



Chemicals & Materials Industry Adapting to Shifting Policies

Q4 2024

After a cautious recovery in Q3'24, the chemicals industry displayed resilience in Q4'24, driven by strong demand across key end markets. Export activity continued to thrive, supported by favorable trade dynamics and government initiatives, while domestic consumption showed signs of stabilization. The quarter saw a moderation in raw material costs and improved supply chain efficiency, enhancing profitability for manufacturers. With inflationary pressures easing and the Federal Reserve maintaining a stable interest rate policy, M&A activity gained traction as both strategic and financial buyers sought to capitalize on growth opportunities. However, despite these positive indicators, global macroeconomic challenges persist. Overcapacity in Asia, especially in China's chemicals sector, continues to weigh on prices and profitability, while trade barriers and geopolitical tensions in Europe are creating further uncertainty. These structural issues are forcing companies to rethink their global supply chains, relocate production, and explore new strategic partnerships to mitigate risks.

Current Trends

Production Ends the Year on a Strong Note

U.S. chemical production finished 2024 with strong momentum, rising for the third consecutive month in December with a 1.1% increase. Key contributors included organic chemicals, adhesives, coatings, specialty chemicals, and industrial gases, though declines persisted in synthetic materials such as plastic resins and synthetic fibers. Capacity utilization climbed to 79.9%, the highest since March 2022, reflecting the sector's resilience and ability to meet growing demand despite challenges in specific sub-sectors.¹ However, a key

challenge going forward will be managing the effects of global overcapacity, particularly in China and the Middle East, where an influx of new capacity has significantly outpaced demand.

Trade Surplus Strengthens The U.S. chemicals trade surplus expanded further in November 2024, with exports rising by 5.6% while imports edged up by just 0.7%. Adhesives, sealants, and coatings were major drivers, resulting in a \$2.4 billion monthly trade surplus and a year-to-date figure of \$25.5 billion.

Exports of plastic resins showed particularly strong growth, with values up 5.5% and volumes soaring 16.8%, underscoring the robust international demand and the global competitiveness of U.S. chemical producers.²

Strong Capex Trends Capital investments in the U.S. chemical sector grew 4.1% to \$34 billion in 2024, signaling confidence in the industry despite higher borrowing costs. Specialty chemicals attracted significant funding, particularly from the fast-expanding semiconductor and battery industries. Sustainability-focused projects also gained traction, reflecting alignment with regulatory incentives and the industry's commitment to long-term environmental goals.³

Trump Administration in Focus The U.S. chemical industry is poised to benefit from a more business-friendly regulatory environment under Trump's presidency, with initiatives like the proposed "Department of Government Efficiency" aiming to eliminate burdensome regulations. Domestic oil and natural gas production is increasing, along with expanded liquefied natural gas capacity,

¹ ACC ² ACC ³ ACC



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reducing feedstock and energy costs and boosting the industry's global competitiveness. However, U.S. trade policy remains a wildcard. With tariffs on China, Canada, and Mexico in play, firms that rely on global supply chains may face increased costs and operational uncertainty. Some firms are already exploring alternative supply chain strategies, including moving production to Southeast Asia or South America to bypass tariffs while maintaining cost efficiency. This restructuring trend may fuel an increase in M&A activity as companies reposition themselves for long-term competitiveness.

However, the chemical industry in Q4 2024 continues to show signs of growth, driven by strong demand for sustainable products, innovation in specialty chemicals, and reshoring initiatives that support the U.S. manufacturing sector. Meanwhile, as the industry recovers from earlier downturns, smaller players are also finding opportunities in niche markets, such as biodegradable plastics, electronic materials, and green chemicals. This growing diversity is shaping a dynamic public company landscape in the chemical industry heading into 2025.

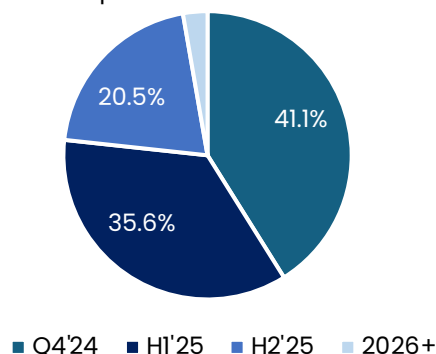
Private Equity: Gaining Momentum

Easing inflation and Federal Reserve rate cuts have set the stage for increased private equity activity. The benchmark rate reduction to 4.25–4.5%², coupled with moderating inflation, has created a more predictable financing environment. While private equity accounted for only 34% of chemical sector deals in H1 2024, the last quarter showed signs of recovery. With global dry powder reserves at \$2.51 trillion³, private equity firms are under pressure to deploy capital, presenting a significant opportunity for deal-making in 2025. As firms restructure their global footprints in response to tariffs, trade barriers, and geopolitical risks, M&A activity may rise, with companies actively seeking to acquire assets in strategic locations and realign their product portfolios to enhance resilience and competitiveness.

