



CORPORATE TRANSFORMATION SERVICES

FIX – SELL – CLOSE

Re-shaping Portfolios and Equity Stories in the Chemical Industry

An Alvarez & Marsal Perspective

Executive Summary

The European chemical industry stands at a crossroads. High energy costs, global overcapacity, and tightening regulations have eroded competitiveness – and with it, investor confidence.

The macroeconomic environment remains stagnant: demand is muted, prices are weak, and European production continues to decline – contrasting with modest growth in the U.S. and Asia. A broad-based rebound before 2026 appears unlikely. Recovery will depend less on external momentum and more on **management action** – driving portfolio focus, cost discipline, and strategic clarity. As a result, **portfolio transformation** has become not just an operational necessity, but also a **narrative imperative**.

Boards and management teams must demonstrate decisive, value-driven actions that restore performance, discipline, and credibility.

At A&M, we believe that every strategic decision must serve two purposes:

- **Create tangible economic value**, and
- **Reinforce a credible equity** story that investors can understand and believe in.

Our **FIX–SELL–CLOSE framework** provides a structured, execution-oriented approach to do both – reshaping portfolios and strengthening the story companies tell the market.

Fix what can compete. Sell what creates more value elsewhere. Close what cannot sustain itself.

Each path contributes to restoring credibility, cash flow, and valuation.

The Context: Structural Pressure on European

Europe's chemical sector faces structural headwinds that go beyond cyclical volatility:

Cost disadvantage	Demand stagnation	Overcapacity	Regulatory intensity	Capital-market skepticism
Persistent energy and feedstock premiums versus the U.S. and Middle East.	Flat domestic markets and subdued downstream sectors.	Global supply additions suppressing utilization rates, with significant new volumes coming from Asia, particularly China ¹	Expanding ESG, REACH, and carbon requirements that absorb capital.	Investors questioning long-term competitiveness and returns.
1	2	3	4	5

1 Global PP crisis: Why capacity may need to be 18m tonnes/year lower in 2024-2030 – Asian Chemical Connections

The result is depressed earnings, falling valuations, and limited strategic optionality. To regain control, companies must differentiate between what can be fixed, what should be monetized, and what must be exited –using portfolio discipline not only to improve operations but also to **reshape market perception**.

FIX–SELL–CLOSE Framework

The A&M **FIX–SELL–CLOSE** framework helps leadership teams clarify where to act and how. Not all assets share the same destiny —but every decision can strengthen both performance and perception.



FIX — Operational, Structural, and Cash Improvement

Objective:

Restore competitiveness, liquidity, and self-funding capacity through measurable cash-contribution uplift.

Many underperforming assets can regain viability by unlocking the operational value already embedded in their cost base, supply chain, and commercial model. “Fix” means stabilizing operations while increasing cash generation – the ultimate test of business resilience.

Typical A&M levers include:

- **Commercial excellence**
Implement data-driven pricing and product-mix optimization, linking decisions directly to feedstock and energy price dynamics.
- **Active margin management**
Create visibility into actual and forward-looking product profitability; enforce “value over volume” discipline across customers, products, and regions.
- **Procurement excellence**
Drive direct and indirect savings through category management, active supplier renegotiation, demand control, and strategic sourcing.
- **Operational performance**
Improve yield, throughput, and asset utilization; reduce downtime and maintenance spend primarily via advanced planning scenarios and capabilities.
- **Digital and process efficiency**
Leverage AI and advanced analytics to optimize planning, energy use, maintenance, and working-capital decisions
- **Structural and organizational adjustment**
Simplify governance layers, consolidate functions, and align SG&A with more efficient processes and business models
- **Performance governance**
Establish meaningful and lean dashboards, KPIs, and daily control routines linking operational drivers to financial results.

Outcome: Sustainable improvement in cash contribution, reduced volatility, and restored self-funding capability. A&M helps clients **unlock latent operational value** – turning cost pressure into cash-generation potential.

Equity-story impact: Demonstrates operational control and commercial discipline. Strengthens investor confidence through visible EBITDA and cash-conversion improvement, reinforcing the credibility of management execution.



SELL – Unlocking Unconstrained Value

Objective:

Realize value and refocus capital.

Not every business fits the future portfolio, yet many may hold greater value under different ownership and asset combinations. A disciplined SELL process focuses on understanding **unconstrained value** – what the business could achieve in the right structure and hands.

Typical A&M levers include:

- **Unconstrained margin targeting**
Establishing clear margin profiles for a site, business, or product line.
- **Value-creation planning**
Building a defensible equity story that combines Fix-driven improvements with an unconstrained perspective of performance potential under new ownership.
- **Buyer-universe qualification**
Identifying responsible, long-term owners best positioned to sustain and expand the business's value.
- **Stakeholder stewardship**
Ensuring continuity and trust across employees, customers, and suppliers as a central criterion in the sale approach.
- **Equity story and positioning**
Crafting a differentiated business narrative that highlights market relevance, performance resilience, and growth potential.
- **Separation readiness**
Designing and executing clean carve-outs and transition frameworks to minimize disruption across operations and the value chain.

