Industrials

Spotlight On:

Coatings, Adhesives, Sealants, and Elastomers (CASE)

A favorable demand outlook and continued innovation support growth in the coatings, adhesives, sealants, and elastomers markets, where robust M&A activity is accelerating across a fragmented landscape. Participants are aggressively seeking acquisitive growth to access new technology and markets and expand product portfolios.

August 2018

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The BGL Industrials Insider is published by Brown Gibbons Lang & Company, a leading independent investment bank serving middle market companies throughout the U.S. and internationally.

Industrials Insider

Spotlight On:

Coatings, Adhesives, Sealants, and Elastomers

The coatings, adhesives, sealants, and elastomers (CASE) markets have benefited from stable to improving macroeconomic trends, notably global economic expansion; gains in industrial and automotive production; strengthening recovery in the residential and nonresidential construction markets; and increased consumer spending.

- Real GDP in the United States is predicted to grow 2.8 percent in 2018 and 2019, 1.8 percent in 2020, and 1.5 percent in 2021, according to the *Third Quarter 2018 Survey of Professional Forecasters* released this August by the Federal Reserve Bank of Philadelphia.
- U.S. construction activity and industrial production are forecasted to moderate in 2018, reports Coatings World, based on estimates from Orr and Boss in an analysis of the global coatings market. Construction spending is projected to grow in the 3.5-4.0 percent range, down slightly from 4.0-4.5 percent forecasted in 2017. Industrial production is predicted to grow at a rate similar to 2017, estimated at 1.6 percent.

Notable trends impacting future growth

Environmental Impact — Examples include reduction in level of volatile organic compounds (VOCs); vehicle lightweighting to comply with more stringent fuel economy standards; and growing consumer demand for environmentally sustainable products and packaging.

- Ongoing shift from solvent-based paint, coatings, and adhesives to water-based formulations
- Fuel efficiency driving vehicle weight reduction — metal components substituted with composites that can be bonded with adhesives.

Infrastructure — Growth is expected to drive demand for high temperature resistance in energy application and electrical insulation and improved corrosion/wear resistance.

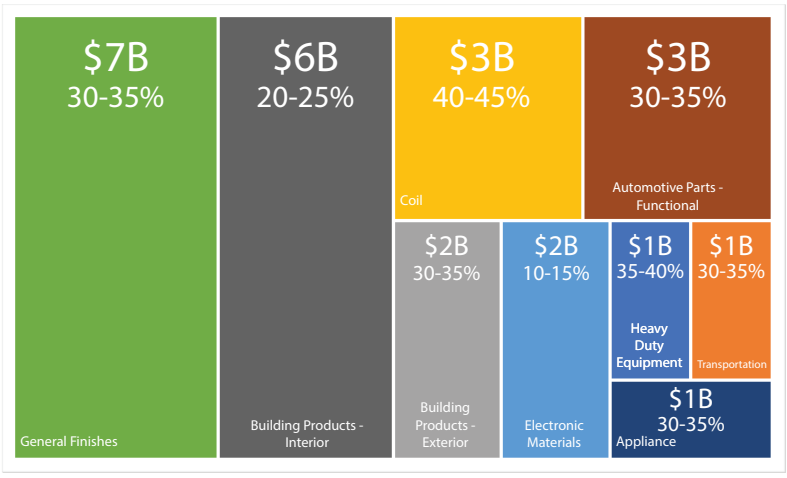
Industrial Coatings — An estimated $25-30 billion market and growing, industrial coatings is projected to see strong gains, with 5.4 percent annual growth through 2020.[1] PPG Industries cited electronic materials, general finishes, and transportation as high growth opportunity segments. PPG Industrial Coatings sales have grown at a 9 percent CAGR between 2010 and 2017.

Residential Coatings — Positive momentum in the housing market is supporting growth, with demand drivers of increased new construction and remodeling activity, household formation, and rising home values expected to sustain market expansion. Total housing starts are forecasted to reach 1,317,000 in 2018, based on estimates from the National Association of Home Builders, representing year-over-year growth of 9.0 percent. Single-family starts are forecasted to grow roughly 6 percent annually to surpass 1 million units by 2020. In a May 2018 presentation to investors, Sherwin-Williams highlighted solid performance in the Consumer Brands group, bolstered by the Valspar acquisition, for which the company is projecting consistent growth at "a low single-digit level".

INDUSTRIAL COATINGS

Market Size $25-$30 billion

Segment Size and Top 3 Share



Source: PPG Industries

Source: S&P Capital IQ, PitchBook, Equity Research, Company Filings, Coatings World, Adhesives & Sealants Industry, and public data.

[1] *PPG Industries*

Spotlight On:

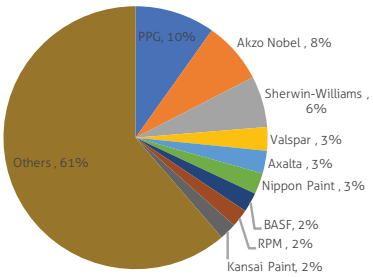
Coatings, Adhesives, Sealants, and Elastomers

