



**Q1**  
2025

**CHEMICALS & MATERIALS**

# Quarterly Review

# Market Intelligence

The first quarter of 2025 saw increasing macroeconomic volatility, as heightened trade tensions under President Trump's tariff policies shaped market sentiment. In February, the new U.S. administration proposed hefty tariffs on key trading partners, including a 25% duty on most imports from Canada and Mexico (briefly imposed then suspended) and threats of broader levies on automotive and Chinese goods. Equity markets retreated from late-2024 highs, with the S&P 500 posting a -4.6% year-to-date return for Q1 2025.

Economic indicators painted a mixed picture, showing cooling inflation but slowing growth. In March, inflation eased as consumer prices declined 0.1%, bringing the annual Consumer Price Index growth to 2.4%. The labor market remained tight but began to level off, with unemployment hovering between 4.1% and 4.2% during the quarter, slightly above 2024 lows. Wage growth decelerated to roughly 4% year-over-year (YoY). After a soft January, industrial activity demonstrated resilience, with industrial production accelerating +0.7% in February. This uptick lifted capacity utilization to 78.2%—up from 77.7% in January—signaling improved factory operating rates. Notably, the Bureau of Economic Analysis published a 0.3% decrease in real GDP growth in the first quarter of 2025.

The U.S. chemical sector saw modest gains in the first quarter of 2025. Freight indicators showed improvement, with weekly chemical railcar loadings rising to approximately 34,500 by late March—a 3% increase YoY (based on a 13-week moving average). Resin production rebounded sharply in March, with major plastic resins output reaching 8.8 billion pounds—a 10.4% monthly increase and 2.2% YoY growth. Resin sales (including captive use) rose to 8.6 billion pounds, an 8.5% monthly increase and 3.6% gain over March 2024. By February, inventory-to-sales ratios dropped to 1.16, reflecting tighter inventory levels compared to 1.21 a year earlier. Labor metrics remained solid, with industry employment edging

higher. Combined chemical and pharmaceutical manufacturing payrolls stood at approximately 902,000 in March, about 0.6% above last year's level, and the average workweek ticked up to 41.8 hours, reflecting steady operating rates. Overall, Q1 2025 delivered stable to slightly improving conditions for U.S. chemicals.

Looking ahead into the remainder of 2025, chemical producers will continue to navigate a global landscape defined by heightened uncertainty on trade policy and evolving regulatory pressures.

Industry analysts warned early in the year that tariff actions then under consideration—particularly the U.S. administration's proposed new tariffs on Chinese imports—could significantly impact raw material costs and disrupt supply chains for domestic chemical manufacturers. Indeed, tariffs and a subsequent trade conflict materialized, underscoring analysts' concerns and intensifying existing pressures on U.S. chemical producers, whose competitiveness relies heavily on integrated global networks for sourcing and distribution.

On the regulatory front, the European Union is advancing efforts to ban “forever chemicals” (PFAs, or per- and polyfluoroalkyl substances) from consumer products, granting only narrow exemptions for essential industrial applications. This prospective ban could require extensive product reformulations and raise litigation risks tied to legacy PFAS contamination as new evidence of health impacts emerges.

For the rest of 2025, chemical producers will be tested by new tariffs, shifting regulations and supply-chain realignments. Companies that proactively diversify supply chains, adapt product portfolios to evolving rules and enhance operational efficiency are likely to protect margins and capture growth opportunities, even amid ongoing policy-driven risks and market uncertainties.

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# Lubricants Activity is Heating Up

By James Dailey – Head of North American Chemicals

Lubricants serve an important role in both industrial and automotive applications, offering a favorable cost-to-benefit ratio by reducing friction and minimizing equipment downtime. Lubricant efficiency has continued to improve, as measured on a gallon-per-machine-hours or gallon-per-miles-driven ratio.

