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# Specialty Chemicals Global Market Review H2 (Jul-Dec) 2025

CFI Group is pleased to present the Specialty Chemicals Valuation Snapshot for the second semester 2025. This report provides commentary and analysis on current market trends and M&A activity within the Specialty Chemicals sector.

<u>Spotlight</u>

**Europe**

H2 2025 in Europe was shaped by subdued industrial demand and ongoing geopolitical and policy uncertainty, which contributed to more cautious deal execution and softer sentiment. Companies continued to reshape portfolios, prioritizing higher-value specialty segments while divesting non-core or more commoditized activities. Strategic interest remained strongest around technology-led assets (e.g., advanced coatings, composites, thermal management) and solutions supporting electrification and the energy transition, with cross-border activity driven by the need for market access and resilient supply chains.

**Asia / Pacific**

In Asia / Pacific, activity reflected a continued push toward specialty, innovation-driven niches, with buyers focused on capabilities that accelerate product differentiation and access to growth end markets. Cross-border interest remained meaningful as acquirers pursued technology, production capabilities, and geographic diversification. The region also continued to attract attention in areas such as green chemistry, biopolymers, and circular solutions, where partnerships and acquisitions are used to scale innovation.

**India**

India continued to stand out as a market of strategic interest within the broader sector, supported by its role in specialty manufacturing scale-up and continued investment in capability building. Transactions in H2 2025 also highlighted interest in specialty and fine chemical platforms, with buyers seeking portfolio expansion and differentiated chemistry aligned with higher-value downstream applications.

**United States & Canada**

North America was a key driver of sector M&A in H2 2025, contributing to a slightly higher deal count versus H1 2025. Even as macro uncertainty persisted, buyers stayed active—particularly for assets exposed to electronics/electrification, lightweighting, renewables, and defence-related demand. Sponsor participation remained strong, supporting steady deal flow, though valuation discipline increased in periods of volatility (notably in Q3).

**Global Outlook**

Overall, deal volume declined in H2 2025 while deal count remained broadly stable, reflecting cautious buyer/seller sentiment and longer processes. Valuations moderated, still implying a meaningful premium versus public-market trading multiples.

Looking into 2026, the sector's M&A pipeline is supported by continued portfolio repositioning, re-regionalization and supply chain resilience themes, and sustained demand for specialties tied to electrification, energy transition, defence, and sustainable/circular chemistries. Financial sponsors remain important price-setters (often at higher multiples than strategics), while strategics continue to pursue acquisitions that deliver technology access, innovation acceleration, and consolidation benefits.

