

PLASTICS M&A UPDATE

JUNE 2023

Plastics Industry M&A Activity Tracking

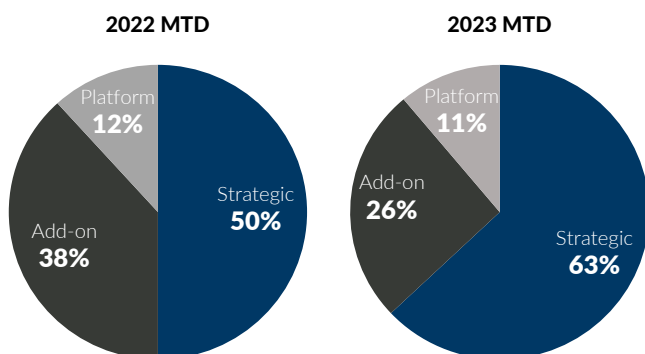
Global Plastics M&A recorded 27 deals in June, down eight from May levels, but in line with the monthly average for H1 2023. June transaction activity was driven by strategic buyers which accounted for 65% of the deal volume in the month. The first half of 2023 recorded 171 deals, which was 34 deals lower than an elevated H1 2022, but 13 deals higher than H2 2022 activity levels. Through June, it is apparent that Global Plastics M&A has slowed after strong years in 2021 and 2022, however, current levels remain in line with pre-pandemic volumes.

PLASTICS M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2022	2023	Change	2022	2023	Change
Blow Molding	3	2	-1	11	8	-3
Injection Molding	7	6	-1	46	44	-2
Film	7	3	-4	37	17	-20
Resin / Color & Compounding	2	3	1	20	22	2
Sheet & Thermoforming	2	2	0	17	13	-4
Specialty	13	11	-2	74	67	-7
Total Plastics	34	27	-7	205	171	-34
Strategic	50%	63%	13%	53%	49%	-4%
Financial Buyer - Add-on	38%	26%	-12%	30%	33%	3%
Financial Buyer - Platform	12%	11%	-1%	17%	18%	1%

- In the second quarter of 2023, strategic buyers displayed an uptick in M&A activity. Overall, these buyers accounted for 84 transactions in H1 2023, 52 of which were announced in Q2 2023
- Private equity transactions pulled back in June after a strong May, recording 10 deals. While both platform and add-on acquisitions decreased month-over-month, private equity activity has been strong through the first six months of the year, recording 87 deals through June
- Industrial transactions recorded a strong first half of 2023, accounting for 56% of all deal activity. The end market averaged 16 deals per month, which is two deals higher than the average monthly volume from H2 2022 of 14
- The Color & Compounding subsector is on pace to have its most acquisitive year since PMCF began tracking Global Plastics M&A. Through June of 2023, the subsector has accounted for 17 deals, which is six higher than H1 2022

PLASTICS TRANSACTIONS BY BUYER TYPE



TOTAL PLASTICS M&A BY END MARKET

End Market	Month-to-Date		Year-to-Date	
	2022	2023	2022	2023
Food & Beverage	2	3	25	22
Industrial	12	13	95	96
Consumer	7	1	24	18
Construction	7	3	22	10
Medical	4	7	22	21
Automotive / Transportation	2	0	17	4
Total	34	27	205	171

Global Plastics M&A deal volumes have experienced an uptick in each of the last two quarters as both strategic and financial buyers have become more active in pursuing M&A transactions. This rebound in M&A activity can, in part, be attributed to easing macroeconomic instability which depressed deal volumes in the second half of 2022 and the beginning of 2023. 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

Overall, plastic public entities yielded strong results in June, with three of the four tracked indices appreciating. The Resin and Color & Compounding index provided the best returns in both June and the YTD period, posting an increase of 5.0% and 7.6%, respectively. No tracked index has matched the robust returns of the S&P 500.

Index		% Change June MTD		% Change June YTD
S&P 500 Index	↑	6.5%	↑	15.9%
PMCF Plastics Index ⁽¹⁾	↑	2.7%	↓	-2.3%
Resin and Color & Compounding ⁽²⁾	↑	5.0%	↑	7.6%
Plastic Packaging ⁽³⁾	↑	3.3%	↓	-11.1%
Plastic Fabricating ⁽⁴⁾	↓	-1.3%	↑	2.1%

⁽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

- Recyclers See Plastics Treaty As 'Huge' Chance for Change (Plastics News)
- PN Pricing Chart Sees June Drops, Nonmarket Corrections (Plastics News)
- Plastics M&A slumps in Uncertain Economy (Plastics News)
- Inflation Eased to 3% in June, Slowest Pace in More Than Two Years (The Wall Street Journal)
- U.S. Economy Shows Surprising Vigor in First Half of 2023 (The Wall Street Journal)

Notable M&A Activity

Date	Acquirer	Target	Category
06/30/23	Borealis	Rialti SpA	Color & Compounding
06/29/23	Oliver Healthcare Packaging	Ek-Pack Folien	Flexible Plastic
06/28/23	Arkema S.A. (ENXTPA:AKE)	PI Advanced Materials Co., Ltd. (KOSE:A178920)	Color & Compounding
06/21/23	Nefab Group	PolyFlex Products	Rigid Plastic
06/20/23	Steris plc	Becton, Dickinson and Company (Surgical Instrumentation platform)	Medical Plastics
06/19/23	Groupe Michelin (PAR: ML)	Flex Composite Group	Color & Compounding
06/16/23	CCL Industries Inc. (TSX:CCL.B)	Pouch Partners	Flexible Plastic
06/14/23	Auxo Investment Partners	SOS Manufacturing	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



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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