M&A Dashboard

European Chemicals M&A in 2025 and the Outlook for 2026

March 2026

FTI CONSULTING

European chemicals M&A was very active in 2025. Sizeable divestments and consolidations are expected to continue due to low expectations for an industry recovery in the near term.

Summary of 2025

The year will be remembered for significant M&A activity, driven by companies' portfolio optimization, exits from the European market, restructuring situations, larger divestments and early consolidation across some value chains

A fire sale of large petrochemical assets — including divestments from LyondellBasell and SABIC to mid-sized private equity firms — further confirmed the challenging state of the European chemicals industry

However, the overall industry situation created opportunities for two major mega-deals, including BASF's announced divestment of its Coatings division to Carlyle and the merger between Axalta and AkzoNobel

The number of private equity exits recovered, although this was mainly driven by deals in the agro- and consumer-chemicals space, which generally remained financially healthier than the more upstream parts of the value chains.[5]

There were several notable busted actions, where weak performance of European assets dragged down valuations or asset performance deteriorated significantly between signing and closing, causing buyers to walk away.

Although still largely uncommon, China- and India-based buyers were regularly considered in the processes, with the rationale of establishing a foothold in Europe or, in the latter case, gaining access to technology

Outlook for 2026

We remain cautious about the recovery of the European chemical sector in 2026, due to the structural challenges including high energy and feedstock costs, overcapacity in Asia and slow rebound of end-markets demand

The overcapacity in Asia, specifically in China, is contributing to increased global supply in low-differentiated chemicals, leading to heightened competitive pressure in Europe's domestic and export markets

The European Commission's plan to strengthen the sector has not yet materialized and the anti-dumping duties being rolled out to combat low-cost imports are widely seen as insufficient

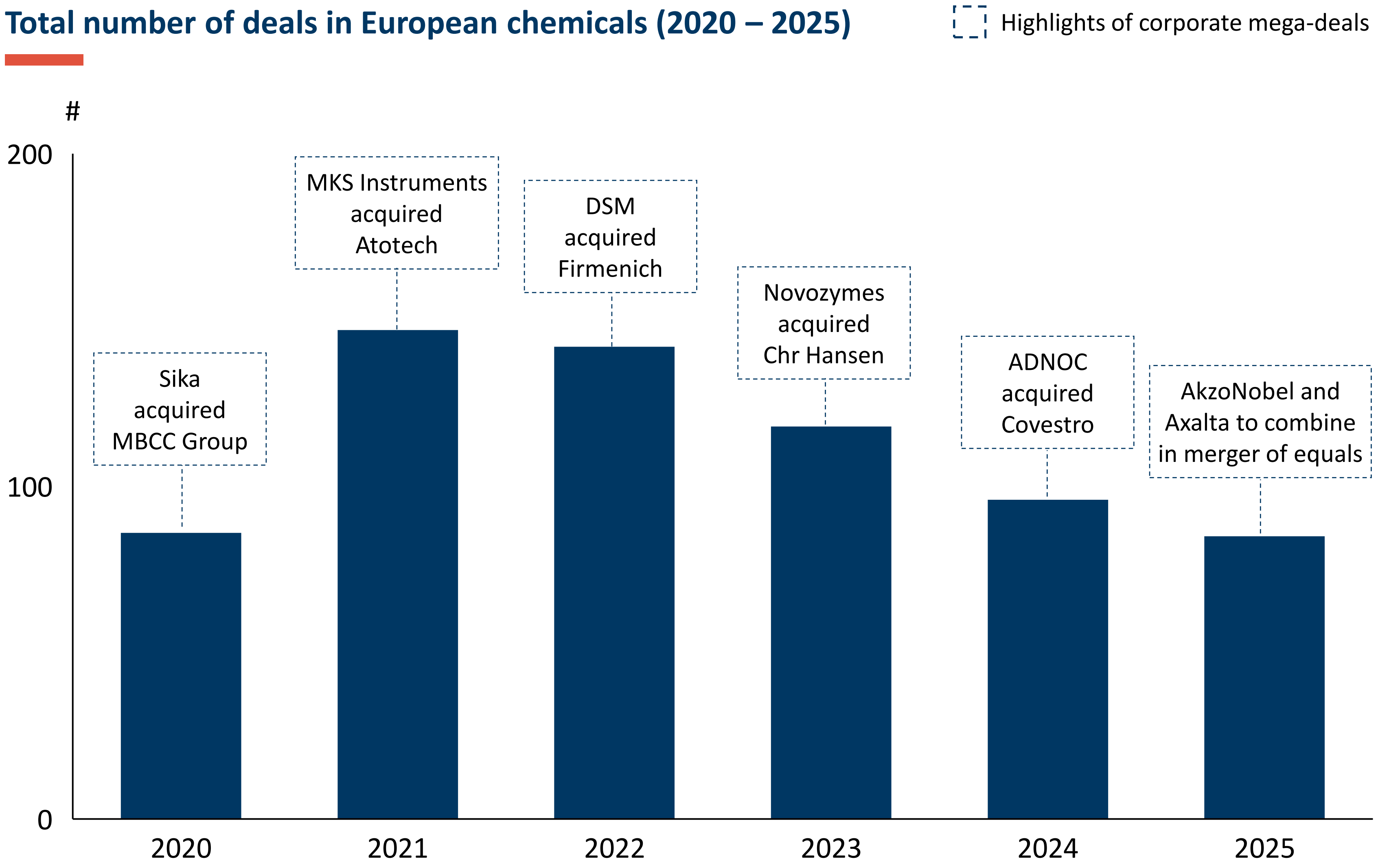
The industry's ongoing challenging environment is expected to shape M&A activity in 2026, driven by divestments, restructuring and the need for consolidation across some value chains. However, the conflict in the Middle East adds another level of uncertainty to the M&A landscape in 2026