Public Company Performance and M&A

The chemicals sector remains undervalued relative to the broader market, as indicated by public market performance (Chart 2).

Expected Timeline for Next Deal by Corporate Investors and PEs⁴



1. S&P 2. ACC 3. S&P 4. KPMG – Mid Year Outlook



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Middle Market

Lower activity levels in 2024 have created a backlog of pent-up demand and supply, particularly within private equity. The scarcity of high-quality M&A targets has left corporates holding record cash reserves, which are expected to fuel a surge in deal flow over the next 12 months.¹ Corporate buyers are actively pursuing M&A opportunities to achieve technological advancements, portfolio diversification, and geographic expansion, focusing on strategic tuck-in acquisitions while remaining open to larger transformational deals.² As economic conditions and market sentiment improve, middle-market buyers are gaining the predictability needed to secure financing, especially for mid-sized companies' dependent on borrowing.¹

Future Outlook

The U.S. has become an increasingly attractive destination for chemical M&A activity, driven by reshoring trends, favorable economic incentives, and advanced energy infrastructure. With inflation moderating and central banks initiating rate cuts, M&A deal volume and value rebounded in H2 2024.

Looking ahead, we believe the push for supply chain realignment and the need to offset global overcapacity will drive further restructuring across the industry. Companies will focus on optimizing their portfolios, either by acquiring assets in key regions to gain competitive advantages or divesting non-core businesses to improve profitability.

M&A will play a crucial role in enabling firms to adapt to shifting market conditions, ensuring they can navigate trade disputes, regulatory uncertainty, and changing consumer demand patterns.

As economic and political uncertainties ease, the U.S. chemical sector is poised for a strong recovery in M&A activity in 2025, fueled by a renewed focus on industrial policy, global supply chain realignment, and a growing number of private equity exits, which will likely bring more assets to the market and further boost deal flow.²

Let's Talk

To explore the latest developments in the sector's M&A landscape, share updates about your business, or discover our comprehensive advisory services and expertise in the Chemicals and Materials industry, please give us a call at +1-312-872-4740.



Your powerful, competitive advantage

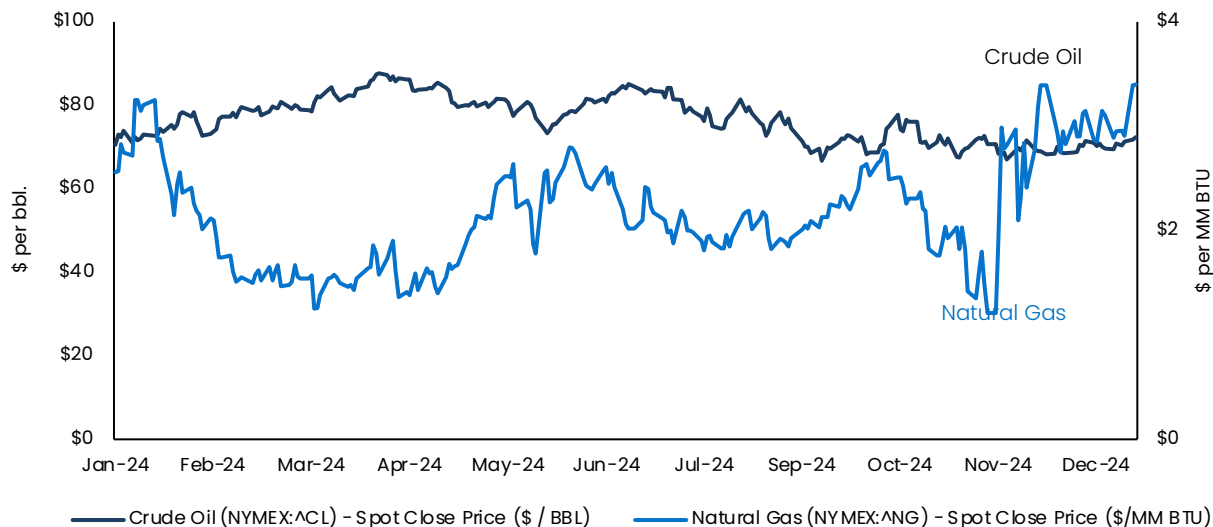


¹ [WTW](#) ² [PWC](#)

