mobility & Materials segment with the 80.1% sale of the Delrin® Business to financial sponsor TJC, valuing the business at 1.8 USDbn; and Eastman Chemical Co.’s divestment of its Texas City Operations to INEOS Acetyls, a leading global producer and supplier of acetic acid and related chemicals for 490 USDm. HIG Capital sold Specialty Solvents and -fuels producer to ICI and the Univar Distributor sale to Apollo (8.1 USDbn) was closed. After a short holding period EQT sold hygiene chemicals producer Schülke to a consortium led by Athos, the Strüngmann family office.

Specialty Chemicals & Materials Peer Group

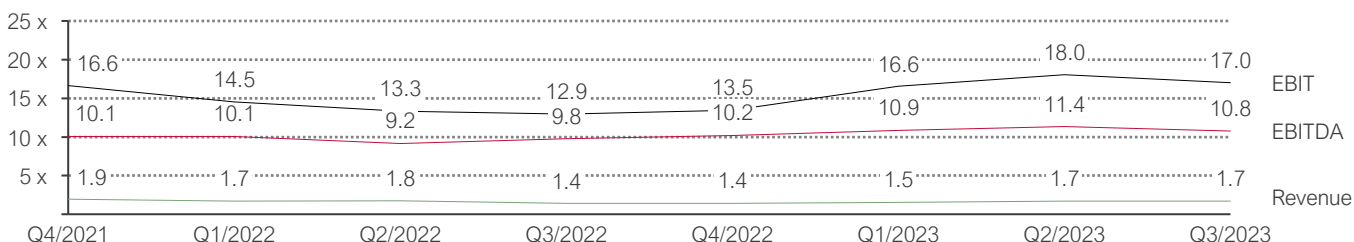
Note: TEV = Total Enterprise Value. LTM = Last Twelve Months. Data source: S&P Capital IQ. In €m.

Company Name	Country	Market Cap	TEV	Total Revenue LTM	EBITDA LTM ¹⁾	TEV/EBITDA LTM Q2 2023 ²⁾	TEV/EBITDA LTM Q3 2023 ²⁾	Q3 vs. Q2 Trend
Merck KGaA	Germany	68'760	78'089	22'061	6'227	11.4x	12.2x	Δ
Bayer Aktiengesellschaft	Germany	44'651	83'714	48'714	11'135	7.3x	7.4x	Δ
Sika AG	Switzerland	37'087	44'765	10'837	1'897	22.2x	22.3x	Δ
Lonza Group AG	Switzerland	32'662	33'515	6'468	1'907	20.6x	17.1x	▽
DuPont de Nemours, Inc.	United States	32'351	36'267	11'480	2'773	11.2x	11.9x	Δ
Henkel AG & Co. KGaA	Germany	26'486	28'302	22'410	2'731	11.7x	9.8x	▽
DSM-Firmenich AG	Switzerland	21'289	23'331	8'745	583	20.4x	36.4x	Δ
Akzo Nobel N.V.	Netherlands	11'682	16'260	10'866	1'026	16.2x	14.3x	▽
Yara International ASA	Norway	9'146	12'821	16'405	1'772	3.2x	5.3x	Δ
Evonik Industries AG	Germany	8'073	11'984	17'109	1'779	5.2x	6.2x	Δ
Axalta Coating Systems Ltd.	United States	5'635	8'558	4'629	738	12.7x	10.8x	▽
Clariant AG	Switzerland	4'929	6'050	5'035	739	5.7x	7.2x	Δ
LANXESS Aktiengesellschaft	Germany	2'077	4'957	7'835	636	7.4x	8.0x	Δ
Median						11.4x	10.8x	▽

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.



