Chemicals Mergers and Acquisitions

Investment Banking Review of 2025 & Outlook for 2026

EXECUTIVE SUMMARY

2025 was a year dominated by geopolitical uncertainty. Natrium Capital enters 2026 with cautious optimism amid this global uncertainty.

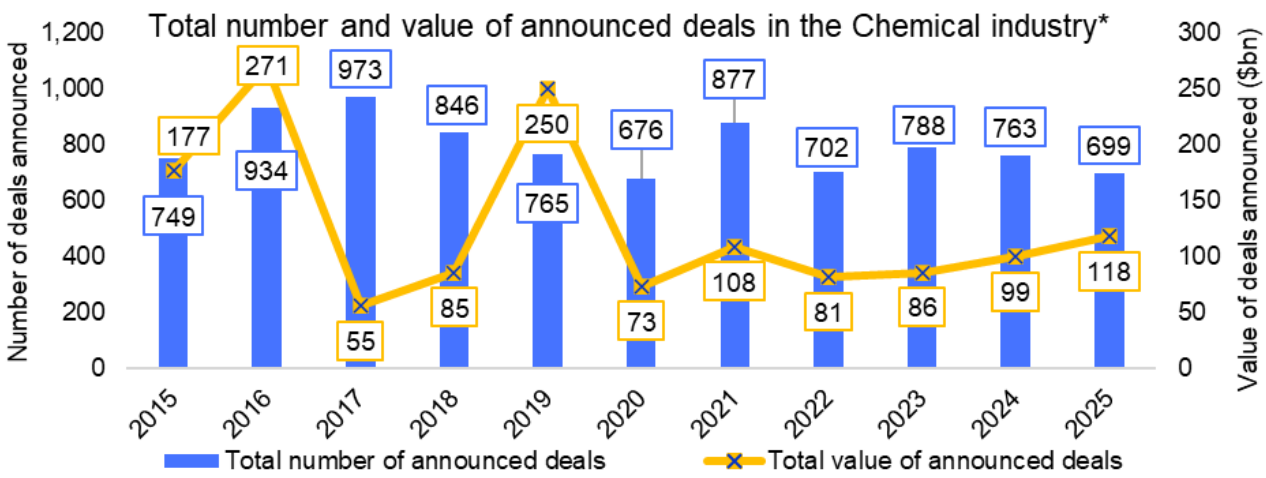
EXECUTIVE SUMMARY

2026 is expected to be another year of relatively **slow economic growth** according to many forecasters, with economic metrics stable but at low levels. Recent events in Venezuela and the on-going hostilities in Ukraine and in the Middle East highlight the risk of **continuing geopolitical instability.** Against this backdrop, it is unlikely that we will see a significant 'step change' in the Chemical Industry or in Chemicals M&A going forward. There are some trends, however, that give Natrium Capital reasons to believe that the **outlook is not entirely negative.**

In the Chemical Industry, the overall slow but fairly stable environment is likely to continue in 2026. New **tariff barriers and protectionism** have had some impact on trade, particularly competitive pressures from Chinese and other producers importing into Europe. Dislocation in trade will continue to be a factor in 2026 and supply chain management and **'friendshoring'** will be important themes.

We remain concerned about funding costs as long-term interest rates remain substantially above not only the lows during the Covid pandemic but also above the 2015-2019 period. This is **constraining business investment**, particularly in the more capital-intensive industries. This has been challenging for the more indebted companies. Distress, bankruptcies and even closure have resulted, affecting these companies, their suppliers and customers.

Exhibit 1 - Number of announced deals is down in 2025, but total value of announced deals is up



*Source: Mergermarket, Natrium Capital. *Excluding deals in China and lapsed deals.*

2025 was not a banner year for M&A in Chemicals. The number of deals in 2025 was lower than every year in the past decade except for 2020. The number of small- to medium-sized deals was lower than in 2023 and in 2024. There are also some worrying trends in M&A processes, which are set out later in this document.

At best, all of this might lead to a stable to improving situation, and, at worst, a bleak outlook for Chemicals in general and Chemicals M&A in particular for 2026. At Natrium Capital, we believe that there are some reasons for **cautious optimism,** even in Europe.

REASONS FOR CAUTIOUS OPTIMISM:

- Potential for continued **improvement in costs,** particularly as energy costs are declining, and **productivity,** (see pages 5 and 15)
- Growth in **semiconductor and battery chemicals**, (see page 16)
- **Slowing** transition to **electric vehicles** boosting demand for traditional and hybrid cars, (see page 17)
- Increasing investment in **European defence,** (see page 17)
- Backlash to **'dumping',** (see page 19)
- Focus on **core activities,** (see page 19)
- Expected **increased Private Equity activity** in Chemicals mergers and acquisitions. (see page 20)

Given these potentially positive trends, Natrium Capital is expecting a somewhat better year in Chemicals and Chemicals M&A in 2026 than in 2025. Regardless of the outcome, we will be looking forward to supporting our Chemical clients to grow their business through acquisitions, or restructure their business through divestments, based upon our deep industry understanding and M&A process expertise.

ECONOMIC BACKGROUND

World growth prospects in 2026 are 'dim'

According to the IMF, world economic growth in 2025 is estimated at 3.2%; and growth in **2026 is forecast to be similar at 3.1%.** This overall figure masks some different underlying trends. Growth expectations are higher in 2026 than levels achieved 2025 for the US, Canada, France, Germany and the UK and somewhat lower in China, India and the ASEAN 5.* These economic prospects are described by the IMF as 'dim'.

Inflation following a similar pattern to GDP growth

Global **inflation** is expected to remain under control in 2026, aided by the weaker US dollar, which is the trading currency for many commodity prices including oil.

Tariff rises are having a disproportionate impact in some areas. The receding of 'disinflationary dynamics' (source: IMF) in goods prices in the US is keeping inflation steady. Inflation is expected to remain around the target level of 2% in most economies, except in India and in the UK, where public sector wages are rising faster than in the private sector.

Exhibit 2 – Real GDP growth limited in 2025 and 2026 across major global economies

	GDP Growth	
Annual percentage change (%)	***2025E***	***2026F***
USA	2.0	2.1
Canada	1.2	1.5
Europe	1.2	1.1
France	0.7	0.9
Germany	0.2	0.9
UK	1.3	1.3
Japan	1.1	0.6
China	4.8	4.2
India	6.6	6.2
ASEAN 5*	5.2	4.7
World	3.2	3.1

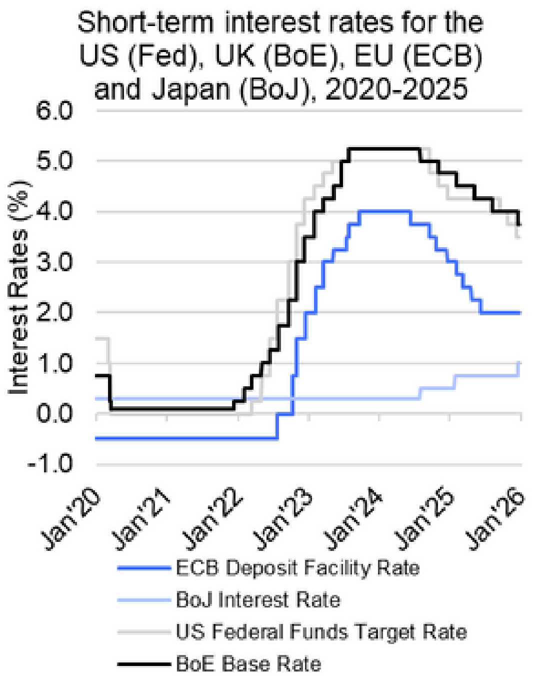
Exhibit 3 – Real inflation rates around 2% target level for most major global economies