Lubricants are made from base oils (~80%) and lubricant additives (~20%), though this can vary depending on the application. Base oils are generally derived from petroleum crude oil, and when assessing potential companies, one should be sensitive to West Texas Intermediate pricing. Base oils are primarily mineral-based, including hydrotreated and hydroprocessed oils, as well as ethylene-derived synthetics.

The U.S.'s global cost advantage from shale production will benefit North American lubricant companies for the foreseeable future. Separately, there is growing demand for biodegradable lubricants, though maintaining performance is paramount.

At the highest tier, the lubricant additives market is highly consolidated, with a handful of players controlling the majority of the market. Major additive manufacturers include Infineum, Lubrizol, NewMarket, Oronite (Chevron) and Petronas. In contrast, the overall lubricants market remains fragmented, with smaller players accounting for nearly half of the market outside the top 10 companies. This fragmentation across both the industrial and automotive segments presents opportunities for potential roll-ups. Smaller players can differentiate themselves through superior customer service, customization, speed and reliability.

As industrial production continues to modernize in select industries in major Asian and African countries, there will be heightened demand for industrial lubricant solutions. Protecting internal metal

components and demanding mechanical applications is an important part of the shifting industrial landscape. Furthermore, the chemical lubricants segment will benefit from growth related to data centers, as maintenance and cooling fluids are of key importance to maintaining performance, particularly for rack pumps and chassis fans.

With respect to automotive lubricants, the shift from internal combustion engines (ICE) to electric vehicles (EVs) has been slower than was forecasted at multiple intervals over the last decade. This provides a clear runway, and additional ICE-neutral lubricant applications have continued to become clearer, making this sub-segment a relatively attractive one. Hybrid electric vehicles require more lubricants and fluids than traditional ICE applications, while full battery electric vehicles use fewer fluids overall. Teasing through those growth rates is an important diligence area. The opportunity to shift the mix from direct-ICE-exposed to ICE-neutral is one value driver of importance.

From a mergers and acquisitions (M&A) perspective, there has been no shortage of activity in the automotive lubricants sector, from the most recent Royal Purple process(es) to Aramco's benchmark-setting deal. Broader potential movements, from Amalie and HollyFrontier, leave for questions to still be fully answered, and there is ongoing interest to see how the Castrol process ultimately develops this year, in addition to more middle market and even lower middle market activity.