Portfolio trimming was largely executed over the past three years, but the financial strain on some companies may inevitably force divestments of healthier, larger business units

These situations and potential remedies from larger consolidations could create opportunities for traditional private equity firms that usually avoid restructuring situations.

The number of European chemical M&A transactions further declined in 2025, although the year brought a few noticeable mega-deals that boosted total deal value.

Total number of deals in European chemicals (2020 – 2025)



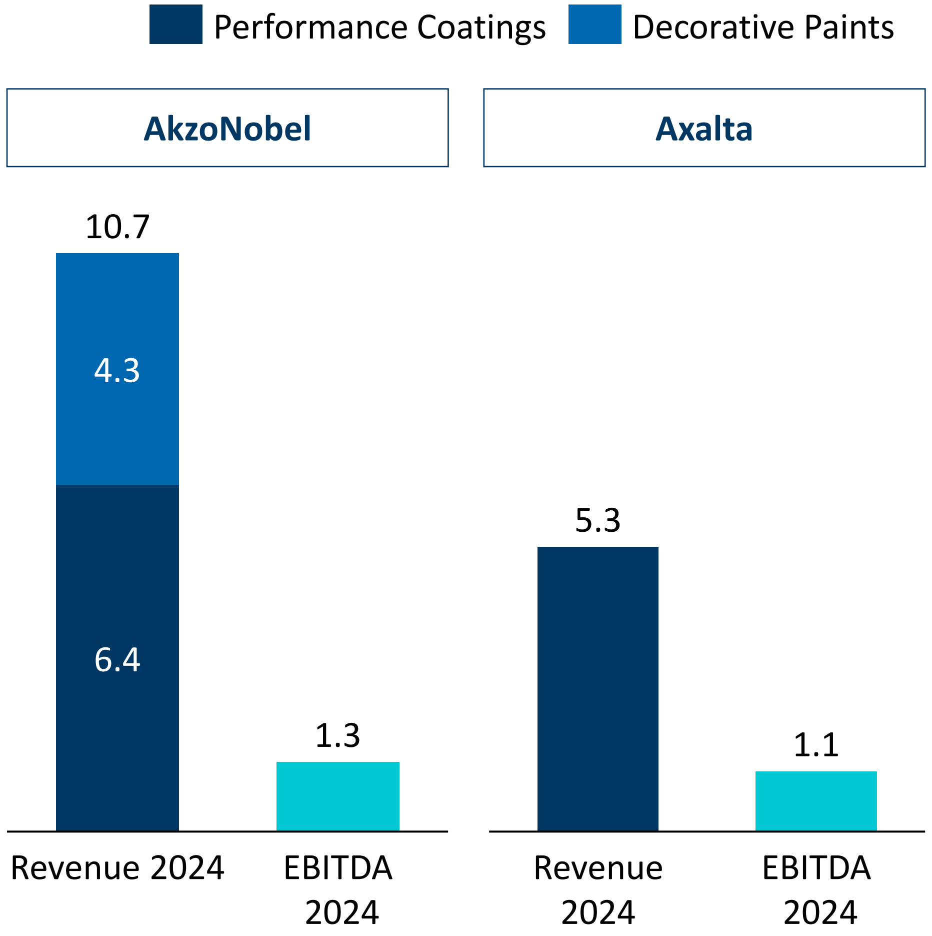
Note: Scope of the analysis includes producers (incl. compounders and formulators) and distributors of petrochemicals, polymers, high performance plastics and engineering resins, solvents, surfactants, fine chemicals, other speciality chemicals, nutrition ingredients, home/beauty/personal ingredients, resins/paints/adhesives, inorganic chemicals, agrichemicals, fertilizers and industrial gases.
Source: MergerMarket, FTI Consulting analysis