	Inflation rate	
Annual percentage change (%)	***2025E***	***2026F***
USA	2.7	2.4
Canada	2	2
Europe	2.2	1.9
France	1.1	1.5
Germany	2.1	1.8
UK	3.4	2.5
Japan	3.3	2.1
China	0	0.7
India	2.8	4
ASEAN 5*	1.4	2.3
World	4.2	3.7

Source: IMF World Economic Review October 2025.
**ASEAN 5 is Indonesia, Malaysia, the Philippines, Singapore, and Thailand*

Short-term interest rates continuing to decline

Exhibit 4 – Short-term interest rates are declining



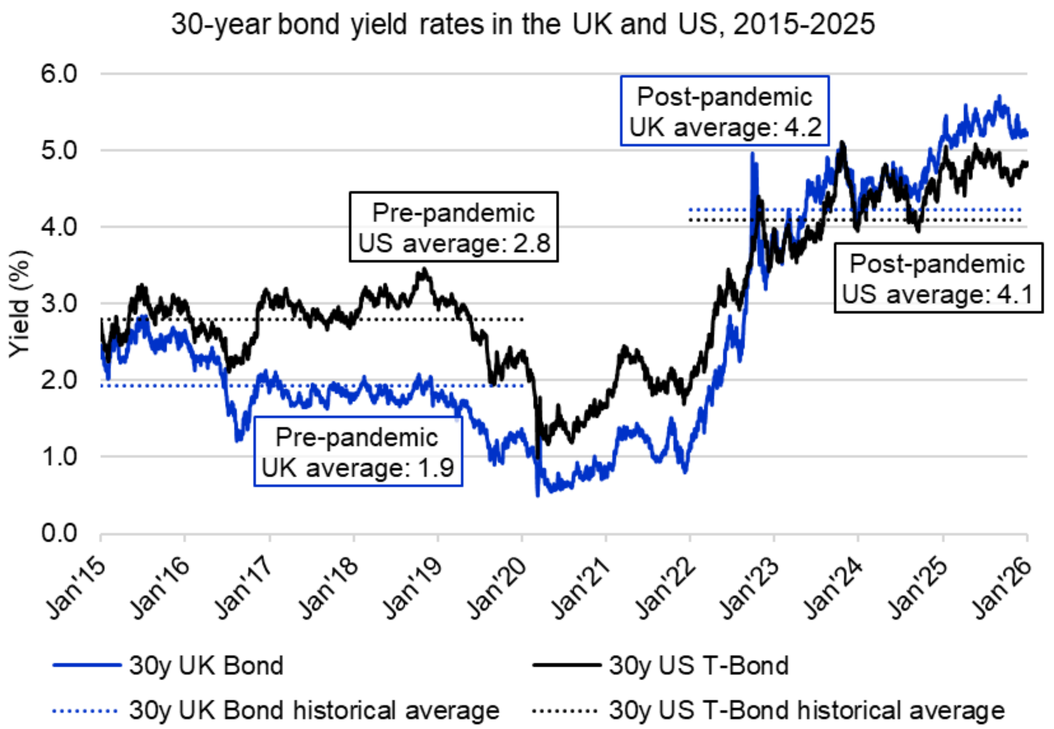
Source: Federal Reserve Bank of New York, Bank of England, European Central Bank, Bank of Japan, Natrium Capital

Short-term interest rates are expected to continue on the downward trend as Central Banks look to balance the needs for faster economic growth against the underlying inflationary pressures.

Long-term interest rates remain high. This is arguably due to the large amount of government debt issued during the pandemic. The increased debt levels create an ongoing need for government borrowing, leading to higher premiums.

This is **constraining business investment,** particularly in the more capital-intensive industries. It has also been challenging for the more indebted companies.

Exhibit 5 – Long-term interest rates are stubbornly elevated



Source: S&P Capital IQ, Natrium Capital

CHEMICALS AND CHEMICALS M&A TRENDS

Profitability under pressure, deals taking longer to complete

CHEMICALS AND CHEMICALS M&A TRENDS

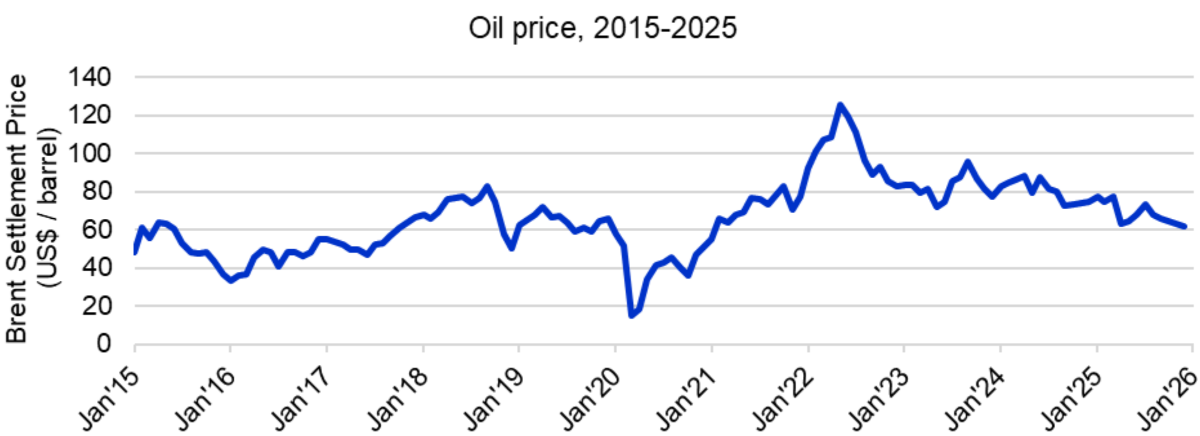
Chemical demand an issue but lower energy prices a positive

In Chemicals, the 'industry of industries', the slow economic growth environment has been a problem in terms of chemical demand, but energy prices are coming down, particularly in Europe, and this is helping to reduce costs.

Oil and gas input costs a bright spot

Arguably the brightest spot from a macroeconomic and Chemical industry perspective is lower oil prices, albeit in line with the long-term average. During 2025, the Brent Crude price fell by 17% during the year in US Dollar terms, but the decline is even more pronounced in euro terms (-27%). This trend is also expected to continue in 2026 as production continues to outpace the growth in demand.

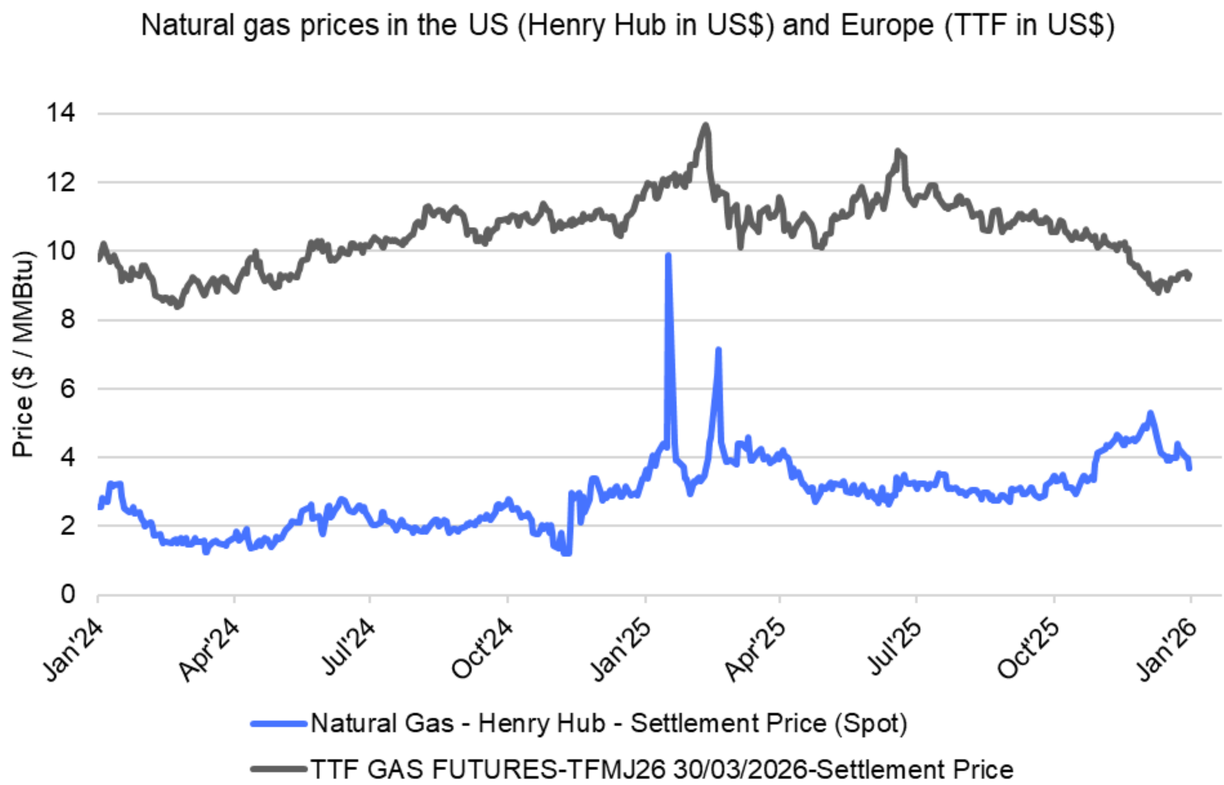
Exhibit 6 – The oil price continues to decline from 2022 peak



