



CHEMICALS
SECTOR UPDATE AND M&A TRENDS
Q1 2023

ALMA.advisors

Greek chemical companies invest on technology to improve products and manufacturing processes

Q1 market and sector overview

Macroeconomic developments

- The European Central Bank has **increased interest rates to 3.5%** after two consecutive 50bp rate hikes in Q1 2023
- **EU inflation for March 2023 witnessed a decrease** of 1.6% compared to February 2023 **reaching 6.9%**
- Core inflation which excludes volatile items such as food and energy **remains stickier than previously expected** picking up to 5.7% in March 2023 supporting Q1 2023 ECB projections that **inflation is expected to remain too high for too long**
- Production across Eurozone grew marginally in Q1 despite the decrease in factory order books as **the shortening of delivery times boosted raw materials supply, supporting greater levels of productivity**

European & Greek chemicals sector trends

Focus on costs

- **Worst of energy price increases has passed;** Dutch TTF gas futures have dropped by c. 44% over Q1 2023
- However, cost of production remains elevated forcing European chemicals companies to **spend more on innovation to stay competitive and achieve higher growth in key areas**

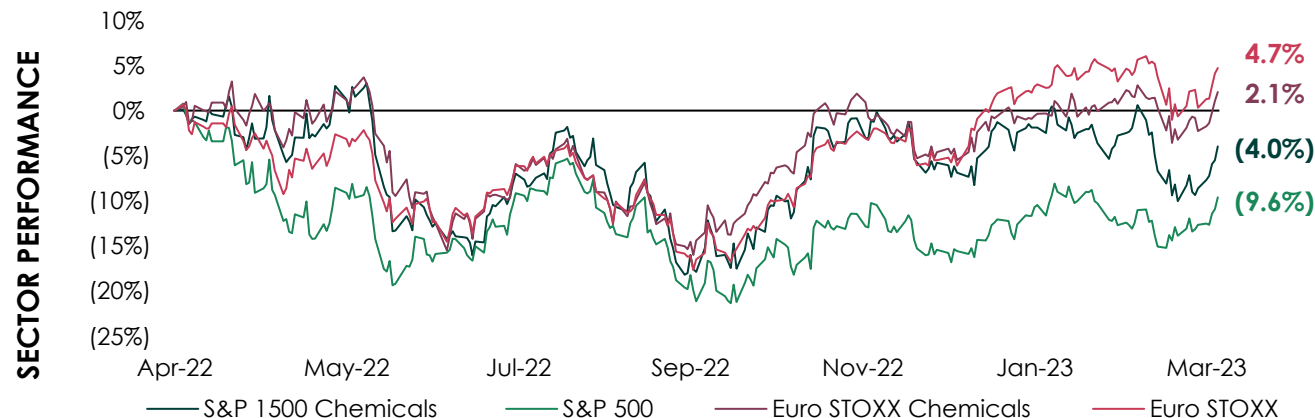
Shifting production to the US

- **Higher energy costs** in Europe coupled with **insecure gas supply** puts European chemical companies at a **competitive disadvantage** versus other global players
- European chemical companies **are looking to shift at least some production to the US** due to the abundant of gas supplies and favorable government incentives

Investing in technology





- Greek chemical companies are **investing into new technologies** such as software and 5G **to improve products and manufacturing processes**
- Greek chemical industry is leading the country's efforts to address climate change through **hydrogen technologies, circular economy and chemical recycling**

European and US chemicals indices vs the broader market



Greek chemical companies are investing to combat high energy costs and achieve digital transition