## TOP-TIER LUBRICANTS PLAYERS

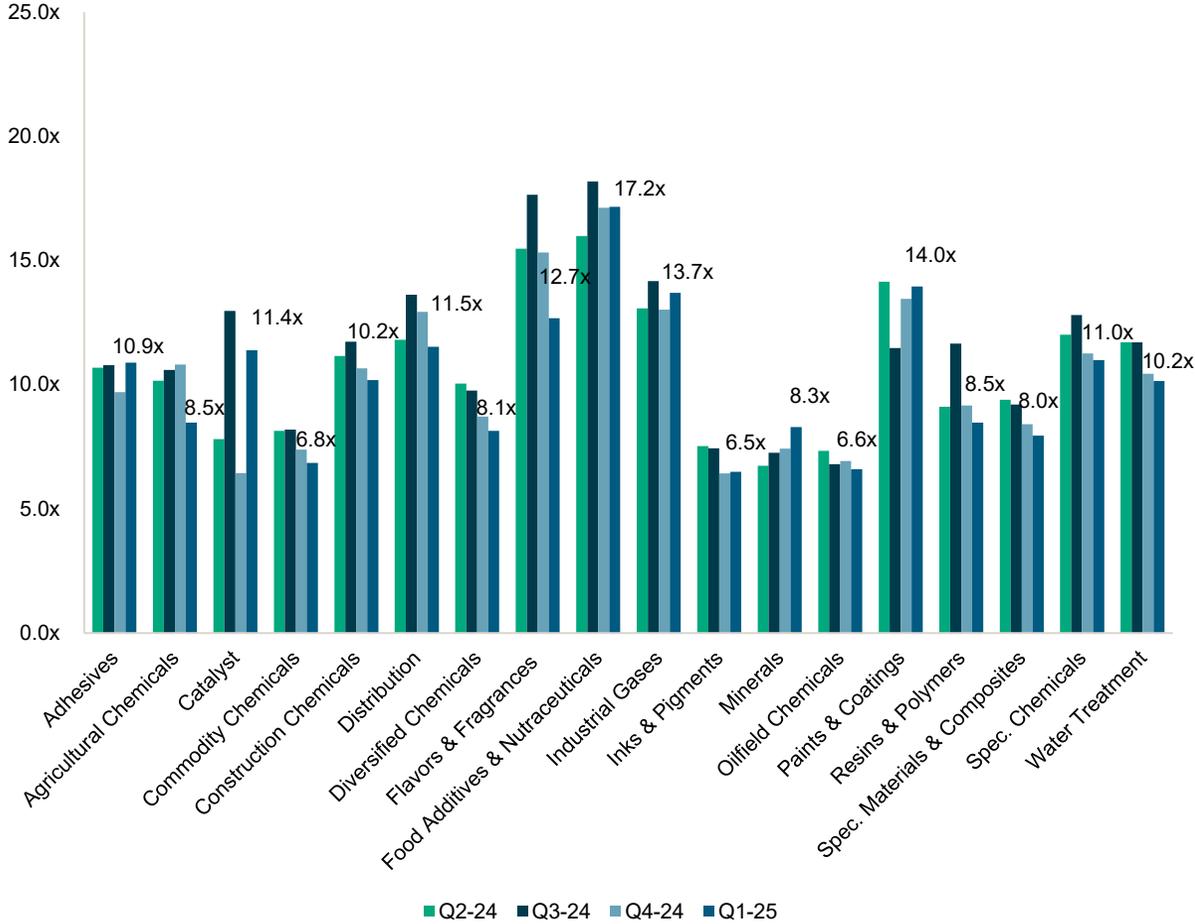


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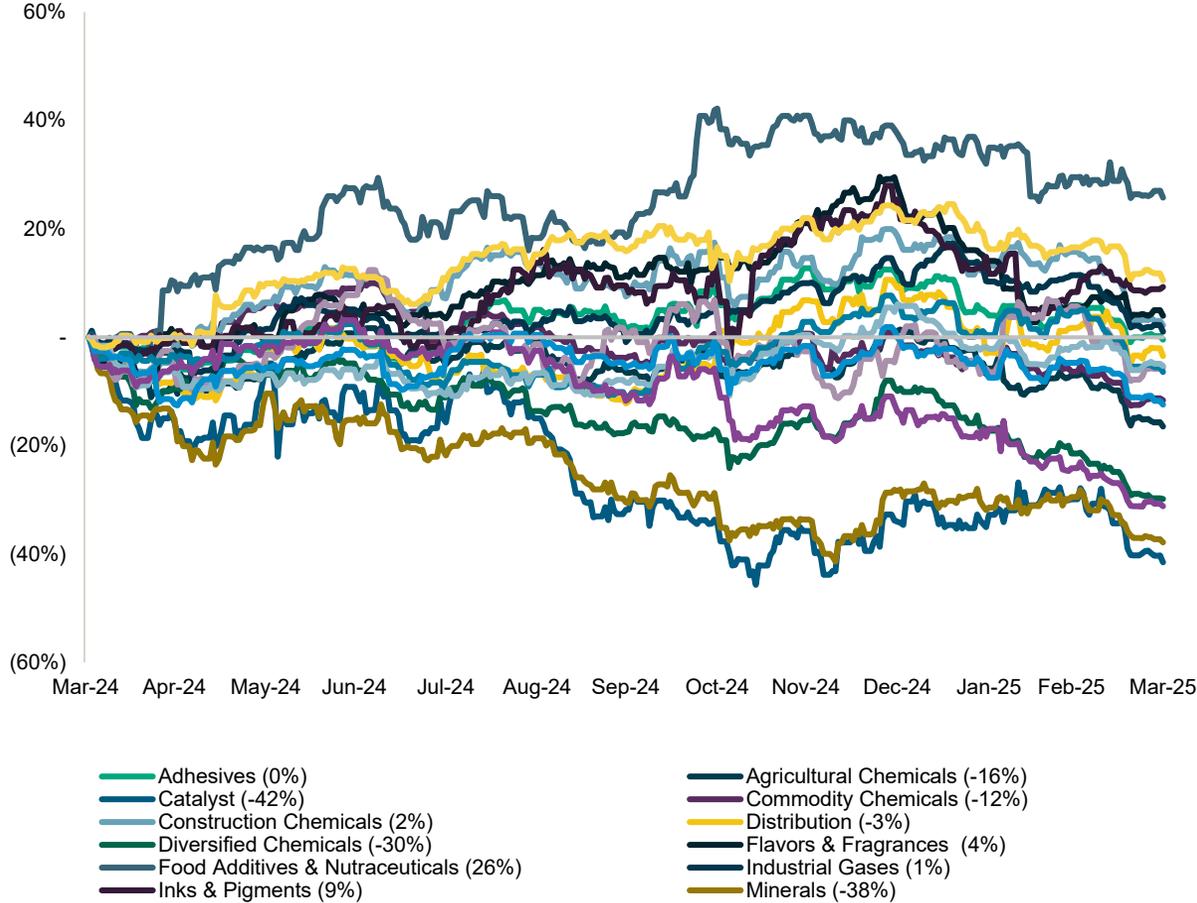
Due to a favorable cost-to-benefit ratio and opportunity to manage operational excellence and service levels, lubricants are an attractive sub-sector. There is a clear set of strategies for both industrial and automotive lubricants, while—at least in this portion of the value chain—there is still room for consolidation. This segment is also generally capital expenditure-light with high free cash flow, which helps to support leverage levels. Focusing on the opportunity to move into current growth markets, including e-mobility, renewable energy applications (e.g., wind energy), semiconductors and data centers, can provide an attractive road map to pursue for a larger platform.

# Chemicals & Materials Market Update

EV / LTM EBITDA<sup>1</sup>



ONE-YEAR STOCK PERFORMANCE BY CHEMICALS SUB-SECTOR<sup>2</sup>



1. The above multiples are based on the mean for the past four quarters for each corresponding sub-sector  
 2. Calculated based on an average of publicly traded companies in the sector