CASE GLOBAL LANDSCAPE

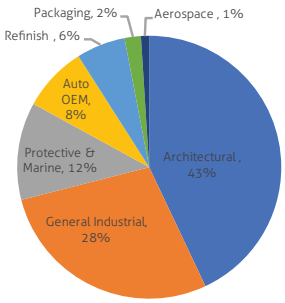
Coatings

$130+ billion

Industry Fragmentation

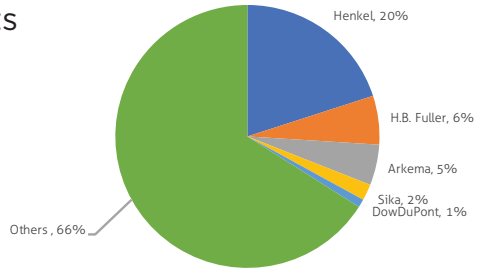


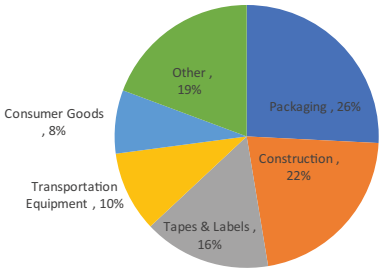
Markets



Adhesives & Sealants

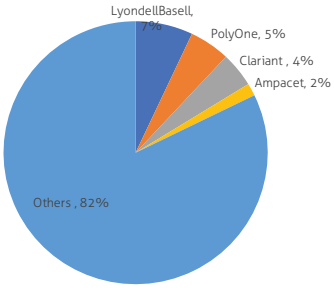
$50 billion

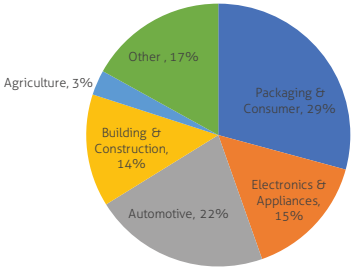




Elastomers

$65 billion





Source: PPG Industries, H.B. Fuller Company, LyondellBasell Industries, Wall Street Research.

INDUSTRY FRAGMENTATION REMAINS HIGH, WITH CONSOLIDATION A KEY THEME AS INDUSTRY PARTICIPANTS SEEK CAPABILITY, TECHNOLOGY, AND MARKET EXPANSION.

Industrials Insider

Spotlight On:

Coatings, Adhesives, Sealants, and Elastomers

Engineering Adhesives — Outsized growth is attracting increased investment in this $12 billion-plus market.[2] Electronics, energy, and automotive/transportation are cited as fast-growing end markets and driving increased M&A activity as manufacturers look to increase penetration. H.B. Fuller has positioned engineering adhesives as a key lever in its 2020 strategic plan, identifying electronics, engineered products, new energy, and automotive as key focus areas.

Compounding — High-growth end markets are projected to see significant volume expansion, led by automotive (7.1 percent CAGR between 2018 and 2022), packaging and consumer (6.6 percent), electronics and appliances (6.1 percent); building and construction (5.9 percent), and agriculture (5.9 percent).[3]

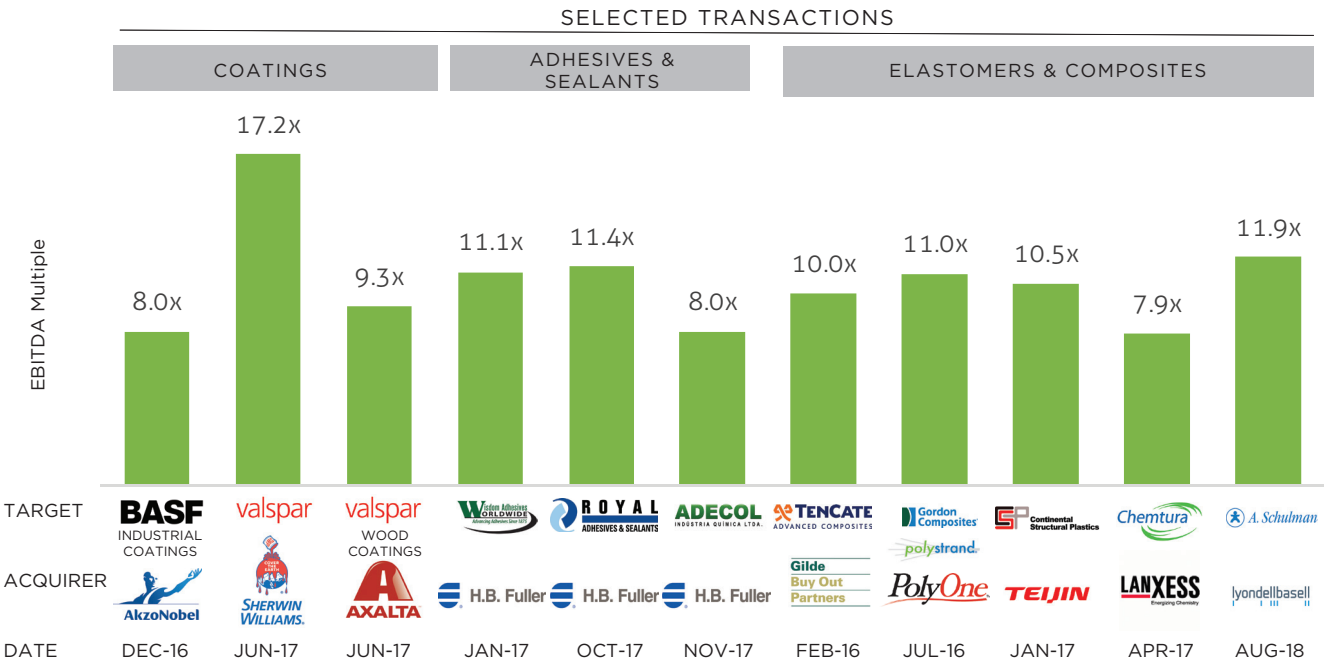
Consolidation — A high level of industry fragmentation is conducive to acquisitive growth with market participants actively pursuing consolidation strategies to achieve economies of scale. Expansions are occurring across areas of expertise, technologies, and geographies, as industry players look to gain entry or increase penetration in fast-growing niche markets, with the level of M&A activity accelerating across all verticals.

Corporate acquirers have been particularly active with recent bellwether transactions illustrative of an aggressive posture and a harbinger of continued consolidation. Notable deals include the $11.0 billion acquisition of The Valspar Corporation by The Sherwin-Williams Company (NYSE:SHW), completed in June 2017; HB Fuller's (NYSE:FUL) transformational $1.58 billion purchase of Royal Adhesives & Sealants in October 2017; and LyondellBasell's (NYSE:LYB) $2.24 billion acquisition of A. Schulman (NasdaqGS:SHLM), completed this August. Similarly, bolt-on activity has been robust with Axalta Coating Systems (NYSE:AXTA) and PolyOne (NYSE:POL) among the industry players to complete serial buys.

