

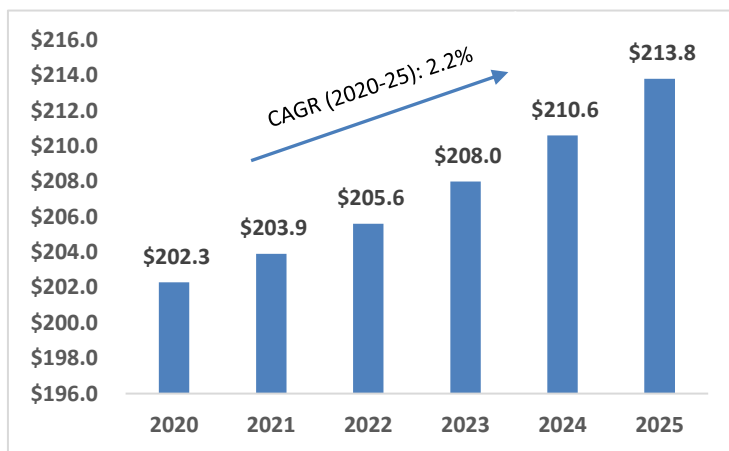
Quazar Report – Chemical Wholesaling in the United States Q3 2020

Estimated Read Time: Four Minutes

The Chemical Wholesaling Industry supplies chemicals and related products to downstream industries. Companies in this industry often sell a wide range of products, including both raw materials as inputs to downstream goods as well as blended products ready for use. Chlorine is a popular example of a raw material widely used to manufacture other products. In fact, it is estimated that chlorine is used to make 15,000 downstream products including detergents, disinfectants, water treatment products, plastics, pharmaceuticals and agricultural chemicals.¹

This industry is highly fragmented with many regional participants and few companies achieving national distribution. This is partly due to the regulation around the transportation of chemicals causing the movement of products to be quite expensive. As a result, this industry has been ripe for M&A activity with larger companies seeking to roll up regional players to add additional products and distribution territories.¹

Chemical Wholesaling Revenue (\$bn) in the U.S.¹



Chemical Wholesalers are seeing some near-term effects on demand due to the Coronavirus pandemic. In their most recent earnings report, global chemical ingredient supplier Univar Solutions reported that while they are seeing weakened demand from products sold into the travel, construction, and automotive industries, they are also still seeing strong demand for their products that are used in the pharmaceutical, household cleaning, and food ingredients markets.²

Key Trends/Industry Highlights

- Products and Services Segmentation¹:
 - Alkalis and chlorine – 10.8%
 - Industrial gases – 6.8%
 - Detergents and soaps – 9.2%
 - Biofuels – 8.5%
 - Adhesives, Automotive Chemicals – 14.0%
 - Other chemicals – 50.7%
- “The chemicals industry is embracing the drive towards a circular economy to demonstrate its overarching commitment to sustainable materials management. To address regulatory restrictions on single-use plastics and microplastics, chemicals companies are working with their clients to introduce new products, invest in recycling technologies, as well as incorporate renewable and recyclable materials in their growing product portfolio.”³
- Global Chemical M&A activity⁴ (# of transactions & total value of transactions)
 - 2019: 585 deals – \$178.3bn
 - 2018: 600 deals – \$72.4bn
 - 2017: 637 deals – \$46.4bn
 - 2016: 650 deals – \$231.1bn
 - 2015: 612 deals – \$145.8bn

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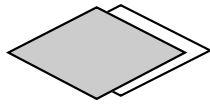
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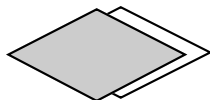
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Selected Transaction: Recent Industry M&A Activity