Key notes

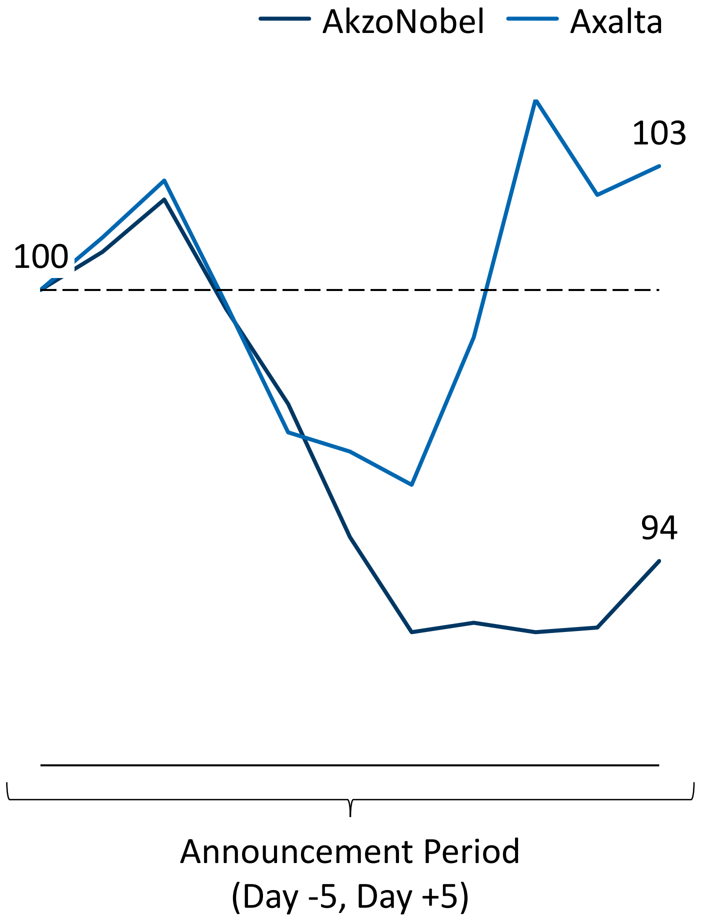
- Although the overall number of deals declined slightly in 2025, the year will be remembered for significant M&A activity.
- Deals were driven by portfolio optimization, fire-sales and exits from the European market, restructuring situations, larger divestments and early consolidation across some value chains.
- The year was also marked by increased activity from hands-on, turnaround-oriented private equity funds exploring the European chemical sector.
- Industry conditions produced mega-deals, including the announced merger of equals between AkzoNobel and Axalta.
- China-based buyers, though with limited past track records, also explored opportunities more actively, mainly driven by risk-mitigation to establish a foothold after the rapid introduction of market-protection measures such as anti-dumping duties.

Case in point | An announced mega merger of equals between AkzoNobel and Axalta – meant to create a global multi-billion leader in a still fragmented coatings industry.

Financial performance
(in EUR for AkzoNobel and in USD for Axalta, 2024)



Share price performance
(Index)



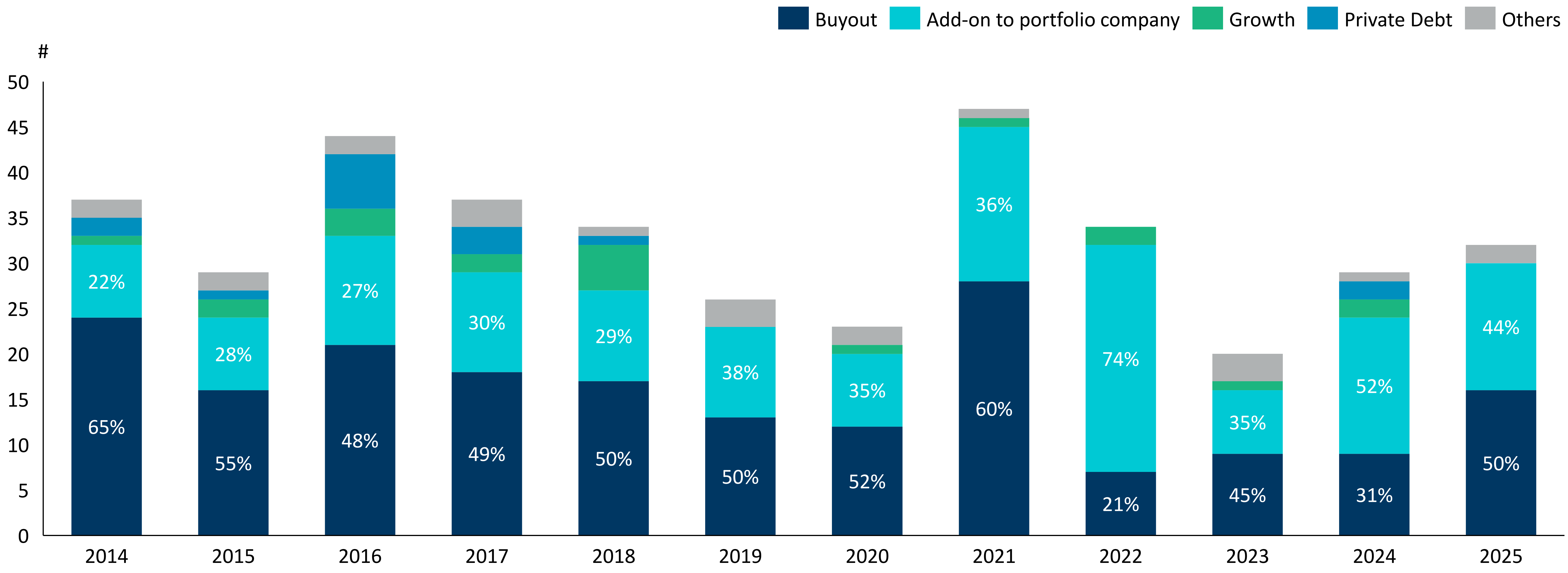
Key notes

- Akzo Nobel, a paints and coatings company with a long heritage, and Axalta, which originated from DuPont's Performance Coatings business, announced an all-stock merger of equals in November 2025.(1)
- Akzo Nobel has experienced low stock prices for the past few years following a rapid decline from its peak in mid-2021 and several performance-improvement measures have been announced.
- In contrast, Axalta, with a coatings portfolio more weighted toward automotive refinish coatings, has demonstrated stronger results that were also rewarded by the capital markets.
- The deal could create a global coatings leader, likely followed by a divestment of Akzo Nobel's decorative paints business and remedies in overlapping markets.
- However, the muted initial market reaction, reflected in stock performance during the announcement period, indicates that effective integration will be critical to realize synergies and create shareholder value.

