

The image features a collection of various paintbrushes and several open paint cans. The brushes, with different bristle types and handle materials, are arranged vertically in the center-left. The paint cans, containing colors like blue, brown, red, yellow, and dark blue, are scattered at the bottom. The background is a vibrant, abstract composition of overlapping brushstrokes in shades of pink, purple, green, and white, creating a textured and artistic feel.

Seale & Associates

PAINTS & COATINGS INDUSTRY
Q4 2023
VALUATION UPDATE

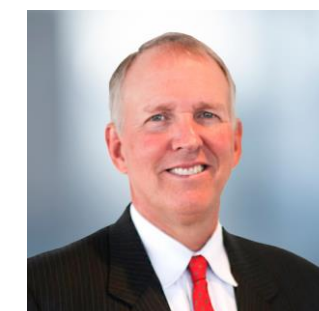
Introduction

We are pleased to share our Paints & Coatings “P&C” Industry Multiples Valuation Update for Q4 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.

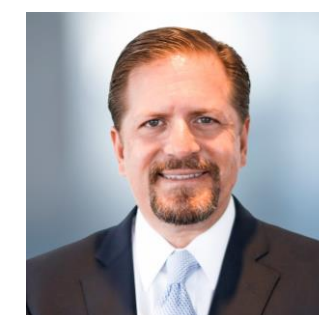
Over the course of 25+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

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



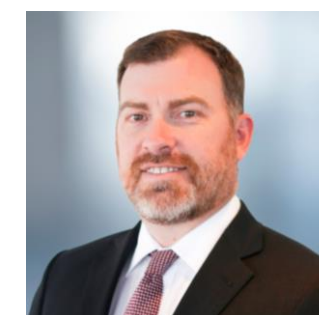
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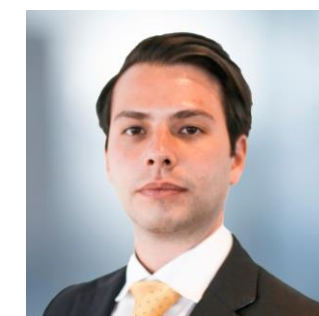
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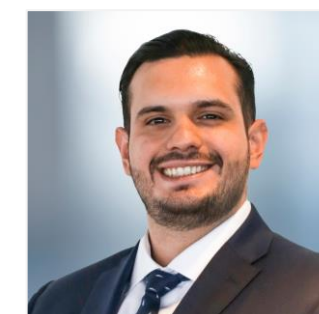
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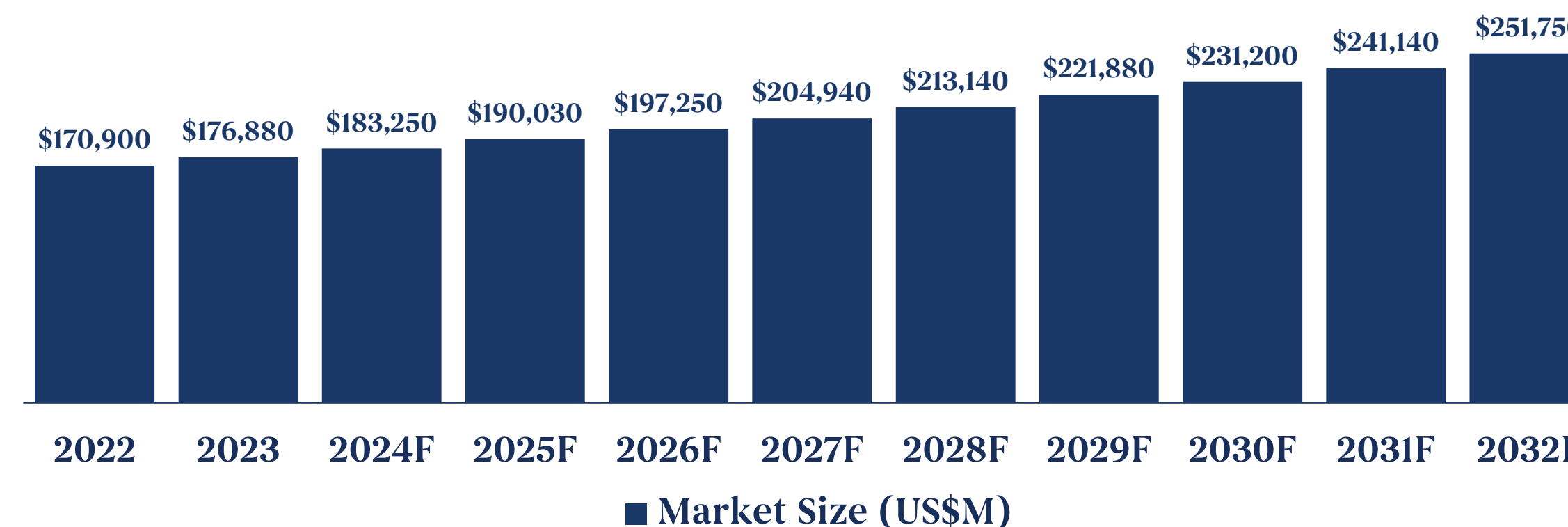
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P&C Industry Overview, M&A Trends and Market Intelligence

