CORPORATE FINANCE

INTERNATIONAL

Specialty Chemicals Global Market Review H1 (Jan-Jun) 2026



Industry



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Corporate Finance International (CF) is pleased to present the Specialty Chemicals Valuation Snapshot for the first semester of 2026. This report provides commentary and analysis on current market trends and M&A activity within the Specialty Chemicals sector.

Global Summary: The Big Picture

In H1 2026, global chemical M&A hit a **clear turn in sentiment**. Buyers have stopped waiting for a broad economic recovery and are instead "looking through the trough," aggressively deploying cash into high-value regions and sectors while heavily discounting assets linked to weak consumer or construction markets.

India: The Specialty & "China+1" Magnet

- **The Situation:** India is the growth engine in Asia (besides the undisputed champion China), heavily capitalizing on global supply chain diversification away from China.
- **The Drivers:** Cross-border capital is flooding India's specialty chemicals space. Valuation multiples have surged significantly, with high-tech Indian assets commanding premium pricing.
- **The Strategy:** Multinational strategic buyers are aggressively acquiring or forming joint ventures with local family-owned platforms to secure technical formulations and build reliable, non-Chinese export hubs.

Europe: Restructuring & Carve-Outs

- **The Situation:** High energy costs and stagnant local construction have significantly impaired industrial margins, making construction chemicals the weakest segment.
- **The Drivers:** Activity is entirely driven by balance sheet cleanups and large-scale corporate carve-outs of non-core assets.
- **The Strategy:** To clear the market, European sellers must provide strong operational plans to attract buyers betting on a long-term cost-curve reset.

United States & Americas: Premium Private Equity Targets

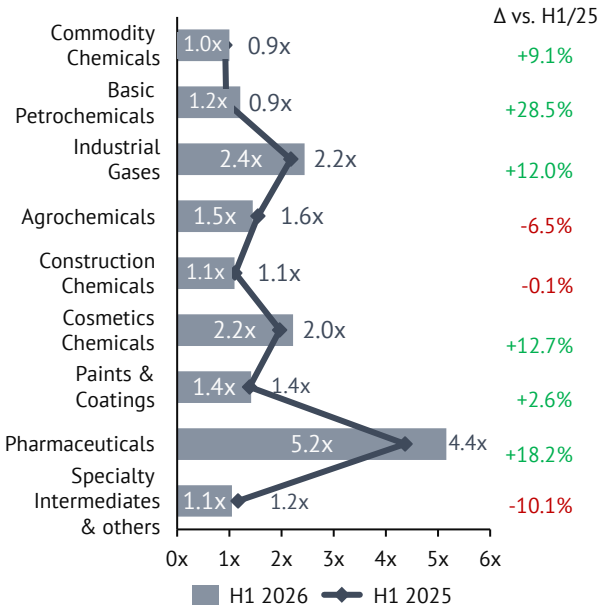
- **The Situation:** Backed by stable, cheap domestic shale gas feedstocks, the US remains a highly attractive safe haven despite flat consumer demand.
- **The Drivers:** Large private equity funds and financial sponsors are hunting for premium specialty assets, keeping segments like paints and coatings stable.
- **The Strategy:** Acquirers are using a much narrower quality filter but are highly motivated to pay premium valuations for businesses with defensible technology and secure local supply chains.

China: Commodity Consolidation & Squeeze on Basics

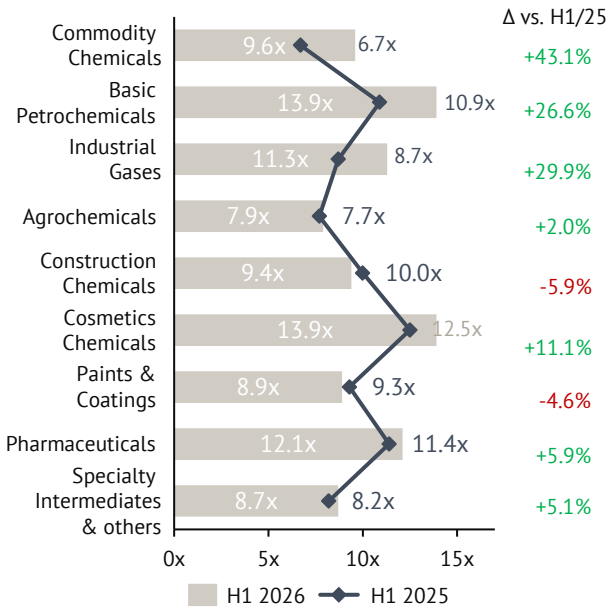
- **The Situation:** Relentless capacity additions in China have triggered severe global overcapacity in basic petrochemicals, heavily suppressing global pricing power.
- **The Drivers:** This massive volume shock has severely penalized basic chemical valuations, driving them to a multi-year low.
- **The Strategy:** Domestic activity within China is shifting toward defensive consolidation to flush out inefficient players, while international buyers are walking away from low-margin commodity factories.