Oil and Gas Performance LTM prices¹

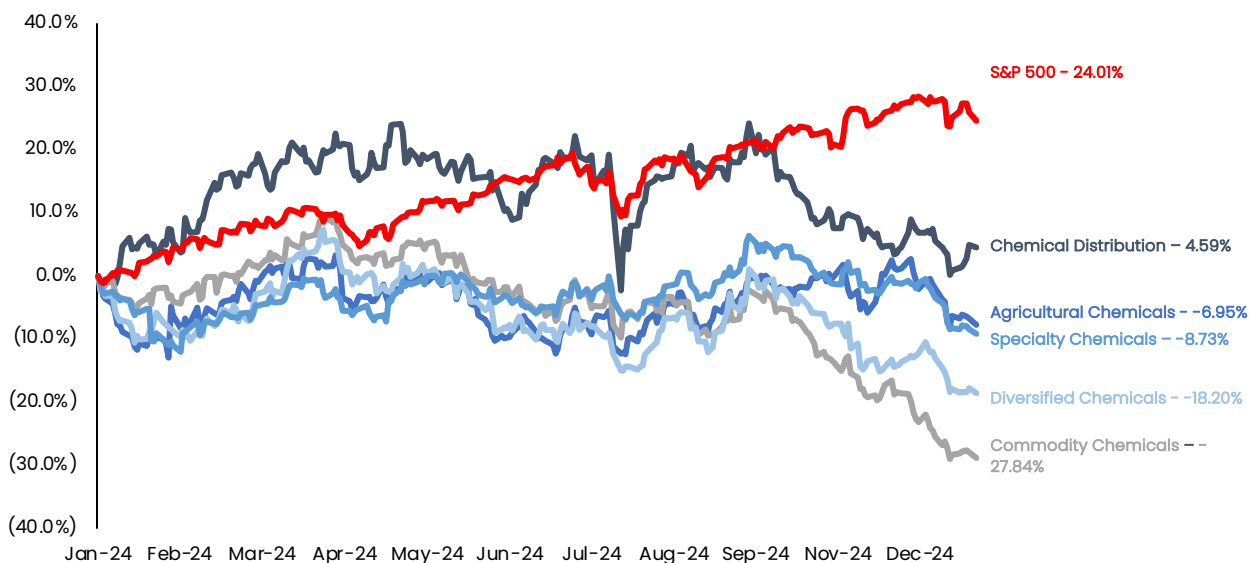
Chart 1

In Q4 2024, crude oil prices remained relatively stable as markets balanced concerns over supply security with weakening demand growth.² Natural gas prices increased due to heightened demand from colder-than-expected winter weather and increased LNG exports to Europe and Asia.³