Private equity groups have been equally aggressive evidenced by an increasing level of platform and add-on activity. U.C. Coatings (High Road Capital Partners), Innovative Chemical Products (Audax Group), Valentus Specialty Chemicals (Huron Capital Partners), and Meridian Adhesives Group (Arsenal Capital Partners) are among the platforms looking to consolidate the market.

Liquidity will continue to fuel deal-making as buyers look to deploy surplus capital.

PREMIUM VALUATIONS FOR HIGHLY STRATEGIC ASSETS



Source: S&P Capital IQ, Company Filings, and Equity Research.

Source: S&P Capital IQ, PitchBook, Equity Research, Company Filings, Coatings World, Adhesives & Sealants Industry, and public data.
[2] H.B. Fuller Company and [3] LyondellBasell Industries

Spotlight On:

Coatings, Adhesives, Sealants, and Elastomers

SELECTED M&A ACTIVITY IN COATINGS, ADHESIVES, SEALANTS, AND ELASTOMERS (CASE)

Source: S&P Capital IQ, PitchBook, Equity Research, Company Filings, and public data.

Industrials Insider

Spotlight On:

Coatings, Adhesives, Sealants, and Elastomers

AXALTA™
SPECIALTY COATINGS

Axalta has identified a "substantial coatings consolidation opportunity" supported by a robust pipeline of bolt-on targets. The company has completed 17 acquisitions since 2015, including 8 in 2017, adding more than $560 million in revenue.

Industrial coatings acquisitions are expected to be the majority of the company's targeted mid-single digit inorganic revenue growth through 2020, reported industry analysts. Axalta's successful track record in industrial coatings includes six completed transactions, adding over $420 million in net sales.

NOTABLE ACQUISITIONS

valspar wood | CENTURY INDUSTRIAL COATINGS | ELLIS PAINT COMPANY | Plascoat THE ART OF PROTECTION | SPENCER COATINGS GROUP

June 2017

valspar
INDUSTRIAL WOOD COATINGS BUSINESS

Transaction Details:
Enterprise Value: $420M
Enterprise Value/Revenue: 1.87x
Enterprise Value/EBITDA: 9.3x

Acquisition provides a new growth platform in the Industrial Wood Coatings market. The business is a leading provider of coatings for OEM and aftermarket Industrial Wood markets, including building products, cabinets, flooring, and furniture in North America.

"This is an outstanding opportunity for Axalta to enter the large Industrial Wood Coatings market with an industry-leading portfolio of products and customers."

Charlie Shaver
CEO, Axalta

August 2017

Plascoat
THE ART OF PROTECTION

UK-based manufacturer of thermoplastic powder coatings for metal protection applications.

"Over the last 65 years, Plascoat has led the way in developing innovative, environmentally responsible coatings that meet the high corrosion resistance demands of customers around the globe. We look forward to bringing this knowledge and expertise into Axalta to augment our existing thermoplastic powder coatings business and provide even more innovative products and solutions to our customers."

Michael Cash
President, Axalta Industrial Coatings

January 2017

CENTURY INDUSTRIAL COATINGS

Manufacturer of high performance industrial coatings for structural steel, oil and gas, rail cars, and other OEM applications.

"With this acquisition, we will have the opportunity to offer our combined customers an entirely new range of products with best-in-class service."

Michael Cash
President, Axalta Industrial Coatings

Source: S&P Capital IQ, PitchBook, Equity Research, Company Filings, and public data.

Industrials Insider

Spotlight On:

Coatings, Adhesives, Sealants, and Elastomers

H.B. Fuller

ADHESIVES & SEALANTS

H.B. Fuller has identified Engineering Adhesives as a key lever in its 2020 Plan, creating a new global operating segment as a platform for growth. Focus areas will include electronics, engineered products, new energy, and automotive. In a recent investor call, the company quantified the segment opportunity, sizing Engineered Adhesives at a $12 billion-plus market that is growing at high single digits. The company stated the goal to double segment revenues to $400 million by 2020, a 15 percent CAGR, growing from 10 percent to 16 percent of revenue over the period.

October 2017

ROYAL ADHESIVES & SEALANTS

Transaction Details:
Enterprise Value: $1.575B
Enterprise Value/Revenue: 2.42x
Enterprise Value/EBITDA: 11.4x

Acquisition of pure-play adhesives manufacturer adds significant scale (top 10 global player) and shifts portfolio toward high value, specified adhesive applications in engineering adhesives (expansion in aerospace and other high value segments), durable assembly, and construction products. The combination enhances and broadens H.B. Fuller's portfolio mix, as well as expands its technology portfolio capabilities and global footprint. The $1.575 billion price tag reflects a premium valuation at 11.4x EBITDA.

"This business fits perfectly with our strategy to shift H.B. Fuller's portfolio toward Engineering Adhesives and other highly specified adhesive end markets. Through this acquisition, we will gain over $100 million in new business in highly specified engineering adhesive applications with new growth potential."

Jim Owens
CEO, H.B. Fuller

November 2017

ADECOL INDÚSTRIA QUÍMICA LTDA.

Transaction Details:
Enterprise Value/EBITDA: 8.0x

Acquisition advances H.B. Fuller's strategy to grow its presence in emerging markets by expanding in Brazil and across Latin America. The company produces hot melt, reactive, and polymer-based adhesive solutions with applications in the packaging, converting, and assembly markets.

"With this acquisition, we will further enhance our business in Brazil by partnering with customers to produce new and better consumer and durable goods products in this dynamic region."

