

The background features a top-down view of various paint containers (pots) in colors like yellow, orange, red, blue, and green, scattered across a white surface. Large, vibrant splatters of these colors are spread out, creating a dynamic and artistic composition. The overall aesthetic is clean yet expressive, reflecting the industry of paints and coatings.

Seale & Associates

PAINTS & COATINGS INDUSTRY
Q1 2024
VALUATION UPDATE

25 years

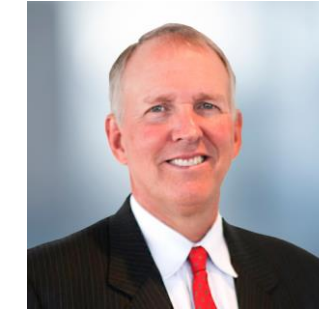
Introduction

We are pleased to share our Paints & Coatings “P&C” Industry Multiples Valuation Update for Q1 2024.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our client’s strategic objectives in a range of transactions, including **Mergers, Acquisitions, Divestitures and Carve-Outs, Business Sales, Recapitalizations, and Joint Ventures**, among other corporate finance and strategy consulting services.

Over the course of 25+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

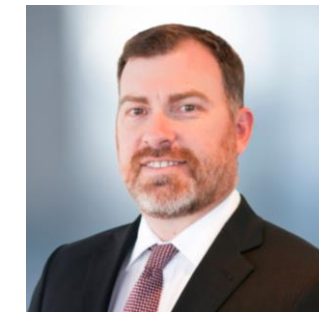
Seale has extensive experience advising leading multinational companies, private equity firms, and family-owned businesses across a wide range of industries.



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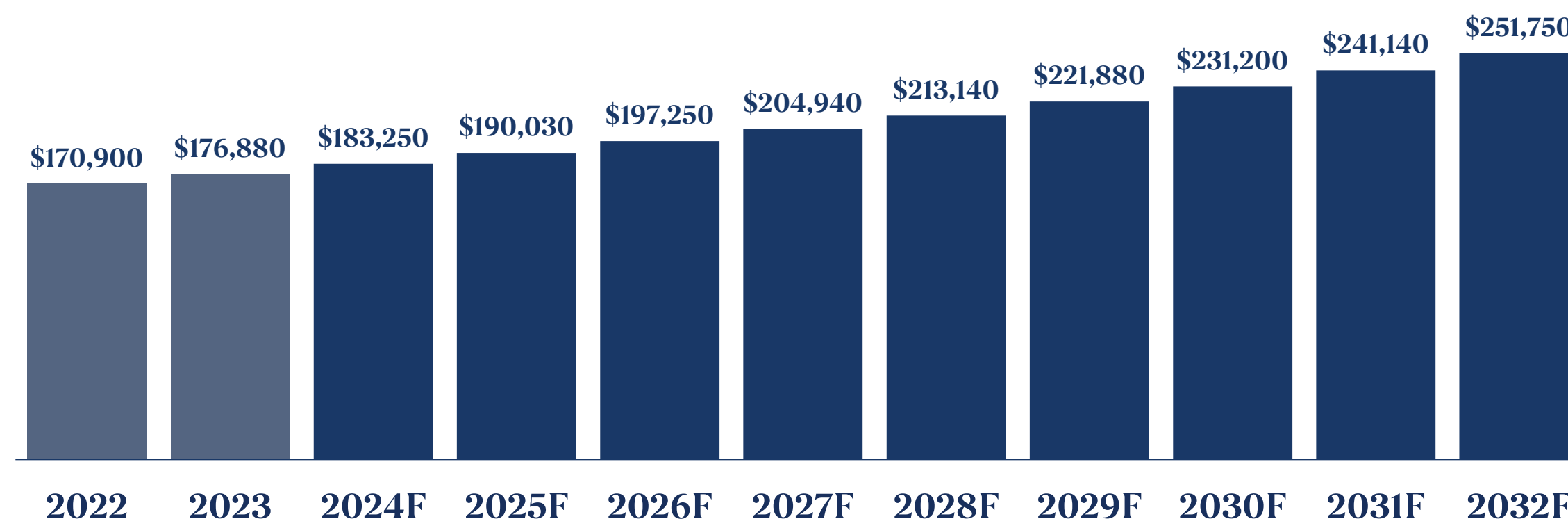
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P&C Industry Overview, M&A Trends and Market Intelligence

