

PLASTICS M&A UPDATE

NOVEMBER 2022

Plastics Industry M&A Activity Tracking

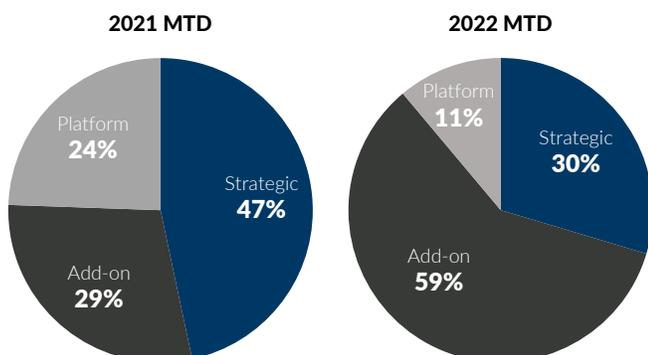
Global Plastics M&A activity rebounded in November, recording 27 transactions, which was an increase of seven deals over October levels. Despite the strong month-over-month performance, November marks the third consecutive month with less than 30 transactions recorded and still falls well below last year's activity levels. In the last few months, Plastics M&A activity has slowed down as buyers and sellers deal with uncertainty in the macroeconomy and challenges with acquisition debt financing.

PLASTICS M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2021	2022	Change	2021	2022	Change
Blow Molding	3	1	-2	24	19	-5
Injection Molding	15	3	-12	120	84	-36
Film	11	4	-7	86	56	-30
Resin / Color & Compounding	5	2	-3	61	41	-20
Sheet & Thermoforming	3	3	0	42	27	-15
Specialty	8	14	6	100	117	17
Total Plastics	45	27	-18	433	344	-89
Strategic	47%	30%	-17%	52%	52%	-1%
Financial Buyer - Add-on	29%	59%	30%	26%	32%	6%
Financial Buyer - Platform	24%	11%	-13%	22%	17%	-5%

- Private equity add-on transactions surged in the month, making November the second most active month of the year for add-on acquisitions. Private equity platform transactions continue to be suppressed but did show some improvement over last month
- Strategic buyers' activity was lower for the second consecutive month in November. Current levels are 50% lower than the average monthly transaction volume in 2022
- The Injection Molding subsector regressed in the month, recording the lowest monthly transaction volume for the year
- The Industrial end market led all end markets in transaction activity for the 14th consecutive month, recording 15 deals
- The Consumer end market accounted for 15% of the deal activity for the month which is noticeably higher than the 12% levels reported on a year-to-date basis

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	11	3	76	36
Industrial	25	15	175	169
Consumer	1	4	65	39
Construction	1	2	26	35
Medical	5	3	36	38
Automotive / Transportation	2	0	55	27
Total	45	27	433	344

Global Plastics M&A activity continues to be lower overall, but an increase in private equity add-on acquisitions was a positive trend for the month of November. Financing challenges continue to suppress private equity platform transactions and, in many cases, have constrained larger transactions. The fourth quarter of 2022 is turning out to be much different than the M&A frenzy experienced last year. 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 posted their second consecutive month of growth in November, with all tracked plastic indices producing gains in the month. Each plastic index outperformed the S&P 500 in the month, with the Resin and Color & Compounding Index posting a gain of 10.3%.

Index		% Change November MTD		% Change November YTD
S&P 500 Index	↑	5.4%	↓	-14.4%
PMCF Plastics Index ⁽¹⁾	↑	8.6%	↓	-16.6%
Resin and Color & Compounding ⁽²⁾	↑	10.3%	↓	-18.1%
Plastic Packaging ⁽³⁾	↑	9.1%	↓	-13.9%
Plastic Fabricating ⁽⁴⁾	↑	5.7%	↓	-21.3%

⁽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

- Plastics with a Positive Perspective (Plastics News)
- Production Cutbacks Leading to Better Market Balance (Plastics News)
- Fed Minutes Show Most Officials Favored Slowing Rate Rises Soon (Wall Street Journal)
- Most Commodity Prices Drop, but PE Stays Flat (Plastics News)
- Third-Quarter US Growth Was Stronger Than Previously Thought (Wall Street Journal)

Notable M&A Activity

Date	Acquirer	Target	Category
11/28/22	Novvia Group	Innovative Container Corporation	Packaging Distribution
11/28/22	Mereo Capital Partners & Hyperion Capital Partners	Algus Packaging, Inc.	Thermoforming, Machinery
11/14/22	Smurfit Kappa Bag in Box SAS	Pusa Pack, S.L.	Flexible Packaging
11/09/22	Greif, Inc. (NYSE:GEF)	Lee Container Corporation, Inc.	Blow Molding
11/09/22	Molded Devices, Inc.	GlobalMed Inc. / Schauenburg-Truplast	Extrusion
11/03/22	Tank Holding Co.	Solar Plastics	Rotational Molding
11/02/22	HEXPOL AB (OM:HPOL B)	McCann Plastics, Inc.	Compounding
11/02/22	PRISM Worldwide, LLC	CRC Polymer Systems, Inc.	Compounding
11/01/22	CKF, Inc.	Packright Manufacturing Limited	Thermoforming
11/01/22	Pexco LLC	Plastic Profiles, LLC	Extrusion

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

Experienced Professionals. Trusted Advisors. Proven Results.

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