



Seale & Associates

PAINTS & COATINGS INDUSTRY
Q3 2023
VALUATION UPDATE

Introduction

We are pleased to share our Paints & Coatings “P&C” Industry Multiples Valuation Update for Q3 2023.

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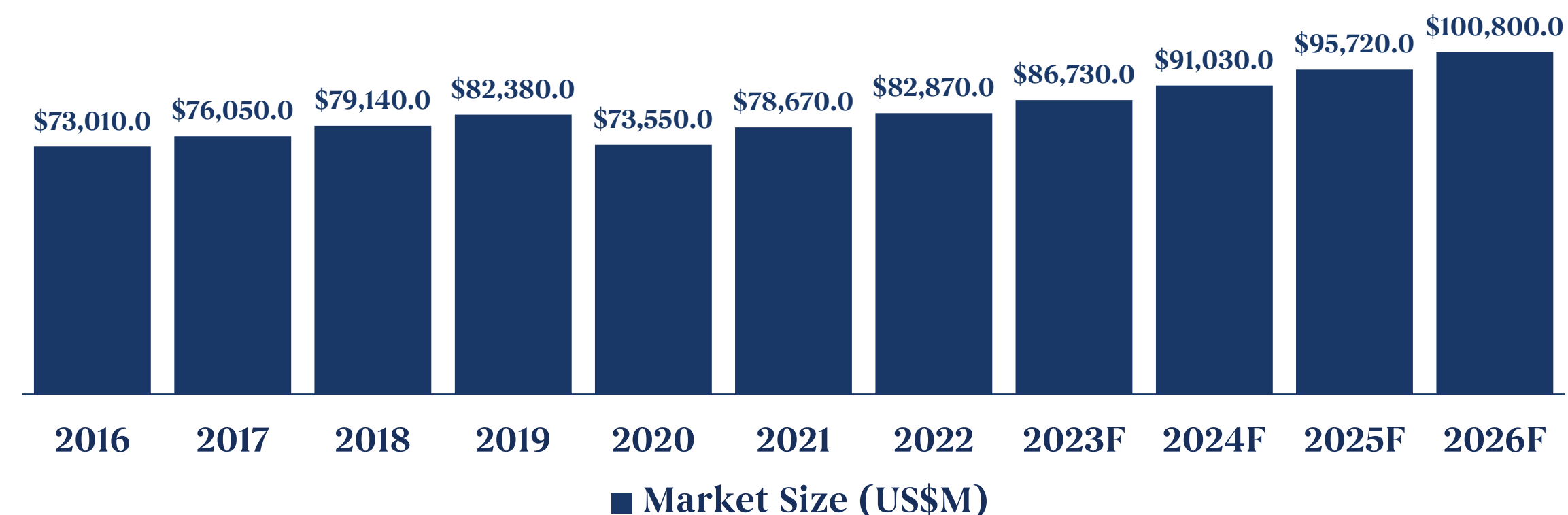
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P&C Industry Overview, M&A Trends and Market Intelligence

