

## Chemicals & Materials Industry A Quarter Fueled by Uncertainty

Q1 2025

*The U.S. chemicals industry entered Q1 2025 on uncertain footing, navigating a complex landscape shaped by economic volatility, regulatory transitions, and global trade frictions. Rising input costs, tightening financial conditions, and shifting valuation norms marked the quarter. Private equity and corporate buyers remained active, selectively deploying capital in undervalued segments. Meanwhile, middle-market M&A stayed resilient, buoyed by significant liquidity reserves, strategic reshoring momentum, and an improving regulatory environment. Despite near-term uncertainties, the long-term fundamentals for chemicals M&A remain strong, particularly in specialty and resilient subsectors where strategic acquirers seek growth via consolidation.*

### Current Trends Impacting the Chemicals Industry

**Producer Pricing and Sales.** U.S. Chemical production saw a decline of 1.2% in January, largely due to the impact of winter storm Enzo, resulting in a capacity utilization rate of 78.9% by month-end.<sup>2</sup> Production of plastic resins in the U.S. witnessed a 5.1% year-over-year ("YoY") decline and a 3.8% monthly drop in February.<sup>3</sup>

Producer prices rose by 0.8% in March, marking the third consecutive month of growth, and showed a 3.1% YoY increase for Q1 2025. Plastic resins led the gains, followed closely by inorganics, bulk petrochemicals & organics, agricultural chemicals, and synthetic rubber. Pricing drops for coatings, other specialty chemicals, consumer products, and manufactured fibers partially offset the gains.<sup>1</sup>

After a 3.8% drop in January, wholesale level sales of chemicals increased by 2.8% in February.<sup>1</sup> Meanwhile, major plastic resins saw a decline of 4.0% monthly and 4.7% YoY in sales and captive use.<sup>3</sup>

**Easing Regulations.** Rising government oversight in the U.S. for years has dampened industry momentum, curbing investments and slowing development. However, the Trump Administration's push toward deregulation and accelerated approval for new chemical entities may provide relief.<sup>5</sup>

**Trade.** Trade dynamics continued to evolve under tariff-related uncertainty. U.S. chemical exports declined for a third consecutive month in February, falling by 3.0%. The decline was primarily driven by lower shipments of basic chemicals, particularly bulk petrochemicals and intermediates, petrochemical derivatives, and other basic chemicals; however, higher exports of specialty chemicals, agricultural chemicals, and consumer products helped to mitigate the overall decline.

Imports saw a steep decline of 7.2% in February, concentrated in basic chemicals, while specialty and agricultural chemicals recorded gains. The U.S. chemical trade surplus widened to \$1.9 billion in February, up from \$1.4 billion in January.<sup>1</sup>

1. ACC 2. ACC 3. ACC 4. ACC 5. Wane

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**Tariffs.** President Trump's tariffs have increased pressure on the U.S. chemicals manufacturing market. Specialty chemicals manufacturers, who rely heavily on imported raw materials and inputs, face an adverse impact from higher input costs.<sup>1</sup> Given that the U.S. remains a net exporter of chemicals to China, retaliatory tariffs are anticipated to have a significant adverse impact on the U.S. chemicals market.<sup>3</sup> According to The Alliance for Chemical Distribution, rising prices could cost consumers up to \$1.25 billion.

In response to escalating costs, many companies are evaluating reshoring strategies to mitigate supply chain risks. Notably, Johnson & Johnson announced a \$5.5 billion plan to expand its U.S. operations over the next four years.<sup>2</sup>

That being said, the Trump administration's rapid and on-again, off-again imposition of tariffs, complete with pauses, multiple rate levels, and exceptions, creates uncertainty. It will be difficult for chemical companies to make long-term decisions until there is a sense of stability.

### Private Equity: Continuing Caution

Private equity entered 2025 with substantial accessible credit and dry powder, exceeding \$1.3 trillion in North America alone. However, deployment rates have slowed amid macroeconomic uncertainty from tariffs and the threat of a global trade war weighing on the market. According to PitchBook estimates, Q1 2025 deal count reached 2,263, reflecting a 5.5% decline quarter-over-quarter.

