

ASIAN SPECIALTY CHEMICALS NEWSLETTER

September 2011, ISSUE 68

A Quarterly newsletter of developments in the chemicals industry

We hope you find the Asian Specialty Chemicals Newsletter informative.

The chemical sector is consolidating fast. Its center of gravity is shifting to Asia, including the Middle East.

BDA is an investment banking firm which assists multinational clients to identify, assess and execute cross-border transactions involving Asia, including acquisitions, divestments, JVs, capital raising, and restructuring. We have offices and professional staff throughout Asia, the Middle East, the US, and Europe.

If you think that BDA's services may be useful to you, please contact us at any one of our offices or email me at erellie@bdallc.com. Contact details for our offices are at the back of this newsletter. We look forward to speaking with you.

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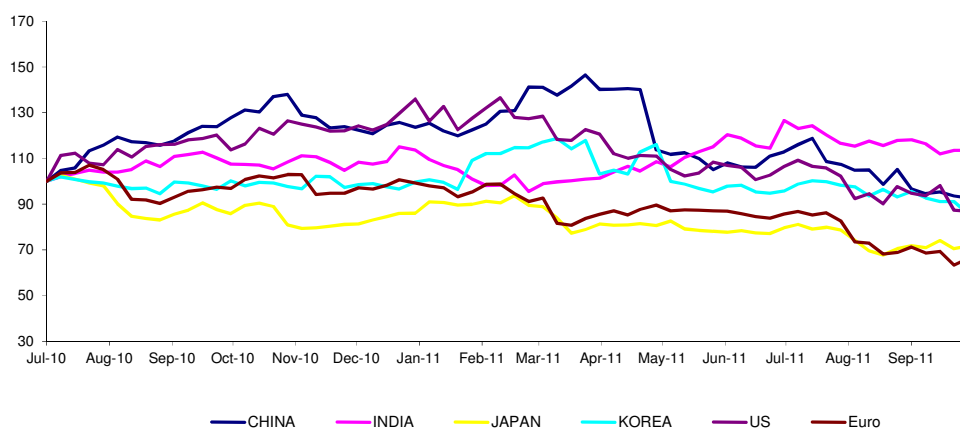
Australia

DKSH, a Swiss market expansion services group with focus on Asia, has agreed to acquire **Tiger Chemicals**, an Australian specialty chemicals solution provider and distributor, for an undisclosed amount. *August 31, 2011*

Impact Fertilizers, an Australian fertilizer company, has agreed to acquire **Hi Fert**, an Australian producer of fertilizer, for an undisclosed amount. *August 3, 2011*

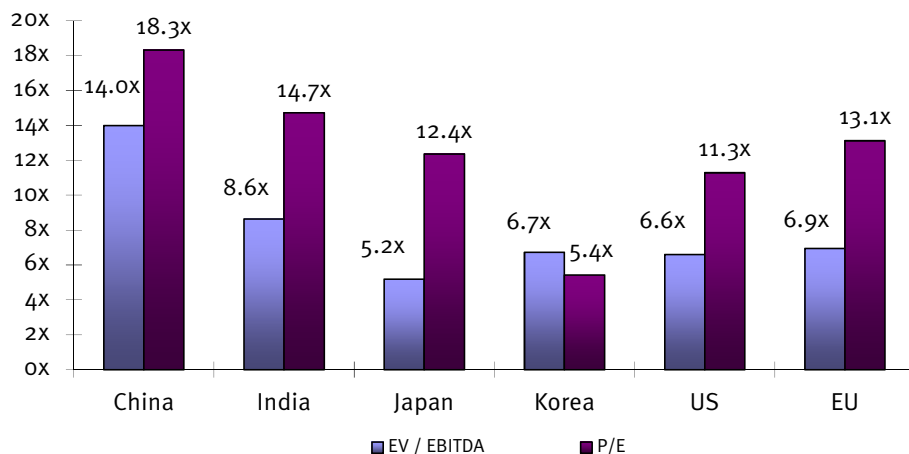
Nuplex Industries, a listed New Zealand manufacturer of adhesives and fiber reinforced plastics, has agreed to acquire **Acquos Masterbatch**, an Australian provider of concentrated pigments and additives to the plastics industry, from **Acquos Pty**, an Australian chemical company that operates through its polymer and masterbatch divisions, for an undisclosed consideration. *August 18, 2011*