Source: S&P Capital IQ, Natrium Capital

US natural gas is now at higher prices than recent historical trends but is still substantially below European prices. European prices have slightly decreased in 2025, even in dollar terms. Europe has a higher supply of liquified natural gas (LNG) from Qatar and from the US. The latter is due to the lifting of the ban on LNG exports. Because of slow industrial growth, the increase in LNG demand has not matched the increasing supply.

Exhibit 7 – US gas prices rising since start of 2024, slight relief to European prices



Source: S&P Capital IQ, Natrium Capital

Protectionist measures leading to unstable Chemical supply chains

China's weak domestic demand and industrial overproduction have led to a surge in low priced exports. With US tariffs rising, exports to Europe have increased as a result. **In 2025, China became the largest source of imports to the European Union (EU) accounting for just under a quarter of total EU imports (source: Eurostat).**

This situation has led to increasing trade tensions and a rise in protectionism. The EU has reacted to this by increasing tariffs and imposing anti-dumping duties. For instance, vanillin now faces EU anti-dumping duties of over 130% and lysine is subject to duties of roughly 50%.

Protectionism is leading to a volatile, unpredictable trade environment, disrupting supply chains as companies face unstable import flows. European chemical giant Ineos has filed multiple anti-dumping cases in Europe against imports from the US, Asia and the Middle East for chemicals used in automotive, electronics, construction and packaging industries. Higher tariffs on trade look likely to persist.

Exhibit 8 – Tariffs that the US has applied to chemical imports in 2025

Chemical Group	Products within tariff scope	Pre-Trump tariffs*	Revised US tariffs applied in 2025	
			Baseline	+ Additional penalty
Olefins	Ethylene, Propylene, Butadiene	0-5.5%	10%	China: 25-145% EU: 15%
Aromatics	Benzene, Styrene, Cumene	0-6.5%	10%	Reciprocal: 25%
Polymers	High-Density Polyethylene (HDPE), PP (polypropylene), PVC (polyvinyl chloride), PET (polyethylene terephthalate)	3-6.5%	10%	China: 25%
Acrylics	Acrylic acid, Methyl methacrylate	3.7-6.5%	10%	15-25% on precursors

*Source: Resourcewise, Natrium Capital. *Base most-favoured-nation (MFN) rate*

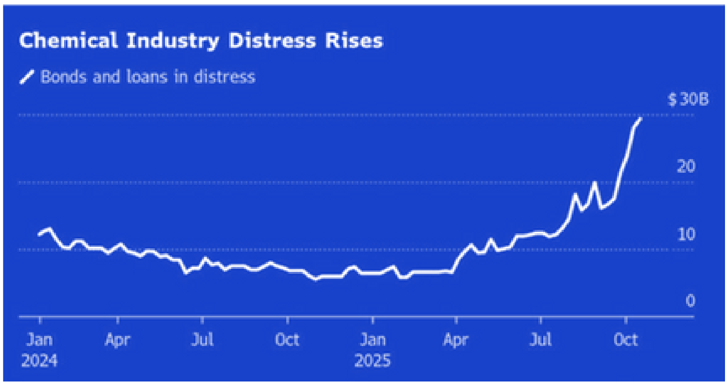
Tariffs are leading to growth in 'friendshoring'

The imposition of new tariffs in 2025 have led to increased 'friendshoring,' i.e. shifting trade toward politically-aligned partners, with friendshoring indicators produced by the United Nations rising in the second half of 2025. This marks a reversal from the declines seen earlier in the decade. Trade concentration among the largest economies also increased, signalling that a growing share of trade is flowing through a smaller group of major economic players. These trends have implications for supply chain management.

Continued high long-term interest rates causing distress

Higher long-term interest rates have been, and will continue to be, a significant problem, particularly for the more capital-intensive chemical sectors. Distress, bankruptcies and even closure have resulted, affecting not only these companies but also their suppliers and customers. This is reflected in the increased amount of chemical industry bonds and loans in distress, as shown in Exhibit 9.

Exhibit 9 – Value of Chemical Industry bonds and loans in distress has surged in H2 2025



Source: Bloomberg

In some cases, this has led to insolvency and administration processes such as for **Venator Materials'** plants in Greatham, UK as well as Uerdingen and Duisburg, Germany; **ESIM Chemicals'** plant in Linz, Austria; **Karl Finke** in Wuppertal, Germany **DOMO Chemicals'** plants in Leuna and Premnitz, Germany. Bankruptcy and closure tighten up the market for the companies surviving.

EU's ambitions for self-sufficient circularity at risk

Europe's plastic recycling industry is under pressure. This is because of reduced demand (Exhibit 10), lowered virgin plastic prices due to overcapacity and falling oil prices, as well as rising imports of unregulated recycled plastics. 'A widening pricing gap between recycled and virgin this year continues to divert buying interest away from recycled grades.' (Source: S&P Global). Legal uncertainty has further threatened demand.

Exhibit 10 – Consumer Packaged Goods rolling back on recycled content and virgin plastic reduction targets

Company	Initial commitment	Current position
Coca-Cola	50% recycled material in packaging by 2030	35-40% recycled material in primary packaging by 2035
pepsico	50% recycled material in plastic packaging by 2030	40%+ recycled materials in plastic packaging before 2035
Unilever	50% reduction in virgin plastic use by 2025	30% reduction in virgin plastics by 2026 and 40% by 2028

