



INDUSTRIALS: CHEMICALS AND COATINGS

- Strategic acquirers were active in the Chemicals and Coatings M&A market in 2020. For example, Brenntag, a chemical distribution leader, split into two operating divisions and announced four acquisitions in the last 6 months as the company seeks to build market presence in Canada, China, and Europe.
- After falling more severely than the S&P 500 in Q2 2020, the coatings, chemical distributors, and diversified chemicals indices recovered at a faster pace than the S&P 500 in the second half of 2020.
- The Purchasing Managers' Index (PMI) has shown a notable increase since April 2020, indicating a strong outlook for the manufacturing and industrials sector in 2021.
- Our expectation is that valuations for private companies in the middle market will remain at current levels as the demand continues to outmatch supply. The post-pandemic recovery may influence varying rates of M&A and economic activity by region, however we do not anticipate degradation in valuations in the near-term.

RECENT TRANSACTIONS (SELECTED)

Target	Date	Buyers / Investors	Region	Strategic / Financial
CB Chemie GmbH	Jan 27	Oqema Ag	Europe	Financial-Backed Strategic
ICL Packed Ltd	Jan 26	Brenntag AG	Europe	Strategic
Custom Chemical Services, Inc.	Jan 7	LeBaronBrown Specialities LLC	US	Strategic
C & L Aqua Professionals Inc.	Jan 4	Hawkins, Inc.	US	Strategic
Handy Chemicals (U.S.A.) Ltd.	Dec 31	CPS Performance Materials Topco LLC	US	Strategic
Chemrex Corporation Sdn. Bhd.	Dec 31	BioNexus Gene Lab Corporation	APAC	Strategic
Able Aerospace Adhesives	Dec 30	GracoRoberts	US	Financial-Backed Strategic
Ennis-Flint Inc.	Dec 24	PPG Industries, Inc.	US	Strategic
INNOCHEM N.V.	Dec 2	Stockmeier Chemicals Belux SA/NV	Europe	Strategic
Neuto Chemical Corporation	Nov 30	Brenntag AG	APAC	Strategic
Maroon Group LLC	Nov 2	Barentz International BV	US	Financial-Backed Strategic
Bio Accutech Inc.	Oct 9	Mayzo, Inc.	US	Strategic
Styrene business unit and assets of Clp Chemicals, Inc.	Oct 7	Shrieve Chemical Company	US	Financial-Backed Strategic
Zanos Ltd.	Oct 5	Stort Chemicals Ltd.	Europe	Strategic
Fire Retardant Chemical Technologies, LLC	Oct 1	UFP Retail, LLC	US	Strategic
Performance Powder Coatings of Stahl Holdings B.V.	Sep 2	Akzo Nobel N.V.	Europe	Strategic
Hemlock Semiconductor, L.L.C.	Sep 9	Corning Incorporated	US	Strategic
Functional Polyolefins Business of Arkema France SA	May 29	SK Global Chemical Co., Ltd.	APAC	Strategic
Redispersible Polymer Powders Business of Nouryon	Mar 31	Celanese Corporation	US	Strategic
Alpha Coating Technologies LLC	Mar 2	PPG Industries, Inc.	US	Strategic

For more information and insight please contact the EdgePoint Industrials team:

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EdgePoint Public Comparable Index Constituents

Diversified Chemicals Index

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2021E	LTM	2021E	LTM	LTM	3-Yr. CAGR		
Albemarle Corporation	\$20,493	33.0%	26.3%	\$853	\$798	20.2x	25.7x	\$3,242	-7.9%	3.7%	\$162.66	86.4%
Ashland Global Holdings Inc.	6,392	30.4%	18.9%	440	551	13.2x	11.6x	2,326	-6.7%	0.2%	79.99	89.6%
BASF SE	75,028	25.3%	4.1%	2,364	7,067	42.2x	10.6x	57,930	0.3%	-1.6%	63.83	92.2%
Celanese Corporation	17,091	22.9%	18.5%	1,046	1,740	13.7x	9.8x	5,655	-10.2%	-2.7%	122.15	87.2%
Clariant AG	7,778	31.9%	11.5%	473	614	13.6x	12.7x	4,115	-6.7%	-12.2%	18.96	79.4%
Eastman Chemical Company	13,366	0.0%	0.0%	0	2,012	0.0x	9.4x	0	0.0%	0.0%	98.35	89.2%
Median		30.4%	18.5%	853	1,251	13.6x	11.6x	4,115	-6.7%	0.0%	98.4	87.6%
Mean		26.9%	15.2%	922	2,005	14.7x	13.4x	11,137	-3.9%	1.3%	93.5	87.4%

