



INDUSTRIALS: CHEMICALS AND COATINGS

- Strategic acquirers continue to be active in the Chemicals and Coatings M&A market. The industry's manufacturers are pursuing smaller add-on acquisitions while distributors continue to consolidate.
- The Chemicals and Coatings manufacturers indices pulled back during the second quarter, underperforming the S&P 500 during that time period. The distributors index continued to show strength, outperforming the overall market.
- The Industrial Production Index stabilized after falling significantly due to supply and labor headwinds early in the second quarter. Cost and labor challenges are expected to persist into the fourth quarter as the markets continue to normalize following a period of volatility.
- EdgePoint expects that transaction volume will remain stable through the remainder of 2021 while business owners and investors continue to evaluate macroeconomic conditions and the potential for changes to U.S. tax policy in 2022.

RECENT TRANSACTIONS (SELECTED)

Target	Date	Buyers / Investors	Region	Strategic / Financial
Western Reserve Chemical Corporation	Jul 29	Harwick Standard Distribution Corporation	US	Strategic
Chuzhou Yongpu Carbide Tools Co., Ltd	Jul 28	Sandvik AB (publ)	APAC	Strategic
HLC-Hans Lautrup Chemicals A/S	Jun 16	Distrupol Limited	EMEA	Strategic
Shanghai Yuanhe Chemicals Co., Ltd	Jun 2	IMCD N.V.	APAC	Strategic
Andes Chemical Corp.	May 19	IMCD N.V.	US	Strategic
Siliconas y Químicos S.A.S.	May 14	IMCD Colombia	LATAM	Strategic
Holland Moran Ltd.	May 11	A-6684 Capital	EMEA	Financial
Buss ChemTech AG	May 3	Desmet Ballestra S.p.A.	EMEA	Financial-Backed Strategic
Marquis Services Pte. Ltd.	Apr 30	GKE Corporation Limited	APAC	Strategic
JSKEM Private Limited	Apr 26	TOP Solvent Company Limited	APAC	Strategic
Pred Materials International, Inc.	Apr 26	United Mineral & Chemical Corporation	US	Strategic
Simplex Chemical Corp.	Apr 23	Next-Gen Supply Group, Inc.	US	Strategic
Stellar Chemical Corp.	Apr 12	Sibannac, Inc.	US	Strategic
Dalco Enterprises, Inc.	Apr 2	Imperial Dade	US	Financial-Backed Strategic
Pacific Adhesive Systems (M) Sdn. Bhd.	Apr 1	Meridian Adhesives Group LLC	APAC	Financial-Backed Strategic
Notsu Zensuke Shoten, Y.K.	Mar 29	Soda Nikka Co., Ltd.	APAC	Strategic
Zhongke Yueda (Shanghai) Material Technology Co., Ltd.	Mar 24	Jiangsu Yueda Group Co., Ltd.	APAC	Strategic
Noahs Ark Chemicals Limited	Mar 12	Count Energy Trading B.V.	EMEA	Strategic
Proquibasa S.A.	Mar 10	OQEMA AG	EMEA	Strategic

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

Matt Keefe
Managing Director
Industrials

Contact:
216-342-5863
mkeefe@edgepoint.com

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EdgePoint Public Comparable Index Constituents

Diversified Chemicals Index

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue LTM	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2021E	LTM	2021E		LTM	3-Yr. CAGR		
Albemarle Corporation	\$25,838	31.9%	25.6%	\$826	\$824	26.0x	31.4x	\$3,229	-4.3%	-0.6%	\$206.04	97.6%
Ashland Global Holdings Inc.	6,726	30.4%	20.0%	478	596	13.0x	11.3x	2,395	3.0%	-5.1%	85.07	88.7%
BASF SE	92,359	25.2%	13.6%	11,129	13,129	7.8x	7.0x	81,656	17.4%	4.0%	78.55	90.9%
Celanese Corporation	20,520	27.9%	24.3%	1,700	2,669	10.9x	7.7x	6,998	23.4%	0.7%	155.77	91.1%
Clariant AG	8,159	31.2%	15.4%	671	770	10.7x	10.6x	4,363	-12.3%	-15.4%	20.79	91.0%
Eastman Chemical Company	20,626	24.7%	19.5%	1,824	2,194	12.2x	9.4x	9,370	7.8%	-2.3%	112.72	86.4%
Median		29.1%	19.7%	1,263	1,509	11.5x	10.0x	5,680	5.4%	-1.5%	98.9	90.9%
Mean		28.5%	19.7%	2,771	3,364	13.4x	12.9x	18,002	5.8%	-3.1%	109.8	90.9%