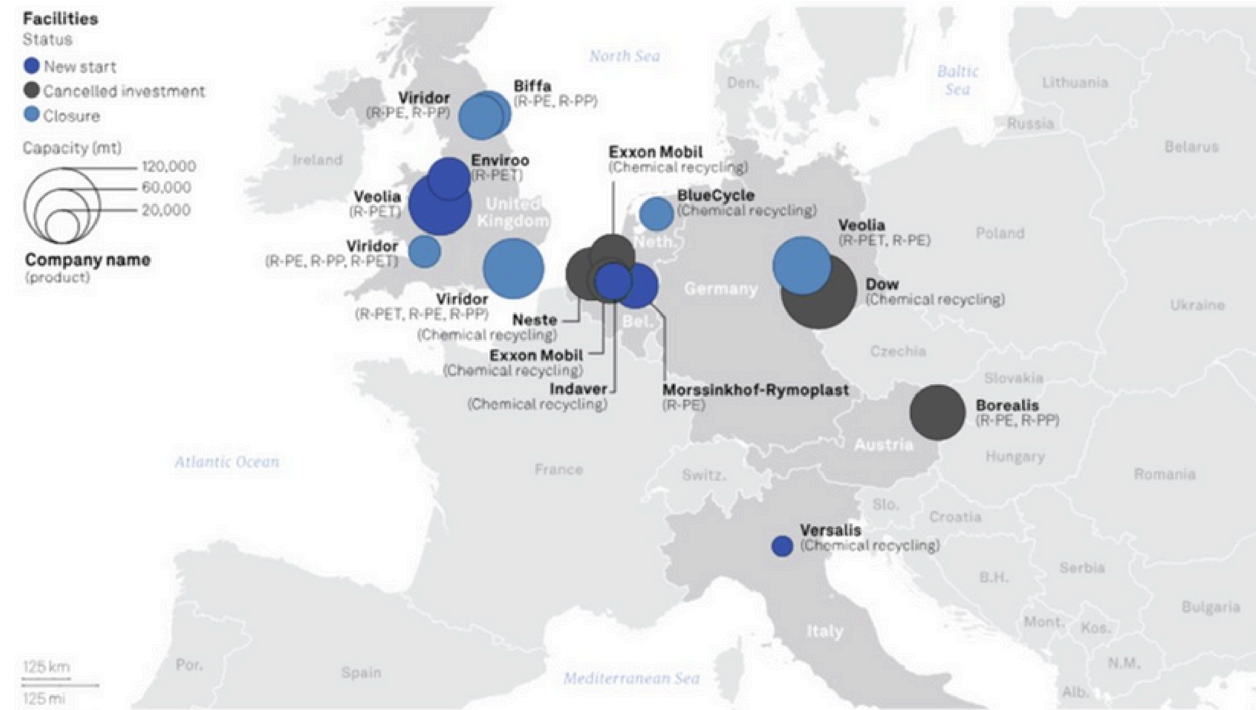
Source: Coca Cola, PepsiCo, Unilever, Natrium Capital

This slowing demand has resulted in the loss of around 1 million tonnes per annum of recycling capacity between 2023 and the end of 2025, according to S&P Global.

Installed recycling capacity of 13.2 million tonnes in 2023 was already below the 16 million tonnes required to meet the EU's recycled content targets under the Packaging and Waste Regulation, even before the closures shown in Exhibit 11.

The loss of this infrastructure threatens to undermine Europe's ambitions for a regionally closed loop, potentially forcing it to be reliant on imported 'recycled' plastics.

Exhibit 11 – Substantial plastic recycling capacity removed, and investments cancelled across Europe



Source: CI Content Design, S&P Global Commodity Insights

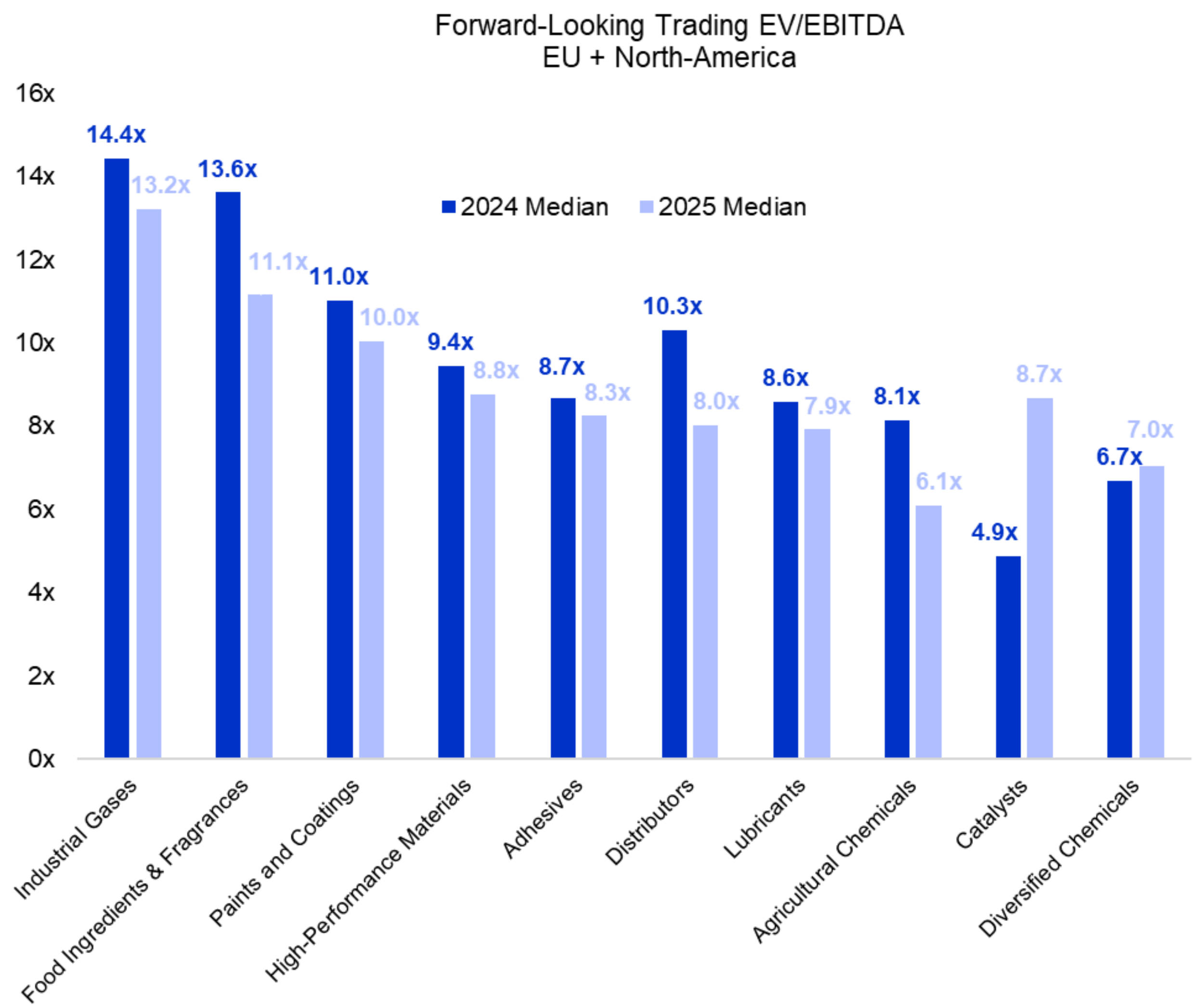
LNG carrier

Stock market valuations down

Share prices of Chemical companies, unsurprisingly, have lagged the broad indices, which are dominated by the continuing excitement around the technology stocks and the future for AI.

Forward-looking valuations have also declined, although sharply contracting earnings have caused EV/EBITDA multiples to rise for the Diversified Chemicals sub-sector. The Catalysts sub-sector saw a valuation increase in 2025 due to positive market reaction after strategic divestments and improved financial performance. Some companies in the segment such as **Umicore** and **Albemarle** are also active in the battery materials segment and benefitted from improved conditions in that space.

