

ProventisPartners.

M&A FACTS – H1 2024
SPECIALTY CHEMICALS & MATERIALS
SECTOR

August 2024

SPECIALTY CHEMICALS & MATERIALS – M&A-HIGHLIGHTS AND MARKET INSIGHTS

Overall, the SC&M M&A market shows resilience, despite supply chain challenges and increased costs.

H1 2024 Deal activity

142
Deals

ADNOC's pursuit of Covestro continued in H1 2024, accounting for ~66% of deal value. Roquette's pick-up of IFF's pharma business followed second. Sponsors also showed activity (Kingswood: Corbion emulsifiers). Deal sizes were somewhat larger than in H2 2023.

€22bn
Deal value

Deal activity increased in H1 2024 vs. H2 2023, indicating a stable overall M&A environment despite consistently high interest rates and ongoing supply-chain challenges.

Valuations

Trading multiples increased a bit in H1 2024, reflecting broader market trends and showing a certain resilience in the sector despite a continued challenging macro outlook.

H2 2023	H1 2024
10.6x	11.7x
Trading EBITDA Multiple	

In line with a signal from a higher deal value, EBITDA trading multiples also increased in H1 2024.

H2 2023	H1 2024
11.9x	15.5x
Transaction EBITDA Multiple	

Insights

Profit rose steadily in first half and will continue in the second half. Despite the global uncertainties that will remain this fuels expansion and M&A.



Strategies

The strategic focus remained unchanged in the first half of 2024 for most Specialty and Diversified Chemical Companies but implementation efforts recovered. Asian companies continue to be interested in European companies driven by the supply chain experiences since 2021



Trends

Unchanged trend to divest cyclical or volatile businesses as well as a strong focus on more narrow parts of the process chain in the mid term.

That leads to transformations of portfolios especially in the area of diversified chemicals.



Key growth areas

New and affordable products with a better carbon footprint or sustainability component that enrich or transform traditional offerings. Highly specialized areas like those with strong application patterns. Demand of many Additives continue to recover or rise above 2022 levels.

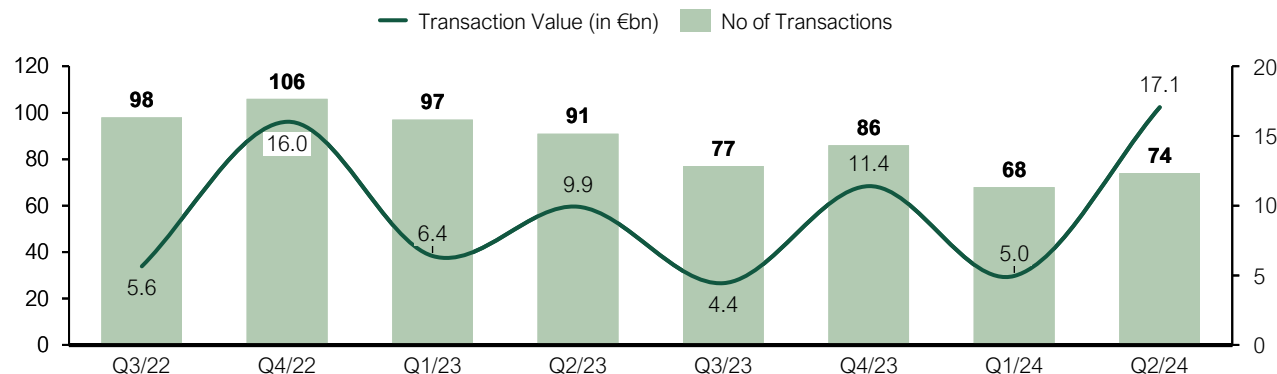
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M&A SUMMARY

