



Quarterly Update

- Chemicals and Coatings M&A activity continued to be strong in Q2 2022. Strategic acquirers continue to lead deal volume with financial sponsor activity starting to increase.
- SK Capital Partners closed two transactions in Q2 2022. The firm continues to seek attractive assets to grow their specialty chemicals portfolio in the United States.
- EdgePoint's Chemical Distributors, Coatings, and Diversified Chemicals Indices have been stable and in-line with the broader market in the second quarter of 2022.
- Consumer confidence continues to hover near all time lows. Concurrently, inflation continues to remain high, and the consumer spending mix has shifted to necessities. Industrial production remains stable and above 10-year average.
- EdgePoint expects Chemicals and Coatings activity to remain steady as financial sponsors and company balance sheets possess strong cash positions and have demonstrated an appetite to deploy capital. Key short-term issues are Fed's ability to temper inflation with rising interest rates and consumer activity.

Recent Industrials Transactions (Selected)



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



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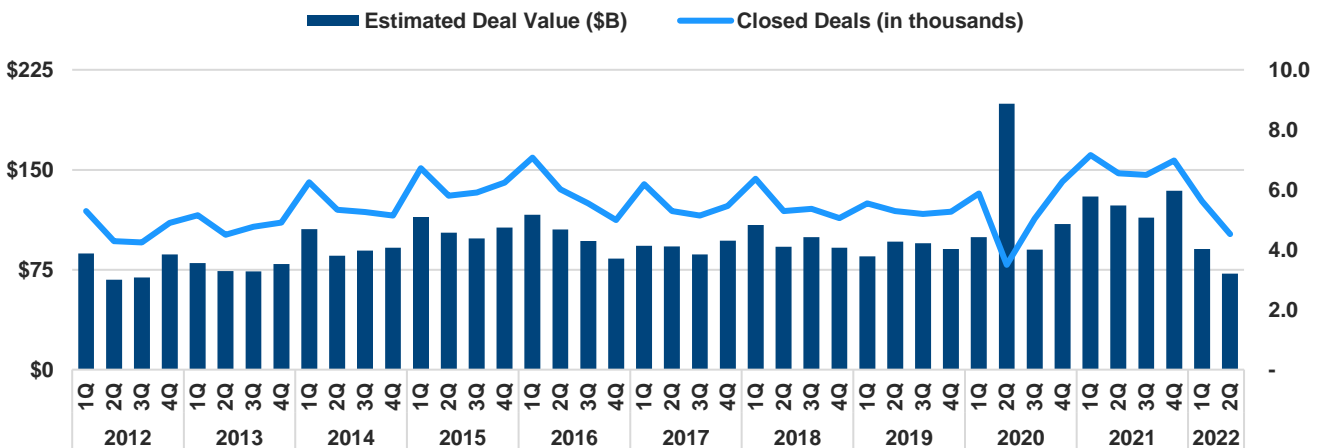
Industrials: Chemicals & Coatings | July 2022

Recent Chemicals & Coatings Transactions (Selected)

Target	Date	Buyers / Investors	Region	Strategic / Financial
Valtris Specialty Chemicals, Inc.	Aug 2	SK Capital Partners	United States	Financial
France Galva Sa	Jul 25	Banque Populaire Bourgogne Franche-Comté	EMEA	Financial
Nucera Solutions LLC	Jul 18	Chase Corporation	United States	Strategic
Flexichem Australia Pty Ltd	Jul 7	DGL Group Limited	EMEA	Strategic
Auditech Innovations	Jul 6	Prodways Group SA	EMEA	Strategic
Custom Design Technologies Ltd	Jul 6	discoverIE Group plc	EMEA	Strategic
Wheel Coatings Div. of Lankwitzer Lackfabrik	Jul 6	Akzo Nobel N.V.	EMEA	Strategic
Gross & Perthun GmbH & Co. KG	Jul 1	The Sherwin-Williams Company	EMEA	Strategic
QTI Fibers	Jul 1	Norwest Equity Partners	United States	Financial
Technology Assessment & Transfer, Inc.	Jun 30	Sintx Technologies, Inc.	United States	Strategic
Vencorex Holding SAS	Jun 30	PTTGC International B.V.	EMEA	Strategic
Treco Resources	Jun 24	Balmoral Funds LLC	United States	Financial
Cosmocel, S.A.	May 26	Rovensa, S.A.	Mexico	Strategic
Perstorp Holding AB	May 17	PETRONAS Chemicals International B.V.	EMEA	Strategic
Florachem Corporation	May 2	SK Capital Partners	United States	Financial
ACS Enterprises, LLC	Apr 28	Apple Rush Manufacturing LLC	United States	Strategic
Raven Engineered Films, Inc.	Apr 29	Industrial Opportunity Partners, LLC	United States	Financial
AccuChem Industrial Cleaning Chemicals	Apr 28	West Penetone, Inc.	Canada	Strategic
Flexible Solutions International, Inc.	Apr 18	Lygos, Inc.	Canada	Strategic