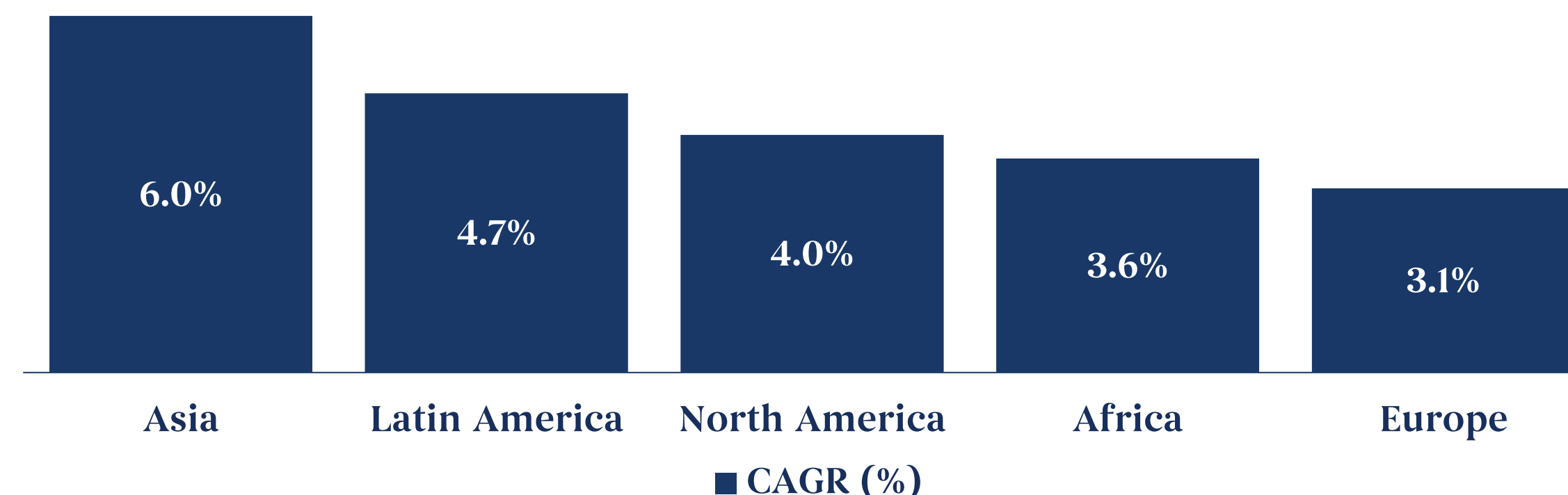
Industry Overview & M&A Trends

- 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%**
- **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