Malte Jantz

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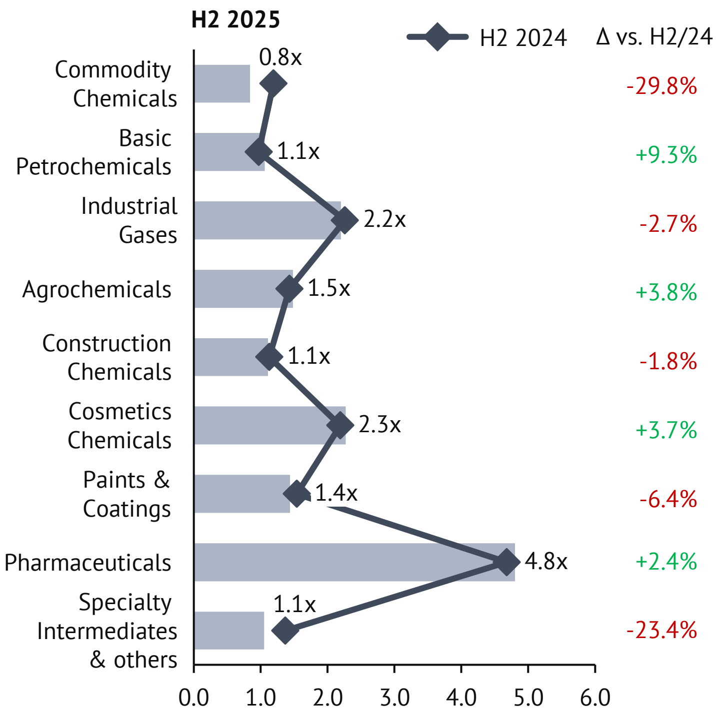
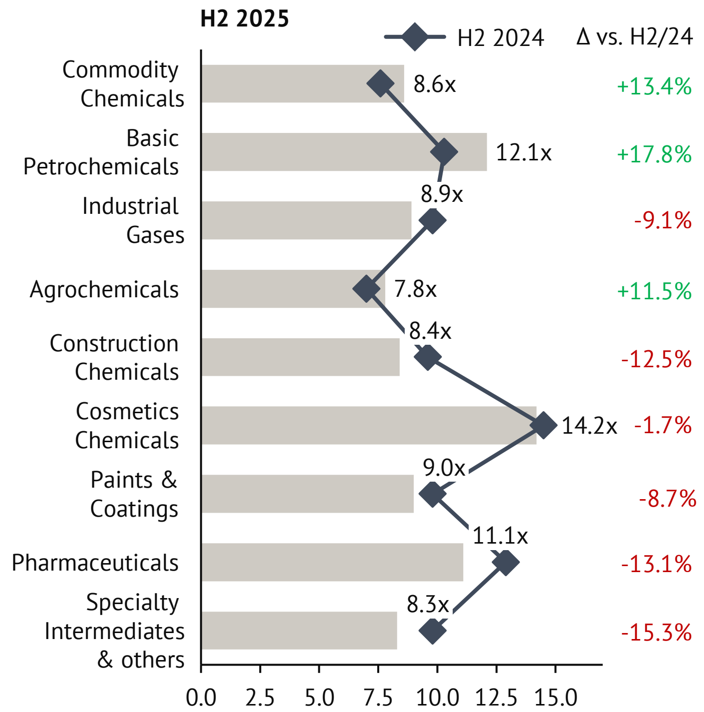
# Trading Multiples

### Median TEV/Revenue




| Median **1.5x** | Mean **2.5x** |
|---|---|
| -16.0% vs H2 2024 | -11.0% vs H2 2024 |

### Median TEV/EBITDA




| Median **10.3x** | Mean **13.0x** |
|---|---|
| -7.7% vs H2 2024 | 8.5% vs H2 2024 |

In H2/25, trading multiples in the chemicals sector remained under pressure, but the pattern became more selective, with pockets of re-rating in cyclical and agro-exposed segments. To smooth out short-term volatility and better reflect underlying valuation trends, CFI methodology was slightly adjusted so that the average of Q3 and Q4 trading multiples is used instead of a single Q4 snapshot for both H2/25 and H2/24.

The median TEV/Revenue for H2/25 declined to 1.5x (-16.0% vs. H2/24), while the median TEV/EBITDA eased to 9.5x (-7.7% vs. H2/24), signalling that equity markets continue to apply a valuation discount to the sector as a whole. At the same time, the mean TEV/EBITDA edged higher to 14.4x (+8.5% vs. H2/24), indicating that a small group of higher-quality names still command premium multiples, even as the broader universe trades at compressed levels.

The sharpest overall de-rating occurred in Specialty Intermediates & others, where TEV/Revenue contracted by roughly -23% and TEV/EBITDA by about -15%, reflecting investor scepticism toward more opaque, mid-stream specialty portfolios. Paints & Coatings also saw lower multiples, with revenue and earnings valuations both down mid-single to high-single digits, as weaker discretionary demand and slowing construction weighed on sentiment.

Construction Chemicals likewise experienced softer revenue and earnings multiples, pointing to subdued building activity and delayed projects in several regions. Investors are increasingly distinguishing between infrastructure-exposed assets and more cyclical residential/ commercial new-build exposure.

By contrast, Basic Petrochemicals and Commodity Chemicals posted meaningful EBITDA multiple expansion (low- to high-teens percentage gains), suggesting that investors are starting to price in earnings recovery after a period of depressed margins, even though revenue multiples remain low.

