

# PLASTICS M&A QUARTERLY

2016 YEAR IN REVIEW



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20  
16

# PMCF Transaction Announcements



has been acquired by



**Cleveland Steel Container Corporation**


PACKAGING: INDUSTRIAL  
Blow Molding  
Company Sale to Strategic Buyer




has acquired




MEDICAL COMPONENTS  
Injection Molding  
Strategic Acquisition Advisory



has been acquired in a merger with



a portfolio company of



MORGENTHAUER  
PRIVATE EQUITY

ENGINEERED COMPONENTS  
Injection Molding and Extrusion  
Company Merger with Strategic Partner

## ABOUT PMCF

P&M Corporate Finance (“PMCF”) is an award-winning M&A advisory firm, focused exclusively on middle market transactions. PMCF was founded in 1995 and has successfully closed over 250 transactions. The firm has offices in Chicago, Detroit, and around the globe via its Corporate Finance International (“CFI”) affiliate. PMCF has more than 20 bankers through its dedicated deal teams and the reach of more than 200 bankers through CFI.

Our dedicated Plastics and Packaging Team has deep industry knowledge and covers a wide range of processes including thermoforming, sheet and film extrusion, blow molding, injection molding, and resin and color compounding. Offering a depth of advisory services, the Plastics and Packaging Team has helped clients worldwide meet their sale, acquisition, financing, and strategic growth objectives.

PMCF is an affiliate of Plante Moran, one of the nation’s largest accounting and professional services firms.

## INVESTMENT BANKING SERVICES:

- Mergers & Acquisitions
- Sales & Divestitures
- Strategic Assessments
- Sale Planning
- Capital Raising

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# 2016 Market Summary & Outlook

In 2016 the plastics and packaging M&A market experienced several notable trends including strong second half of the year performance, the second consecutive year of growth in private equity activity, increased public valuation multiples, and higher outbound M&A activity from US buyers. Plastics and packaging transaction volume consisted of 337 transactions in 2016, up from 328 in 2015.

Deal activity has been supported in part by increased industry consolidation from private equity buyers, low-cost financing, and continued strategic buyer interest in M&A as a growth vehicle. In reviewing private equity trends specifically, add-on acquisitions increased from 49 deals in 2015 to 67 deals in 2016 as these investors sought to invest in “buy and build” platforms at an increased level, creating even higher competition for quality acquisition opportunities.

From a cross-border viewpoint, U.S.-based buyers had an increasing role in global plastics M&A in 2016, due in part to a favorable economic environment and strong U.S. dollar. Foreign buyers experienced a slower year for plastics M&A as uncertainty in Asian and European markets contributed to less conducive M&A conditions for foreign buyers. Accordingly, the number of transactions involving foreign buyers fell to 198 deals, or 25 fewer deals than the 5 year average from 2010 to 2015 of 223 deals.

Key 2016 plastics M&A trends included the following:

- Year over year increase of 22 deals in H2 2016, which offset a decline of 13 deals in H1 2016, as buyers overcame some of H1’s economic uncertainty.
- On a sector basis, volume growth was driven by film and blow molding, which grew by a combined 21 transactions. This growth was partially offset by declines in injection molding and resin / color & compounding activity.
- Transaction mix shift in plastic packaging as flexible packaging transactions increased by 8 deals in 2016 and rigid packaging activity declined by 9 deals year over year.
- Average stock market valuations for publicly traded plastics and packaging companies increased by 0.2x, from 9.8x EV/EBITDA in Q4 2015 to 10.0x in Q4 2016.

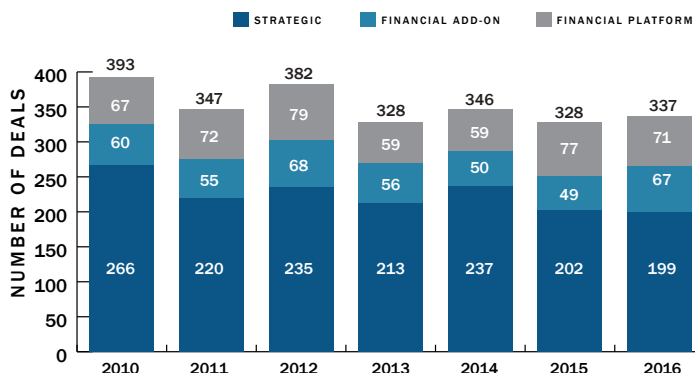
Key transactions for second half 2016 included the following:

- Pritzker Group Private Capital’s acquisition of ProAmpac (sales of nearly \$1 billion)
- Newell Brands’ (NYSE:NWL) acquisition of Sistema Plastics for \$470 million
- Water Street Healthcare Partners and JLL Partners’ acquisition of MedPlast
- American Securities’ acquisition of Chromaflo from Arsenal Capital
- Teijin Limited’s (TSE:3401) acquisition of Continental Structural Plastics for \$825 million from an investment group led by Scott Capital
- CCL Industries’ (TSX:CCL.B) acquisition of Innovia Group for \$844 million

Plastics M&A activity in 2016 extends a prolonged cycle of robust deal making and strong valuations. The environment continues to be a “seller’s market” driven mainly by the high level of competition from both financial and strategic buyers and the low cost of capital. Our current view is that the strong M&A market will continue for 2017, but we remain somewhat cautious due to the extended length of the current, robust cycle. With the election completed and the renewed optimism for the economy, factors are in place to help extend the cycle.