U.S. dry powder as a share of total AUM fell to 28.4%, reaching a five-year low and signaling a slowdown in new fundraising.<sup>4</sup>

Many have predicted that, since private equity hold periods are at historic highs, firms will need to sell portfolio companies as their investment funds reach end-of-life. As of early 2025, the median holding period for private equity-backed companies has climbed to 5.8 years, largely resulting from circa-2019 investments acquired at peak valuations. Holding periods are expected to peak at around 6.0 years in the second half of 2025, leading to a surge of exits through late 2025 and 2026. As proceeds from these exits return to limited partners, additional capital should be available to support 2026 fundraising efforts.<sup>5</sup> We are not seeing an increase in selling by private equity firms. We believe that if firms do not think it is a good time to sell, they will find ways to work around long hold periods.

### Public Company Performance and M&A Activity

**Valuation Metrics.** Public chemical companies continue to trade at a discount relative to the broader market. In March, EV/EBITDA multiples for key chemical sectors ranged from 9.0x in agricultural chemicals to 11.2x in specialty chemicals, while the S&P 500 averaged 16.3x. EV/Revenue followed similar trends with 2.1x in specialty chemicals versus 3.3x in the S&P 500.

**Stock Performance.** Most subsectors underperformed the S&P 500 during March. Specialty chemicals dropped by as much as 11.5%, highlighting near-term caution from investors despite long-term demand visibility.

1. SCJ 2. Chemistry World 3. ICIS 4. Pitchbook 5. Private Equity Info



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**M&A Trends.** M&A volumes were modestly lower than prior quarters, but strategic and private equity buyers remained active in high-value-added verticals. Notable transactions like KPS Capital's \$1.78B acquisition of ALTA Performance Materials indicate continued interest in engineered materials.

### Middle Market Activity

Despite macroeconomic noise, the middle market performed robustly in Q1 2025. Middle-market private equity firms accounted for 60.8% of total capital raised, well above the five-year average of 53.1%.<sup>1</sup> In March 2025, mid-market deal activity experienced declines in both value and volume relative to February. While deregulation efforts from the new administration and potential rate cuts later in the year could help reverse this downward trend, ongoing uncertainty surrounding trade policies and the economic outlook is compelling dealmakers to adopt a more cautious approach. As a result, companies are increasingly focusing on risk management and strategic growth initiatives over larger investments.<sup>2</sup>

### Future Outlook for M&A in 2025

Many dealmakers (us included) entered 2025 optimistic that the change in administration would lead to an improvement in the M&A and capital markets. The trade wars have an impact, as sellers pause to re-evaluate their supply chains. Deals are taking longer to close, and firms like Balmoral Advisors are being extra thoughtful and analytical when helping buyers and sellers evaluate the near-term outlook for a business. That said, there is still significant activity and life in the market.

With the shocks to the system felt, we believe it is more likely than not that the market will improve. It is a matter of when. There are signs that the Trump Administration may be easing up on its application of tariffs. The Federal Reserve seems to be delaying any further reduction in interest rates for now, but it seems unlikely they would raise rates. Deregulation would provide greater flexibility to companies and likely encourage growth.

As confidence and a sense of certainty emerge over the coming weeks and months, we expect to see a pickup in transaction activity.

