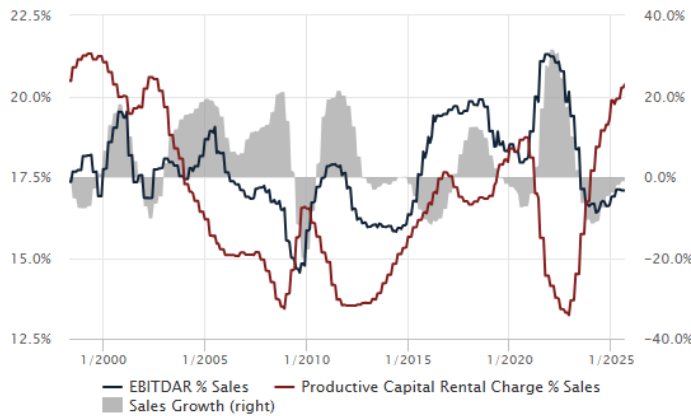


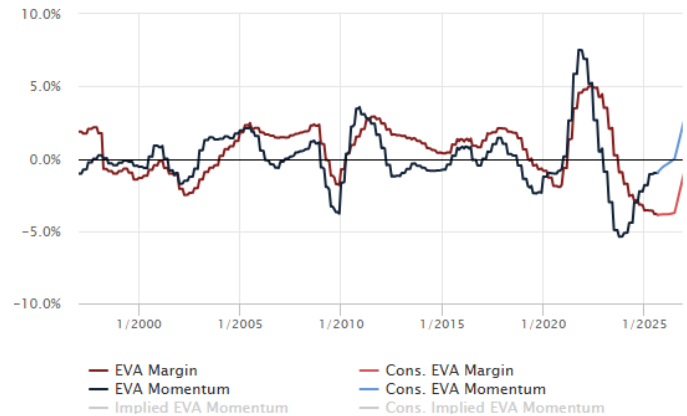
Industry Snapshot: Global Chemicals

- Summary:** On average, Large Cap firms look unattractive in the PRVIt model, as high Valuation scores outweigh the strong levels of Risk-Adjusted Profitability. EVA Margin has contracted to record lows since peaking out in Q2 2022, pressured by deteriorating asset efficiency and weak EBTIDAR Margin compared to the 10-year range. With EVA Momentum (growth) having seen a continued recovery over the last two years (turning less negative), investor expectations for incremental EVA creation going forward have turned very bullish.
- EVA Drivers:** Sales growth (TFQ) bottomed out in Q1 2024 and has steadily improved since, now being on the verge of turning positive, at -1.0%. EBITDAR Margin saw a 20bps expansion in Q1, subsequently stabilizing at 17.1%. The Productive Capital Charge (higher is less favorable) as a percentage of sales is at 20.4%, its highest level since 2002, impacted by accelerating PP&E charges.
- EVA Fundamentals:** EVA Margin for the industry, negative since September 2023, has worsened further through 2025, currently being at record lows of -3.9%. EVA Momentum, however, has gradually improved since bottoming out in November 2023, trending at -1.0% as of August-end. Consensus estimates a slow recovery of EVA Fundamentals and EVA Momentum to turn positive in July 2026.
- Expectations:** Embedded expectations for growth (Future Value Added, FVA) are at their highest at a time when Current Value Added (CVA) has dipped to all-time lows. The Future Growth Reliance (FGR) level is at its historic peak and was trading at 60% at the end of August, surpassing the post-pandemic highs, as investors anticipate further recovery in EVA growth.

