

# PLASTICS M&A QUARTERLY

H1 2016



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H1  
16

# PMCF Transaction Announcements

*Undisclosed 2016  
Transaction:*

*Blow Molded Rigid  
Plastic Packaging*

PACKAGING: INDUSTRIAL  
Blow Molding  
Company Sale to Strategic Buyer



has acquired

**FORUM** PLASTICS  
INC

MEDICAL COMPONENTS  
Injection Molding  
Strategic Acquisition Advisory



DLH Industries

has been acquired in a merger with



a portfolio company of

dlh **BCMVLES**

MORGENTHAUER  
PRIVATE EQUITY

ENGINEERED COMPONENTS  
Injection Molding and Extrusion  
Company Merger with Strategic Partner

## ABOUT PMCF

P&M Corporate Finance (“PMCF”) is an investment banking firm, focused exclusively on middle market transactions, with professionals in Chicago, Detroit, and across the globe through Corporate Finance International associates in 27 countries. The firm was founded in 1995 and has successfully closed over 250 transactions.

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 professional services firms.

## INVESTMENT BANKING SERVICES:

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

## PMCF Team



**JOHN HART**  
Managing Director  
Plastics & Packaging Lead  
248.223.3468  
john.hart@pmcf.com



**PHIL GILBERT**  
Managing Director  
248.223.3326  
phil.gilbert@pmcf.com



**MATT JAMISON**  
Managing Director  
248.223.3368  
matt.jamison@pmcf.com



**RYAN SHUCHMAN**  
Vice President  
Plastics & Packaging  
248.603.5372  
ryan.shuchman@pmcf.com

# First Half 2016 Market Summary & Outlook

Plastics transactions remained healthy through the first half of 2016, despite some declines in deal volume versus H1 2015, as the segment proved more resilient than the broader M&A markets which reflected larger declines. In aggregate, year-to-date plastics transactions declined by approximately 7% compared to the first half of 2015, while the overall M&A market experienced declines of close to 20% in the same period. Further, plastics transaction volumes versus H2 2015 reflected an increase of 7 deals.

The lower levels of deal volume experienced in H1 2016 versus H1 2015 were due in part to lower strategic buying activity which declined 17 transactions, or 10%, versus H1 2015. Conversely, financial (platform and add-on) acquisitions were up by 4 deals in H1 2016 increasing their proportion of total deal volume from 40% of deal volume in H1 2015 to 46% in H1 2016. The increase in volume reflected private equity's continued focus on consolidation in the plastics industry, most notably in the injection molding segment through H1 2016.

Key H1 2016 plastics M&A trends included the following:

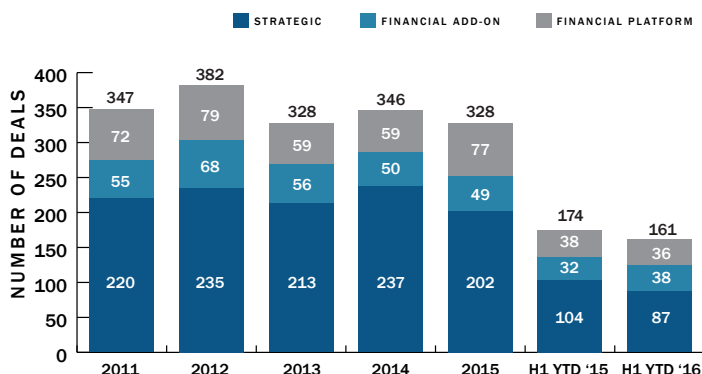
- Financial buyers completed 5 more injection molding deals in H1 2016 - a 25% increase versus H1 2015, while total segment volume was mostly flat
- Declining rigid packaging transactions from 24 in H1 2015 to 15 in H1 2016, a 38% decrease. We believe this is driven by limited supply versus lack of buyer interest
- Sustained interest in sheet and thermoforming deals which increased from 14 deals in H1 2015 to 15 in H1 2016
- The average EBITDA multiple for publicly traded plastics & packaging companies increased from 9.5x at the end of Q1 2016 to 9.7x in H1 2016

Key transactions for the quarter included the following:

