

Analysis of First Seven Months 2021 Valuation Multiples for Specialty Chemical and Commodity Chemical Transactions

Enclosed is Scott-Macon's first seven months 2021 update of valuation multiples for specialty chemical and commodity chemical transactions. As shown in the enclosed chart, the median multiple of transaction value ("TEV") to latest twelve months EBITDA ("EBITDA multiple") for specialty chemical transactions which closed in the first seven months of 2021 was 15.0x compared to 10.6x in the first half of 2020 and 14.3x and 10.9x for specialty chemical transactions which closed in all of 2020 and 2019, respectively, and compares to the median EBITDA multiple for all closed transactions in the ten year period 2011 – 2020 of 10.6x. The median multiple of TEV to latest twelve months sales ("sales multiple") for specialty chemical transactions which closed in the first seven months of 2021 was 2.5x compared to 1.5x in the first half of 2020 and 1.9x and 2.4x in all of 2020 and 2019, respectively, and the median multiple of all closed transactions of 1.6x for the past decade. The median EBITDA and sales multiples for commodity chemical transactions which closed in the first seven months of 2021 were 9.8x and 1.4x, respectively, compared to 9.3x and 1.0x, respectively, for commodity chemical transactions which closed in all of 2020.

The median EBITDA multiple in the first seven months of 2021 was 17.3x for specialty chemical transactions closed with TEV's above \$1 billion compared to 14.1x for transactions with TEV's below \$1 billion. The median sales multiple in the first seven months of 2021 was 3.8x for specialty chemical transactions closed with TEV's above \$1 billion compared to 2.2x for transactions with TEV's below \$1 billion.

The total TEV of all specialty chemical transactions which closed in the first seven months of 2021 for which information has been disclosed and for which at least one valuation multiple can be calculated was \$5.2 billion, representing 8 transactions. This compares with the total TEV of specialty chemical transactions of \$19.9 billion representing 16 transactions which closed in the first half of 2020 and the total TEV of specialty chemical transactions of \$59.6 billion representing 32 transactions and \$80.5 billion representing 30 transactions which closed in all of 2020 and 2019, respectively. 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 2011 – 2020 was \$44.5 billion and the median annual number of transactions which closed in the same period was 43. The total TEV of all commodity chemical transactions which closed in the first seven months of 2021 for which information has been disclosed and for which at least one valuation multiple can be calculated was \$9.8 billion representing 8 transactions. Strategic buyers accounted for 100% of the number of specialty chemical transactions closed and for 87.5% of the number of commodity chemical transactions closed in the first seven months of 2021.

COMPARISON OF MEDIAN CHEMICAL TRANSACTION MULTIPLES 2019–FIRST SEVEN MONTHS 2021

	Sales			EBITDA		
	2019	2020	First Seven Months 2021	2019	2020	First Seven Months 2021
Specialty Chemicals						
All Closed Transactions	2.4x	1.9x	2.5x	10.9x	14.3x	15.0x
Over \$1 Billion	2.4x	2.0x	3.8x	13.6x	16.1x	17.3x
Under \$1 Billion	2.4x	1.7x	2.2x	9.8x	10.6x	14.1x
Commodity Chemicals						
All Closed Transactions	0.9x	1.0x	1.4x	8.4x	9.3x	9.8x
Over \$1 Billion	1.2x	1.4x	1.5x	8.6x	8.1x	9.8x
Under \$1 Billion	0.9x	0.8x	0.6x	8.3x	10.0x	N/A