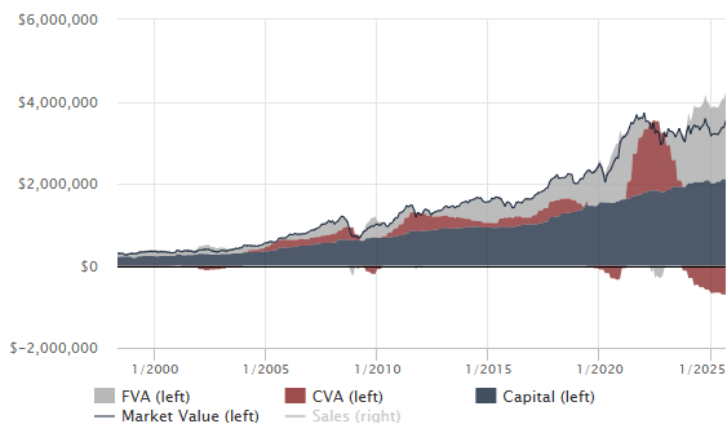
EVA Drivers



EVA Fundamentals



Enterprise Value Components



Future Growth Reliance (FGR)



Gavin Thomson
Global Director of Fundamental Research

About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework. Our experienced team of global analysts offers both fundamental and quantitative company analysis on our +29,000 stock universe.

Visit our website www.EVAexpress.com

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Top 10 Largest Firms by Market Cap

- The cohort, on average, looks unattractive within the PRVit model as strong Risk-Adjusted Profitability (Quality) is offset by high Valuation levels (higher is less favorable).
- **CTVA** and **GIVN SW** are the most attractive names in the list, rated 'Overweight' in the PRVit framework.
- **GIVN SW**, **ECL**, **LIN**, and **AIQUY** saw positive EVA Fundamentals as of their latest reported quarter.
- Six firms achieve an ISS ESG Prime rating (ISS ESG Performance score ≥ 50): **LIN**, **AIQUY**, **ECL**, **APD**, **BASFY**, and **GIVN SW**.

Name	Ticker	Country	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	PRVit Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Return Ytd (%)	ESG Perf Score
LINDE PLC	LIN	U.K.	222,995	6.3%	1.1%	32	81	75	29	86	14.2%	56.55
L'AIR LIQUIDE SA -ADR	AIQUY	France	120,314	4.7%	0.1%	25	65	69	54	76	14.9%	51.41
SHERWIN-WILLIAMS CO	SHW	U.S.	91,042	7.2%	-0.8%	40	81	77	34	90	7.0%	38.52
ECOLAB INC	ECL	U.S.	77,146	4.5%	1.3%	59	89	77	13	86	16.1%	65.46
AIR PRODUCTS & CHEMICALS INC	APD	U.S.	63,910	4.6%	-2.7%	18	45	49	57	76	0.8%	58.25
SHIN-ETSU CHEMICAL CO LTD	4063 JP	Japan	59,606	11.9%	-1.5%	43	60	55	35	48	-15.5%	35.86
CORTEVA INC	CTVA	U.S.	49,366	-7.2%	0.9%	77	63	48	16	40	28.2%	32.87
SAUDI BASIC INDUSTRIES CORP	SABIC AB	Saudi Arabia	47,335	-7.8%	-3.7%	24	24	8	23	47	-6.9%	39.88
BASF SE -ADR	BASFY	Germany	45,509	-6.0%	1.1%	41	22	30	75	17	7.8%	53.54
GIVAUDAN SA	GIVN SW	Switzerland	40,938	7.8%	2.8%	62	89	86	30	83	-9.3%	51.59
<i>Average</i>				2.6%	-0.1%	42	62	58	37	65	5.7%	48.39

PRVit is scored 0 to 100 where 100 is the most attractive. Profitability and Quality are both scored 0 to 100 where 100 is the best. Valuation is scored 0 to 100 where 100 is the most expensive.

Top 10 Highest PRVit DM Firms

- The cohort, consisting of Developed Markets (DM) firms, is characterized by strong Quality (P – R) and favorable Valuation levels.
- **CHE.UN**, **4966 JP**, **KEMIRA FH**, and **4401 JP** recorded positive EVA Fundamentals as of their latest quarter.
- **CHE.UN** is the only firm with a positive EVA Momentum Post-Inflection Count (not shown), reflecting an improvement in EVA Momentum (growth). EVA Momentum for the firm turned positive in June after 2 consecutive quarters of improvement in growth.

