

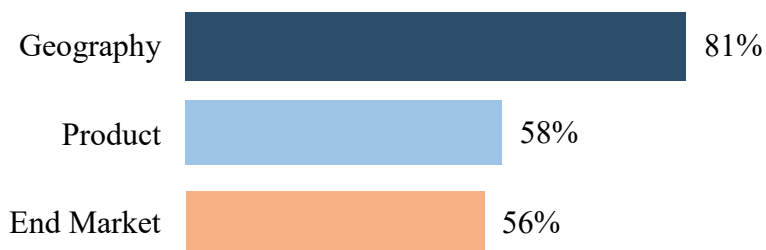
# SPECIALTY CHEMICAL DISTRIBUTION M&A

## 2018 OVERVIEW

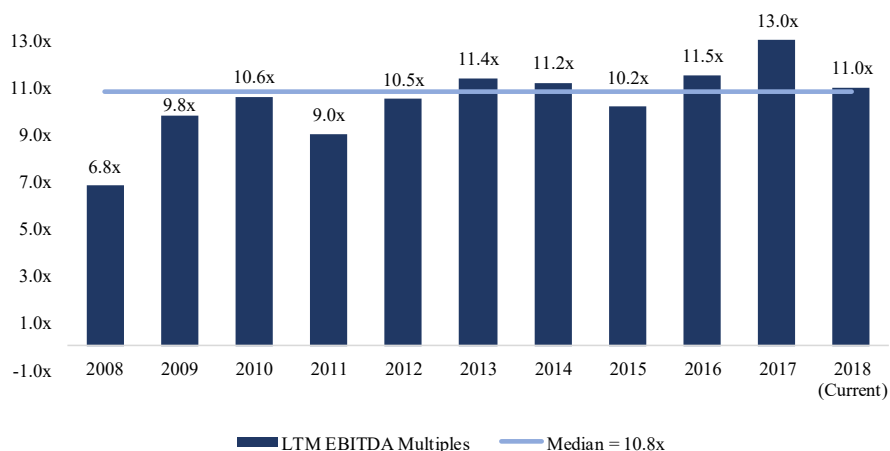
Big opportunities await buyers that are looking for deals in the chemical distribution sector. Dramatic shifts in the **\$470 billion U.S. chemical industry**, particularly in the highly fragmented distribution sector, have sparked a rush of acquisition activity — with **the top 10 distributors executing more than 40 mergers in the past five years alone**.

Furthermore, due to the increased use of distributors, growth projections for this sector have ramped up beyond those of the end chemical market, with **specialty chemical distribution enjoying even more robust growth projections (5.0 - 5.5% CAGR 2017 - 2022)**. Most companies looking for attractive additions to their portfolio of chemical distributors are pursuing one of three expansion paths: **Geographic, Product or End Market**.

### U.S. CHEMICAL DISTRIBUTOR ACQUISITIONS BY RATIONALE (2011—Nov. 15, 2018)



### SPECIALTY CHEMICAL DISTRIBUTION LTM EBITDA MULTIPLES



Source: Capital IQ, William Blair, Company press releases

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#### FIRM OVERVIEW:

Carleton McKenna & Co. is a boutique, independent investment banking firm providing M&A Advisory, Capital Raise Advisory, and Strategic and Financial Planning Advisory services. Our experienced professionals maintain a client-focused and entrepreneurial approach which enables us to maximize outcomes by being creative for our clients. Our professionals have over three decades of experience partnering with public and private companies led by strong, entrepreneurial management teams.

Using this expertise, Carleton McKenna & Co. specializes in providing sell-side and buy-side M&A Advisory services to small- to mid-cap clients which have closely-held businesses, portfolio companies of financial sponsor firms, and divisions or subsidiaries of public companies.

Carleton McKenna & Co. has deep experience in the niche manufacturing, specialty chemicals and materials, business services, consumer products and healthcare markets.

SELECT SPECIALTY CHEMICAL DISTRIBUTION M&A ACTIVITY (2017 - PRESENT)

Date	Target	Description	Acquirer	Transaction Value (\$M)	TV/ EBITDA	TV/ Revenue
May-19	Imperial Dade	Distributor of foodservice disposables and janitorial sanitation products	Bain Capital			
Apr-19	Advanced Sterilization Products	Distributor of innovative sterilization and disinfection solutions	Fortive	\$2,800		3.5x
Mar-19	Tech Air	Distributor of industrial and medical gases	Airgas			
Mar-19	Chemroy	Distributor of coatings, adhesives and inks	Azelis			
Mar-19	Nexeo Solutions	Distributor of chemicals and plastic products	Univar	\$2,000	9.4x	0.5x
Mar-19	Class 1	Distributor, designer, manufacturer and installer of medical gas solutions	Atlas Copco			
Feb-19	Aquion	Distributor of water conditions, filters, purifiers, ozone and disinfection systems, and acid neutralizers	Pentair	\$160		2.2x
Feb-19	Filter and Coating Technology	Distributor of finishing, dispense, solutions and filtration products	OTP Industrial Solution			
Jan-19	BASF (Paper and Water Chemicals)	Distributor of industrial chemicals	Solenis			
Jan - 19	Reeder Distributors	Distributor of lubricants	Brenntag			
Dec-18	Pachem Distribution	Distributor of natural-sourced chemical products	Brenntag			
Nov-18	ACG Materials	Distributor and processor of gypsum and plaster materials	Arcosa	\$315	9.8x	
Nov-18	Bartek Ingredients	Distributor of malic and fumaric acid for food and beverage applications	TorQuest Partners			
Oct-18	Cooperative Purchasers	Distributor of food, beverages, and nutraceutical ingredients	Caldic			
Oct-18	IPAC Chemicals	Provider of specialty chemicals to improve the environment	The Jordan Company			
Sept-18	Velox	Distributor of raw material specialties for the plastics, composites, additives, rubber, paints and coatings industries	IMCD			0.6x
Sept-18	Canada Colors and Chemicals	Distributor of specialty surfactants to the cleaning market	Brenntag	\$100		
Aug-18	HORN Company	Distributor, supplier, marketer and manufacturer of specialty ingredients, raw materials and chemicals	IMCD			1.6x
May-18	Earthoil	Distributor of organic essential oils and vegetable oils	Univar	\$18		
Jan-18	Ketemyl Group	Distributor of industrial ethanol intended to be used as industrial chemicals, fuels and cleaning	Univar			
Oct-17	Axxone International	Distributor of chemicals for paints and coatings	Connell Brothers			
Sept-17	LV Lomas	Distributors of chemicals, ingredients, raw materials, and packaging products.	IMCD			
Jul-17	Bosscos Industries	Distributor of industrial specialty chemicals	IMCD			
Apr-17	Ultra Chem (Mexico)	Distributor of specialty chemicals including PVC stabilizers, antioxidants, foaming agents, ABS and SAN resins	Nexeo	\$58		
Mar -17	Applied Adhesives	Distributor of industrial adhesives and dispensing equipment technology.	Goldner Hawn			
Feb-17	Lincoln Fine Ingredients	Distributor of specialty chemicals and ingredients	Maroon Group		7.9x	
Feb-17	Petra Industries	Distributor of specialized liquid and dry blending, packaging and terminal services	Brenntag	\$20		
<b>Mean</b>				<b>\$684</b>	<b>8.9x</b>	<b>1.7x</b>
<b>Median</b>				<b>\$130</b>	<b>8.9x</b>	<b>1.6x</b>

Source: Capital IQ, Modern Distribution Management, Industrial Distribution, NAW, and TEDMagazine, Pitchbook