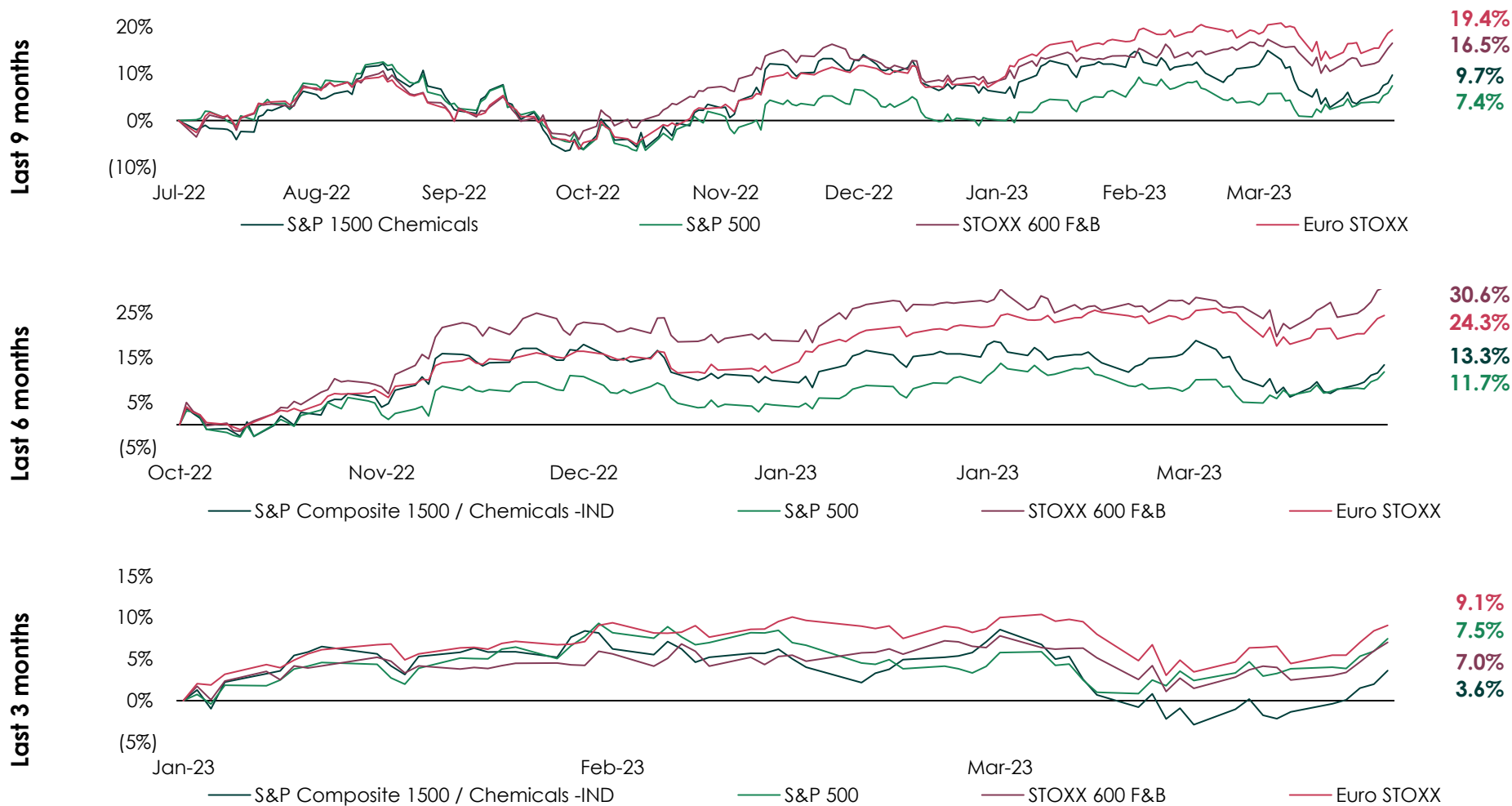
Greek chemical companies' key updates

Company	Key updates
	<ul style="list-style-type: none">ISOMAT invested €10m to add new production lines, expand its storage facilities and improve its technological equipment in GreeceInstalled 1MW PV systems in Thessaloniki to bring down energy costsDisclosed investments of c. €10m to its Serbian and Romanian subsidiaries to expand facilities and optimize man. processes
	<ul style="list-style-type: none">In a recent interview, the company's CEO revealed the company's strategic plans for digital transitionAlready completed the upgrade of its production software and started preparing for the IoT by setting up its 5G networkVitex is also planning to launch a B2B digital platform to give customers direct access to products
	<ul style="list-style-type: none">FARMA-CHEM introduced its new products at an event hosted by the company in LarissaThe focus was on its new and promising grain herbicide ALTIVATE 6 WG
	<ul style="list-style-type: none">ELTON Chemicals announced the acquisition of a series of properties for €5.4mThe company aims to triple its current storage capacity to further enhance its position in the chemicals' distribution market

Key takeaways
<p>Speed up investment plans to realise cost synergies and accelerate growth</p> <ul style="list-style-type: none">Greek chemical companies are investing to combat high energy prices and strengthen their manufacturing / storage capabilitiesCompanies are expanding their product offering organically to strengthen their position in the market and accelerate growth
<p>Greek chemical companies are investing in digital transition</p> <ul style="list-style-type: none">Chemical companies are investing into new technologies to improve products, manufacturing processes and salesUpgrading production software, setting up their 5G network for the IoT and launching online sale channels on the forefront of digital transition