Chemical Distributors Index

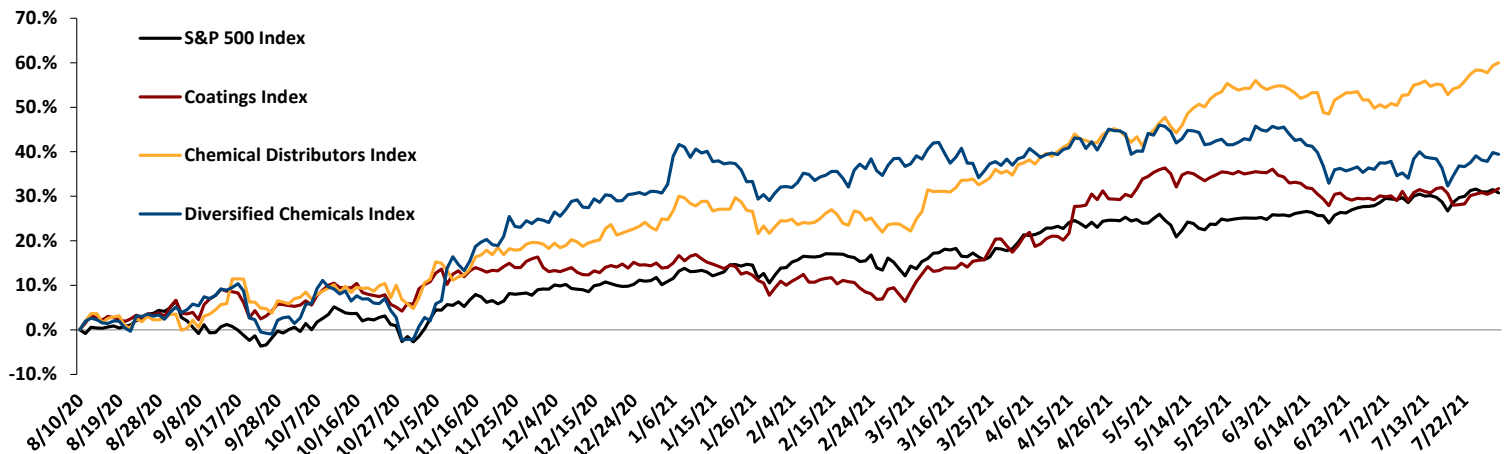
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue LTM	Revenue Growth		Stock Price	% of 52 Week High
		Gross	EBITDA	LTM	2021E	LTM	2021E		LTM	3-Yr. CAGR		
Brenntag SE	\$17,185	23.7%	7.4%	\$1,090	\$1,452	15.1x	11.9x	\$14,643	-0.5%	1.1%	\$99.88	99.4%
IMCD N.V.	10,759	24.5%	10.4%	378	414	32.5x	25.9x	3,629	12.6%	12.8%	173.19	99.7%
Univar Solutions Inc.	6,739	25.0%	7.4%	637	699	10.0x	9.6x	8,594	-1.9%	0.2%	24.54	87.6%
Median		24.5%	7.4%	637	699	15.1x	11.9x	8,594	-0.5%	1.1%	99.88	99.4%
Mean		24.4%	8.4%	702	855	19.2x	15.8x	8,955	3.4%	4.7%	99.20	95.6%

Coatings Index

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue LTM	Revenue Growth		Stock Price	% of 52 Week High
		Gross	EBITDA	LTM	2021E	LTM	2021E		LTM	3-Yr. CAGR		
Akzo Nobel N.V.	\$24,965	43.3%	15.8%	\$1,733	\$1,883	13.2x	13.3x	\$10,978	6.6%	-0.2%	\$123.49	96.0%
PPG Industries, Inc.	45,758	42.7%	16.4%	2,570	2,936	16.2x	15.6x	15,682	12.9%	0.7%	163.52	89.4%
RPM International Inc.	13,690	39.4%	14.3%	875	868	14.2x	15.8x	6,106	10.9%	4.7%	86.59	87.2%
The Sherwin-Williams Company	86,864	46.4%	18.9%	3,709	3,794	20.2x	22.9x	19,647	10.8%	4.5%	291.03	99.3%
Median		43.0%	16.1%	2,152	2,410	15.2x	15.7x	13,330	10.8%	2.6%	\$143.50	92.7%
Mean		42.9%	16.3%	2,222	2,370	16.0x	16.9x	13,103	10.3%	2.4%	\$166.16	93.0%