Sector	2013	2014	2015	2016	'15 - '16 Change	% Change
Blow Molding	22	23	22	29	7	32%
Injection Molding	86	95	102	94	-8	-8%
Film	60	65	59	73	14	24%
Resin / Color & Compounding	68	72	54	43	-11	-20%
Sheet & Thermoforming	38	23	30	32	2	7%
Specialty	54	68	61	66	5	8%
<b>Total</b>	<b>328</b>	<b>346</b>	<b>328</b>	<b>337</b>	<b>9</b>	<b>3%</b>

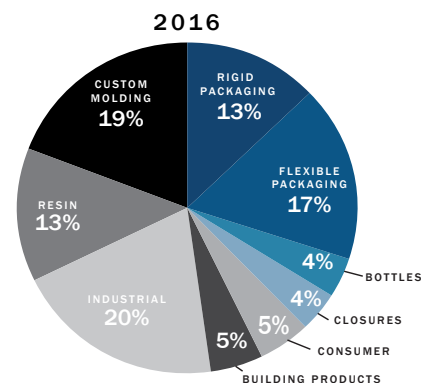
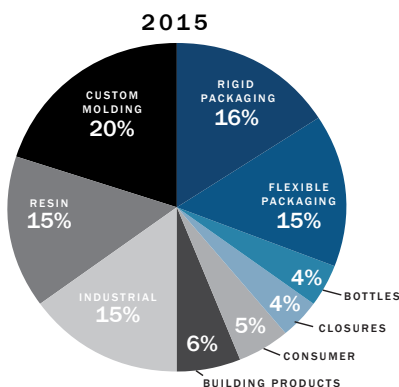
## TRANSACTIONS BY BUYER TYPE



## TOTAL PLASTICS M&A BY QUARTER

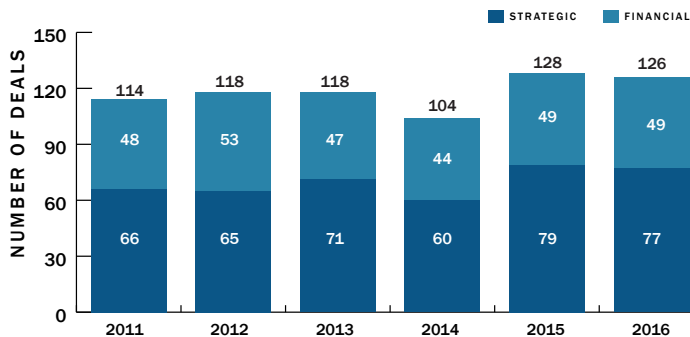
Q1 '16	Q2 '16	Q3 '16	Q4 '16
79	82	89	87

## TRANSACTIONS BY PRODUCT SEGMENT



# Global Plastic Packaging M&A

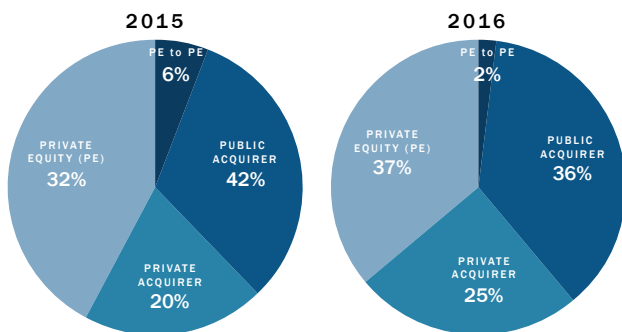
## TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

	2015	2016
Food & Beverage	71	58
Industrial	14	25
Consumer	30	32
Construction	-	-
Medical	13	11
Automotive	-	-
Transportation	-	-
Electronics	-	-
<b>TOTAL</b>	<b>128</b>	<b>126</b>

## BUYER TYPE



## PACKAGING TRANSACTION DETAIL

	2015		2016	
	#	% Packaging	#	% Packaging
Rigid	54	42%	45	36%
Flexible	48	38%	56	44%
Bottles	12	9%	13	10%
Caps & Closures	14	11%	12	10%
<b>TOTAL</b>	<b>128</b>	<b>100%</b>	<b>126</b>	<b>100%</b>

## TRENDS IN M&A

- Global plastic packaging M&A activity was flat year over year, with 128 deals in 2015 compared to 126 deals in 2016
- Rigid packaging M&A declined by 9 deals in 2016, as compared to 2015, while flexible packaging transactions increased by 8 deals year over year. Our view is that these trends were likely timing based, versus shifting buyer interest, which remains robust in both segments
- Deals involving packaging manufacturers focused on industrial applications including protective products grew significantly from 14 deals in 2015 to 25 deals in 2016
- Deals involving food & beverage packaging manufacturers experienced a decline from 71 deals in 2015 to 58 deals in 2016, as the historical consolidation in this end market may be limiting the supply base of quality acquisition targets

## FEATURED SECTOR TRANSACTIONS

October 2016 – Pritzker Group Private Capital, along with ProAmpac’s management team and other co-investors, acquired ProAmpac from Wellspring Capital Management. ProAmpac is a flexible packaging leader with number 1 or number 2 positions in the company’s key end markets. ProAmpac offers flexible packaging solutions for the food and retail end markets through four distinct brands. The acquisition gives the Pritzker Group a presence in flexible packaging and serves as a platform for additional acquisitions. ProAmpac has more than 2,400 employees across 18 manufacturing locations in North America, Europe and Asia. The company has sales of nearly \$1 billion and the majority of its customers are based in North America.

November 2016 – RPC acquired Plastiape S.p.A. from PM & Partners for approximately €150 million. Plastiape manufactures and markets packaging products for the cosmetic and pharmaceutical industries. The company’s products include dry powder inhalers, pharmaceutical packaging and delivery systems, and closures. The acquisition of Plastiape will expand RPC’s reach into the cosmetic and healthcare sectors. PM & Partners purchased Plastiape in 2013 and has supported the company’s growth as it reached approximately €60 million in sales.