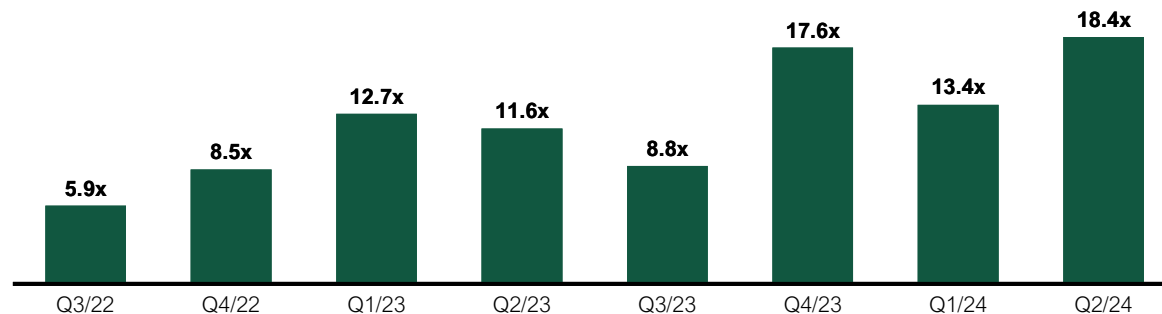
Resilient M&A market for Specialty Chemicals & Materials over the recent years.

Specialty Chemicals & Materials M&A Deal Count, Recorded Transaction Volume 2022-2024



Specialty Chemicals & Materials M&A Transaction Multiples 2022-2024

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



Data Source: S&P Capital IQ.



“Significant recovery of the market since beginning of 2024 with growing demand in the last two quarters fuelled confidence into growth that also triggers M&A activities since beginning of the year.”

Dr. Uwe Nickel
Partner, Zurich

M&A Facts H1 2024

Specialty Chemicals & Materials

NOTABLE TRANSACTIONS IN THE SPECIALTY CHEMICALS & MATERIALS SECTOR

Some very large transactions have pushed up overall transaction value in the first half of 2024.

Announced Date	Target	Acquirer	Stake %	Total Transaction Value	Implied EV/ EBITDA
19/03/2024	Pharma Solutions Business of International Flavors & Fragrances Inc., US	Roquette Frères S.A., FR	100	2'624	13
1 03/4/2024	Lucas Meyer Cosmetics, CA	Clariant AG	100	740	n/a
26/01/2024	Emulsifiers business of Corbion NV, NL	Kingswood Capital Management, L.P., US	100	333	n/a
2 11/07/2024	Global Specialty Solutions business of FMC Corp, US	Envu, US	100	320	n/a
13/05/2024	CoverFlexx Group, CA	Axalta, US	100	261	n/a
06/02/2024	Energy Division of Kemira, FI	Artek Group, IN	100	260	n/a
20/05/2024	ND Industries, Inc., US	H.B. Fuller Company, US	100	235	n/a
12/06/2024	Lenzing Aktiengesellschaft, AT	Suzano International Trade GmbH, AT	15	230	12.09
11/01/2024	Orapi SA, FR	Groupe PAREDES ORAPI, FR	53	101	11.14
15/04/2024	Latex compounding operations of Synthomer plc, UK	Matco N.V., BE	100	28	5.73
07/05/2024	Nutraceuticals business of Ashland Inc, US	Turnspire Capital Partners LLC, US	100	n/a	n/a
10/01/2024	Silberline Group, US	Altana, DE	100	n/a	n/a
15/02/2024	Seal for Life Industries, LLC, US	Henkel AG & Co. KGaA, DE	100	n/a	n/a
10/01/2024	Silberline Manufacturing Co., Inc., US	ECKART GmbH, DE	100	n/a	n/a

Data Source: S&P Capital IQ.



Selected Transactions in H1 2024



Deal Specs:

Clariant acquired Lucas Meyer Cosmetics for an EV of EUR 740m.

Details:

The transaction further strengthens Clariant's portfolio of active and functional cosmetic ingredients. This will provide its Business Unit Care Chemicals with additional high-margin and highly cash-generative natural and sustainable specialty chemicals that are currently in high demand.



Deal Specs:

Envu acquired the Global Specialty Solutions business of FMC for an EV of EUR 320m.

Details:

Envu, is dedicated to environmental science and sees GSS as an opportunity to support its growth strategy while continuing to deliver powerful innovations for customers in professional pest management, turf & ornamentals and more.