### 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.



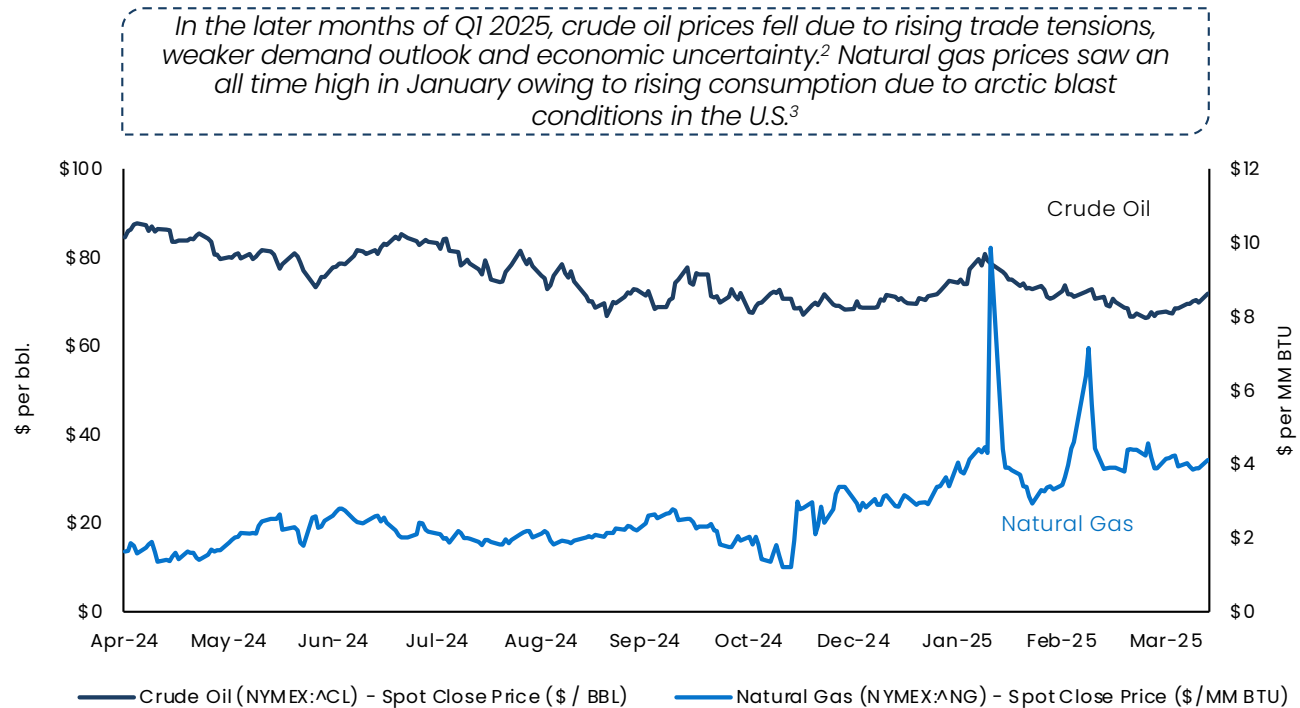
**Your powerful,  
competitive advantage**



<sup>1</sup> Pitchbook <sup>2</sup> FY

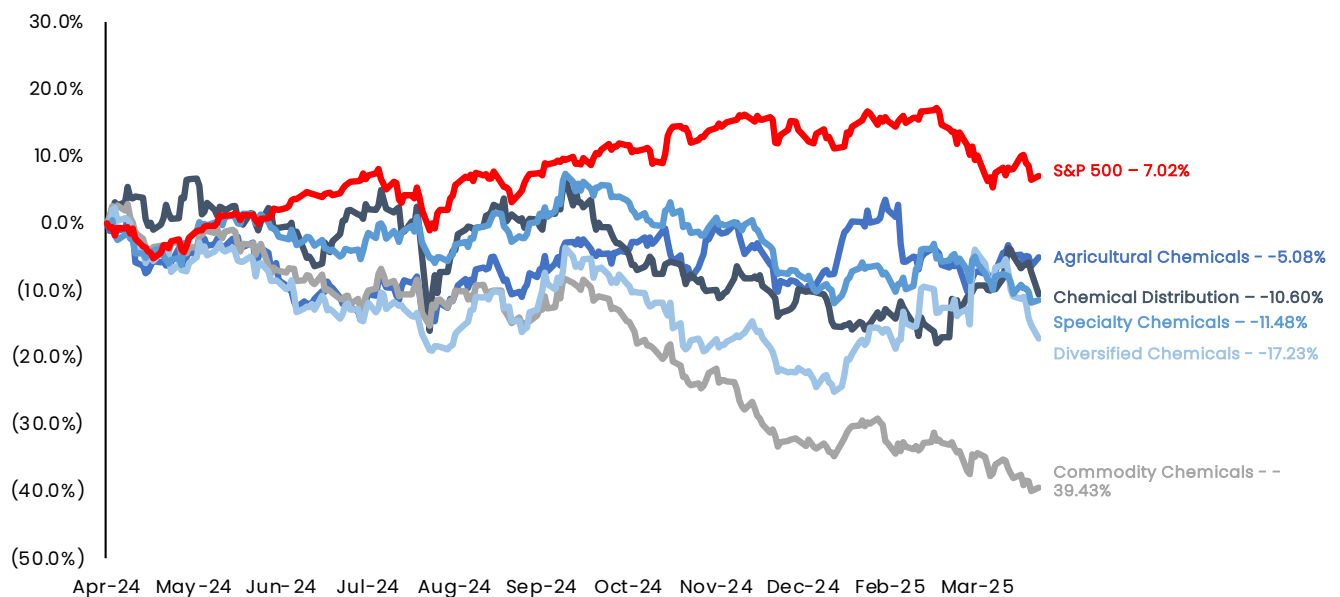
## Oil and Gas Performance LTM prices<sup>1</sup>