- Westlake Chemical Corp.'s (NYSE:WLK) acquisition Axiall Corporation (NYSE:AXLL) for \$3.8 billion
- Stone Canyon Industries' acquisition of BWAY Corp. for \$2.4 billion
- RPC Group's (LSE:RPC) acquisition of British Polythene Industries (LSE:BPI) for approximately \$370 million or 7.1x EBITDA
- Amcor Limited's (ASX:AMC) acquisition of Alusa S.A. for \$435 million or 8.5x EBITDA
- Private equity group Mason Wells' acquisition of MGS Manufacturing Group

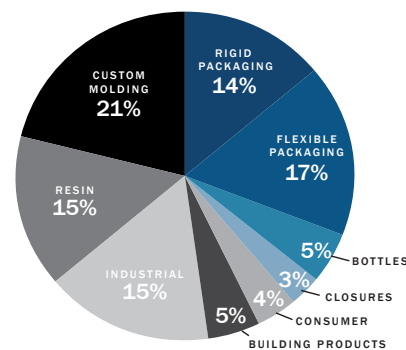
Reviewing Q2 2016, the stock market has continued to trend positively and recent economic indicators have been steady. However, the overall M&A market has posted lower levels of activity and we are late in the current M&A cycle. Within this environment we note strong buyer interest in plastics companies driven by a desire to create inorganic growth, capture synergies, and put idle capital to work. Given current market conditions, PMCF expects elevated valuation levels to continue for the remainder of 2016 and early part of 2017 for quality plastics businesses. However, our outlook for the M&A market in the second half of 2017 is less certain at this time.

## TRANSACTIONS BY BUYER TYPE

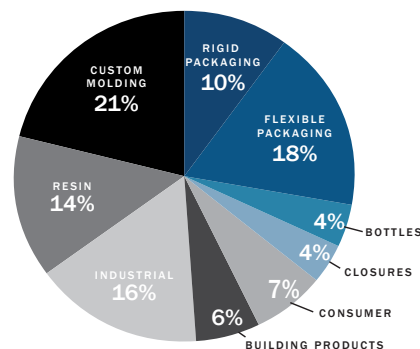


## TRANSACTIONS BY PRODUCT SEGMENT

### H1 YTD 2015



### H1 YTD 2016

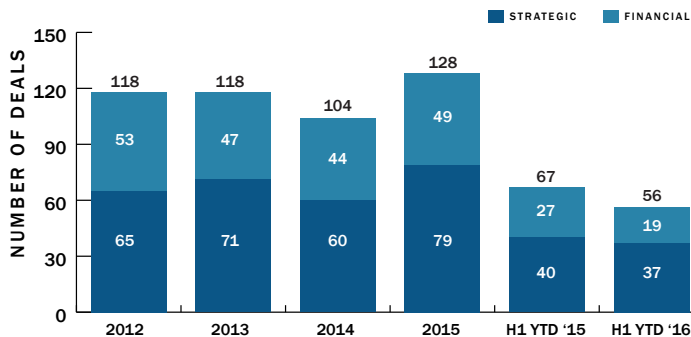


Sector	2014	2015	H1 YTD '15	% of Total	H1 YTD '16	% of Total	'15 - '16 Change	% Change
Blow Molding	23	22	14	8%	11	7%	-3	-21%
Injection Molding	95	102	48	28%	47	29%	-1	-2%
Film	65	59	35	20%	35	22%	0	0%
Resin / Color & Compounding	72	54	30	17%	22	14%	-8	-27%
Sheet & Thermoforming	23	30	14	8%	15	9%	1	7%
Specialty	68	61	33	19%	31	19%	-2	-6%
<b>Total</b>	<b>346</b>	<b>328</b>	<b>174</b>	<b>100%</b>	<b>161</b>	<b>100%</b>	<b>-13</b>	<b>-7%</b>

Source: P&M Corporate Finance, Company Reports, Bloomberg, Capital IQ

# Global Plastic Packaging M&A

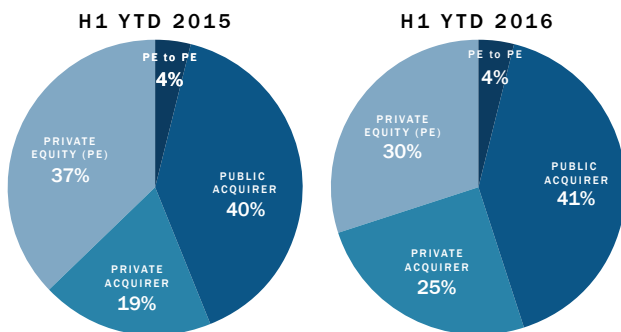
## TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