November 2016 – Sonoco Products announced the acquisition of North Carolina-based Plastic Packaging Inc., a privately held flexible packaging company. Plastic Packaging Inc. specializes in short-run, customized flexible packaging for the food, pet products, confection, health, and consumer end markets. Commenting on the acquisition, Rob Tiede, Sonoco’s senior vice president for Global Consumer Solutions, stated, “This acquisition grows our flexible packaging assets in the southeast U.S., adding short-run capabilities that allow us to offer additional specialty and customization capabilities to our customers.” Plastic Packaging Inc. has sales of approximately \$42 million and operates two manufacturing facilities with approximately 170 employees.

Sources: P&M Corporate Finance, Plastics News, Company Reports, Bloomberg

# Global Injection Molding M&A

## TRENDS IN M&A

- Transaction volume involving injection molders declined slightly to 94 deals in 2016 compared to 102 deals in 2015
- Financial buyers accounted for 44% of injection molding transactions in 2016, up from 40% in 2015, reflecting the second consecutive year of increasingly active private equity investors in injection molding
- Public acquirers' percentage of deal volume decreased from 37% in 2015 to 28% of deal volume in 2016, while the proportion of transactions from private strategic acquirers increased from 23% in 2015 to 28% in 2016
- The industrial and consumer sectors had increased deal volume in 2016, growing by 10 transactions, while declines in the automotive and food & beverage sectors offset this growth with a decline of 16 deals from 2015 to 2016
- Deal activity involving domestic buyers grew from 35 deals in 2015 to 40 deals in 2016, while transactions with both a foreign buyer and seller declined from 61 in 2015 to 51 in 2016

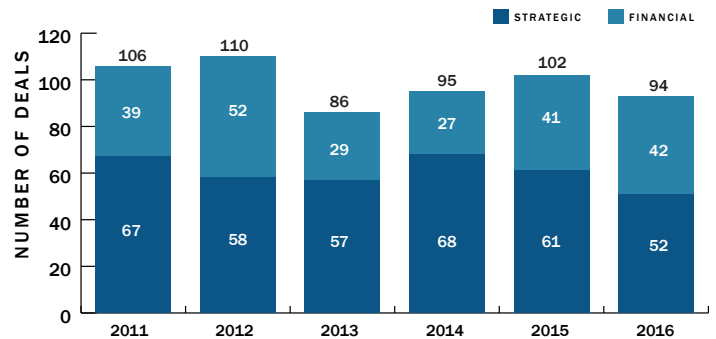
## FEATURED SECTOR TRANSACTIONS

December 2016 – Water Street Healthcare Partners and JLL Partners announced the acquisition of MedPlast from Baird Capital Partners and co-investors. MedPlast produces integrated custom plastic processing solutions for finished medical devices. The company's medical device services continue to grow as increasing numbers of original equipment manufacturers turn to outsourcing providers to generate cost and time efficiencies. Water Street and JLL will seek to expand MedPlast's capabilities into high-value areas to form an integrated portfolio of end-to-end product solutions. The company's CEO, Harold Faig, stated, "This acquisition will give us access to expertise and resources to grow our core competencies into areas that will bring considerable value to our customers." MedPlast is based in Temple, AZ and operates ten ISO 13485-certified facilities, and Class 7 and 8 clean rooms.

October 2016 – French auto supplier Mecaplast Group announced plans to acquire Michigan-based Key Plastics. Key Plastics manufactures and assembles high value add automotive interior, exterior and under-the-hood plastic components for OEM and Tier 1 automobile customers through the company's 11 plants and 3 technical centers. The acquisition of Key Plastics expands Mecaplast's presence in the target geographies of the United States, Germany, and China. Key Plastics is majority-owned by private equity firm Wayzata Investment Partners which acquired the company out of bankruptcy in 2009.

December 2016 – Spell Capital Partners acquired Viking Plastics, an injection molder for tight tolerance proprietary products. Viking Plastics offers its products to customers in the air conditioning, fuel system products, brackets and clips, HVAC, industrial caps/closures, and kitchen/bath markets. Viking Plastics seeks to use the outside investment from Spell Capital to finance further company expansion and to execute its strategic plan. Viking Plastics employees 125 people in the US and has joint ventures in São Paulo and Suzhou, China.

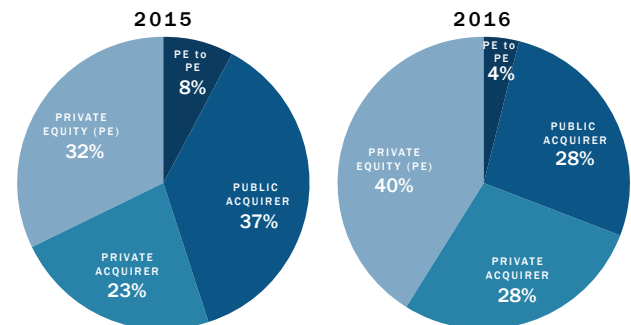
## TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

	2015	2016
Food & Beverage	14	5
Industrial	21	23
Consumer	19	27
Construction	2	2
Medical	17	18
Automotive	24	17
Transportation	1	1
Electronics	4	1
<b>Total</b>	<b>102</b>	<b>94</b>

## BUYER TYPE



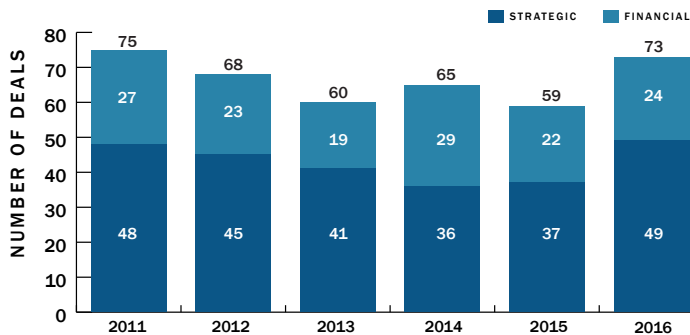
## CROSS-BORDER DETAIL

	2015	2016
U.S.-to-U.S.	29	32
U.S.-to-Foreign	6	8
Foreign-to-U.S.	6	3
Foreign	61	51
<b>Total</b>	<b>102</b>	<b>94</b>
Distressed	5	2