Stock Price Performance LTM Relative Stock Performance¹

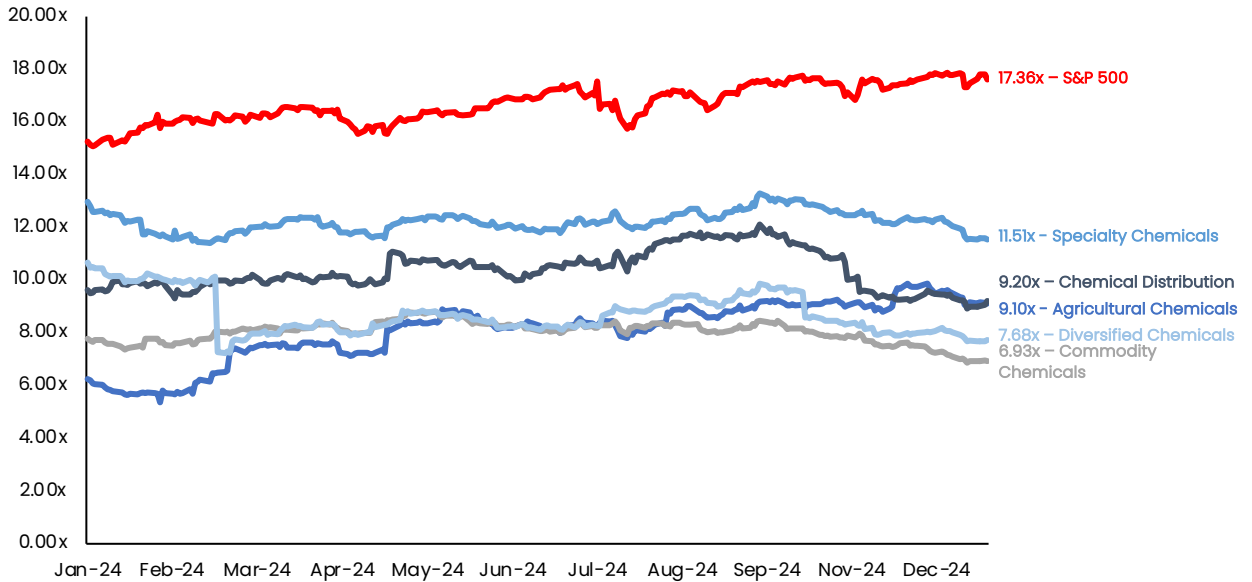
Chart 2



1. S&P Capital IQ Data presented as of 12/31/2024, All charts represent Global Data 2. IEA 3. Chemanalyst

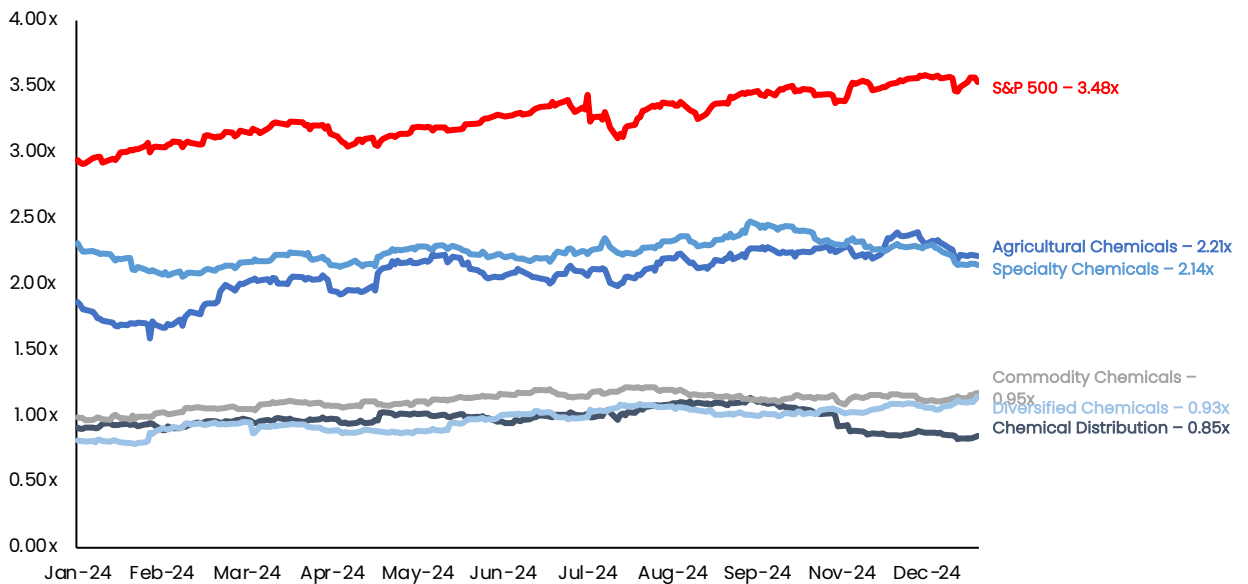
EV/EBITDA LTM EV/EBITDA Multiples¹

Chart 3



EV/Revenue LTM EV/Revenue Multiples¹

Chart 4



1. S&P Capital IQ Data presented as of 12/31/2024, All charts represent Global Data

Selected Public Companies

Agricultural Chemicals

Selected Public Companies – Agricultural Chemicals (\$MM)¹

Company	Market Cap ²	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
American Vanguard Corporation (NYSE:AVD)	\$133	\$322	\$554	\$20	\$54	0.58x	16.4x	5.9x
CF Industries Holdings, Inc. (NYSE:CF)	14,847	18,763	5,983	2,651	2,344	3.14x	7.1x	8.0x
Corteva, Inc. (NYSE:CTVA)	39,148	42,507	16,637	3,014	3,728	2.55x	14.1x	11.4x
FMC Corporation (NYSE:FMC)	6,068	9,884	4,168	703	1,034	2.37x	14.1x	9.6x
Sociedad Química y Minera de Chile S.A.	10,386	12,760	4,767	1,494	1,647	2.68x	8.5x	7.7x
The Mosaic Company (NYSE:MOS)	7,808	11,937	11,456	1,908	2,254	1.04x	6.3x	5.3x
Summary Statistics								
Mean	\$13,065	\$16,029	\$7,261	\$1,632	\$1,844	2.06x	11.1x	8.0x
Adj. Mean ³	9,777	13,336	6,593	1,689	1,820	2.16x	10.9x	7.8x
Median	9,097	12,348	5,375	1,701	1,951	2.46x	11.3x	7.9x