European and US chemical indices have underperformed the broader market in Q1 2023

Sector performance

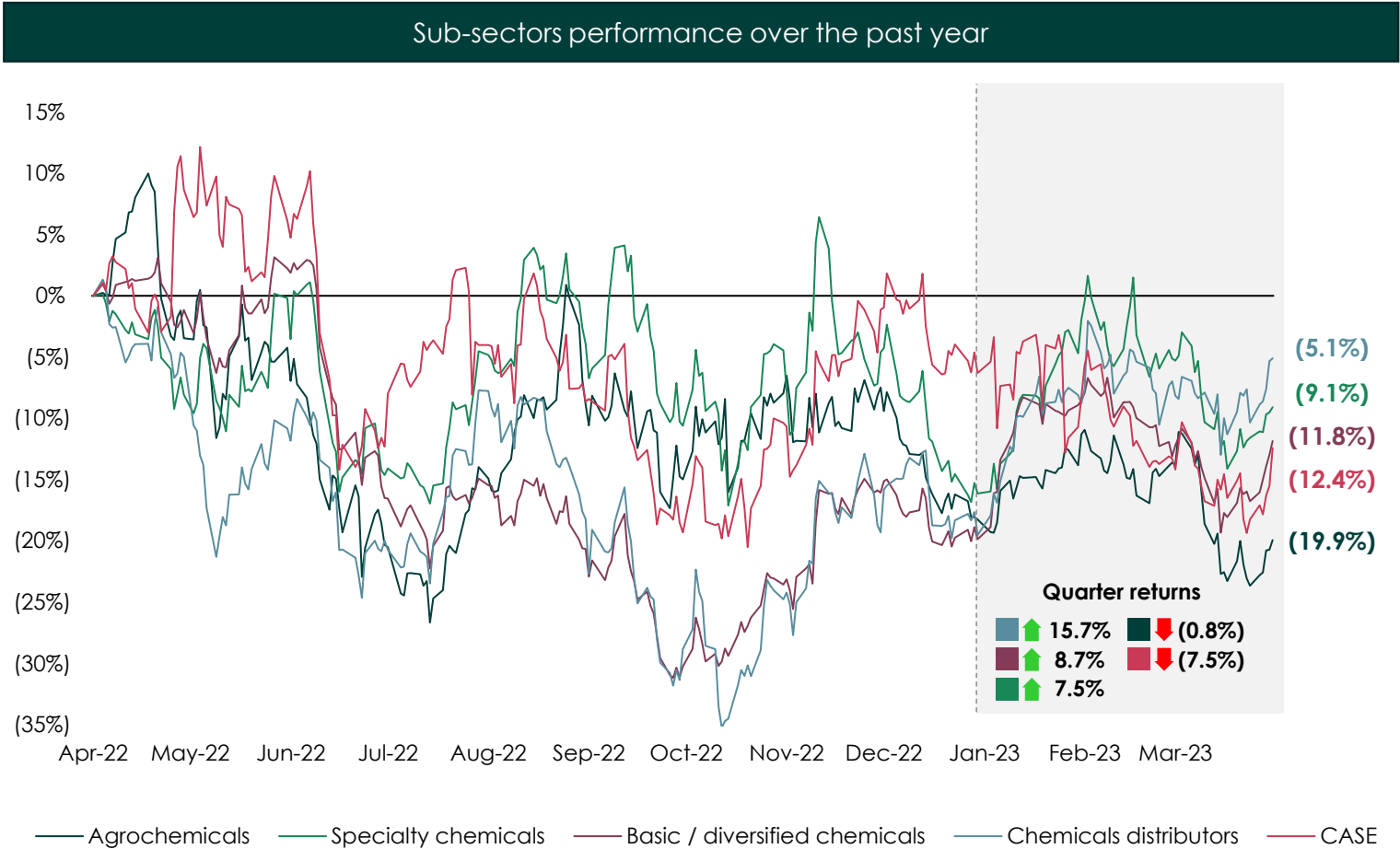


Notes: Data as of 31/3/2023
Sources: FactSet

All sub-sectors except for agrochemicals managed to record solid returns over the first quarter of 2023

Publicly traded companies overview per sub-sector

- Many chemical companies have experienced a slump in demand resulting in revenue and earnings drop
- Chemicals distributors were the best performers over the LTM, recording a decline of 5.1%
- Agrochemicals sub-sector has underperformed the rest of the industry recording a drop of 19.9% over the LTM
- Over Q1 2023 all sub-sectors except for agrochemicals and CASE managed to record solid returns