Trading Multiples

Median TEV/Revenue H1 2026



Median TEV/EBITDA H1 2026



In H1/26, the direction of travel in chemicals trading multiples reversed. After several semesters of broad-based de-rating, the majority of sub-sectors re-rated year-on-year, with the strongest moves concentrated in the cyclical and upstream parts of the universe. In line with the methodology introduced in the previous edition, the average of Q1 and Q2 trading multiples is used for both H1/26 and H1/25 in order to smooth short-term volatility and better reflect underlying valuation trends.

The median TEV/Revenue for H1/26 rose to 1.6x (+2.7% vs. H1/25) and the median TEV/EBITDA to 10.7x (+9.1% vs. H1/25). Seven of nine sub-sectors recorded higher TEV/EBITDA and six of nine higher TEV/Revenue multiples, a markedly broader recovery than the selective pattern observed in H2/25.

The sharpest re-rating occurred in Commodity Chemicals, where TEV/EBITDA expanded by roughly 43% to 9.6x while the revenue multiple rose only 9%. Basic Petrochemcials followed a similar path, with TEV/EBITDA up around 27% to 13.9x and TEV/Revenue up 28% to 1.2x. Both confirm the earnings-recovery trading pattern flagged in the previous edition: investors are anticipating a cost-curve reset (i.e. future savings), rather than responding to current profitability.

Industrial Gases reversed last semester's modest decline, with TEV/EBITDA up around 30% to 11.3x and TEV/Revenue up 12% to 2.4x.

Cosmetic Chemicals also strengthened on both metrics, gaining roughly 13% on revenue and 11% on earnings. Pharmaceuticals continued to command the highest revenue multiple in the sample at 5.2x (+18%), with TEV/EBITDA recovering close to 6% to 12.1x after the compression (-11.3%) seen in H2/25.

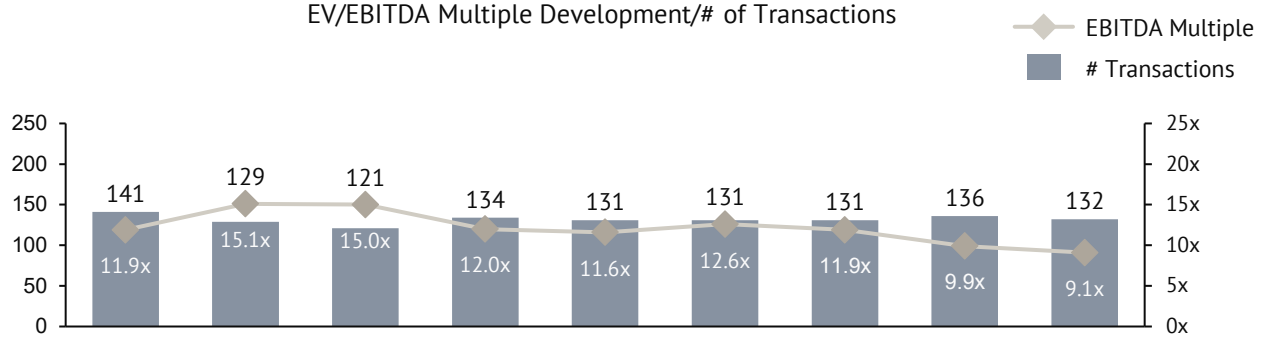
As always, the exceptions to the rule are interesting to mention. Agrochemicals, the relative winner over the past two issues, lost ground: TEV/Revenue fell around 6% while TEV/EBITDA was essentially flat at 7.9x, suggesting that the food-linked resilience premium is now largely priced in. Construction Chemicals remained the weakest segment on earnings, with TEV/EBITDA down 6% to 9.4x and the revenue multiple unchanged at 1.1x, consistent with subdued building activity and continued project delays across several European markets.

Paints & Coatings presented a mixed picture: the revenue multiple stabilised (+2.6% to 1.4x) while TEV/EBITDA remained down around 5% at 8.9x, as pending consolidation in the sector has yet to translate into a re-rating of the stock-listed universe.

Overall, the H1/26 snapshot marks a turn in sentiment rather than a broad-based valuation reset in the sector's favour. Multiple expansion is concentrated where investors are prepared to look through the trough to a recovery in margins, while segments dependent on discretionary or construction-led demand continue to trade at a discount. For sellers, the gap between assets with a credible earnings-recovery narrative and without has widened.