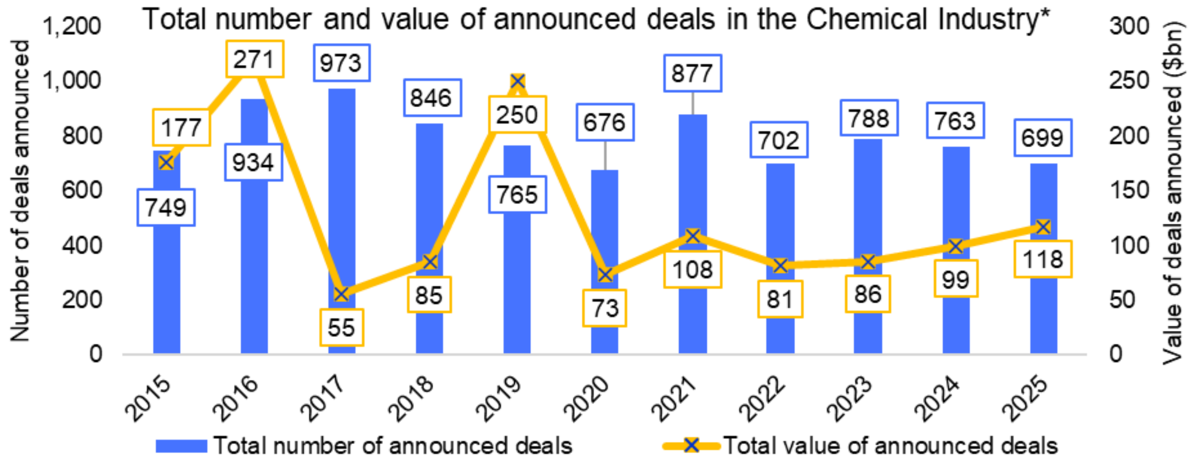
Exhibit 12 – Trading valuations of chemical companies generally lower in 2025



Chemicals M&A activity lacklustre, particularly lower and mid-market deals

In terms of Chemicals M&A, 2025 was not a particularly good year, with the **lowest number of transactions in the past decade except for 2020.** Deal value was the highest it has been since 2019, but only a small improvement on 2024 deal value.

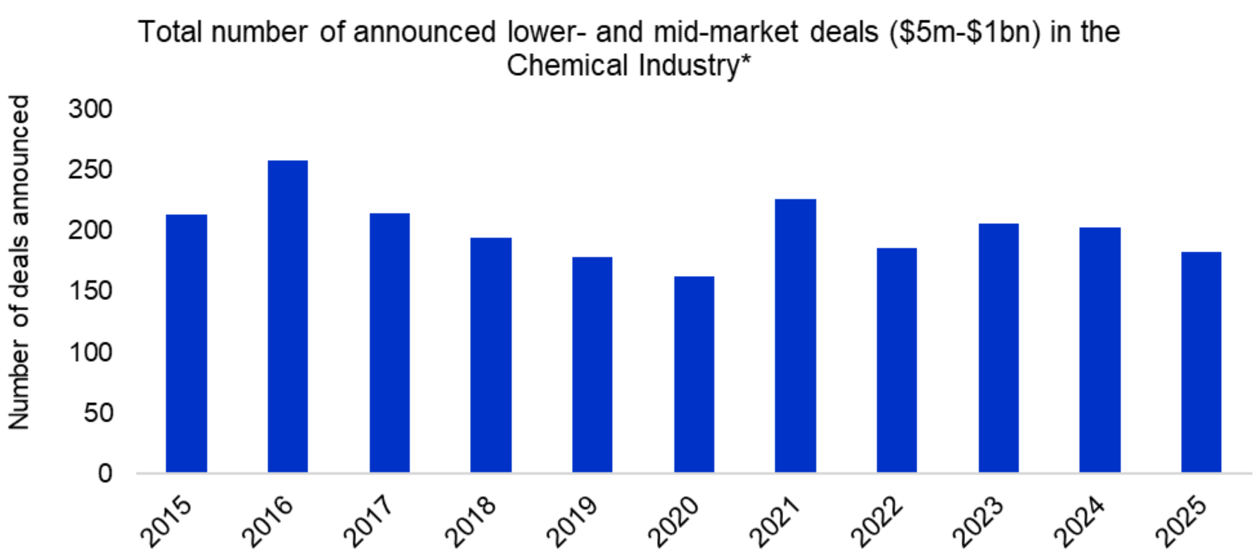
Exhibit 13 – Number of announced deals is down in 2025, but total value of announced deals is up



*Source: Mergermarket, Natrium Capital. *Excluding deals in China and lapsed deals.*

It was a particularly unimpressive year in terms of lower- and mid-market deals ($5m - $1bn) (Exhibit 14). Natrium Capital believes that this was a result of the continuing mismatch of expectations between buyers and sellers. For many businesses, 2025 was a difficult year and forecasts fell during transaction negotiations. Where sellers were unwilling to accept resulting lower valuations for their businesses, or buyers doubted the forecasts, deals stalled.

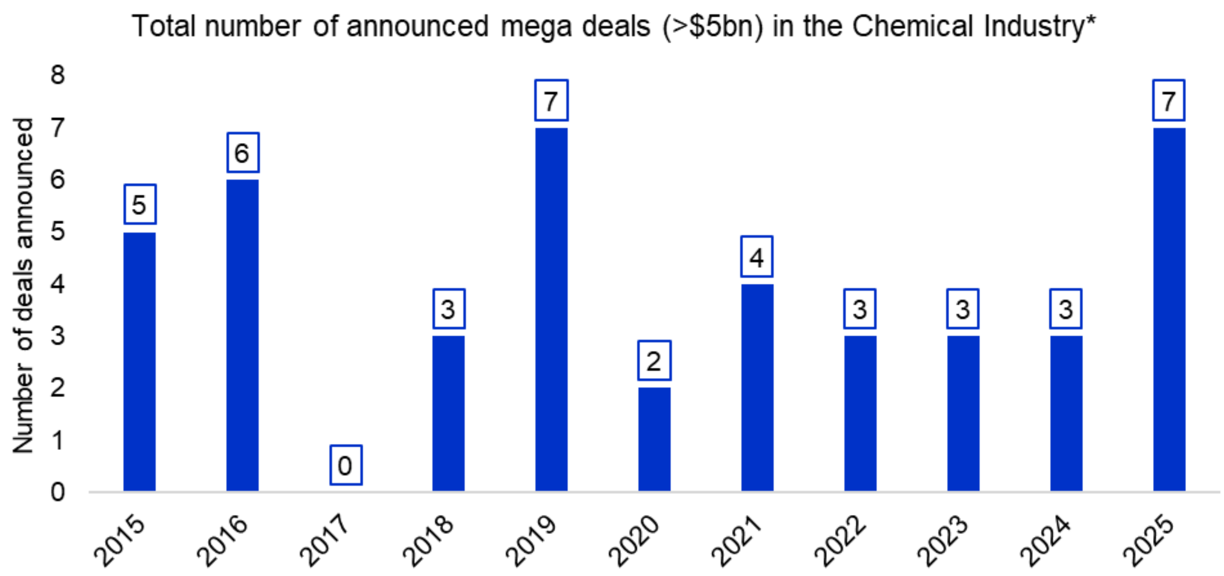
Exhibit 14 – 2025 was a lacklustre year for lower- and mid-market deals ($5m – $1bn)



*Source: Mergermarket, Natrium Capital. *Excluding deals in China and lapsed deals.*

On the other hand, there was evidence of a return to **'mega deals,'** (Exhibit 15) with a particular focus on Paints and Coatings sector deals in Europe. This may have been prompted by the perception that genuine expansionary growth will be hard to achieve without industry restructuring.

Exhibit 15 – The number of announced mega deals (>$5bn) recovered in 2025



*Source: Mergermarket, Natrium Capital. *Excluding deals in China and lapsed deals.*

Exhibit 16 – High profile mega deals (Deal value: more than $5bn) announced in 2025

Target	Acquirer	Deal Value ($bn)
OxyChem	Berkshire Hathaway Inc.	13.4
Solstice	Spin to existing shareholders of Honeywell	9.7
Axalta	AkzoNobel	9.3
BASF We create chemistry COATINGS	The Carlyle Group Global Alternative Asset Management; AIQ	8.9
Castrol	Stonepeak	6.6
NOVA Chemicals	أدنوك ADNOC; OMV *	16.5
بروج Borouge	OMV *	16.5

*Source: Mergermarket, Natrium Capital. *Represents deals for an internal reorganisation. For example, ADNOC owns a substantial minority stake in OMV and Borouge is a JV between ADNOC and OMV*

Deal valuations at average levels

Transaction valuations for deals announced in the sector in 2025, where the data was available, were at a similar low level to those for Chemicals in 2024.