Outcome: Optimized capital redeployment, sharper focus, and strategic clarity – signaling active ownership and disciplined capital allocation.

Equity-story impact: Reinforces the message that management is prioritizing value creation over volume and acting as a **responsible portfolio owner**. It demonstrates to investors that the company identifies where others may capture greater value and shows the potential to monetize such assets responsibly, managing exits with integrity and accountability to all stakeholders.



CLOSE — Structured and Responsible Wind-Down

Objective:

Exit unviable operations safely, legally, and reputationally intact – while protecting liquidity and management focus.

In some cases, continued operation or sale is no longer viable. A **structured wind-down** could provide a pragmatic path to halt losses, contain risk, and refocus resources on the performing core. When executed proactively, it allows management to retain control and preserve stakeholder trust – avoiding the uncertainty of insolvency proceedings.

Typical A&M levers include:

- **Wind-down planning and governance**
Developing a comprehensive plan covering people, EHS, supply chain, and regulatory engagement.
- **Liquidity and working-capital management**
Minimizing funding needs and avoiding insolvency risk through active cash control.
- **People and social planning**
Transparent management of staff transitions, social plans, and local stakeholder communications.
- **Operational run-out and asset realization**
Controlled decommissioning, remediation, and sale of assets where feasible.
- **Stakeholder and communication management**
Maintaining trust and protecting reputation through consistent, fact-based communication.
- **Special-situation management**
Addressing litigation, tax, pension, and stranded-cost exposures.
- **Performance tracking**
Ensuring disciplined execution, transparency, and compliance throughout the process.
- **Urgency with governance discipline**
Crafting a differentiated business narrative that highlights market relevance, performance resilience, and growth potential.

Outcome: A solvent, well-governed wind-down that minimizes financial loss and reputational risk, while enabling leadership to refocus on future-ready businesses.

Equity-story impact: Demonstrates governance maturity and decisiveness. Signals to investors that management acts early, controls risk, and protects value even when exiting

Linking Portfolio Action to Equity-Story Transformation

Capital markets reward strategic clarity and evidence of execution. Applying the FIX-SELL-CLOSE framework creates both:

Portfolio Effect

- Margin uplift and operational discipline
- Pruned, focused business model
- Responsible wind-downs and capital redeployment

Equity-Story Translation

- “We can control what we own.”
- “We know what we want to be.”
- “We allocate capital with discipline.”

FIX-SELL-CLOSE helps leadership teams translate operational action into strategic credibility – strengthening both performance and perception.

Why Now: The Case for Portfolio Discipline

The time for incremental optimization has passed. To secure long-term viability, chemical companies should address structural issues — not just cyclical ones.

The **FIX-SELL-CLOSE** framework provides:

- A clear structure to decide on each asset’s future.
- A consistent logic linking operations, finance, and strategy.
- A unified story for employees, investors, and regulators alike.

In essence, it helps management moving from **defense to design**, actively shaping both portfolio and perception.

How A&M Delivers

A&M’s differentiator lies in **execution leadership**. We combine **operational experience**, **transaction know-how**, and **restructuring expertise** to drive tangible results.

Our approach:



Operators, not observers

Experienced industry leaders who understand plants, processes, and P&L realities.

Hands-on execution

From commercial uplift and cost optimization to carve-out and closure management.



Fast-track process

Mobilizing expert teams at pace to achieve impact quickly, ensuring momentum and delivery confidence.

Strategy-to-execution link

Bridging boardroom strategy and operational delivery – translating ambition into measurable results and equity-story credibility.



We don’t just design the plan – we deliver measurable results and create value.



Conclusion

For Europe's chemical industry, portfolio transformation is both an operational challenge and a strategic opportunity.

It's not enough to focus on **FIX**, companies must also have the courage to explore **SELL and CLOSE**. This is the current reality – and a core management responsibility. It requires a **fact-based, transparent approach** to maintain credibility with stakeholders, while also having the conviction to take **tough decisions** when they are necessary.

By applying the **FIX–SELL–CLOSE** framework, leaders can:

- Restore competitiveness,
- Refocus capital, and
- Rebuild investor confidence.

It is not merely a restructuring tool – it is a way to **redefine the company's equity story** around focus, discipline, and value creation.

Fix what can compete.

Sell what creates more value elsewhere.

Close what cannot sustain itself.

And through it, rebuild the market confidence in the company's future.

Key Contacts



Michael Timm
Senior Director

mtimm@alvarezandmarsal.com



Dr. Sebastian Nimwegen
Managing Director

snimwegen@alvarezandmarsal.com



Frank Jenner
Managing Director

fjenner@alvarezandmarsal.com

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