

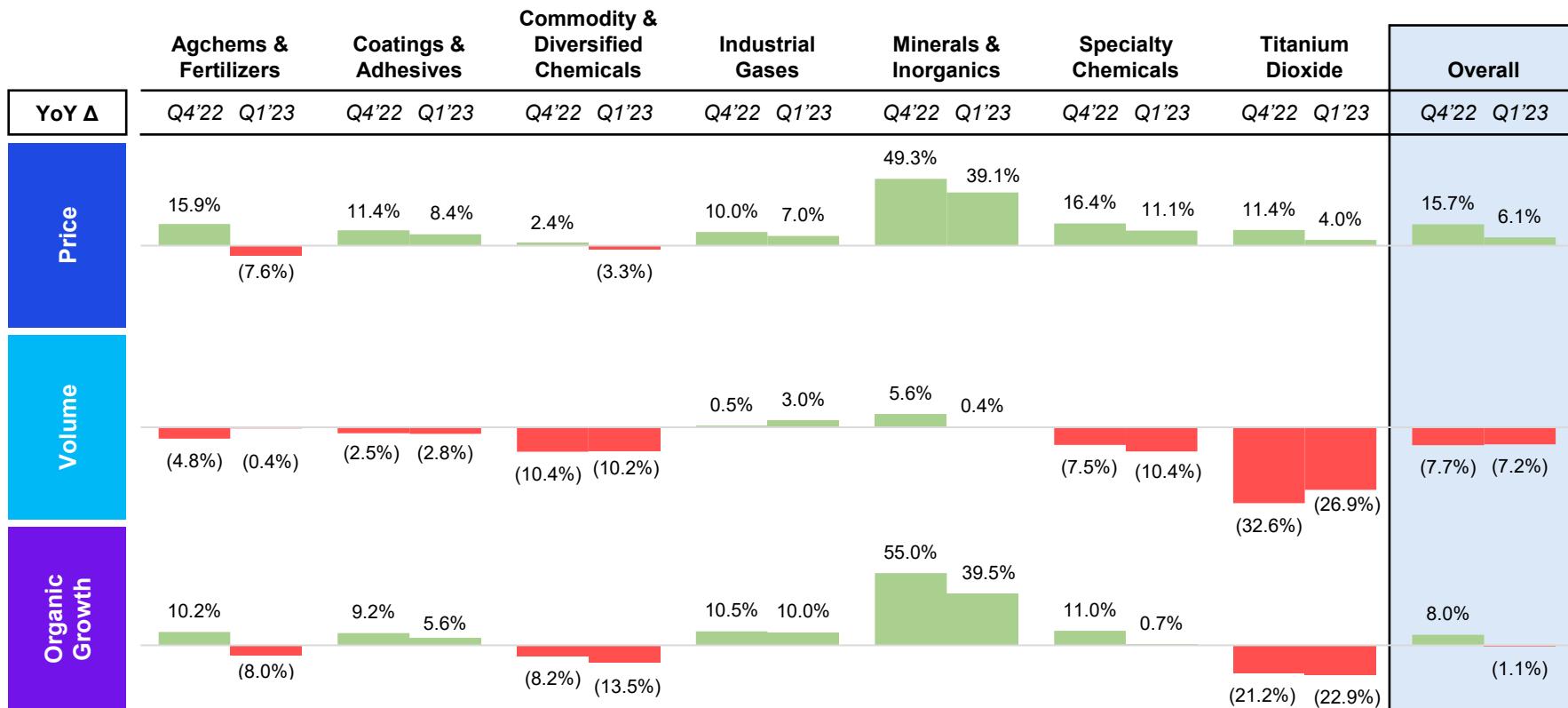


Chemicals & Specialty Materials

Q1 2023 Price & Volume Trends by Sub-sector

Chemicals & Specialty Materials Q1 2023 Earnings Summary

- The 41 Chemicals & Specialty Materials companies that provide details on organic revenue growth showed a slight decline of (1.1%) in Q1 '23 vs. the year ago period
- Similar to Q4 2022, pricing actions continued to support the top-line for a majority of the sub-sectors (up 6.1% on average). Exceptions were:
 - Agchems and Fertilizers - where Fertilizer producers generally saw significant price declines while Agchem companies were able to push through price increases; and
 - Commodity & Diversified producers who experienced fairly broad price declines
- Once again, volumes (down 7.2% on average) were a concern across most of the industry