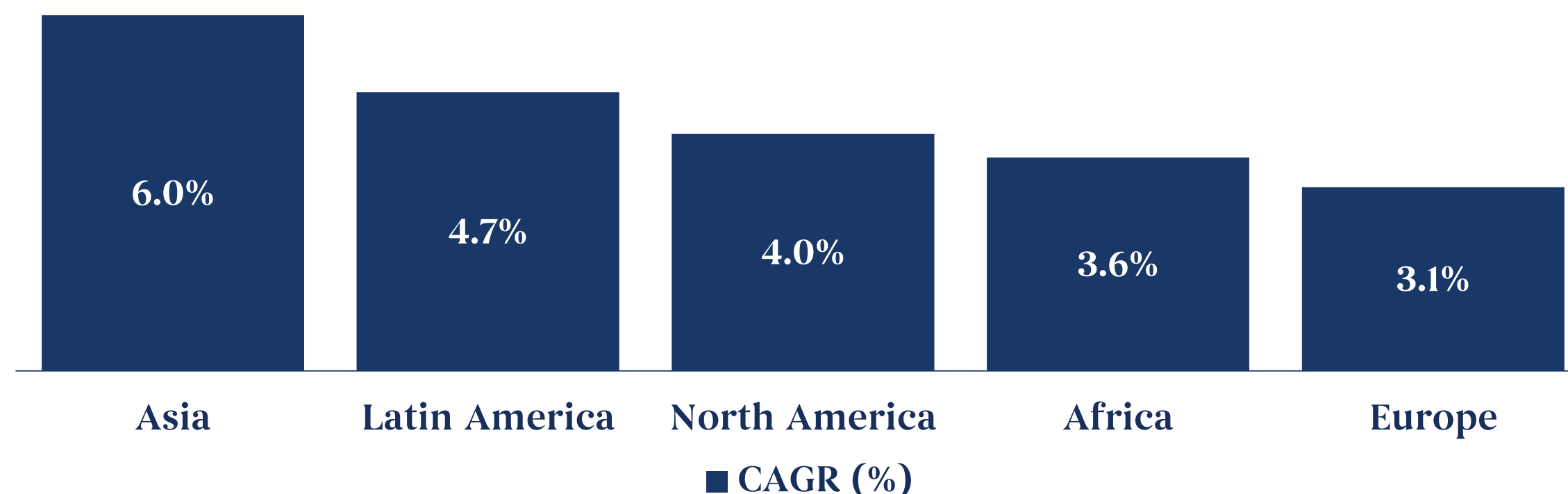
Industry Overview and M&A Trends

- The global P&C market size is estimated at **US\$183.3B** in **2024** and is expected to reach **US\$251.8B** by **2032**, growing at a **CAGR** of **4.1%**
- The U.S. **P&C** market **showcases resilience**, with steady growth despite economic fluctuations. This is attributed to factors such as **innovation**, **sustainability**, and **adaptability** within the industry
- There is an increasing **influence** of technology and **sustainability** in the P&C sector. Emphasis on **eco-friendly** products, coupled with advancements in technology, is **shaping** the market landscape and driving industry **evolution**
- The **architectural** sector, which covers coatings for residential and commercial buildings, is the **largest** in the industry, experiencing **rising** demand in areas like office buildings and malls
- **High M&A** activity is anticipated to persist in the industry, with both strategic and private equity buyers actively seeking **acquisitions**
- The driving **force** behind this M&A trend is the **pursuit** of growth in established markets. Typically, these acquisitions are smaller, bolt-on types, which are simpler to integrate and provide significant **synergies**
- The pandemic has spurred demand for **antimicrobial coatings**, particularly for indoor applications like kitchens and bathrooms
- Another significant trend is the **escalation** of **M&A** activities among leading companies with substantial **cash reserves**, especially in the well-performing **decorative coatings** segments

Market Value of Industrial Coatings Worldwide from 2016 to 2026 (US\$M)









Forecast CAGR of the Coatings Market Worldwide from 2021 to 2026, by Region






Source: Mordor Intelligence, CLN Worldwide, American Coatings Association, Statista, Precedence Research, Coatings World, Value Market Research











