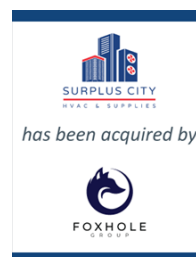




### Quarterly Update

- Chemicals and Coatings M&A activity remained steady in 4Q 2022 and into early 2023. Strategic acquirers continued to lead deal volume while financial buyers also remained active.
- H.B. Fuller Company acquired GSSI Sealants, Inc. in November. This was H.B. Fuller Company's fifth closed transaction in 2022.
- Over the twelve months ending January 2023, EdgePoint's Chemicals and Coatings indices showed negative performance due to supply chain issues, rising input costs, and effects from the broader market decline.
- Consumer confidence has recovered since recent lows. Industrial production remains above its 10-year average.
- EdgePoint expects Chemicals and Coatings activity to remain steady as publicly-traded and private equity backed strategics continue to reposition their portfolios.
- Key economic issues to watch include Federal Reserve's ability to raise rates and its impact on capital markets, consumer spending, and monthly jobs report.

### Recent Industrials Transactions (Selected)



**For more information and insights, please contact the EdgePoint Industrials Group:**



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Industrials Group

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Email: mkeefe@edgepoint.com

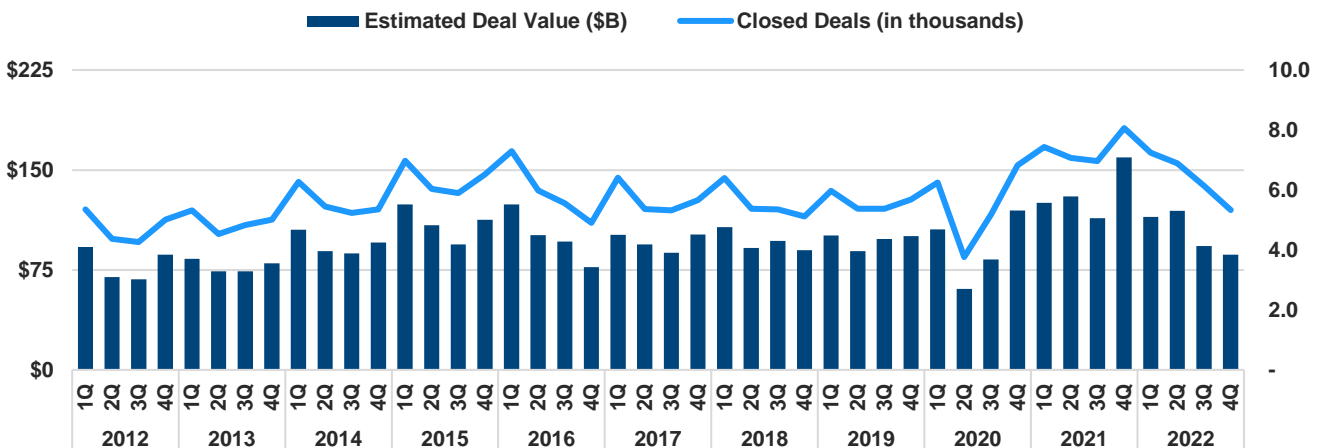
# Industrials: Chemicals & Coatings | January 2023

## Recent Chemicals & Coatings Transactions (Selected)

Target	Date	Buyers / Investors	Region	Strategic / Financial
Funder America Inc.	Jan 31	Genesis Products Inc.	United States	Strategic
Snapdragon Chemistry, Inc.	Jan 18	Cambrex Corporation	United States	Financial-Backed Strategic
Tribologix Inc.	Jan 17	AIM MRO, LLC	United States	Financial-Backed Strategic
Chemgroup Scandinavia AB	Jan 16	Pegroco Invest AB (publ)	EMEA	Financial-Backed Strategic
Hasa, Inc.	Jan 0	Wind Point Advisors, LLC	United States	Financial
SK Solkem Industries	Jan 12	Technima SAS	EMEA	Financial
Perma R Products Inc.	Jan 12	INDEVCO North America, Inc.	United States	Strategic
C&S Chemicals, Inc.	Dec 19	Shoreline Equity Partners, LLC	United States	Strategic
Torque Detail, LLC	Dec 12	Recochem Inc.	United States	Financial
Italmatch Chemicals	Dec 9	Dussur	EMEA	Financial-Backed Strategic
International Aerospace Coatings, Inc.	Dec 6	Tiger Infrastructure Partners	United States	Financial
Gssi Sealants, Inc.	Oct 24	H.B. Fuller Company	United States	Financial
Evotech Peintures Industrielles (Liquid Coatings)	Nov 16	Protech Powder Coatings Inc.	Canada	Strategic
Grow-Tech LLC	Nov 15	Profile Products LLC	United States	Financial-Backed Strategic
Certain assets of Surtec Inc.	Nov 11	Envoy Solutions, LLC	United States	Strategic
CyCan Industries, LLC	Nov 10	Roher Capital Group, LLC	United States	Financial
CASL Surface Technologies Corp.	Nov 8	Kymera International	Canada	Financial-Backed Strategic
Crown Products & Services, Inc.	Nov 1	Colonial Group, Inc.	United States	Strategic
Tech Management	Oct 31	Coastal Chemical Co., LLC	United States	Strategic