Chemical Distribution

Selected Public Companies – Chemical Distribution (\$MM)¹

Company	Market Cap ²	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Brenntag SE (XTRA:BNR)	\$8,652	\$11,459	\$18,058	\$1,266	\$1,596	0.63x	9.1x	7.2x
IMCD N.V. (ENXTAM:IMCD)	8,776	10,423	4,865	550	619	2.14x	18.9x	16.8x
ITOCHU Corporation (TSE:8001)	70,903	97,114	101,541	6,288	8,502	0.96x	15.4x	11.4x
Mitsubishi Corporation (TSE:8058)	65,830	96,229	135,145	5,879	4,803	0.71x	16.4x	20.0x
Sumitomo Corporation (TSE:8053)	26,382	47,038	49,454	3,768	4,222	0.95x	12.5x	11.1x
Summary Statistics								
Mean	\$36,109	\$52,452	\$61,812	\$3,550	\$3,948	1.08x	14.5x	13.3x
Adj. Mean ³	33,663	51,575	56,351	3,637	3,540	0.87x	14.8x	13.1x
Median	26,382	47,038	49,454	3,768	4,222	0.95x	15.4x	11.4x

Commodity Chemicals

Selected Public Companies – Commodity Chemicals (\$MM)¹

Company	Market Cap ²	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Braskem S.A. (BOVESPA:BRKM5)	\$1,530	\$9,435	\$13,764	\$1,096	\$1,655	0.69x	8.6x	5.7x
Dow Inc. (NYSE:DOW)	28,191	43,348	43,180	4,852	5,759	1.00x	8.9x	7.5x
LyondellBasell Industries N.V. (NYSE:LYB)	24,094	34,345	40,734	4,421	4,188	0.84x	7.8x	8.2x
Olin Corporation (NYSE:OLN)	3,941	6,953	6,483	906	954	1.07x	7.7x	7.3x
Orbia Advance Corporation (BMV:ORBIA)	1,371	6,208	7,498	1,012	1,190	0.83x	6.1x	5.2x
Westlake Corporation (NYSE:WLK)	14,756	17,841	12,125	1,815	2,462	1.47x	9.8x	7.2x
Summary Statistics								
Mean	\$12,314	\$19,688	\$20,631	\$2,350	\$2,701	0.98x	8.2x	6.9x
Adj. Mean ³	11,080	17,143	18,530	2,086	2,374	0.94x	8.2x	6.9x
Median	9,349	13,638	12,945	1,455	2,059	0.92x	8.2x	7.3x

Diversified Chemicals

Selected Public Companies – Diversified Chemicals (\$MM)¹

Company	Market Cap ²	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Arkema S.A. (ENXTPA:AKE)	\$5,755	\$8,506	\$10,588	\$1,497	\$1,688	0.80x	5.7x	5.0x
BASF SE (XTRA:BAS)	39,234	62,714	72,802	6,246	8,238	0.86x	10.0x	7.6x
Eastman Chemical Company (NYSE:EMN)	10,580	15,230	9,344	1,684	1,873	1.63x	9.0x	8.1x
Huntsman Corporation (NYSE:HUN)	3,119	5,300	5,987	313	492	0.89x	16.9x	10.8x
Solvay SA (ENXTBR:SOLB)	3,366	5,071	5,101	958	1,070	0.99x	5.3x	4.7x
The Chemours Company (NYSE:CC)	2,525	6,221	5,749	786	889	1.08x	7.9x	7.0x
Summary Statistics								
Mean	\$10,763	\$17,174	\$18,262	\$1,914	\$2,375	1.04x	9.2x	7.2x
Adj. Mean ³	5,705	8,815	7,917	1,231	1,380	0.96x	8.2x	6.9x
Median	4,560	7,364	7,666	1,227	1,379	0.94x	8.5x	7.3x

