

Analysis of 2014 Annual Valuation Multiples of Specialty Chemical and Commodity Chemical Transactions

Enclosed is Scott-Macon's annual update of valuation multiples for specialty chemical and commodity chemical transactions. As shown in the enclosed charts, the median multiple of total enterprise value ("TEV") to latest twelve months EBITDA ("EBITDA multiple") for specialty chemical transactions closed in 2013 was 9.9x compared to 9.5x, 10.4x and 10.7x for specialty chemical transactions which closed in 2013, 2012 and 2011, respectively. The 9.9x EBITDA multiple was close to the median annual multiple for the five year period 2009 – 2013 of 9.5x. The median multiple of TEV to latest twelve months sales ("sales multiple") for specialty chemical transactions which closed in 2014 of 1.4x was close to the sales multiple for specialty chemical transactions which closed in 2013, 2012 and 2011 of 1.4x, 1.3x and 1.3x, respectively, and was close to the median annual sales multiple for the five-year period 2009 – 2013 of 1.3x. The overall takeaway from the analysis is that specialty chemical valuation multiples in 2014 remained close to the record levels of 2011 – 2012.

The median EBITDA and sales multiples for commodity chemical transactions which closed in 2014 were 7.0x and 0.6x, respectively, compared to 6.9x and 0.6x, respectively, for commodity chemical transactions which closed in 2013 and the median EBITDA and sales multiples for the five year period 2009-2013 of 6.6x and 0.7x, respectively.

The median EBITDA multiple in 2014 was 11.0x for specialty chemical transactions closed with TEV's above \$1 billion compared to 9.6x for transactions with TEV's below \$1 billion. The median sales multiple in 2014 was 2.0x for specialty chemical transactions which closed with TEV's above \$1 billion compared to 1.3x for TEV's below \$1 billion.

The total TEV of all specialty chemical transactions which closed in 2014 for which information has been disclosed and for which at least one valuation multiple can be calculated was \$33.1 billion, representing 52 transactions. This compares with the total TEV of specialty chemical transactions of \$23.0 billion representing 45 transactions and \$23.6 billion, representing 34 transactions in all of 2013 and 2012, respectively, and the median annual TEV of specialty chemical transactions for which at least one valuation multiple can be calculated which closed in the ten-year period 2004 – 2013 of \$31.1 billion and the median annual number of closed transactions in the same period of 35. The TEV of all commodity chemical transactions which closed in 2014 for which information has been disclosed and for which at least one valuation multiple can be calculated was \$15.1 billion, representing 27 transactions. Strategic buyers accounted for 76% of the number of specialty chemical transactions and for 67% of the number of commodity chemical transactions closed in 2014.

COMPARISON OF MEDIAN CHEMICAL TRANSACTION MULTIPLES 2012–2014

	Sales			EBITDA		
	2012	2013	2014	2012	2013	2014
Specialty Chemicals						
All Closed Transactions	1.3x	1.4x	1.4x	10.4x	9.5x	9.9x
Over \$1 Billion	2.3x	1.8x	2.0x	11.2x	9.6x	11.0x
Under \$1 Billion	1.1x	1.2x	1.3x	10.0x	9.4x	9.6x
Commodity Chemicals						
All Closed Transactions	0.8x	0.6x	0.6x	8.6x	6.9x	7.0x
Over \$1 Billion	N/A	1.2x	0.9x	N/A	5.9x	6.5x
Under \$1 Billion	0.8x	0.6x	0.6x	8.6x	7.1x	7.0x