# Global Film M&A

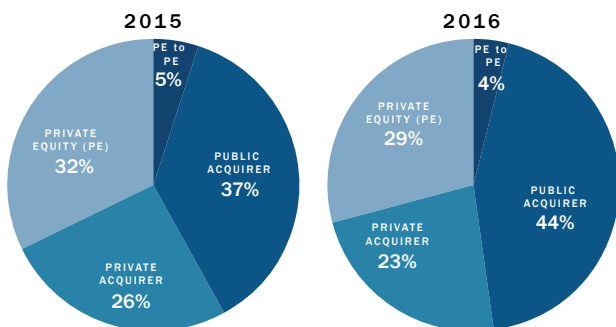
## TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

	2015	2016
Food & Beverage	31	37
Industrial	14	20
Consumer	8	9
Construction	-	1
Medical	5	4
Automotive	-	-
Transportation	-	1
Electronics	1	1
<b>Total</b>	<b>59</b>	<b>73</b>

## BUYER TYPE



## CROSS-BORDER DETAIL

	2015	2016
U.S.-to-U.S.	12	19
U.S.-to-Foreign	3	8
Foreign-to-U.S.	2	7
Foreign	42	39
<b>Total</b>	<b>59</b>	<b>73</b>
Distressed	1	1

## TRENDS IN M&A

- Deals involving film extruders and converters increased nearly 24% from 59 deals in 2015 to 73 deals in 2016, representing the most active year for the segment's M&A activity since 2011
- From an end market perspective, increased transaction volume was driven primarily by higher deal activity in the industrial and food & beverage sectors, which each grew by 6 deals in 2016 compared to 2015. This growth in the film sector was supported by increased flexible packaging activity, which accounted for more than 75% of the overall segment growth
- From a buyer perspective, deal volume growth in global film was driven by increased activity from strategic acquirers, who accounted for 49 deals in 2016 compared to 37 deals in 2015
- Transactions involving a domestic buyer increased from 15 deals in 2015 to 27 deals in 2016 reflecting strong U.S. strategic buyer interest in the segment

## FEATURED SECTOR TRANSACTIONS

December 2016 – CCL Industries (TSX:CCL) agreed to acquire Innovia Group for CAD 1.1 billion from a private-equity consortium managed by Smithfield Group. Innovia Films is a leading global manufacturer of BOPP films used in the packaging, labels, tobacco overwrap and securities markets. The acquisition of Innovia is expected to make CCL the leader in the polymer banknote market. CCL's President and CEO, Geoffrey T. Martin, commented that the transaction propels CCL into a leadership position in the disruptive, fast growing polymer banknote market while strengthening the company's materials science depth.

October 2016 – Continental AG (DB:CON) subsidiary Benecke-Kaliko AG agreed to acquire Konrad Hornschuch AG from Equistone Partners Europe for approximately €400 million. Hornschuch is a leading manufacturer of compact films, foam laminates, and artificial leather for industrial automotive applications. Both the target and the acquirer are based in Germany and service the automotive industry. Benecke-Kaliko is seeking to expand its industrial business and open new sales markets, particularly in North America, through the acquisition of Hornschuch. Hornschuch generated sales of €410 million in 2015, and has more than 1,800 employees across four product sites in Germany and the USA.

November 2016 – Rogers Corporation (NYSE:ROG), a global leader in engineered material solutions, announced the acquisition of DeWAL Industries. DeWAL is the industry leader in the manufacturing of High-Performance Polymer Films and Pressure-Sensitive Tapes. DeWAL is complementary to Rogers' Elastomeric Material Solutions business and would enable expansion into aerospace, electronics, and other industrial verticals. DeWAL's revenues are approximately \$50 million, and Rogers expects DeWAL's profitability to be comparable to EMS' current product lines. The transaction is expected to be accretive to Rogers in 2017.

Sources: P&M Corporate Finance, Plastics News, Company Reports

# Global Resin and Color & Compounding M&A

## TRENDS IN M&A

- Transactions involving resin and color & compounding suppliers declined from 54 in 2015 to 43 in 2016, representing levels that are at a six-year low
- Sustained, lower resin prices in 2015 and 2016 may have led this decline which was reflected primarily in lower public acquirer buying activity. Public acquirer deal activity decreased from 41% of total resin and color & compounding transactions in 2015 to 25% in 2016
- Sector transaction mix of 70% resin suppliers and 30% color & compounding remained consistent with 2015
- The domestic buyer M&A market for resin and color & compounding experienced growth with an increase from 13 deals in 2015 to 20 deals in 2016, while transactions involving both a foreign buyer and seller declined from 35 deals in 2015 to 21 in 2016

