

Q3
2025

CHEMICALS & MATERIALS

Quarterly Review



Market Intelligence

The third quarter of 2025 included continued macroeconomic uncertainty, driven by fluctuating U.S. tariff pronouncements and legal challenges to the authority of the current administration to issue them. It is difficult to examine U.S. macroeconomic indicators due to the extended U.S. government shutdown that began on October 1, impacting the release of the Q3 figures. Still, the country saw the first rate cut of 2025 in September, followed by an additional cut in October that should provide modest tailwinds to the chemicals industry by stimulating key end markets such as construction, automotive and durable goods, where demand has been constrained by high financing costs. However, the impact will be lagged and gradual, as excess inventories and muted industrial activity temper the near-term recovery in chemical volumes. More pertinent to the domestic chemicals and materials market, the U.S. Department of Energy canceled ~\$7.6 billion in clean energy project awards for 223 projects, which will have a rippling effect on the sector if not reversed in the near-term.

The U.S. is traditionally a net exporter of chemicals, though July 2025 figures saw a negative trade balance of ~\$5.1 billion, which is a direct reflection of the geopolitical and trade tensions (e.g., U.S. tariff policy). The Environmental Protection Agency continues to undo past regulations in an attempt to cut costs, with the Endangerment Finding (which required the EPA to regulate GHG emissions) now in the process of being rescinded. In the domestic chemical sector, major plastic resins reached 8.9 billion pounds in August, though disappointingly, year-to-date production remains effectively flat compared to 2024. U.S. epoxy resin prices rose after losing their tariff exemption in September, with major producers such as Westlake being forced to increase prices from ~\$0.10 to ~\$0.25 per pound to be competitive.

The global chemical sector saw noteworthy headlines throughout Q3, including:

- The expiration of European PVOH⁽¹⁾ antidumping duties on China. Originally triggered in 2020 following a complaint by Kuraray, this development could lead to an even tighter competitive environment
- The European Council formally postponed classification, labeling and packaging (CLP) requirements until January 2028. The delay will provide chemical companies with more time to navigate this requirement
- Brazil approved additional duties of \$199 per ton for U.S. polyethylene, which is a hefty duty at current prices
- The Global Impact Coalition, which includes BASF, Clariant, Covestro, LyondellBasell and Suez among others, launched the waste-to-chemicals project, which is focused on direct conversion technologies. There continues to be long-term hope despite the mixed results of recent recycling related activities
- China's anti-involution campaign is estimated to phase out potentially 100 million metric tons per year of refining capacity as steps continue to be taken to re-balance capacity, even within China

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Momentum Returning in Coatings

By James Dailey, Head of North American Chemicals

The coatings sector is seeing a resurgence in activity in 2025 as the aftereffects of an uptick in inflation and broader demand drivers continue to return to form. This ~\$185 billion global industry is diversified across major end markets. Coatings frequently play a critical role of the value they bring to the overall cost of an end application or product, making this a high-margin segment. As upstream coating inputs have continued to become more commoditized and faced headwinds from new Asia-based supply (e.g., titanium dioxide, iron oxide, epoxy resin, alkyd resin, unsaturated polyurethane), coatings players have been able to further bolster margins and underline the level of differentiation. While Nippon Paint's acquisition of AOC raises questions about upstream opportunities, challenges over the last 5 years across many of the non-China based companies at the next step upstream would suggest a more cautionary approach.

At a basic level, coatings operate by applying a formulation comprised of a binder, a pigment and a solvent or water to a substrate. This is then followed by a curing process, which helps bring the coating to its final state. Curing can take the form of evaporation curing (commonly air drying), chemical curing (commonly oxidation or applied heating) or energy activated curing (commonly UV or electron beam [EB]). There are cost and benefit trade-offs across curing methods, though there is a growing focus in certain applications towards UV or EB curing, which can meaningfully accelerate the curing time and obviate the need for solvents. For these curing processes, photo initiators help initiate the reaction for the curing process. IGM Resins is a good example of a photo initiator provider, and adjusting to Chinese competition in this area has proven to be a headwind. We would be remiss to not also mention the growing use of two-stage curing systems, or dual-cure systems, which can provide time and performance advantages.

