Industrial Coatings
INDUSTRY MARKET UPDATE

Overall, the Industrial Coatings market is expected to see future growth steadily increase from 2025 largely being driven by rising demand as advancements in technology and materials science are enabling innovative solutions that can address both sustainability and performance criteria, creating a dynamic environment for rapid industry shifts.

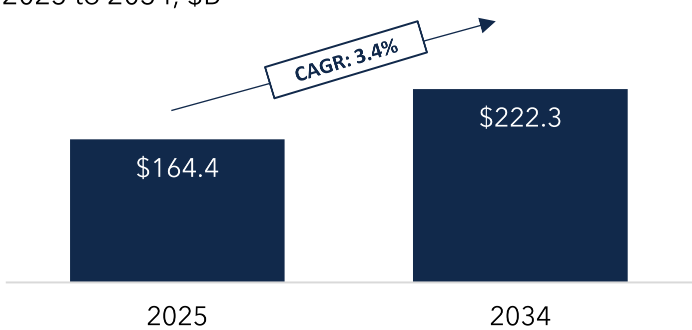
Recent Industry Innovation

- Manufacturers focus on sustainability, producing greener techniques that utilize less energy, produce less waste, and reduce pollutants
- Increased emphasis on innovation to create advanced products with improved durability, safety, and aesthetic appeal for a variety of applications
- Technological advancements lead to increased usage of water-borne and powder-based coatings, reducing volatile organic compounds (VOCs)

Industry Opportunities

- Rising demand for environmentally friendly coatings offers growth potential, driven by consumer preferences and tightening regulations
- The growth of the automotive and construction industries creates lucrative opportunities for high-performance and durable industrial coatings
- Efforts to reduce energy consumption in coating processes present significant cost-saving and sustainability opportunities

Global Industrial Coatings Market Size
2025 to 2034, $B



Sources: Precedence Research and Allied Market Research

Potential Tariff Impact on Metals

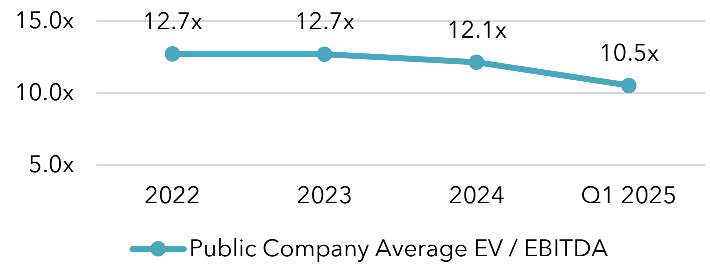
- Situation Overview: Potential of new tariffs imposed on major trading partners of the paint and coatings industry are expected to cause disruptions and increased costs in the production of essential industrial and consumer products.
- Canada and Mexico are the U.S. coatings industry's largest trading partners, valued at $1.24 billion with $722 million, respectively; and China is the third largest trading partner, valued at $127 million

A few major takeaways are as follow:

RISING PRICES	Cost increases for coatings manufacturers → **Tariffs on essential raw materials, such as polyurea and epoxy resins, could lead to higher prices for protective coatings**. For instance, the U.S. coatings industry, which enjoys a positive trade surplus of $1.6 billion, may face increased costs due to tariffs on imports from major trading partners.
TRADE DISRUPTIONS	Potential supply chain delays → The U.S. imports key ingredients from Europe and Asia, and **tariffs could cause disruptions in availability**. This may lead to longer lead times for industrial coatings, impacting end-use industries such as automotives, where coatings account for up to 20% of vehicle production costs.
INCREASED INNOVATION	Push toward alternative materials → Rising costs may accelerate the **industry's shift toward eco-friendly and water-based coatings**, a trend already gaining momentum. Innovations in coating technologies, such as eco-friendly formulations and advanced application methods, are emerging as key trends.

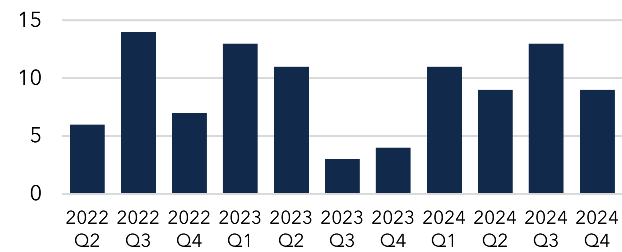
Proposed tariffs on key raw materials for industrial coatings, including resins and specialty chemicals, will **drive up production costs and disrupt supply chains**, creating significant challenges for industries reliant on protective coatings, such as automotive, aerospace, and infrastructure. As manufacturers navigate these pressures, the **push toward domestically sourced materials and innovative, cost-effective formulations will accelerate**, reshaping the competitive landscape of the coatings industry.

