

PLASTICS M&A UPDATE

DECEMBER 2022

Plastics Industry M&A Activity Tracking

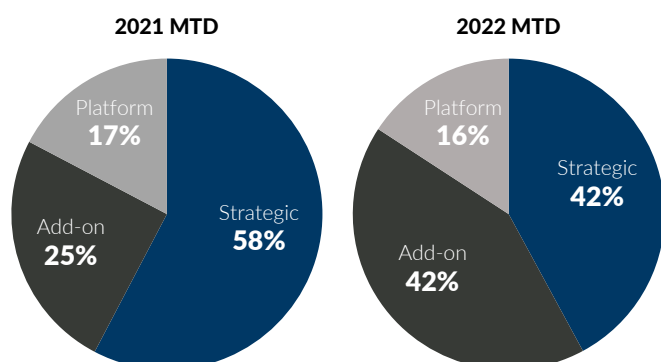
Global Plastics M&A activity slowed in December, recording only 19 transactions, which was the lowest monthly transaction volume in 2022 and significantly below last December's levels. December was the fourth consecutive month with less than 30 transactions as plastics M&A activity continued to report lower levels of activity in part due to economic uncertainty and challenging credit markets. Despite the recent slowdown in transaction activity, 2022 was an exceptional year overall with 363 deals, making it the 2nd highest volume year since 2012.

PLASTICS M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2021	2022	Change	2021	2022	Change
Blow Molding	2	1	-1	26	20	-6
Injection Molding	7	4	-3	127	88	-39
Film	4	3	-1	90	59	-31
Resin / Color & Compounding	11	1	-10	72	42	-30
Sheet & Thermoforming	7	1	-6	49	28	-21
Specialty	21	9	-12	121	126	5
Total Plastics	52	19	-33	485	363	-122
Strategic	58%	42%	-16%	53%	51%	-2%
Financial Buyer - Add-on	25%	42%	17%	26%	32%	6%
Financial Buyer - Platform	17%	16%	-2%	21%	17%	-5%

- Private equity plastics transactions accounted for over 50% of deal activity for the third consecutive month. Add-on acquisitions remained the primary driver for private equity activity, accounting for 73% of private equity transactions
- Strategic buyers remained conservative in December, recording eight plastics transactions for the third consecutive month which is eight transactions below the average monthly transaction volume for strategic buyers in 2022
- The Specialty subsector led all subsectors in transaction activity for the second straight month, accounting for 47% of deal activity in December. Specialty transactions, which include distribution, foam, and machinery deals, accounted for 126 deals in 2022 which was the most of any subsector
- For the first month since July, foreign plastic transaction activity was greater than domestic plastic transaction activity. Foreign deals accounted for 47% of monthly transaction volumes in December and 38% of transactions 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	3	1	79	37
Industrial	33	11	208	179
Consumer	5	1	70	41
Construction	2	2	28	37
Medical	4	2	40	40
Automotive / Transportation	5	2	60	29
Total	52	19	485	363

Global Plastics M&A activity ended the year on a low note as buyers and sellers continued to grapple with rising interest rates, inflation, and uncertain macroeconomic conditions. Plastics deals continue to be completed at attractive multiples but at much lower levels of activity. Recovery of plastic M&A volume in 2023 will largely be dependent on improvements in the macroeconomy and credit markets. 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 were generally bearish in December after a strong month in November, as only the Plastic Fabricating Index posted a gain in the month. Two of the four plastics indices outperformed the S&P 500 in December, while three of the four plastics indices outperformed the S&P 500 in 2022.

Index		% Change December MTD		% Change December YTD
S&P 500 Index	↓	-5.9%	↓	-19.4%
PMCF Plastics Index ⁽¹⁾	↓	-4.8%	↓	-18.8%
Resin and Color & Compounding ⁽²⁾	↓	-6.7%	↓	-21.3%
Plastic Packaging ⁽³⁾	↓	-6.6%	↓	-17.9%
Plastic Fabricating ⁽⁴⁾	↑	0.9%	↓	-18.9%

⁽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

- High Inventories Lead to Lower Prices for Some Engineering Resins (Plastics News)
- U.S. Inflation Slowed for Sixth Straight Month in December (The Wall Street Journal)
- U.S. Jobless Claims Tick Up, Economy Grows Faster Than Previously Thought (The Wall Street Journal)
- Resin Buyers, Makers Take a Wild Ride in 2022 (Plastics News)
- Lawmakers Urge Biden to Set 'Meaningful Standards' for Plastics Treaty (Plastics News)

Notable M&A Activity

Date	Acquirer	Target	Category
12/30/22	Trioworld Group Ab	Malpack Limited	Flexible Packaging
12/22/22	ABC Technologies Holdings, Inc. (TSX: ABCT)	Windsor Mold Group Technologies	Injection Molding
12/21/22	Bastion Square Partners Inc. (TSXV: BASQ.P)	ALUULA Composites Inc.	Composites
12/15/22	Ensinger GmbH	Poly-Tech Industrial, Inc.	Distribution
12/08/22	Shriji Polymers (India) Private Limited	Parekhplast India Limited	Rigid Packaging
12/07/22	Röhm GmbH	Functional Forms Business of Saudi Basic Industries Corp.	Sheet & Film
12/07/22	Kaivac, Inc.	Eger Products, Inc.	Specialty Plastics
12/05/22	Walbro Corp.	Powersports Business of Cascade Engineering Technologies, Inc.	Injection Molding

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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