Primary coating technologies include solvent-borne, water-borne and powder coatings. At a high level, solvent-borne and water-borne coatings use a liquid carrier to disperse pigments and binders. Powder coatings provide for a solvent-free composition and are commonly applied via electrostatic deposition, which uses dry powder and an electric charge to create the coating. There is a particular advantage of powder coatings for material usage and durability (in addition to their solvent-free nature). Within coatings, performance and durability are of high importance, and in certain applications, this continues to provide solvent-borne coatings with a performance and / or cost advantage, though water-borne and powder coating solutions are recognized for being generally more environmentally friendly. Importantly, powder coatings can also have no VOCs⁽¹⁾ during applications, as tighter restrictions necessitate a re-look at certain coatings.

LINCOLN INTERNATIONAL STATEMENT

The clear set of major strategic players with a deep tail of smaller, more fragmented players makes the coatings market an attractive one for further roll-up opportunities. Given the densification at the top, there has been more of a focus across certain majors to clear certain size or technology hurdles that do not provide the same level of competitive threat for companies conducting the roll-up as we see in certain other chemical sectors. By staying focused on a specific end market or application, there is an opportunity to generate significant value for shareholders with this strategic set. There is also continuing improvement in terms of performance from the water-borne and powder coating technology sets that provide a right to win as performance parity against more legacy technologies is reached. This will continue to drive a shift in the industry that adept players will be able to benefit from. As several middle market coatings transactions reach fruition this year, we expect an even further uptick in activity in 2026.

Momentum Returning in Coatings, cont.

Primary market categories at the highest level include architectural and industrial, though it is generally beneficial to take a more nuanced approach. For architectural, this starts with differentiating between residential and non-residential and then sub-applications for each within both interior and exterior applications. Understanding the replacement cycles on the repair and remodel side and the level of correlation for new construction is important here. For industrial, subcategories include aerospace, automotive original equipment manufacturing (OEM), automotive refinish, electronics, industrial, marine and packaging among other areas. There are nuances across industrial wood and coil that should be kept in mind as well as meaningful categories. Specific market themes around build rates and unit shipments across separate end-market themes can be important diligence areas, particularly on the industrial side.

As sizable as the coatings market is, there is still a long tail of players who look to specialize in specific markets or applications who have a right to win. The top 10 players have approximately 46% of the market and include Sherwin Williams, PPG, Nippon Paint, RPM, Axalta, BASF, Asian Paints, Kansai Paint and Masco. Other sizable players in the industry include Altana, specifically within the Actega division; Hempel, with a renewed approach in partnership with CVC; Henkel, particularly after the acquisition of Seal For Life; and JSW Paints, the soon-to-be-new owner of AkzoNobel's India division. There is also a longer list of reasonably sized players and up-and-coming middle market and lower mid-market players as the industry looks toward further consolidation in the decade ahead.