M&A Facts H1 2024

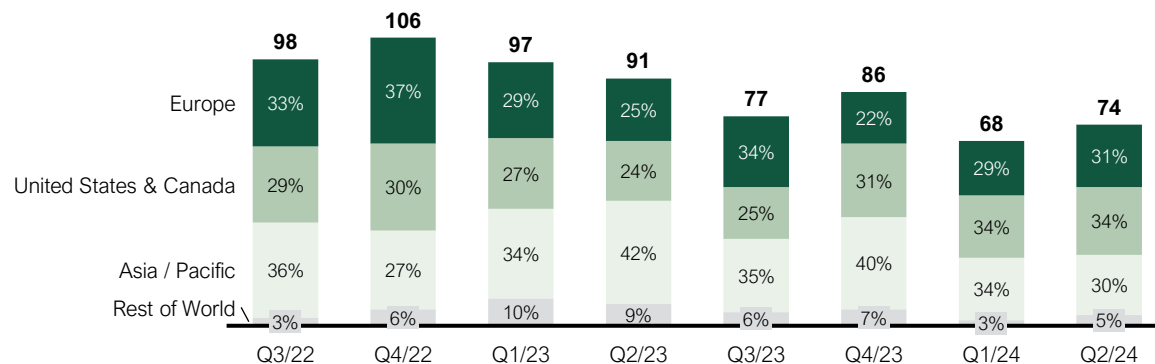
Specialty Chemicals & Materials

SPECIALTY CHEMICALS & MATERIALS M&A DEAL ANALYSIS¹

Financial Sponsor backed deals noted at higher multiples due to outliers, whilst vast majority of deals done by strategic buyers.

Deal Volume by Region

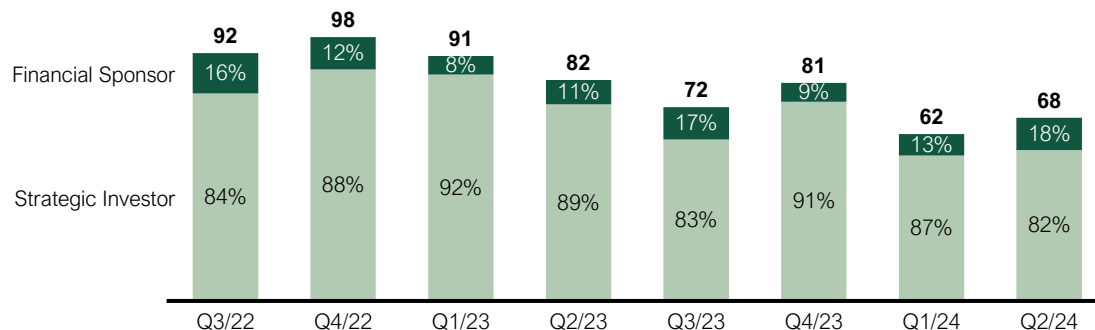
Deal count by Target Region



Deal Volume by Investor Type

Deal count by Investor Type

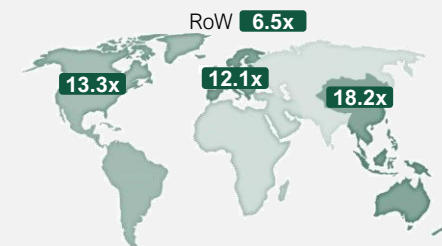
Announced transaction with identified investors.



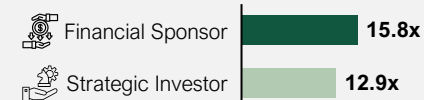
Data Source: S&P Capital IQ.

1) Announced transactions. Implied M&A Enterprise Value / LTM EBITDA of announced transactions with disclosed multiple.

