

PLASTICS M&A UPDATE

OCTOBER 2022

Plastics Industry M&A Activity Tracking

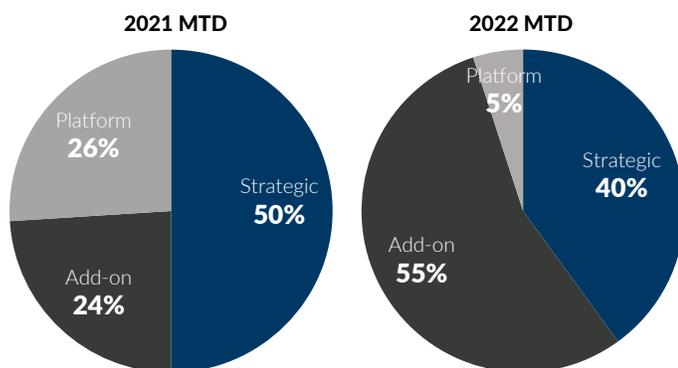
Global Plastics M&A activity had its lowest month of the year from a deal volume standpoint, totaling 20 transactions in the month. October marks the second consecutive month that transaction volumes fell below 30. Weaker activity in the month was driven by a steep decline in private equity platform investments and strategic acquisitions. While Plastics M&A activity levels were strong through the first three quarters of the year, challenging capital markets and uncertainty in the macroeconomy appear to be affecting Plastics M&A transaction volumes.

PLASTICS M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2021	2022	Change	2021	2022	Change
Blow Molding	1	2	1	21	18	-3
Injection Molding	13	7	-6	105	81	-24
Film	5	3	-2	75	52	-23
Resin / Color & Compounding	3	3	0	56	39	-17
Sheet & Thermoforming	8	1	-7	39	24	-15
Specialty	20	4	-16	92	103	11
Total Plastics	50	20	-30	388	317	-71
Strategic	50%	40%	-10%	53%	54%	1%
Financial Buyer - Add-on	24%	55%	31%	26%	29%	4%
Financial Buyer - Platform	26%	5%	-21%	21%	17%	-4%

- Strategic buyers recorded eight transactions in October, down nine deals from September levels. October volumes were the lowest monthly total since May 2020.
- Only one private equity platform deal was completed in October, marking the worst month on the year for platform transaction activity. Private equity add-on investments, however, had their third-best month of the year from a volume standpoint recording 11 transactions in October.
- The Injection Molding subsector posted seven transactions for a third consecutive month in October. Furthermore, the Injection Molding subsector recorded more deals than any other subsector for the second time this year.
- The Industrial end market accounted for over 50% of deal volume for the third time this year, recording 12 transactions in October. Nevertheless, the end market recorded three deals less than its average monthly transaction volume for the year.

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	5	0	65	33
Industrial	23	12	150	154
Consumer	9	3	64	35
Construction	6	3	25	33
Medical	6	2	31	35
Automotive / Transportation	1	0	53	27
Total	50	20	388	317

Global Plastics M&A has seen a decline in activity for the second consecutive month which is consistent with the broader M&A market that has been impacted in part by a pullback in financing for M&A transactions. Plastics deals are still getting done at attractive multiples but the mix is in favor of private equity add-ons or strategic transactions where capital markets are not as much of a factor. 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 returned to growth in October, with all tracked Plastic indices producing gains in the month. The Plastic Packaging Index outperformed the S&P 500 and posted a gain of 8.2% in the month. Despite a strong month in October, all tracked Plastic indices have underperformed the S&P 500 in the year-to-date period.

Index		% Change October MTD		% Change October YTD
S&P 500 Index	↑	8.0%	↓	-18.8%
PMCF Plastics Index ⁽¹⁾	↑	6.6%	↓	-22.1%
Resin and Color & Compounding ⁽²⁾	↑	5.7%	↓	-25.3%
Plastic Packaging ⁽³⁾	↑	8.2%	↓	-20.4%
Plastic Fabricating ⁽⁴⁾	↑	4.7%	↓	-23.0%

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

Major News

- Strong US Dollar Impacting Global Plastics Sectors (Plastics News)
- U.S. Economy Grew 2.6% in Third Quarter, GDP Report Shows (Wall Street Journal)
- Reshoring a Bright Spot for U.S. Plastics Industry (Plastics News)
- Groups Seek to Banish Plastics from Infrastructure Projects (Plastics News)
- Why the October Jobs Report is so Strong Despite Tech Layoffs (Wall Street Journal)

Notable M&A Activity

Date	Acquirer	Target	Category
10/31/22	Sealed Air Corporation (NYSE:SEE)	Liqui-Box Corporation	Flexible Packaging
10/27/22	Indutrade AB	Bramming Plast-Industri A/S	Injection Molding
10/26/22	Seaway Plastics Engineering LLC	MME Group Inc.	Injection Molding
10/21/22	PPC Flexible Packaging LLC	Plastic Packaging Technologies, LLC	Flexible Packaging
10/14/22	Caldic B.V.	Connell Bros. Company Ltd.	Additives
10/11/22	The Partner Companies, LLC	UPG Company LLC	Injection Molding
10/05/22	Resource Label Group, LLC	Deco Flexible Packaging LTD.	Flexible Packaging
10/05/22	lpackchem Group SAS	TPG Plastics LLC	Blow Molding
10/04/22	Novvia Group	Rios Containers	Distribution

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

ENVIRO PLAS INC.
ENGINEERING RESIN SOLUTIONS

has completed its merger with

AURORA PLASTICS

a portfolio company of

NAUTIC

COMPOUNDING

ALLIED PLASTICS, INC.

has been acquired by an affiliate of

ALL-STATE INDUSTRIES

a portfolio company of

Blue Sage Capital

THERMOFORMING

C.L. Smith

has been acquired by

KELSO

PACKAGING DISTRIBUTION & BLOW MOLDED PACKAGING

CASCADIA CUSTOM MOLDING

has been acquired by

VRC Engineered Solutions

a portfolio company of

BLUEPOINT Capital Partners

INJECTION MOLDING

JADCORE

a portfolio company of

STONEHENGE PARTNERS

has been acquired by

Revolution
BELIEVE IN BETTER PLASTICS

a portfolio company of

ARSENAL CAPITAL PARTNERS

RECYCLING & FLEXIBLE PACKAGING

PANORAMIC

has been acquired by

ANCHOR PACKAGING

a portfolio company of

THE JORDAN COMPANY

THERMOFORMED PACKAGING

Teel PLASTICS, INC.

has completed a recapitalization with

MPE PARTNERS

SPECIALTY EXTRUSION & INJECTION MOLDING

OLCOTT PLASTICS
MANUFACTURER OF PLASTIC JARS & CLOSURES

has been acquired by

PRETIUM
PACKAGING IDEAS INTO YOUR SOLUTIONS

a portfolio company of

GENSTAR CAPITAL, LLC

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

Experienced Professionals. Trusted Advisors. Proven Results.

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