

# PLASTICS M&A UPDATE

DECEMBER 2023

## Plastics Industry M&A Activity Tracking

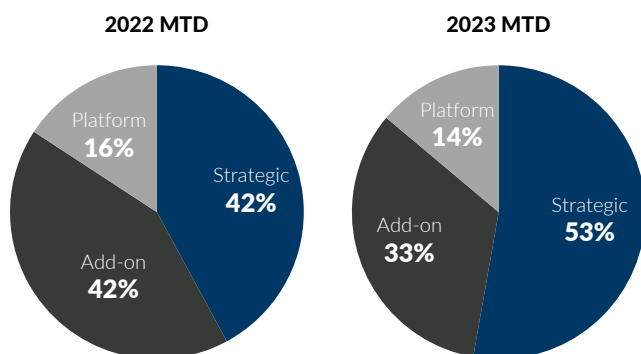
Global Plastics M&A recorded 36 deals in December, representing above-average deal volume and a continuation of October and November trends. December was tied for the third most active month of the year and concluded a strong second half of 2023. All three months in the fourth quarter recorded over 35 deals, boasting 115 deals total, or 30% of annual activity. Sustained demand in December resulted in 382 deals for 2023, representing the second-highest annual volume level since 2016 and outpacing 2022 volumes by 19 transactions.

### PLASTICS M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2022	2023	Change	2022	2023	Change
Blow Molding	1	1	0	20	16	-4
Injection Molding	4	10	6	88	129	41
Film	3	4	1	59	45	-14
Resin / Color & Compounding	1	5	4	42	42	0
Sheet & Thermoforming	1	1	0	28	19	-9
Specialty	9	15	6	126	131	5
<b>Total Plastics</b>	<b>19</b>	<b>36</b>	<b>17</b>	<b>363</b>	<b>382</b>	<b>19</b>
Strategic	42%	53%	11%	51%	52%	1%
Financial Buyer - Add-on	42%	33%	-9%	32%	30%	-2%
Financial Buyer - Platform	16%	14%	-2%	17%	18%	1%

- In December, 19 deals were attributable to strategic buyers. Activity from this buyer group has slowed after posting 26 deals in October and 22 in November. Despite the decline, December was still the third most active month for strategic buyers from a deal volume standpoint
- Private equity buyers recorded 17 deals in the month, down one from November levels. Add-on acquisitions represented 71% of deals for financial buyers. Despite falling below yearly averages, platform activity matched November levels with five deals
- Deals involving two Foreign parties accounted for 20 deals, or 56% of deal volume in December. Foreign M&A activity increased significantly from 2022 levels, posting its second-highest year since 2016 with 184 deals
- The Injection Molding subsector maintained elevated levels in December. The month capped off the most active year for this subsector since PMCF began tracking Plastics M&A

### 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	1	5	37	48
Industrial	13	21	208	235
Consumer	1	3	41	37
Construction	2	4	37	22
Medical	2	3	40	40
<b>Total</b>	<b>19</b>	<b>36</b>	<b>363</b>	<b>382</b>

Global Plastics M&A rounded out 2023 with a significant uptick in the second half compared to a sluggish first half. One of the key drivers of the increased activity in 2023 was foreign buyer participation, which reported a substantial increase of over 30% relative to 2022 levels. Plastics M&A appears to have strong momentum heading into 2024 with buyers reporting an uptick in new deals launched in Q4. 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 entity performance rallied in December with all four tracked indices producing gains in the month. However, three of the four tracked plastics indices declined in 2023, while the strong performance of blue-chip tech stocks led to the S&P 500 closing the year up more than 20%.

Index		% Change December MTD		% Change December YTD
S&P 500 Index	↑	4.4%	↑	24.2%
PMCF Plastics Index <sup>(1)</sup>	↑	6.2%	↓	-2.8%
Resin and Color & Compounding <sup>(2)</sup>	↑	0.1%	↓	-13.3%
Plastic Packaging <sup>(3)</sup>	↑	9.8%	↓	-4.5%
Plastic Fabricating <sup>(4)</sup>	↑	1.2%	↑	6.8%

(1) CMT, PRLB, MYE, DOW, WLK, TSE, AVNT, DNMR, ITP, SOLB, LYB, FOE, ATR, SON, SLGN, BERY, AMC, SEE, TCL, WPK, NPK, HUH1V, PTVE, ESNT (2) DNMR, DOW, TSE, WLK, AVNT, ITP, SOLB, LYB, FOE (3) ATR, SON, SLGN, NPK, BERY, AMC, HUH1V, SEE, TCL, WPK, PTVE, ESNT (4) CMT, PRLB, MYE, RMTO

## Major News

- No Single Approach Will Solve Plastics Problems (Plastics News)
- PET Bottle Recycling Holds Steady (Plastics News)
- Backers See Chance For Boost to Bottle Bills (Plastics News)
- World Central Banks Signal Victory Over Inflation Is in Sight (The Wall Street Journal)
- U.S. Jobs Market Cools Again, Conference Board Employment Trends Index Shows (The Wall Street Journal)

## Notable M&A Activity

Date	Acquirer	Target	Category
12/31/23	Trioworld Group AB	Wentus GmbH	Film
12/19/23	Sanok Rubber Company Spółka Akcyjna (WSE:SNK)	Teknikum Group Ltd.	Rubber
12/18/23	EQT AB (OM:EQT)	Zeus Company Inc.	Extrusion
12/15/23	Samvardhana Motherson International (NSE: SAMD)	Lumen Australia	Injection Molding
12/14/23	Le Sueur Incorporated	Craft Pattern & Mold, Inc.	Injection Molding
12/11/23	ISCO Industries, LLC	Infinity Plastics, LLC	Extrusion
12/05/23	Nissha Medical	Isometric Intermediate	Medical Plastics
12/01/23	Geon Performance Solutions	Polymax Thermoplastic	Resin

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

COMPOUNDING

THERMOFORMING

PACKAGING DISTRIBUTION & BLOW MOLDED PACKAGING

INJECTION MOLDING

RECYCLING & FLEXIBLE PACKAGING

THERMOFORMED PACKAGING

SPECIALTY EXTRUSION & INJECTION MOLDING

INJECTION & BLOW MOLDED PACKAGING

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