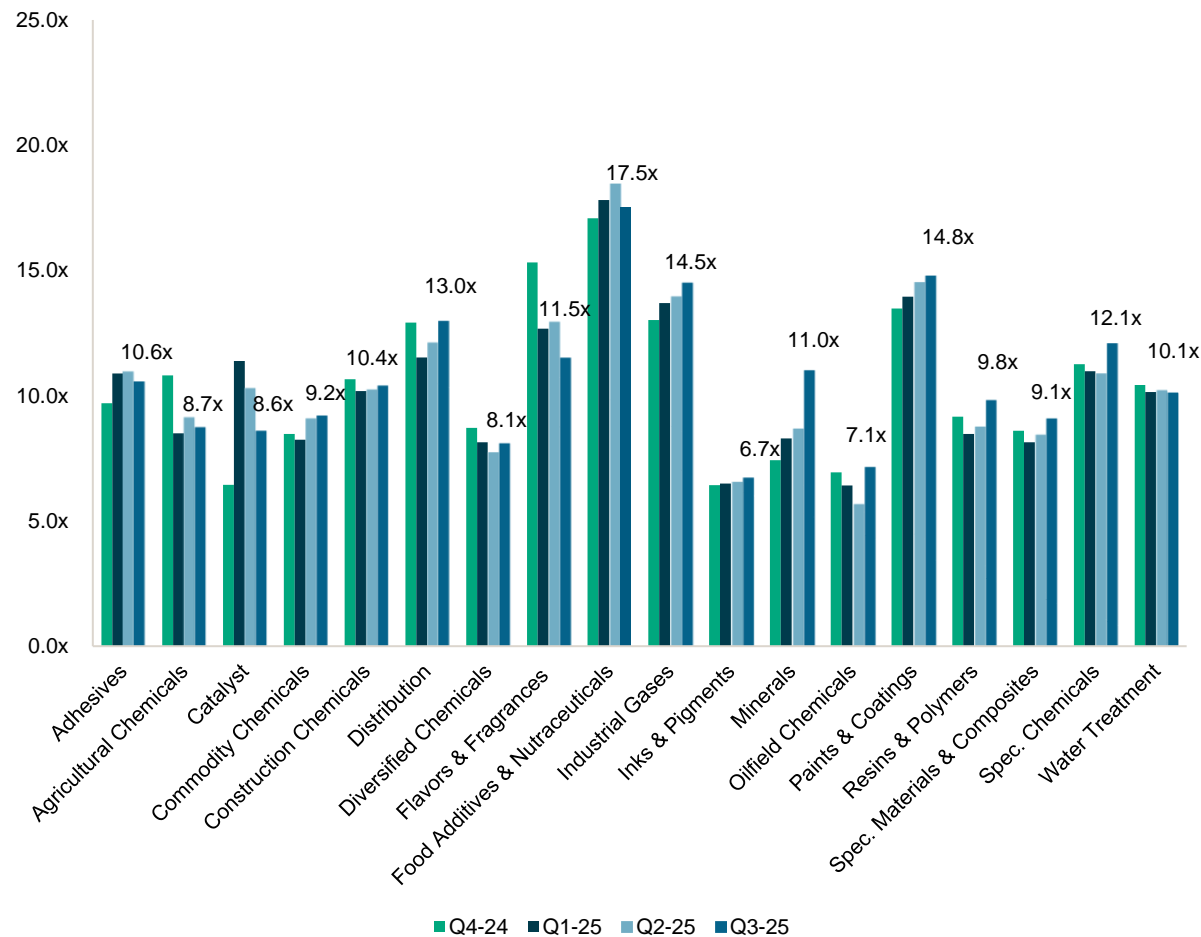
Specific megatrends in the coatings space include sustainability, electrification and digital. Coatings play a key role in terms of more efficient and restrictive regulations across end-products and applications. They also play an important role in mobility for optimizing EV performance. On the mobility side, the coating requirements for EV battery packs and additional electrification components is expected to potentially double the coating opportunity set in the mobility space. The shift from plastic to metal beverage packaging is another area supporting sustainability where coatings play a key role. The coatings market will continue to increase share and addressable market to support these broader megatrends.