	H1 YTD '15	H1 YTD '16
Food & Beverage	42	27
Industrial	6	13
Consumer	14	11
Construction	-	-
Medical	5	5
Automotive	-	-
Transportation	-	-
Electronics	-	-
<b>TOTAL</b>	<b>67</b>	<b>56</b>

## BUYER TYPE



## PACKAGING TRANSACTION DETAIL

	H1 YTD '15		H1 YTD '16	
	#	%PACKAGING	#	%PACKAGING
Rigid	24	36%	15	27%
Flexible	30	45%	29	51%
Bottles	8	12%	6	11%
Caps & Closures	5	7%	6	11%
<b>TOTAL</b>	<b>67</b>	<b>100%</b>	<b>56</b>	<b>100%</b>

## TRENDS IN M&A

- Global plastic packaging M&A activity declined from 67 deals in the first half of 2015, to 56 deals in the first half of 2016
- Of the 11 transaction decline, the majority was driven by fewer rigid packaging deals, which declined from 24 deals in the first half of 2015 to 15 deals in the first half of 2016. Our view is that this is likely a timing based trend versus lack of buyer interest which remains robust
- Packaging manufacturers focused on industrial end markets grew significantly from 6 deals in the first half of 2015 to 13 deals in the first half of 2016
- Deals involving food & beverage packaging manufacturers experienced a significant decline from 42 deals in H1 2015 to 27 deals in H1 2016, as continued consolidation in this end market has limited the supply base of quality acquisition targets

## FEATURED SECTOR TRANSACTIONS

June 2016 – RPC Group (LSE:RPC), a leading global supplier of rigid plastic packaging, has expanded into the flexible packaging market with the acquisition of British Polythene Industries plc (BPI). The deal values BPI at a total enterprise value of approximately \$372 million. BPI has production facilities located around the world, including locations in the United States, Canada, Belgium, the Netherlands, and Ireland. BPI has annual film production of nearly 275,000 metric tons per year. The acquisition immediately adds a well-established flexible packaging operation to RPC's existing blow molding, injection molding, thermoforming, rotational molding, vacuum forming, and in-house tooling manufacturing capabilities. The deal is expected to create \$14.5 million of annual cost savings for RPC. The acquisition is also in line with RPC's long-term growth strategy, which highlight RPC's new interest in consolidating European films businesses and broadening the Company's polymer conversion technologies.

June 2016 – Investment firm Stone Canyon Industries has acquired plastic and metal container manufacturer BWAY Corporation from investment firm Platinum Equity for \$2.4 billion. Platinum Equity invested in packaging platform BWAY in 2012, and acquired rigid plastic container manufacturer Ropak for \$265 million as an add-on in 2013. BWAY's products include pails, buckets, drums, and hybrid paint containers which includes both plastic and metal components for industrial, bulk food, and retail end markets.

June 2016 – Investment firm Clayton, Dubilier & Rice, Inc. (CD&R) acquired Kalle GmbH, a manufacturer of plastic casings and nettings for the meat processing market. Based in Germany, Kalle manufactures pork, beef, poultry, and vegetarian casings and nettings for customers across 100 different countries. Kalle has 16 manufacturing facilities in 9 different countries and generated more than \$310 million of sales in 2015. The acquisition of Kalle fits with CD&R's focus on European consumer and industrial businesses as well as their expertise in the packaging and foodservice industries.

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

# Global Injection Molding M&A

## TRENDS IN M&A

- Transactions involving injection molders were relatively stable in the first half of 2016, with 47 deals compared to 48 deals in the first half of 2015
- Financial buyers continued to drive significant deal activity, with a year-over-year increase from 20 deals in the first half of 2015 to 25 deals in the first half of 2016
- Deal volume from strategic buyers declined from 28 deals in the first half of 2015 to 22 deals in the first half of 2016, as a result of fewer transactions made by public acquirers
- The industrial and consumer sectors continued to grow in deal volume, with industrial deals increasing from 12 in the first half of 2015 to 16 in the first half of 2016. Consumer deals grew from seven in the first half of 2015 to nine in the first half of 2016
- Automotive transaction volume declined from 13 deals in the first half of 2015 to 7 in the first half of 2016 potentially reflecting recent auto industry outlook, including from Ford, of a volume peak