Source: S&P Capital IQ (Aug 3, 2022)

Global Lower-Middle Market Quarterly Deal Flow



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

Source: Pitchbook (July 31, 2022)

Industrials: Chemicals & Coatings | July 2022

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	\$ 31,495	35.2%	31.2%	\$ 1,350	\$ 3,453	21.7x	10.5x	\$ 4,332	34.2%	8.2%	\$ 244.31	83.8%
Ashland Inc.	6,230	34.6%	22.3%	524	612	11.7x	10.8x	2,350	29.2%	-2.7%	100.47	89.0%
BASF SE	63,834	24.7%	13.9%	12,439	11,195	5.1x	5.7x	89,382	24.2%	13.3%	44.28	62.9%
Celanese Corporation	16,382	30.2%	26.4%	2,529	2,789	5.8x	5.8x	9,565	36.7%	12.4%	117.51	66.6%
Clariant AG	7,321	28.8%	15.6%	802	914	8.3x	8.3x	5,133	24.1%	3.6%	18.70	86.6%
Eastman Chemical Company	16,588	22.4%	20.9%	2,286	2,139	7.1x	8.0x	10,912	16.5%	4.1%	95.93	74.1%
FMC Corporation	17,446	42.3%	25.6%	1,384	1,402	12.3x	12.5x	5,411	15.8%	7.0%	111.10	78.8%
Median		30.2%	22.3%	1,384	2,139	8.3x	8.3x	5,411	24.2%	7.0%	100.5	78.8%
Mean		31.2%	22.3%	3,045	3,215	10.3x	8.8x	18,155	25.8%	6.6%	104.6	77.4%