Jim Owens
CEO, H.B. Fuller

January 2017

Wisdom Adhesives WORLDWIDE Advancing Adhesives Since 1875

INDUSTRIAL ADHESIVES BUSINESS

Transaction Details:
Enterprise Value: $122M
Enterprise Value/EBITDA: 11.1x

Provider of adhesives for the packaging, paper converting, and assembly markets with a 140-year operating history.

"The acquisition will strengthen our leading position in this market segment within the Americas adhesive business. The combination...provides significant cost synergy opportunities combined with some growth opportunities related to the complementary operating model and customer bases of the two companies. This acquisition will enhance and strengthen the delivery of our 2020 strategic plan commitments."

Jim Owens
CEO, H.B. Fuller

Source: S&P Capital IQ, PitchBook, Equity Research, Company Filings, and public data.

Spotlight On:

Coatings, Adhesives, Sealants, and Elastomers

lyondellbasell

ELASTOMERS

LyondellBasell completed the acquisition of A. Schulman this August, a move that creates an "industry-leading compounding business", doubling its existing compounding business in size and serving as a growth platform with access to additional high-growth markets. At announcement, the combined businesses had revenues of $4.6 billion and adjusted EBITDA of $446 million over the last 12 months.

August 2018

A. Schulman

Transaction Details:
Enterprise Value: $2.24B
Enterprise Value/Revenue: .83x
Enterprise Value/EBITDA: 11.87x

With the acquisition, LyondellBasell doubles its specialty plastics business. The combination brings together the number-three (Lyondell) and number-four (Schulman) ranked plastic compounders to become the global market leader, ahead of PolyOne. The transaction also diversifies its automotive exposure by providing access to growing markets.

"The acquisition of A. Schulman is a natural extension of our current platform. This combination will allow us to provide our customers with a wider range of innovative solutions while adding the ability to serve high-growth end markets beyond the automotive sector, such as packaging and consumer products, electronics and appliances, building and construction, and agriculture."

Bob Patel
CEO, LyondellBasell

Source: S&P Capital IQ, PitchBook, Equity Research, Company Filings, and public data.

Spotlight On:

Coatings, Adhesives, Sealants, and Elastomers

PolyOne™

ELASTOMERS & COMPOSITE MATERIALS

Thermoplastic elastomers (TPEs) and advanced composites are key platforms within Specialty Engineered Materials, a segment which achieved double-digit growth in 2017, much of which PolyOne attributes to recent "U.S.-centric acquisitions." The company is leveraging acquisitions to accelerate entry into new market segments, citing the 2016 acquisitions of Gordon and Polystrand (11.0x EBITDA multiple) which provided access into continuous fiber thermoplastic composites. Segment revenue grew 10 percent to $624 million in 2017. Total company revenue increased 9.9 percent to $3.2 billion in 2017.

Inorganic growth is central to PolyOne's strategy, underscored by eight bolt-on acquisitions during the last 2.5 years. The company speaks to a robust acquisition pipeline, segmenting deal opportunities by transaction size, with 30 greater than $200 million in size, 150 in the $50- 200 million range, and more than 250 under $50 million. Assets are trading for high multiples in the current environment, indicated senior vice president of Mergers & Acquisitions Joel Rathbun.

"We're looking for good specialty businesses that we can grow through the addition of commercial resources, innovation, and operational best practices. We like businesses with specialized technologies. We also like businesses that expand our geographic reach," Rathbun said.

NOTABLE ACQUISITIONS

PlastiComp | Gordon Composites | polystrand | KRATON TPE | GLS

June 2018

PlastiComp

Producer of long fiber technology-based composites for demanding applications such as medical devices, robots and drones, marine, and outdoor high-performance equipment.

> "We are very excited to accelerate commercial and operational investments to further expand this important composite technology as part of our advanced composites portfolio."
>
> Robert Patterson
> CEO, PolyOne

Source: S&P Capital IQ, PitchBook, Equity Research, Company Filings, and public data.

Industrials Insider

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Coatings, Adhesives, Sealants, and Elastomers

Celanese ELASTOMERS

Engineered Materials is a $2.0 billion segment and growing, achieving a five-year CAGR in excess of 10 percent, and now accounts for more than one-third (34.1 percent) of total revenue—up from less than 20 percent in 2012.

Celanese has completed four acquisitions over the past two years. The company stated plans to pursue acquisitions through 2020, targeting two acquisitions per year, and has evaluated and been engaged with over 200 companies during the past 12 months. The company is actively seeking bolt-on acquisitions to grow in new geographies, new technologies, and new polymers, identifying medical & pharma and energy storage as growth applications.

February 2018

Omni™ PLASTICS

Custom compounder of engineered thermoplastic materials serving the automotive, electrical and electronics, office furniture, filtration, and lawn/garden markets.

"Engineered thermoplastics continues to be a material of choice in automotive, electrical and electronics, consumer goods, and industrial markets, and Omni Plastics strengthens Celanese's presence in these strategic areas as well as brings expanded presence in office furniture, filtration, lawn/garden, and other specialty materials applications. This acquisition further strengthens our global asset base by adding compounding capacity in the Americas to enable Celanese to continue to support a growing and diverse customer base."

Scott Sutton
COO, Celanese

May 2017

NILIT®
NYLON COMPOUNDING DIVISION

Producer of high performance nylon polymers and compounds, adding compounding facilities in Italy, Germany, and Suzhou, China

"Nylon is increasing in applications and end uses in growth industries where Celanese is already focusing significant product, solution, and customer development activities. The addition of the Nilit nylon compounding product portfolio will extend Celanese's engineered materials solutions offering, and when combined with the company's world-class operating model, we are well positioned to be the first choice materials solutions provider for our customers"

Scott Richardson
SVP, Engineered Materials Business, Celanese

May 2017

So.F.Te.R.