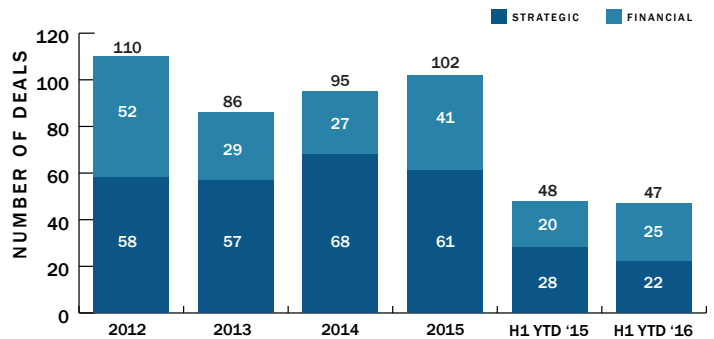
## FEATURED SECTOR TRANSACTIONS

May 2016 – Investment firm Mason Wells has acquired Wisconsin-based custom injection molder MGS Manufacturing Group. MGS's production capabilities include injection molding, multi-shot molding, mold making, and value-added contract manufacturing. MGS generated sales of approximately \$210 million in 2015 and primarily supplies healthcare, electronics, and automotive end markets. The Company has manufacturing facilities located in Wisconsin, Illinois, New York, Mexico, and Ireland. Mason Wells will provide capital and other resources to help capture long-term growth opportunities for MGS. Mason Wells has a track record of investing in the plastics industry with current and former portfolio companies including Neli-Pak, Mullinix, Premix, Inc. and others.

June 2016 – Prism Plastics, an injection molding platform owned by investment firm Altus Capital Partners, has acquired automotive injection molder Tech Molded Plastics Inc. The acquisition will nearly double the size of the existing Prism Plastics platform, with the combined entity expected to generate approximately \$60 million in annual sales. Prism primarily manufactures a variety of precision components for automotive, industrial, and medical markets. The acquisition of Tech Molded Plastics will expand Prism's current automotive customer base while increasing exposure to attractive aerospace and electronics markets. Prism will also add substantial toolmaking capabilities via the acquisition. Pennsylvania-based Tech Molded Plastics operates 36 presses which range in clamping force from 33 to 440 tons.

June 2016 – Investment firm Squadron Capital has acquired custom medical injection molder Forum Plastics Inc. Forum Plastics manufactures and develops high tolerance, production-critical components and assemblies for the medical device industry. The company's products include minimally invasive surgical devices such as endoscopic access ports and filters, vein harvesting devices, vascular infusion delivery systems, and cardiac catheter insertion devices. Forum Plastics' manufacturing capabilities include injection molding, insert molding, micro molding, pad printing. Forum Plastics operates 30 injection molding presses out of a 43,500 square foot facility located in Connecticut. PMCF advised Squadron Capital on the acquisition.

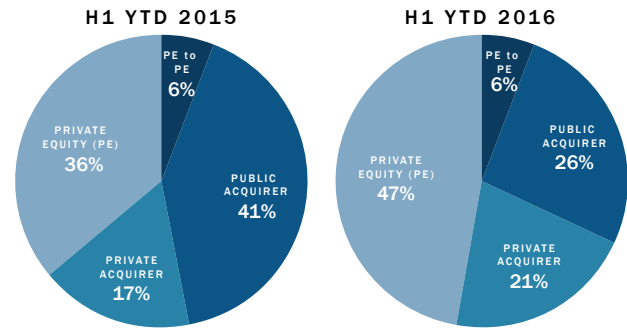
## TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

	H1 YTD '15	H1 YTD '16
Food & Beverage	5	3
Industrial	12	16
Consumer	7	9
Construction	1	1
Medical	10	9
Automotive	13	7
Transportation	-	1
Electronics	-	1
<b>Total</b>	<b>48</b>	<b>47</b>

## BUYER TYPE

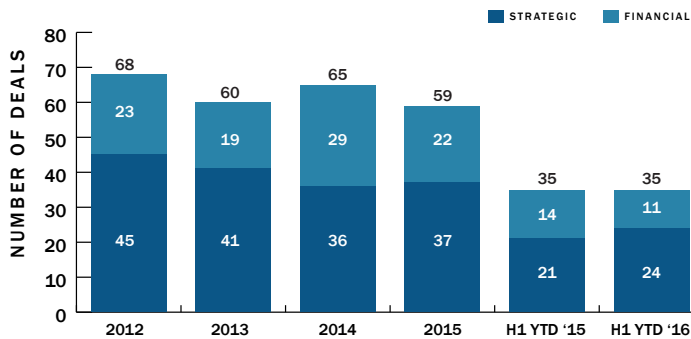


## CROSS-BORDER DETAIL

	H1 YTD '15	H1 YTD '16
U.S.-to-U.S.	20	21
U.S.-to-Foreign	2	3
Foreign-to-U.S.	1	2
Foreign	25	21
<b>Total</b>	<b>48</b>	<b>47</b>
Distressed	-	1