Chart 1



## Stock Price Performance LTM Relative Stock Performance<sup>1</sup>

Chart 2

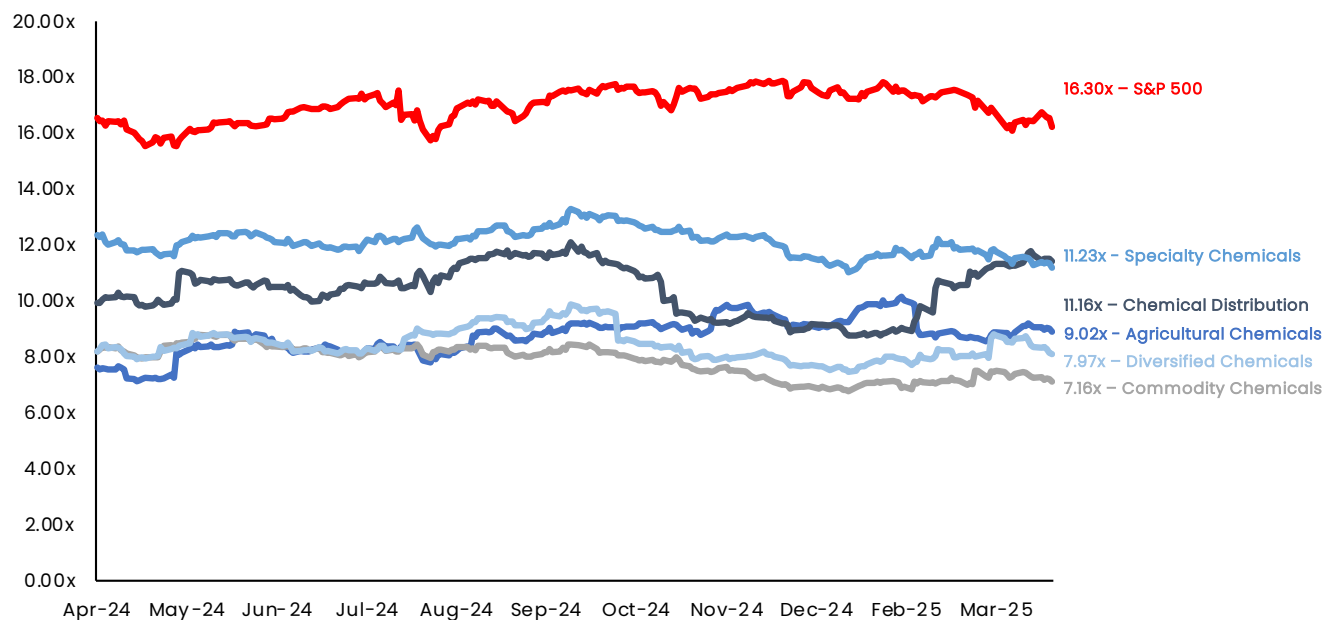


1. S&P Capital IQ Data presented as of 03/31/2025, All charts represent Global Data 2. IEA 3. AGA

# Global Industry Multiples vs S&P 500

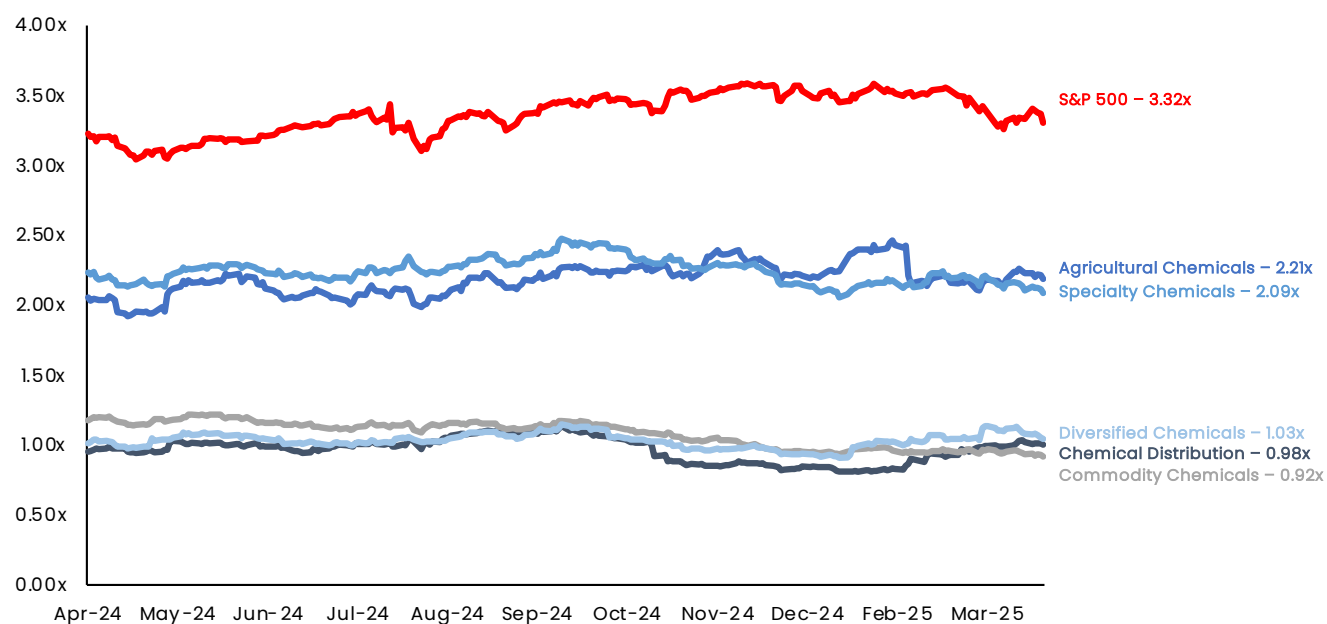
## EV/EBITDA LTM EV/EBITDA Multiples<sup>1</sup>

Chart 3



## EV/Revenue LTM EV/Revenue Multiples<sup>1</sup>

Chart 4



<sup>1</sup> S&P Capital IQ Data presented as of 03/31/2025, All charts represent Global Data



# Selected Public Companies

## Agricultural Chemicals

### Selected Public Companies – Agricultural Chemicals (\$MM)<sup>1</sup>

Company	Market Cap <sup>2</sup>	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
American Vanguard Corporation (NYSE:AVD)	\$127	\$316	\$554	\$20	\$45	0.57x	16.0x	7.0x
CF Industries Holdings, Inc. (NYSE:CF)	13,009	17,248	5,936	2,650	2,248	2.91x	6.5x	7.7x
Corteva, Inc. (NYSE:CTVA)	42,982	43,233	16,908	3,179	3,709	2.56x	13.6x	11.7x
FMC Corporation (NYSE:FMC)	5,270	8,430	4,246	811	900	1.99x	10.4x	9.4x
Sociedad Química y Minera de Chile S.A.	11,348	13,794	4,529	1,395	1,655	3.05x	9.9x	8.3x
The Mosaic Company (NYSE:MOS)	8,561	12,870	11,123	1,758	2,365	1.16x	7.3x	5.4x
Summary Statistics								
Mean	\$13,549	\$15,982	\$7,216	\$1,636	\$1,820	2.04x	10.6x	8.2x
Adj. Mean <sup>3</sup>	9,547	13,086	6,458	1,654	1,792	2.15x	10.3x	8.1x
Median	9,954	13,332	5,232	1,577	1,951	2.27x	10.1x	8.0x