LEADING COATINGS PLAYERS

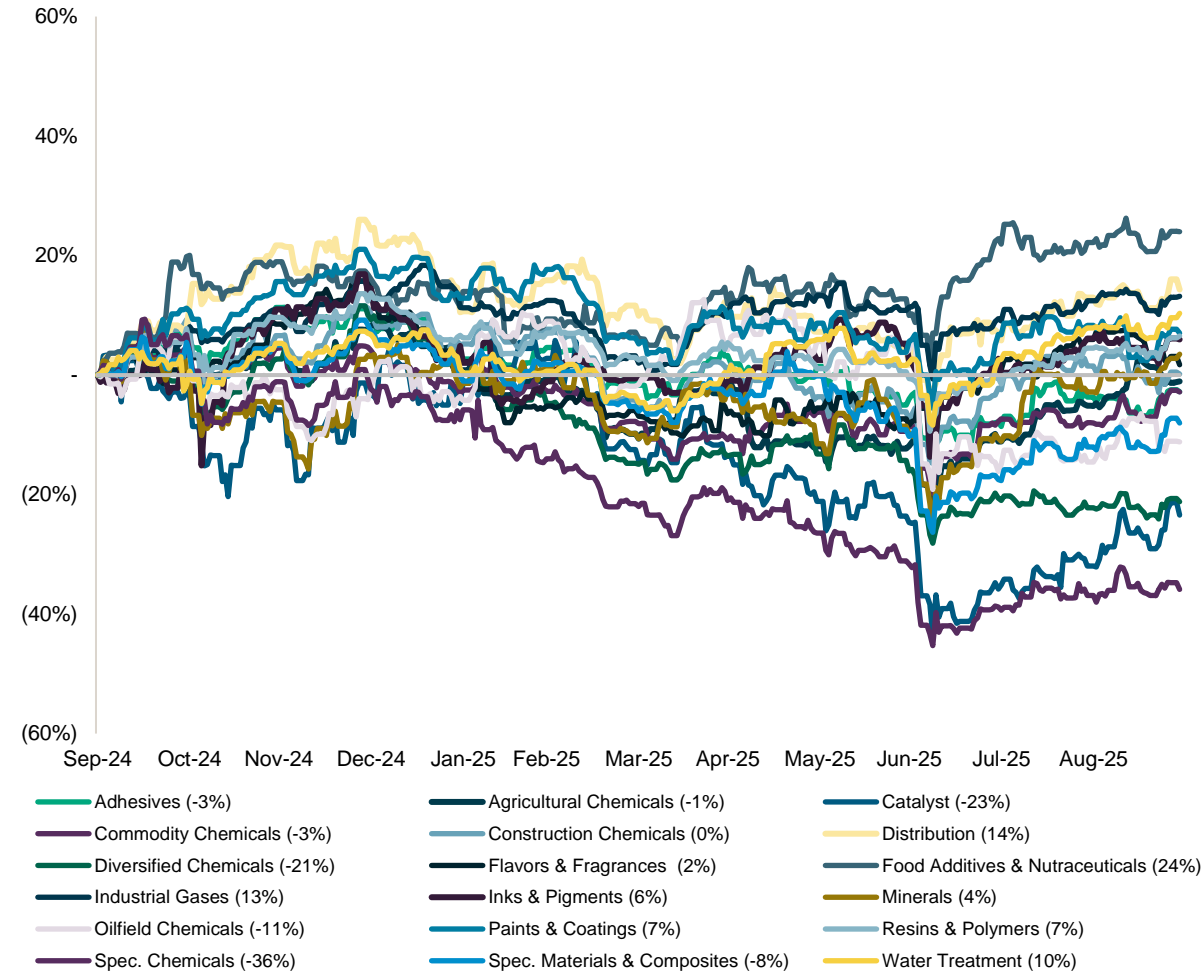


Chemicals & Materials Market Update

EV / LTM EBITDA⁽¹⁾



ONE-YEAR STOCK PERFORMANCE BY CHEMICALS SUB-SECTOR⁽²⁾



(1) The above multiples are based on the mean for the past four quarters for each corresponding sub-sector
(2) Calculated based on an average of publicly traded companies in the sector

Public Company Valuation Statistics as of 09/30/25

Sector	Number of Companies	Quarterly Stock Performance	% of 52 Week High	EV / LTM		P / E Multiple	Net Debt / LTM EBITDA	Q3 2025 LTM Growth		Q3 2025 LTM Margin	
				Revenue	EBITDA			Revenue	EBITDA	Gross	EBITDA
Adhesives	4	(1.0%)	79.6%	2.10x	10.6x	20.6x	1.9x	2.5%	4.7%	37.7%	18.0%
Agricultural Chemicals	14	(6.1%)	74.2%	1.50x	8.7x	19.7x	2.7x	3.4%	16.9%	19.6%	14.8%
Catalyst	3	21.3%	88.6%	1.16x	8.6x	18.9x	2.3x	(0.7%)	4.3%	7.9%	7.9%
Commodity Chemicals	17	13.4%	72.5%	1.23x	9.2x	15.9x	2.9x	4.2%	17.2%	19.3%	13.3%
Construction Chemicals	12	3.6%	80.1%	2.16x	10.4x	18.9x	2.1x	3.9%	7.0%	33.4%	18.5%
Distribution	5	1.0%	76.2%	1.64x	13.0x	16.3x	3.1x	4.4%	3.3%	22.5%	10.0%
Diversified Chemicals	16	(1.6%)	70.8%	1.10x	8.1x	18.8x	3.4x	2.7%	14.5%	23.0%	12.2%
Flavors & Fragrances	10	(6.8%)	69.7%	2.05x	11.5x	20.7x	1.4x	4.6%	7.1%	35.9%	15.8%
Food Additives & Nutraceuticals	3	(0.7%)	85.8%	4.05x	17.5x	18.8x	3.0x	5.7%	6.8%	42.4%	21.0%
Industrial Gases	6	3.2%	88.7%	4.28x	14.5x	25.8x	2.6x	7.9%	12.5%	39.4%	26.0%
Inks & Pigments	5	10.9%	90.3%	0.71x	6.7x	14.3x	0.3x	2.5%	16.1%	21.1%	10.3%
Minerals	9	23.4%	83.4%	3.21x	11.0x	20.5x	5.7x	11.3%	24.6%	18.2%	17.3%
Oilfield Chemicals	4	34.6%	89.3%	1.54x	7.1x	11.4x	1.2x	3.3%	6.3%	24.0%	16.9%
Paints & Coatings	8	2.7%	82.8%	2.55x	14.8x	19.9x	2.2x	4.5%	7.1%	39.0%	15.2%
Resins & Polymers	9	0.7%	75.7%	1.01x	9.8x	18.9x	6.4x	4.1%	19.5%	14.0%	8.6%
Spec. Materials & Composites	9	(4.4%)	72.5%	1.32x	9.1x	20.4x	2.5x	3.3%	10.2%	22.4%	12.8%
Spec. Chemicals	10	3.0%	69.1%	2.02x	12.1x	25.7x	2.4x	6.3%	13.3%	31.1%	16.4%
Water Treatment	4	(4.8%)	86.0%	2.25x	10.1x	23.9x	1.7x	5.1%	5.6%	29.2%	19.9%
Mean		3.9%	77.1%	1.87x	10.2x	19.3x	2.9x	4.5%	12.6%	25.8%	14.8%