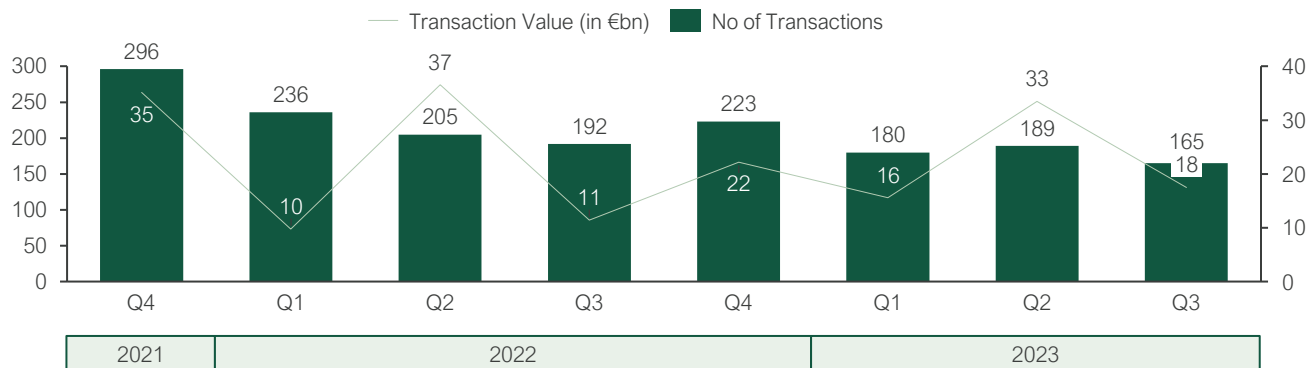
Recent Specialty Chemicals & Materials M&A Transactions

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
28/09/2023	Texas City Operations of Eastman Chemical Company	US	INEOS Acetyls Americas Limited	UK	100	464	n/a
21/09/2023	BMP s.r.l.	IT	Essentra plc	UK	100	37	n/a
01/09/2023	Seiko PMC Corporation	JP	The Carlyle Group Inc.	US	45	94	11.10
29/08/2023	VIACOR Polymer GmbH	DE	Sto SE & Co. KGaA	DE	50	n/a	n/a
21/08/2023	Delrin® acetal homopolymer (H-POM) business of DuPont de Nemours, Inc.	NL	TJC LP	US	80	1'470	n/a
21/08/2023	CannaCare Health GmbH	DE	SynBiotic SE	DE	100	n/a	n/a
17/08/2023	T&K Toka Co., Ltd.	JP	Bain Capital Private Equity, LP	US	100	238	10.26
07/08/2023	Chem Masters Del Peru SA.	PE	Sika AG	CH	100	n/a	n/a
28/07/2023	Qualicaps Co., Ltd.	JP	Roquette Frères S.A.	FR	100	n/a	n/a
21/07/2023	Chase Corporation	US	Kohlberg Kravis Roberts & Co.	US	100	1'235	13.58
20/07/2023	CRAFT 1861 Global Holdings Inc.	CA	Nano Cures Inc.	US	100	2'272	n/a
12/07/2023	Gleitsmann Security Inks GmbH	DE	IN Groupe	FR	100	n/a	n/a
08/07/2023	F.I.S. - Fabbrica Italiana Sintetici S.p.A.	IT	Bain Capital Private Equity, LP; Nine Trees Group S.p.A.	US/IT	100	n/a	n/a
03/07/2023	Bayer's phytosanitary products factory in Valencia	ES	Industrias Químicas del Valles S.A.	ES	100	n/a	n/a
03/07/2023	Novachem Srl	AR	Evonik Industries AG	DE	100	n/a	n/a

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

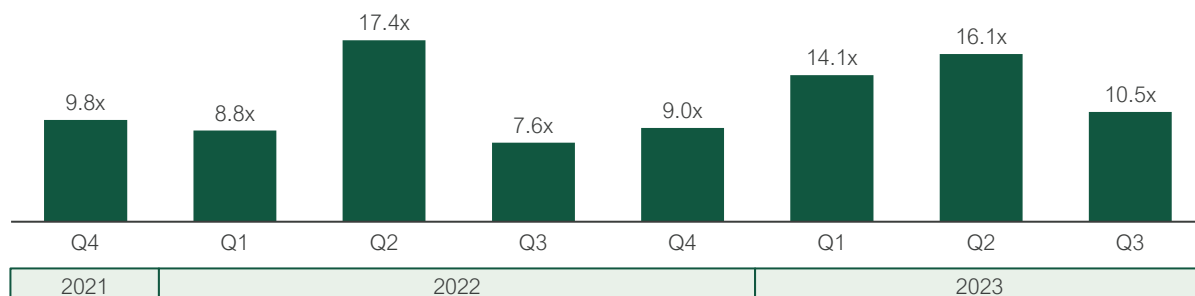
Data Source: S&P Capital IQ.