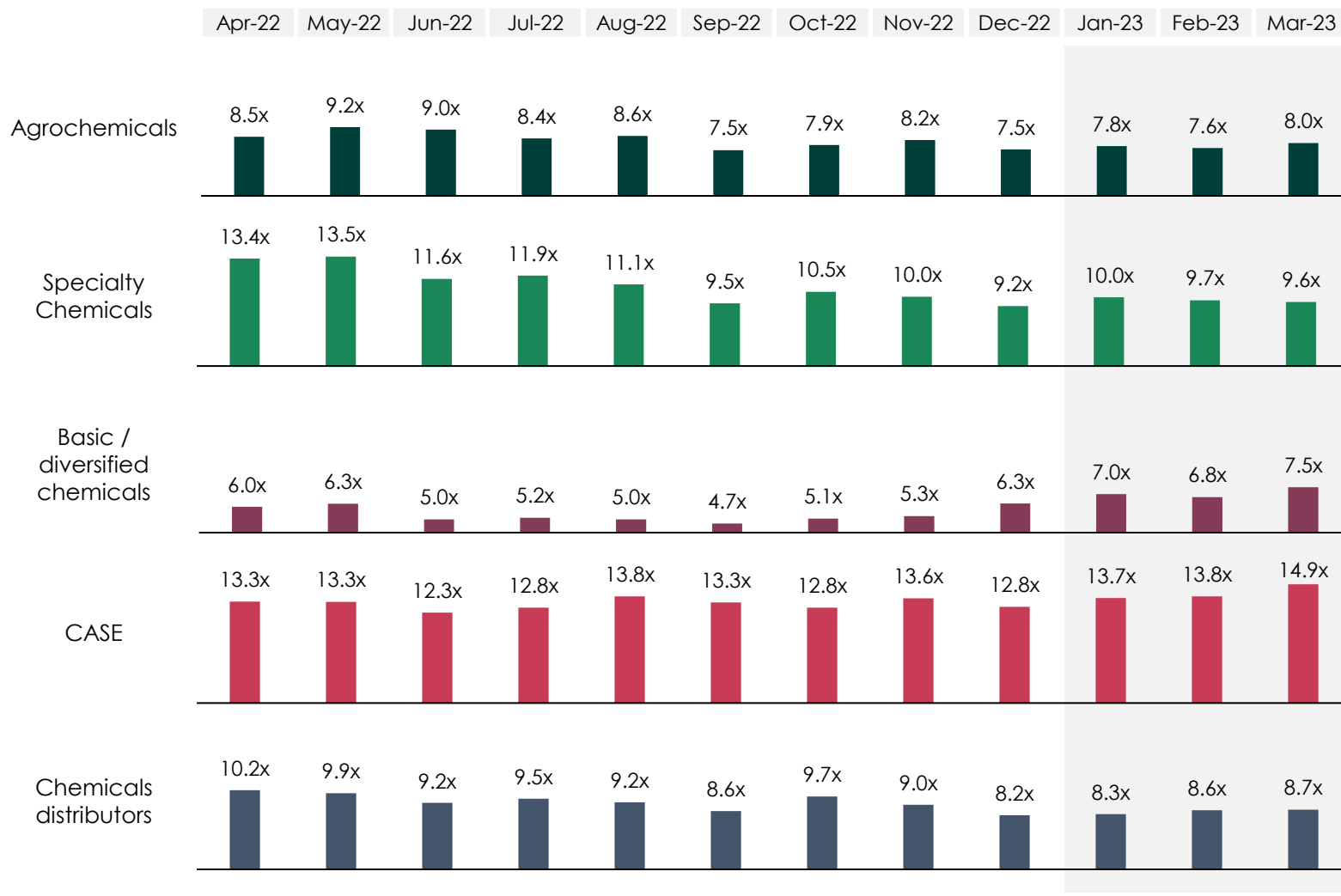


Data as of 31/3/2023
 Notes: Market-weighted sub-sector indices constituents can be found on slides 8 – 11; CASE: Coatings, sealants, adhesives and elastomers
 Sources: FactSet

All chemicals sub-sectors have witnessed increases in Q1 2023 multiples compared to Q4 2022

Median LTM EV/EBITDA multiples

- Compared to Q4 2022, all the industry's sub-sectors have witnessed an increase in Q1 2023 multiples
- CASE sub-sector multiples remained the highest across the sector, increasing by 16.4% in Q1 2023
- Basic / diversified chemicals remain the lowest compared to the rest of the sector but have increased from 6.3x to 7.5x in Q1 2023