Select Q3 2025 M&A Transactions

USD in Millions

Closing Date / Status	Target	Acquiring Company	Target Location	Acquirer Location	Enterprise Value	EV / LTM		EBITDA Margin
						Revenue	EBITDA	
Announced	DMH	Freudenberg	Austria	Germany	-	-	-	-
Announced	Hinomaru	Nishi-Nippon Railroad	Japan	Japan	-	-	-	-
Announced	Trealt	Natara	UK	UK	\$208	1.06x	7.5x	14.2%
Announced	Advanced Materials & Catalysts Business of Ecovyst	Technip Energies	U.S.	France	556	2.49x	9.8x	25.6%
Announced	PROFERTIL	Adecoagro	Argentina	Luxembourg	1,200	-	-	-
Announced	Homecare and Cleaning Product Businesses of WD-40 Company	Supreme Imports	UK	UK	7	-	-	-
Announced	Ingevity	Mainstream Pine	U.S.	U.S.	129	-	-	-
Announced	Vital Energy	Crescent Energy	U.S.	U.S.	3,123	-	-	-
Announced	Synthesia Nitrocellulose	Colt CZ	Czech Republic	Czech Republic	1,053	-	-	-
Announced	Global Compounding Solutions Businesses of the ACI	Westlake	Portugal	U.S.	-	-	-	-
Announced	IFF's Thomson, Illinois Production Facility	Jungbunzlauer	U.S.	Switzerland	-	-	-	-
Announced	Tillmanns	IMCD	Italy	Netherlands	-	-	-	-
Announced	Aramids Business of DuPont de Nemours	Arclin	U.S.	U.S.	1,825	1.40x	-	-
Announced	Global Cellulose Fibers Business of International Paper Company	American Industrial Partners	U.S.	U.S.	1,500	0.54x	-	-
Announced	Allinova	Siegwerk	Netherlands	Germany	-	-	-	-
Announced	Electronics Business of Ovivo	Ecolab	Canada	U.S.	1,800	3.6x	-	-
Announced	Vencorex Sites in Thailand and the U.S.	Covestro	U.S.	Germany	-	-	-	-
Announced	Polytec	Chemtrade Water	U.S.	U.S.	150	-	6.5x	-
Announced	DIG Airgas	L'Air Liquide	South Korea	France	-	-	-	-
Announced	Aesthetics Business of LG Chem	VIG Partners	South Korea	South Korea	144	2.00x	8.0x	25.0%

Source: Capital IQ, Mergermarket, Pitchbook and company data

Note: Proprietary valuation information is not reflected in individual transaction details, but may be included in the calculation of Mean, Adjusted Mean and Median results

Select Q3 2025 M&A Transactions (cont'd)