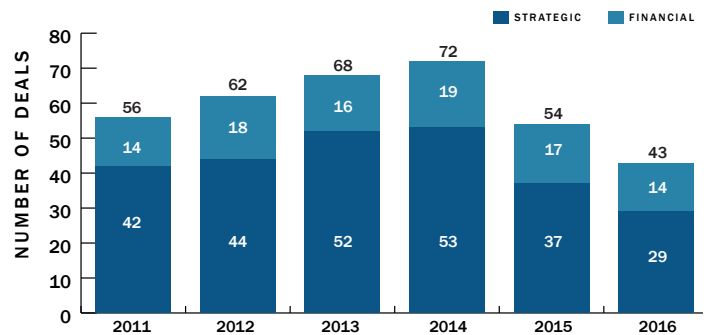
## FEATURED SECTOR TRANSACTIONS

October 2016 – American Securities agreed to acquire Ohio-based Chromaflo Technologies from Arsenal Capital and Nordic Capital. Chromaflo is a leading independent global supplier of colorant systems, chemical and pigment dispersions with more than 200 product lines and 7,000 products, serving customers across six continents. During Arsenal and Nordic’s ownership Chromaflo pursued an organic and acquisitive growth strategy to grow the business. Chromaflo seeks to utilize American Securities capabilities to expand the company’s product offering, geographies, and market reach. In 2013 Arsenal merged Chromaflo with CPS Color BV, resulting in a global business with more than \$400 million of sales.

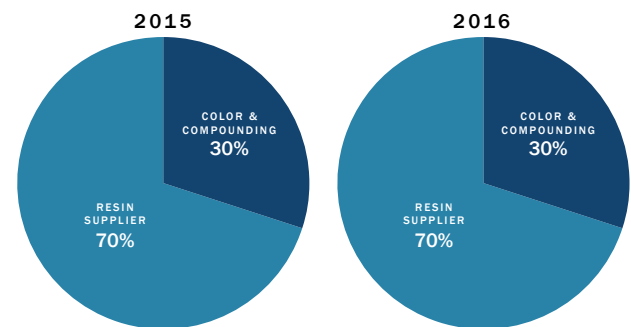
December 2016 – Leading specialty materials company Celanese Corporation (NYSE:CE) has completed its acquisition of compounder SO.F.TER. Group. Italy-based SO.F.TER. Group produces a range of engineering and thermoplastic compounds, specializing in flame retardant, reinforced materials suitable for high heat applications. The Company has locations in the United States, Italy, Germany, Brazil, and Mexico and serves automotive, appliance, construction, and footwear end markets. Scott Sutton, President and EVP of Celanese Material Solutions, commented, “SO.F.TER. Group’s sophisticated and modern manufacturing facilities and product portfolio provide a vehicle for additional growth, investment and synergies.”

October 2016 – Ferro Corporation (NYSE:FOE) signed a definitive agreement to acquire Belgium-based Cappelle Pigments NV for €50.5 million. Cappelle produces and supplies high grade organic pigments, transparent iron oxides, and bismuth vanadate pigments for ink, coating, and plastics applications. The company offers solutions to water, screen inks, metal deco in the automotive, industrial, and outdoor decorative coating end markets. Peter Thomas, Chairman, President and CEO of Ferro, commented, “This acquisition strengthens our color solutions business by facilitating our expansion into the high-performance, specialty organic pigment market and complementing our inorganic pigment portfolio.” The transaction will expand Ferro’s addressable market for pigments and increase sales in Pigments, Powders and Oxides by approximately \$70 million.

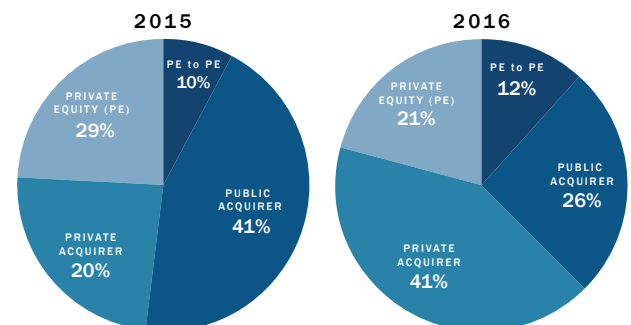
## TRANSACTIONS BY BUYER TYPE



## TRANSACTION SECTOR DETAIL



## BUYER TYPE

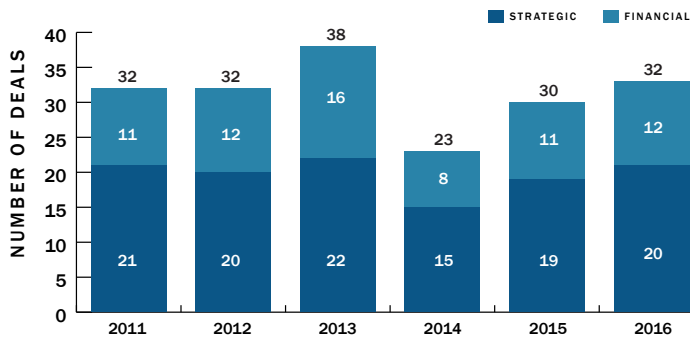


## CROSS-BORDER DETAIL

	2015	2016
U.S.-to-U.S.	10	12
U.S.-to-Foreign	3	8
Foreign-to-U.S.	6	2
Foreign	35	21
<b>Total</b>	<b>54</b>	<b>43</b>
Distressed	-	1

# Global Sheet and Thermoforming M&A

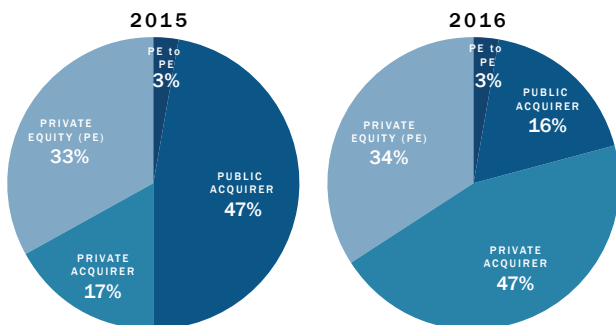
## TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