# Public Company Valuation Statistics as of 03/31/25

Sector	Number of Companies	Quarterly Stock Performance	% of 52 Week High	EV / LTM		P / E Multiple	Net Debt / LTM EBITDA	Q1 2025 LTM Growth		Q1 2025 LTM Margin	
				Revenue	EBITDA			Revenue	EBITDA	Gross	EBITDA
Adhesives	4	(4.3%)	79.3%	2.06x	10.9x	21.0x	1.9x	3.4%	6.0%	37.6%	17.4%
Agricultural Chemicals	14	1.4%	72.6%	1.49x	8.5x	15.9x	2.7x	3.3%	9.0%	23.5%	14.2%
Catalyst	3	(4.7%)	53.7%	0.99x	11.4x	4.6x	N/M	6.4%	20.0%	6.5%	2.4%
Commodity Chemicals	13	(4.9%)	67.8%	1.13x	6.8x	15.4x	2.5x	4.9%	14.0%	19.9%	13.8%
Construction Chemicals	11	(1.3%)	76.7%	2.10x	10.2x	18.3x	2.1x	4.2%	6.7%	33.2%	18.3%
Distribution	5	(4.7%)	74.1%	1.42x	11.5x	19.6x	2.6x	4.1%	1.9%	22.4%	10.3%
Diversified Chemicals	16	(1.0%)	72.3%	1.10x	8.1x	16.7x	1.7x	4.1%	13.9%	22.0%	11.7%
Flavors & Fragrances	8	(5.6%)	76.2%	2.24x	12.7x	21.1x	1.6x	5.1%	8.9%	35.5%	15.5%
Food Additives & Nutraceuticals	3	8.3%	82.8%	4.47x	17.2x	19.8x	2.1x	6.9%	7.6%	43.0%	23.8%
Industrial Gases	6	7.9%	85.7%	4.16x	13.7x	18.6x	2.4x	8.3%	9.9%	32.5%	22.5%
Inks & Pigments	5	3.6%	85.8%	0.65x	6.5x	9.5x	0.9x	3.6%	6.1%	20.7%	10.2%
Minerals	8	(2.7%)	67.7%	2.26x	8.3x	17.6x	6.0x	11.8%	17.9%	19.7%	18.2%
Oilfield Chemicals	3	(1.1%)	75.4%	1.42x	6.6x	11.9x	1.0x	5.8%	10.6%	26.1%	18.0%
Paints & Coatings	8	0.5%	79.8%	2.46x	14.0x	18.3x	1.8x	5.1%	7.5%	34.9%	13.9%
Resins & Polymers	9	(7.8%)	72.5%	0.95x	8.5x	15.0x	4.8x	4.0%	17.0%	14.7%	9.2%
Spec. Materials & Composites	8	(4.7%)	71.4%	1.33x	8.0x	19.7x	2.4x	5.6%	10.5%	21.7%	13.1%
Spec. Chemicals	10	(10.9%)	63.5%	1.86x	11.0x	20.2x	2.3x	7.8%	12.6%	31.9%	17.2%
Water Treatment	4	6.2%	84.1%	2.13x	10.2x	20.7x	1.5x	3.9%	5.6%	19.9%	13.2%
<b>Mean</b>		<b>(2.3%)</b>	<b>72.9%</b>	<b>1.76x</b>	<b>9.7x</b>	<b>17.2x</b>	<b>2.4x</b>	<b>5.4%</b>	<b>11.0%</b>	<b>25.4%</b>	<b>14.4%</b>

# Select Q1 2025 M&A Transactions

USD in Millions

Closing Date / Status	Target	Acquiring Company	Target Location	Acquirer Location	Enterprise Value	EV / LTM		EBITDA Margin
						Revenue	EBITDA	
Announced	Investigación y Control de Calidad	Waterland Private Equity	Spain	Netherlands	-	-	-	-
Announced	NACL Industries	Coromandel International	India	India	\$232	1.35x	-	-
Announced	Sulfuric Acid Assets of Cornerstone Chemical	Ecovyst	US	US	-	-	-	-
Announced	Xmold Polymers	Supreme Petrochem	India	India	5	5.37x	-	-
Announced	Sachem	Nagase	China	Japan	101	-	-	-
Announced	Reframax Engenharia	Shinagawa Refractories	Brazil	Japan	295	-	-	-
Announced	Irplast	Toppan Speciality Films	Italy	India	-	-	-	-
Announced	Hagedorn	Rheinmetall	Germany	Germany	-	-	-	-
Announced	Synerlogic	Stockmeier	Netherlands	Germany	-	-	-	-
Announced	Italo Belge Colori	Chugoku Paints	Italy	Netherlands	-	-	-	-
Announced	Buckman Laboratories	PPC	US	US	-	-	-	-
Announced	Specialty Chemicals Business of RadiciGroup	Lone Star	Italy	US	-	-	-	-
Announced	US Synthetic	USS HardTech	US	US	300	-	-	-
Announced	Brazilian Decorative Paints Business of BASF	Sherwin-Williams	Brazil	US	1,150	2.19x	-	-
Announced	Resonac Packaging	Dai Nippon Printing	Japan	Japan	-	-	-	-
Announced	Global Glass Reinforcements Business of Owens Corning	Triumph Non-Ionics	US	India	-	-	-	-
Announced	LOTTE Versalis Elastomers	Lotte Chemical	South Korea	South Korea	-	-	-	-
Announced	Americhem	PPC	US	US	-	-	-	-
Announced	KABKOM	HEXPOL	Turkey	Sweden	71	2.25x	-	-
Announced	Blackboxstocks	REalloys	US	US	400	-	-	-
Announced	Chemfield Cellulose	Oji	India	Japan	-	-	-	-
Announced	Styrodur Business of BASF	Karl Bachl	Germany	Germany	-	-	-	-
Announced	B Food Science	Polaris Capital	Japan	Japan	-	-	-	-