Italy-based supplier of engineering thermoplastics (ETPs) and thermoplastic elastomers (TPEs) nearly doubles the number of Celanese global engineered materials product platforms. With the acquisition, Celanese added manufacturing facilities in Italy, Tennessee, and Mexico with annual production capacity exceeding 300 million pounds. Celanese also added nylon to its materials portfolio and access to a broader range of TPEs with reach in new soft-touch markets such as footwear. BGL was the exclusive advisor to SO.F.TER. in the transaction.

"SO.F.TER. Group's sophisticated and modern manufacturing facilities and product portfolio provide a vehicle for additional growth, investment, and synergies."

Scott Sutton
President, Materials Solutions, Celanese

Source: S&P Capital IQ, PitchBook, Equity Research, Company Filings, and public data.

Industrials Insider

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Coatings, Adhesives, Sealants, and Elastomers

HURON CAPITAL

VALENTUS SPECIALTY CHEMICALS

SPECIALTY COATINGS

Huron Capital formed Valentus Specialty Chemicals to pursue a buy-and-build investment strategy in the protective coatings sector. The platform has completed five acquisitions since December 2015.

"We plan to continue looking for opportunities to further expand the Valentus platform," said Mike Beauregard, senior partner at Huron Capital.

ADDITIONAL ACQUISITIONS

absolute COATINGS

PRECISION TECHNOLOGY

ipaint.us

January 2018

US COATINGS

Provider of high performance protective maintenance coatings for industrial, petrochemical, and oil and gas facility maintenance applications.

"The acquisition of US Coatings is another important step in the development of Valentus. The company has expertise in formulating and technical service as well as a great customer base, which should help broaden Valentus' product offerings and expand our geographic reach."

Ray Chlodney
COO, Valentus Specialty Chemicals

August 2017

POLO PLAZ

Manufactures high performance wood floor coatings for gymnasium and residential applications.

"PoloPlaz has built an excellent reputation in the wood floor coatings market, and partnering with PoloPlaz will broaden our product offerings and expand our geographic reach."

Ray Chlodney
COO, Valentus Specialty Chemicals

Source: S&P Capital IQ, PitchBook, Equity Research, Company Filings, and public data.

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Audax Private Equity

ICP

SPECIALTY COATINGS, ADHESIVES AND SEALANTS

Innovative Chemical Products Group, backed by Audax Group, has completed eight acquisitions since its launch in 2015. Under the leadership of industry veteran Doug Mattscheck, the growth platform was formed to pursue a buy-and-build strategy in the coatings, adhesives, sealants, and elastomers (CASE) markets, with foundational assets California Products Corporation and Nicoat.

ADDITIONAL ACQUISITIONS

APF Arizona Polymer Flooring

MinusNine TECHNOLOGIES

ROCK TRED POLYMER COATING SOLUTIONS *Defining Excellence Since 1939*

April 2018

PLI DEK WATERPROOFING SOLUTIONS

Manufacturer of specialty coatings for the building industry, including waterproof deck coatings, fluid applied waterproofing membranes, epoxy flooring, and concrete coatings.

"The acquisition of Pli-Dek strengthens ICP Construction's portfolio of Building Envelope products and extends our product offerings to external and infrastructure construction products."

Doug Mattscheck
CEO, ICP Group

November 2017

MCT MASTER COATING TECHNOLOGIES

Maker of architectural coating products with specialty products focused exclusively on commercial applications.

"Master Coating Technologies is among the top five manufacturers of specialty coatings. They have been on our radar for quite some time now. We're thrilled to have their brilliant people—and technology—as a new resource to further cement ICP Group's reputation as an innovative leader."

Doug Mattscheck
CEO, ICP Group

February 2016

Fomo Products, Inc.

Manufacturer of low pressure one- and two-component polyurethane foam sealants, adhesives, pour-in-place, and spray foam for construction, renovation, insulation, weatherization, OEM, and mine ventilation air sealant applications. BGL was the exclusive advisor to Fomo Products in the transaction.

"We are excited to welcome Fomo Products to the ICP Adhesives family. These combined products and technologies propel us into a new chapter for the business. Additionally, these acquisitions will strengthen our ability to support our customers through innovation, as we continue to lead the specialty coatings and adhesives markets."

Doug Mattscheck
CEO, ICP Group

Source: S&P Capital IQ, PitchBook, Equity Research, Company Filings, and public data.

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ARSENAL CAPITAL PARTNERS

MERIDIAN ADHESIVES GROUP

ADHESIVES AND SEALANTS

In June 2018, Arsenal Capital Partners launched Meridian Adhesives Group, a new growth platform to invest in the global adhesives and sealants sector, which will focus on high-value adhesives technologies. Foundational assets include Adhesives Technology Corporation (ATC) and Epoxy Technology, acquired in June 2018.

The sponsor's successful track record in the sector includes former portfolio company Royal Adhesives and Sealants, which it built through nine strategic acquisitions to create a top ten global supplier with annual sales in excess of $600 million.

June 2018

ADHESIVES TECHNOLOGY CORP.

Manufacturer of specialty adhesives for the infrastructure and construction industries.

Commenting on the investment, ATC President Hart McIntyre said, "Partnering with Arsenal provides us with the capital and an increased level of industry and operating expertise which enables us to take advantage of all we have to offer and fast forward our acquisition capabilities. We are excited about partnering with such a time-tested and successful firm and look forward to catapulting ATC to new heights as an innovative market leader."

"ATC has an exciting portfolio of adhesive solutions that address unmet needs in the U.S. infrastructure market. Our strategy is to build on ATC's technologies to support its customers' emerging demands."

Don Nolan
Interim CEO, Meridian Adhesives Group

"Arsenal has extensive experience investing and building companies in the adhesives and sealants sector, and the investment in ATC complements our expertise. We look forward to partnering with Hart and the leadership team to help accelerate ATC's growth and build another global leader in adhesives and sealants through the Meridian platform."