## Chemical Distribution

### Selected Public Companies – Chemical Distribution (\$MM)<sup>1</sup>

Company	Market Cap <sup>2</sup>	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Brenntag SE (XTRA:BNR)	\$9,301	\$12,350	\$16,811	\$1,166	\$1,754	0.73x	10.6x	7.0x
IMCD N.V. (ENXTAM:IMCD)	7,831	9,217	4,895	559	701	1.88x	16.5x	13.2x
ITOCHU Corporation (TSE:8001)	65,391	96,897	92,980	5,678	8,232	1.04x	17.1x	11.8x
Mitsubishi Corporation (TSE:8058)	69,750	103,253	119,611	4,215	9,313	0.86x	24.5x	11.1x
Sumitomo Corporation (TSE:8053)	27,246	52,836	45,578	3,543	4,866	1.16x	14.9x	10.9x
Summary Statistics								
Mean	\$35,904	\$54,911	\$55,975	\$3,032	\$4,973	1.14x	16.7x	10.8x
Adj. Mean <sup>3</sup>	33,979	54,028	51,789	2,975	4,951	1.02x	16.2x	11.2x
Median	27,246	52,836	45,578	3,543	4,866	1.04x	16.5x	11.1x

## Commodity Chemicals

### Selected Public Companies – Commodity Chemicals (\$MM)<sup>1</sup>

Company	Market Cap <sup>2</sup>	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Braskem S.A. (BOVESPA:BRKM5)	\$1,554	\$11,574	\$12,516	\$436	\$1,437	0.92x	26.6x	8.1x
Dow Inc. (NYSE:DOW)	24,645	40,241	42,964	5,071	4,870	0.94x	7.9x	8.3x
LyondellBasell Industries N.V. (NYSE:LYB)	22,771	32,591	40,302	4,129	3,766	0.81x	7.9x	8.7x
Olin Corporation (NYSE:OLN)	2,790	5,797	6,540	874	848	0.89x	6.6x	6.8x
Orbia Advance Corporation (BMV:ORBIA)	1,455	6,568	7,506	1,053	1,203	0.87x	6.2x	5.5x
Westlake Corporation (NYSE:WLK)	12,853	15,853	12,142	1,927	2,161	1.31x	8.2x	7.3x
Summary Statistics								
Mean	\$11,011	\$18,771	\$20,328	\$2,248	\$2,381	0.96x	10.6x	7.4x
Adj. Mean <sup>3</sup>	9,992	16,646	18,117	1,996	2,142	0.91x	7.7x	7.6x
Median	7,821	13,714	12,329	1,490	1,799	0.91x	7.9x	7.7x

## Diversified Chemicals

### Selected Public Companies – Diversified Chemicals (\$MM)<sup>1</sup>

Company	Market Cap <sup>2</sup>	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Arkema S.A. (ENXTPA:AKE)	\$5,768	\$8,768	\$9,881	\$1,404	\$1,775	0.89x	6.2x	4.9x
BASF SE (XTRA:BAS)	44,274	67,616	67,564	6,464	9,222	1.00x	10.5x	7.3x
Eastman Chemical Company (NYSE:EMN)	10,169	14,606	9,382	1,892	1,846	1.56x	7.7x	7.9x
Huntsman Corporation (NYSE:HUN)	2,743	4,844	6,036	363	438	0.80x	13.3x	11.1x
Solvay SA (ENXTBR:SOLB)	3,699	5,480	4,700	850	1,174	1.17x	6.4x	4.7x
The Chemours Company (NYSE:CC)	2,022	5,665	5,782	741	901	0.98x	7.6x	6.3x
Summary Statistics								
Mean	\$11,446	\$17,830	\$17,224	\$1,952	\$2,559	1.07x	8.6x	7.0x
Adj. Mean <sup>3</sup>	5,595	8,630	7,770	1,222	1,424	1.01x	8.1x	6.6x
Median	4,733	7,217	7,709	1,127	1,474	0.99x	7.7x	6.8x