# Global Film M&A

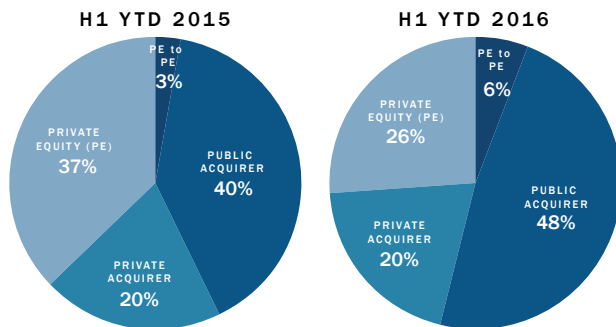
## TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

	H1 YTD '15	H1 YTD '16
Food & Beverage	22	18
Industrial	5	7
Consumer	5	6
Construction	-	-
Medical	2	3
Automotive	-	-
Transportation	-	-
Electronics	1	1
<b>Total</b>	<b>35</b>	<b>35</b>

## BUYER TYPE



## CROSS-BORDER DETAIL

	H1 YTD '15	H1 YTD '16
U.S.-to-U.S.	4	7
U.S.-to-Foreign	2	5
Foreign-to-U.S.	-	3
Foreign	29	20
<b>Total</b>	<b>35</b>	<b>35</b>
Distressed	-	-

## TRENDS IN M&A

- Deals involving film extruders and converters reflected stable volumes during the first half of 2016 compared to the first half of 2015
- The stability in the packaging industry – a key end market for film applications – continues to support M&A activity in the segment
- Increased deal activity from strategic buyers – whose deal count was up to 24 deals, compared to 21 deals – in the first half of 2016 offset declines in financial buyer activity
- The ratio of U.S.-based film targets versus foreign-based film targets increased from 1:13 in H1 2015 to 3:5 in H1 2016 reflecting a strong focus on exposure to the U.S. market
- Declines in deal activity in the food and beverage sector were offset by increased activity in the industrial, consumer, and medical sectors

## FEATURED SECTOR TRANSACTIONS

May 2016 – Wind Point Partners' portfolio company Novolex has acquired film and sheet manufacturer Heritage Bag Company. Heritage manufactures a variety of plastic trash bags, can liners, and food bags for the commercial, institutional, and industrial markets. Novolex has completed multiple add-on acquisitions since 2014 including Wisconsin Film and Bag, Packaging Dynamics Corporation, and Duro Bag. Wind Point Partners acquired Novolex, which was originally called Hilex Poly Co., in 2012 from TPG Capital. With the acquisition of Heritage Bag, Novolex adds 6 US manufacturing facilities to the Company's existing footprint and expects to generate sales of approximately \$2.3 billion.

April 2016 – Avery Dennison Corporation (NYSE:AVY) acquired the European business of MACTac from investment firm Platinum Equity for approximately \$225 million. MACTac is a leading manufacturer of pressure-sensitive products including graphics, labels, films, and industrial tapes. MACTac's high-value graphics business complements Avery Dennison's existing graphics portfolio, adding new product offerings and additional manufacturing capacity in Europe. MACTac's production facility in Belgium as well as sales offices and warehousing space in Europe and Asia are included in the transaction.

June 2016 – Amcor Limited (ASX:AMC) acquired leading South America-based flexible packaging business Alusa for \$435 million or 8.5x EBITDA from Techpack S.A. and investment firm Nexus Private Equity. The transaction includes four production facilities located in Chile, Peru, Argentina, and Colombia with a variety manufacturing capabilities including extrusion, flexographic, gravure printing, and lamination. Alusa generates sales of approximately \$375 million from customers in the food, personal care, and pet food markets. The Alusa deal paired with Amcor's recent acquisition of flexible packaging converter Deluxe Packages, have nearly doubled the size of Amcor's Flexibles Americas business group, which is now expected to generate approximately \$1 billion of sales.