Specialty Chemicals Sector Stock Indices (12 months ending 30Sept11)



Source: Capital IQ, BDA

Specialty Chemical LTM Trading Multiples (29Sep11)



China



Akzo Nobel Surface Chemistry, a surfactants manufacturing subsidiary of Akzo Nobel, has agreed to acquire **China Resources (Boxing) Oleochemicals**, from **China Resources Enterprise**, a conglomerate active in textiles and food processing and in real estate businesses, for an undisclosed consideration. *July 27, 2011*

China Aerospace International Holdings, a Hong Kong listed manufacturer of plastic products, liquid crystal display, printed circuit boards and intelligent chargers, has agreed to acquire 55% of **Shenzhen Rayitek Hi-tech Film**, a Chinese manufacturer of polyimide film products, for US\$10m. *July 10, 2011*

China Development Bank Capital, a wholly-owned subsidiary of China Development Bank, has agreed to acquire 7% of **Xinjiang Huatai Heavy Chemical**, a manufacturer and wholesaler of polyvinyl chloride resin, for US\$77m. *July 8, 2011*

Fujian Green Pine, a listed Chinese company engaged in turpentine derivatives, has agreed to acquire **Zhangjiagang Asia Chemical**, a manufacturer of chemicals for pharmaceutical applications, for US\$20m. *July 27, 2011*

Henkel, a German adhesives producer, has begun construction of the world's biggest adhesives plant located in the Shanghai Chemical Industry Park in Caojing. Henkel will invest US\$70m. *August 29, 2011*

Qinhuangdao Tianye, a Chinese heavy industrial company, has agreed to acquire 75% of **Aohan Yinyi Mining**, a Chifeng-based manufacturer of hydrofluoric acid, for US\$21m. *August 4, 2011*

Shihlien Chemical Industrial Jiangsu, a subsidiary of **Shihlien China Holding** engaged in the production of ammonium chloride, has announced that it will raise US\$107m to support growth plan. **Taiwan Glass China**, and the company's existing shareholder, **Shihlien China Holding** will co-invest

US\$40m in the company.

August 26, 2011

VWR International, a global distributor of research laboratory products and chemicals, has agreed to acquire **Lab Partner**, a Shanghai based lab equipment and chemicals distributor, for an undisclosed amount.

August 4, 2011

Yibin Tianyuan Group, a Chinese manufacturer of PVC resins, has agreed to acquire an additional 5% of **Yibin Haifeng Herui**, a Chinese manufacturer of PVC, for US\$27m. *August 24, 2011*

India



AICA Laminates India, a subsidiary of **AICA Kogyo**, a Japanese chemicals and materials company, has agreed to acquire the **Sunmica** division of **Bombay Burmah**, the listed India-based manufacturer of decorative and industrial laminates, for US\$22m.

August 10, 2011

Ajinomoto OmniChem, a subsidiary of **Ajinomoto** of Japan, and **Granules**, an Indian manufacturer of API, have agreed to form **Granules OmniChem**, a JV for the production of pharmaceutical intermediates and API in India. Total investment into the JV will be US\$25m. The plant is expected to be operational in Q1 2013. *July 15, 2011*

DMV-Fonterra, a German manufacturer of excipients for the pharmaceutical industry, has agreed to acquire **Brahmar Cellulose**, an Indian manufacturer of ingredients used to make tablets and pills, for an undisclosed amount. *August 31, 2011*

Indonesia

Indorama, a Dutch manufacturer of PET chip and polyester filament yarns, agreed to acquire 50% of **PT Polyprima Karyesreska**, a Jakarta-based manufacturer of PTA used in the textile and packaging industries, for an undisclosed consideration.

June 30, 2011

Total Chance Group, a Hong Kong based investment holding company, has agreed to acquire 55% of **Kryton Lautan**, an Indonesian manufacturer of cement materials, from **Lautan Luas**, an Indonesian manufacturer of inorganic chemicals, for an undisclosed amount.