Source: S&P Capital IQ (January 31, 2023)

## Global Lower-Middle Market Quarterly Deal Flow



Lower-middle market refers to deals valued at \$100 million or less

Source: Pitchbook (January 31, 2023)

# Industrials: Chemicals & Coatings | January 2023

## 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	\$ 27,931	30.3%	26.0%	\$ 2,868	\$ 4,742	29.5x	32.4x	\$ 7,320	6.4%	-0.5%	\$ 220.74	75.7%
Ashland Inc.	6,109	31.9%	20.8%	543	637	15.5x	13.6x	2,404	10.5%	-5.9%	96.04	86.7%
BASF SE	76,261	24.8%	13.5%	10,229	8,923	5.5x	7.0x	87,327	32.9%	9.3%	67.52	92.6%
Celanese Corporation	30,977	31.4%	28.3%	1,858	2,870	7.8x	8.4x	9,673	51.0%	6.1%	155.71	88.2%
Clariant AG	7,528	29.8%	16.4%	766	892	10.8x	10.6x	4,901	13.3%	-0.2%	19.49	94.2%
Eastman Chemical Company	19,064	23.9%	23.0%	1,764	1,802	8.5x	9.3x	10,580	23.6%	1.1%	118.93	91.2%
FMC Corporation	16,672	42.8%	26.0%	1,407	1,544	13.5x	13.0x	5,802	8.7%	5.6%	110.37	90.1%
<b>Median</b>		<b>30.3%</b>	<b>23.0%</b>	<b>1,764</b>	<b>1,802</b>	<b>10.8x</b>	<b>10.6x</b>	<b>7,320</b>	<b>13.3%</b>	<b>1.1%</b>	<b>110.4</b>	<b>90.1%</b>
<b>Mean</b>		<b>30.7%</b>	<b>22.0%</b>	<b>2,776</b>	<b>3,058</b>	<b>13.0x</b>	<b>13.5x</b>	<b>18,287</b>	<b>20.9%</b>	<b>2.2%</b>	<b>112.7</b>	<b>88.4%</b>