Chemical Distributors Index

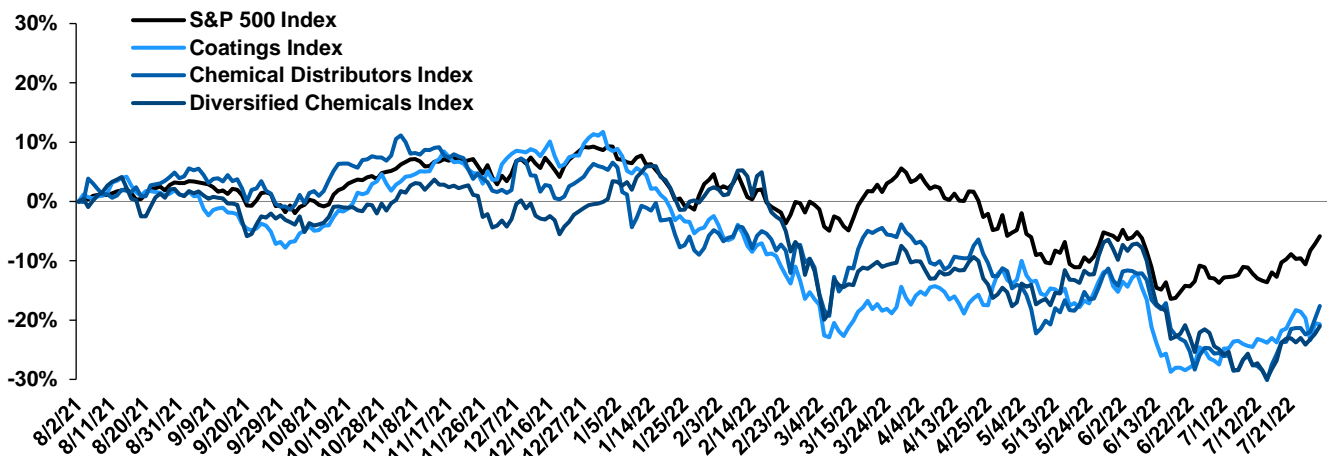
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue LTM	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2021E	LTM	2021E		LTM	3-Yr. CAGR		
Brenntag SE	\$ 13,118	22.8%	8.0%	\$ 1,450	\$ 1,840	8.7x	7.3x	\$ 18,162	40.5%	10.7%	\$ 69.73	78.4%
IMCD N.V.	10,240	25.0%	11.8%	504	573	19.7x	17.6x	4,277	33.7%	15.8%	158.91	73.9%
Univar Solutions Inc.	6,971	25.1%	9.9%	1,083	1,061	6.1x	6.6x	10,885	26.7%	7.2%	27.04	79.5%
Median		25.0%	9.9%	1,083	1,061	8.7x	7.3x	10,885	33.7%	10.7%	69.73	78.4%
Mean		24.3%	9.9%	1,012	1,158	11.5x	10.5x	11,108	33.6%	11.2%	85.23	77.2%

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.	\$ 15,989	37.5%	10.8%	\$ 1,147	\$ 1,426	13.5x	11.7x	\$ 10,653	10.1%	3.2%	\$ 67.10	61.1%
PPG Industries, Inc.	37,405	37.2%	12.2%	2,142	2,629	16.1x	14.8x	17,561	12.0%	5.1%	129.29	72.9%
RPM International Inc.	14,466	36.3%	12.1%	808	960	16.6x	15.6x	6,708	9.8%	6.4%	90.40	89.1%
The Sherwin-Williams Company	74,554	41.0%	14.6%	3,043	3,577	21.5x	22.0x	20,780	5.8%	5.5%	241.94	68.3%
Median		37.3%	12.1%	1,644	2,028	16.3x	15.2x	14,107	10.0%	5.3%	\$109.85	70.6%
Mean		38.0%	12.4%	1,785	2,148	16.9x	16.0x	13,925	9.4%	5.1%	\$132.18	72.9%

Source: S&P Capital IQ (July 31, 2022)

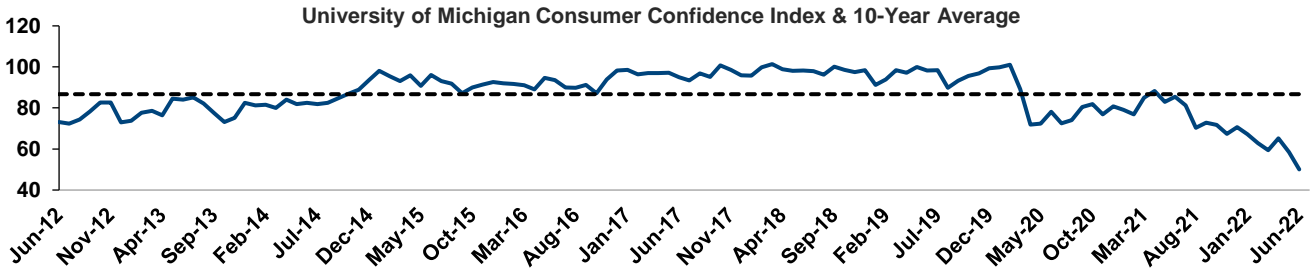
EdgePoint Comparable Index Trailing Twelve Months Stock Performance