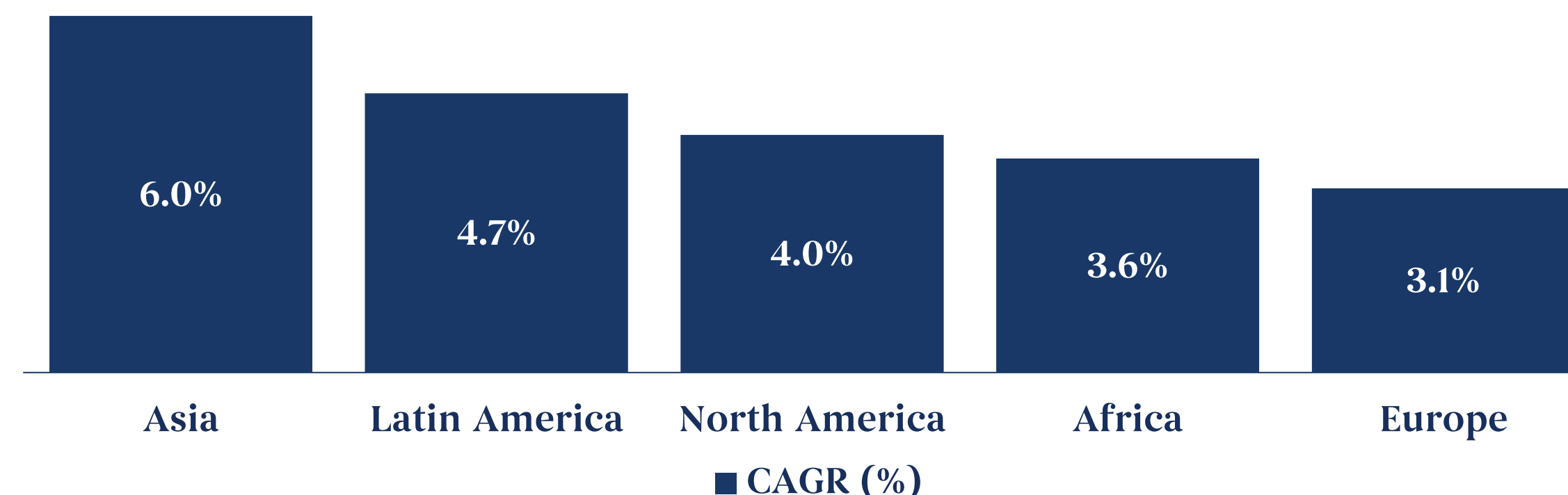
Industry Overview & M&A Trends

- The global P&C market size is estimated at **US\$147.3B** in **2023** and is expected to reach **US\$180.0B** by **2028**, growing at a **CAGR** of **4.1%**
- **Market Resilience:** The U.S. paint and coatings market showcases resilience, with steady growth despite economic fluctuations. This is attributed to factors such as innovation, sustainability, and adaptability within the industry
- **Technology and Sustainability:** There is an increasing influence of technology and sustainability in the paint and coatings 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







Market Value of Industrial Coatings Worldwide from 2016 to 2026



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










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		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Axalta Coating Systems Ltd.		USA	\$5,964	\$9,058	\$5,124	16.4%	12.0x	11.1x	10.8x	1.8x
Clariant AG		CHE	\$5,217	\$6,403	\$5,379	16.6%	11.3x	8.7x	7.2x	1.2x
Element Solutions Inc		USA	\$4,736	\$6,478	\$2,334	19.4%	14.5x	12.8x	14.3x	2.8x
Elementis plc		GBR	\$889	\$1,166	\$713	23.7%	11.5x	8.0x	6.9x	1.6x
H.B. Fuller Company		USA	\$3,706	\$5,549	\$3,566	15.5%	12.0x	11.4x	10.1x	1.6x
Kansai Paint Co., Ltd.		JPN	\$3,236	\$3,705	\$3,564	11.6%	14.2x	10.2x	9.0x	1.0x
						Mean	12.6x	10.4x	9.7x	1.4x
						Median	12.0x	10.7x	9.5x	1.6x

■ Excluded from mean and median

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		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Akzo Nobel N.V.		NLD	\$12,365	\$17,210	\$11,373	10.6%	13.6x	12.3x	14.3x	1.5x
BASF SE		DEU	\$40,573	\$63,419	\$76,582	6.5%	14.4x	5.2x	12.7x	0.8x
DuPont de Nemours, Inc.		USA	\$34,241	\$38,386	\$12,274	26.3%	10.0x	9.8x	11.9x	3.1x
Nippon Paint Holdings Co., Ltd.		JPN	\$15,818	\$18,735	\$9,474	13.9%	30.9x	23.3x	14.2x	2.0x
PPG Industries, Inc.		USA	\$30,570	\$37,122	\$18,081	16.0%	16.5x	15.0x	12.9x	2.1x
RPM International Inc.		USA	\$12,238	\$15,027	\$7,336	13.8%	14.9x	15.7x	14.9x	2.0x
The Sherwin-Williams Company		USA	\$65,542	\$77,673	\$23,030	20.4%	20.4x	20.2x	16.6x	3.4x
						Mean	15.0x	11.6x	13.5x	1.7x
						Median	14.9x	15.0x	14.2x	2.0x