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

Q2 23 data only. Q3 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 78
- ▶ Number of companies 1,947

Mid Cap



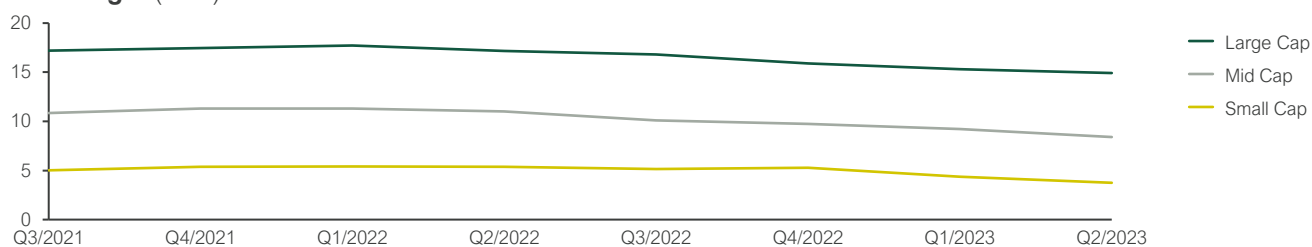
- ▶ Revenue in €m 251 to 2,500
- ▶ Average Revenue in €m 575
- ▶ Number of companies 672

Large Cap

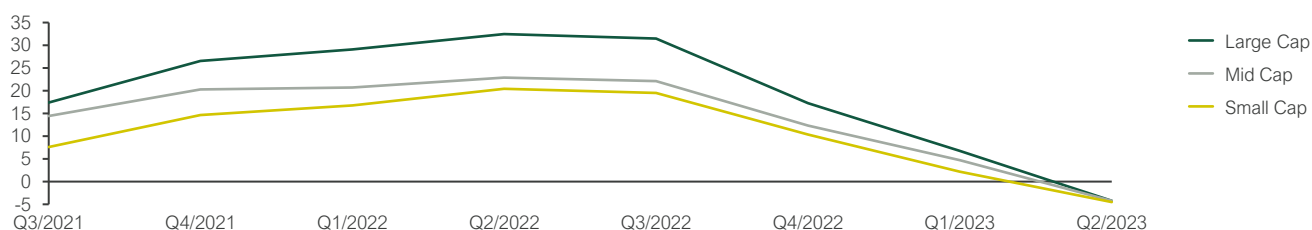


- ▶ Revenue in €m >2,500
- ▶ Average Revenue in €m 7,727
- ▶ Number of companies 180

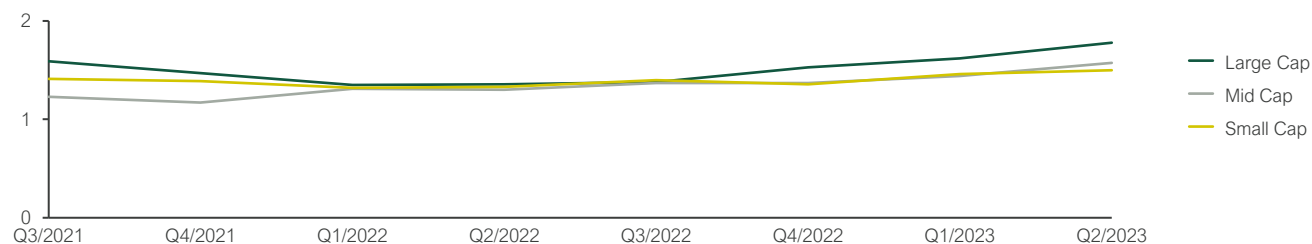
EBIT Margin (in %)