Sources: Capital IQ, Company filings



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Agchems & Fertilizers

- In Q1 2023, the Agchems & Fertilizers sub-sector experienced average organic revenue decline of (8.0%) year-over-year
- The sub-sector experienced an average decrease of (7.6%) in prices, while volumes were essentially flat year-over-year, however, the picture was more nuanced when looking at Agchems and Fertilizers separately
- In the Fertilizer space, y-o-y price declines were primarily driven by:
 - Tough comparisons given Russia's invasion of Ukraine in the year ago period and the attendant price increases in certain markets
 - The re-opening of China has also increased the global supply of fertilizers
- In contrast, Agchem companies such as Corteva and FMC have been able to get price increases in part due to farmers' push to maximize yields given elevated crop prices
- Volumes, however, were negatively impacted by the rainy start to the U.S. spring season and unfavorable weather conditions in Latin America

We continue to see tight grain and oilseed inventories around the world, with crop prices above historical averages. Strong demand, combined with tight supply and weather-related reductions in estimated yields drove low stocks-to-use ratios for both corn and soybeans during the '22/'23 crop year.

We continue to believe that global grain and oilseed markets need 2 consecutive normal crop years to stabilize global supplies, and it's too early to tell whether this year will be a year of rebuilding. We expect these trends to continue throughout the year, given current commodity prices and the fact that productivity on the farm from top ag technologies is the best way for farmers to manage their businesses.

- Charles Victor Magro, CEO, Corteva

Over the last year, the global nitrogen market has continued to change rapidly and in dramatic ways. At this time, in 2022, global energy prices reflected the shock and uncertainty brought on by Russia's invasion of Ukraine.

Today, global energy costs have moderated and global operating rates have risen. As a result, global nitrogen prices have fallen from 2022 highs. This helped lead to a first quarter of 2023 that was marked by lower than typical global buying activity.

Agricultural purchases in North America took a wait-and-see approach as global nitrogen values fell and weather patterns did not support an early spring.

- Bert A. Frost, Senior VP of Sales, CF Industries

Sources: Capital IQ, Company filings



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Agchems & Fertilizers (cont'd)