■ Excluded from mean and median

P&C Industry – Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue	
Aug-23		DEU	Uses state-of-the-art polymers and liquid plastics such as epoxy resins and polyurethanes to produce a full range of floor coating systems		-	50.1%	-	-	-	
Aug-23		USA	Manufactures flame retardant coatings to prevent the propagation of fire in electrical cables, and heat resistant coatings for protecting components and structural surfaces		-	51.5%	-	-	-	
Jul-23		USA	Manufactures protective electronic coatings, advanced adhesives and sealants		-	100.0%	\$1,300.0	16.3x	4.0x	
								Mean	16.3x	4.0x
								Median	16.3x	4.0x

Selected Transactions Commentary

The KKR logo is displayed in a large, bold, white font against a dark blue background. The background image shows a close-up of a green plant stem with small leaves.

has acquired



"At Chase, we have always been deeply committed to continuously improving our operating performance while providing an outstanding customer experience. In KKR, Chase has found the right strategic partner with strong cultural alignment combined with the experience and resources to help support our mission and drive future growth."

Adam P. Chase, President and CEO of Chase Corporation

The Socomore logo is written in a bold, lowercase, sans-serif font. The background image shows a close-up of a mechanical part, possibly a valve or a pump, with a blue tint.

has acquired



"I'm delighted to announce this latest capital increase and the acquisition of a majority stake in Flamemaster, our partner for over 5 years. This future acquisition will contribute to synergies in product development, sales and manufacturing in both North America and Europe."

Frédéric Lescure, CEO of Socomore

The sto logo is written in a bold, lowercase, sans-serif font. The background image shows a close-up of a white industrial container or tank with a blue band around it.










has acquired

The viacor logo is written in a bold, lowercase, sans-serif font. The background image shows a close-up of a white industrial container or tank with a blue band around it.

"Due to strategic reasons, we will have to expand our development-, production- and warehouse-areas. We are glad in finding a powerful and competent partner in Sto, which is supporting our innovations and growth."

Ralf Jooss, Manager and Founder of VIACOR Polymer GmbH

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 speciality 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



Acquisition Advisory Services

Advised **Flint Group**, a leading ink manufacturer, on a number of acquisition mandates

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

Corporate Finance



Corporate Finance Advisory Services

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

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Analysis of transactions and market trends

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S U S C R I B E

Representative Global Engagements

 <p>INMAGUSA Grupo Galaz, S.A de C.V.</p> <p>has been acquired by</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold its Sanitaryware business units ST. THOMAS CREATIONS and VITROMEX to </p>	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	  <p>acquired</p> <p>The Zinc Recycling Business of</p> 
 <p>acquired</p>  <p>Automotive dealerships from</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p> <p>Kidde de Mexico, S.A. de C.V. Fire Safety Solutions Business</p> <p>to an affiliate of</p> 	 <p>has sold its concrete pumping business</p> <p>to</p> 	<p>CORPORACION </p> <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
 <p>has been acquired by</p> 	<p>intelectiva®</p> <p>has acquired</p>  <p>KFC Costa Rica from</p> 	 <p>Multiple acquisitions</p> 	 <p>has partnered with</p>  <p>a subsidiary of</p> 	 <p>has been acquired by</p> 	 <p>has merged its Beverage Division with</p> 	 <p>has merged its Beverage Division with</p> 

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Please contact us if you would like further information about M&A trends and/or specific transaction multiples for your industry

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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

YEARS OF EXPERIENCE

\$50B+

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Recapitalizations

Due Diligence / Support

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