## Specialty Chemicals

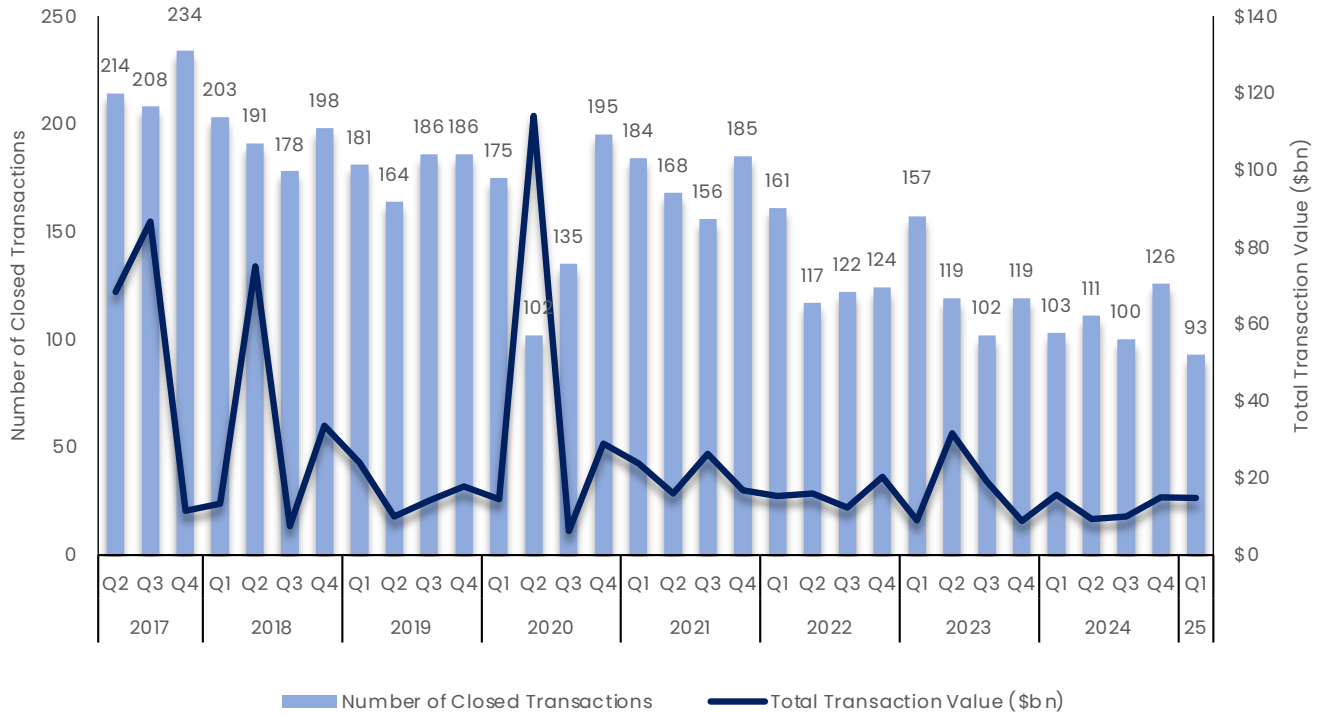
### Selected Public Companies – Specialty Chemicals (\$MM)<sup>1</sup>

Company	Market Cap <sup>2</sup>	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Akzo Nobel N.V. (ENXTAM:AKZA)	\$10,463	\$14,941	\$11,089	\$1,258	\$1,763	1.35x	11.9x	8.5x
Clariant AG (SWX:CLN)	3,537	5,418	4,582	620	871	1.18x	8.7x	6.2x
Croda International Plc (LSE: CRDA)	5,272	5,978	2,038	435	549	2.93x	13.7x	10.9x
DuPont de Nemours, Inc. (NYSE:DD)	31,220	37,390	12,386	3,066	3,346	3.02x	12.2x	11.2x
H.B. Fuller Company (NYSE:FUL)	3,041	5,158	3,547	538	620	1.45x	9.6x	8.3x
RPM International Inc. (NYSE:RPM)	14,873	16,936	7,299	1,075	1,205	2.32x	15.7x	14.1x
Summary Statistics								
Mean	\$11,401	\$14,303	\$6,824	\$1,165	\$1,392	2.04x	12.0x	9.9x
Adj. Mean <sup>3</sup>	8,536	10,818	6,629	873	1,115	2.01x	11.9x	9.7x
Median	7,867	10,459	5,940	848	1,038	1.89x	12.0x	9.7x

1. S&P Capital IQ Data presented as of 03/31/2025, All charts represent Global Data 2 – Market Capitalization as of 03/31/25. 3 – Adj. mean excludes high and low values.