This is not surprising considering the declining profit expectations for many companies and the persistence of higher funding costs as longer-term interest rates have remained at the higher levels.

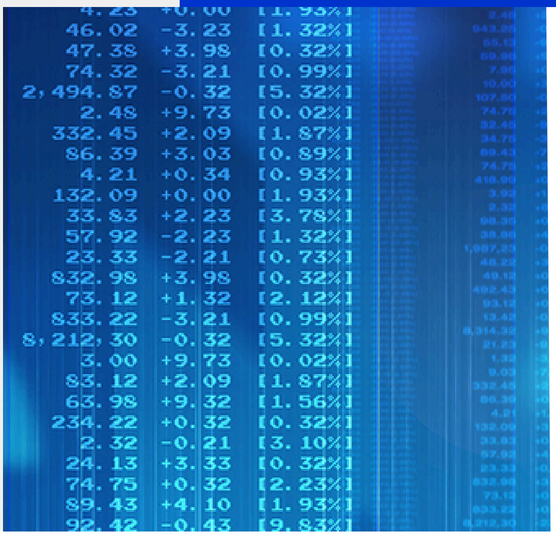
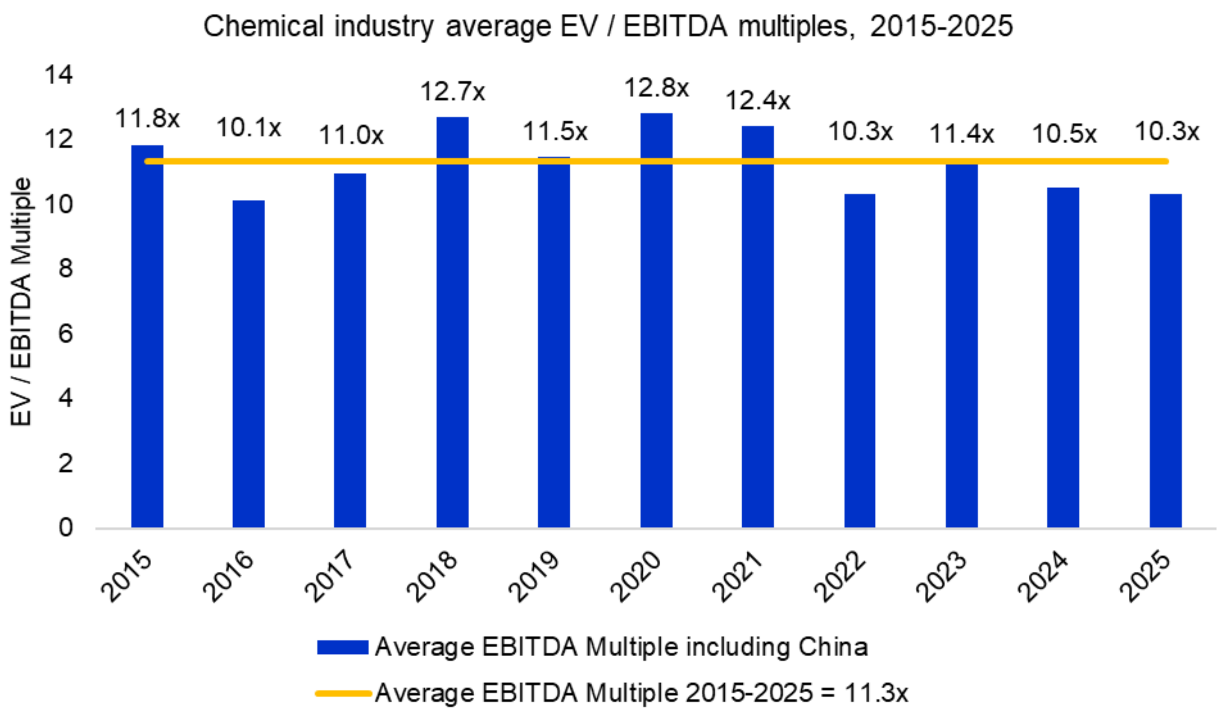


Exhibit 17 – Average deal valuation multiples in 2025 at low end of recent trends



*Source: Mergermarket, Natrium Capital. *Excluding deals with EV/EBITDA multiples ≥ 30; including deals in China.*

Developments in Chemical M&A deal processes

Specific trends in Chemicals M&A identified by Natrium Capital include:

- M&A processes are taking **longer.**
  - Often due to declining profit forecasts during the transaction process.
  - Some deals even failed to complete: an example being the aborted sale of Stahl's wet-end leather chemicals business to Syntagma Capital.

- Owners are looking at **'sell or close'** mandates.
  - In such cases, the cost of closure, sometimes onerous in specific European countries like France and Spain, is compared to the cash injection required from the seller to keep the business solvent post-closing.
  - Examples include:
    - The sale of SABIC's European petrochemical business which had included an ethylene cracker at Teeside, UK, that was in the process of conversion from naphtha to gas at the cost of a several hundred million euro investment.
    - The closure of ExxonMobil's ethylene cracker at Mossmorran in Fife, Scotland, after a failed sale process.
    - The closure of Nippon Electric Glass's glass fibre business in Wigan, UK, also following a failed sale process.

- Sellers are considering **'package' deals.**
  - Failing and good assets are combined to improve the likelihood of a transaction.
  - It is not clear that this is a successful strategy if the combination offers no clear synergy potential or leads to an incoherent equity story.

- **Splitting** companies has become increasingly common.
  - 2025 saw several high-profile demergers, namely **Honeywell's** spinoff of its Advanced Materials business, Solstice Advanced Materials, and **Dupont's** spinoff of its electronics business, Qnity Electronics.
  - Other proposed splits this year include: **Corteva** being split into its constituent Crop Protection and Seed businesses, as well as **Associated British Foods** splitting into its Food operations and Primark retail business.
  - By contrast, **Brenntag**, the chemical distribution company, cancelled its planned split into Essentials and Specialties.
  - It will be clearer in the medium term as to whether these splits are effective at removing conglomerate discount.

- To address a valuation gap between sellers and buyers, dealmakers are increasingly turning to **deferred consideration** to 'contractualise' uncertainty.
  - In mid-2025, **IMCD** CEO Marcus Jordan indicated that 'we have been using earn-out mechanisms more and more, which we feel protects us, but also gives the seller incentive [to sell].'
  - **Ingevity** sold its North Charleston Crude Tall Oil business, with potential contingent consideration of up to 17% of the transaction value.
  - In early 2026, **SABIC** announced the sale of their European petrochemical plants and thermoplastics business, with a vendor loan as an earn-out.

CHEMICALS AND CHEMICALS M&A OUTLOOK

Some reasons for optimism in 2026

CHEMICALS AND CHEMICALS M&A OUTLOOK

Outlook stable at best but with some reasons for optimism, even in Europe

Given the dull economic outlook, high long-term interest rates and protectionist volatility, it would be difficult for anyone to be too bullish about the outlook in Chemicals and Chemicals M&A going forward. In addition, the recent events in Venezuela and the on-going hostilities in Ukraine and in the Middle East highlight the risk of continuing geopolitical instability. Despite this, Natrium Capital does see some reasons to believe that 2026 could be a better year than 2025, even in Europe.

1) Potential for continued improvement in costs and productivity through increased AI adoption

- **Potential improvement in R&D:**

  'Advances in AI and machine learning algorithms have produced platforms and tools that can de-risk, accelerate and expand R&D efforts, even in the complicated and difficult-to-model chemicals space… Platforms such as Citrine Informatics enable researchers to screen hundreds of millions of candidate materials and formulations, narrowing down to those that meet both technical and business criteria and achieving up to 80% reductions in R&D time.'

  (source: EY)

- **Potential improvement in plant operation**

  'AI is revolutionizing how chemical plants operate, making them safer, more efficient, and more productive.' Specific areas for improvement are in predictive maintenance (where AI-driven solutions typically generate 20-30% reduction in maintenance costs), process optimisation and quality control.