P&C Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Axalta Coating Systems Ltd.		USA	\$7,571	\$10,527	\$5,194	18.1%	11.1x	11.8x	11.2x	2.0x
Clariant AG		CHE	\$4,444	\$5,462	\$4,852	15.6%	8.7x	6.5x	7.2x	1.1x
Element Solutions Inc		USA	\$6,045	\$7,790	\$2,334	19.7%	12.8x	13.2x	17.0x	3.3x
Elementis plc		GBR	\$1,099	\$1,332	\$713	20.7%	8.0x	7.7x	9.0x	1.9x
H.B. Fuller Company		USA	\$4,345	\$6,124	\$3,512	17.1%	11.4x	10.4x	10.2x	1.7x
Kansai Paint Co., Ltd.		JPN	\$3,027	\$3,461	\$3,717	13.8%	10.2x	9.7x	6.7x	0.9x
						Mean	10.4x	9.9x	8.9x	1.8x
						Median	10.7x	10.0x	9.6x	1.8x

P&C Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Akzo Nobel N.V.	 NLD	\$12,733	\$17,058	\$11,491	13.6%	12.3x	14.5x	10.9x	1.5x	
BASF SE	 DEU	\$50,967	\$71,356	\$71,706	10.1%	5.2x	11.6x	9.8x	1.0x	
DuPont de Nemours, Inc.	 USA	\$32,016	\$38,416	\$11,981	25.6%	9.8x	11.4x	12.5x	3.2x	
Nippon Paint Holdings Co., Ltd.	 JPN	\$16,669	\$19,153	\$9,537	14.8%	23.3x	18.5x	13.6x	2.0x	
PPG Industries, Inc.	 USA	\$34,088	\$39,496	\$18,177	17.0%	15.0x	14.1x	12.8x	2.2x	
RPM International Inc.	 USA	\$15,329	\$17,599	\$7,343	14.6%	15.7x	14.4x	16.4x	2.4x	
The Sherwin-Williams Company	 USA	\$88,255	\$99,788	\$22,977	21.5%	20.2x	17.1x	20.2x	4.3x	
■ Excluded from mean and median						Mean	11.6x	13.2x	12.7x	2.4x
						Median	15.0x	14.4x	12.8x	2.2x

P&C Industry – Q1 Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Mar-24	 MOMENTIVE™	USA	Manufactures silicone materials, additives, polymers, coatings, resin coated proppants, and other related chemicals			ND	-	-	-
Feb-24	 SEALFORLIFE Industries	USA	Provides protective coating and sealing solutions for infrastructure			100.0%	-	-	-
Jan-24	 DuranteAdesivi <small>JOIN US IN EXCELLENCE</small>	ITA	Manufactures and distributes adhesives and coatings		-	> 50%	-	-	-
Jan-24	 SILBERLINE™ <small>FROM SCIENCE TO SHINE</small>	USA	Manufactures aluminum effect pigments for applications including automotive paints, printing inks, plastics, protective coatings, and consumer packaged goods		-	100.0%	-	-	-

ND: Not Disclosed

Selected Transactions Commentary



“Momentive has a 75-year track record of developing and manufacturing silicones and specialty solutions. We deeply believe in the company’s growth opportunity as it continues to help businesses across the world delight their customers with innovative solutions.”

Mong Jin Chung, Chairman of KCC Group and Momentive



“Seal for Life offers an attractive and highly profitable portfolio in protective coating and sealing, perfectly complementing our existing platform for the maintenance, repair and overhaul market. With this transaction we will further enhance our product portfolio in this attractive market and unlock even greater growth potential.”

Carsten Knobel, CEO of Henkel



“We are very happy we found a strong partner to secure the future of our long-lasting family legacy. We share the same ambition, family spirit and business ethics. We will be able to leverage the international footprint of the Soudal Group, while keeping our own identity and industrial focus. The Durante family and Soudal will invest together in further growth and market diversification.”










Luigi Durante, Chairman of Durante Adesivi



“The acquisition is further proof that we are sustainably implementing our strategy of generating value-creating growth through targeted acquisitions. With the move, ALTANA is strategically expanding its ECKART division and strengthening its regional presence, particularly in North America and Asia.”

