

PLASTICS M&A UPDATE

SEPTEMBER 2022

Plastics Industry M&A Activity Tracking

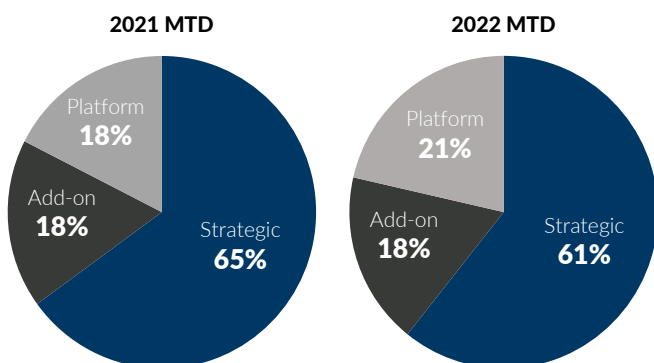
Global Plastics M&A activity slowed in September with 28 transactions, which was five transactions lower than a strong August and the second lowest month of this year. Despite the lower volumes in September, the 3rd quarter finished at deal volume levels that were comparable to the 1st and 2nd quarters. Plastics company transaction multiples appear to be continuing at attractive levels but activity seems to be trending downward as companies navigate higher interest rates and slowing demand in some sectors.

PLASTICS M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2021	2022	Change	2021	2022	Change
Blow Molding	3	1	-2	20	16	-4
Injection Molding	6	7	1	92	74	-18
Film	13	2	-11	70	49	-21
Resin / Color & Compounding	5	5	0	53	36	-17
Sheet & Thermoforming	3	3	0	31	23	-8
Specialty	10	10	0	72	99	27
Total Plastics	40	28	-12	338	297	-41
Strategic	65%	61%	-4%	54%	55%	1%
Financial Buyer - Add-on	18%	18%	0%	26%	28%	2%
Financial Buyer - Platform	18%	21%	4%	21%	18%	-3%

- Q3 2022 was marked by robust strategic buyer activity; strategic buyers accounted for 59% of the deal volume in the quarter, up from 55% in Q2 2022
- Specialty transactions which include distribution, extrusion, and foam deals led all plastics subsectors in the month with 10 deals. In Q3, Specialty transactions accounted for 27% of the deal volume
- After posting eight deals in August, the Film subsector had a slow month in September as only two deals were recorded. Overall, the subsector has accounted for 13% of the deal volume in Q3
- The Automotive and Construction end markets accounted for four deals each and 29% of the deal volume in the month; both end markets had a strong Q3

PLASTICS TRANSACTIONS BY BUYER TYPE



TOTAL PLASTICS M&A BY END MARKET

End Market	Month-to-Date		Year-to-Date	
	2021	2022	2021	2022
Food & Beverage	7	1	60	33
Industrial	13	15	127	142
Consumer	13	0	55	32
Construction	1	4	19	30
Medical	3	4	25	33
Automotive / Transportation	3	4	52	27
Total	40	28	338	297

Global Plastics M&A fell slightly in September, but has exhibited strong activity through all three quarters of 2022. Average monthly deal volume for each quarter has remained above 30 transactions. Q4 typically brings higher levels of plastics M&A activity as buyers and sellers move to close deals by year-end but this year could be different depending on the impacts of rising interest rates and a slowing economy. If you are a plastics company considering a merger, acquisition, sale or recapitalization in the short or longer term, please consider leveraging PMCF's transaction planning and execution expertise to best position your company in a transaction.

Public Entity Performance

Plastic Public Entities pulled back in September, with each Index underperforming the S&P 500 over the month-to-date period. Equity markets remain on edge as investors continue to monitor a hawkish FED and CPI figures closely. Furthermore, through September, all tracked plastic indices have underperformed the S&P 500

Index		% Change September MTD		% Change September YTD
S&P 500 Index	↓	-9.3%	↓	-24.8%
PMCF Plastics Index ⁽¹⁾	↓	-15.0%	↓	-27.2%
Resin and Color & Compounding ⁽²⁾	↓	-19.2%	↓	-30.3%
Plastic Packaging ⁽³⁾	↓	-12.3%	↓	-25.8%
Plastic Fabricating ⁽⁴⁾	↓	-15.2%	↓	-27.5%

(1) ABCT, CMT, PRLB, ARCW, UFAB, MYE, DOW, WLK, TSE, AVNT, DNMR, ITP, SOLB, LYB, FOE, ATR, SON, SLGN, BERY, AMC, SEE, TCLA, WPK, NPK, HUH1V, PTVE, ESNT (2) DNMR, DOW, TSE, WLK, AVNT, ITP, SOLB, LYB, FOE (3) ATR, SON, SLGN, NPK, BERY, AMC, HUH1V, SEE, TCLA, WPK, PTVE, ESNT (4) ABCT, CMT, PRLB, ARCW, UFAB, MYE