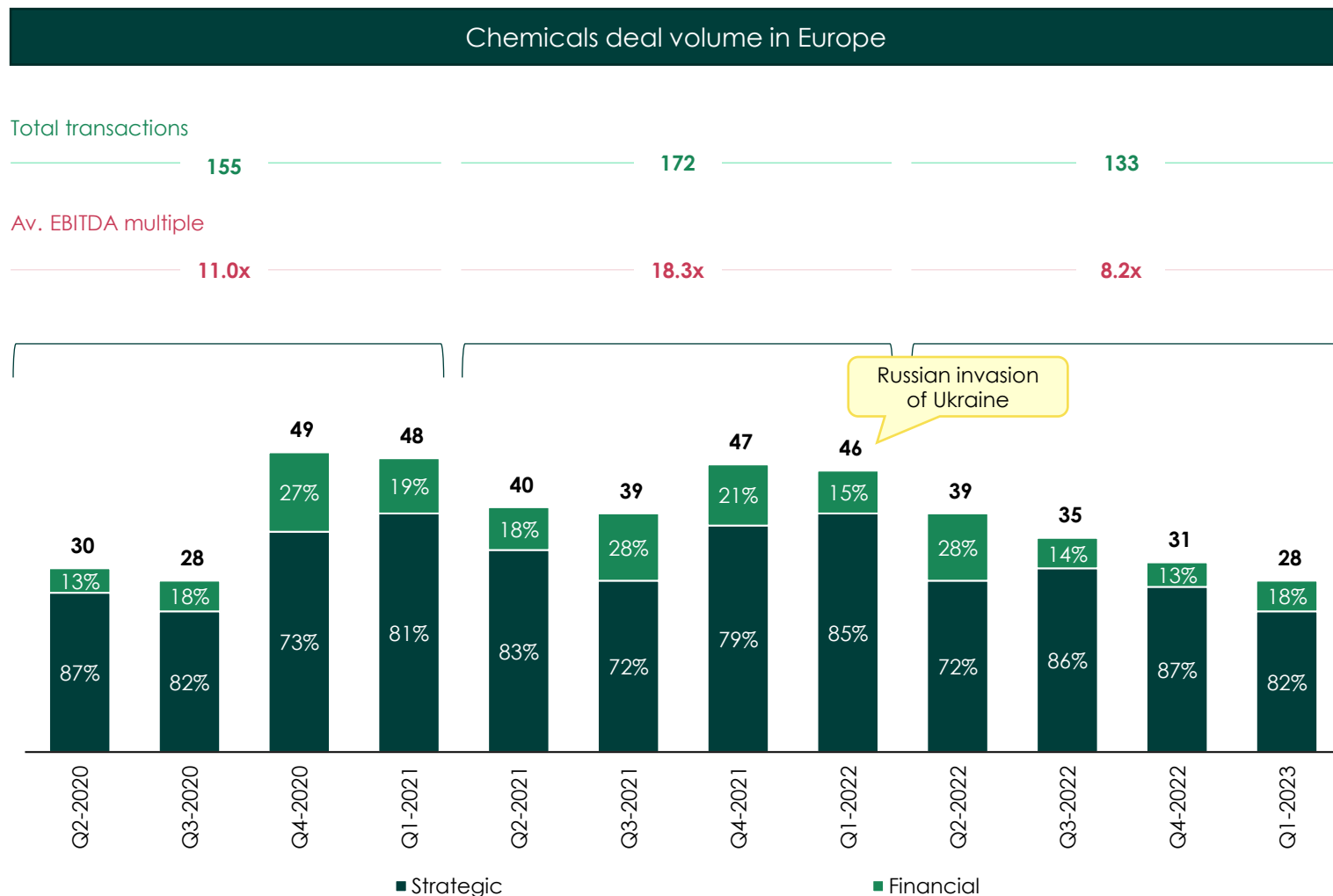


Notes: Sub-sector's constituents can be found on page 8 – 11; CASE: Coatings, sealants, adhesives and elastomers
Sources: FactSet

European M&A activity remained muted during the first quarter of the year

Europe M&A update

- The combination of high interest rates, supply chain bottlenecks and geopolitical instability continue to weigh on chemicals deal volume
- European deal count has decreased to 28 transactions in Q1 2023 compared to 31 in Q4 2022
- Valuation mismatch between buyers and sellers; M&A activity has hit a pause until there is more clarity or stability on the macroeconomic environment



