

PLASTICS M&A UPDATE

AUGUST 2023

Plastics Industry M&A Activity Tracking

Global Plastics M&A recorded 34 deals in August, up eight from July levels. Strategic buyers surged in the month, climbing back above their average monthly deal volume after a weak July. Over the past two months, financial buyers have recorded a noticeable uptick in platform deals, which accounted for over 30% of the deal volume, and August represented the most active month since 2021. Overall, August was the second-highest month of 2023 from a Plastics deal volume standpoint, with levels being supported by activity across all buyer types.

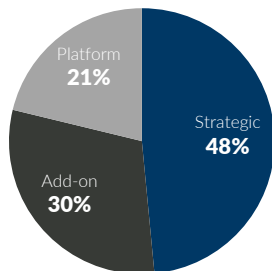
PLASTICS M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2022	2023	Change	2022	2023	Change
Blow Molding	2	2	0	15	11	-4
Injection Molding	7	13	6	67	65	-2
Film	8	4	-4	47	25	-22
Resin / Color & Compounding	6	4	-2	31	28	-3
Sheet & Thermoforming	2	1	-1	20	15	-5
Specialty	8	10	2	89	87	-2
Total Plastics	33	34	1	269	231	-38
Strategic	48%	44%	-4%	54%	48%	-6%
Financial Buyer - Add-on	30%	24%	-7%	29%	31%	2%
Financial Buyer - Platform	21%	32%	11%	17%	21%	4%

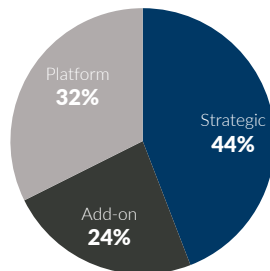
- Strategic buyers recorded 15 deals in August, which is slightly above the monthly average of 14. Despite higher volumes, strategic buyers only accounted for 44% of monthly deal volume due to the strong month from financial buyers
- Financial buyers accounted for over 50% of deal volumes for the second straight month. Private equity transaction volume was driven by platform acquisitions, which rose by three deals over July levels and remained resilient in the face of challenging credit markets
- Industrial transactions recorded 24 deals in August, accounting for 71% of the deal volume. Notably, August was the Industrial end market's most acquisitive month since December 2021
- The Resin / Color & Compounding subsector recorded four deals in August, up two from July levels. Through August, the subsector has recorded 28 deals, which is slightly below the 2022 year-to date activity levels

PLASTICS TRANSACTIONS BY BUYER TYPE

2022 MTD



2023 MTD



TOTAL PLASTICS M&A BY END MARKET

End Market	Month-to-Date		Year-to-Date	
	2022	2023	2022	2023
Food & Beverage	5	5	32	29
Industrial	16	24	126	134
Consumer	4	1	33	24
Construction	3	0	26	11
Medical	3	2	29	26
Automotive / Transportation	2	2	23	7
Total	33	34	269	231

Global Plastics M&A exhibited a balanced mix of transaction activity across all buyer types in August, which was an encouraging shift from July when strategic buyers posted below-average volumes. The recent uptick in platform private equity deals, despite higher interest rates, has further resulted in increased M&A activity and a more positive outlook for the balance 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

Plastic public entities pulled back in August, with three of the four tracked indices generating losses. The Resin and Color & Compounding index posted a substantial loss of 12% in the month. When compared to the S&P 500, all tracked indices have underperformed in the year-to-date period.

Index		% Change August MTD		% Change August YTD
S&P 500 Index	↓	-1.8%	↑	17.4%
PMCF Plastics Index ⁽¹⁾	↓	-3.9%	↓	-0.4%
Resin and Color & Compounding ⁽²⁾	↓	-12.0%	↑	6.3%
Plastic Packaging ⁽³⁾	↑	0.7%	↓	-9.1%
Plastic Fabricating ⁽⁴⁾	↓	-2.3%	↑	7.9%

(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

- U.S. Machinery Shipment Value Dropped in Second Quarter (Plastics News)
- Numbers That Matter: Plastics Feeling a Pinch but May Avoid Recession (Plastics News)
- U.S. Seeks Middle Ground in Deeply Divided Plastics Treaty Talks (Plastics News)
- Recession Fears Have Been 'Blown Out of the Water,' Long-Serving Fed President Says (The Wall Street Journal)
- Job Market Cools but Is Far From Freezing (The Wall Street Journal)

Notable M&A Activity

Date	Acquirer	Target	Category
08/31/23	Oneida Molded Plastics	Phoenix Tool & Mold	Injection Molding
08/30/23	Marco Rubber & Plastics, LLC	American Seal & Packing	Injection Molding
08/29/23	Nelson-Miller, Inc.	Injection Works, Inc.	Injection Molding
08/23/23	ABC Technologies Holdings Inc.	Automotive business of Plastikon Industries	Automotive Plastics
08/23/23	Ravago Group	M. Holland (Majority Interest)	Resin Distribution
08/21/23	The Jordan Companies	Delrin Acetal Business of DuPont	Color & Compounding
08/01/23	Argosy Private Equity	Barco Products	Building Products
08/01/23	ShoreView Capital	Garner Industries	Machined Plastics

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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