Name	Ticker	Country	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	PRVit Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Return Ytd (%)	ESG Perf Score
CHEMTRADE LOGISTICS INCM FD	CHE.UN	Canada	1,050	5.7%	2.2%	95	82	86	48	24	21.9%	27.09
CABOT CORP	CBT	U.S.	4,307	4.3%	-0.6%	95	78	65	18	26	-10.5%	43.82
C UYEMURA & CO LTD	4966 JP	Japan	1,254	11.9%	3.3%	95	96	85	5	36	-4.1%	
MINERALS TECHNOLOGIES INC	MTX	U.S.	1,995	0.1%	-0.9%	93	61	49	21	13	-16.9%	42.18
FUCHS SE	FPE3 GR	Germany	5,476	5.4%	-0.5%	92	90	78	12	45	-0.8%	37.04
NIHON PARKERIZING CO LTD	4095 JP	Japan	1,281	3.1%	-1.1%	91	74	55	7	12	11.0%	21.63
KEMIRA OY	KEMIRA FH	Finland	3,594	2.9%	0.9%	91	83	75	24	42	3.0%	47.64
INNOSPEC INC	IOSP	U.S.	2,082	1.2%	-1.1%	91	69	52	12	25	-23.3%	34.30
ADEKA CORP	4401 JP	Japan	2,405	1.9%	0.2%	91	77	57	2	17	22.3%	23.05
SHIN-ETSU POLYMER CO LTD	7970 JP	Japan	1,074	3.0%	-0.1%	89	80	59	0	24	17.7%	35.86
<i>Average</i>				3.9%	0.2%	92	79	66	15	27	2.0%	34.73

ESG Performance Score provides a numerical score from 0 to 100. Prime Status is based on the ESG rating and a sector-specific Prime threshold. The ESG Rating and Performance Scores, however, are comparable across all rated entities. All rated entities with values greater than or equal to 50 are Prime; companies with values less than 50 are not Prime.

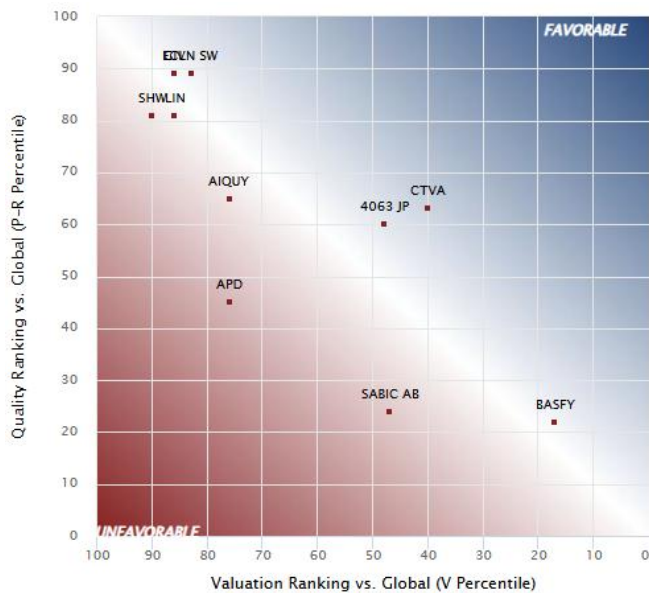
See page 3 for HEAT Maps of the Largest Firms and the Most Attractive Firms.

HEAT Maps

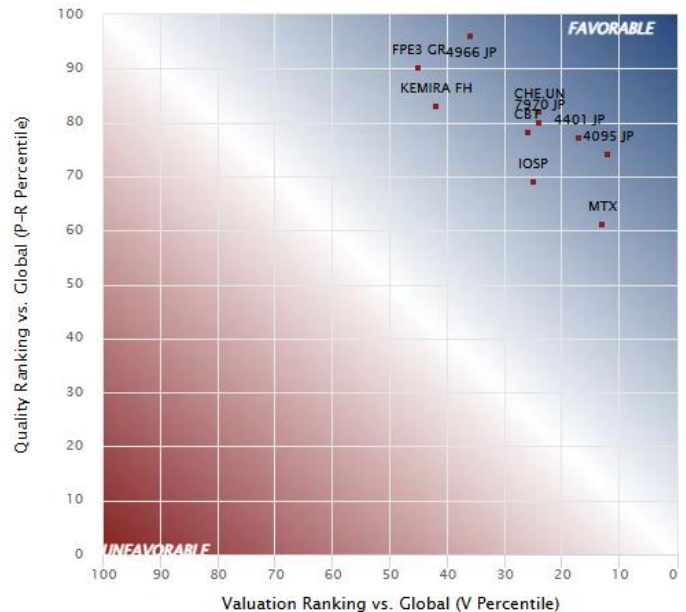
Our HEAT Map shows the visual trade-off between Quality (y-axis) and Value (x-axis). Higher Quality firms will be found at the top of the HEAT Map and cheaper Valuation firms will be further to the right. The companies in the upper-right corner are high-Quality, cheap-Value names with the most attractive PRVit scores.