Chas Eggert
Industry & Operations Partner, Arsenal Capital

June 2018

EPOXY TECHNOLOGY
Adhesive Excellence
SINCE 1966

Manufacturer of high-performance specialty epoxy, ultraviolet, and hybrid adhesives serving advanced technology industries and end markets, including semiconductor, microelectronics, medical devices, military, automotive, optical, solar, and aerospace.

"We look forward to the partnership with Epoxy Tech's management and employees. Our strategy is to grow Epoxy Tech organically and through acquisitions to expand Meridian's portfolio of great products."

Don Nolan
Interim CEO, Meridian Adhesives Group

"Epoxy Tech has a long history of innovation. The acquisition of Epoxy Tech represents a further step in Arsenal's strategy to build a leading adhesives and sealants business, offering customized and proprietary solutions to a global customer base."

Roy Seroussi
Investment Partner, Arsenal Capital

Source: S&P Capital IQ, PitchBook, Equity Research, Company Filings, and public data.

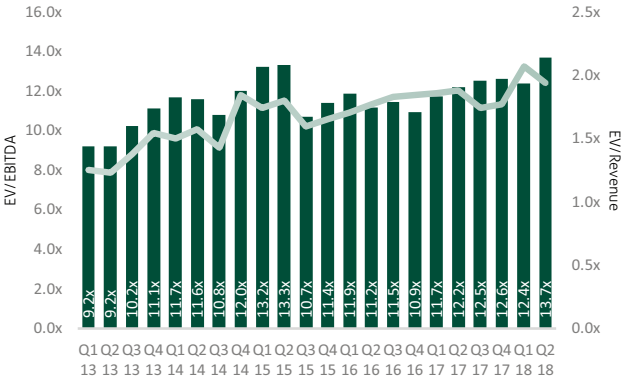
Comparable Public Companies Valuation

($ in millions, except per share data) Company Name	Country	Ticker	Current Stock Price (1)	% of 52W High	Market Capitalization (2)	Enterprise Value (3)	Enterprise Value / TTM Revenue	Enterprise Value / TTM EBITDA	Total Debt/ EBITDA	TTM Revenue	TTM Margins Gross	TTM Margins EBITDA
COATINGS, ADHESIVES & SEALANTS												
Akzo Nobel N.V.	NL	AKZA	$92.50	97.3%	$23,663	$27,550	2.5x	25.7x	4.2x	$10,879	43.0%	9.7%
Axalta Coating Systems Ltd.	US	AXTA	30.05	78.7%	7,230	10,661	2.3x	12.1x	4.4x	4,653	35.1%	19.0%
BASF SE	DE	DB:BAS	92.62	80.7%	85,070	100,739	1.3x	6.9x	1.7x	75,583	31.8%	18.6%
H.B. Fuller Company	US	FUL	58.97	99.6%	2,985	5,285	1.9x	16.3x	7.7x	2,744	27.0%	11.5%
PPG Industries, Inc.	US	PPG	110.62	90.6%	26,772	30,856	2.0x	12.6x	2.1x	15,370	42.9%	15.8%
RPM International Inc.	US	RPM	66.81	99.9%	8,915	10,753	2.0x	15.6x	3.2x	5,322	41.7%	12.9%
The Sherwin-Williams Company	US	SHW	447.39	99.2%	41,558	51,778	3.0x	18.6x	3.7x	17,225	43.4%	16.1%
Median			**$92.50**	**97.3%**	**$23,663**	**$27,550**	**2.0x**	**15.6x**	**3.7x**	**$10,879**	**41.7%**	**15.8%**
Mean			**$128.42**	**92.3%**	**$28,028**	**$33,946**	**2.2x**	**15.4x**	**3.9x**	**$18,825**	**37.8%**	**14.8%**
ELASTOMERS AND COMPOSITE MATERIALS												
Celanese Corporation	US	CE	116.16	98.0%	15,677	18,956	2.8x	10.7x	2.3x	6,854	26.8%	22.7%
Clariant AG	CH	CLN	24.37	81.3%	8,027	9,957	1.5x	9.8x	2.5x	6,677	29.7%	13.8%
Core Molding Technologies, Inc.	US	CMT	9.59	40.2%	77	120	0.6x	8.5x	3.1x	209	12.7%	6.7%
Ferro Corporation	US	FOE	21.86	85.7%	1,839	2,646	1.7x	11.2x	3.6x	1,549	29.3%	15.3%
Hexcel Corporation	US	HXL	67.03	91.3%	5,866	6,767	3.2x	14.1x	2.0x	2,091	27.0%	22.8%
HEXPOL AB (publ)	SE	HPOL B	10.63	97.3%	3,660	3,653	2.6x	14.5x	0.4x	1,410	21.6%	18.1%
Kraton Corporation	US	KRA	48.15	89.2%	1,535	3,157	1.6x	8.5x	4.5x	2,018	28.4%	18.3%
LyondellBasell Industries N.V.	GB	LYB	115.12	94.4%	44,819	50,083	1.3x	6.9x	1.2x	37,624	18.2%	18.4%
PolyOne Corporation	US	POL	43.02	90.6%	3,439	4,612	1.3x	12.1x	3.5x	3,436	21.9%	11.1%
Median			**$43.02**	**90.6%**	**$3,660**	**$4,612**	**1.6x**	**10.7x**	**2.5x**	**$2,091**	**26.8%**	**18.1%**
Mean			**$50.66**	**85.3%**	**$9,438**	**$11,106**	**1.8x**	**10.7x**	**2.6x**	**$6,874**	**24.0%**	**16.4%**

NOTE: Figures in bold and italic type were excluded from median and mean calculation.
(1) As of 8/24/2018.
(2) Market Capitalization is the aggregate value of a firm's outstanding common stock.
(3) Enterprise Value is the total value of a firm (including all debt and equity).
Source: S&P Capital IQ.