	2015	2016
Food & Beverage	14	7
Industrial	6	11
Consumer	5	6
Construction	1	-
Medical	1	2
Automotive	1	6
Transportation	2	-
Electronics	-	-
<b>Total</b>	<b>30</b>	<b>32</b>

## BUYER TYPE



## CROSS-BORDER DETAIL

	2015	2016
U.S.-to-U.S.	6	16
U.S.-to-Foreign	2	3
Foreign-to-U.S.	2	2
Foreign	20	11
<b>Total</b>	<b>30</b>	<b>32</b>
Distressed	-	1

## TRENDS IN M&A

- Sheet and thermoforming M&A in 2016 increased by 2 deals year over year. The increase was driven by thermoforming deal volume which grew from 21 to 24 deals and accounted for 75% of the segment's activity
- Both financial and strategic buyers slightly increased transaction volume in 2016, each growing by 1 deal
- The industrial and automotive end markets were the largest contributors to increased deal volume in 2016, contributing a total of 10 incremental transactions. This growth was partially offset by a 7 deal decline in the food and beverage end market
- Transactions involving US buyers increased significantly from 8 deals in 2015 to 19 deals in 2016, representing continued consolidation trends in the US sheet and thermoforming industry

## FEATURED SECTOR TRANSACTIONS

December 2016 – TriEnda Holdings, owned by a group of investors, acquired PendaForm, a manufacturer of pickup bed liners and accessories, from investment firm Littlejohn & Co. PendaForm serves both the after-market and original equipment manufacturers. The combination of PendaForm with TriEnda's operations creates the largest heavy-gauge thermoformer in North America, with 47 heavy-gauge thermoforming machines and 13 extrusion lines. TriEnda is based on Wisconsin and PendaForm is based in Ohio with a facility in Wisconsin.

November 2016 – IPL Inc, a holding company of investment firm One51 plc – announced the acquisition of Encore Industries Inc. for a total Enterprise Value of \$35.0 million. Encore is a producer of industrial rigid plastic packaging products. The company's three facilities located in Ohio, Georgia, and Minnesota primarily serve the North American industrial market. The acquisition of Encore will allow IPL to expand its geographic footprint, enhance its production capacity, and broaden its product offering. Encore's pro forma sales are approximately \$54 million for 2016. The transaction is expected to be earnings enhancing in 2017.

November 2016 – Multi Packaging Solutions (NYSE:MPSX) announced the acquisition of i3 Plastic Cards for \$31.9 million. i3 Plastic Cards designs and manufactures plastic transaction cards. The company offers an in-line solution that includes printing on heavy plastic, in-line mag stripe, encoding and verification, UV DOD imaging, and in-line die cutting in various shapes and sizes. The company's products include e-paid gift cards and loyalty cards for US customers. In a related deal, Multi Packaging Solutions acquired AJS Labels Limited for \$13.4 million.

Sources: P&M Corporate Finance, Plastics News, Company Reports



# Global Blow Molding M&A

## TRENDS IN M&A

- Global blow molding transaction volume increased from 22 deals in 2015 to 29 deals in 2016, driven by significantly increased financial buyer activity. Rigid packaging blow molders are continuing to receive significant interest from buyers
- Blow molding M&A activity within the industrial segment drove increased volume as the number of transactions nearly doubled from 6 in 2015 to 11 in 2016
- Private equity transaction volume increased from 37% of deal activity in 2015 to 55% in 2016, offsetting public buyer activity which declined from 45% to 21% of deal volume
- Transactions involving US buyers increased from 3 deals in 2015 to 12 deals in 2016, as consolidation in the domestic market picked back up after the lower activity experienced in 2015

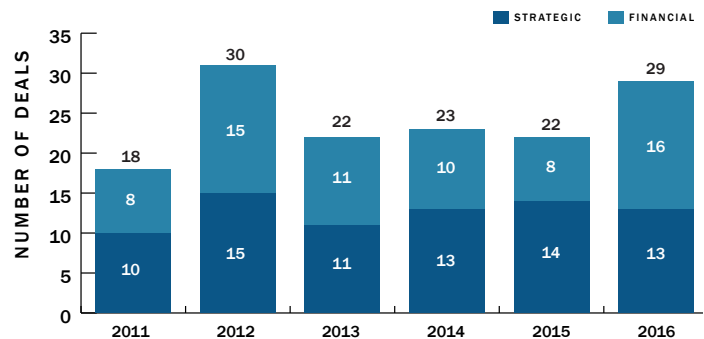
## FEATURED SECTOR TRANSACTIONS

December 2016 – The National Container Group – a subsidiary of private-equity backed Mauser Group – acquired Total Container Group from HCI Partners. Total Container produces a wide range of industrial container solutions ranging from less than 1-gallon cans to 20,000-gallon storage. The transaction strengthens National Container’s presence in Ohio, Texas and Southern California and expands the company’s footprint in the Southeastern United States. Clayton, Dubilier & Rice acquired Mauser Group in 2014 for \$1.7 billion

December 2016 - Investment firm Speyside Equity has acquired Western Industries, Inc. from private equity owner Graham Partners. Western Industries blow molds large part components and products for appliance, recreational, and industrial end markets. The Company operates 15+ blow mold heads and has presses with varying shot sizes up to 75 pounds. Graham Partners originally invested in Western Industries in 1999.

December 2016 – Bain Capital-backed Consolidated Container Company acquired the assets of Denver-based Bottles Unlimited. Bottles Unlimited manufactures rigid plastic packaging for the dairy, water, industrial, and specialty chemical markets. Commenting on the acquisition, Patrick Keese, senior vice president and general manager of the beverage group, stated, “The acquisition of this business allows CCC to further expand our operating footprint and product offering to the benefit of our growing customer base,” Consolidated Containers is based in Atlanta and operates 56 plastic manufacturing facilities.