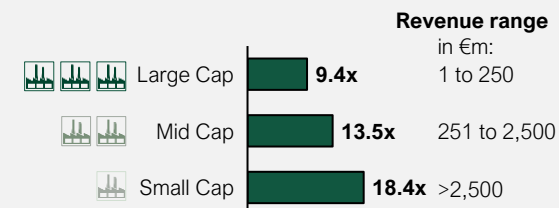
EBITDA Multiple (LTM) by Target Region



EBITDA Multiple (LTM) by Investor Type



EBITDA Multiple (LTM) by Company Size







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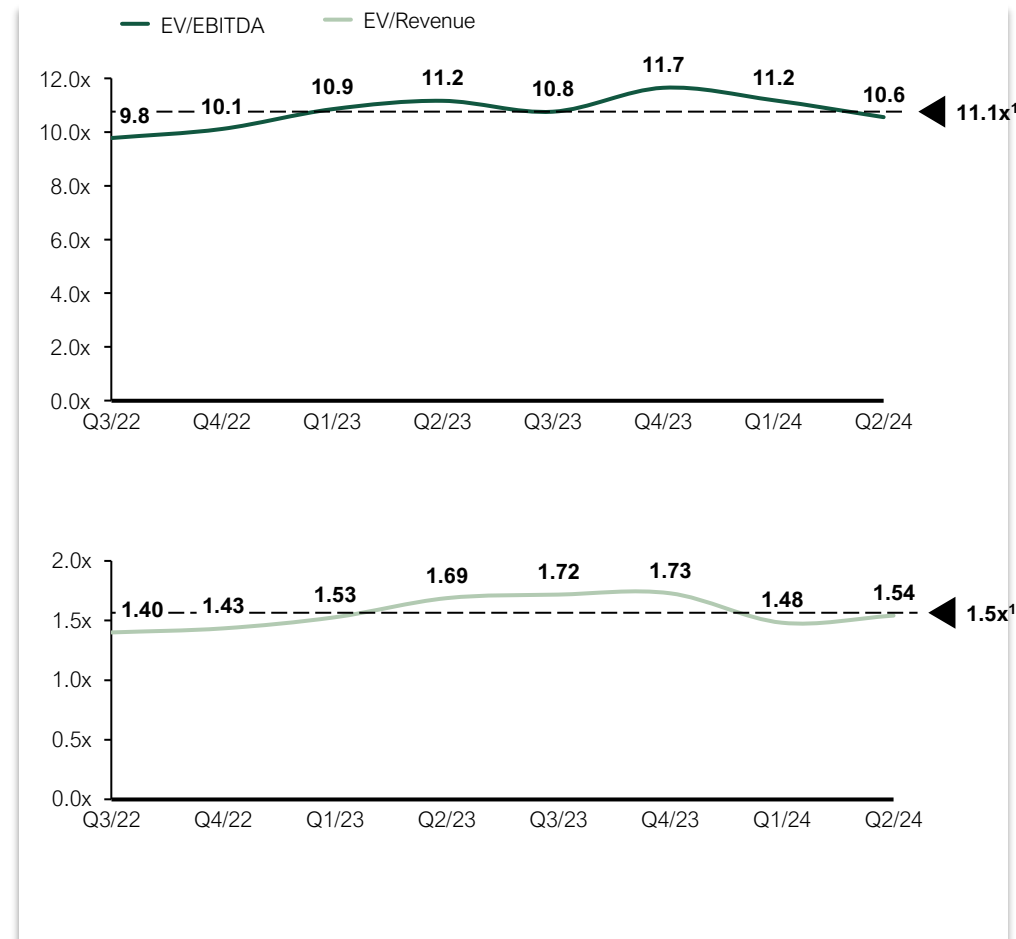
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TRADING MULTIPLES

After a year of high volatility in the market, trading multiples are now back on year end 2022 levels across industries.

Average enterprise value multiples of comparable listed companies since 2022.

