

Chemicals M&A to see upturn in 2026

Activity strengthened in late 2025 and valuations are stabilizing — Young & Partners

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The chemical mergers and acquisitions market is expected to improve in 2026 after multiple years of relatively weak activity, according to Peter Young, CEO of Young & Partners (Y&P; New York), an M&A advisory firm. Geopolitical and economic uncertainty, as well as demand challenges, remain a drag on activity, however.

"Our prediction for chemical M&A for 2026 is a continued revival in the dollar volume and number of deals that will be completed," Young said. "However, the future outlook is heavily dependent on acceptable economic and geopolitical uncertainty, lower interest rates, and some increase in economic stability around the world, which may not happen."

The industry's prolonged supply/demand trough and generally tepid economic growth have been felt in the M&A market in recent years, according to Young. "Without question, weaker profits, industry overcapacity in commodities, slowing economic growth globally and geopolitical turmoil and uncertainties have driven a weak M&A market for the last couple of years," he said. "However, the global chemical M&A market is beginning to show signs of a revival of overall volume."

Improvement in 2025

Last year, chemicals M&A volumes and values improved, although they have remained at low levels by historical standards, according to Y&P data. About \$50.9 billion in chemicals M&A transactions closed during 2025, up 12% from \$45.3 billion in 2024.

Transaction numbers "tell a similar story," Young said. Some 56 deals closed in 2025, up 12% from 50 in 2024, Y&P said.

"After a dismal 2024 in terms of M&A volume, 2025 showed an improving market," Young said. "This is an encouraging development, but volume was still well below the much higher dollar volume and number of deals from a few years ago."

There were substantial differences in trends for commodity and specialty chemicals M&A activity last year, according to Y&P data.

Deal activity in commodity chemicals "continues to fall," Young said. "Commodity chemical transactions in 2025 accounted for only 41.1% of the total market. Commodity chemical deals are normally around 50% of the total historically," he said.

M&A valuations for commodity chemical assets did increase in 2025, "due to, in part, depressed EBITDA numbers," Young said. The

"There are clear signs of a revival" in deal activity, with a large increase in announced transactions.

mean EBITDA multiple for commodity chemical deals in 2025 was 10.5 times (x), compared with 8.0x in 2025, he added.

Y&P's data set for commodity chemicals also includes industrial gases deals, which push up the average. Industrial gases is "a sector that is not depressed and, because of its oligopolist nature, does not suffer the same downturns that regular commodity chemicals suffer from," Young noted.

"Commodity chemical valuations will likely remain depressed, even without any adjustment for the cyclical earnings downturn, given the negative outlook and uncertainties," Young said.

For specialty chemicals, "volume has been stable and valuations are up," Young said. Mean valuations for specialty chemical M&A transactions were 18.7x EBITDA in 2025, compared with 11.1x in 2024 and 14.2x in 2023, according to Y&P data.

Asia has become the predominant market for chemicals M&A, according to Y&P. About 58.9% of global closed deals in 2025 were in Asia, the firm's data showed, up from 49.0% in 2024. "Almost all of the buyers of the Asian businesses were also Asian," Young said.

Deal volumes increased in Europe last year, despite ongoing economic and operational challenges, as "the sheer volume of assets being offered has been such that even weak buyer interest has resulted in an uptick in volume and increase in Europe's share of the market," Young said. About 19.6% of

completed deals in 2025 were in Europe, up from 11.8% in 2024, the data showed.

The US accounted for 21.4% of closed deals in 2025, "dramatically down" from 39.2% in 2024, Young noted. This was "mainly due to the major increase in Asia and, oddly, Europe M&A volume," he added.

For private equity firms, "activity has revived modestly, aided by some relief in interest rates and the historically strong interest in chemicals by private equity investors over the years, but mainly in specialty chemicals," Young said. "This is counterbalanced by economic uncertainty and their limited ability to exit existing chemical investments," he noted.

Private equity buyers accounted for 16.1% of closed M&A transactions in 2025, compared with 19.6% in 2024, according to Y&P data.

Looking ahead

In 2026, Young expects to see further improvement in chemicals M&A activity, allowing for substantial uncertainty. Operating conditions remain challenging, as fourth-quarter results indicate. "There are clear signs of a revival, with a number of announced deals in the last few months that will close in 2026," he said. "The value of deals announced but not closed as of Dec. 31, 2025, was \$54.0 billion [30 deals], which suggests a further uptick, as the pipeline of deals generally represents six months of activity. This is a huge increase in the backlog."

For this year, "M&A activity will be focused on divestitures of non-core businesses, acquisitions and divestitures driven by the desire by certain companies to shift their overall themes, and the divestitures of private equity-owned businesses," Young said. "In Asia, there will be continued expansion of chemical companies in certain sectors, coupled with much-needed consolidation in other sectors."

Stabilizing valuations for commodity assets, along with improving valuations for specialties assets, will also "encourage owners to sell," Young said. "Although M&A multiples are below peak levels, they are at levels where the gap between seller and buyer expectations has narrowed," he said. ■