Public Comparable Companies – Unadjusted Valuation Trend



Index: Ashland, Axalta Coating, DuPont, Eastman Chem, HB Fuller, Henkel, PPG, RPM, Stepan, SHW

Industrial Coatings M&A and Deal Volume Resurgence



Source: Pitchbook, Crunchbase, other public sources

2024 Notable Transactions - 2024 was a strong year of transactions in the Industrials Coating M&A space with momentum expected to continue into 2025

APOLLO *Acquired* US SILICA *Announced: April2024*

Transaction Detail: In April 2024, Apollo Global Management acquired U.S. Silica for $1.9 billion. U.S. Silica, an industrial silica and diversified minerals producer primarily serving the Oil & Gas industry, will continue to operate under its current brand and maintain its existing executive team.

Rationale: Apollo's acquisition of U.S. Silica enhances the company's ability to expand operational strategies and market reach. Under Apollo's ownership, U.S. Silica will benefit from increased access to capital to support innovation and improve operational efficiencies. The deal solidifies Apollo's position in the Chemicals sector, driving aggressive expansion and potential acquisitions in the Specialty Chemicals market.

AMERICAN INDUSTRIAL PARTNERS *Acquired* VEOLIA *Announced: July 2024*

Transaction Detail: In July 2024, American Industrial Partners acquired Veolia's North American Sulfuric Acid Regeneration business for $620 million in enterprise value. The business will be rebranded as Nexpera, helping refineries cleanly process and regenerate sulfur gas, acid, and potassium hydroxide, essential to the alkylation process.

Rationale: The acquisition of Veolia's sulfuric acid regeneration business by AIP positions Nexpera as a leading provider of outsourced refinery regeneration services, capitalizing on transformative advancements in the industry over the last two decades.

QEMETICA *Acquired* PPG *Announced: August 2024*

Transaction Detail: Qemetica, a Poland-based manufacturer of soda ash, silicates, and specialty chemicals, acquired PPG's Silicas Products business for $310 million in enterprise value. The acquisition includes two manufacturing facilities located in Louisiana and the Netherlands, along with leased silicas manufacturing and R&D operations at PPG sites in Ohio and Pennsylvania.

Rationale: This acquisition strengthens Qemetica's portfolio, adding a significant business line in precipitated silica, which complements its existing operations in soda ash, silicates, and specialty chemicals. The integration of the Silicas Products business is part of Qemetica's 2024-2029 strategy, which focuses on increasing the independence of its individual businesses.

SAINT-GOBAIN *Acquired* cemix *Announced: August 2024*

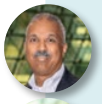
Transaction Detail Saint-Gobain announced its acquisition of CEMIX, a construction chemicals business operating in Mexico and Central America, for $815 million. The transaction includes 16 manufacturing plants, 10 logistics hubs, and around 1,000 employees. CEMIX is recognized for its strong brand in tile adhesives, façade coatings, waterproofing, and surface preparations.

Rationale: The acquisition of CEMIX aligns with Saint-Gobain's "Grow & Impact" strategic plan, reinforcing its presence in construction chemicals and expanding its footprint in high-growth markets. With CEMIX's established brand and strong growth trajectory, Saint-Gobain is positioned to enhance its market share and accelerate its growth in the construction sector.

Recent M&A Activity

Date	Target	Buyer	Enterprise Value ("EV") ($M)
Mar-25	AOC	Nippon Paint Holdings Co.	$4,350
Feb-25	Coral Industries Adhesives	AI Technology, Inc.	NA
Dec-24	H.B. Fuller Flooring Business	Pacific Avenue Capital	NA
Dec-24	Architectural Coatings	American Industrial Partners	$550
Dec-24	INEOS Composites	KPS Capital Partners	$1,780
Dec-24	Miller Paint Co., Inc.	Rodda Paint Co.	NA
Nov-24	UW Interco, LLC	Apogee Enterprises, Inc.	$240
Nov-24	Caldwell Chemical Coatings Corporation	Le Groupe Protech Inc	NA
Nov-24	Hubergroup	MAVCO Investments / Avenue Capital	$310
Nov-24	Coatings & Adhesives Corporation	The INX Group Limited	NA
Aug-24	PPG Silicas Products	Qemetica	$310
Aug-24	Cemix	Saint-Gobain	$815
Jul-24	CoverFlexx Group	Axalta Coating Systems Ltd.	$294
Jul-24	Southern Adhesives and Coatings	Kodiak Trenching & Boring, LLC	NA
Jul-24	Duromar	Blome International Polymers	NA
Jul-24	Veolia Sulfuric Acid Regeneration	American Industrial Partners	$620
Jul-24	Sheboygan Paint Company	Bradley Coatings Group	NA
May-24	ND Industries, Inc.	H.B. Fuller Company	$256
Apr-24	U.S. Silica	Apollo Global Management	$1,917

Contact



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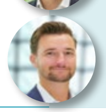

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