



INDUSTRIALS: CHEMICALS AND COATINGS

- Chemicals and Coatings M&A continues to be active, with the focus shifting toward strategic and financial-backed strategic acquirers. Further, the focus of the M&A market has shifted to distributors following a wave of manufacturer consolidation in the late 2010s.
- After falling more severely than the S&P 500 in Q2 2020, the coatings, chemical distributors, and diversified chemicals indices recovered quickly in the second half of 2020 and have significantly outperformed the S&P 500 over the last nine months.
- The Purchasing Managers' Index (PMI) has continued to its strong performance over the last 12 months, maintaining a positive outlook for the manufacturing and industrials sector for the remainder of 2021.
- EdgePoint expects that Chemicals and Coatings transaction volume will remain stable, with a potential uptick in the second half of 2021 as many businesses are able to demonstrate 12 months of normal operations following the pandemic-induced slump in the second quarter last year.

RECENT TRANSACTIONS (SELECTED)

Target	Date	Buyers / Investors	Region	Strategic / Financial
Stellar Chemical Corp.	Apr 12	Sibannac, Inc.	US	Strategic
CB S.A.	Apr 8	Onduline	EMEA	Strategic
Dalco Enterprises, Inc.	Apr 2	Imperial Dade	US	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
Lummus Technology LLC	Mar 8	McDermott International, Inc.	US	Strategic
Shoko Co., Ltd.	Mar 4	SKT Holdings Ltd	APAC	Financial-Backed Strategic
Specialty Chemicals distribution business of The Cary Co.	Mar 4	Maroon Group LLC	US	Financial-Backed Strategic
Sil-Mid Limited	Mar 4	GracoRoberts	EMEA	Financial-Backed Strategic
ProChem Energy Services, Inc.	Mar 4	Creedence Energy Services, LLC	US	Financial-Backed Strategic
Indukern, S.A.	Mar 1	Ravago S.A.	EMEA	Strategic
Multi-Wet	Feb 22	Parkway Process Solutions Pty Ltd	APAC	Strategic
CheMarCo, Inc.	Feb 2	JNS-SmithChem, LLC	US	Strategic
CB Chemie GmbH	Jan 27	OQEMA AG	EMEA	Financial-Backed Strategic
CAME S.r.l	Jan 18	Azelis Italia S.R.L.	EMEA	Strategic
Quaan GmbH	Jan 11	VMP Chemiekontor GmbH	EMEA	Strategic
Custom Chemical Services, Inc.	Jan 7	LeBaronBrown Specialities LLC	US	Strategic
Able Aerospace Adhesives	Jan 6	GracoRoberts	US	Financial-Backed Strategic
C & L Aqua Professionals Inc.	Jan 4	Hawkins, 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	\$22,756	31.8%	25.0%	\$782	\$834	23.5x	27.2x	\$3,129	-12.8%	0.6%	\$167.85	89.1%
Ashland Global Holdings Inc.	6,671	31.1%	20.4%	476	591	13.1x	11.3x	2,332	-2.5%	-8.1%	86.42	90.8%
BASF SE	93,780	24.8%	12.2%	8,874	11,986	10.7x	7.8x	72,531	2.2%	1.0%	80.69	92.0%
Celanese Corporation	20,829	23.9%	20.3%	1,217	2,210	14.9x	9.5x	5,993	-1.3%	-2.8%	157.00	97.6%
Clariant AG	8,206	31.2%	15.4%	671	739	10.9x	11.0x	4,363	-12.3%	-15.4%	20.93	92.3%
Eastman Chemical Company	21,201	23.2%	18.1%	1,566	2,049	12.6x	10.4x	8,641	-5.4%	-4.3%	116.16	97.6%
Median		28.0%	19.2%	999	1,441	12.8x	10.7x	5,178	-4.0%	-3.5%	101.3	92.2%
Mean		27.7%	18.6%	2,264	3,068	14.3x	12.9x	16,165	-5.4%	-4.8%	104.8	93.3%