Company Name	Q4 2022 (YoY)			Q1 2023 (YoY)		
	Price	Volume	Total	Price	Volume	Total
CF Industries Holdings						
Ammonia	13.0%	(10.3%)	2.7%	(28.5%)	(1.9%)	(30.4%)
Granular Urea	36.2%	(24.2%)	12.0%	(26.1%)	(10.3%)	(36.4%)
Urea Ammonium Nitrate (UAN)	(9.8%)	1.5%	(8.3%)	(33.8%)	20.7%	(13.1%)
Ammonium Nitrate (AN)	25.6%	(8.1%)	17.5%	(27.7%)	(9.1%)	(36.8%)
Diesel Exhaust Fluid, Urea Liquor and Nitric Acid	27.5%	(1.9%)	25.6%	(18.4%)	(12.6%)	(31.0%)
	(9.7%)	(15.8%)	(25.5%)	(30.3%)	(3.9%)	(34.2%)
Corteva						
Seed	12.0%	(1.0%)	11.0%	14.3%	(4.3%)	10.0%
Crop Protection	19.0%	(1.0%)	18.0%	17.0%	(7.0%)	10.0%
	7.0%	0.0%	7.0%	11.0%	(1.0%)	10.0%
CVR Partners						
Ammonia	30.0%	(26.7%)	3.3%	(8.6%)	9.2%	0.6%
Urea Ammonium Nitrate (UAN)	31.0%	(1.5%)	29.5%	(15.8%)	5.0%	(10.8%)
				(7.9%)	11.5%	3.6%
FMC Corporation						
	8.0%	9.0%	17.0%	7.0%	(3.0%)	4.0%
LSB Industries						
Ammonium Nitrate (AN) & Nitric Acid	32.9%	(6.7%)	26.2%	(18.7%)	6.3%	(12.4%)
Urea Ammonium Nitrate (UAN)	31.1%	(13.4%)	17.6%	(4.8%)	(15.1%)	(19.9%)
Ammonia	36.6%	(18.6%)	18.0%	(31.5%)	12.9%	(18.6%)
	39.5%	12.4%	51.9%	(26.8%)	46.6%	19.8%
Nutrien						
Potash	Increase	Decrease	3.1%	(12.9%)	(3.8%)	(16.7%)
Retail	13.0%	(14.0%)	(1.0%)	(37.5%)	(13.4%)	(50.9%)
Phosphate	Increase	Decrease	5.4%	Increase	Decrease	(11.4%)
Nitrogen	7.7%	(25.3%)	(17.6%)	(5.9%)	(15.8%)	(21.7%)
	18.0%	(11.0%)	7.0%	(23.2%)	1.4%	(21.8%)
The Mosaic Company						
Phosphates	19.3%	(3.0%)	16.3%	(21.5%)	11.2%	(10.3%)
Mosaic Fertilizantes	6.8%	(11.1%)	(4.3%)	(15.9%)	10.5%	(5.4%)
Potash	18.2%	8.7%	26.9%	(20.9%)	14.2%	(6.7%)
	40.3%	(9.5%)	30.8%	(27.7%)	6.6%	(21.1%)
The Scotts Miracle-Gro Company						
U.S. Consumer	10.0%	(17.0%)	(7.0%)	8.0%	(17.0%)	(9.0%)
Hawthorne	13.0%	(5.0%)	8.0%	9.0%	(11.0%)	(2.0%)
	5.0%	(36.0%)	(31.0%)	6.0%	(60.0%)	(54.0%)
Agchems & Fertilizers Average	15.9%	(4.8%)	10.2%	(7.6%)	(0.4%)	(8.0%)

Note: Total organic revenue growth may reflect KPMG estimates based on availability of data.

Sources: Capital IQ, Company filings



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Coatings & Adhesives

- In Q1 2023, the Coatings & Adhesives sub-sector experienced average organic revenue growth of 5.6% year-over-year
 - The sub-sector saw an average increase of 8.4% in prices, offset by volume decline of (2.8%) year-over-year
- Overall, the sub-sector saw a decline in volume across most end-markets
 - Demand from construction market (a major end-market for the coatings industry) remained soft, as new housing starts in March 2023 were 22% lower year-over-year
 - Axalta's Mobility Coatings business unit observed strong volumes driven by a recovery in light vehicle and commercial vehicle production

Company Name	Q4 2022 (YoY)			Q1 2023 (YoY)		
	Price	Volume	Total	Price	Volume	Total
Axalta Coating Systems						
Performance Coatings	11.7%	2.4%	14.1%	9.4%	2.7%	12.1%
Mobility Coatings	11.8%	(4.3%)	7.5%	10.3%	(3.4%)	6.9%
	11.5%	18.7%	30.2%	7.2%	16.5%	23.7%
H.B. Fuller Company						
	11.4%	(5.0%)	6.4%	8.3%	(10.8%)	(2.5%)
PPG Industries						
Performance Coatings	11.0%	(5.0%)	6.0%	8.0%	(3.0%)	5.0%
Industrial Coatings	9.0%	(4.0%)	5.0%	9.0%	(3.0%)	6.0%
	13.0%	(5.0%)	8.0%	7.0%	(3.0%)	4.0%
The Sherwin-Williams Company						
Paint Stores	+Low DD%	Flat	10.3%	8.1%	0.0%	8.1%
Consumer Brands	+HSD%	+MSD%	Increase	Increase	+HSD%	14.8%
Performance Coatings	+HSD%	-HSD%		Increase	-MSD%	4.1%
	+Mid-Teen%	-Low DD%		+Low-Teen%	-Low-Teen%	3.4%
Coatings & Adhesives Average						
	11.4%	(2.5%)	9.2%	8.4%	(2.8%)	5.6%

We believe that most of our end markets are uniquely positioned to grow in the current macroeconomic environment. We have demonstrated this in the last two quarters. Today, we're seeing the benefits from market normalization in auto and truck production as well as an increase in body shop activity. We believe considerable market upside still exists in the portfolio.