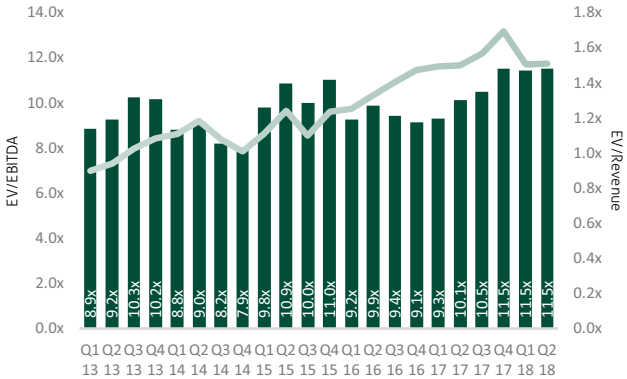
HISTORICAL VALUATION TRENDS

COATINGS, ADHESIVES & SEALANTS



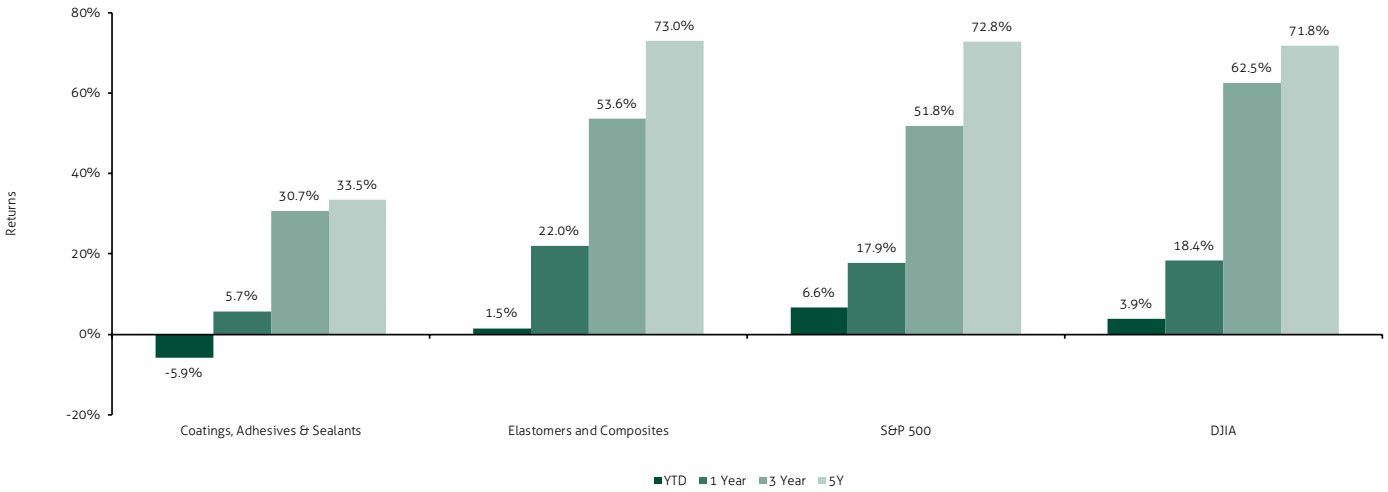
Source: S&P Capital IQ

ELASTOMERS AND COMPOSITE MATERIALS

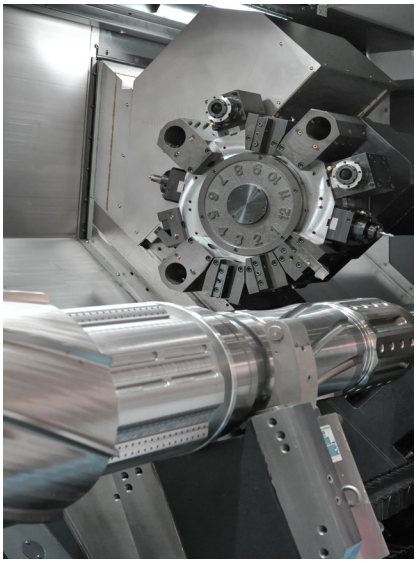


Industry Valuations

Sector Performance



Source: S&P Capital IQ.
As of 8/24/2018.



Global Industrials

BROWN GIBBONS LANG & COMPANY
INVESTMENT BANKERS

Focus Areas

Precision Manufacturing

- Aerospace and Defense
- Automation and Controls
- Automotive and Heavy Truck
- Building Products
- Contract Manufacturing
- Motors and Drives
- Gears and Gearing Systems
- Plastic Injection, Blow, and Compression Molding
- Rubber Compounding and Molding
- Testing, Measuring, and Sensing Equipment

Engineered Materials & Inputs

- Lubricants
- Industrial Chemicals
- Rubber and Plastic
- Coatings
- Ceramics
- Foam and Adhesives
- Aggregates and Minerals

Capital Goods

- Specialty Vehicles
- Industrial Equipment
- Machine Tools
- Power Generation and Management
- Material Handling, Cranes, and Other
- Lighting and Lighting Fixtures
- Packaging Machinery

Industrial Services

- Design and Engineering
- Equipment Rental
- Infrastructure Installation, Repair, and Preventive & Predictive Maintenance
- Rebuild and Remanufacturing
- Sanitation and Hygiene
- Test and Measurement
- Transportation, Logistics, and Distribution

Who We Are

Leading Independent Firm

- Independent investment banking advisory firm focused on the middle market since 1989 Senior bankers with significant experience and tenure; partners average over 20 years of experience
- Offices in Chicago, Cleveland, and Philadelphia
- With Partners around the world, BGL has unmatched global reach
- Deep industry experience across core sectors of focus, including: Business Services, Consumer, Environmental & Industrial Services, Healthcare & Life Sciences, Industrials, and Real Estate

Comprehensive Capabilities

M&A ADVISORY

Sell-Side Advisory
Acquisitions & Divestitures
Public & Private Mergers
Special Committee Advice
Strategic Partnerships & Joint Ventures
Fairness Opinions & Fair Value Opinions