Source: Annual reports, FTI Consulting analysis
"AkzoNobel and Axalta to combine in all-stock merger of equals, creating a premier global coatings company," AkzoNobel (November 18, 2025);

In 2025 financial investors activities in European chemicals recovered to historical averages, although some notable deals featured pre-distressed assets.

Number of financial sponsors-backed investments by deal type (2014 – 2025)

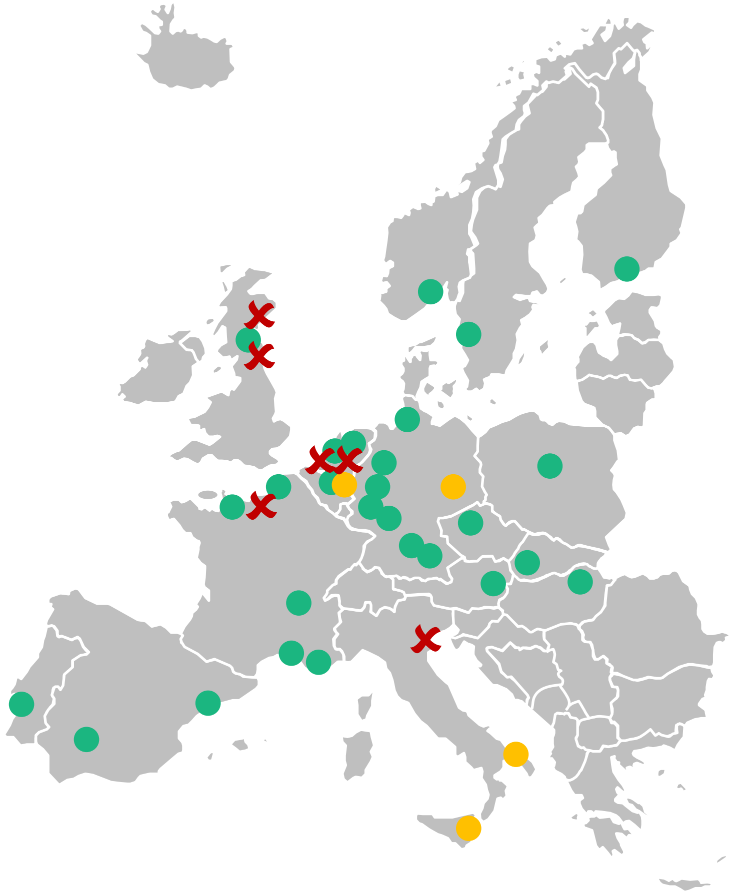


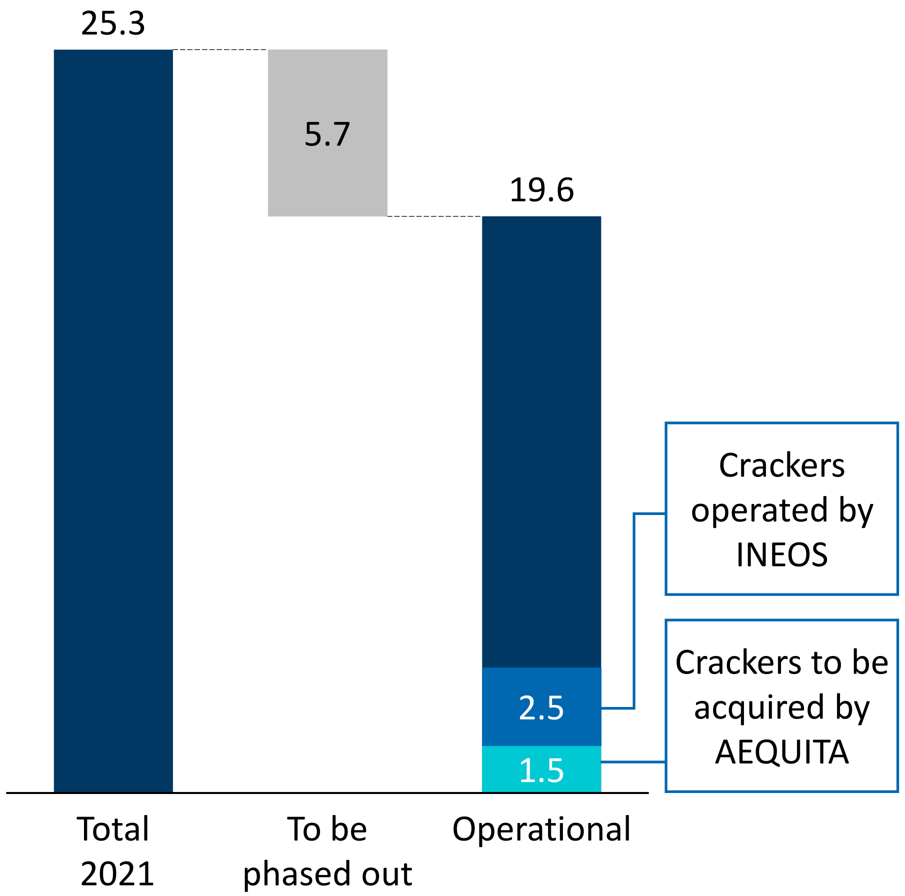
Source: PreQin, FTI Consulting analysis

Case in point | Mid-cap private equity firm AEQUITA announced a serious acquisitions of Olefins & Polyolefins businesses across Europe.

European cracker capacity (kt ethylene per year, status as of 2025)

Operational   Announced to be closed   Closed





Key notes

- A notable situation emerged in the petrochemicals segment, which could be characterized by significant domestic overcapacity in naphtha crackers.
- Major ethylene producers announced portfolio reviews resulting in asset shutdowns and divestments.