Trading comps (1/4)

AGROCHEMICALS														
Company <i>(figures in €m)</i>	HQ	Market cap.	EV	Sales 2023E	Sales Growth		EBITDA 2023E	EBITDA margin 2023E	EV / Sales			EV / EBITDA		
					2022A	2023E			LTM	2023E	2024E	LTM	2023E	2024E
Corteva	USA	39,557	42,318	17,328	25%	4%	3,394	19%	2.6x	2.5x	2.4x	14.6x	12.9x	11.7x
Nutrien	CAN	33,890	46,399	27,669	54%	(23%)	6,846	28%	1.4x	1.6x	1.6x	4.8x	5.6x	6.2x
Mosaic	USA	14,210	17,834	12,892	74%	(29%)	3,073	27%	1.0x	1.3x	1.4x	3.5x	4.8x	5.2x
FMC	USA	14,064	17,641	5,682	29%	3%	1,427	25%	3.3x	3.1x	3.0x	13.1x	12.5x	11.4x
CF Industries	USA	13,062	15,825	6,622	92%	(38%)	2,940	49%	1.7x	2.2x	2.4x	3.1x	4.5x	5.7x
UPL	IND	6,031	8,645	6,418	20%	0%	1,342	23%	1.4x	1.3x	1.2x	6.9x	5.8x	5.3x
ADAMA	CHN	2,729	5,142	5,247	30%	(0%)	558	10%	1.0x	1.0x	0.9x	8.0x	9.2x	8.4x
Lier Chemical	CHN	1,841	2,195	1,372	68%	(4%)	347	26%	1.7x	1.5x	1.3x	5.6x	5.9x	5.3x
American Vanguard	USA	594	686	597	20%	5%	76	12%	1.3x	1.1x	1.1x	14.0x	9.1x	8.0x
Dhanuka Agritech	IND	319	319	213	11%	13%	37	17%	1.9x	1.5x	1.3x	10.6x	8.7x	7.5x
Insecticides India	IND	155	187	232	15%	16%	27	11%	1.1x	0.8x	0.7x	9.7x	6.9x	5.9x
Average					40%	(5%)			1.7x	1.6x	1.6x	8.5x	7.8x	7.3x
Median					29%	0%			1.4x	1.5x	1.3x	8.0x	6.9x	6.2x

Trading comps (2/4)

SPECIALTY CHEMICALS														
Company <i>(figures in €m)</i>	HQ	Market cap.	EV	Sales 2023E	Sales Growth		EBITDA 2023E	EBITDA margin 2023E	EV / Sales			EV / EBITDA		
					2022A	2023E			LTM	2023E	2024E	LTM	2023E	2024E
Ecolab	USA	43,340	51,358	14,217	25%	5%	2,793	20%	3.9x	3.7x	3.5x	20.9x	18.7x	17.1x
DuPont de Nemours	USA	30,277	34,097	11,542	17%	(7%)	2,837	25%	2.9x	2.9x	2.8x	11.9x	11.7x	10.8x
Albemarle	USA	23,844	25,736	9,514	147%	37%	3,497	39%	3.2x	2.3x	2.2x	7.7x	6.0x	5.6x
Koninklijke DSM	NLD	18,999	19,165	8,706	15%	4%	1,408	16%	2.3x	2.2x	2.1x	14.4x	13.7x	11.7x
Solvay	BEL	11,154	14,462	13,378	41%	(17%)	2,928	22%	0.9x	1.1x	1.1x	4.3x	5.0x	4.9x
Croda International	GBR	10,326	10,676	2,217	11%	(9%)	653	30%	4.5x	4.8x	4.5x	15.7x	16.4x	15.1x
Eastman Chemical	USA	9,222	13,959	9,552	10%	(2%)	1,703	17%	1.5x	1.5x	1.4x	9.6x	8.4x	7.6x
Evonik Industries	DEU	9,022	12,927	17,073	24%	(8%)	2,112	13%	0.7x	0.7x	0.7x	5.0x	5.9x	5.4x
Wacker Chemie	DEU	7,792	7,364	7,092	32%	(14%)	1,227	17%	0.9x	1.0x	1.0x	4.0x	5.9x	5.8x
Arkema	FRA	6,814	9,164	10,386	21%	(10%)	1,528	15%	0.8x	0.9x	0.9x	4.9x	6.0x	5.4x
Clariant	CHE	5,053	5,939	5,183	28%	0%	853	17%	1.1x	1.2x	1.1x	6.6x	6.9x	6.3x
Element Solutions	USA	4,290	5,792	2,296	19%	(5%)	475	21%	2.6x	2.5x	2.4x	13.5x	12.1x	11.1x
Quaker	USA	3,270	4,004	1,872	24%	1%	290	14%	2.2x	2.2x	2.1x	16.8x	15.5x	13.4x
Ingevity	USA	2,446	3,799	1,694	35%	7%	432	26%	2.5x	2.1x	2.1x	8.9x	8.2x	7.7x
Ecovyst	USA	1,253	1,994	705	51%	(10%)	264	38%	2.7x	2.8x	2.6x	11.3x	7.4x	6.9x
Average					33%	(2%)		22%	2.2x	2.1x	2.0x	10.4x	9.8x	9.0x
Median					24%	(5%)		20%	2.3x	2.2x	2.1x	9.6x	8.2x	7.6x