Major News

- Economic Good News: Inflation and Supply Chain Issues Easing (Plastics News)
- A “Robust” plastics Treaty Push by Governments, Businesses at UN Meeting (Plastics News)
- U.S. Jobless Claim Hit Lowest Level in Five Months (Wall Street Journal)
- Newsom Vetoes California's Thermoform Recycled-Content Bill (Plastics News)
- “Cautious” Purchasing Decisions Lead to Lower Resin Prices in September (Plastics News)

Notable M&A Activity

Date	Acquirer	Target	Category
09/30/22	Aurora Plastics, LLC	Enviroplas, Inc.	Compounding
09/26/22	Quickparts.com, Inc.	Xcentric Mold & Engineering Inc.	Injection Molding
09/21/22	NewCo Plastics, LLC	PM Mold Co., Inc.	Injection Molding
09/15/22	Pexco LLC	Performance Plastics, Ltd.	Injection Molding
09/13/22	Waste Management, Inc. (NYSE:WM)	Avangard Innovative's U.S. Business	Recycling
09/07/22	Gryphon Investors Inc	Techmer PM, LLC	Color & Compounding
09/06/22	The Timken Company (NYSE:TKR)	GGB, Inc.	Specialty Plastics
09/02/22	Winning Plastics a.s.	Bolta Werke GmbH	Automotive Plastics
09/02/22	Lifco AB (OM:LIFCO B)	Condale Plastics Ltd.	Extrusion
09/01/22	The Producto Group, LLC	Thermo-Fab Corporation	Thermoforming

Sources: Capital IQ, PitchBook, Thomson Reuters, Company Reports, PMCF

Use Our Expertise to Maximize Shareholder Value

Since our inception over 25 years ago, PMCF has offered robust transaction planning and preparation services to help business owners achieve the best possible outcome in a transaction whether it be in the short or long term. Our long track record of successful transactions is directly attributable to our focus on preparation and being proactive throughout the transaction process.

STRATEGIC ASSESSMENT

- PMCF is frequently requested to complete an analysis of a company's strategic positioning within the plastics and packaging marketplace
- Our review may consider your operations, products, end markets, financial trends, growth opportunities, and management team
- We are available to brief your management team, ownership, or board with our thoughts on your current value in today's market
- PMCF can provide a benchmark comparison of your organization's strengths, weaknesses, and anticipated buyer viewpoints

WORKING WITH PMCF

- PMCF is a licensed and FINRA-registered investment banking organization
- Confidentiality is of the highest importance and we welcome the execution of appropriate agreements prior to the exchange of data
- PMCF's senior bankers will respond to any inquiries and will be directly involved in all discussions
- If engaged, the majority of PMCF's costs are contingent on a successful transaction
- We insist on potential clients contacting our long list of references

PMCF's Plastics & Packaging Group

PMCF's Plastics and Packaging investment bankers are dedicated solely to serving the needs of middle-market transactions within the plastics and packaging industries. Our exclusive focus on plastics and packaging sale, merger, and acquisition advisory provides significant advantages to our clients and the opportunity to maximize value in a transaction. PMCF's extensive coverage of these industries has provided us with specialized, in-depth knowledge of the sector dynamics and relationships with key strategic and financial industry players. Our firm has been serving the plastics and packaging industries for over 20 years and has a long track record of successful transactions involving specialty, niche players in these industries.

Rigid Packaging	Flexible Packaging	Engineered Products	Corrugated & Paper Packaging
Blow Molding	Injection Molding	Extrusion	Specialty Film
Color & Compounding	Printing & Labeling	Thermoforming	Packaging Machinery

Please let us know if you would like to set up a confidential call or meeting to discuss transaction planning and execution. You can reach John Hart, who leads PMCF's Plastics & Packaging Group at:
(248) 223-3468 or john.hart@pmcf.com

Recent PMCF Plastics & Packaging Transactions

 has completed its merger with  a portfolio company of  COMPOUNDING	 has been acquired by an affiliate of  a portfolio company of  THERMOFORMING	 has been acquired by  PACKAGING DISTRIBUTION & BLOW MOLDED PACKAGING	 has been acquired by  a portfolio company of  INJECTION MOLDING
 a portfolio company of  has been acquired by  BELIEVE IN BETTER PLASTICS a portfolio company of  RECYCLING & FLEXIBLE PACKAGING	 has been acquired by  a portfolio company of  THERMOFORMED PACKAGING	 has completed a recapitalization with  SPECIALTY EXTRUSION & INJECTION MOLDING	 has been acquired by  PACKAGING IDEAS INTO YOUR SOLUTIONS a portfolio company of  INJECTION & BLOW MOLDED PACKAGING



Two-time winner, Boutique Investment Banking Firm of the Year by M&A Advisor
Awarded, Cross Border Corporate and Strategic Acquisition of the Year by M&A Advisor

Awarded, Cross Border M&A Deal of the Year by M&A Advisor
Awarded, Deal of the Year by ACG Detroit

Awarded, Manufacturing Deal of the Year by MiBiz
Awarded, Plastic and Packaging Deal of the Year in 2020 and 2021 by the Global M&A Network

Awarded, Industrials M&A Investment Bank of the Year by the Global M&A Network

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