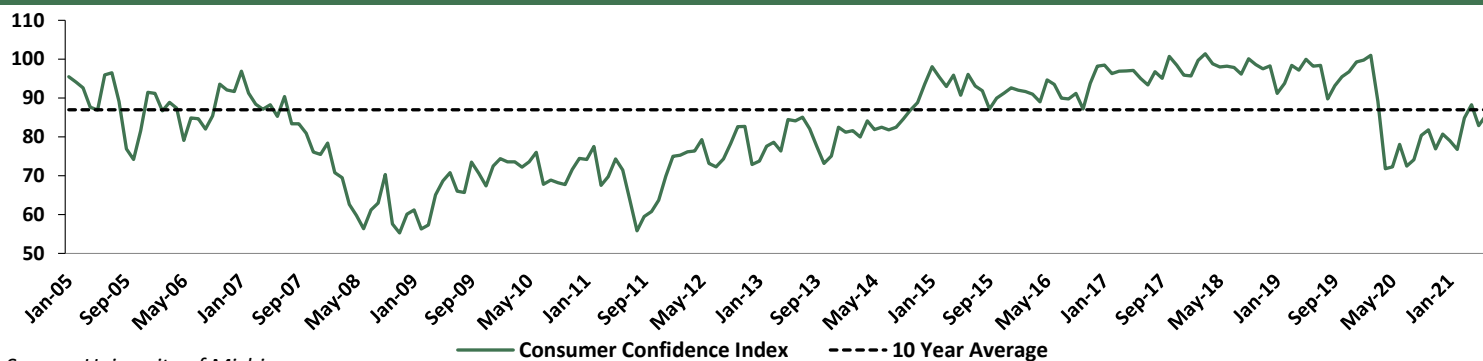
Source: S&P CapIQ (As of July 31, 2021)

Trailing Twelve Months Stock Performance

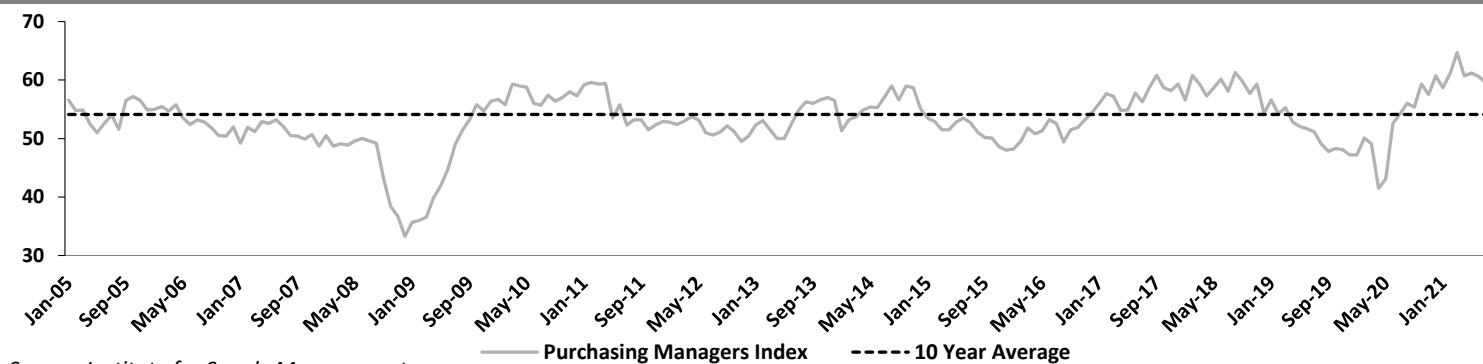


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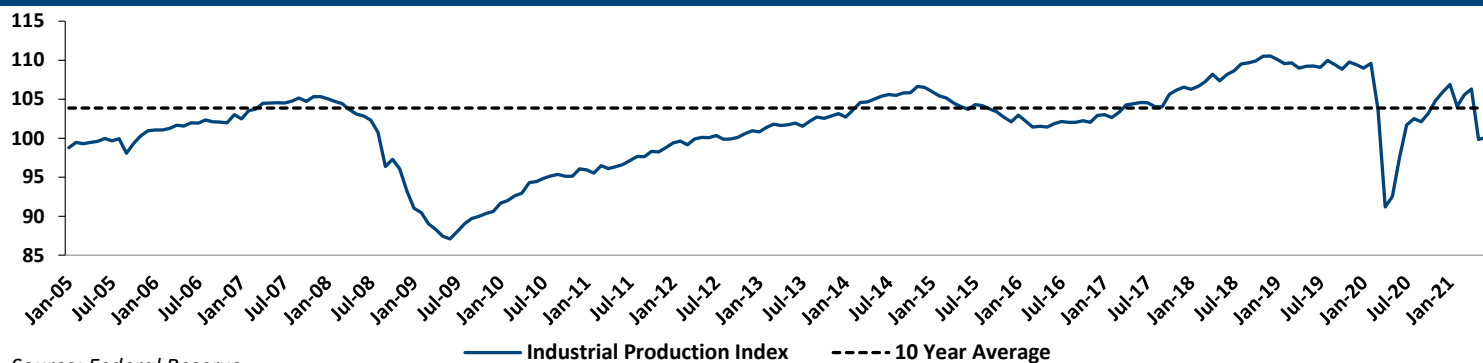
Consumer Confidence Index (2005 - 2021)



Purchasing Managers Index (2005 - 2021)



Industrial Production Index (2005 - 2021)



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