Source: Capital IQ, Mergermarket, Pitchbook and company data

Note: Proprietary valuation information is not reflected in individual transaction details, but may be included in the calculation of Mean, Adjusted Mean and Median results

# Select Q1 2025 M&A Transactions (cont'd)

USD in Millions

Closing Date / Status	Target	Acquiring Company	Target Location	Acquirer Location	Enterprise Value	EV / LTM		EBITDA Margin
						Revenue	EBITDA	
Announced	Mosaic Phosphate Asset	Fosfatados	Brazil	Brazil	-	-	-	-
Announced	Chemlube Lubricants Division Assets	Advanced Lubrication Specialties	US	US	-	-	-	-
Mar-25	Much Asphalt	Old Mutual	South Africa	South Africa	\$65	-	-	-
Mar-25	ALTA Performance Materials	KPS Capital	US	US	1,784	2.13x	-	-
Mar-25	Advanta Enterprises	Alpha Wave, Chimera Capital	India	US, Abu Dhabi	2,800	5.69x	-	-
Mar-25	TCP Analytical	Audax Management	US	US	-	-	-	-
Mar-25	Lion Chemtech	Taekyung	South Korea	South Korea	144	1.47x	16.9x	8.7%
Mar-25	Avoca	Mane	US	France	-	-	-	-
Mar-25	Shinto Paint	Dai Nippon Toryo	Japan	Japan	41	0.30x	5.8x	5.1%
Mar-25	Kent Manufacturing	Sur-Seal	US	US	-	-	-	-
Mar-25	HPS North America	Sika	US	Switzerland	-	-	-	-
Mar-25	Cromar Building Products	Sika	UK	Switzerland	-	-	-	-
Mar-25	AOC	Nippon Paint	US	Japan	2,194	1.47x	4.2x	35.3%
Feb-25	MacDermid Graphics Solutions	Flint Group	US	Germany	323	-	-	-
Feb-25	Genesis Alkali	WE Soda	US	US	1,400	-	9.7x	-
Feb-25	Cryogas	Indura	Colombia	Chile	-	-	-	-
Feb-25	P&O Chemical	OCI Company	South Korea	South Korea	79	-	-	-
Feb-25	Powder Coatings Business of Akzo Nobel India	Akzo Nobel	India	Netherlands	-	-	-	-
Feb-25	Formula	SF Equity Partners	US	US	-	-	-	-
Feb-25	Aluminium Bahrain	Ma'aden	Bahrain	Saudi Arabia	6,415	1.58x	7.9x	20.1%
Feb-25	Premium Paints	SIPCO	Saudi Arabia	Saudi Arabia	-	-	-	-
Feb-25	Distrupol	Omya	UK	Switzerland	-	-	-	-

Source: Capital IQ, Mergermarket, Pitchbook and company data

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# Select Q1 2025 M&A Transactions (cont'd)

