

## THE MONEY SHOT: PQ GROUP (TICKER: PQG)

The stock is undervalued on a pre-pandemic numbers (2019) and if you adjust for the strategic actions taken or contemplated, the current valuations implies a multiple bordering on silly relative to the comparables.

(\$ in millions)

	2019A	PF for Perf. Mat.	PF for Perf. Chem. @10x
Revenue incl. JV	\$1,737	\$1,374	\$689
Adjusted EBITDA <sup>(1)</sup>	474	404	261
<b>Margin</b>	<b>27%</b>	<b>29%</b>	<b>38%</b>
EBITDA-Capex	347	292	205
Market Cap <sup>(2)</sup>	1,573	1,323	744
Enterprise Value <sup>(2)</sup>	3,346	2,746	1,704
EV/Rev	1.9x	2.0x	2.5x
<b>EV / EBITDA</b>	<b>7.1x</b>	<b>6.8x</b>	<b>6.5x</b>

Comparables	W.R. Grace	Balchem	Air Prod. and Chem.
<b>EBITDA Margin</b>	19%	23%	39%
<b>EBITDA Multiple</b>	11.0x	19.7x	17.5x

CSC Valuation Math	
PF 2019 EBITDA	\$261
Mid-Cycle Adj.	(23)
<b>CSC EBITDA</b>	<b>\$238</b>
CSC Multiple	12.0x
<b>CSC PF Ent. Value</b>	<b>\$2,857</b>
Less: Remaining Net Debt and Min. Int.	960
<b>PF Market Cap</b>	<b>\$1,897</b>
Per Share Value	\$13.93
Plus: Dividends	\$6.09
<b>Total PF Value</b>	<b>\$20.02</b>
<b>Current Value</b>	<b>\$11.56</b>
<b>Upside</b>	<b>73%</b>

(1) Assumes \$6M and \$12M of corporate costs for Performance Materials and Performance Chemicals, respectively

(2) Assumes cash proceeds from Performance Materials sale pays down debt and the company issues a \$250M dividend; assumes same ratio of dividend and debt pay down for Performance Chemicals deal; assumes cash proceeds taxed at 25%

Source: CapIQ; Company Filings

Note: Data as of 10/30/2020