

## Analysis of Annual 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 charts, the median multiple of total enterprise value ("TEV") to latest twelve months EBITDA ("EBITDA multiple") for specialty chemical transactions closed in 2020 was 14.3 compared to 10.9, 12.2x and 10.4 for specialty chemical transactions which closed in 2019, 2018 and 2017, respectively. The 14.3x EBITDA multiple was above the multiple of 10.9x for 2019 and above the median for the five year period 2015-2019 of 10.9x. The median multiple of TEV to latest twelve months sales ("sales multiple") for specialty chemical transactions which closed in 2020 of 1.9x was below the multiple of 2.4x for 2019 and the median for the five year period 2015-2019 of 1.8x.

The median EBITDA and sales multiples for commodity chemical transactions which closed in 2020 were 9.3x and 1.0x, respectively, compared to 8.4x and 0.9x, respectively, for commodity chemical transactions which closed in 2019 and the median EBITDA and sales multiples for the five year period 2015-2019 of 8.7x and 1.2x, respectively.

The median EBITDA multiple in 2020 was 16.1x for specialty chemical transactions closed with TEV's above \$1 billion compared to 10.6x for transactions with TEV's below \$1 billion. The median sales multiple in 2020 was 2.0x for specialty chemical transactions closed with TEV's above \$1 billion compared to 1.7x for transactions with TEV's below \$1 billion.

The total TEV of all specialty chemical transactions which closed in 2020 for which information has been disclosed and for which at least one valuation multiple can be calculated was \$59.7 billion, representing 32 transactions. This compares with the total TEV of specialty chemical transactions of \$80.5 billion representing 30 transactions and \$152.6 billion, representing 41 transactions in all of 2019 and 2018, 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 2010 – 2019 of \$43.7 billion and the median annual number of closed transactions in the same period of 43. The TEV of all commodity chemical transactions which closed in 2020 for which information has been disclosed and for which at least one valuation multiple can be calculated was \$143.6 billion, representing 24 transactions. Strategic buyers accounted for 91% of the number of specialty chemical transactions and for 72% of the number of commodity chemical transactions closed in 2020.

# COMPARISON OF MEDIAN CHEMICAL TRANSACTION MULTIPLES 2018–2020

	Sales			EBITDA		
	2018	2019	2020	2018	2019	2020
<b>Specialty Chemicals</b>						
All Closed Transactions	2.3x	2.4x	1.9x	12.2x	10.9x	14.3x
Over \$1 Billion	3.5x	2.4x	2.0x	15.0x	13.6x	16.1x
Under \$1 Billion	1.9x	2.4x	1.7x	9.9x	9.8x	10.6x
<b>Commodity Chemicals</b>						
All Closed Transactions	1.4x	0.9x	1.0x	9.6x	8.4x	9.3x
Over \$1 Billion	3.1x	1.2x	1.4x	9.5x	8.6x	8.1x
Under \$1 Billion	1.2x	0.9x	0.8x	10.5x	8.3x	10.0x