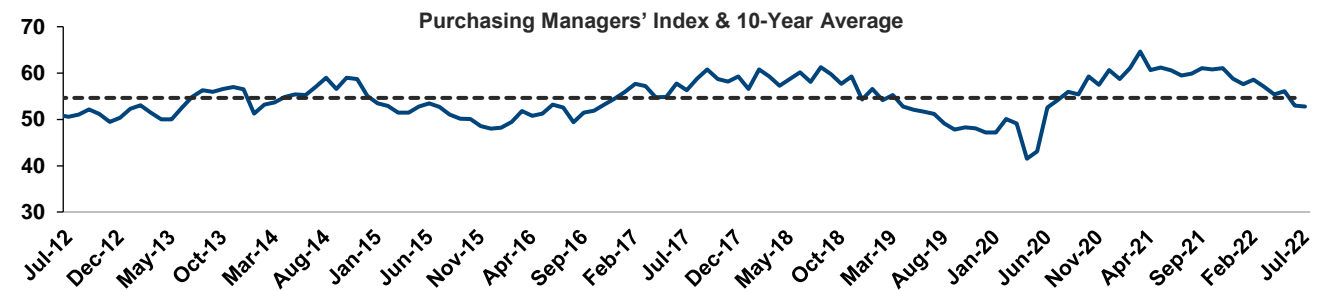
Source: S&P Capital IQ (July 31, 2022)

Industrials: Chemicals & Coatings | July 2022

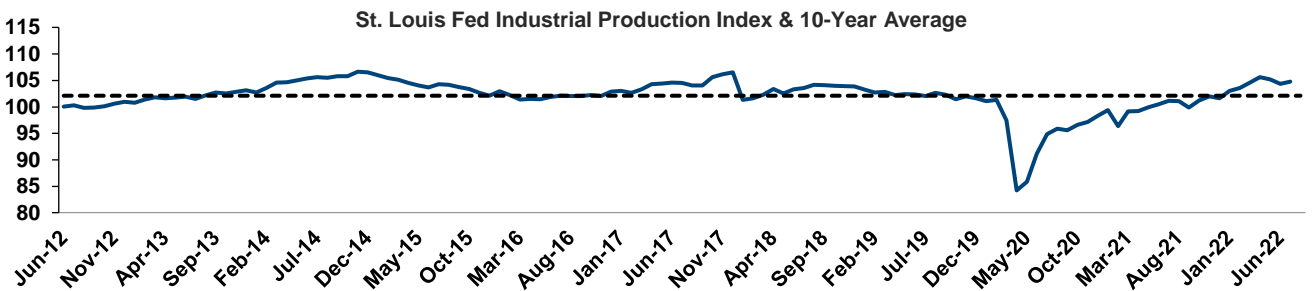
Key Macroeconomic Indicators



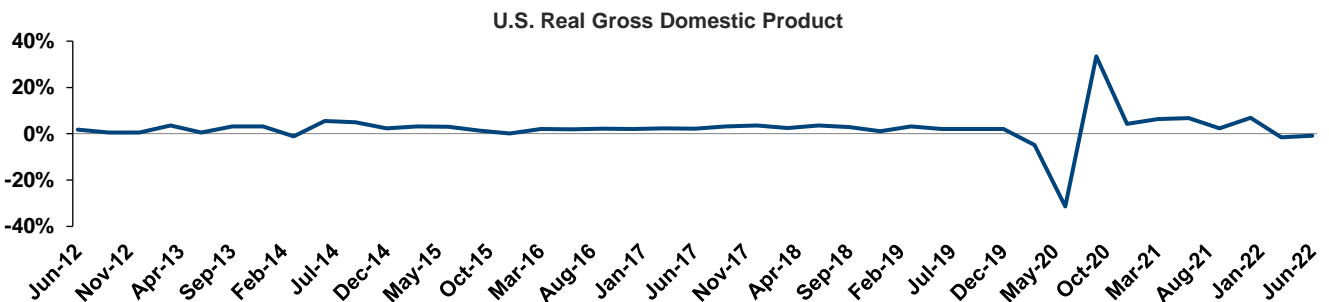
Source: University of Michigan



Source: Institute for Supply Management



Source: The Federal Reserve Bank of St. Louis



Source: Bureau of Economic Analysis