



Seale & Associates

PAINTS & COATINGS INDUSTRY
Q2 2024
VALUATION UPDATE

25 years

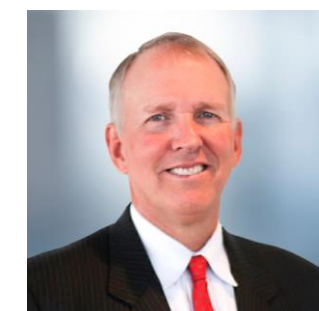
Introduction

We are pleased to share our Paints & Coatings “P&C” Industry Multiples Valuation Update for Q2 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.

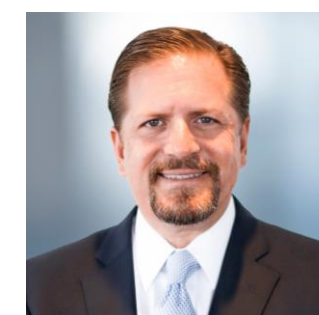
Over the course of 25+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

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



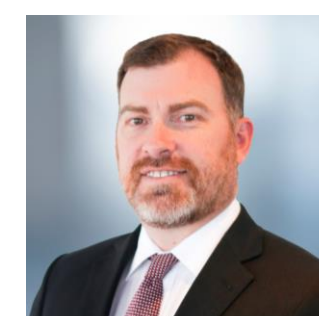
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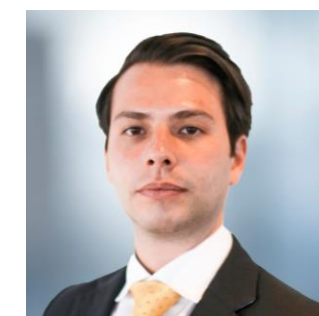
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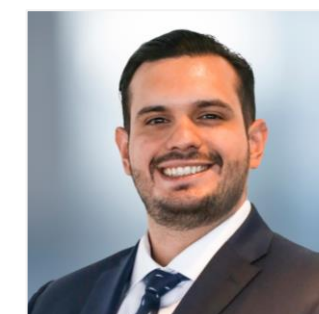
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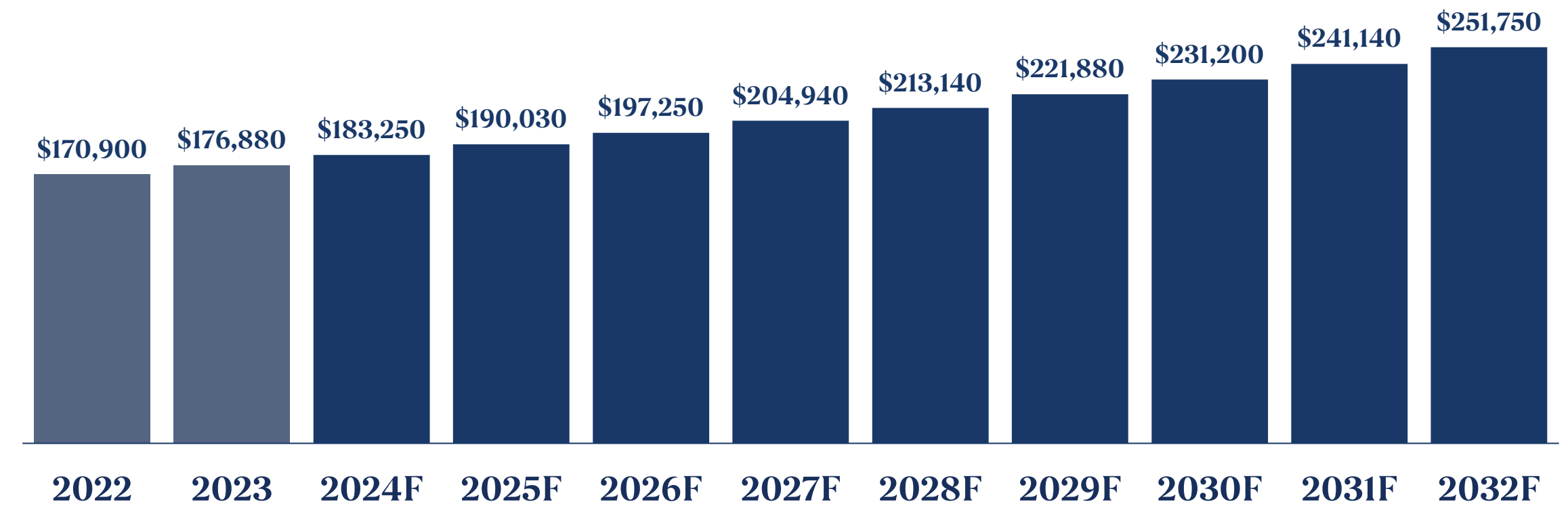
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P&C Industry Overview, M&A Trends and Market Intelligence

