

SOCMA Member

**SPOT
LIGHT**

20
WINTER **17**

Shining on
**Anchin, Block & Anchin LLP • ChemicalInfo
Federal Equipment Company
Grace Matthews • Husch Blackwell**





A Focus on Chemical Value Chain M&A



Kevin Yttre, a chemical engineer, held a number of engineering and management positions in chemical businesses, prior to joining Grace Matthews.



Grace Matthews has advised on more than 100 chemical transactions since its inception in 1999.

Grace Matthews is unique for an investment bank – it is a Midwest-based group of long-tenured professionals who are completely focused on the chemicals and materials value chain, according to its President, Kevin Yttre. Its merger and acquisition (M&A) professionals actively work on 8-10 transactions per year, with the company successfully completing more than 100 deals since its founding.

Grace Matthews' team, which comprises a mix of former chemists, engineers and material scientists with chemical industry experience as well as individuals with backgrounds in capital markets and corporate finance, was built specifically to be the leader in middle-market chemical M&A advisory services, according to Yttre. For Grace Matthews, participating in SOCMA as an affiliate member is an effective mechanism for supporting the long-term health and growth of the industry.

"We often see ourselves as guides for our clients. In many cases, business owners will have the opportunity to sell or purchase a business only once or twice in their lifetimes. The M&A world is not easy to navigate, particularly in the chemical industry where environmental and regulatory issues add to transactional complexity. We take our clients through every step of the process, helping them to understand all of their options," Yttre observes. That includes determining

what a business might be worth, how to maintain confidentiality when speaking to potential buyers, considering what life will look like for employees and customers after the deal has closed, and other delicate questions. “By addressing these questions upfront, clients are in a much better position to make the critical decisions best suited for them, their company, their employees and their customers,” adds Yttre.

Transactional work can be difficult, and buying or selling a business may be among the most important projects a business executive will ever undertake. Even accounting for the fact that every business situation is unique, there is a right way to run a transaction process, according to Yttre. “Thorough preparation and identification of all of the factors that impact valuation and the shareholders’ other goals may be challenging, but they are essential for success,” he adds. “An advisor’s role is to make sure that the decision makers understand all of their options at every stage of the process. In fact, properly executing a transaction is a very rigorous exercise that can take from five to eight months and must be done right because it often is a one-time event for the client in which mistakes can be both painful and costly.” It’s common for Grace Matthews professionals to spend several thousand hours on a project.

The majority of Grace Mathews’ clients – consisting approximately one-third each of large multinationals, private equity portfolio companies and privately owned business – are looking to find buyers, but chemicals and materials firms looking to grow through acquisitions are also supported. “Because we support these different types of firms, each of which has very different needs with respect to communication and incentives, we are essentially trilingual,” Yttre says. More fundamentally, he notes

“We are very proud of the long-tenured people who work at our company and the culture we have created. Our employees bring serious intellectual horsepower and impressive pedigrees to their jobs, and we all work collaboratively to leverage those capabilities for our clients,”



Kevin meets with Tom Osborne, the former CEO of both The Tnemec Company and ICI Paints North America / The Glidden Company. Tom is now a senior advisor with the firm.

that the team at Grace Matthews is the key to the company’s success. “We are very proud of the long-tenured people who work at our company and the culture we have created. Our employees bring serious intellectual horsepower and impressive pedigrees to their jobs, and we all work collaboratively to leverage those capabilities for our clients,” Yttre asserts. Three of those colleagues will be joining the partnership beginning in 2018, raising the number of partners to nine.

All of Grace Matthews’ team will continue to be very busy in the coming years given the ongoing high level of M&A activity in the chemical industry. For the most part, the chemical industry is very healthy and valuations remain strong, with many businesses doing quite well. Yttre cannot discuss specific projects, but does note the company will broaden its reach in the industry as it has done in recent years, during which time it has added fine and custom chemicals, distribution, water treatment chemicals, petrochemicals and lubricants, among other sectors, to its experience. Grace Matthews has advised a number of SOCMA members on transactions, including MFG Chemical, Syrgis, Gabriel Performance Products and BASF.

As an affiliate member, Grace Matthews will continue to participate in SOCMA

events such as the Annual Dinner and yearly golf outing, not only to demonstrate the company’s commitment to the chemical industry, but also to support SOCMA. “We learn from the members and are also an informal, collegial resource for them – it is a very valuable two-way street. SOCMA as a trade association for the specialty chemical industry plays a crucial role in helping its members establish a commitment to excellent environmental, health and safety (EH&S) performance as a core value. SOCMA members recognize that such a commitment is critical to the growth and success of both chemical companies and the industry overall. Excellent EH&S performance is also valuable when it comes to M&A transactions: it provides reassurance to the other side that they are dealing with a thoroughly professional organization. It has been quite clear for the clients we have advised that are SOCMA members, commitment to EH&S is engrained,” Yttre explains.

Indeed, the ability of SOCMA to help its members achieve this level of commitment was one of the key reasons Grace Matthews joined as an affiliate member. SOCMA is also a valuable resource for information on current trends in the industry and offers extensive networking opportunities as well, according to Yttre. “Service-based companies dedicated to the specialty chemicals industry must think long-term and support organizations that are going to further drive the health and growth of the industry. SOCMA is one such organization,” he concludes. ■ ■ ■