Transaction Announced Date	Target/Issuer	Total Transaction Value (\$USDmm, Historical rate)	Buyers/Investors
03/20/2020	Cimcool Business of Milacron LLC	\$250.0	DuBois Chemicals, Inc.
3/16/2020	CVC Thermoset Specialties, Inc.	\$300.0	Huntsman Corporation (NYSE:HUN)
03/05/2020	New Earth Development Corporation	\$26.3	Stevia Nutra Corp (OTCPK:STNT)
2/20/2020	Demulsifier Product Line of KMCO, LLC	\$9.0	Stepan Company (NYSE:SCL)
02/04/2020	Cobra Plastics, Inc.	\$39.8	Silgan Holdings Inc. (NasdaqGS:SLGN)
2/3/2020	Kissner Group Holdings LP	\$2,000.0	Stone Canyon Industries Holdings Inc.
01/09/2020	Fiber Materials Inc.	\$135.5	Spirit AeroSystems Holdings, Inc. (NYSE:SPR)
12/24/2019	Ellison Surface Technologies, Inc	\$200.0	Bodycote plc (LSE:BOY)
11/20/2019	Kester Inc.	\$68.0	Alpha Assembly Solutions, Inc.
11/6/2019	Well Chemical Services Division Of Baker Hughes Company	\$10.4	Select Energy Services, Inc. (NYSE:WTTR)
10/30/2019	Cariflex Business Unit of Kraton Polymers LLC	\$530.0	Daelim USA Inc.
10/21/2019	Innophos Holdings, Inc.	\$1,034.3	Iris Parent LLC
09/16/2019	Ja-Bar Silicone Corporation	\$9.6	Nolato AB (publ) (OM:NOLA B)
8/19/2019	GEON Performance Solutions	\$775.0	SK Capital Partners
07/30/2019	Seal for Life Industries, LLC	\$328.0	Arsenal Capital Partners
7/17/2019	VinTech Nano Materials, LLC	\$13.1	Vinmar International, Ltd.
07/15/2019	MPD Chemicals, LLC	\$167.4	Entegris, Inc. (NasdaqGS:ENTG)
7/3/2019	OMNOVA Solutions Inc.	\$785.5	Synthomer USA LLC
07/01/2019	Preferred Compounding Corporation	\$232.0	HEXPOL AB (publ) (OM:HPOL B)
6/11/2019	Dalton Holdings, LLC	\$71.0	Tiarco, LLC

Source: Capital IQ



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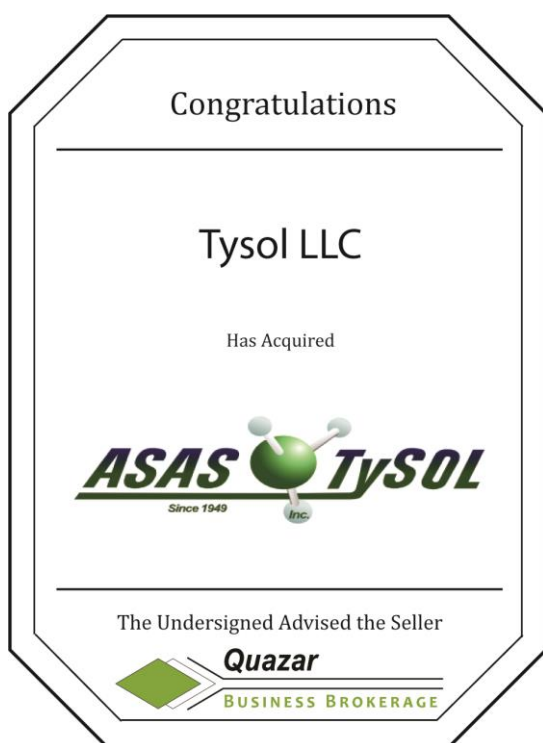
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Selected Transaction: Recent Industry M&A Activity (without disclosed value)