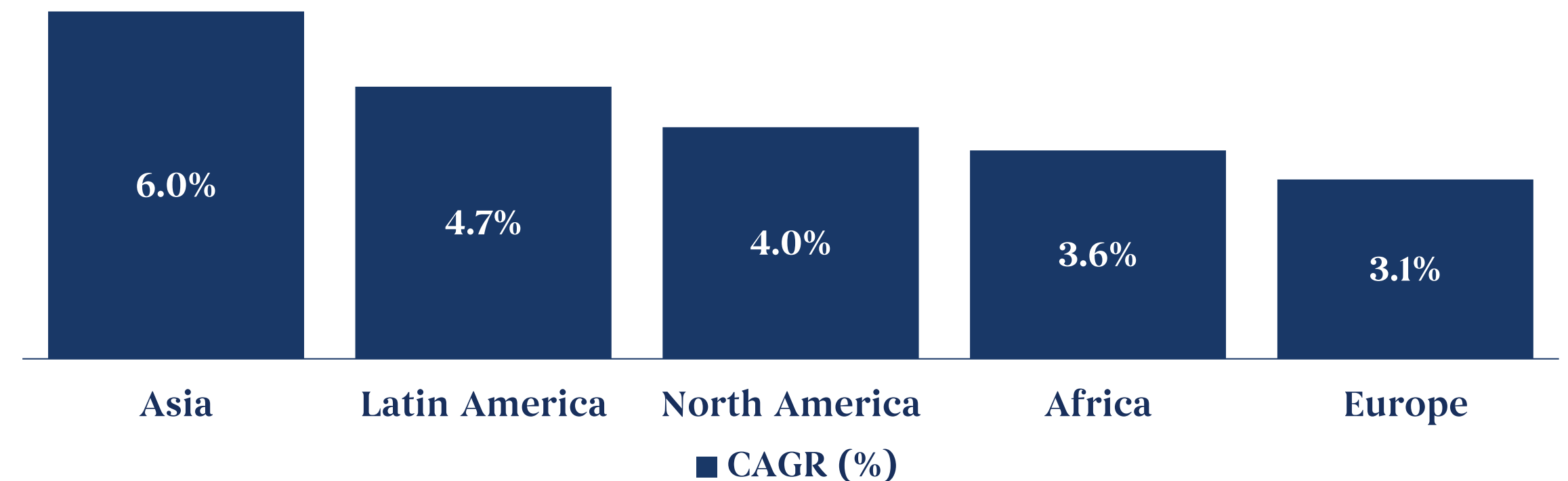
Industry Overview and M&A Trends

- 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 2022 to 2032 (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		Second Quarter Jun. 30, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Axalta Coating Systems Ltd.		USA	\$7,539	\$10,386	\$5,251	18.7%	11.1x	11.8x	10.6x	2.0x
Clariant AG		CHE	\$5,175	\$6,196	\$4,633	16.8%	8.7x	6.4x	7.9x	1.3x
Element Solutions Inc		USA	\$6,565	\$8,200	\$2,360	20.0%	12.8x	13.2x	17.4x	3.5x
Elementis plc		GBR	\$1,086	\$1,319	\$732	20.2%	8.0x	7.7x	8.9x	1.8x
H.B. Fuller Company		USA	\$4,196	\$6,217	\$3,531	17.3%	11.4x	10.4x	10.2x	1.8x
Kansai Paint Co., Ltd.		JPN	\$3,383	\$3,955	\$3,495	14.5%	10.2x	9.7x	7.8x	1.1x
						Mean	10.4x	9.9x	9.1x	1.6x
						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		Second Quarter Jun. 30, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Akzo Nobel N.V.	 NLD	\$10,381	\$14,949	\$11,458	14.3%	12.3x	14.5x	9.1x	1.3x	
BASF SE	 DEU	\$43,211	\$66,034	\$69,934	10.1%	5.2x	11.6x	9.3x	0.9x	
DuPont de Nemours, Inc.	 USA	\$33,653	\$40,468	\$12,058	25.3%	9.8x	11.4x	13.3x	3.4x	
Nippon Paint Holdings Co., Ltd.	 JPN	\$15,301	\$18,443	\$9,304	15.0%	23.3x	18.5x	13.2x	2.0x	
PPG Industries, Inc.	 USA	\$29,630	\$35,551	\$18,099	17.1%	15.0x	14.1x	11.5x	2.0x	
RPM International Inc.	 USA	\$13,865	\$16,089	\$7,335	15.1%	15.7x	14.4x	14.5x	2.2x	