PRIVATE PLACEMENTS

All Tranches of
Debt & Equity Capital for:
Growth
Acquisitions
Recapitalizations
Dividends

FINANCIAL ADVISORY

General Financial & Strategic Advice
Balance Sheet
Restructurings
Sales of Non-Core Assets or Businesses
§363 Auctions

RESEARCH

Primary Research
Industry Benchmarking
Operating Advisor Network
White Papers
Industry Surveys

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Global Industrials

Representative Transactions

U-C COATINGS — a portfolio company of — Argosy Private Equity and Sidereal capital group — acquired by — highroad capital partners — Brown Gibbons Lang & Company

QUIKSERV — acquired by — River Associates Investments with Management — Brown Gibbons Lang & Company

Central Steel & Wire Company — acquired by — RYERSON — Brown Gibbons Lang & Company

SIMONDS INTERNATIONAL — a portfolio company of — Ironwood Manufacturing Fund and NAUTIC — merged with — BURTON SAW AND SUPPLY — a portfolio company of — PFINGSTEN — Brown Gibbons Lang & Company

OBERFIELDS — what outdoor living should be — a portfolio company of — The Anderson Group — acquired by — GRAYCLIFF PARTNERS — Brown Gibbons Lang & Company

CHELSEA BUILDING PRODUCTS — a portfolio company of — Graham Partners — acquired by — aluplast — Brown Gibbons Lang & Company

So.FteR. — acquired by — Celanese The chemistry inside innovation — CROSS BORDER — Brown Gibbons Lang & Company

MIDLAND STAMPING & FABRICATING — a subsidiary of — Advanced Alloy Processing — a portfolio company of — PEAK ROCK CAPITAL — acquired by — SPEYSIDE EQUITY — Brown Gibbons Lang & Company

Snappy — a portfolio company of — BLUE WOLF — acquired by — MiTek — a subsidiary of — Berkshire Hathaway Inc. — Brown Gibbons Lang & Company

IndependenceTube Corporation — acquired by — NUCOR — Brown Gibbons Lang & Company

Wallover Metalworking Fluids — acquired by — HOUGHTON — a subsidiary of — Gulf Oil International Ltd — Brown Gibbons Lang & Company

Fomo Products, Inc. — acquired by — ICP — a portfolio company of — Audax Private Equity — Brown Gibbons Lang & Company

TDC Filter — an MFRI business — acquired by — CLARCOR — Brown Gibbons Lang & Company

Nordic Air Filtration — an MFRI business — acquired by — Hengst Automotive — Brown Gibbons Lang & Company

MACTek — acquired by — PEPPERL+FUCHS — Brown Gibbons Lang & Company

GED Integrated Solutions — acquired by — ALTUS CAPITAL PARTNERS — Brown Gibbons Lang & Company

Profile — Solutions for your Environment — a portfolio company of — Mid Oaks Investments LLC — acquired by — Plastic River Equity — Brown Gibbons Lang & Company

Astroshapes, Inc. Aluminum Extrusions — acquired by — NMLP National Material L.P. — Brown Gibbons Lang & Company

Orthoplastics — science making a material difference — acquired by — MedPlast — a portfolio company of — Baird Capital BAIRD — Brown Gibbons Lang & Company

Interlift Enterprises — acquired by — TOYOTA MATERIAL HANDLING U.S.A. — a division of — TOYOTA Toyota Industries Corporation (TSE: 6201) — Brown Gibbons Lang & Company

HYNES INDUSTRIES — recapitalized by — RESILIENCE CAPITAL PARTNERS — Brown Gibbons Lang & Company

AuburnGear — acquired by — North River Capital — Brown Gibbons Lang & Company

CCPI Inc. — recapitalized in a change of control transaction by — PROSPECT — Prospect Capital Corporation (NASDAQ: PSEC) — Brown Gibbons Lang & Company

Edgetech — We're there for you at every turn — a wholly-owned subsidiary of Lauren International, Inc. — acquired by — Quanex building products — Brown Gibbons Lang & Company

GOODMAN SERVICES, INC. — acquired by — Metalico — Brown Gibbons Lang & Company

PWT Pipe Welding Technology — acquired by — ITW — GLOBALM&A PARTNERS — Brown Gibbons Lang & Company

NOVAPAK — PVC Container Corporation — a portfolio company of — KCP — merged with — PRETIUM PACKAGING — which has been acquired by — CASTLE HARLAN, INC. — Brown Gibbons Lang & Company

VT Group — divested — Motion Control Group — to — NAIAD DYNAMICS — Brown Gibbons Lang & Company

ERIE PLASTICS — acquired by — BERRY PLASTICS CORPORATION AND SUBSIDIARIES — LEADERSHIP BY DESIGN — Brown Gibbons Lang & Company

ATP Engineered Rubber & Plastics Group — a portfolio company of — Apax Partners — with interest held by — GoldenTree Asset Management LP, FORTRESS, BLACKROCK KELSO CAPITAL — acquired by — Baird Capital BAIRD — Brown Gibbons Lang & Company

AVON BEARINGS — acquired by — KAYDON — Brown Gibbons Lang & Company

RODEN — We're electric and more. — acquired by — KENDALL — AN EMPLOYEE - OWNED COMPANY — Brown Gibbons Lang & Company

Cookson — divested — substantially all of the business and assets of — Monofrax — to — RHI — Brown Gibbons Lang & Company

AIM — Aerospace International Materials-OEM, LLC — and its affiliate — SUPPLY DYNAMICS — acquired by — ONEAL — Brown Gibbons Lang & Company

Castle Harlan Partners IV L.P. — acquired — POLYPIPE GROUP — a subsidiary of — IMI engineering knowledge-based solutions — Brown Gibbons Lang & Company

CORRPRO COMPANIES INC — acquired by — WINGATE PARTNERS — Brown Gibbons Lang & Company

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