

## Analysis of 2012 Valuation Multiples of Specialty Chemical and Commodity Chemical Transactions

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Enclosed is Scott-Macon's annual update of valuation multiples for specialty chemical and commodity chemical transactions. As shown in the enclosed chart, the median multiple of total enterprise value ("TEV") to latest twelve months EBITDA ("EBITDA multiple") for specialty chemical transactions closed in 2012 was 10.4x compared to 10.7x, 9.5x and 7.3x for specialty chemical transactions which closed in 2011, 2010 and 2009, respectively. The 10.4x EBITDA multiple was only slightly less than the peak 10.7x EBITDA multiple of 2011 and was 8% higher than the median annual multiple for the five year period 2007 – 2011 of 9.6x. The median multiple of TEV to latest twelve months sales ("sales multiple") for specialty chemical transactions which closed in 2012 of 1.3x was the same as the sales multiple for specialty chemical transactions which closed in 2011 and was 18% higher than the median annual sales multiple for the five-year period 2007 – 2011 of 1.1x. The median EBITDA and sales multiples for commodity chemical transactions which closed in 2012 were 8.6x and 0.8x, respectively, compared to 6.5x and 1.0x, respectively, for commodity chemical transactions which closed in 2011. The overall takeaway from the analysis is that valuation multiples in 2012 remained close to the record levels of 2011.

The median EBITDA multiple in 2012 was 11.2x for specialty chemical transactions closed with TEV's above \$1 billion compared to 10.0x for transactions with TEV's below \$1 billion. The median sales multiple in 2012 was 2.3x for specialty chemical transactions which closed with TEV's above \$1 billion compared to 1.1x for TEV's below \$1 billion.

The TEV of all specialty chemical transactions which closed in 2012 for which information has been disclosed and for which at least one valuation multiple can be calculated was \$23.6 billion, representing 34 transactions. The 2012 figures compare to \$62.4 billion representing 50 transactions which closed in 2011. Total TEV and number of transactions closed for specialty chemical transactions were records in 2011. 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 2002 – 2011 was \$31.1 billion, and the median annual number of closed transactions in the same period was 34. The TEV of all commodity chemical transactions which closed in 2012 was \$5.2 billion, representing 17 transactions. Strategic buyers accounted for 80% of the number of specialty chemical transactions and for 89% of the number of commodity chemical transactions closed in 2012.

# COMPARISON OF MEDIAN CHEMICAL TRANSACTION MULTIPLES 2010–2012

	Sales			EBITDA		
	2010	2011	2012	2010	2011	2012
<b>Specialty Chemicals</b>						
All Closed Transactions	0.8x	1.3x	1.3x	9.5x	10.7x	10.4x
Over \$1 Billion	1.2x	1.6x	2.3x	10.4x	10.9x	11.2x
Under \$1 Billion	0.8x	1.2x	1.1x	9.3x	10.4x	10.0x
<b>Commodity Chemicals</b>						
All Closed Transactions	0.7x	1.0x	0.8x	6.1x	6.5x	8.6x
Over \$1 Billion	0.8x	1.3x	N/A	11.8x	11.9x	N/A
Under \$1 Billion	0.5x	0.7x	0.8x	5.6x	6.3x	8.6x

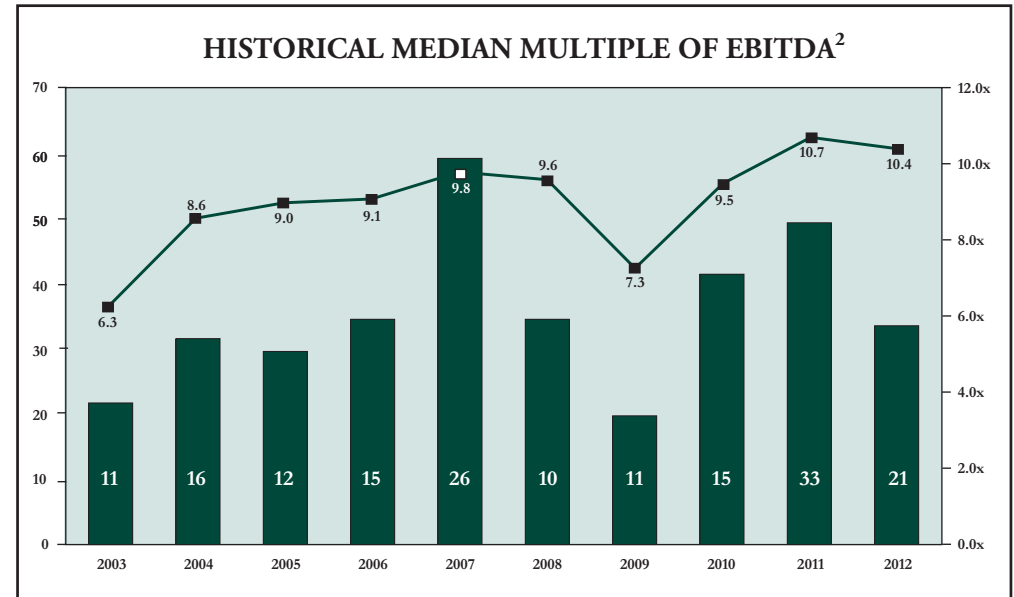
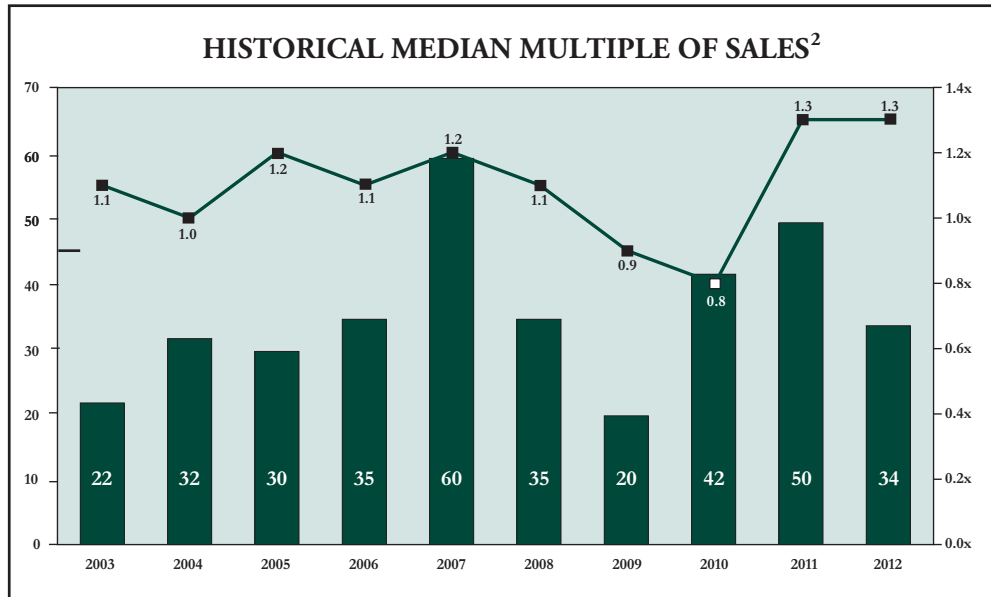
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# SPECIALTY CHEMICAL TRANSACTION MULTIPLES 2003–2012



■ Number of Transactions    —■ Multiple

1) Transactions for 2012 and prior years include only those that were closed during the respective year.  
 2) Whole numbers in the transaction bars refer to the number of datapoints used in the median calculation.

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