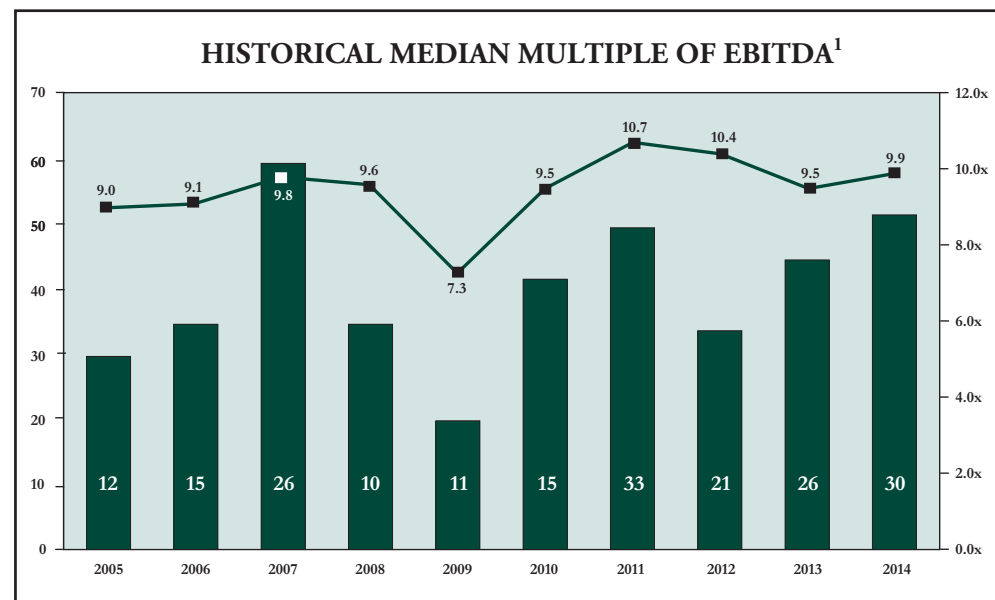
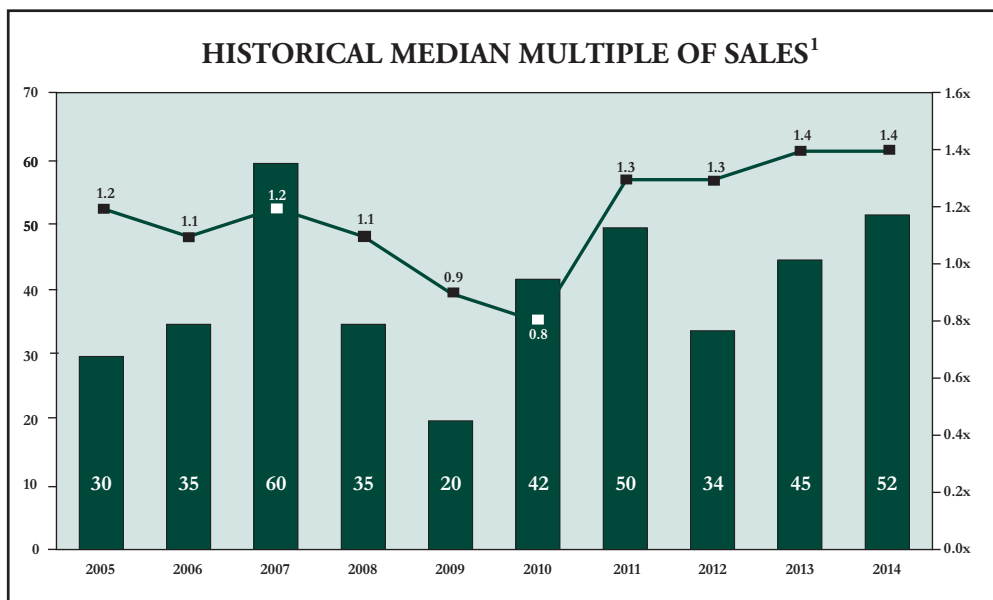
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SPECIALTY CHEMICAL TRANSACTION MULTIPLES 2005–2014



■ Number of Transactions ■ Multiple

¹) Transactions for 2014 and prior years include only those that were closed during the respective year. Whole numbers in the transaction bars refer to the number of datapoints used in the median calculation.

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