The Sherwin-Williams Company	 USA	\$75,696	\$88,200	\$23,008	21.6%	20.2x	17.1x	17.8x	3.8x	
■ Excluded from mean and median						Mean	11.6x	13.2x	11.8x	2.2x
						Median	15.0x	14.4x	13.2x	2.0x

P&C Industry – Q1 Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
May-24		GHA	Manufactures polyurethane paints, polyurethane clears, hardeners, thinners, adhesives, and ancillary products	Uhuru Partners Limited		ND	-	-	-
May-24		EGY	Manufactures paints, enamels, thinners, varnishes, putty, colorants and coatings		-	24.3%	\$4.1	-	0.3x
May-24		USA	Manufactures fastener coating products		-	100.0%	\$255.7	-	3.7x
May-24		USA	Manufactures fastener coating products			100.0%	-	-	-
May-24	Approved Color	USA	Manufactures paints and coatings		-	100.0%	-	-	-
ND: Not Disclosed								Mean	2.0x
								Median	2.0x

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 1888</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 IMPROVEMENTS IN SHAPE CUTTING 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</p> <p>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 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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University of Kentucky - BS in Accounting

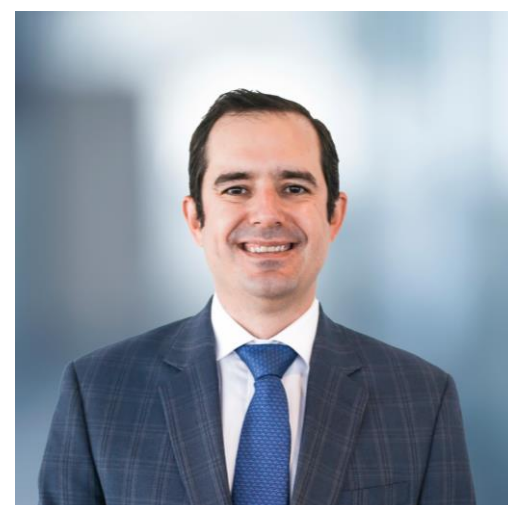


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University of Florida - BA in Political Science with High Honors