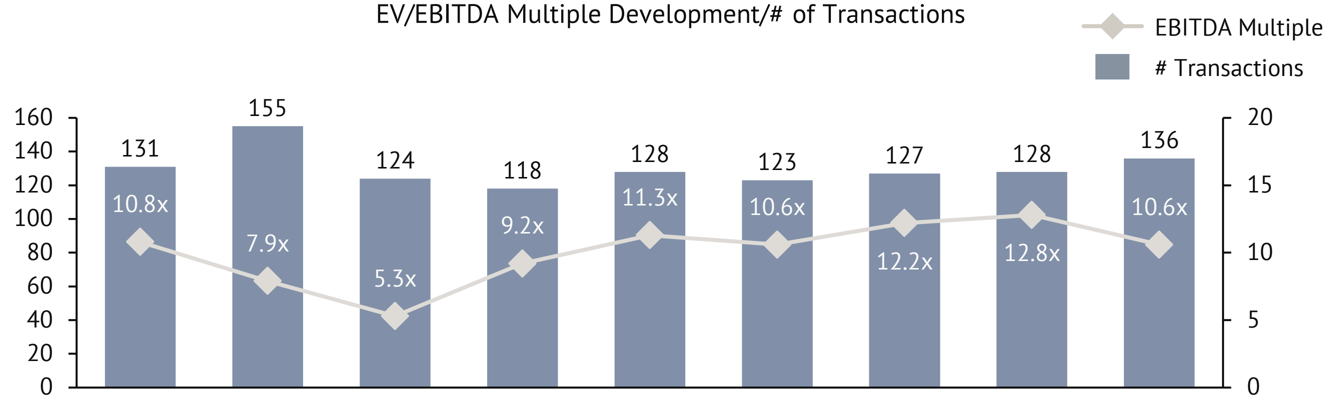
Agrochemicals again stood out as a relative winner, with both TEV/Revenue and TEV/EBITDA up, underlining the resilience of food-linked demand and the appeal of defensible crop-protection and fertilizer niches. Pharmaceuticals continued to trade at the highest revenue multiples in the sample, but saw some EBITDA multiple compression, pointing to more balanced expectations after a phase of outperformance. Industrial Gases registered modest declines on both metrics, consistent with solid but less exuberant growth expectations in energy and industrial end-markets.

Overall, the H2/25 snapshot confirms that the valuation reset in chemicals is not uniform: investors are rewarding clearer earnings visibility and structural growth (agrochemicals, selected petrochemicals) while applying steeper discounts to more discretionary or structurally challenged areas such as cosmetics, coatings, construction chemicals, and undifferentiated intermediates.