- Chris Villavarayan, CEO & President, Axalta

Note: Total organic revenue growth may reflect KPMG estimates based on availability of data.

Sources: Capital IQ, Company filings



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Commodity & Diversified Chemicals

- In Q1 2023, the Commodity & Diversified Chemicals sub-sector experienced average organic revenue decline of (13.5%) year-over-year
 - The sub-sector reported an average decrease of (3.3%) in prices and an average decline of (10.2%) in volumes year-over-year
- This (10.2%) volume decline was primarily driven by weakness in most major end markets (e.g. building & construction, consumer durables etc.)
- On the pricing front, with some exceptions (e.g. the carbon black producers Cabot and Orion and parts of Eastman) prices were generally down across the space
 - Prices for Eastman fibers increased due to higher contracted selling prices to recover spreads and higher operating costs

“While the pace of inflation has slowed, elevated levels continue to pressure both input costs and demand, particularly in industrials, durable goods and housing. On the bright side, demand in agriculture and energy markets remains resilient as does consumer demand for personal care and household items. Residential building and construction markets remain under pressure, with housing starts and building permits down around 20% year-over-year in March.

In the Performance Materials & Coatings segment, while demand for consumer electronics and industrial end markets is softening, we're seeing a seasonal increase in demand for coating applications as well as improvement in mobility.

- Howard I. Ungerleider, President & CFO, Dow Inc.

Sources: Capital IQ, Company filings



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Commodity & Diversified Chemicals (cont'd)