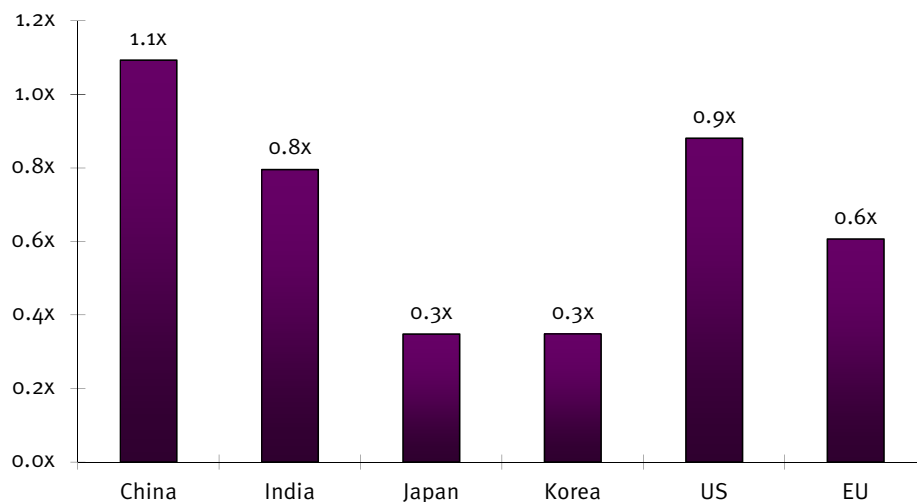
June 30, 2011

Japan

Mitsui & Co and **Mitsui Chemicals** plan to establish a nitrogen fertilizer production JV in Brunei with Brunei's state owned petroleum company and market output from the complex in Southeast Asia. The project will require an investment of US\$3bn and be initially comprised of plants with capacities for 850,000 mta of ammonia and 600,000 mta of urea. *August 30, 2011*

CITIC Capital PE and **Capital Japan Partners II**, made an offer to acquire the remaining 37% stake in **Higashiyama Film**, from the company's founding family, for US\$17m. **Higashiyama** is engaged in the film processing business. The new investors plan to delist the company from JASDAQ. *August 9, 2011*

Specialty Chemical LTM Price/Rev Ratios (29Sep11)



Source: Capital IQ

Korea

Akzo Nobel, the Dutch chemical company, has agreed to acquire coating material unit SCHRAMM from **SSCP**, the listed Korean provider of a range of coating solutions in Europe and Asia, for US\$237m. *July 11, 2011*

Cheryong Industrial, a listed Korean company engaged in the production of transformers and electric components, has agreed to spin-off its metal and polymer-making business into a separately listed entity. The metal and polymer-making business of **Cheryong Industrial** reported sales of US\$24m for 2010. New shares will be listed on November 18, 2011. *August 16, 2011*

Mando, a listed Korean manufacturer of automobile parts, and **Halla Investment & Consulting Company**, a Korean private equity firm, have acquired 42% of **E-Polymers**, a Korean engineering plastics manufacturer, for US\$10m. *July 14, 2011*

Saudi Arabia

Dow Chemical, has entered into a JV with **Saudi Aramco**, the Saudi Arabian Oil Company, for the production of petroleum chemicals. The total investment into the JV is US\$20bn. *August 8, 2011*

Saudi Kayan Petrochemical has signed a US\$130m contract with China's **Sinopec Engineering** for the construction of a distilled natural alcohols plant at Al-Jubai, Saudi Arabia. The plant, which will be the first of its kind in the Middle East, will meet part of SABIC's commitment to diversify into oleochemicals using renewable feedstocks and increase its performance chemicals portfolio. *August 16, 2011*

The National Industrialization Company "Tasnee" and **The Sahara Olefins Company**, both Saudi Arabian chemical companies have announced that their subsidiary, **Saudi Acrylic Acid**

Company has agreed to establish a JV with **Evonik**, a German specialty chemicals company for the production of superabsorbents. Upon operation, the JV's plant capacity will be 80,000 mta. *August 16, 2011*

Singapore



KKR, the global PE firm, has agreed to acquire 38% of **United Envrotech**, a Singapore listed environmental solution provider focused on water and wastewater, for US\$38m. *August 2, 2011*

Taiwan



Kraton and **Formosa**, two large US polymer manufacturers, have announced that they will establish a JV plant in Mailiao, Taiwan, for the production of hydrogenated styrenic block copolymer. The production capacity is estimated to be 30,000 mta. Total investment into the JV will be US\$165m. *July 14, 2011*

Royal DSM, a Dutch life sciences and materials company, has completed its acquisition of 51% of AGI Corporation, a listed Taiwanese manufacturer of monomers, oligomers, and photo-initiators applied in the coatings of papers, woods, plastics, and inks, for US\$58m. *July 12, 2011*