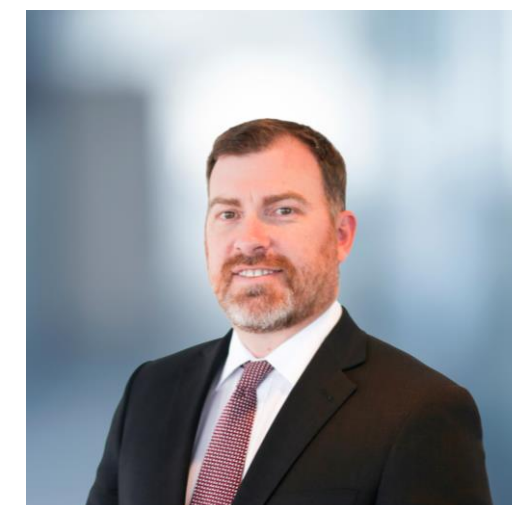


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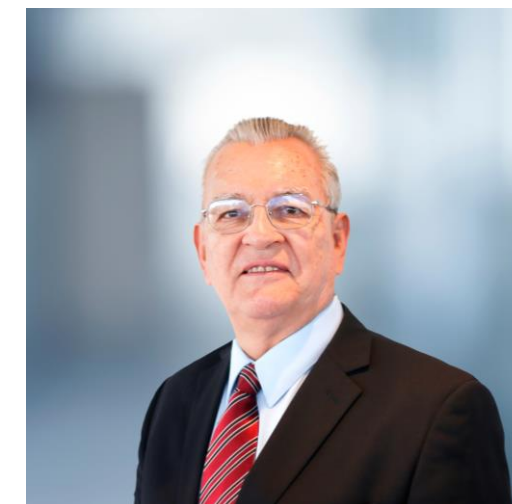


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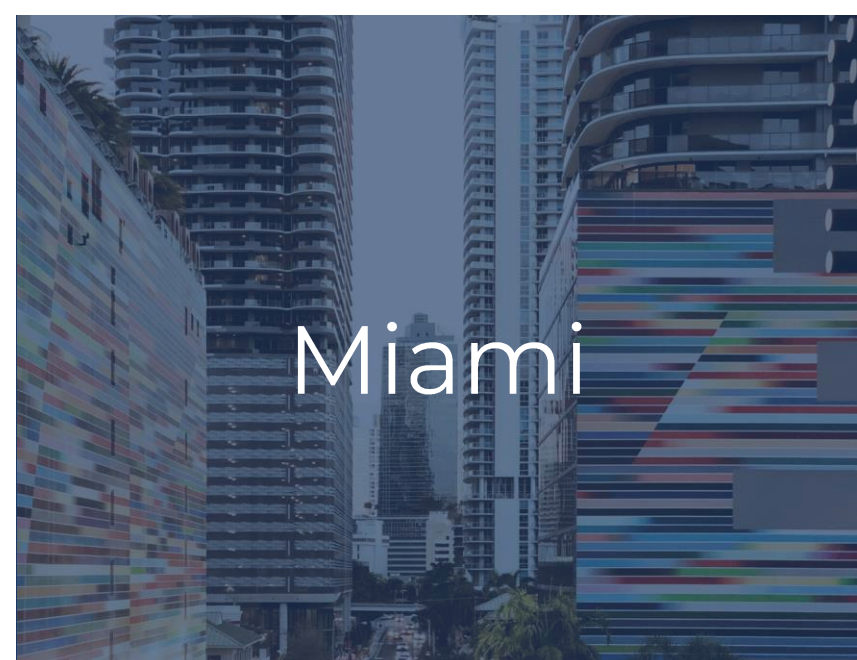
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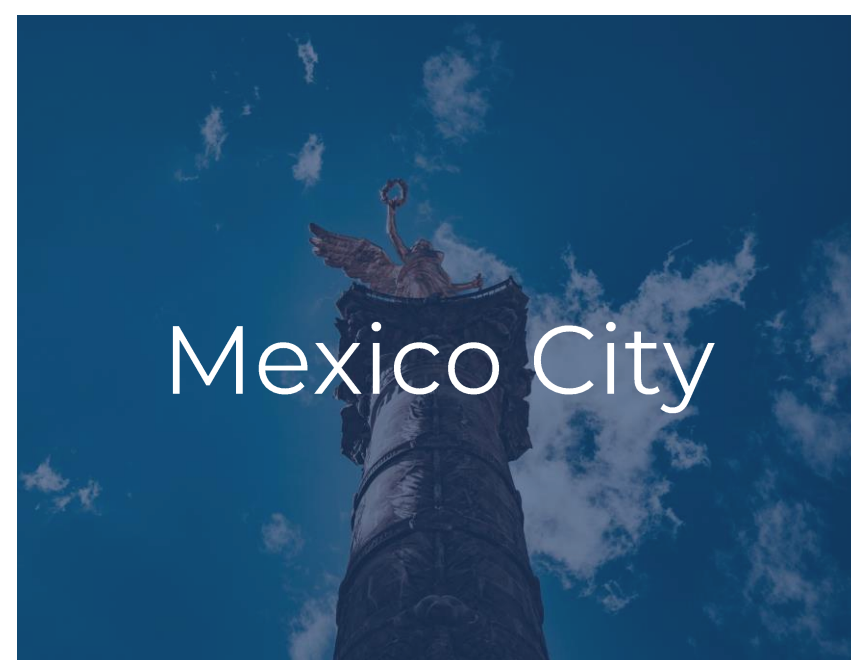
32+ years with Grupo Industrial Saltillo with experience as Director, Corp. Dev. and extensive global commercial experience
Instituto Tecnológico y de Estudios Superiores de Monterrey
MBA and BS in Industrial Engineering