Chemical Distributors Index

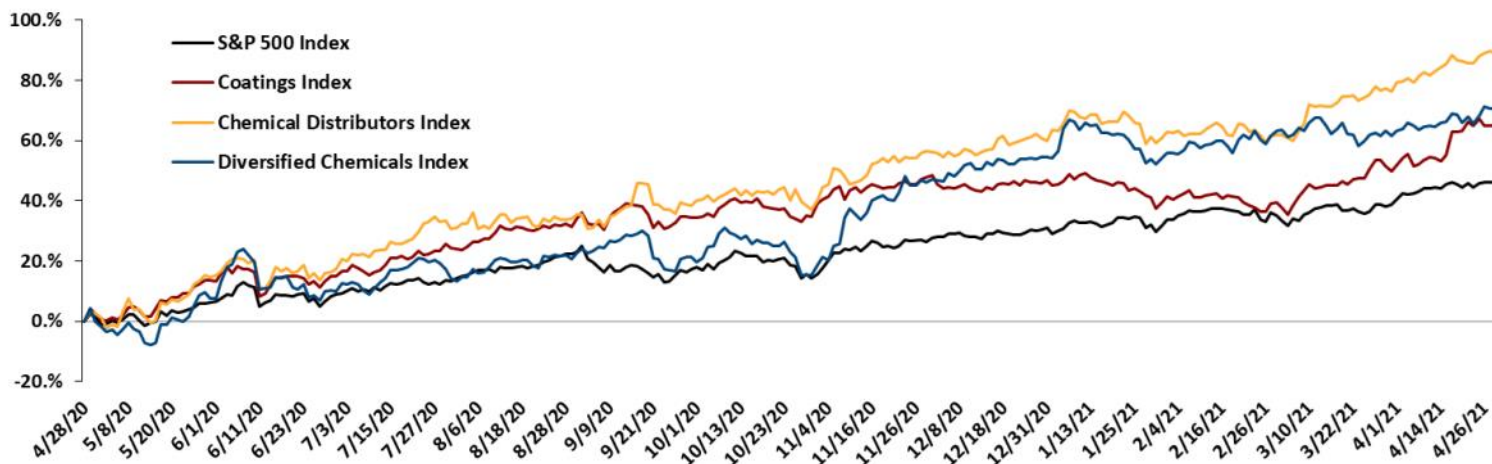
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Week High
		Gross	EBITDA	LTM	2021E	LTM	2021E	LTM	LTM	3-Yr. CAGR		
Brenntag SE	\$15,588	23.5%	7.4%	\$1,067	\$1,342	13.1x	11.6x	\$14,405	-8.2%	0.1%	\$89.84	96.9%
IMCD N.V.	9,183	23.7%	9.1%	311	403	27.3x	22.7x	3,410	3.1%	13.4%	145.50	97.0%
Univar Solutions Inc.	6,414	24.5%	6.9%	572	644	9.9x	10.1x	8,265	-11.0%	0.0%	23.27	95.3%
Median		23.7%	7.4%	572	644	13.1x	11.6x	8,265	-8.2%	0.1%	89.84	96.9%
Mean		23.9%	7.8%	650	796	16.8x	14.8x	8,693	-5.4%	4.5%	86.20	96.4%

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.	\$24,455	44.1%	15.4%	\$1,583	\$1,952	13.8x	12.6x	\$10,252	-4.5%	-2.5%	\$120.20	96.6%
PPG Industries, Inc.	45,757	43.7%	16.7%	2,394	3,073	17.4x	15.0x	14,338	-3.8%	-1.6%	170.77	96.7%
RPM International Inc.	14,630	39.1%	14.9%	867	941	15.5x	15.5x	5,821	3.0%	3.5%	95.03	96.6%
The Sherwin-Williams Company	82,795	47.2%	19.3%	3,642	3,804	19.6x	21.8x	18,871	4.8%	5.2%	272.54	99.1%
Median		43.9%	16.1%	1,989	2,512	16.5x	15.2x	12,295	-0.4%	0.9%	\$145.48	96.7%
Mean		43.5%	16.6%	2,122	2,442	16.6x	16.2x	12,321	-0.1%	1.2%	\$164.63	97.3%

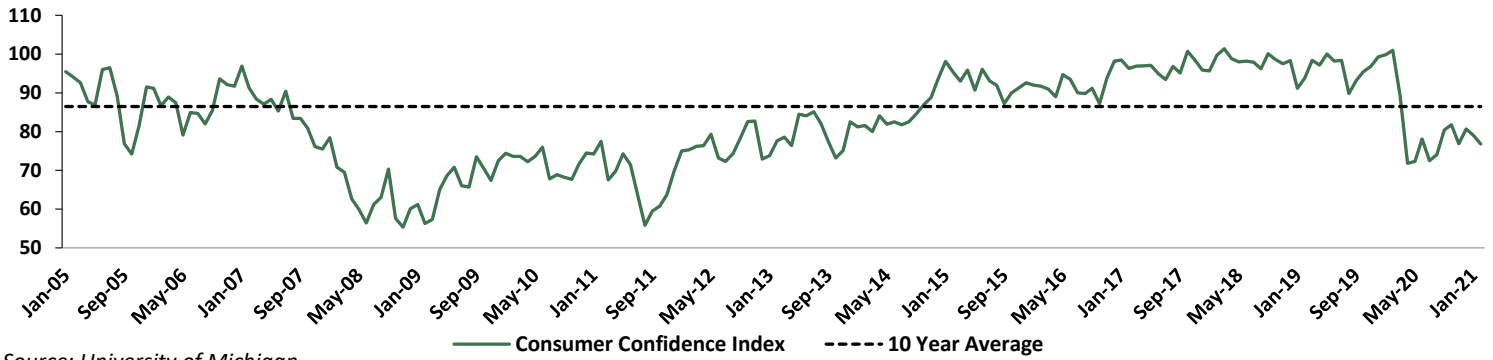
Source: S&P CapIQ (As of April 30, 2021)