Thailand



Dow Chemical, has announced its plan to add capacity for its enlight polyolefin encapsulant films used in PV modules, by building one new manufacturing plant in Map Ta Phut, Thailand. The facility will be Dow's largest manufacturing capacity in Asia, which is expected to be completed by H2 2012. *August 4, 2011*

Asian Specialty Chemicals Transactions with LTM Multiples (12 months ending in 30Sept11)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Percentage Acquired	EV / EBITDA	EV / Revenue	P/E
09-Aug-11	Higashiyama Film	Japan	CITIC Capital	Japan	\$17.3	37%	6.5x	.9x	-
14-Jul-11	Mando	Korea	E-Polymers	Korea	\$9.6	43%	-	.6x	-
30-Jun-11	Akzo Nobel	Netherlands	SSCP	Korea	\$237.1	100%	13.8x	1.3x	15.9x
01-Jun-11	Sabero Organics Gujarat	India	Coromandel Int'l	India	\$37.5	31%	13.7x	1.3x	16.5x
10-May-11	SDS Biotech	Japan	Idemitsu Kosan	Japan	\$146.1	70%	7.7x	1.2x	8.x
21-Mar-11	KSCB Co	Korea	GemVax & KAEL	Korea	\$6.5	18%	47.5x	1.6x	44.9x
15-Dec-10	PT Sorini Agro Asia Corporindo	Indonesia	Cargill	US	\$393.2	85%	15.2x	2.3x	31.9x
16-Jul-10	Titan Chemicals Corp Bhd	Malaysia	Honam Petrochemical	Korea	\$1,144.9	72%	5.9x	.7x	-
24-Jun-10	Reyphon Agriceutical	Singapore	Suntar Investment	Singapore	\$2.8	22.9%	10.4x	0.4x	-
16-Jun-10	Feixiang Chemicals	China	Rhodia	France	\$427.9	87.5%	9.x	2x	-
25-May-10	Wattyl Ltd	Australia	The Valspar Corp	US	\$155.4	100%	11.3x	0.5x	27.6x
13-May-10	Fumakilla Ltd	Japan	ST Corp	Japan	\$17.3	-	-	0.6x	33.6x
8-May-10	Guizhou Yihua Co	China	Yichang Wealth Invest Mgmt Co	China	\$50.1	-	-	0.8x	7.7x
29-Apr-10	Manasi Xinao Specialty Fiber	China	Jiangsu Aoyang Tech Co	China	\$26.4	-	-	2.2x	58.3x
28-Apr-10	Kyodo Chemical Co Ltd	Japan	Sakai Chemical Industry Co	Japan	\$2.0	-	-	0.3x	54.8x
27-Apr-10	Beijing Gufeng Chemical Products	China	China Green Agriculture	China	\$43.6	100%	10.2x	0.8x	7.2x
20-Apr-10	Shenzhen Hongde Battery Co Ltd	China	Scud (Fujian) Electn Co	China	\$5.1	-	-	0.5x	4.1x
26-Mar-10	DIC Coatings India	India	Valspar (Singapore) Corp	US	\$8.9	100%	-	0.9x	8.3x
12-Mar-10	Taeyoungentec	Korea	SK Chemicals Co	Korea	\$33.1	25%	-	2.4x	35.9x
11-Feb-10	Sichuan Yongxiang Co	China	Tongwei Group Co	China	\$16.3	-	-	0.2x	35.9x
8-Feb-10	Zhongshan Wing Shing Chemical	China	-	-	\$3.9	100%	-	0.6x	-
8-Jan-10	UPC Technology Corp	Taiwan	Lien Hwa Industrial Corp	Taiwan	\$47.1	-	80.4x	0.5x	-
2-Jan-10	Himadri Chem & Inds	India	Bain Capital India Investments	India	\$70.4	-	11.8x	4.3x	27.3x
				Median	\$33.1	72.0%	11.3x	0.8x	27.4x

Source: Capital IQ

The stock indices and trading multiples graphs shown in this newsletter represent the ten largest publicly traded specialty chemicals products companies in Asia.

Business Development Asia is an investment banking firm which assists multinational companies in expanding their businesses in Asia through acquisitions, divestments and capital raising. For further information on BDA's services or on any of the articles in this newsletter, please contact the offices listed.

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