Company	EV/Revenue	EV/EBITDA
 MERCK	2.9x	13.1x
 Bayer	4.5x	7.8x
 Jika	6.2x	22.5x
 DUPONT	1.5x	11.1x
 Henkel	0.7x	9.7x
 Lonza	4.1x	22.9x
 dsm-firmenich	2.9x	48.5x
 AkzoNobel	3.8x	12.4x
 SYENSQO	0.5x	2.0x
 EVONIK Leading Beyond Chemistry	1.9x	5.8x
 AXALTA	1.5x	11.2x
 CLARIANT	0.7x	7.3x
 LANXESS Energizing Chemistry	1.3x	9.8x



Data Source: S&P Capital IQ. 1) Average Multiples



PRESENTATION OF THE PROVENTIS PARTNERS SENIOR PROFESSIONALS FROM THE SPECIALTIES- & MATERIALS SECTOR.

An M&A team of 35 professionals backed by the global Merger Alliance network is at your disposal at Proventis Partners.

Our Specialty Chemicals & Materials Team



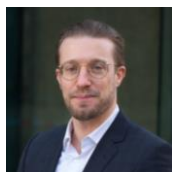
Dr. Jan-Philipp Pfander, Partner

- 30+ years experience in the chemicals and related sectors.
- Significant experience in advising clients on a wide range of M&A and capital market transactions.
- Co-Head of the chemicals & Materials sector of Proventis Partners.



Dr. Uwe Nickel, Partner

- 35+ years experience of management in different areas of the chemical industry.
- Long lasting experience in M&A and integrations/divestments
- Co-Head of the Chemicals & Materials sector of Proventis Partners.



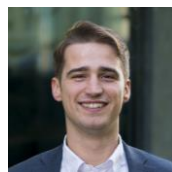
Cédric Mutz
Director



Artur Maibach
Vice President



Giuseppe Di Tommaso
Associate



Tassilo Pilars de Pilar
Analyst

Selected Specialty Chemicals & Materials Deals

M&A Sell-Side



IMCD N.V. acquired VELOX GmbH, a leading European distributor of speciality chemicals, from its founders.



Capital Raise



Interface Polymers Ltd. has successfully raised growth capital from Evonik's Sustainability Tech Fund.



M&A Buy-Side



Microdiamant has acquired US-based Eminess Technologies to continue to grow in several dimensions.



M&A Buy-Side

Cinven

Cinven has acquired Bayer's Environmental Science Professional business, for a total purchase price of USD 2.6 billion.



M&A Buy-Side



Sukano has acquired KAYS Kft., a leading compounder specialized in engineering plastics



PROVENTIS PARTNERS TRACK RECORD

Our experience of results from more than 430 completed M&A transactions with a total value of more than EUR 22 billion.

Experience from 20 years of Proventis Partners

Comprehensive network of executives, M&A decision-makers in corporations and private equity investors	So far, we closed M&A deals in 30 countries	~30 M&A professionals	
> 430 successful deals	Transaction volume of > EUR 22bn	Strong track-record on sell- and buy-side mandates	
> 85% closing success	We are one of the top fully independent M&A advisors in the DACH region	Extensive expertise in our six main sectors	

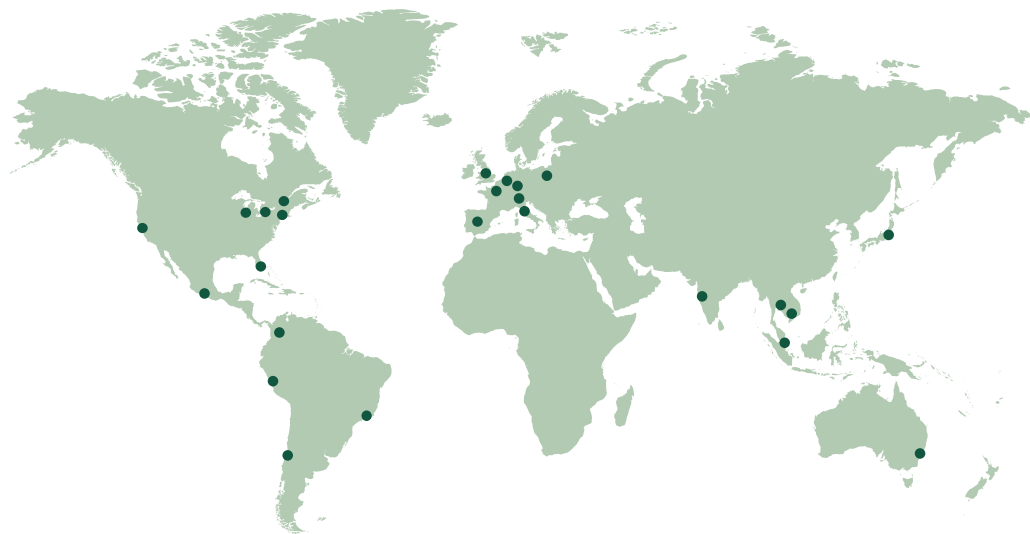
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PROVENTIS IS PART OF MERGERS ALLIANCE