Specialty Chemicals

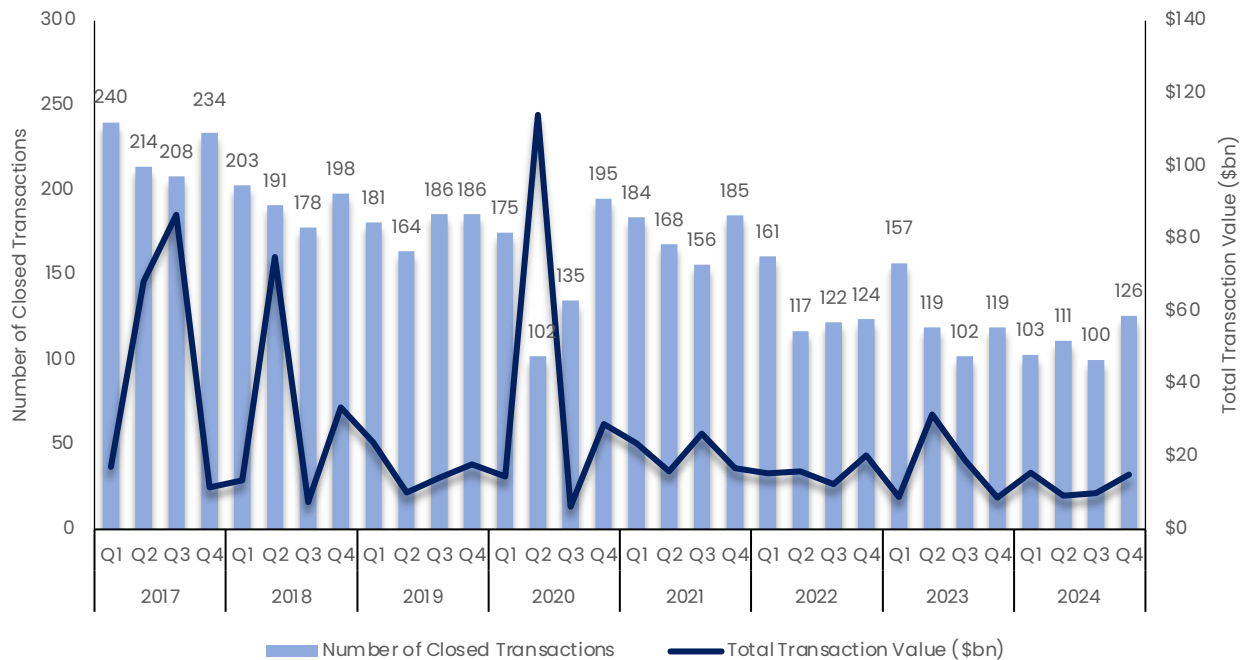
Selected Public Companies – Specialty Chemicals (\$MM)¹

Company	Market Cap ²	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Akzo Nobel N.V. (ENXTAM:AKZA)	\$10,248	\$14,701	\$11,846	\$1,454	\$1,642	1.24x	10.1x	9.0x
Clariant AG (SWX:CLN)	3,662	5,663	4,633	642	889	1.22x	8.6x	6.4x
Croda International Plc (LSE:CRDA)	5,915	6,569	2,059	364	483	3.19x	18.0x	13.6x
DuPont de Nemours, Inc. (NYSE:DD)	31,869	38,320	12,192	2,978	3,325	3.14x	12.9x	11.5x
H.B. Fuller Company (NYSE:FUL)	3,686	5,693	3,569	573	608	1.60x	9.9x	9.4x
RPM International Inc. (NYSE:RPM)	15,838	17,977	7,345	1,093	1,254	2.45x	16.4x	14.3x
Summary Statistics								
Mean	\$11,870	\$14,821	\$6,941	\$1,184	\$1,367	2.14x	12.7x	10.7x
Adj. Mean ³	8,922	11,235	6,848	941	1,098	2.11x	12.3x	10.9x
Median	8,082	10,635	5,989	868	1,071	2.02x	11.5x	10.4x

1. S&P Capital IQ Data presented as of 12/31/2024, All charts represent Global Data 2 - Market Capitalization as of 12/31/24. 3 - Adj. mean excludes high and low values.