USD in Millions

Closing Date / Status	Target	Acquiring Company	Target Location	Acquirer Location	Enterprise Value	EV / LTM		EBITDA Margin
						Revenue	EBITDA	
Announced	Claremont Ingredients	Nactarome Group	UK	Italy	137	7.36x	14.7x	50.0%
Announced	FlavorSum	Warburg Pincus	U.S.	U.S.	-	-	-	-
Announced	J-Film	Marunouchi Capital	Japan	Japan	-	-	-	-
Announced	Solae	Bunge	U.S.	U.S.	110	0.46x	-	-
Announced	Mexico Carbon Manufacturing	Cabot	Mexico	U.S.	70	-	-	-
Announced	Polycarbonate Business of AGC	Sumitomo Bakelite	Japan	Japan	-	-	-	-
Announced	Apollo Scientific	Shanghai Titan Scientific	UK	China	8	0.61x	-	-
Announced	Ikeda Sangyo	Astena	Japan	Japan	-	-	-	-
Announced	Guangxi Changke	Ningbo Changhong Polymer	China	China	-	-	-	-
Announced	Apus Química	IMCD	Netherlands	Netherlands	-	-	-	-
Oct-25	O2 Partners	Coats	U.S.	U.S.	770	2.98x	10.0x	29.8%
Oct-25	Water Engineering	Kemira	U.S.	Finland	150	-	-	-
Oct-25	Adhesives Business of Meridian Adhesives	Avery Dennison	U.S.	U.S.	390	-	-	-
Oct-25	Calca Solutions	NewMarket	U.S.	U.S.	-	-	-	-
Sep-25	Bridgestone Carbon Black (Thailand)	Tokai Carbon	Thailand	Japan	63	0.87x	-	-
Sep-25	Aqua do Brasil	Sustainable Agro	Brazil	Spain	-	-	-	-
Sep-25	Ocean State Oil	RelaDyne	U.S.	U.S.	-	-	-	-
Sep-25	Deerpoint Group	Edgewater Capital Partners	U.S.	U.S.	-	-	-	-
Sep-25	Colonial Mills	RR International	U.S.	U.S.	-	-	-	-
Sep-25	Current Chemicals	Momentum Global Ventures	U.S.	Netherlands	-	-	-	-

Select Q3 2025 M&A Transactions (cont'd)

USD in Millions

Closing Date / Status	Target	Acquiring Company	Target Location	Acquirer Location	Enterprise Value	EV / LTM		EBITDA Margin
						Revenue	EBITDA	
Sep-25	CJ Youtell Biotech	Kemin Industries	South Korea	U.S.	-	-	-	-
Sep-25	Eco Material	CRH	U.S.	Ireland	2,100	-	-	-
Sep-25	Alucom	VTA	Germany	Austria	-	-	-	-
Sep-25	Promolding	Hannover Finanz	Netherlands	Germany	-	-	-	-
Sep-25	Direct Lithium Extraction Business of Koch Technology Solutions	Aquatech	UK	U.S.	-	-	-	-
Sep-25	Austrian Composite Materials Plant of Hexcel	Manfred Bankhammer and Paul Leitner	Austria	Austria	-	-	-	-
Sep-25	Burke Industries	Polycorp	U.S.	Canada	-	-	-	-
Sep-25	Carolina Precision Fibers	Installed Building Products	U.S.	U.S.	-	-	-	-
Sep-25	Distona	Azelis	Switzerland	Belgium	-	-	-	-
Sep-25	Cieffe Derma	Omega Pharma	Italy	Italy	-	-	-	-
Sep-25	Assets of Highland Industries	Milliken	U.S.	U.S.	-	-	-	-
Sep-25	Enterprise Specialty Products	Hydrite Chemical	U.S.	U.S.	-	-	-	-
Sep-25	Wideband Labs	Springs Window Fashions	U.S.	U.S.	-	-	-	-
Sep-25	Solo Laboratories	Bradford Soap	U.S.	U.S.	-	-	-	-
Sep-25	Blue Pacific Flavors	Capol	U.S.	Germany	-	-	-	-
Aug-25	Aston Chemicals	DKSH	UK	Switzerland	-	-	-	-
Aug-25	Xinjiang Juxinneng Gas	Changzheng Engineering	China	China	39	-	-	-
Aug-25	Piedmont Lithium	Elevra Lithium	U.S.	Australia	216	4.61x	-	-
Aug-25	Schirm	Liberation Chem-Toll	U.S.	U.S.	60	-	-	-
Aug-25	Ingredients Plus Subsidiaries in Malaysia	Safic-Alcan	Malaysia	France	-	-	-	-