Martin Babilas, CEO of ALTANA, Parent Company of ECKART

Private Equity Transactions

INDUSTRY CLASIFICATION	PERIOD	AVERAGE ENTERPRISE VALUE (IN USD)	REVENUE (IN USD)	TTM REVENUE GROWTH	ENTERPRISE VALUE / REVENUE	EBITDA MARGIN	ENTERPRISE VALUE /EBITDA	NUMBER OF TRANSACTIONS
 Paint and Coating Manufacturing <i>NAICS 325510 – Paint and Coating Manufacturing</i>	 2018-2021	 \$58.7M	 \$55.1M	 16.8%	 1.6x	 19.4%	 8.1x	 3
Paint, Coating, and Adhesive Manufacturing <i>NAICS 3255 – Paint, Coating, and Adhesive Manufacturing</i>	2018-2021	\$74.8M	\$51.3M	14.4%	2.0x	23.3%	8.2x	4

Notes:

- Data obtained via GF Data, a subscription-based information platform, offering detailed information and metrics about the transactions of Private Equity funds in the U.S.
- The data is provided under a blind confidential format. Users of the data are unable to identify the exact company and transaction corresponding to the transaction details. Given this blind approach, the data submitted is less likely to be biased or manipulated.

Sector Relevant Experience

Acquisition



Acquisition Advisory Services

Advised **Reacciones Químicas**, a supplier of synthetic resins, on procurement analysis in the US

Acquisition




has acquired




Advised **Reacciones Químicas** on the acquisition of Byrsa Resins, a supplier of resins for emulsions, acrylics, polyester, among others

Acquisition




has acquired



Advised **AZZ** on the acquisition of Preferred Industries, a supplier of powder coatings to the automotive, HVAC, marine and other industries

Acquisition




has acquired


K2 Partners, Inc

Advised **AZZ** on the acquisition of K2 Partners, a provider of powder coating and electroplating services

Acquisition



has acquired



Advised **GCP Applied Technologies**, a leading building materials and specialty chemicals company on the acquisition of Stirling Lloyd

Divestiture



has been acquired by

A Private Investment Group

Advised **Houston Plating & Coatings**, a leading coatings company, on its sale to a private investment group


Corporate Finance



Corporate Finance Advisory Services

Advised **Protexa**, an offshore and onshore construction and engineering company, on a number of confidential corporate finance initiatives

Corporate Finance



Corporate Finance Advisory Services

Advised **Berel** through a valuation and analysis of strategic alternatives, including potential share buyback among shareholders

Corporate Finance



Project Finance Advisory Services

Advised **Basell Polyolefins**, the world leader in polyolefins, on project financing

Corporate Finance



Corporate Finance Advisory Services

Advised **Doal**, a leader in architectural paints and coatings, on a corporate finance initiative

Corporate Finance



Acquisition Advisory Services

Advised **Sherwin Williams**, a leading manufacturer of coatings and related products, on a targeted procurement program

Corporate Finance



Corporate Finance Advisory Services

Advised **Pyosa**, a leading manufacturer and distributor of fine chemicals, pigments and dyes, on a corporate finance project

Corporate Finance



Corporate Finance Advisory Services

Advised **Axalta**, a leader in high-performance coating systems with a corporate finance project

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Global M&A Representative Engagements