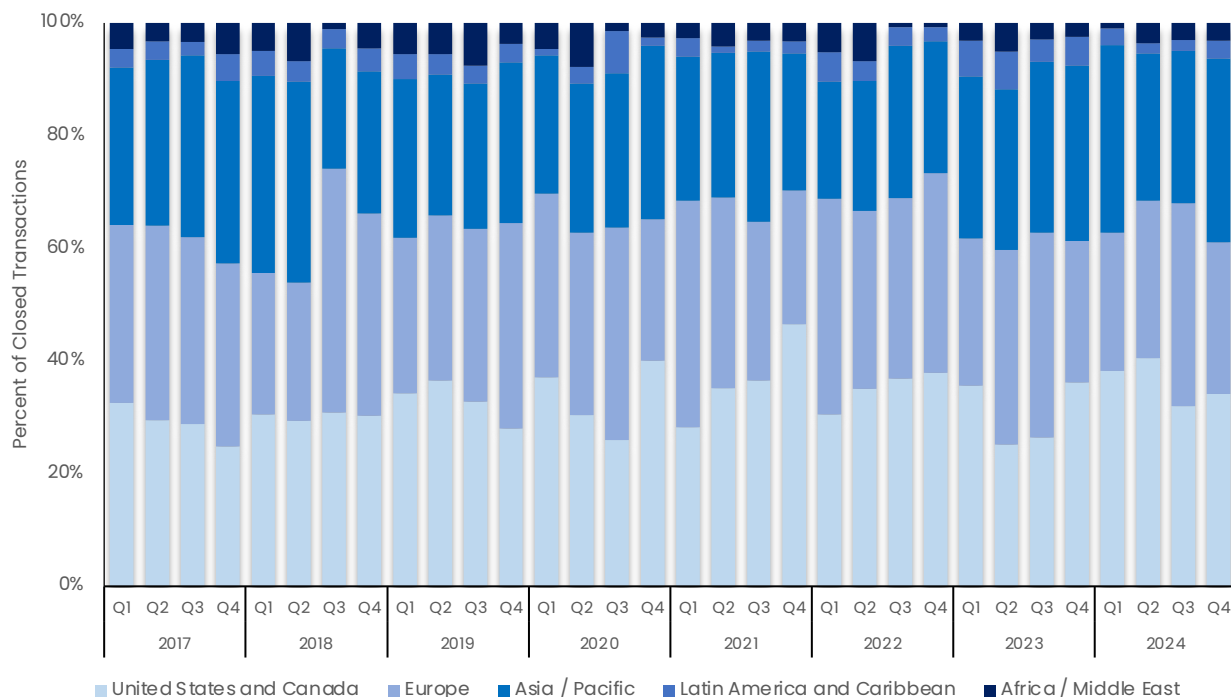
Disclosed Transaction Volume¹

Chart 5



Disclosed Transaction Activity by Geographic Region¹

Chart 6



1. S&P Capital IQ Data presented as of 12/31/2024, All charts represent Global Data

Strategic Buyers

Most active buyers last 24 months¹

Acquirer	Targets	Status/ Date	Strategy
		Closed Aug-24	The acquisition includes Monarch Chemical's two sites in Southeast England and Scotland, bolstering Brenntag's last mile service capabilities in the UK.
		Closed Jul-24	The acquisition allows Brenntag to increase its service levels and cost efficiency for Brenntag customers while providing Brenntag supply partners with greater access to the local market.
		Closed Jun-24	The site in Antwerp will extend Brenntag's regional access and warehousing capacity while opening up the potential for interregional optimization and improve Brenntag Essentials' sustainability profile.
		Closed Apr-24	The acquisition further strengthens the company's position in materials science and various industries, including the coatings, adhesives, sealants, elastomers (CASE), construction, polymers and rubber industries.
	<p>Flexible packaging laminating adhesives Business of</p> 	Closed Dec-24	This acquisition will enable Bostik to ideally complement its existing commercial presence, product offering and technological breadth for flexible packaging.
		Closed Jun-24	Arkema strengthens its range of solutions for next-generation batteries with the acquisition of a majority stake in Proionic.
	<p>European Distribution Business</p> 	Closed May-24	This acquisition will strengthen Azelis Group's presence in industrial chemicals, specifically within the Advanced Materials & Additives market segments in Germany and Central & Eastern Europe.
		Closed May-24	The acquisition integrates the company's team and technical center into Azelis Group' network, fostering seamless integration and future growth opportunities in the region.
	<p>Acquired TotalEnergies' 50% share of 3TC</p> 	Closed Apr-24	This is a major step forward for the INEOS French and South European businesses. The acquisition will allow them to fully integrate the assets of 3tc and enhance the competitiveness of their offerings.
		Closed Apr-24	With this acquisition INEOS French and South European businesses will integrate these assets and enhance the competitiveness of their offerings.
		Closed Aug-24	The acquisition, is a continuation of H.B. Fuller's strategy to increase its EBITDA margin and expand into waterproofing tape market.
		Closed May-24	The acquisition will speed up H.B. Fuller's growth in the most profitable and expanding areas of the functional CASE industry.
	<p>Business of</p> 	Closed Sep-23	The acquisition expands H.B. Fuller's innovation capabilities and product portfolio across the UK and Europe.
		Closed May-23	The acquisition is expected to accelerate profitable growth of core end markets and generate business synergies through production optimization.
		Closed Mar-23	Aspen has a unique production capability which benefits H.B. Fuller's insulated glass business. (Balmoral Advisors represented Aspen Research)