- Munich-based mid-cap private equity firm AEQUITA—previously focused on industrial goods companies, with no historical track record in chemicals investments—acquired olefins and polyolefins assets from LyondellBasell and SABIC.
- Both transactions include limited cash proceeds and significant contributions from the sellers.
- Back in 2005, INEOS made similar acquisitions of BP's petrochemical subsidiaries and emerged as an industry consolidator.
- Whether AEQUITA will develop into a new European consolidator, similar to INEOS, or instead will execute a restructuring thesis, this remains to be seen.

Source: Petrochemicals Europe, FTI Consulting analysis

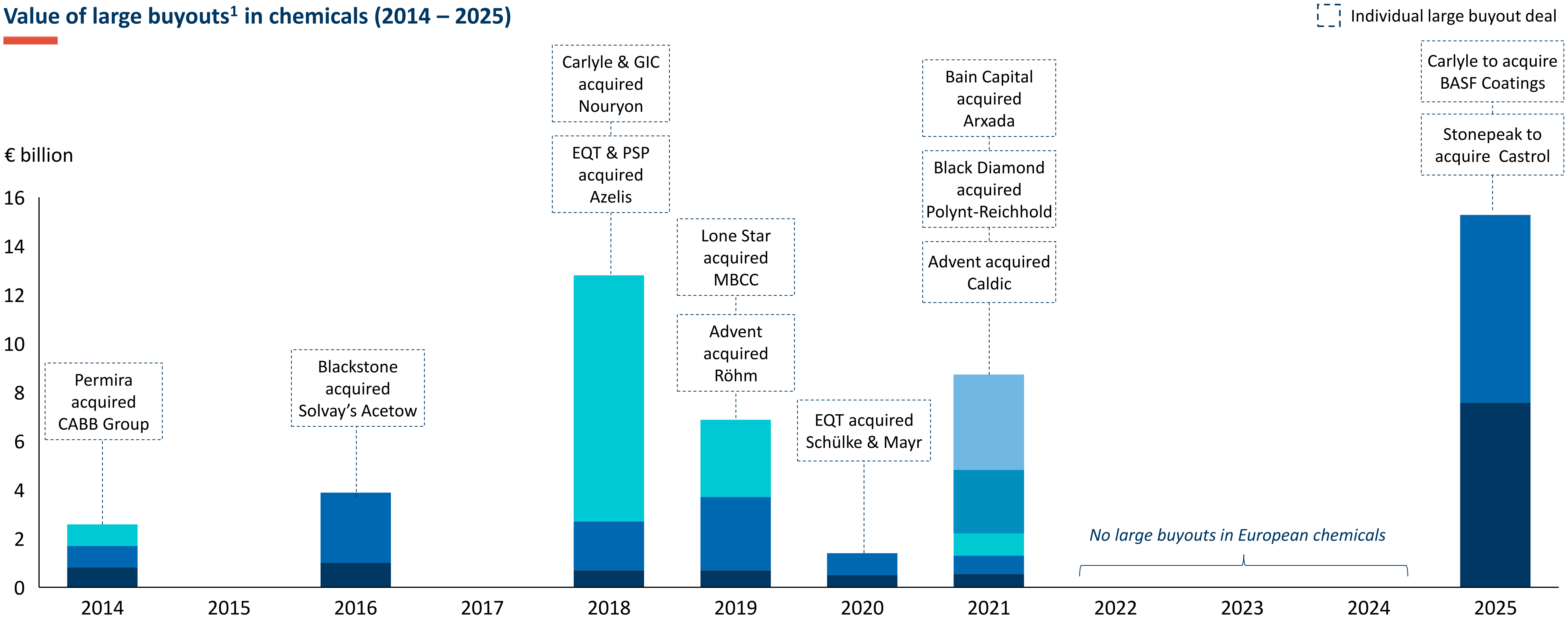
LyondellBasell enters into an agreement and exclusive negotiations with AEQUITA for the sale of four European Strategic Assessment assets

SABIC further optimizes its portfolio for long-term sustainable growth, divests its European Petrochemical (EP) business

INEOS completes purchase of BP's Innovene business for $9bn

However, after three quite years, financial investors also executed true mega deals. European majors, actively optimising the portfolios toward core businesses, divested large business units.