Chemical Distributors Index

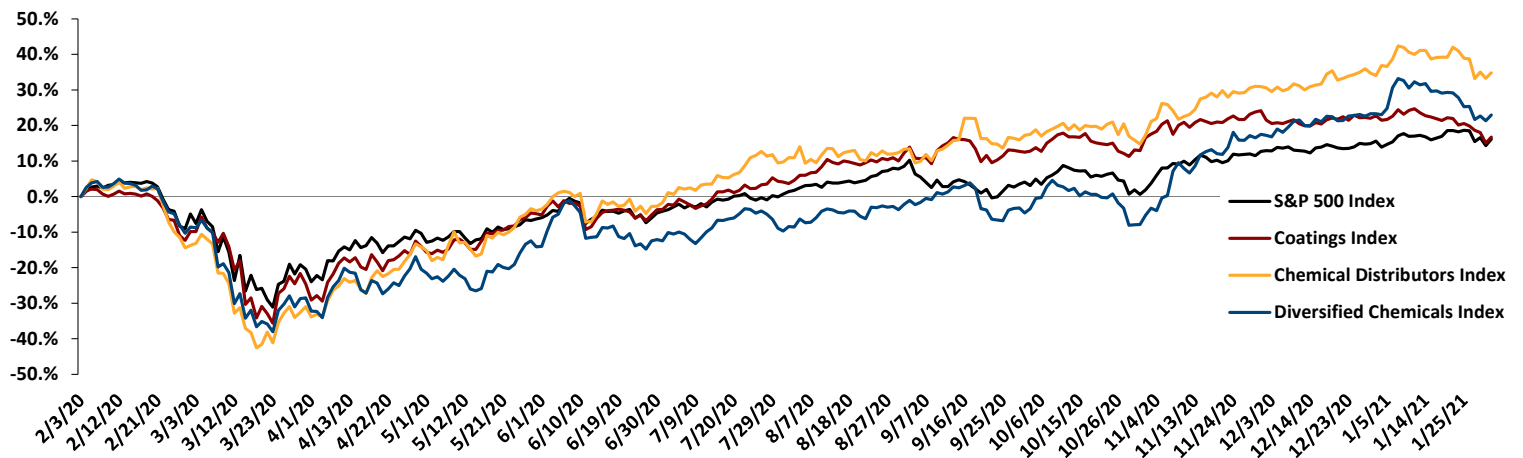
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Week High
		Gross	EBITDA	LTM	2021E	LTM	2021E	LTM	LTM	3-Yr. CAGR		
Brenntag AG	\$11,619	22.9%	7.2%	\$865	\$1,030	11.9x	11.3x	\$12,031	-6.2%	1.5%	\$64.74	94.0%
IMCD N.V.	6,583	23.4%	8.6%	233	271	26.4x	24.3x	2,717	3.1%	15.4%	102.25	91.4%
Univar Solutions Inc.	5,762	24.4%	6.7%	558	633	9.0x	9.1x	8,385	-7.9%	1.1%	18.59	79.8%
Mean		23.6%	7.5%	552	645	15.8x	14.9x	7,711	-3.7%	6.0%	61.86	88.4%

Coatings Index

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Week High
		Gross	EBITDA	LTM	2021E	LTM	2021E	LTM	LTM	3-Yr. CAGR		
Akzo Nobel N.V.	\$17,391	44.1%	13.7%	\$1,175	\$1,409	13.4x	12.3x	\$8,563	-8.3%	12.5%	\$83.84	90.1%
PPG Industries, Inc.	36,180	43.8%	16.3%	2,256	2,856	16.0x	12.6x	13,834	-8.7%	-2.1%	134.71	87.6%
RPM International Inc.	13,023	39.1%	14.8%	849	994	14.1x	13.1x	5,726	1.9%	3.4%	82.47	83.9%
The Sherwin-Williams Company	66,115	47.3%	18.7%	3,433	3,797	16.5x	17.4x	18,362	2.6%	7.0%	691.80	91.3%
Mean		24.9%	9.1%	1,102	1,294	15.0x	13.9x	6,641	-1.8%	3.0%	\$141.83	50.4%

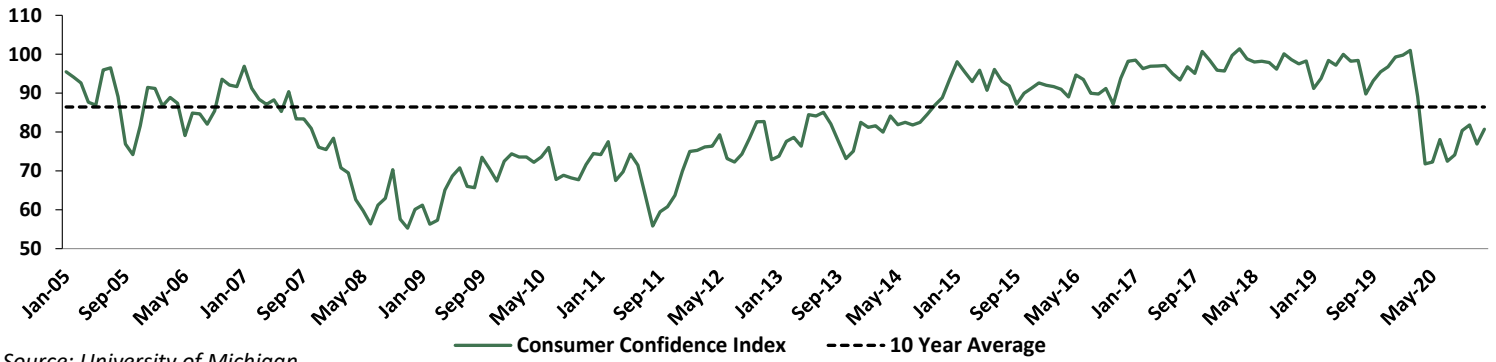
Source: S&P CapIQ (As of January 31, 2021)