USD in Millions

Closing Date / Status	Target	Acquiring Company	Target Location	Acquirer Location	Enterprise Value	EV / LTM		EBITDA Margin
						Revenue	EBITDA	
Feb-25	KAYALI	Mona Kattan, General Atlantic	United Arab Emirates	United Arab Emirates	-	-	-	-
Feb-25	Defoamer Business of Sicagen India	PennWhite	India	India	-	-	-	-
Feb-25	High-Performance Plastics Business of Syensqo	Sumitomo Chemical	Belgium	Japan	-	-	-	-
Feb-25	Summit Materials	Quikrete Holdings	US	US	\$11,487	3.06x	12.5x	24.4%
Feb-25	Fosroc International	Saint-Gobain	UK	France	1,028	2.11x	11.3x	18.7%
Feb-25	Brad-Chem	Univar Solutions	UK	US	-	-	-	-
Feb-25	Metamark UK	UPM Raflatac	UK	Finland	183	2.25x	-	-
Feb-25	Latin Resources	Pilbara Minerals	Australia	Australia	376	NM	-	-
Feb-25	Distribution Business of Tat Lee Engineering	GME Chemicals	Singapore	Singapore	-	-	-	-
Feb-25	ThermaFoam	Carlisle Companies	US	US	53	-	-	-
Feb-25	Mobile Asphalt	Construction Partners	US	US	56	-	-	-
Feb-25	Elmich	Sika	Singapore	Switzerland	-	-	-	-
Feb-25	Berry Specialty Tapes	Nautic Partners	US	US	540	-	-	-
Jan-25	Colors For Plastics	Techmer	US	US	-	-	-	-
Jan-25	Reaxis	TIB Chemicals	US	Germany	-	-	-	-
Jan-25	Resco Products	RHI Magnesita	US	Austria	342	1.36x	-	-
Jan-25	San-Dia Polymers	Nantong JiangTian Chemical	China	China	40	0.31x	-	-
Jan-25	Ineos Styrolution Thailand Operations	Styrenix Performance Materials	Thailand	United Arab Emirates	22	-	-	-
Jan-25	GEM	H.B. Fuller	Italy	US	-	-	-	-
Jan-25	Ovniver	Saint-Gobain	Mexico	France	815	-	13.1x	-
Jan-25	FMI	Tex Tech Industries	US	US	165	-	-	-
Jan-25	Nexchlor	Jones-Hamilton	US	US	-	-	-	-

Source: Capital IQ, Mergermarket, Pitchbook and company data

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# Select Q1 2025 M&A Transactions (cont'd)

USD in Millions

Closing Date / Status	Target	Acquiring Company	Target Location	Acquirer Location	Enterprise Value	EV / LTM		EBITDA Margin
						Revenue	EBITDA	
Jan-25	Specialty Silicate Business of SCR-Sibelco	PQ Corporation	Sweden	US	-	-	-	-
Jan-25	Hempel Industrial	Corporacao Industrial do Norte	Netherlands	Portugal	-	-	-	-
Jan-25	Sharp Chemical	Soudal	Japan	UK	-	-	-	-
Jan-25	Boss Lubricants	Fuchs	Germany	Germany	-	-	-	-
Jan-25	Foster	GEON Performance Solutions	US	US	-	-	-	-
Jan-25	3 Pure Play Aggregates Operations in Texas	GCC	US	Mexico	\$100	-	-	-
Jan-25	ITD Chemical	Meyer Laboratory	US	US	-	-	-	-
Jan-25	Bayer Ethoxysulfuron Assets	Crystal Crop Protection	Germany	India	-	-	-	-
Jan-25	Crane Composites	KPS Capital	US	US	208	-	-	-
<b>Mean</b>						<b>2.19x</b>	<b>10.2x</b>	<b>18.7%</b>
<b>Adjusted Mean<sup>(1)</sup></b>						<b>2.07x</b>	<b>10.1x</b>	<b>18.0%</b>
<b>Median</b>						<b>2.11x</b>	<b>10.5x</b>	<b>19.4%</b>

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