Transaction Announced Date	Target/Issuer	Buyers/Investors
05/19/2020	R&D Coatings, LLC	Universal Woods, Inc.
5/10/2019	Empire Chemical Company Inc.	Aramco, Inc.
04/03/2020	CalTex Protective Coatings, Inc.	Yorkville Advisors Global LP
4/14/2020	PolymerPlus, LLC	Peak Nano Optics, LLC
04/01/2020	Meese, Inc.	Tank Holdings Corp.
1/30/2020	Redispersible Polymer Powders Business of Nouryon	Celanese Corporation (NYSE:CE)
03/27/2020	NatSurFact Business of Logos Technologies LLC	Stepan Company (NYSE:SCL)
4/1/2020	Worldwide Specialty Chemicals, Inc.	Lux Amber, Corp. (OTCPK:LXAM)
03/25/2020	Engineered Plastic Systems, LLC	CMI Limited Co.
3/11/2020	National Flavors, Inc.	The Riverside Company
03/03/2020	Infinity Tapes, LLC	Duraco Specialty Tapes LLC
3/2/2020	Wilkinson Solutions	Junction Capital Partners
03/02/2020	Bayshore Industrial, LLC	Ingenia Polymers Corp.
2/5/2020	Alpha Coating Technologies LLC	PPG Industries, Inc. (NYSE:PPG)
03/05/2020	Kingfield Construction Products	EPRO Services, Inc.
2/25/2020	Marco Rubber & Plastics, LLC	Align Capital Partners, LP
11/08/2019	Ungerer & Company, Inc.	Givaudan SA (SWX:GIVN)
4/9/2020	R D Rubber Technology Corporation	Engineered Polymer Industries, Inc.

Source: Capital IQ

Quazar Business Brokerage Advises ASAS/Tysol, Inc. in its Sale



Quazar Business Brokerage is pleased to announce ASAS/Tysol, Inc. ("ASAS/Tysol") has been acquired by a local entrepreneur. Quazar Business Brokerage ("Quazar") advised ASAS/Tysol in the transaction.

The Shareholder of ASAS/Tysol made a strategic decision to transition the business to new ownership in order to create liquidity for Shareholders and to secure full-time leadership with industry experience for the company moving forward. The Shareholder chose Quazar as their M&A Adviser primarily due to Quazar's unique marketing approach, extensive network, and reputation for successfully working with privately-held businesses.

After conducting a robust marketing process, Quazar received numerous offers from interested parties. The Shareholder ultimately decided that a local business professional with chemistry and sales experience would be the best fit to continue to expand the business, develop new products for its customers, and create new opportunities for its employees.

"At certain points during the transaction, other brokers may have given up, but Quazar stayed committed to finding the right Buyer and getting the transaction closed. This deal would not have come together without the help of Quazar, and I want to thank the entire Quazar team for their efforts. I am excited for the future of the business." – Tom Ewing, Selling Shareholder/President of ASAS/Tysol

ASAS/Tysol, Inc. (tysol.com) formulates and sells industrial cleaning compounds. The company primarily sells into the commuter rail, maritime, wood products, and locomotive industries. The company was founded approximately 40 years ago and is based out of Woodbury, Minnesota.

Quazar Business Brokerage (quazarbusinessbrokerage.com) is a Minnesota-based Business Brokerage Firm specializing in providing professional brokerage services to clients with \$1,000,000 to \$10,000,000 of enterprise value.

Quazar Business Brokerage Advises Advantage Chemical, LLC in its Sale



Quazar Business Brokerage is pleased to announce that Advantage Chemical, LLC (“Advantage Chemical”) has been acquired by Accurate Chemical Acquisitions, Inc. d/b/a/ Accurate Chemical & Services. Quazar Business Brokerage (“Quazar”) advised Advantage Chemical in the transaction.

The Shareholders of Advantage Chemical made a strategic decision to transition the business to new ownership in order to focus on other business endeavors. They chose Quazar as their M&A Adviser primarily due to Quazar’s geographical reach, industry experience, extensive network, and reputation for successfully working with privately held businesses in the brokerage marketplace.

Quazar was able to expeditiously generate interest from a multitude of strategic buyers. The Shareholders ultimately decided that Accurate Chemical & Services would be able to best serve Advantage Chemical’s customer base moving forward.

“We are pleased that we were able to find a partner who will continue to serve the impressive customer base that Advantage Chemical has built. We were pleasantly surprised at the pace at which Quazar was able to get the deal done.” –Matt Olk, former President of Advantage Chemical

Advantage Chemical, LLC (advantagechemical.com) sells full-service chemical programs, primarily into the Hospitality and Healthcare Industries. The Company also offers installations, training, and maintenance via its team of service technicians. The Company is based in Temecula, CA.

Accurate Chemical Acquisitions, Inc. (accuratecompanies.com) provides cleaning, sanitation, and hygiene solutions to the Hospitality and Healthcare Industries. Accurate Chemical is based in Tempe, AZ.

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