<p>BEIJER REF</p> <p>has been acquired by</p>  <p>HERITAGE DISTRIBUTION HOLDINGS</p>	<p>avangardinnovative MOVING THE CIRCULAR ECONOMY FORWARD</p> <p>has sold a controlling interest to</p>  <p>WASTE MANAGEMENT</p>	<p>ZN ZINC NACIONAL</p> <p>has sold</p> <p>GSDKO</p> <p>Zinc Oxide Corporation a subsidiary of</p>  <p>Korea Zinc</p>	<p>Electrolux PROFESSIONAL</p> <p>has acquired</p> <p>unified brands a DOVER company</p> <p>from</p>  <p>DOVER</p>	<p>Port Contractors STEVEDORES - TERMINAL OPERATORS</p> <p>has been acquired by</p>  <p>ENSTRUCTURE</p>	<p>Oxbow</p> <p>Oxbow's Senior Subordinated debt issued by</p>  <p>H.J. BAKER ESTABLISHED 1880</p> <p>was refinanced by</p>  <p>BMO</p>	<p>Hertz</p> <p>has acquired</p>  <p>DONLEN</p>
<p>Standex</p> <p>has sold</p> <p>Enginetics</p> <p>to</p>  <p>Enjet AERO</p>	<p>ITT</p> <p>has sold</p> <p>BURNY KALIBURN PLASMA CUTTING INNOVATION</p> <p>and</p> <p>CNC Cleveland Motion Controls</p> <p>to</p>  <p>LINCOLN ELECTRIC</p>	<p>Honeywell</p> <p>has sold</p> <p>TENSOR</p> <p>to</p>  <p>GE Power Systems</p>	<p>TRIUMPH™</p> <p>has sold</p> <p>Triumph Processing - Embee Division</p> <p>to</p>  <p>AMP ALL METALS PROCESSING</p>	<p>TRIUMPH™</p> <p>has sold</p> <p>Triumph Air Repair, the APU Overhaul Operations of Triumph Aviation Services - Asia, and Triumph Engines businesses</p> <p>to</p>  <p>TGG THE GORES GROUP</p>	<p>Rheem</p> <p>has acquired</p>  <p>HTPG</p>	<p>GRACE</p> <p>has sold its GRACE Membranes business</p> <p>Uop a subsidiary of</p> <p>Honeywell</p>
<p>convatec - forever caring -</p> <p>has sold</p> <p>SENSI CARE</p> <p>and</p> <p>ALOE VESTA™</p> <p>to</p>  <p>MEDLINE</p>	<p>United Technologies</p> <p>has sold</p> <p>MobileView</p> <p>to</p> <p>SAFE FLEET Driving Safety Forward™</p>	<p>United Technologies</p> <p>has sold</p> <p>HTPG A division of Carrier Commercial Refrigeration, Inc.</p> <p>to</p> <p>MONOMOY and Starboard Capital Partners</p>	<p>LOCKHEED MARTIN</p> <p>has sold</p> <p>Commercial Flight Training Business</p> <p>to</p> <p>ALTEON A BOEING COMPANY</p>	<p>FLOWSERVE</p> <p>has sold</p> <p>D&B</p> <p>to</p> <p>DB DaviesBaird</p>	<p>KBR</p> <p>has acquired</p> <p>Wabi Wabi Development Corporation</p>	<p>H I G HARRISON GYPSUM, LLC</p> <p>has been recapitalized by</p> <p>H. I. G. PRIVATE EQUITY</p>



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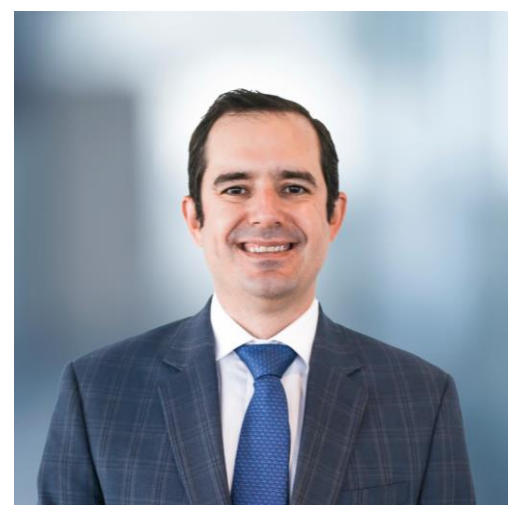


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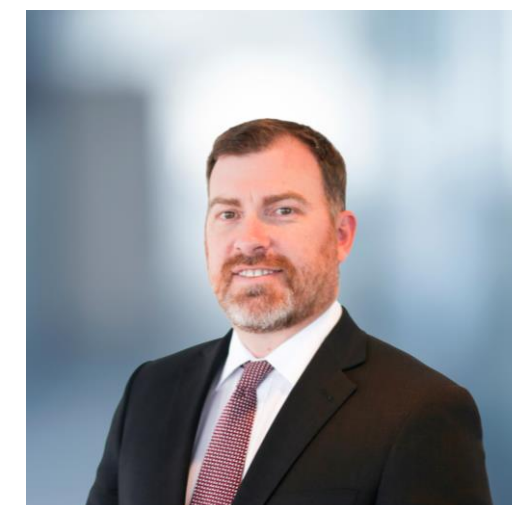