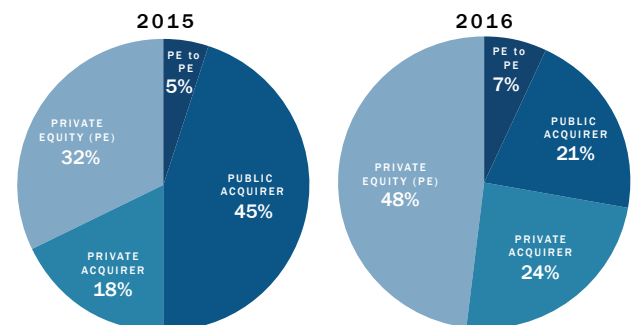
## TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

	2015	2016
Food & Beverage	8	10
Industrial	6	11
Consumer	6	5
Construction	-	-
Medical	1	2
Automotive	1	1
Transportation	-	-
Electronics	-	-
<b>Total</b>	<b>22</b>	<b>29</b>

## BUYER TYPE



## CROSS-BORDER DETAIL

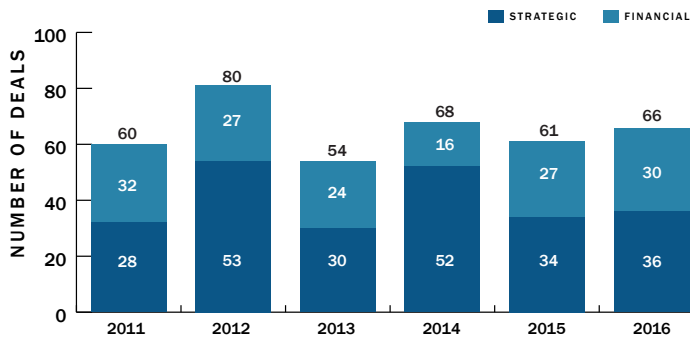
	2015	2016
U.S.-to-U.S.	3	9
U.S.-to-Foreign	-	3
Foreign-to-U.S.	1	1
Foreign	18	16
<b>Total</b>	<b>22</b>	<b>29</b>
Distressed	2	1

# Other Global Plastic Processing Activity

## TRENDS IN M&A

- M&A activity in 2016 involving other plastic process types, including rotational molding, foam, pipe & tube, profile extrusion, and composites, increased to 66 deals – compared to 61 in 2015
- Both financial and strategic buyers contributed to increased transaction volume growing by 3 deals and 2 deals, respectively
- Industrial, automotive, and consumer sectors experienced the largest end market increases, combining for an increase of 9 deals from 2015 to 2016
- Transaction volume in the food & beverage sector segment declined from 4 deals in 2015 to zero in 2016, which may be a result of transaction timing as opposed to a long-term trend

## TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

	2015	2016
Food & Beverage	4	-
Industrial	26	30
Consumer	6	8
Construction	17	16
Medical	1	2
Automotive	4	7
Transportation	2	3
Electronics	1	-
<b>Total</b>	<b>61</b>	<b>66</b>

## FEATURED SECTOR TRANSACTIONS

### Extrusion

December 2016 – Schweitzer-Mauduit International, Inc. (NYSE: SWM) announced the acquisition of Conwed Plastics for a purchase price of \$295 million and a potential \$40 million earn-out. Conwed Plastics develops and manufactures plastic netting and other specialty plastic products in the United States and internationally. The company's netting products are used in highway infrastructure development, oil & gas exploration, filtration, and construction. SWM's DelStar operations have complementary operations and products to those of Conwed. SWM expects the acquisition to fuel the growth of the Advanced Materials and Structures growth platform to become the clear global leader in resin-based netting.

### Pipe & Tube

November 2016 – INEOS has acquired Texas-based WL Plastics, a leading North American producer of HDPE pipes, from its long time private equity owner Sequel Holdings. WL Plastics has more than 500 million pounds of annual production capacity a wide range of industrial, utility, and oil & gas applications. The acquisition complements INEOS' investment to increase its HDPE capacity with a downstream "captive" customer. Dennis Seith, CEO of INEOS O&P USA stated that "The business is well-positioned to serve the growing North American pipe market and will complement INEOS' existing portfolio of olefins and polymer products."