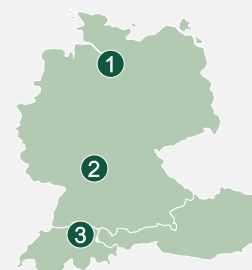
Excellent contacts with national and international strategic buyers and Private Equity firms through our worldwide network.

Overview global network Mergers Alliance



Switzerland Proventis Partners	Benelux OXEYE HJW Capital Advisors	USA Dresner Partners	Peru EFIC Partners	Brazil/Caribbean BroadSpan Capital
Germany Proventis Partners	Italy Ethica Corporate Finance	USA Montminy & Co	Chile Servicios Financieros Altis	Thailand Khronos Advisory
Austria Proventis Partners	Spain Norgeston	Mexico Broadspan	Japan Tokyo Kyodo Accounting Office	Singapore Singhi Advisors
United Kingdom Opus Corporate Finance	Poland IPOPEMA	India Singhi Advisors	Australia Greenstone Partners	
France Aurignac Finance	Croatia InterCapital Investment Banking			

Our locations in German speaking Europe



- 1 Hamburg
- 2 Frankfurt
- 3 Zurich

Total **33** locations globally
A third in Europe



1,654
Deals since
2010

128
Deals
in 2023

250
Professionals

Proventis Partners is an integral part of Mergers Alliance – a partnership of award-winning M&A specialists who provide high-quality advisory services to companies that need an international network for their M&A deals.

OUR CONTACT INFORMATION

We would be happy to meet you personally and support you in an advisory capacity.



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Specialty Chemicals & Materials

APPENDIX

Specialty Chemicals & Materials Peer Group.

Company Name	Country	Market Cap	TEV	Total Revenue LTM	EBITDA LTM	TEV/EBITDA LTM H2 2023	TEV/EBITDA LTM H1 2024	Change
Merck KGaA	Germany 	67'282	74'830	20'870	4'950	11.7x	14.2x	△
Sika AG	Switzerland 	42'856	48'291	12'181	2'334	28.3x	20.9x	▽
Lonza Group AG	Switzerland 	36'787	38'370	6'955	1'911	14.3x	19.0x	△
Henkel AG & Co. KGaA	Germany 	32'390	33'173	21'514	3'184	10.0x	10.0x	▽
DuPont de Nemours, Inc.	USA 	31'409	37'769	11'254	2'701	13.2x	13.3x	△
DSM-Firmenich AG	Switzerland 	28'014	30'446	12'455	1'061	41.3x	72.3x	△
Bayer Aktiengesellschaft	Germany 	25'916	67'616	47'113	10'554	7.1x	5.8x	▽
Akzo Nobel N.V.	Netherlands 	9'688	13'952	10'694	1'393	12.9x	9.1x	▽
Evonik Industries AG	Germany 	8'877	12'442	15'102	2'006	9.0x	5.9x	▽
Axalta Coating Systems Ltd.	USA 	7'037	9'694	4'901	942	11.9x	10.6x	▽
Syensqo SA/NV	Belgium 	8'793	9'862	6'770	1'379	7.4x	6.4x	▽
Clariant AG	Switzerland 	4'829	5'783	4'324	599	6.3x	7.9x	△
LANXESS Aktiengesellschaft	Germany 	1'984	4'612	6'422	332	11.6x	26.5x	△
Median						11.7x	10.6x	▽

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.

Source: S&P Capital IQ (08/2024)