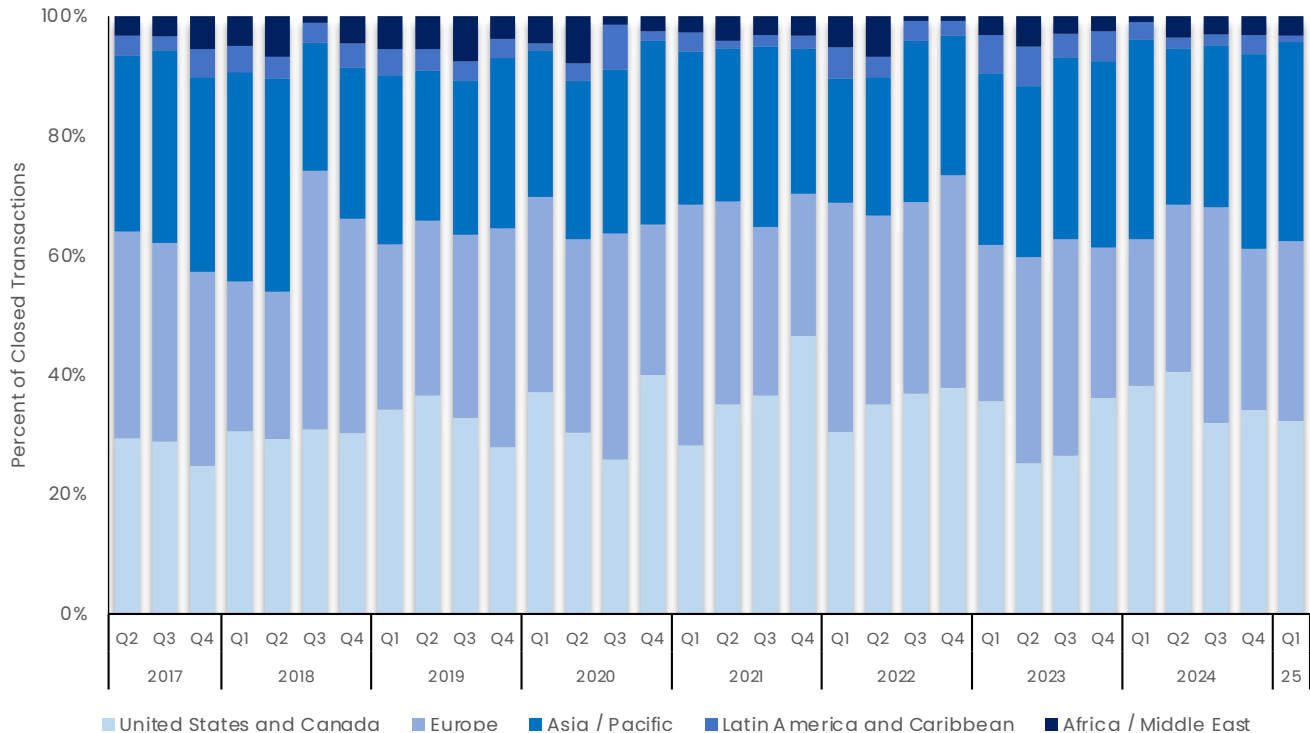
## Disclosed Transaction Volume<sup>1</sup>

Chart 5



## Disclosed Transaction Activity by Geographic Region<sup>1</sup>

Chart 6



1. S&P Capital IQ Data presented as of 03/31/2025, All charts represent Global Data

# Active Industry Buyers

## Strategic Buyers

Most active buyers last 24 months<sup>1</sup>

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.
	Flexible packaging laminating adhesives Business of 	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.
	European Distribution Business 	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's network, fostering seamless integration and future growth opportunities in the region.
	Acquired TotalEnergies' 50% share of 3TC 	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.
	Business of 	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. <b>(Balmoral Advisors represented Aspen Research)</b>

<sup>1</sup> S&P Capital IQ Data presented as of 03/31/2025, All charts represent Global Data



# Active Industry Buyers

## Financial Buyers

Most active buyers last 24 months<sup>1</sup>

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.
	<b>Approved Color LLC</b>	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.
	<b>Engineering business of</b> 	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.
		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.
	<b>Glycolic Acid Business</b> 	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.

<sup>1</sup> S&P Capital IQ Data presented as of 03/31/2025, All charts represent Global Data

# Recent Balmoral Advisors Transactions

## 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.