Trailing Twelve Months Stock Performance

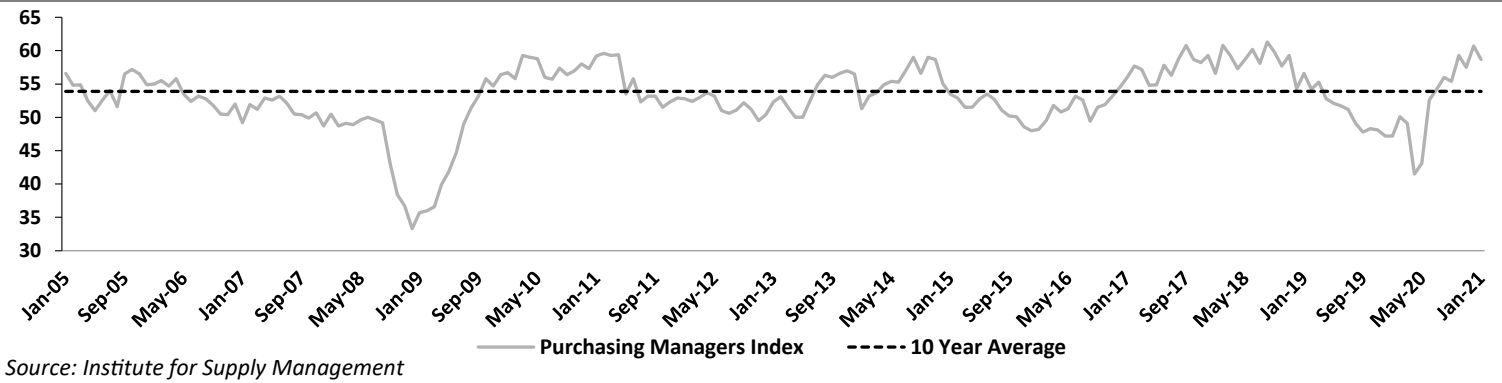


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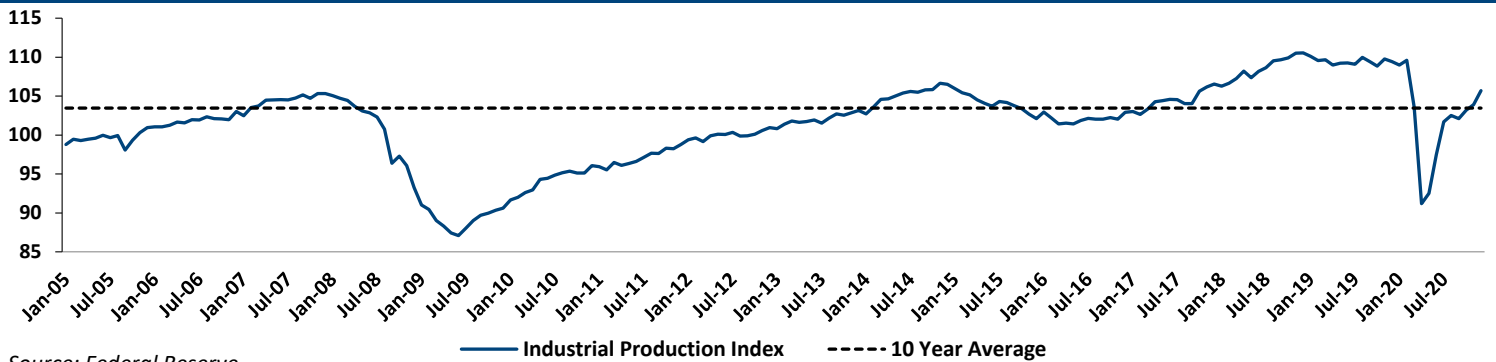
Consumer Confidence Index (2005 - 2021)



Purchasing Managers Index (2005 - 2021)



Industrial Production Index (2005 - 2021)



U.S. Real GDP Growth (2004 - 2021)