Company Name	Q4 2022 (YoY)			Q1 2023 (YoY)		
	Price	Volume	Total	Price	Volume	Total
AdvanSix	6.0%	(15.0%)	(9.0%)	(10.0%)	(9.0%)	(19.0%)
Cabot Corporation	18.3%	(4.3%)	13.9%	4.7%	(5.9%)	(1.2%)
Performance Chemicals	5.2%	(4.2%)	1.0%	0.0%	(6.3%)	(6.3%)
Reinforcement Materials	28.6%	(5.0%)	23.6%	14.2%	(6.3%)	7.9%
Celanese Corporation	(4.5%)	(6.5%)	(11.0%)	(8.0%)	(8.6%)	(16.6%)
Engineered Materials	17.0%	6.1%	23.1%	2.0%	(7.7%)	(5.7%)
Acetyl Chain	(14.0%)	(12.0%)	(26.0%)	(13.0%)	(9.0%)	(22.0%)
Dow	(5.0%)	(8.0%)	(13.0%)	(10.0%)	(11.0%)	(21.0%)
Performance Materials & Coatings	(2.0%)	(13.0%)	(15.0%)	(12.0%)	(11.0%)	(23.0%)
Packaging & Specialty Plastics	(9.0%)	(4.0%)	(13.0%)	(11.0%)	(8.0%)	(19.0%)
Industrial Intermediates & Infrastructure	(1.0%)	(14.0%)	(15.0%)	(6.0%)	(17.0%)	(23.0%)
Eastman Chemical Company	10.0%	(12.0%)	(2.0%)	5.8%	(9.5%)	(3.7%)
Advanced Materials	11.0%	(12.0%)	(1.0%)	10.0%	(6.0%)	4.0%
Additives & Functional Products	12.0%	(9.0%)	3.0%	4.0%	(15.0%)	(11.0%)
Chemical Intermediates	5.0%	(25.0%)	(20.0%)	(5.0%)	(12.0%)	(17.0%)
Fibers	26.0%	8.0%	34.0%	40.0%	3.0%	43.0%
Huntsman Corporation	7.2%	(24.9%)	(17.7%)	(0.3%)	(23.3%)	(23.6%)
Polyurethanes	5.0%	(22.0%)	(17.0%)	(2.0%)	(21.0%)	(23.0%)
Performance Products	10.0%	(32.0%)	(22.0%)	0.0%	(31.0%)	(31.0%)
Advanced Materials	13.0%	(28.0%)	(15.0%)	6.0%	(21.0%)	(15.0%)
Methanex Corporation	(16.2%)	(5.6%)	(21.8%)	(12.7%)	1.7%	(11.0%)
Olin Corporation	13.0%		(18.7%)		Decrease	
Chlor Alkali Products and Vinyls	23.3%	(29.0%)	(5.7%)	Increase	(12.0%)	Decrease
Epoxy	(3.1%)	(36.0%)	(39.1%)	Decrease	Decrease	Decrease
Winchester	Increase		(18.1%)		Decrease	(14.1%)
Orion Engineered Carbons	Increase	(3.6%)	17.7%	12.8%	(7.8%)	5.0%
Rubber Carbon Black	Increase	3.1%	28.8%	14.1%	(3.8%)	10.3%
Specialty	Increase	(21.9%)	(0.9%)	10.4%	(19.2%)	(8.8%)
Trinseo	(2.0%)	(21.0%)	(23.0%)	(7.0%)	(20.0%)	(27.0%)
Westlake Corporation	(2.7%)	(3.3%)	(6.0%)	(8.2%)	(9.1%)	(17.3%)
Performance and Essential Materials	(8.7%)	4.7%	(4.0%)	(12.9%)	(4.2%)	(17.1%)
Housing and Infrastructure Products	11.6%	(21.9%)	(10.3%)	2.8%	(20.6%)	(17.8%)
Commodity & Diversified Chemicals Average	2.4%	(10.4%)	(8.2%)	(3.3%)	(10.2%)	(13.5%)

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Sources: Capital IQ, Company filings



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Industrial Gases

- In Q1 2023, the Industrial Gases sub-sector experienced average organic growth of 10.0% year-over-year
 - The sub-sector saw an average increase of 7.0% in prices and 3.0% in volumes year-over-year
- Elevated inflationary levels across most countries continued to drive higher pricing
- Sales volumes were up slightly year-over-year as a result of steady manufacturing activity
 - This was further substantiated by the March 2023 U.S. Industrial Production Index which showed a marginal 0.5% increase year-over-year

Company Name	Q4 2022 (YoY)			Q1 2023 (YoY)		
	Price	Volume	Total	Price	Volume	Total
Air Products and Chemicals	10.0%	2.0%	12.0%	7.0%	6.0%	13.0%
Linde	10.0%	(1.0%)	9.0%	7.0%	0.0%	7.0%
Industrial Gases Average	10.0%	0.5%	10.5%	7.0%	3.0%	10.0%

“

We are pleased with the improvement in the economy that we see in China. After the Lunar New Year, the Chinese economy gained strength, and we are seeing the benefit of that.

In Europe, the volumes remain flat and maybe a little bit down. But obviously, we are compensating that with the pricing action related to energy costs. And in the U.S., it's just flat. They are not gaining significant amount of volumes, the economy is not growing that much, but at the same time, we are not going into a recession.

- Seifollah Ghasemi, President & CEO, Air Products and Chemicals

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Minerals & Inorganics

- In Q1 2023, the Minerals & Inorganics sub-sector experienced average organic growth of 39.5% year-over-year
 - The sub-sector saw an average increase of 39.1% in prices, while volumes were essentially flat year-over-year, increasing 0.4%
- Various factors were at play across the sub-sector
 - The lithium market continued to expand at a rapid rate, driving significant volume and price growth for Albemarle's business
 - Supply in the Permian Frac Sand market remained tight, driving strong growth for US Silica
 - Sisecam's soda ash business enjoyed strong demand from solar photovoltaic and electric vehicles end-markets offset by lower demand from glass manufacturers (given a slowdown in construction)
 - Compass Minerals was able to get price increases in both BUs although volumes declined in the Salt BU due to mild winter weather and for Plant Nutrition, a combination of recent drought conditions in California and grower expectations of lower future prices for fertilizers

