

Capstone Partners Reports: Value-Added Distributors Grow Increasingly Prevalent in Specialty Chemicals Market

Localized production driven by supply chain retooling helps garner premium M&A valuations.

BOSTON, MA, U.S., July 19, 2023 /EINPresswire.com/ -- Capstone Partners, a leading middle market investment banking firm, released its latest Specialty Chemicals M&A Update, reporting

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The global chemicals & plastics supply-chain is increasingly relying on value-added distributors to provide critical services.”

*Doug Usifer, Managing
Director at Capstone Partners*

that growing consumer demand for sustainable production and environmentally friendly products is spurring supply chain retooling and material innovations. Value-added distributors operating in the space are poised to benefit from heightened revenue and M&A opportunities as demand for more localized production increases.

Despite a 38.7% decline in volume year-over-year (YOY), M&A activity in the sector has normalized to pre-pandemic

levels. Sector valuations have exceeded the prior year, with the average purchase multiple hitting 10.5x EV/EBITDA through YTD 2023, indicating an emphasis on quality assets.

In particular, strategic acquirers have accounted for the majority (61.5%) of sector transactions YTD, as private and public buyers seek to increase production and distribution capabilities to meet demand—with many exhibiting a willingness to pay premium valuations for targets that can shore up supply chains.

"The global chemicals & plastics supply-chain is increasingly relying on value-added distributors (VADs) to provide critical services including access to high-value ingredients, logistics management and specialized blends and formulations. These VADs are commanding more attention and valuation in the M&A marketplace," said Capstone Managing Director [Doug Usifer](#), the lead contributor in the newly released article.

Also included in this piece:

- Key qualities of resilient company profiles that have helped drive the average purchase multiple in the sector up to 10.5x EV/EBITDA through YTD 2023—compared to the average 9.9x

in 2022.

- The investment criteria currently being prioritized and the long-term benefits of onshoring supply chains.
- Notable recent transactions in the space and the key end-market exposure driving the most significant buyer interest.

To access to full article, [click here](#).

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