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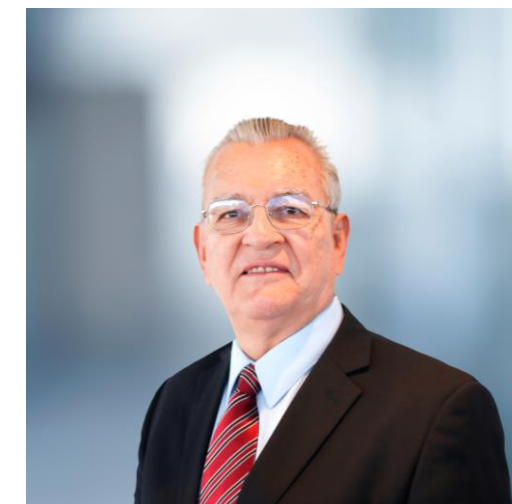


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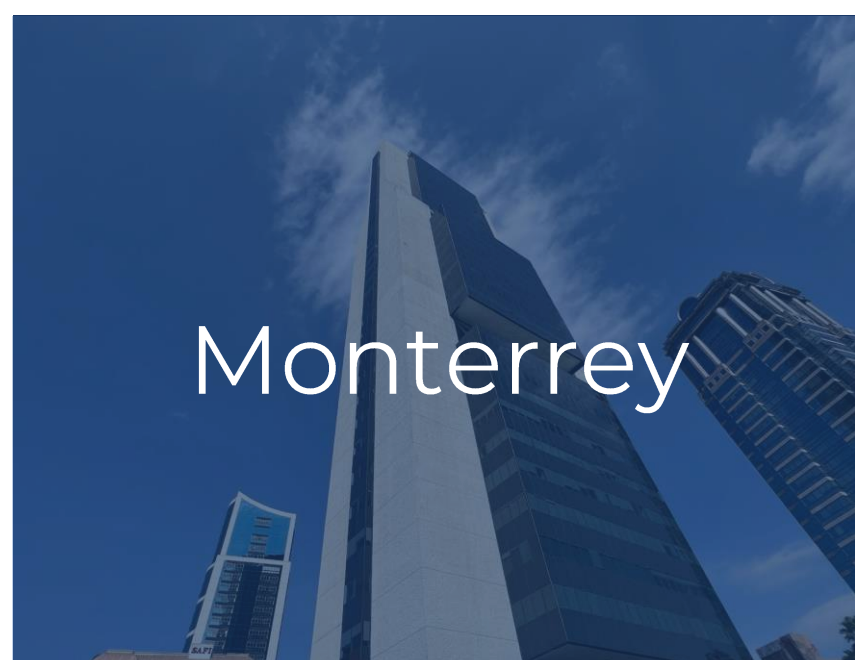
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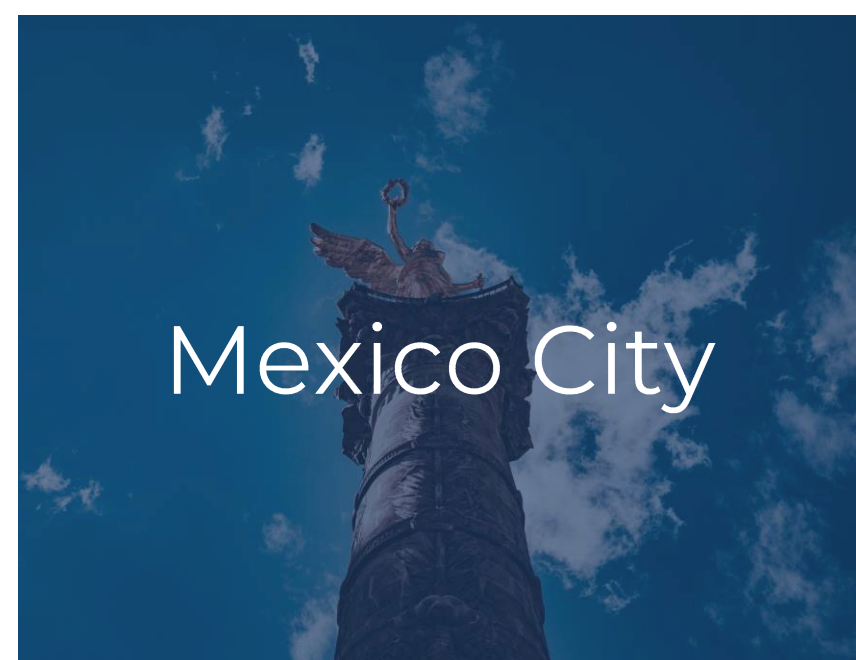
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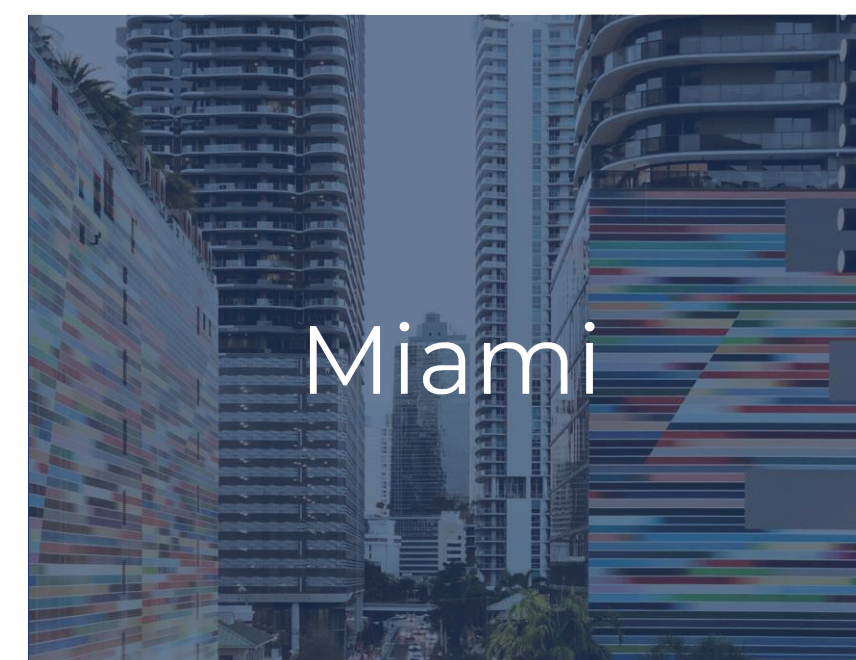
Washington D.C.