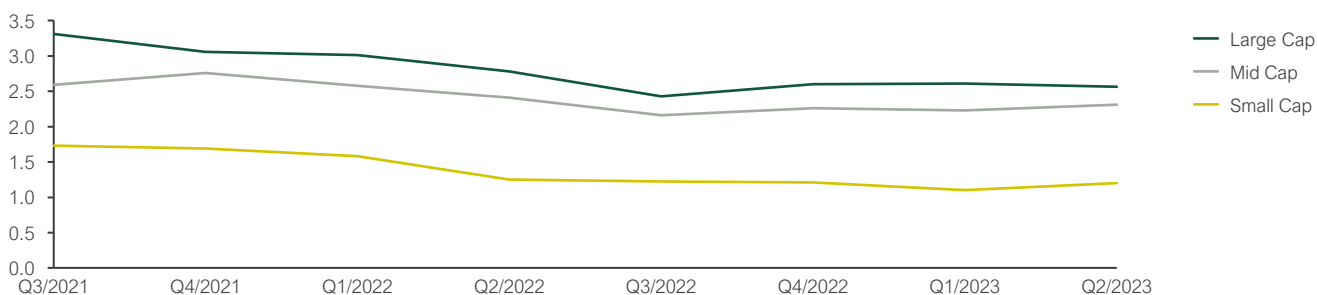
Year-on-Year Revenue Growth (in %)



Debt/EBITDA



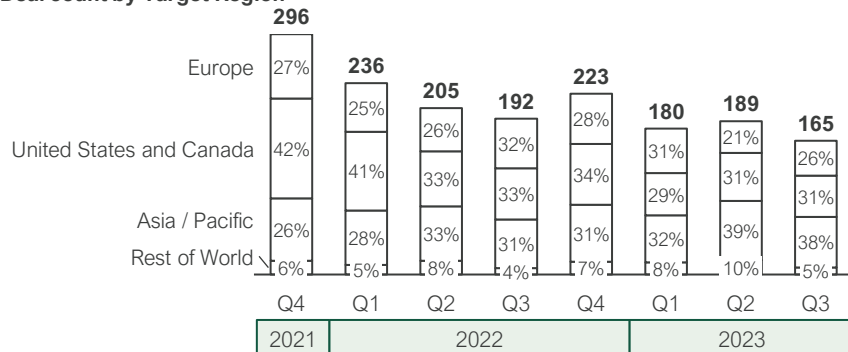
Market Capitalization/Revenue



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

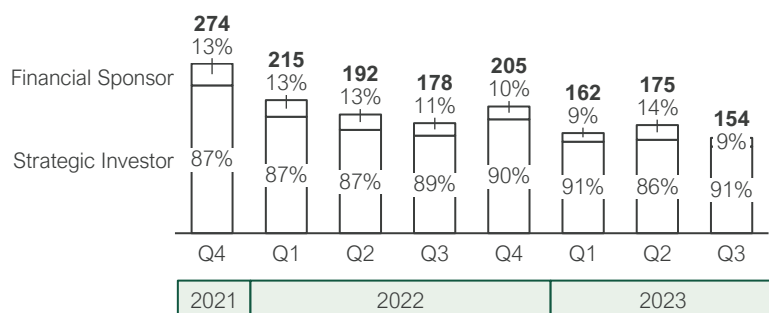


EBITDA Multiple (LTM) by Target Region



Deal count by Investor Type

Announced transaction with identified investors.

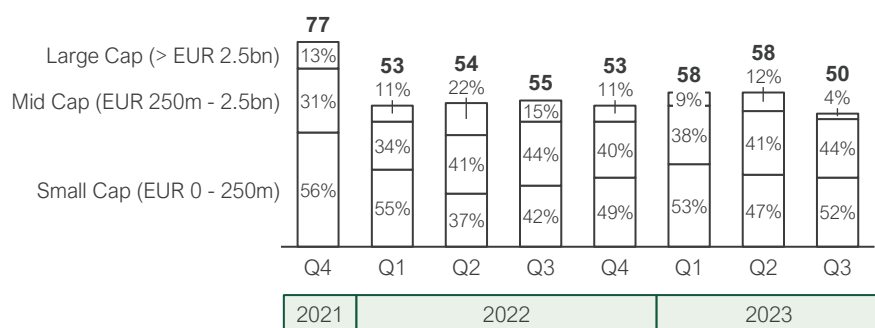


EBITDA Multiple (LTM) by Investor Type

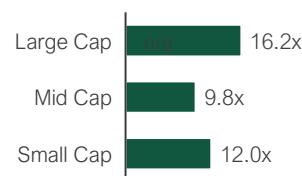


Deal count by Company Size

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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