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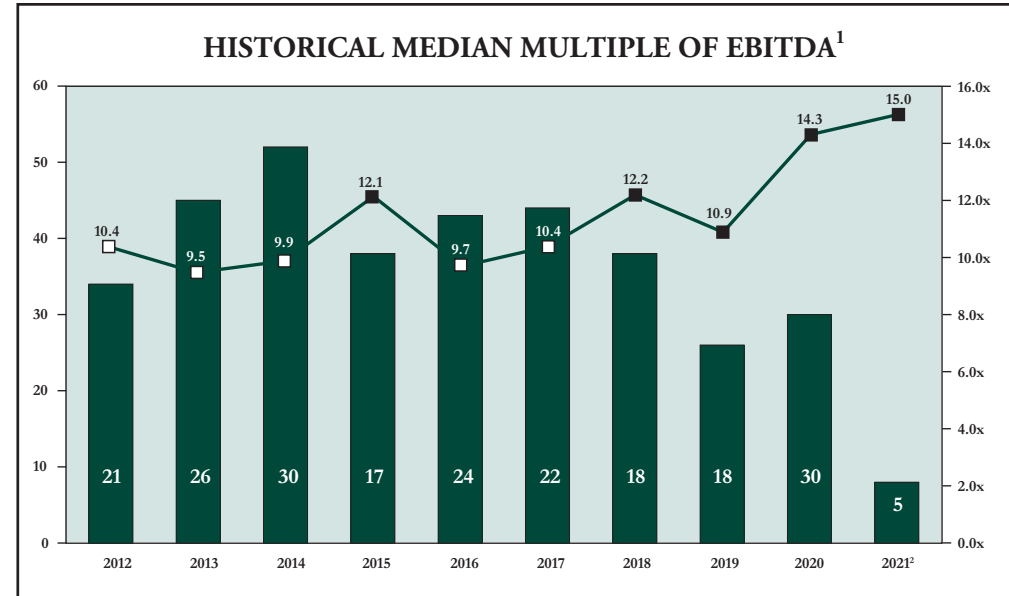
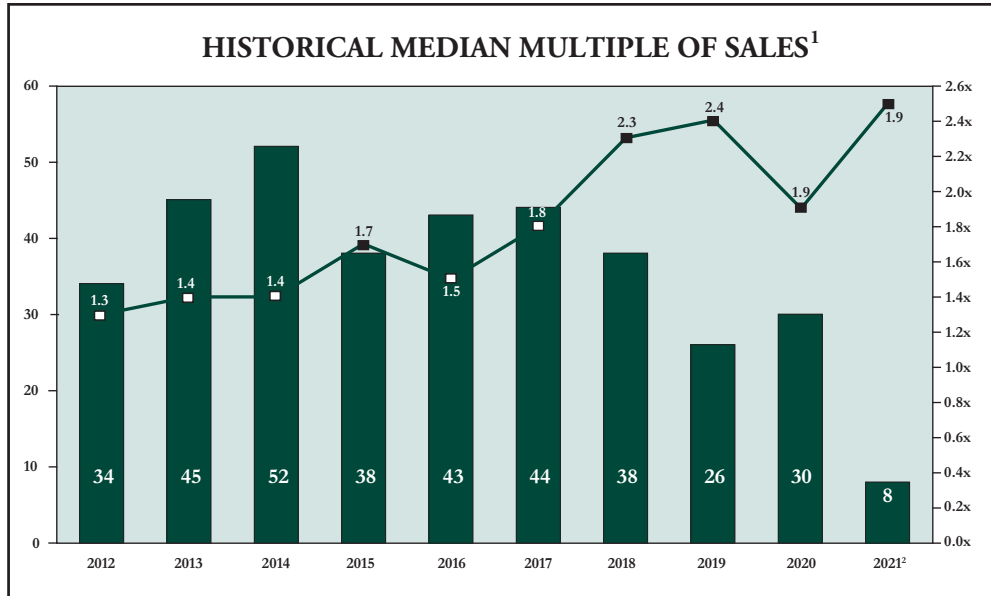
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SPECIALTY CHEMICAL TRANSACTION MULTIPLES

2012–FIRST SEVEN MONTHS 2021

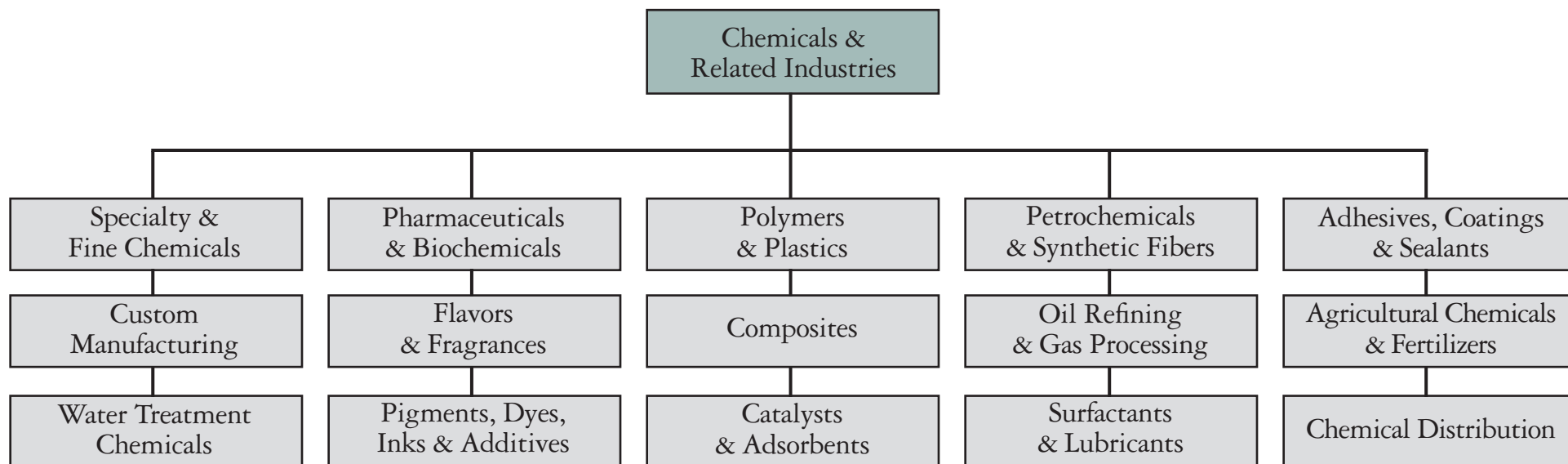


Number of Transactions
 Multiple

1) Transactions for the first seven months of 2021 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.
 2) Represents the first seven months of 2021

CHEMICALS AND RELATED INDUSTRIES GROUP

- Led by Allan Benton, a specialist in chemical industry investment banking for more than 35 years
- Has led transactions and execution across a number of chemical, material and related industries
- Transaction expertise includes:
 - Mergers and acquisitions
 - Strategic advisory and valuations
 - Private equity and debt placements
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