

## SECTOR SNAPSHOT UK CHEMICAL SECTOR - 2015 UPDATE

**UK Chemical Sector to return to growth of 3% per annum driven by a focus on unique chemical technologies**



*Gary Ecob*  
Partner

### Market summary

The UK chemical sector declined considerably in the post-recession years, as commodity chemical production was off-shored to lower cost economies in Eastern Europe and the Far East.

A focus on new technologies and high value added chemical manufacturing has seen the sector return to modest growth over the last 5 years, with the UK market estimated at £46bn today.



*Alex Toso*  
Operating Partner

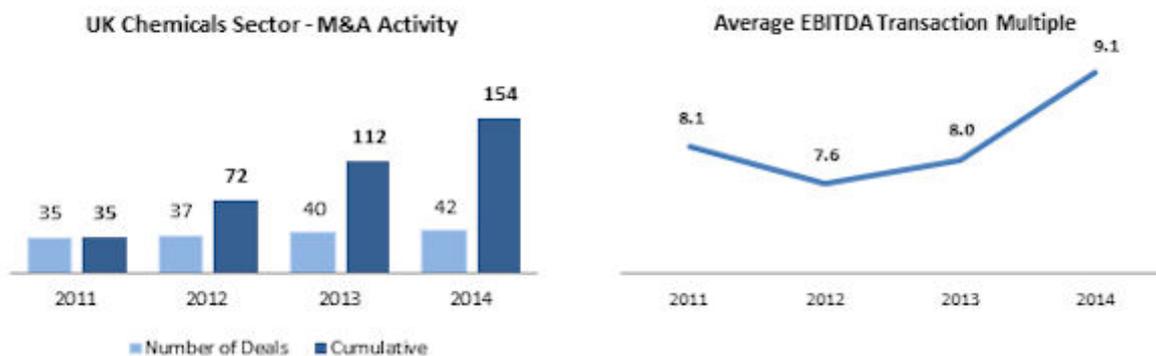
The chemical sector currently sustains over 500,000 jobs throughout the UK and is consistently the UK's biggest manufacturing contributor to the UK economy.

It is anticipated that the recent resurgence in UK manufacturing, the general trend for on-shoring and positive growth forecasts will all contribute to further growth in the chemicals sector over the next 2-3 years, with growth rising to 3% per annum. In particular a focus on speciality chemicals and unique chemical technologies will help in rebuilding the UK chemistry supply chain.

## M&A activity

### Deal multiples at a 4 year high

M&A deal volumes have been steadily increasing over the last 4 years, with circa 40 deals per annum completing. However, deal multiples have increased substantially in 2014, although this data is skewed considerably by the return of deals > £300m.



## Current trading multiples

**Quoted trading multiples grew 20% in the last two years**



The Enterprise Value of the top companies in the sector has doubled in the last 2 years along with a steady improvement in EBITDA, driving a slight increase in the trading multiples. The outlook for the sector remains strong with the trading multiple at a 5 year high.

### Notable market transactions

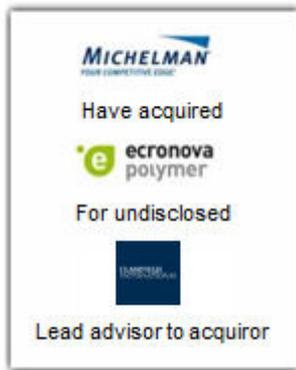
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### Clairfield advises Michelman on acquisition of Ecronova Polymer

Michelman is a global developer of water-based coatings, surface modifiers, emulsion dispersions and powders.

Ecronova Polymer GmbH has more than 35 years of experience in the development, production and commercialisation of water-based polymers.

With the acquisition of Ecronova Polymer, Michelman gains a physical presence in Germany and increases its European footprint.



The exceptionally high quality products Ecronova manufactures are complementary to the solutions Michelman currently offers to its paint and coatings customers.

*"This was a particularly complex situation because of the nature of the seller group. We were fortunate to have Clairfield's intelligent guidance throughout the purchase process."*

**Robert A. Poletti - Chief Marketing & Business Development Officer and Vice President Michelman, Inc.**

## About Orbis

Orbis Partners is a mid-market corporate finance house advising on a wide range of M&A transactions covering sectors such as industrials, business services, TMT and healthcare. Orbis Partners is the UK partner of Clairfield International in the chemicals and plastics sector and focused on deals with a value up to £75m. Orbis Partners also has an active investment portfolio held through its associated company Intrinsic Equity.

For further information on the contents of this report, or if you are considering a sale of your business, please contact us on the following for a confidential discussion.

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