# Transactions

## Basic Chemicals

EV/EBITDA Multiple Development/# of Transactions



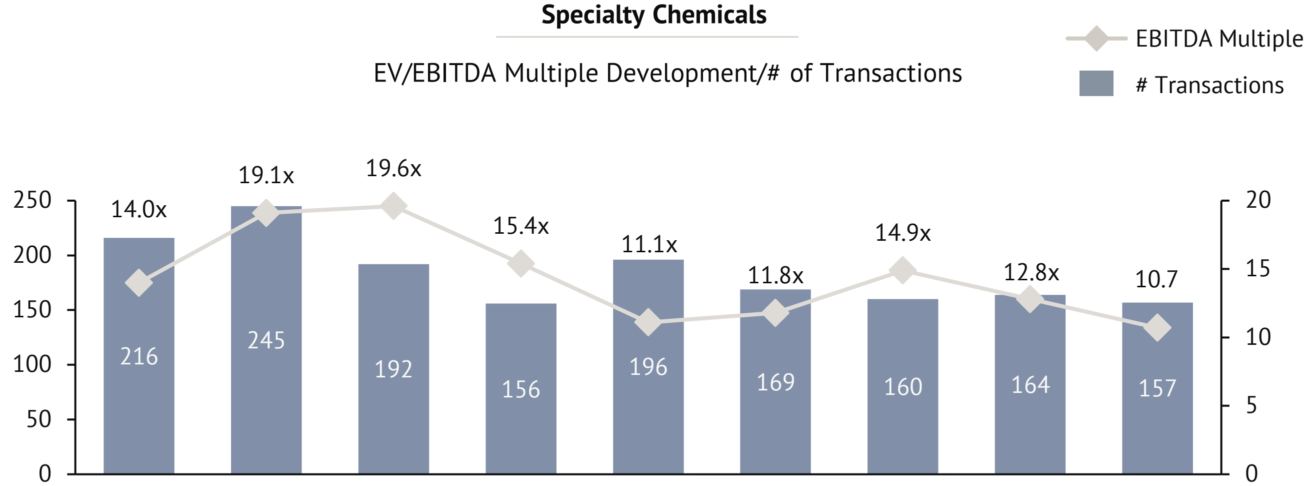

In the second half of 2025, M&A momentum in the Basic Chemicals sector accelerated, reaching 136 announced transactions and surpassing the nine-semester average of 130 deals. While deal volumes strengthened, valuation levels showed a slight softening: the median disclosed EV/EBITDA multiple edged down to 10.6x. Despite this modest decline, the multiple remains above the nine-semester EV/EBITDA mean multiple of 10.1x.

Industry analyses indicate that the chemical sector continues to face weak demand, structural overcapacity, and persistent macroeconomic volatility. Higher long-term interest rates are tightening financing conditions and contributing to valuation pressure, while large chemical groups accelerate portfolio reshaping through carve-outs and focused bolt-ons as megadeals recede. As a result, the market shows increased transaction activity but with more disciplined pricing.

In this environment, buyers gain access to more non-core assets, but capturing value demands focused diligence and the ability to handle complex carve-outs. Sellers must refine their equity stories to sustain valuations. Effective M&A now hinges on targeted insight and disciplined execution – identifying high-potential targets, unlocking value-creation levers, and managing operational complexities in an increasingly selective market.

## Specialty Chemicals

EV/EBITDA Multiple Development/# of Transactions

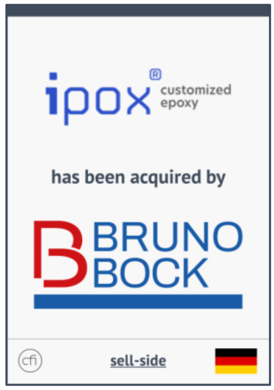



In H2/25, EV/EBITDA multiples in the Specialty Chemicals sector slightly decreased and remained clearly below the 2021 to 2023 peak levels. The median deal multiple stood at around 10.7x, slightly down versus H2/24 and still well under the post-pandemic EV/EBITDA multiples, indicating a more disciplined and selective valuation environment.

Deal activity also stayed subdued, with the number of announced transactions slipping further compared to both 2021 and 2022, underscoring that many buyers are still cautious in deploying capital. The data suggest that the post-pandemic re-rating phase is over and that sponsors and corporates are applying a tighter filter to new deals, focusing on assets with clear value-creation levers rather than paying up for broad sector exposure. While high-quality Specialty Chemicals businesses can still achieve premium pricing, the overall compression in headline multiples points to investors putting greater weight on cash generation, margin resilience and integration risk.

Looking ahead, financial investors are likely to remain central to deal flow, but with a continued tilt towards bolt-on acquisitions and platform consolidation at more conservative valuation levels.













Dealmaking across multiple sectors is being driven by globalization, the evolution of consumer preferences and supply chains, and the need to achieve scale or integrate vertically amid fierce competition.

We hope you find this edition informative, and we would encourage you to reach out to our sector specialists (Malte Jantz and Raj Shroff) if you would like to discuss our perspective on current sector trends and M&A opportunities or our relevant sector and transaction experience.

Corporate Finance International (`CFI') is a group of middle-market investment banks and corporate finance advisory boutiques with over 200 professionals specializing in cross-border acquisitions, divestitures, capital raising, and related services all over the world. Our group focuses exclusively on middle-market transactions, with deal sizes ranging from EUR 10m to EUR 500m.

Our Specialty Chemicals team provides best-in-class, cross-border M&A advisory services to family and entrepreneurially owned companies, private equity funds, family offices, venture capitalists, start-ups and publicly traded companies. Our extensive sector knowledge and transaction experience spans the Pharmaceutical, Cosmetics, Construction Chemicals, Paints and Coatings, Sealants and Adhesives as well as Additives and other fine and specialty chemicals domains.

Our professionals have global relationships with leading chemicals companies and financial investors. Thoughtful advice, extensive experience in structuring and negotiating complex transactions, and a sector focus that supports in-depth understanding of trends and developments impacting our clients, has resulted in a track record of long-term relationships with clients seeking extraordinary value.

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