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Active Industry Buyers

Financial Buyers

Most active buyers last 24 months¹

Acquirer	Targets	Status/ Date	Strategy
		Closed Dec-24	By combining Spectra's technological expertise, it can deliver a powerful competitive advantage, enhance performance, and create greater value for customers.
		Closed Oct-24	This acquisition facilitates strategic diversification, allowing ATP Adhesive Systems to tap into new markets and broaden its product offerings, particularly within the graphic arts segment and other key sectors.
	Approved Color LLC	Closed May-24	The acquisition of Approved Color bolsters Chroma Color's strengths in supporting their customers and are confident their customers will realize immense benefits from Chroma Color's wide range of capabilities.
		Closed Dec-24	Riverside intends to enhance Essential Compositions' commercial and R&D capabilities, further strengthening the company's team of perfumers to support strong organic growth ambitions and international expansion.
		Closed Oct-24	Seatex has a successful track record of launching new products and entering new markets, and the company looks forward to providing capital and resources to support these endeavors.
		Closed Apr-24	The innovative portfolio and value-added services of Molina will enhance Caldic's current offering and expand its footprint in Iberia and Latin America.
	Engineering business of 	Closed Apr-23	Together with LANXESS High Performance Materials, the combined firms will be in the best position to enact sustainable long-term growth in the engineering materials sector.
		Closed Mar-22	Caldic will merge with Advent portfolio company Grupo Transmerquim S.A., one of the leading chemical distributors in Latin America.
	AEROSPHERES	Closed Aug-24	This acquisition will combine the Aerospace MRO experience of the company, with the supplier-focused partnerships and technical OEM support of Krayden's distribution business.
		Closed Mar-23	Krayden's established track record of buying and successfully integrating add-on acquisitions positions it as an acquirer of choice, offering opportunities for further scaling and product expansion.
	Glycolic Acid Business 	Closed Aug-23	The acquisition positions Iron Path's portfolio company, PureTech Scientific, as a global leader in the production of ultra-high purity alpha hydroxy acids.
		Closed Aug-23	By acquiring Aldon, a leading private-label manufacturer and distributor to the healthcare, life science, and STEM education markets, Iron Path establishes VION Biosciences as a new platform company.
		Closed Oct-24	The acquisition enhances company's portfolio in the specialty chemicals sector, leveraging growth opportunities in oilfield and industrial markets.
		Closed Mar-24	This transaction, in line with Imperative's strategy to grow organically and through acquisition, provides complementary geographic coverage and customer portfolios. Imperative remains focused on the oil & gas production chemicals market in the Lower 48.

1. S&P Capital IQ Data presented as of 12/31/2024, All charts represent Global Data

Select Recent Transactions – Chemicals



ALTIVIA Chemicals

Has been acquired by

usalco

A portfolio company of

H.I.G. Capital

Balmoral Advisors acted as
Financial Advisor to ALTIVIA Chemicals



Jarchem Innovative Ingredients

Has been acquired by

Vertellus

A member of the

Pritzker Private Capital

Family of Companies

Balmoral Advisors acted as Financial
Advisor to Jarchem Innovative Ingredients



Materia Inc.

Has been acquired by

ExxonMobil

Balmoral Advisors acted as
Financial Advisor to Materia Inc.



Sun Chemical Corporation

Has divested its Bushy Park Pigment
Production Facility to

DCL

A portfolio company of

H.I.G. Capital

Balmoral Advisors acted as Financial
Advisor to Sun Chemical Corporation



Find out why so many clients trust Balmoral Advisors with their middle-market investment banking needs.

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Balmoral Advisors excels in delivering comprehensive middle-market mergers and acquisitions, corporate finance, and financial restructuring advisory services. With our extensive experience, unmatched expertise, and an unwavering commitment to client satisfaction, we serve as the ideal partner for companies striving to achieve their strategic objectives. Whether the aim is to drive growth, secure capital, or navigate financial challenges, Balmoral Advisors possesses the capabilities, skills, and resources to enable success.

Our team's proficiency extends to both domestic and cross-border transactions, enabling us to assist clients not only within the United States but also on a global scale. Our exceptional track record underscores our steadfast dedication to delivering outstanding service. Through a collaborative approach, we actively engage with our clients, comprehending their unique needs and goals to provide tailored solutions.

We are invaluable partners in your journey towards success.

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