### Chemical Distributors Index

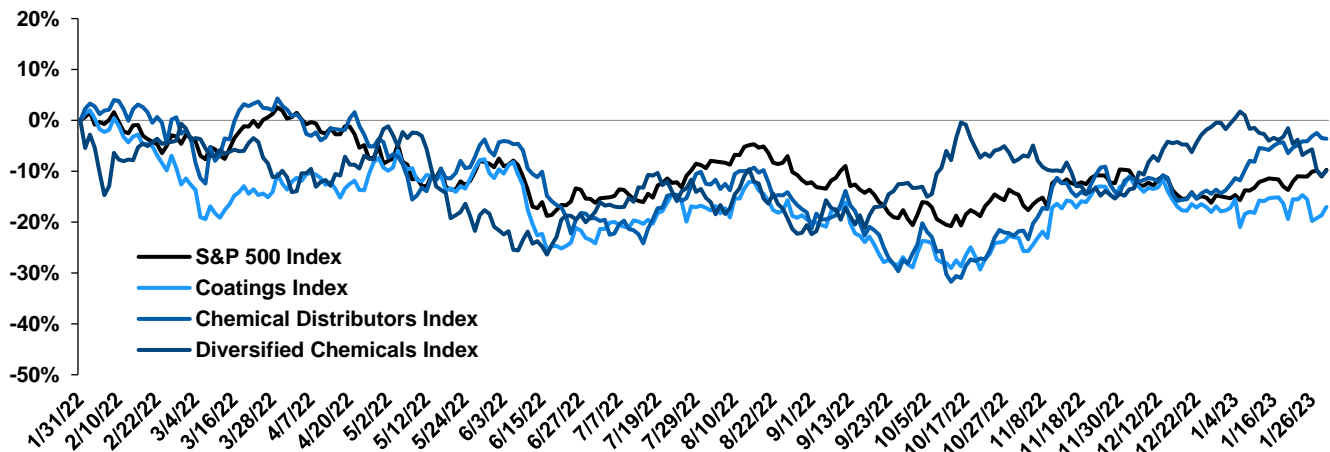
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue LTM	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2021E	LTM	2021E		LTM	3-Yr. CAGR		
Brenntag SE	\$ 14,045	23.5%	6.7%	\$ 1,526	\$ 1,823	12.4x	10.4x	\$ 18,737	21.9%	4.6%	\$ 75.66	86.6%
IMCD N.V.	9,687	24.9%	11.1%	561	567	27.6x	23.6x	4,622	24.1%	13.1%	152.20	72.0%
Univar Solutions Inc.	6,456	25.3%	9.1%	1,046	920	9.0x	8.8x	11,475	15.4%	3.4%	26.50	89.0%
<b>Median</b>		<b>24.9%</b>	<b>9.1%</b>	<b>1,046</b>	<b>920</b>	<b>12.4x</b>	<b>10.4x</b>	<b>11,475</b>	<b>21.9%</b>	<b>4.6%</b>	<b>75.66</b>	<b>86.6%</b>
<b>Mean</b>		<b>24.6%</b>	<b>9.0%</b>	<b>1,044</b>	<b>1,103</b>	<b>16.3x</b>	<b>14.3x</b>	<b>11,611</b>	<b>20.5%</b>	<b>7.1%</b>	<b>84.79</b>	<b>82.5%</b>

### Coatings 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		
Akzo Nobel N.V.	\$ 19,906	40.2%	14.0%	\$ 1,094	\$ 1,321	12.7x	13.1x	\$ 10,846	12.4%	1.2%	\$ 91.56	84.4%
PPG Industries, Inc.	43,343	39.0%	14.2%	2,276	2,625	18.4x	15.1x	17,652	21.5%	3.0%	156.20	85.4%
RPM International Inc.	14,307	37.5%	12.5%	919	1,023	16.0x	14.5x	7,142	10.1%	4.8%	88.61	87.3%
The Sherwin-Williams Company	85,947	42.8%	16.2%	3,578	3,687	22.5x	22.4x	22,149	8.6%	4.4%	286.51	80.9%
<b>Median</b>		<b>39.6%</b>	<b>14.1%</b>	<b>1,685</b>	<b>1,973</b>	<b>17.2x</b>	<b>14.8x</b>	<b>14,249</b>	<b>11.2%</b>	<b>3.7%</b>	<b>\$123.88</b>	<b>84.9%</b>
<b>Mean</b>		<b>39.9%</b>	<b>14.2%</b>	<b>1,967</b>	<b>2,164</b>	<b>17.4x</b>	<b>16.3x</b>	<b>14,447</b>	<b>13.1%</b>	<b>3.3%</b>	<b>\$155.72</b>	<b>84.5%</b>

Source: S&P Capital IQ (January 31, 2023)

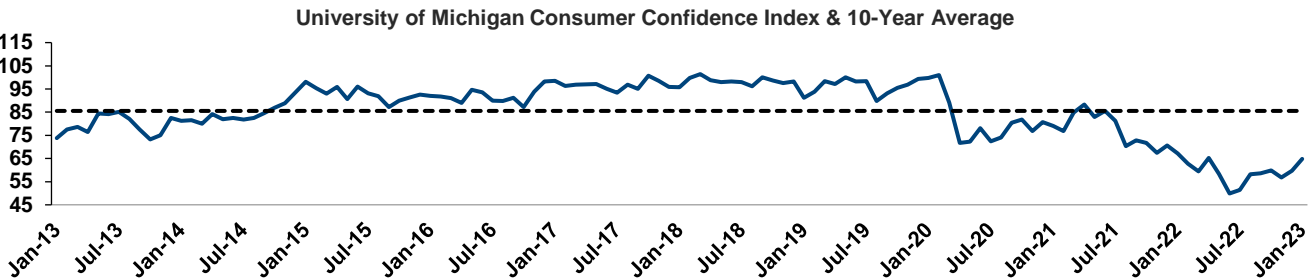
## EdgePoint Comparable Index Trailing Twelve Months Stock Performance