Trading comps (3/4)

BASIC / DIVERSIFIED CHEMICALS

Company (figures in €m)	HQ	Market cap.	EV	Sales 2023E	Sales Growth		EBITDA 2023E	EBITDA margin 2023E	EV / Sales			EV / EBITDA		
					2022A	2023E			LTM	2023E	2024E	LTM	2023E	2024E
Bayer	DEU	57,688	96,286	49,943	15%	(2%)	12,267	25%	1.9x	1.9x	1.9x	7.0x	7.6x	7.2x
BASF	DEU	44,418	63,605	81,926	11%	(6%)	9,020	11%	0.8x	0.8x	0.7x	5.9x	7.1x	6.4x
Dow	USA	35,567	47,710	45,357	16%	(16%)	5,875	13%	1.0x	1.0x	1.0x	7.7x	8.0x	6.6x
Symrise	DEU	14,005	16,283	4,907	21%	6%	991	20%	3.5x	3.3x	3.1x	19.5x	16.6x	15.1x
Celanese	USA	11,107	24,278	10,887	27%	18%	2,552	24%	2.6x	2.2x	2.1x	15.8x	9.3x	8.4x
Covestro	DEU	7,367	10,167	16,399	13%	(9%)	1,385	7%	0.6x	0.6x	0.6x	9.6x	8.4x	5.5x
Olin	USA	6,604	9,362	7,191	18%	(19%)	1,573	20%	1.2x	1.2x	1.1x	4.4x	5.9x	5.2x
Huntsman	USA	4,625	5,949	6,454	18%	(15%)	676	11%	0.8x	0.9x	0.8x	7.4x	7.7x	6.0x
Average					17%	(5%)			1.5x	1.5x	1.4x	9.7x	8.8x	7.5x
Median					17%	(7%)			1.1x	1.1x	1.1x	7.5x	7.9x	6.5x

COATINGS, ADHESIVES, SEALANTS AND ELASTOMERS (CASE)

Company (figures in €m)	HQ	Market cap.	EV	Sales 0E	Sales Growth		EBITDA 0E	EBITDA margin 2023E	EV / Sales			EV / EBITDA		
					2022A	2023E			LTM	2023E	2024E	LTM	2023E	2024E
Sherwin-Williams	USA	53,468	65,182	20,395	25%	(3%)	3,473	17%	3.1x	3.3x	3.1x	16.6x	19.4x	17.7x
PPG Industries	USA	28,916	35,146	16,816	18%	0%	2,641	15%	2.2x	2.1x	2.0x	15.5x	14.3x	12.7x
Nippon Paint	JPN	20,296	23,688	9,465	23%	(0%)	1,323	13%	2.5x	2.4x	2.3x	20.8x	17.9x	17.0x
Akzo Nobel	NLD	12,267	16,769	10,982	13%	1%	1,392	12%	1.5x	1.6x	1.5x	16.3x	12.6x	10.3x
RPM	USA	10,366	13,101	6,810	14%	2%	977	15%	2.0x	1.9x	1.8x	14.9x	12.9x	11.1x
Axalta Coating Systems	USA	6,163	9,100	4,865	21%	8%	859	18%	2.0x	1.9x	1.9x	12.4x	11.0x	9.9x
HB Fuller	USA	3,391	5,040	3,472	29%	(2%)	538	16%	1.5x	1.5x	1.4x	11.4x	9.4x	8.7x
Kansai Paint	JPN	3,371	3,481	3,550	12%	(2%)	394	11%	1.0x	1.0x	1.0x	9.7x	8.5x	8.3x
SP Group	DNK	434	571	375	7%	5%	67	18%	1.6x	1.5x	1.4x	9.0x	8.5x	7.5x
Average					18%	1%			1.9x	1.9x	1.8x	14.1x	12.7x	11.5x
Median					18%	0%			2.0x	1.9x	1.8x	14.9x	12.6x	10.3x