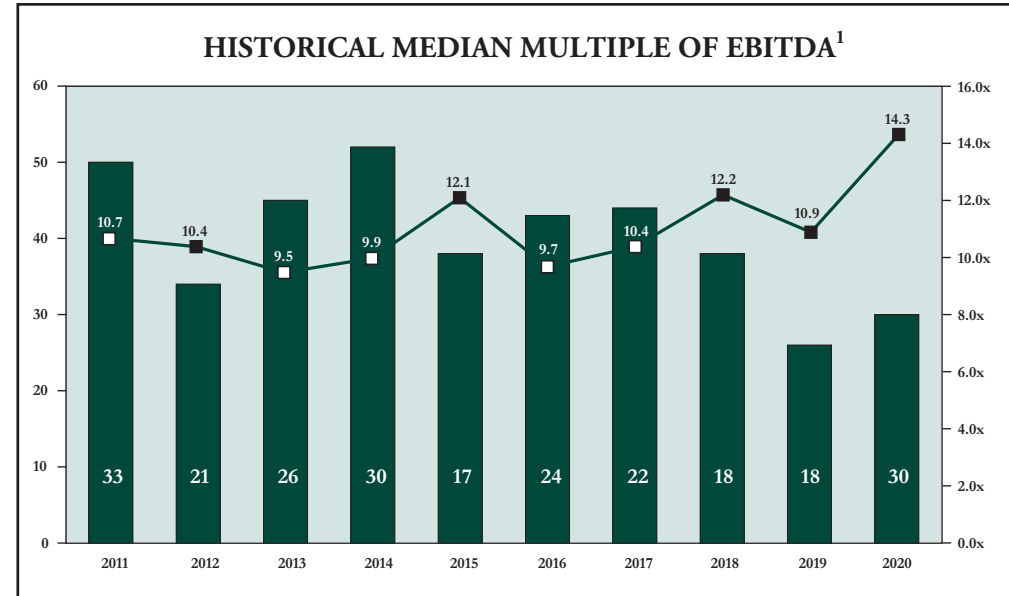
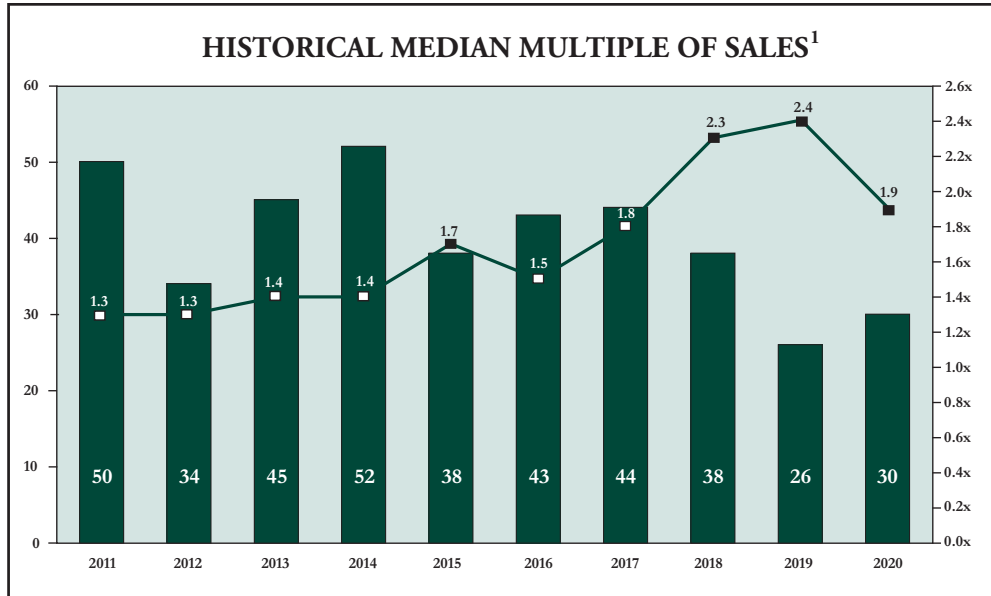
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# SPECIALTY CHEMICAL TRANSACTION MULTIPLES 2011–2020



■ Number of Transactions    —■ Multiple

1) Transactions for 2020 and prior years include only those that were closed during the respective year. Whole numbers in the transaction bars refer to the number of data points used in the median calculation.

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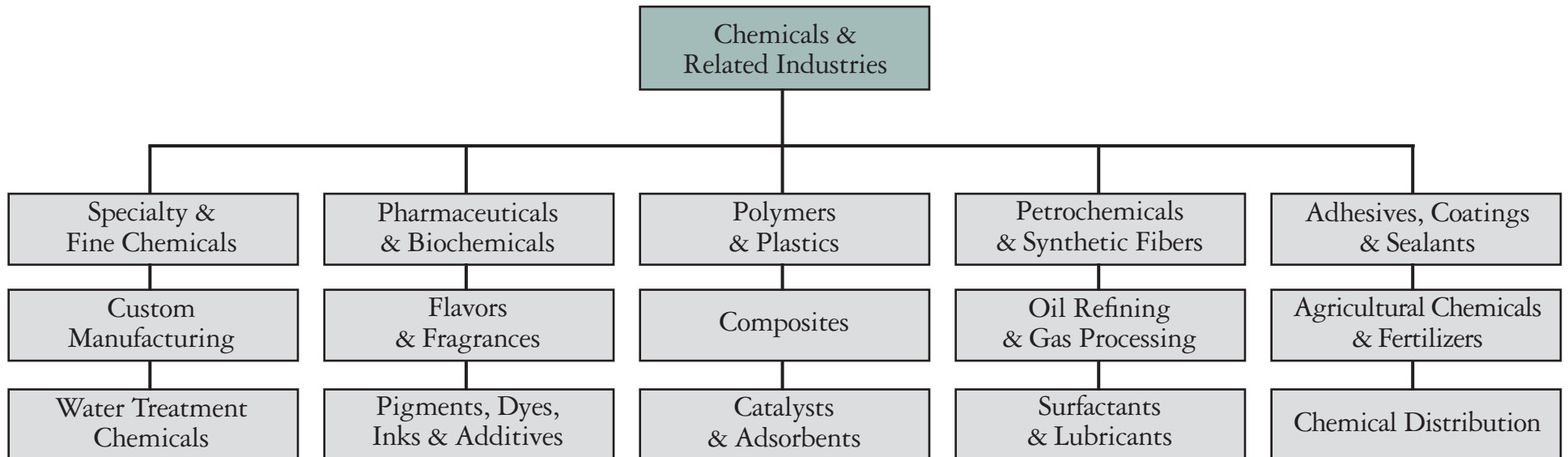
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- Transaction expertise includes:
  - Mergers and acquisitions
  - Strategic advisory and valuations
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