Source: Mordor Intelligence, CLN Worldwide, American Coatings Association, Statista, Precedence 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		Fourth Quarter Dec. 31, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Axalta Coating Systems Ltd.		USA	\$7,476	\$10,457	\$5,124	17.2%	12.0x	11.1x	11.9x	2.0x
Clariant AG		CHE	\$4,853	\$6,141	\$5,842	16.6%	11.3x	8.7x	6.3x	1.1x
Element Solutions Inc		USA	\$5,589	\$7,284	\$2,334	19.6%	14.5x	12.8x	15.9x	3.1x
Elementis plc		GBR	\$955	\$1,244	\$713	23.7%	11.5x	8.0x	7.4x	1.7x
H.B. Fuller Company		USA	\$4,398	\$6,241	\$3,511	15.7%	12.0x	11.4x	11.3x	1.8x
Kansai Paint Co., Ltd.		JPN	\$3,865	\$4,350	\$3,777	13.1%	14.2x	10.2x	8.8x	1.2x
						Mean	12.6x	10.4x	10.3x	1.8x
						Median	12.0x	10.7x	10.1x	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		Fourth Quarter Dec. 31, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Akzo Nobel N.V.		NLD	\$14,108	\$18,890	\$11,877	12.3%	13.6x	12.3x	12.9x	1.6x
BASF SE		DEU	\$48,123	\$70,536	\$79,977	4.3%	14.4x	5.2x	20.6x	0.9x
DuPont de Nemours, Inc.		USA	\$33,083	\$40,998	\$12,274	25.3%	10.0x	9.8x	13.2x	3.3x
Nippon Paint Holdings Co., Ltd.		JPN	\$18,994	\$22,020	\$10,038	14.6%	30.9x	23.3x	15.0x	2.2x
PPG Industries, Inc.		USA	\$35,264	\$41,129	\$18,246	16.4%	16.5x	15.0x	13.7x	2.3x
RPM International Inc.		USA	\$14,381	\$16,927	\$7,337	14.2%	14.9x	15.7x	16.2x	2.3x
The Sherwin-Williams Company		USA	\$79,836	\$91,212	\$23,030	21.1%	20.4x	20.2x	18.8x	4.0x
						Mean	15.0x	14.5x	15.8x	2.4x
						Median	14.9x	15.0x	15.0x	2.3x

■ Excluded from mean and median

P&C Industry - Q4 Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Dec-23		ESP	Manufactures and distributes water-based acrylic paints		-	ND	\$55.0	-	-
Nov-23		USA	Manufactures industrial coatings, industrial primers and top coats		-	100.0%	-	-	-
Nov-23		SWE	Manufactures varnish and paint products	Lassier Engineering Ltd	Flügger	70.0%	-	-	-
Oct-23		CAN	Manufactures latex paints, epoxy paints and coating products		-	100.0%	-	-	-

ND: Not Disclosed

Selected Transactions Commentary



"It is with purchases like these of great companies with strong reputations that fit our growth strategy, that Rodda Paint Co. in support with the Cloverdale Paint Group, plans to continue to grow our coating network to higher levels."

David Wolf, Co-President & COO of Rodda Paint



"We are happy that we have found a solution where Eskaro Group AB's founder and minority owner now takes over full ownership. The employees in the divested units will therefore also continue as before under known management. The process has been difficult and we are now happy to look ahead and focus on our core markets and future strategy."










Sune Schnack, CEO of Flügger



"The acquisition of MF Paints Inc. represents a combination of shared values and a commitment to excellence in the industry. Under the leadership of the Morello family, MF has grown into the pre-eminent paint brand in the Quebec market. Customers can anticipate continued access to premium, environmentally conscious paint products designed to meet the diverse needs of the Canadian market."

David Ades, President of Protech Group

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



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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S U S C R I B E

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</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 CAPITAL PARTNERS 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>

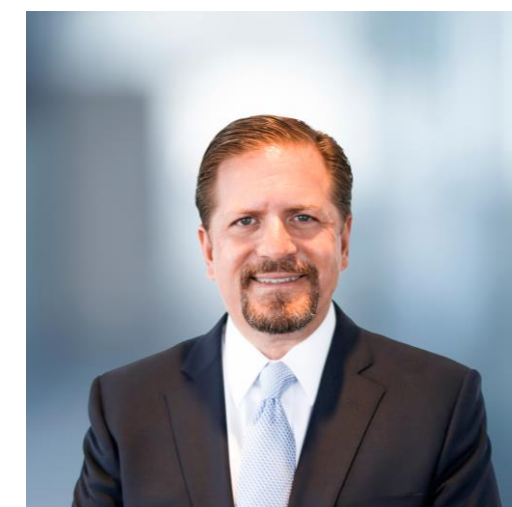


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University of Kentucky - BS in Accounting