Select Q3 2025 M&A Transactions (cont'd)

USD in Millions

Closing Date / Status	Target	Acquiring Company	Target Location	Acquirer Location	Enterprise Value	EV / LTM		EBITDA Margin
						Revenue	EBITDA	
Aug-25	Rangen	Balmoral Funds	U.S.	U.S.	-	-	-	-
Aug-25	Decon Water	Rochester Midland	U.S.	U.S.	-	-	-	-
Aug-25	Eagle Rock Concrete	Silvi Materials	U.S.	U.S.	-	-	-	-
Aug-25	Microcare	Blue Sea Capital	U.S.	U.S.	-	-	-	-
Aug-25	Lindau Chemicals	South Coast Terminals	U.S.	U.S.	-	-	-	-
Jul-25	NSL Aerospace	Bron Tapes	U.S.	U.S.	-	-	-	-
Jul-25	Glyptal	NCP Coatings	U.S.	U.S.	-	-	-	-
Jul-25	Argos Surface	EMK Capital	Italy	UK	-	-	-	-
Jul-25	Susonity	GNMI	France	China	722	1.64x	-	-
Jul-25	Interstar Materials/Isoltech/Soquimic	Saint-Gobain	U.S.	France	-	-	-	-
Jul-25	Nutrien	Grupo Equilibrio	Brazil	Brazil	-	-	-	-
Jul-25	Tec-AI	NovaTaste	Italy	Austria	-	-	-	-
Jul-25	Chameleon Industries	Veolia	U.S.	France	-	-	-	-
Jul-25	Sestec	Bakelite Synthetics	Poland	U.S.	-	-	-	-
Jul-25	Agronova Biotech	Ambienta	Spain	Italy	-	-	-	-
Jul-25	Moove	Vibra Energia	Brazil	Brazil	-	-	-	-
Jul-25	Vendico Chemical	HARKE Group	Sweden	Germany	-	-	-	-
Jul-25	Lenzing Plastics	AvenEx	Austria	Canada	-	-	-	-
Jul-25	Nantong Xingchen	Sinochem	China	China	-	-	-	-
Jul-25	All substantial assets of SiliCycle	Zeochem	Canada	Switzerland	-	-	-	-

Select Q3 2025 M&A Transactions (cont'd)

USD in Millions

Closing Date / Status	Target	Acquiring Company	Target Location	Acquirer Location	Enterprise Value	EV / LTM		EBITDA Margin
						Revenue	EBITDA	
Jul-25	SWEPCO	Lubrication Engineers	U.S.	U.S.	-	-	-	-
Jul-25	ACEF	Azelis	Italy	Belgium	-	-	-	-
Jul-25	BTmix and HG Adhesive Dispensing	APPLIED Adhesives	U.S.	U.S.	-	-	-	-
Jul-25	Nutrien Italia	DF Grupo	Canada	Spain	-	-	-	-
Jul-25	Volunteer Adhesives	Polymer Adhesives	U.S.	U.S.	-	-	-	-
Jul-25	Durant Performance Coatings	Key Polymer	U.S.	U.S.	-	-	-	-
Jul-25	PUDLO	Oscrete	UK	UK	-	-	-	-
Jul-25	Coregas	Nippon Sanso	Australia	Australia	482	-	-	-
Jul-25	Zep	Truelink Capital Management	U.S.	U.S.	-	-	-	-
Jul-25	Aggregates Business of Kufner Grupa	CRH	Croatia	Ireland	-	-	-	-
Jun-25	F2 Chemicals	RCapital Partners	UK	UK	-	-	-	-
Jun-25	Curt Georgi	Capol	Germany	Germany	-	-	-	-
Jun-25	Nordbak	Henkel	South Africa	Germany	-	-	-	-
Jun-25	AIT	Lallemand	France	U.S.	-	-	-	-
Mean						2.13x	8.3x	38.9%
Adjusted Mean ⁽¹⁾						1.80x	8.3x	32.6%
Median						1.61x	8.0x	27.7%

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