

PLASTICS M&A UPDATE

SEPTEMBER 2023

Plastics Industry M&A Activity Tracking

Global Plastics M&A recorded 30 deals in September, which marked the second consecutive month with 30 or more transactions. September deal volumes were driven by private equity platform buyers, which continued to display elevated levels of activity. Overall, Q3 outpaced both Q1 and Q2 from a deal volume standpoint, recording 90 deals in the three-month period. Increased levels of M&A activity in Q3 represented a positive development for the plastics industry, which has dealt with varied demand trends amid a slowing macroeconomy.

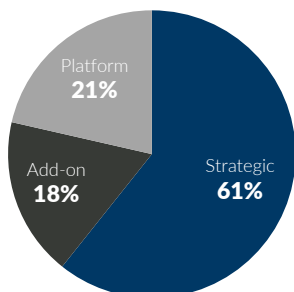
PLASTICS M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2022	2023	Change	2022	2023	Change
Blow Molding	1	0	-1	16	11	-5
Injection Molding	7	10	3	74	75	1
Film	2	6	4	49	31	-18
Resin / Color & Compounding	5	1	-4	36	29	-7
Sheet & Thermoforming	3	1	-2	23	16	-7
Specialty	10	12	2	99	99	0
Total Plastics	28	30	2	297	261	-36
Strategic	61%	50%	-11%	55%	48%	-7%
Financial Buyer - Add-on	18%	30%	12%	28%	31%	3%
Financial Buyer - Platform	21%	20%	-1%	18%	21%	3%

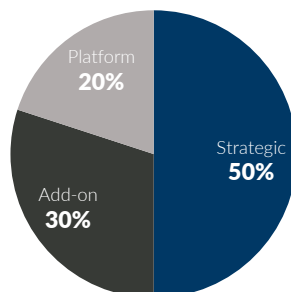
- Strategic buyers recorded 15 deals in September and 42 deals in Q3. When compared to Q2, strategic deal activity fell by 10 deals, however, deal volumes remained above sluggish Q1 levels
- Financial buyers accounted for 50% or more of the total transaction activity for the third straight month and 53% of deal volumes in the quarter. Financial buyer activity was driven by platform acquisitions, which accounted for 52% of all financial deals in Q3
- The Food & Beverage end market recorded over 10 deals for the second consecutive quarter. While this marks an improvement over recent activity levels, Food & Beverage transaction activity remains below pre-pandemic averages
- The Injection Molding subsector recorded 31 deals in Q3 and was the second most active subsector. Injection molding transaction activity has increased in each of the last three quarters and has reached its highest volumes since Q4 2021

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	1	4	33	33
Industrial	15	17	141	151
Consumer	0	4	33	28
Construction	4	3	30	14
Medical	4	1	33	27
Automotive / Transportation	4	1	27	8
Total	28	30	297	261

The Global Plastics M&A market displayed positive trends in Q3 2023, achieving higher deal volume than in the two preceding quarters despite rising interest rates, more challenging credit markets, and slowing demand. Private equity activity has had a major impact on the increased M&A volume seen in Q3 and has more than offset lower strategic buyer activity. 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 continued to pull back in September, with three of the four tracked indices generating losses. Plastic Fabricating was the sole index to achieve gains in the month and is also the strongest-performing plastics index in the year-to-date period. Through September, all tracked indices have underperformed the S&P 500.

Index		% Change September MTD		% Change September YTD
S&P 500 Index	↓	-4.9%	↑	11.7%
PMCF Plastics Index ⁽¹⁾	↓	-3.9%	↓	-4.3%
Resin and Color & Compounding ⁽²⁾	↓	-6.7%	↑	0.6%
Plastic Packaging ⁽³⁾	↓	-6.5%	↓	-15.3%
Plastic Fabricating ⁽⁴⁾	↑	4.3%	↑	10.1%

(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

- Job Gains Eased in Summer Months; Unemployment Increased in August (The Wall Street Journal)
- A Recession Is No Longer the Consensus (The Wall Street Journal)
- Report: US Plastics Shipments Grow 3%, Workforce Tops 1M (Plastics News)
- Plastics Treaty Must Avoid Climate Mistakes, UNEP Leader Says (Plastics News)
- US Finalizing Plans to Phase out Single-Use Plastics Across Public Lands (Plastics News)

Notable M&A Activity

Date	Acquirer	Target	Category
09/21/23	Essentra plc (LSE:ESNT)	BMP s.r.l.	Injection Molding
09/21/23	InvestIndustrial	Virospack S.L. (Majority Interest)	Rigid Packaging
09/19/23	InterFlex Group, Inc.	Skymark Packaging International Ltd.	Flexible Packaging
09/17/23	Lone Star Americas Acquisitions, Inc.	Eriks NV	Engineered Plastics
09/07/23	Bain Capital Private Equity, LP	Harrington Industrial Plastics LLC	Distribution
09/07/23	Icons Beauty Group	CTL Packaging USA, Inc.	Rigid Packaging
09/06/23	TJC LP	Soteria Flexibles Corp	Flexible Packaging
09/01/23	Oben Holding Group S.A.C.	Terphane Ltda.	Film

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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