Value of large buyouts[1] in chemicals (2014 – 2025)

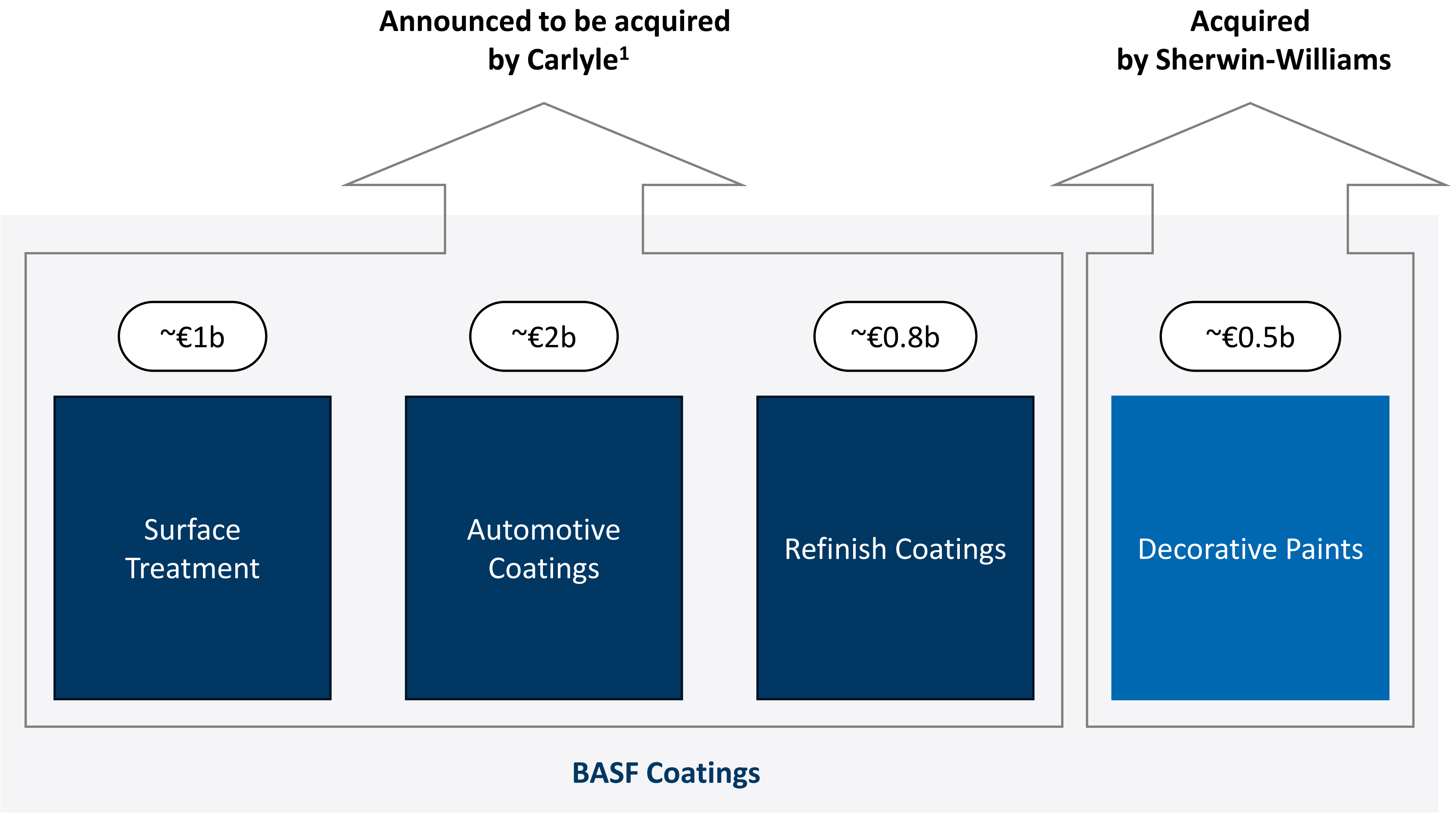


(1) Large buyout with >€500mln deal value; only for transactions with disclosed metric
Source: PreQin, FTI Consulting analysis

Case in point | Carlyle[1] announced the acquisition of BASF's Coatings division – the global leader in automotive coatings and surface treatment.