  (source: ChemEng Consulting)

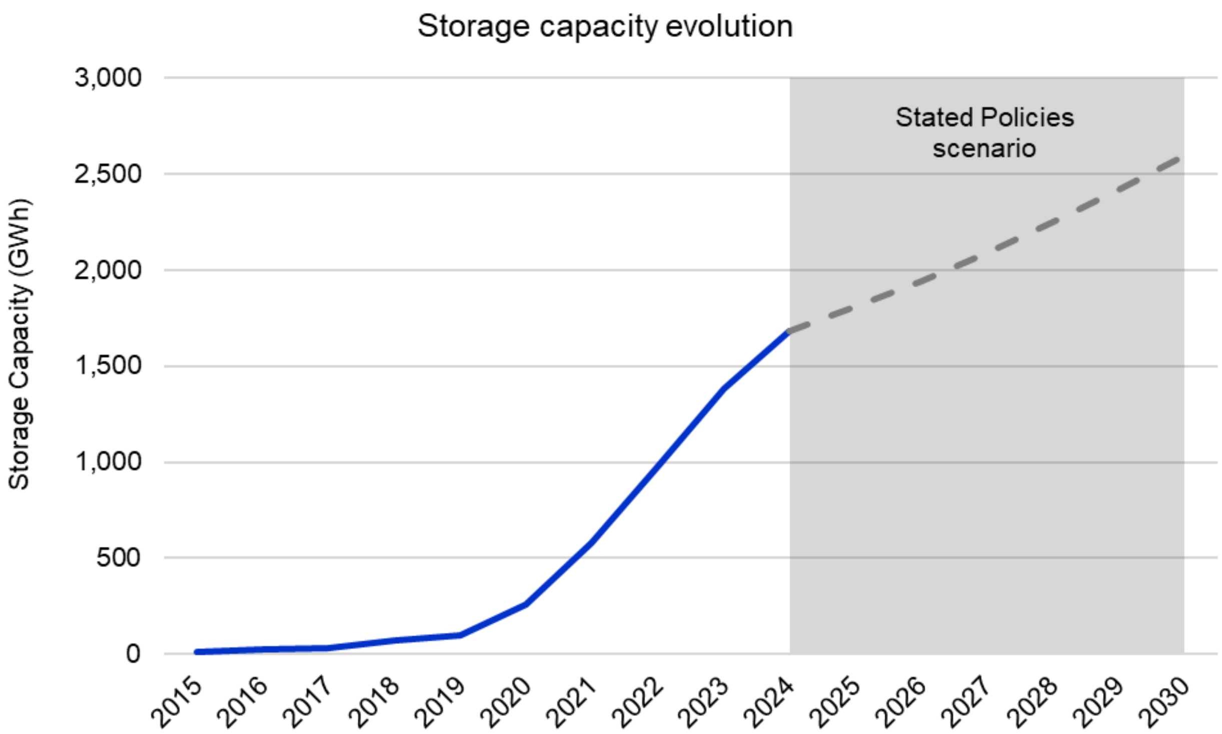
2) Growth in semiconductor and battery chemicals

The growth in AI will lead to increased demand for semiconductor chemicals. The semiconductor sector is expected to be a consistent growth source in the near term, supported by the 'internet of things', and widened adoption of generative AI technologies.

This will increase demand for specialty process chemicals, particularly those used for cleaning and drying semiconductor components. Further, the construction of related infrastructure such as large-scale data centres will improve demand for construction chemicals.

Chemicals related to battery production will also continue to be in demand as battery efficiency and effectiveness continue to be fundamental to expansion of key growth industries such as electric vehicles and renewable energy. Demand for batteries for electric vehicles is still growing strongly and, despite issues with industry overcapacity, and therefore pricing, countries outside China are building capacity at pace as they look to onshore more of the supply chain.

Exhibit 18 – Global electric vehicle battery demand showing strong growth, Stated Policy scenario (GWh)



Source: International Energy Agency (IEA), Natrium Capital

3) Slowing transition to electric vehicles

Europe's Environmental, Social and Governance (ESG) momentum has slowed as economic pressures, political backlash and weakening electric vehicle (EV) demand pushes policymakers to step back from earlier climate commitments. In particular, German Chancellor Friedrich Merz has fought continuously for the easing of ESG regulations to support European industry.

Specifically, the EU's move to delay its combustion engine phaseout reflects growing tension between decarbonisation goals and industrial competitiveness.

EV demand is still growing, but the pace is slower and more uneven than anticipated and car companies, including Volkswagen in Germany, have cut output. US policy support for EVs has also weakened as elements of the Inflation Reduction Act were removed or threatened.

A slower transition to EVs clearly creates more uncertainty for some investors in terms of sustainability goals and there are also significant questions about whether or not this is appropriate long-term, given climate change concerns.

In the short-term, however, this is supporting sales of hybrid and traditional petrol and diesel vehicles and helpful in terms of reducing pressure on the very important European and US automotive industries, key markets for the European and US Chemicals Industry.

4) Increasing investment in European defence

The Russian invasion of the Ukraine and the Trump Administration's positions on the North Atlantic Treaty Organisation (NATO) have transformed Europe's security landscape. As a result, European countries are investing significantly to develop their own defence capabilities. Today, 21 NATO countries are spending 2% or more of their GDP on defence, up from only 5 countries 3 years ago.

Reasons for optimism for the Chemicals Industry include:

- Europe's commitment to defence spending of 3.5% of GDP by 2035 will represent an increase to €800 billion by 2030 (source: McKinsey).
- The Act in Support of Ammunition Production will result in a €500 million investment to expand propellant production by more than 50% and explosives production by approximately 30% (source: Bloomberg).
- The push to rearmament may also repurpose disused chemical plants. As an example of this, the UK's Ministry of Defence (MoD) is reportedly reviewing potential sites at Grangemouth and Teeside as it plans to invest £1.5 billion to construct a network of 'always on' explosives and ammunition factories.

Exhibit 19 – Defence related chemical product assets are being invested in by Chemical manufacturers and are being acquired by defence companies

Player	Comment
EURENCO	• Doubling small-calibre gunpowder production capacity at its Belgian site with capacity fully reserved by customers until 2032 • Restarting nitrocellulose production at their French site
RHEINMETALL	• Acquired Hagedorn, a German manufacturer of industrial nitrocellulose for printing inks and coatings applications, and plans to convert capability to serve defence applications • Increased nitrocellulose production capacity at a German plant by 60% since 2022 and planned to add another 40% capacity
CSG CZECHOSLOVAK GROUP	• Acquired International Flavors & Fragrances (IFF)'s nitrocellulose German business and plans to retrofit it to serve defence applications as well as its current civilian base
allnex	• Launched a European Defence Materials Programme designed to 'accelerate innovation and support Europe's ambition for greater strategic autonomy in defence'
RS Resin Solutions	• Investing more than $100m in global production of Polybd®, a hydroxyl-terminated polybutadiene resin ('HTPB') used as a binder for the solid ingredients of missile propellants
grupa azoty	• Refreshed strategy has a new defence segment that will produce key high-energy materials, including nitrocellulose

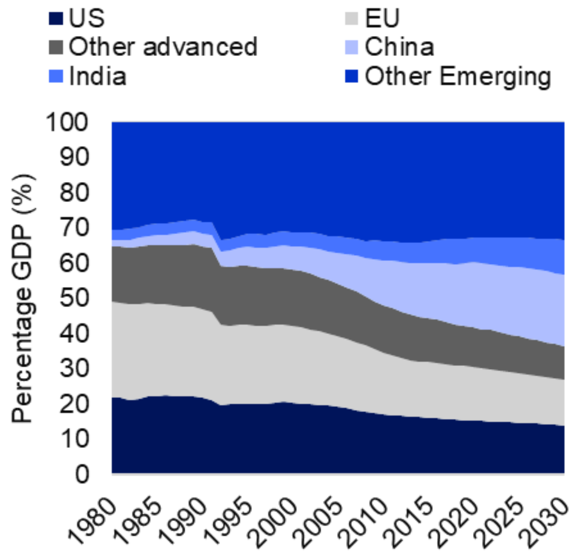
Source: Company reports

5) Backlash to 'dumping'

China and India have shown considerable growth over the last fifty years and now account for a much larger share of World GDP than previously (Exhibit 20). The US remains the largest economy, with China in second place and India in third, relegating Germany to fourth place.