- The HEAT Map on the left illustrates the largest firms in the industry, individually placed as a function of Quality and Valuation Rankings.
 - **CTVA** is on the edge of the upper right ‘Best of the Best: High Quality and Cheap’ HEAT Map zone, with strong Quality (P-R) complementing favorable (cheap) Valuation levels.
 - **GIVN SW** and **ECL** are positioned in the favorable ‘Expensive but Worth It’ HEAT Map zone, having high Valuation scores that are offset by strong Risk-Adjusted Profitability.
 - **AIQUY**, **LIN**, and **SHW** are positioned in the unfavorable ‘Overly Expensive Quality’ HEAT Map zone, exhibiting strong Quality but at very high Valuation levels.
 - **BASFY** offers ‘Attractive Value,’ demonstrating low Quality but at relatively cheap Valuation levels.
- The HEAT Map on the right shows the most attractive names of the industry.
 - **CHE.UN**, **CBT**, **MTX**, **4966 JP**, **4095 JP**, **7970 JP**, **IOSP**, and **4401 JP** are within the upper right ‘Best of the Best: High Quality and Cheap’ HEAT Map zone. These firms exhibit strong Quality (P-R) combined with favorable (cheap) Valuation levels.

Top 10 Largest Firms HEAT Map



Top 10 PRVit Firms HEAT Map



About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework. EVA converts accounting profits into economic profits and charges businesses for the use of Invested Capital. EVA is superior to traditional measures of profit because it is comparable across companies, industries, and countries, links to a consistent, transparent valuation framework, and provides a unique, unbiased view of Quality, Value, and Growth.

Our experienced team of analysts offers both fundamental and quantitative company analysis through written research, bespoke research, a stock selection model, an online analytical tool offering +29,000 companies as viewed through the EVA framework, custom screening, and portfolio analysis.

Key EVA Concepts

The value of a firm = Capital + PV of EVA

If EVA is increasing then the intrinsic value of the firm is too, suggesting that market value should follow (and vice versa).

EVA = NOPAT - Capital Charge

EVA is profit after all costs, including the cost of giving shareholders a decent return.

EVA Margin = EVA / Sales

A true economic profit margin covering income and asset efficiency. Our EVA Income Statement examines EVA's line item drivers and offers key insights into business profitability.

EVA Momentum = Δ EVA / Sales

An incremental EVA growth rate indicator and key valuation signal and screening measure. The more positive the Momentum, the greater the growth in EVA, and upward pressure on shareholder returns. Inflections in EVA Momentum are an early and more reliable indicator of stock price inflections.

EVA Shock = Δ EVA Momentum

Changes in EVA Momentum is a powerful signal within our framework, with significant relationship with stock price performance.

Market Implied Momentum (MIM)

The annual EVA improvement required for 10 years to justify the prevailing market enterprise value, expressed as a percent of sales; represents a market implied, long-range EVA margin improvement target.

Future Growth Reliance (FGR) = (Market implied value of future EVA growth) / EV

Measures the % of a company's total enterprise value represented by expectations for future growth in EVA. FGR is key to understanding embedded expectations today and versus history. A low FGR versus history coupled with improving EVA trends indicates that the market is not pricing in the improving business model.

Additional Resources

evaExpress.com ([link](#)): Our online offering provides a comprehensive suite of fundamental and quantitative tools utilizing the EVA framework

EVA for Investors ([link](#)): A full introduction to the key EVA concepts and metrics

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