Overview of BASF coatings divestments

€ Revenue (€b, 2023)



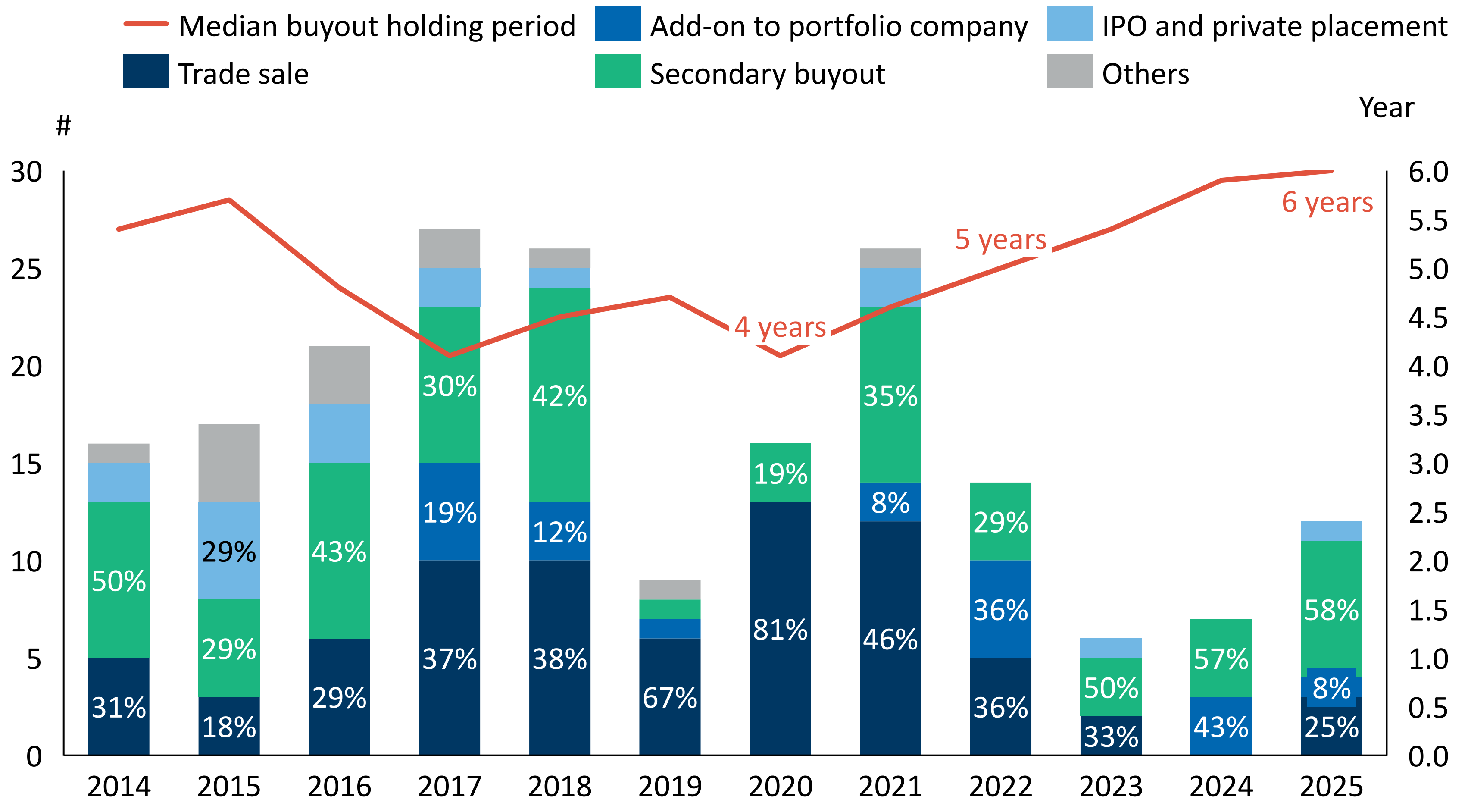
Key notes

- BASF announced its focus on core businesses during its capital markets day 2024 and earmarked several standalone business, including Coatings.
- In early 2025, BASF reached an agreement to sell its Decorative Paints business to leading global paints and coatings company Sherwin-Williams.
- By the end of 2025, BASF also reached an agreement to sell the rest of its coatings division to Carlyle[1] at an enterprise value of €7.7b.
- An outside-in estimate indicates approximately 11-12x EBITDA multiple, which is generally considered at the high end in the current chemicals M&A market.
- Carlyle already has successful experience with a similar business –Axalta, which was carved-out from DuPont in 2013 and taken public in late 2014.
- Several value creation pathways exist for this business, including further break-ups and divestments of parts; but exit challenges might arise for the automotive coating due to the inherently volatile nature of the business.

(1) In partnership with Qatar Investment Authority ("QIA")
Source: "BASF Capital Markets Day, September 26/27, 2024," Coatings, FTI Consulting analysis
"BASF completes the sale of its Brazilian decorative paints business to Sherwin-Williams," BASF (October 1, 2025)
"The Carlyle Group Completes Acquisition of DuPont Performance Coatings," Carlyle (February 3, 2013)

Financial sponsor exit activity recovered in 2025, driven mainly by transactions in agro- and consumer chemicals, while exits in upstream chemicals remain challenging, particularly for Europe-based assets.