As indicated earlier in this review, Chinese 'dumping' in Europe is a significant concern and this is likely to continue going forward. The situation has become increasingly fraught such that the EU is now taking more aggressive action, which Natrium Capital sees as a potential positive sign for European chemical producers.

Exhibit 20 – GDP growth of China and India have outperformed advanced economies in the recent years



Source: IMF, Natrium Capital

In 2026, we expect to see a further backlash against low-cost Chinese imports being 'dumped' in Europe or in the US. The industry now must take action to ensure it remains viable.

6) Focus on core activities

Activist investors are continuing to challenge underperforming company management teams to be creative with their portfolio of businesses. Shares in diversified companies suffer from a 'conglomerate discount' and have underperformed the more Specialised Chemicals stocks. We expect to see increased activity from companies selling their non-core assets or creating carve-outs as part of portfolio pruning to offer investors a more focused business. Smaller deals which emphasise the growth potential of core businesses are also likely to be favoured. In Natrium Capital's view, this trend is likely to generate higher deal volume in Chemicals M&A.

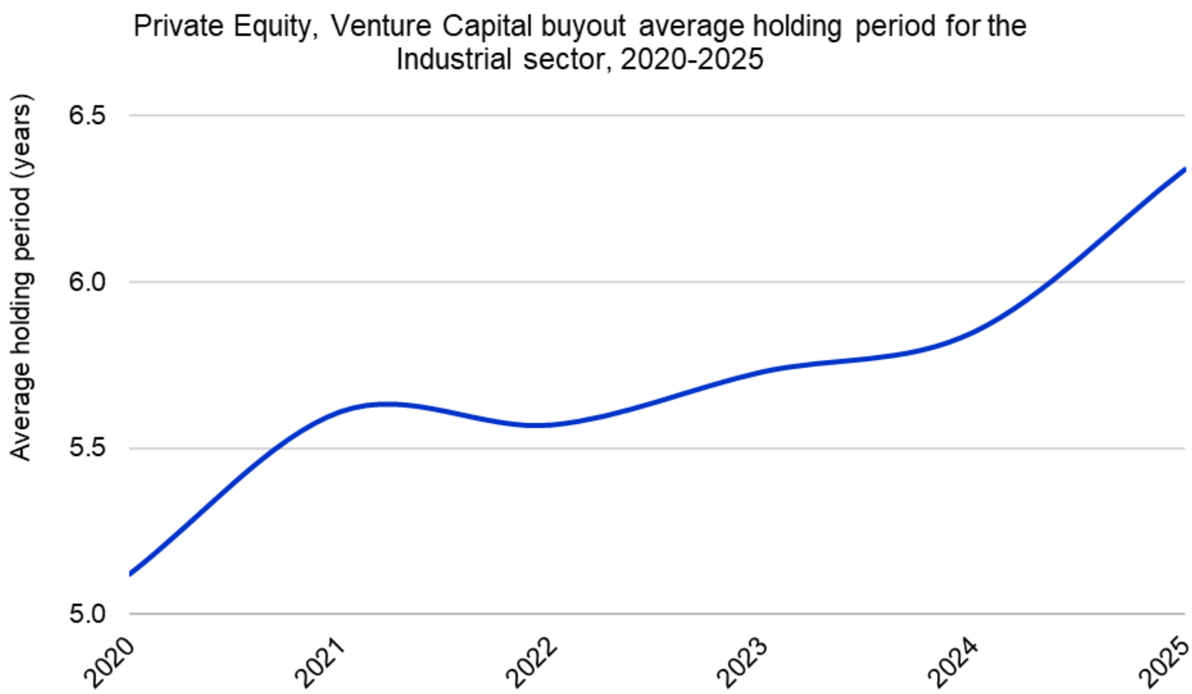
7) Increasing Private Equity activity in Chemicals M&A

As we reported last year, there is every reason to expect that private equity companies will increase their activity going forward, both on the buy side and on the sell side, and some of this will be in Chemicals.

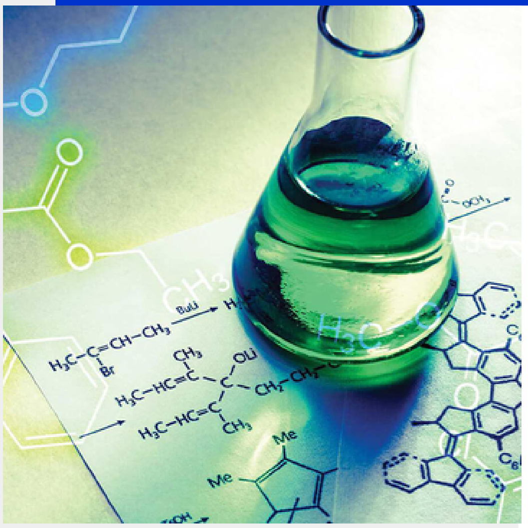
- **On the buy side:**
  - Private equity ‘dry powder’ (funds available for investment) remain close to record highs. In 2025, S&P Global Market Intelligence reported just over $2.5 billion of uninvested capital globally, the same figure as 2024 and only a 7% decrease from the 2023 peak of over $2.8 billion. Clearly, private equity firms still have money to spend on acquisitions.

- **On the sell side:**
  - Hold periods (i.e., the length of time private equity firms hold companies in their portfolio) are still unusually long and analysis from S&P Global shows that hold periods are continuing to rise in Industrials, which includes Chemicals. The assumption is that this is not a ‘new normal’ and that private equity firms will want to divest as they attempt to return to shorter hold periods.

Exhibit 21 – Private Equity holding period has risen in 2025



Source: S&P Global, Natrium Capital



CONCLUSION

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Economic forecasters are expecting the same slow growth in 2026 that we experienced in 2025, with many key economic metrics stable at low levels.

The key exception to this is long-term interest rates, which remain stubbornly high and lead to increasing pressure on capital-intensive sectors in the Chemicals Industry. Against this backdrop, it is highly unlikely that we will see a positive 'step change' in either the industry or in Chemicals M&A in 2026.

The outlook is not all negative, however, and there are some trends that give Natrium Capital reasons to believe that 2026 could be a better year than 2025.

Regardless of the outcome, we are looking forward to supporting our clients to grow their business through acquisitions or restructure their business through divestments, based upon our deep understanding of Chemicals and considerable Chemicals mergers and acquisitions expertise.

Natrium Capital

ABOUT NATRIUM CAPITAL

Natrium Capital Limited is the specialist Chemicals M&A boutique which sets a new standard in M&A advice. Led by Alasdair Nisbet and staffed by bankers, all of whom are also scientists, Natrium Capital provides strategic and M&A transaction services focused on the chemical industry, covering, amongst others: plastics, fine and specialty chemicals, personal care ingredients, food ingredients, chemical distribution, engineering materials, paints and coatings, inks, adhesives, biotechnology and clean technologies.

Headquartered in London (UK), Natrium Capital advises on both sell-side and buy-side transactions, including carve-outs and complex global cross-border deals. The team has advised on transactions with a combined value of over $100bn.

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CONTACT THE TEAM

- **ALASDAIR NISBET**
  CHIEF EXECUTIVE OFFICER
  alasdair.nisbet@natriumcapital.com
- **JENNIFER MIDURA HEYWOOD**
  MANAGING DIRECTOR
  jennifer.midura.heywood@natriumcapital.com
- **IANNIS PHOTTIOU**
  DIRECTOR
  iannis.phottiou@natriumcapital.com