

PMCF INDUSTRY M&A ACTIVITY TRACKING

Global M&A volume fell sharply in both plastics and packaging sectors in March 2020 as the COVID-19 virus negatively impacted a large number of transactions in process. Global Plastics M&A volume recorded 24 transactions during the month, a decrease of eight deals over the same period in 2019. Blow Molding, Injection Molding, and Film subsectors all experienced declines in March, continuing a downward trend that started in February. Resin / Color & Compounding and Specialty were the only subsectors that have not been negatively impacted, both showing increased activity for the first quarter 2020.

M&A volume for Global Packaging declined by more than 50% in March after having consistent levels of activity through the end of February. Reported M&A transactions declined progressively throughout the month with the second half of the month reporting only a handful of transactions. All subsectors posted declines for the month with Flexible Plastic being impacted the most with only 2 transactions recorded in March and 6 transactions in Q1 2020 (compared to 21 transactions in Q1 2019). Paper and Other are showing some resilience with both subsectors reporting increased activity for the year.

Global stock markets dropped significantly in March as the increased spread of COVID-19 caused major economies to largely shut down with the timing of reopening still uncertain. The Dow and S&P 500 stock market indices had their worst month of performance since 2008. PMCF's Plastics & Packaging Indices posted similar declines, finishing the month with double-digit decreases across all subsectors.

COVID-19 has certainly had an unprecedented impact on the global economy, stock market performance, and M&A activity in a very short time period, plastics and packaging M&A was no exception. Deals are still getting done in this environment, but it appears to be with companies that haven't been materially impacted by COVID-19. We expect to see lower M&A activity in plastics and packaging for the next couple of months as a result.

Data as of March 31, 2020	Month-to-Date (MTD)			Year-to-Date (YTD)		
	2019	2020	Change	2019	2020	Change
Plastics						
Blow Molding	5	2	-3	10	6	-4
Injection Molding	8	3	-5	30	16	-14
Film	6	3	-3	19	9	-10
Resin / Color & Compounding	4	6	2	11	15	4
Sheet & Thermoforming	0	1	1	5	2	-3
Specialty	9	9	0	20	25	5
Total Plastics	32	24	-8	95	73	-22
Strategic	50%	58%	8%	55%	58%	3%
Financial Buyer - Add-on	31%	21%	-10%	32%	27%	-4%
Financial Buyer - Platform	19%	21%	2%	14%	15%	1%
Packaging						
Rigid Plastic	10	6	-4	21	15	-6
Flexible Plastic	7	2	-5	21	6	-15
Paper	13	6	-7	31	32	1
Other	4	2	-2	12	15	3
Total Packaging	34	16	-18	85	68	-17
Strategic	44%	50%	6%	53%	60%	7%
Financial Buyer - Add-on	29%	25%	-4%	29%	22%	-7%
Financial Buyer - Platform	26%	25%	-1%	18%	18%	0%

Sources: Capital IQ, PitchBook, Thomson Reuters, Company Reports, PMCF

NOTABLE M&A ACTIVITY

Date	Acquirer	Target	Category
03/29/20	Klabin S.A. (BOVESPA:KLBN4)	Brazilian Corrugated Packaging Business of International Paper	Corrugated
03/25/20	CMI Limited Co.	Engineered Plastic Systems, LLC	Extrusion
03/18/20	KKR & Co. Inc. (NYSE:KKR)	Viridor Limited	Resin Supplier
03/18/20	Bormioli Pharma Bidco S.p.A.	GCL Pharma S.r.l.	Injection Molding / Rigid Packaging
03/12/20	Clarus Corporation (NasdaqGS:CLAR)	SKB Corporation, Inc.	Rotomolding / Rigid Packaging
03/12/20	Alliance Etiquettes	5 Sept Étiquette	Printing/Labels
03/06/20	Karnell	Vebe Teknik AB	Machinery/Equipment
03/05/20	Pregis Corporation	So.Pr.Ad. SRL	Film
03/03/20	Good Natured Products Inc. (TSXV:GDNP)	Shepherd Thermoforming & Packaging Inc.	Thermoforming / Rigid Packaging
03/03/20	GPA Global	Hub Folding Box Company, Inc.	Folding Cartons

PUBLIC ENTITY PERFORMANCE

Index	% Change March MTD	% Change March YTD
S&P 500 Index	↓ -12.5%	↓ -20.0%
PMCF Plastics & Packaging Index ⁽¹⁾	↓ -16.8%	↓ -29.6%
Rigid Plastic Packaging ⁽²⁾	↓ -5.3%	↓ -21.1%
Flexible Plastic Packaging ⁽³⁾	↓ -16.3%	↓ -28.9%
Other Packaging ⁽⁴⁾	↓ -12.4%	↓ -15.6%
Paper Packaging ⁽⁵⁾	↓ -12.7%	↓ -28.9%

(1) AMC, ATR, AVY, BLL, BERY, CCLB, CLN, POM, CMT, ESNT, FOE, HUH1V, ITR, LYB, MYE, SLGN, NPK, POL, SEE, SIM, SOLB, SON, TCLA, TG, WLK, WPK, IPLP, NWL (2) ATR, BERY, IPLP, NPK, SLGN, SON (3) AMC, HUH1V, SEE, TCLA, WPK (4) AVY, BLL, CCLB, CCK, GXI, OI, TSE:5901, ARD (5) CAS, SMDS, GPK, GEF, IP, MNDI, PKG, SK3, WRK

MAJOR NEWS

- Despite coronavirus, US economy ready to bounce back (*Plastics News*)
- US boxboard market busier in March on carton and take-out virus-related demand; industry eyes conditions ahead (*Fastmarkets RISI*)
- War on Plastic Takes a Back Seat in Coronavirus Crisis (*Wall Street Journal*)
- Plastics firms work to fill shortage of masks and other protective equipment (*Plastics News*)

For more information, check out our new website, where you can access the electronic version of this report, sign up for future emails, read our latest industry reports, and more!



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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.

Please let us know if you would like to set up a confidential call or meeting. My contact information is john.hart@pmcf.com or 248.223.3468.

Rigid Packaging

Flexible Packaging

Engineered Products

Corrugated & Paper Packaging

Blow Molding

Injection Molding

Extrusion

Specialty Film

Color & Compounding

Printing & Labeling

Thermoforming

Packaging Machinery

RECENT PMCF PLASTICS & PACKAGING TRANSACTIONS



SPECIALTY EXTRUSION & INJECTION MOLDING



INJECTION & BLOW MOLDED PACKAGING



THERMOFORMED PACKAGING, FOLDING CARTONS



SPECIALTY PAPER & LUXURY PACKAGING



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