Company Name	Q4 2022 (YoY)			Q1 2023 (YoY)		
	Price	Volume	Total	Price	Volume	Total
Albemarle Corporation⁽¹⁾						
Energy Storage	153.6%	39.2%	193.1%	129.6%	(0.9%)	128.7%
Specialties	328.0%	82.0%	410.0%	301.0%	18.0%	319.0%
Ketjen	9.0%	1.0%	10.0%	9.0%	(15.0%)	(6.0%)
	10.0%	8.0%	18.0%	12.0%	(12.0%)	0.0%
Compass Minerals International						
Plant Nutrition	15.1%	(5.9%)	9.2%	11.1%	(17.5%)	(6.4%)
Salt	40.0%	(45.8%)	(5.8%)	8.2%	(18.9%)	(10.7%)
	9.9%	2.4%	12.3%	11.6%	(17.4%)	(5.8%)
Minerals Technologies						
	13.2%	(0.4%)	12.7%	9.3%	(1.3%)	8.0%
Sisecam Resources						
	33.1%	(15.0%)	18.1%	24.1%	2.1%	26.2%
U.S. Silica Holdings						
Oil & Gas Proppants	31.7%	10.2%	41.9%	21.4%	19.4%	40.8%
Industrial & Specialty Products	49.8%	15.2%	65.1%	32.8%	28.1%	60.9%
	15.2%	(4.3%)	10.9%	17.2%	(5.7%)	11.5%
Minerals & Inorganics Average	49.3%	5.6%	55.0%	39.1%	0.4%	39.5%

(1) Effective January 1, 2023, Albemarle Corporation realigned its Lithium and Bromine segments into the Energy Storage and Specialties segments

Note: Total organic revenue growth may reflect KPMG estimates based on availability of data.

Sources: Capital IQ, Company filings



Specialty Chemicals

- In Q1 2023, the Specialty Chemicals sub-sector experienced average organic growth of 0.7% year-over-year
 - The sub-sector saw prices increase on average by 11.1% while volumes declined by (10.4%) year-over-year
- The double-digit price increases were largely driven by the pass-through of rising input costs
- Volumes declined across the board and looked worse than the declines in Q4 '22 as demand softness in key markets such as electronics and construction outweighed recovery in some other sectors (e.g. automotive)
- Majority of the players cited macro-economic factors for the decline in volume
 - Lockdown and re-opening of China due to COVID-related restrictions did not help volumes
 - Customer destocking across end-markets slowed in Q1 2023, but continued to cloud visibility of underlying consumer demand

Company Name	Q4 2022 (YoY)			Q1 2023 (YoY)		
	Price	Volume	Total	Price	Volume	Total
Ashland	12.1%	(4.9%)	7.2%	12.3%	(10.1%)	2.2%
DuPont de Nemours	7.0%	(2.0%)	5.0%	4.0%	(7.0%)	(3.0%)
	3.0%	(5.0%)	(2.0%)	2.0%	(15.0%)	(13.0%)
		12.0%	12.0%	6.0%	(2.0%)	4.0%
Ecolab	13.0%	(1.0%)	12.0%	13.0%	(1.0%)	12.0%
Ecovyst	18.3%	(10.3%)	8.0%	6.7%	(16.7%)	(10.0%)
	22.4%	(9.9%)	12.5%	6.6%	(17.1%)	(10.5%)
	(2.8%)	(12.4%)	(15.2%)	7.4%	(14.0%)	(6.6%)
Innospec			23.6%	11.1%	(12.7%)	(1.6%)
	18.0%	(5.0%)	13.0%	6.0%	(13.0%)	(7.0%)
	25.0%	(14.0%)	11.0%	22.0%	(20.0%)	2.0%
Quaker Chemical Corporation	24.0%	(10.0%)	14.0%	19.0%	(11.0%)	8.0%
Stepan Company	24.0%	(17.0%)	7.0%	12.0%	(14.0%)	(2.0%)
	14.0%	(23.0%)	(9.0%)	8.0%	(18.0%)	(10.0%)
	26.0%	(15.0%)	11.0%	14.0%	(13.0%)	1.0%
Specialty Chemicals Average	16.4%	(7.5%)	11.0%	11.1%	(10.4%)	0.7%