Basic Chemicals

EV/EBITDA Multiple Development/# of Transactions



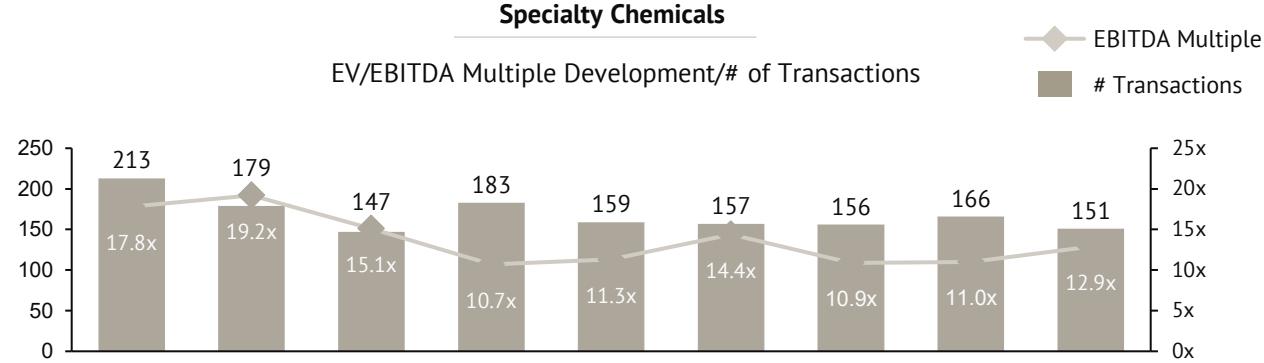
In the first half of 2026, deal activity in the Basic Chemicals sector held steady at 132 announced transactions, essentially in line with the nine-semester average of 132 deals. Pricing, however, continued to soften: the median disclosed EV/EBITDA multiple declined to 9.1x, the lowest reading in the nine-semester window and clearly below the nine-semester mean of 12.1x. This marks the fourth consecutive semester of decline from the 12.6x recorded in H2/24.

The combination of stable volumes and falling prices points to an adjustment taking place through valuation rather than through activity. Structural overcapacity, continued capacity additions in Asia, elevated European energy costs and higher long-term interest rates are all weighing on what buyers are prepared to pay. Rather than pricing in a cyclical rebound, acquirers increasingly assume a lasting reset in cost curves and regional competitiveness.

For sellers, this raises the preparation burden considerably. Normalised earnings, a credible stand-up plan and early clarity on transitional service agreements, shared utilities and stranded costs have become prerequisites rather than differentiators. Processes for commodity-exposed assets are taking longer and attracting fewer bidders, while well-prepared carve-outs with a defined value-creation path continue to clear the market at acceptable levels.

Specialty Chemicals

EV/EBITDA Multiple Development/# of Transactions



In H1/26, the Specialty Chemicals sector moved in the opposite direction to Basic Chemicals. The number of announced transactions fell to 151, down from 166 in H2/25 and below the nine-semester average of 168, placing activity near the lower end of the recent range. At the same time, the median disclosed EV/EBITDA multiple recovered to 12.9x from 11.0x in H2/25, an increase by roughly 17%.

This divergence – fewer transactions at higher multiples – is the clearest expression yet of a move towards quality. Buyers are applying a narrower filter but are prepared to pay for assets that pass it, particularly where technology, formulation know-how or customer intimacy underpin a defensible margin. The recovery nevertheless warrants a degree of caution: it rests on a limited number of disclosed multiples and remains below both the nine-semester mean of 13.7x and the 19.2x peak recorded in H2/22.

Looking ahead, the carve-out pipeline from diversified chemical groups – particularly in coatings, advanced materials, and nutrition – should continue to supply deal flow. Financial sponsors are expected to remain in a central role, with larger funds pursuing premium specialty platforms and operationally focused investors stepping into more complex situations where the value-creation thesis is clear.

Note: 1) Values represent the average across the current and preceding half-year; 2) Prior periods restated for data corrections and late announcements

Tombstones



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 international chemicals sector specialists Malte Jantz and Raj Shroff (contact details on next page) if you would like to discuss our perspective on current sector trends and M&A opportunities or our relevant sector and transaction experience.

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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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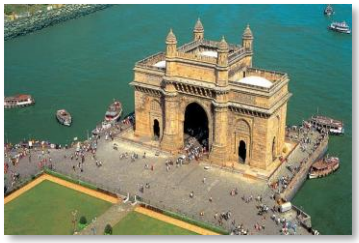

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