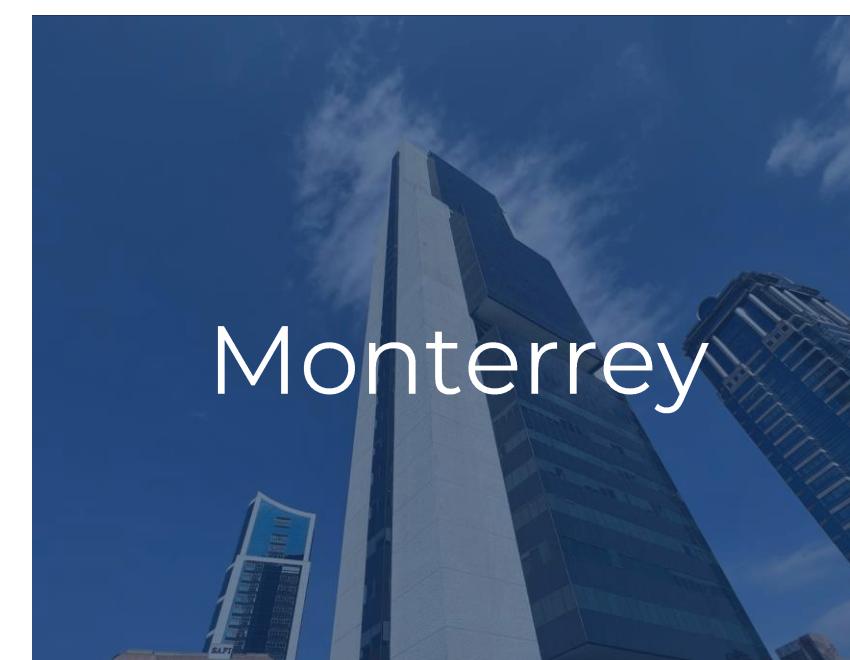
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For over 25 years, Seale & Associates has served leading public and private companies from around the world and operating in a broad range of industries with a high level of quality, integrity and independence while presenting innovative ideas and trusted solutions to address their most complex dealings.

25

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\$50B+

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Recapitalizations

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