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Titanium Dioxide

- The TiO2 sector continued to experience tough market conditions
- In Q1 2023, the sub-sector experienced an average organic sales decline of (22.9%) year-over-year
 - Prices increased 4.0% while volumes declined by (26.9%) year-over-year
- TiO2 prices were increased in response to rising input costs
 - While energy prices in Europe cooled down in Q1 2023, the region currently still has the highest input costs in the world
- Venator Materials, a UK-based TiO2 manufacturer, filed for bankruptcy due to the headwinds from unprecedented input costs and ongoing demand weakness
- On a positive note, TiO2 volumes showed a slight uptick on a sequential basis and some industry participants are optimistic that demand has turned a corner

Company Name	Q4 2022 (YoY)			Q1 2023 (YoY)		
	Price	Volume	Total	Price	Volume	Total
The Chemours Company	10.0%	(19.0%)	(9.0%)	5.5%	(17.5%)	(12.0%)
Titanium Technologies	7.0%	(35.0%)	(28.0%)	4.0%	(35.0%)	(31.0%)
Thermal & Specialized Solutions	6.0%	4.0%	10.0%	5.0%	10.0%	15.0%
Advanced Performance Materials	17.0%	(1.0%)	16.0%	10.0%	(7.0%)	3.0%
Kronos Worldwide	15.0%	(40.0%)	(25.0%)	4.0%	(29.0%)	(25.0%)
Tronox Holdings	8.0%	(32.7%)	(24.7%)	3.5%	(28.8%)	(25.3%)
TiO2	7.0%	(34.0%)	(27.0%)	3.0%	(30.0%)	(27.0%)
Zircon	20.0%	(44.0%)	(24.0%)	10.0%	(43.0%)	(33.0%)
Venator Materials	12.6%	(38.7%)	(26.1%)	3.2%	(32.2%)	(29.0%)
Titanium Dioxide	8.0%	(44.0%)	(36.0%)	0.0%	(34.0%)	(34.0%)
Performance Additives	27.0%	(22.0%)	5.0%	14.0%	(26.0%)	(12.0%)
Titanium Dioxide Average	11.4%	(32.6%)	(21.2%)	4.0%	(26.9%)	(22.9%)

“... I think our expectation is we'll continue to see a gradual recovery in TiO2 volumes throughout the year and sequentially going from Q1 to Q2, double-digit volume growth.

- Mark E. Newman CEO, President & Director, The Chemours Company

Note: Total organic revenue growth may reflect KPMG estimates based on availability of data.

Sources: Capital IQ, Company filings



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Summary

- The Chemicals & Specialty Materials industry continued to experience strong headwinds that pushed year-over-year organic sales growth in Q1 2023 to (1.1%) compared to 8.0% growth year-over-year in Q4 2022
- Declining consumer demand, stubborn inflation, increasing risk of recession in key markets and continued economic uncertainty all played a role in impacting organic sales across the industry
 - In addition, customers working their way through excess inventory/destocking remained an issue during the quarter
- While price increases continued to support the majority of the industry, the rate of increase in prices slowed from the prior quarter. Volumes however, continued to show a negative trend (with some exceptions)
- On a positive note, some industry participants suggest that destocking has largely run its course, except for certain end-markets where it is expected to continue for a few more months
- **While there are some positive signs, we believe the broad macro-economic challenges continue to cast uncertainty on the near-term growth of the Chemicals & Specialty Materials industry**



Important notice

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