Number of divestments in chemicals by exit type and median buyout holding period (2014 – 2025)



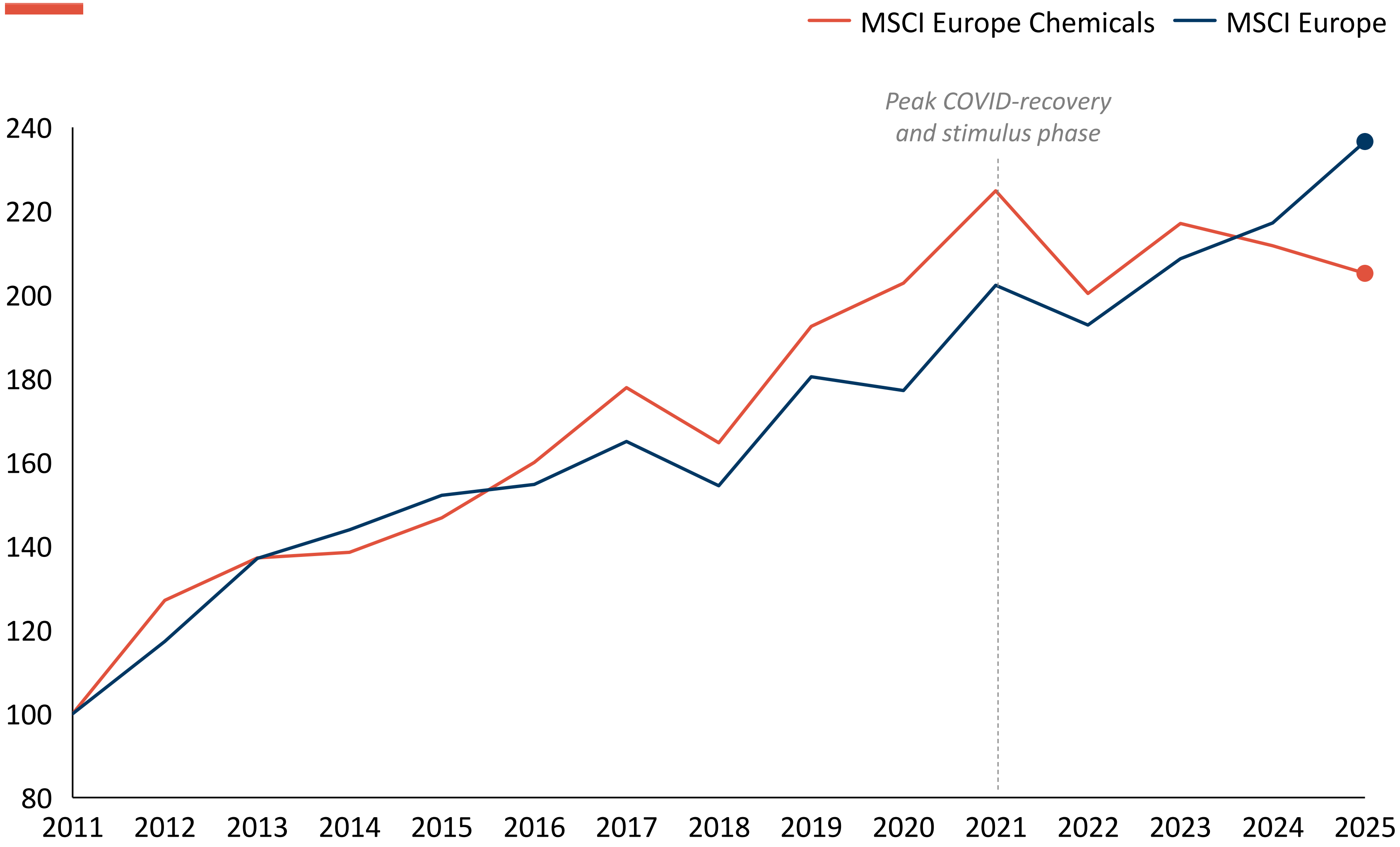
Key notes

- Exits in upstream chemicals (the polymers and performance materials value chains) remain challenging, given the crisis in the European chemicals industry.
- In 2025, we saw a few busted auctions, as well as instances where buyers walked away from signed deals, citing the rapidly deteriorating performance of the target companies.
- An alternative exit scenario for a portfolio company with operations outside Europe (include a U.S. and Asia footprint) is to consider a break-up and partial exits.
- An example of such a strategy is the sale of a U.S. plant by CABB, which has been in Permira's portfolio since 2014 and hold the footprint in Europe, United States and China.

Source: PreQin, FTI Consulting analysis
Sale of Jayhawk Fine Chemicals: The CABB Group signs a definitive agreement with Anupam Rasayan India Ltd.

By the end of 2025, there is greater awareness – the M&A market in the coming year will be driven by exits, restructuring and consolidations.

Cumulative Index Performance – Net Returns



Key notes

- As of 2025 there is greater awareness that the crisis in European chemicals is not a typical downcycle but a deep structural issue.
- The conflict in the Middle East is creating additional uncertainty due to idiosyncratic trends for the European chemicals companies.
- There is a growing list of chemical companies in a stressed situation, with debt trading at a deep discount to value.
- It is reasonable to expect the M&A market to be driven by break-ups and divestments, exits from European markets and consolidations needs in some value chains.
- Portfolio trimming was largely completed over the past three years and financial strain on some companies may inevitably force divestments of healthier, larger business units.
- These situations, and potential remedies through larger consolidations, could create opportunities for traditional private equity firms that usually avoid restructuring situations.

Source: "MSCI Europe Chemicals Index," Morgan Stanley Capital International, (January 30, 2026)

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- **Post-deal integration**
- **Business transformation and value creation**
- **Carve-out**
- **Special situations**

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