Trailing Twelve Months Stock Performance

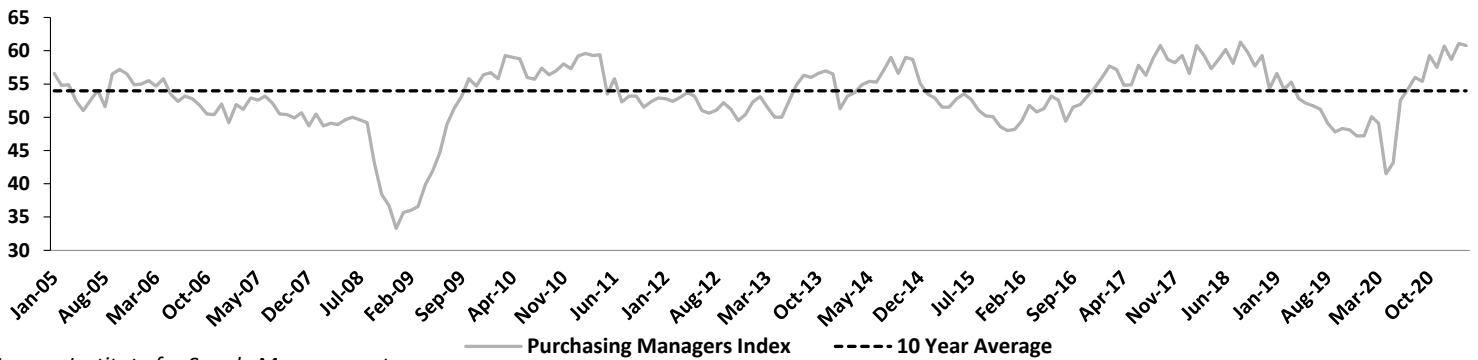


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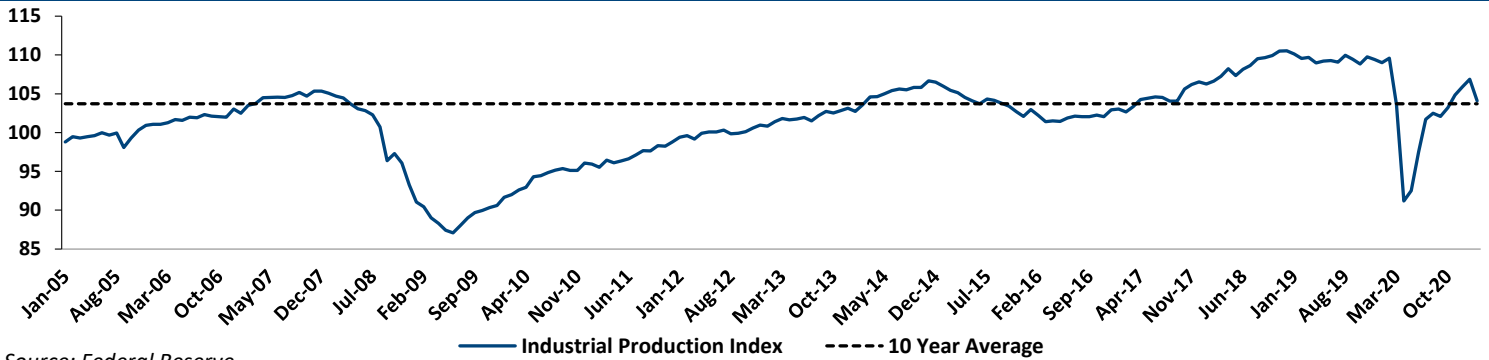
Consumer Confidence Index (2005 - 2021)



Purchasing Managers Index (2005 - 2021)



Industrial Production Index (2005 - 2021)



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