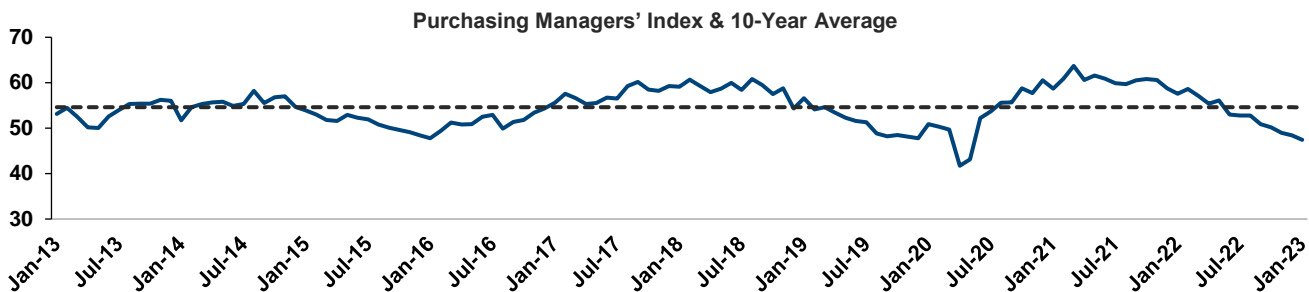
Source: S&P Capital IQ (January 31, 2023)

# Industrials: Chemicals & Coatings | January 2023

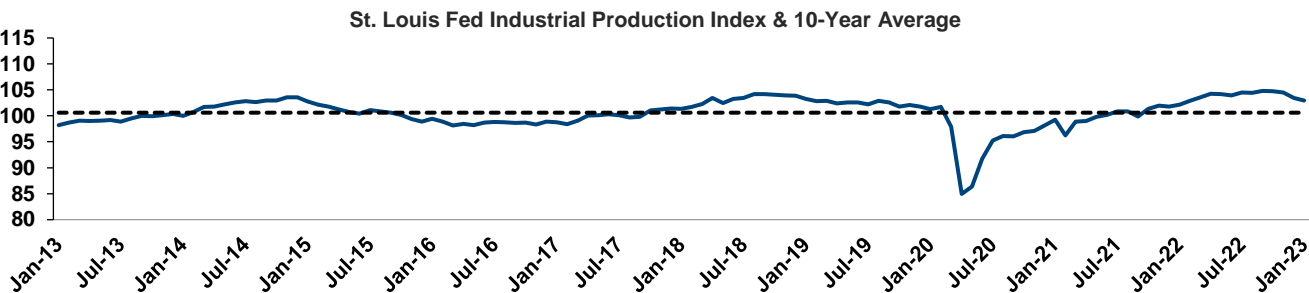
## Key Macroeconomic Indicators



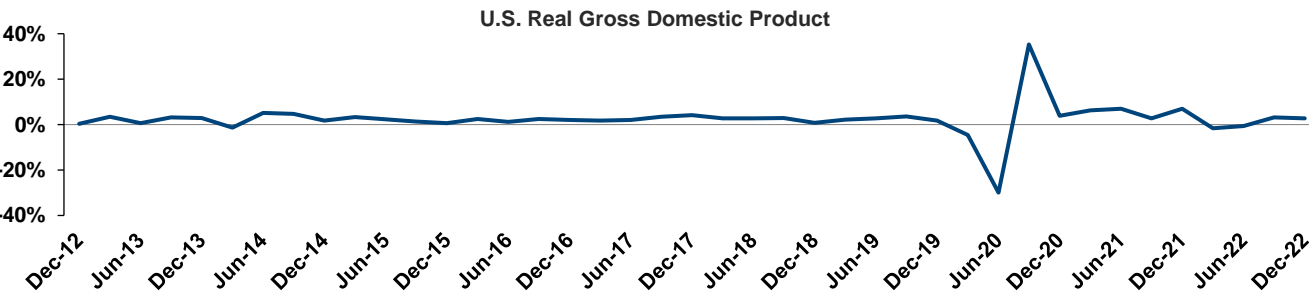
Source: University of Michigan



Source: Institute for Supply Management



Source: The Federal Reserve Bank of St. Louis



Source: Bureau of Economic Analysis