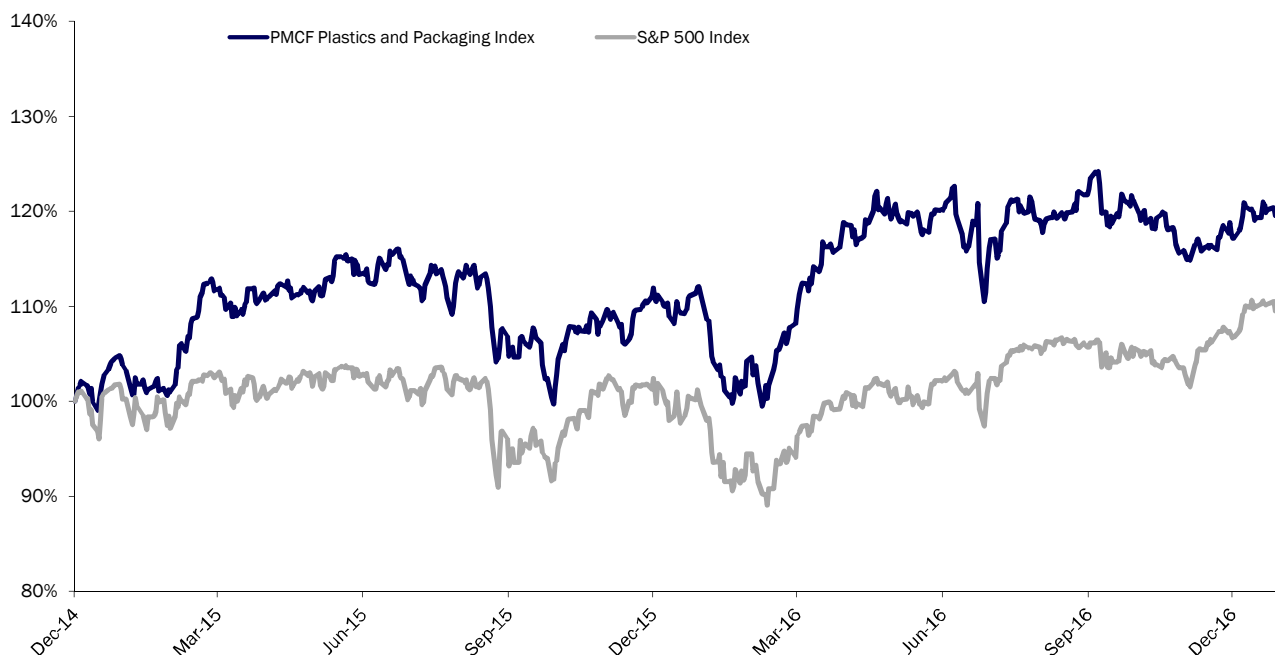
### Compression Molding

September 2016 – Teijin Limited announced today that it has agreed to acquire Continental Structural Plastics (CSP) for \$825 million. CSP is a leading manufacturer of compression molded components made from thermoset composites and is the world's largest sheet molding compound manufacturer for the automotive industry. Through this acquisition, Teijin intends to establish the foundations of an automotive composite products business in North America, and to accelerate its expansion as a tier 1 supplier of high-performance composites to the global automotive market. CSP has 14 facilities in the US, Mexico, France and China and approximately 3,200 employees. It posted consolidated sales of over \$634 million in the fiscal year ending December 31, 2015.

### Structural Foam

December 2016 – Gurit Holding AG (SWX:GUR) announced the acquisition of BASF's PET structural foam business for an undisclosed purchase price. The transaction includes the Kerdyn® brand of structural foam and BASF's PET operations in Italy. Gurit seeks to strengthen its structural core material products and increase its European PET capabilities through the addition of the new PET business. Gurit plans to integrate the operations into its Composite Materials business unit.

# PMCF Plastics & Packaging Index

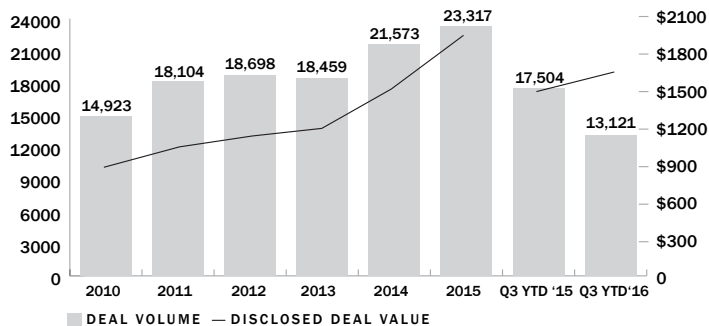


## PMCF PLASTICS & PACKAGING STOCK MARKET INDEX VALUATION

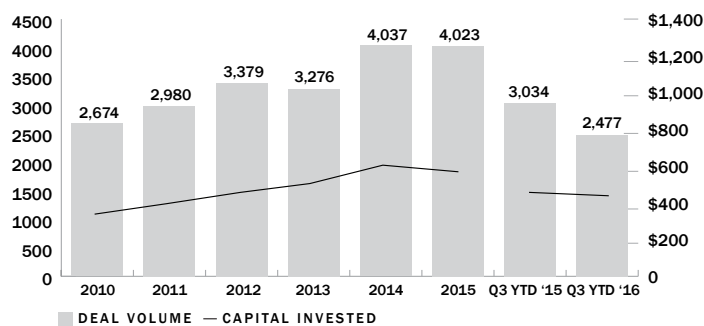
	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16
<b>Revenue Multiple</b>									
Average	1.2x	1.3x	1.4x	1.4x	1.4x	1.3x	1.4x	1.4x	1.5x
Median	1.1x	1.1x	1.3x	1.2x	1.2x	1.2x	1.3x	1.3x	1.4x
<b>EBITDA Multiple</b>									
Average	9.1x	10.5x	10.5x	9.9x	9.8x	9.6x	9.7x	9.9x	10.0x
Median	8.8x	10.4x	10.1x	9.8x	10.0x	9.5x	10.2x	10.4x	10.1x

- The PMCF Plastics & Packaging Index performed in line with the S&P 500 Index at the closing of Q4 2016, but outperformed the S&P 500 Index over a two year period delivering relative stock price returns of approximately 19%
- Average EV/EBITDA multiples increased from 9.8x in Q4 2015 to reach 10.0x in Q4 2016, demonstrating a continuation of robust valuation levels for the industry sector

## OVERALL M&A ACTIVITY (dollars in billions)



## U.S. PRIVATE EQUITY INVESTMENTS (dollars in billions)



- Global M&A activity declined in Q3 YTD 2016 from 17,504 deals to 13,121 deals. The transaction volume decline represents a 25% decrease in deal activity
- An increase in disclosed deal value through, despite declining volume, highlights the impact of larger M&A transactions on total deal value
- US private equity deal volume declined from 3,034 deals in Q3 YTD 2015 to 2,477 deals in Q3 YTD 2016, representing an 18% decrease in activity
- The growth in plastics & packaging M&A, despite overall declines in M&A activity, demonstrates the continued attractiveness of the market to buyers as well as the strength of the consolidation trends that are driving volumes and continued deal activity



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