Trading comps (4/4)

CHEMICALS DISTRIBUTORS

Company <i>(figures in €m)</i>	HQ	Market cap.	EV	Sales 2023E	Sales Growth		EBITDA 2023E	EBITDA margin 2023E	EV / Sales			EV / EBITDA		
					2022A	2023E			LTM	2023E	2024E	LTM	2023E	2024E
Brenntag	DEU	10,691	12,995	18,478	35%	(5%)	1,639	9%	0.7x	0.7x	0.7x	7.7x	7.8x	7.5x
IMCD	NLD	8,571	9,309	4,799	34%	4%	590	12%	2.0x	1.9x	1.8x	16.6x	16.3x	15.5x
Azelis Group	BEL	5,463	6,685	4,520	45%	10%	523	12%	1.6x	1.5x	1.4x	13.5x	12.8x	12.2x
Univar Solutions	USA	5,098	7,068	10,463	35%	(4%)	854	8%	0.7x	0.7x	0.7x	8.4x	8.3x	8.0x
Hawkins	USA	848	944	862	35%	(4%)	100	12%	1.1x	1.1x	N.M.	8.7x	9.4x	N.M.
Average					37%	0%			1.2x	1.2x	1.2x	11.0x	10.9x	10.8x
Median					35%	(4%)			1.1x	1.1x	1.1x	8.7x	9.4x	10.1x

European chemicals M&A transactions (1)

Q1 2023



<i>(Figures in €m)</i>						
Date	Target	Buyer	EV	EV/Revenue	EV/EBITDA	
Mar-2023	Curust Industries	Irish International Trading Corp.	-	-	-	
Mar-2023	Adhetec	Adagia Partners; BPI France; Adhetec	-	-	-	
Mar-2023	Masterplast	Masterplast	-	-	-	
Mar-2023	Bennamann	CNH Industrial	-	-	-	
Mar-2023	Bambra	Prospech	-	-	-	
Mar-2023	Mepol	LyondellBasell Industries	-	-	-	
Mar-2023	Giovanni Bozzetto	Aimia Inc.; Craton Equity Partners	-	1.1x	7.4x	
Feb-2023	Temix Oleo	KLK Emmerich	-	-	-	
Feb-2023	Nemetali	Nemetali	0.1	-	-	
Feb-2023	C&B Agri Enterprise	Mitsui & Co.	-	-	-	
Feb-2023	CIECH	KI Chemistry	863.0	0.8x	5.6x	
Feb-2023	Future Biogas	3i Infrastructure	31.7	-	-	
Feb-2023	Tolyattiazot	Khimaktivinvest	2,325.1	-	-	
Feb-2023	Green Vision Holding	Hydrogen Solutions	-	-	-	
Feb-2023	Oscafos	Defeder Alcolea	-	-	-	
Feb-2023	NPT	DuluxGroup	-	-	-	
Feb-2023	RusVinyl	SIBUR Holding	866.0	-	-	
Feb-2023	Novasep Holding	Innovafonds	-	-	-	
Feb-2023	Connexicon Medical	Advanced Medical Solutions Group	25.0	-	-	
Jan-2023	JSC Farg'Onaazot	Indorama Corp.	130.4	-	-	
Jan-2023	Bois Valor	Olmix	-	-	-	
Jan-2023	Ringsted Biogas	BioCirc Group	-	-	-	
Jan-2023	MBCC / US,CA,EU,UK,AU,NZ Admixtures Business	INEOS Enterprises Holdings	-	-	-	
Jan-2023	monta Klebebandwerk	Progress Packaging	-	-	-	
Jan-2023	BioActor	Solabia Biotecnológica	-	-	-	
Jan-2023	Actibio	Primus Transmission	-	-	-	
Jan-2023	JSC Rustavi Azot	Excelus Holdings	-	-	-	
Jan-2023	Tarn-Pure Holdings	HeiQ Materials	-	-	-	

Notes: (1) Transactions not only limited to EU countries
Sources: FactSet

Tailored corporate finance services for the European mid-market

Our firm

Alma Advisors is an independent financial services firm serving the European mid-market. We offer corporate finance solutions to corporates, family businesses and entrepreneurs.



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