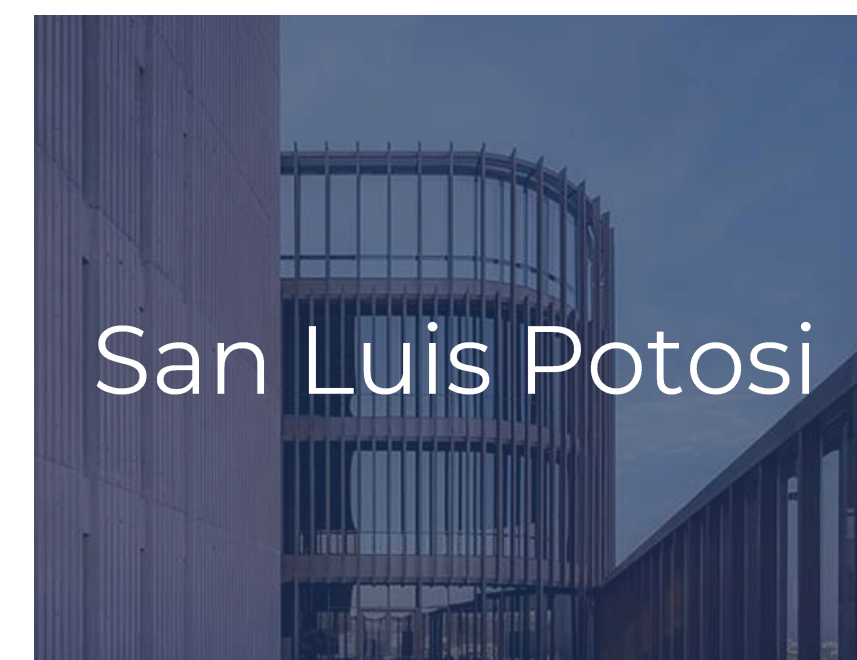
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25

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