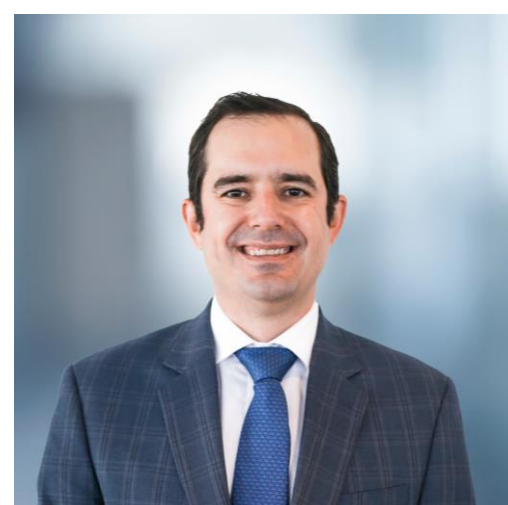


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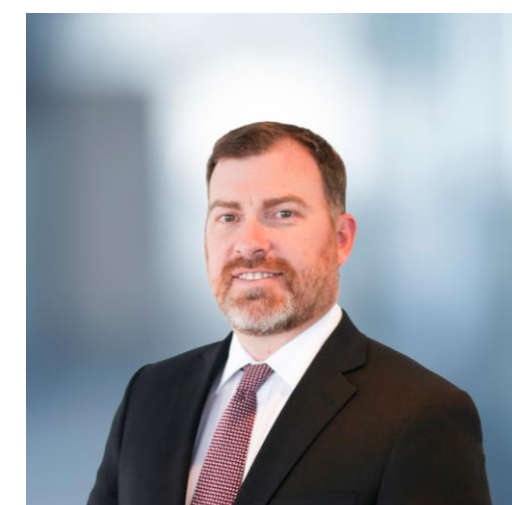


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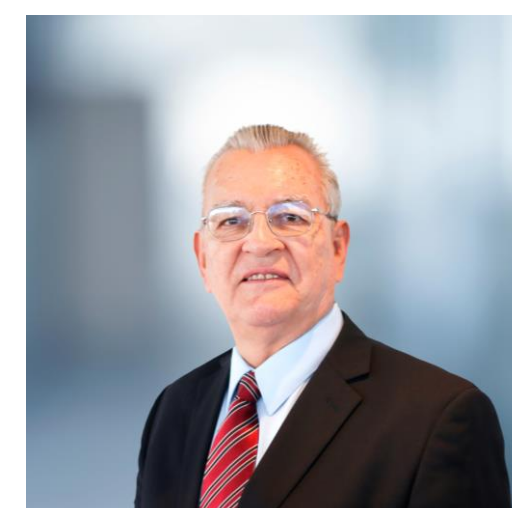


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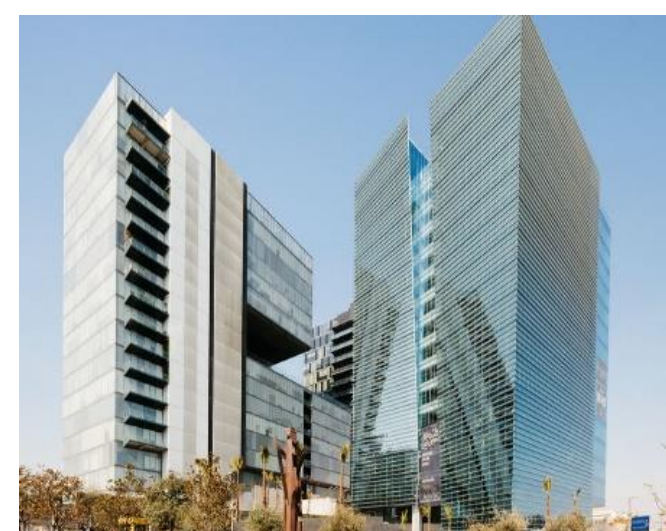
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Please contact us if you would like further information about M&A trends and/or specific transaction multiples for your industry.

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25

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Recapitalizations

Due Diligence / Support

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