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



# Global Resin and Color & Compounding M&A

## TRENDS IN M&A

- Deals involving resin suppliers and color & compounding businesses declined by 8 deals from the first half of 2015 to the first half of 2016
- Financial buyer activity remained relatively strong with 10 transactions in the first half of 2016, compared to 12 transactions in the first half of 2015
- Resin suppliers continued to account for the majority of deal activity, with 68% of the total in the first half of 2016
- Declining foreign deal activity has contributed to the slow down in sector M&A through the first half of 2016. Transactions involving foreign buyers have declined by 11 deals, compared to H1 2015, reflecting some recent global economic uncertainty. Conversely, deal activity including a U.S. buyer increased from 6 deals in the first half of 2015 to 9 deals in the first half of 2016

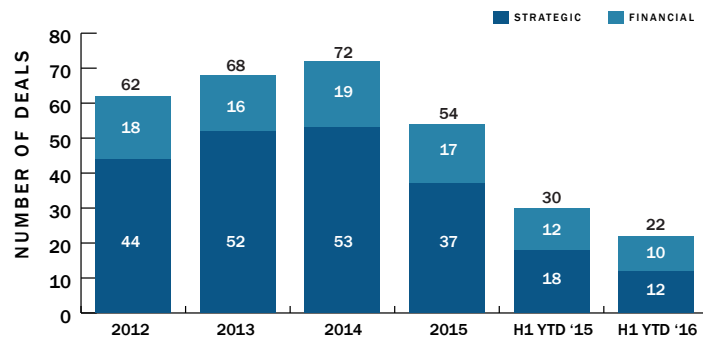
## FEATURED SECTOR TRANSACTIONS

June 2016 – Westlake Chemical Corporation (NYSE:WLK) has announced the acquisition of Axiall Corporation (NYSE:AXLL), creating the second largest PVC manufacturer in North America. Under the current agreement, Westlake plans to acquire all of the outstanding shares of Axiall for \$33 per share or an enterprise value of \$3.8 billion. The combined entity is projected to generate sales of \$7.6 billion and \$1.5 billion of EBITDA. The acquisition also brings together Westlake's North American Pipe Corporation and Axiall's Royal Group Inc. Combined, these two PVC building product manufacturers had sales of approximately \$930 million in 2014. The deal is expected to create an estimated \$100 million of synergy benefits from consolidating general and administrative expenses, supply chain optimization, and cross selling opportunities driven by new product offerings.

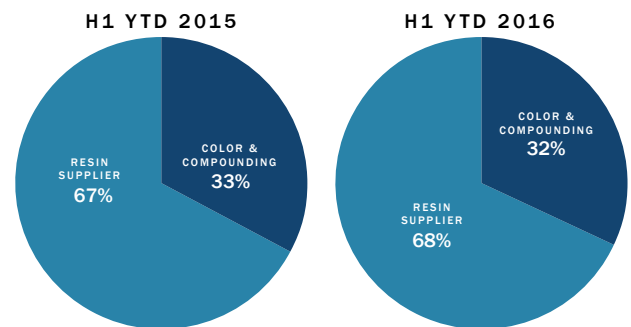
June 2016 – Investment firm Sherpa Capital acquired a majority stake in color and compounding manufacturer Galloplast SL for approximately \$18 million. Spain-based Galloplast produces masterbatches, colorants, and additive polymers for use in the plastics industry. Galloplast's primary end markets include food packaging, cosmetic packaging, and chemical containers and dyes for PET. Sherpa stated its plans to invest additional capital to consolidate a number of European masterbatch manufacturers to add to the Galloplast platform. Galloplast acquired France-based competitor Vanoplast in 2015 and opened a facility in Germany shortly thereafter.

May 2016 – Reichhold Group, owned by investment firm Black Diamond Capital Management, and Polynt Group, owned by investment firm Investindustrial, have announced their planned merger. The combined entity will expand their international footprint and become a major player in both the North American and European specialty chemical markets. In addition, the combined entity will gain global scale, a broader product portfolio, and benefit from vertical integration synergies from the transaction. Reichhold manufactures unsaturated polyester and coating resins for the industrial, transportation, marine, and graphics arts markets. Polynt Group manufactures composite, specialty, and intermediate products for similar industrial markets as well as medical, consumer, and food additives. The combined entity is expected to generate more than \$2.4 billion of annual sales and will be jointly owned by both investment firms following the transaction.

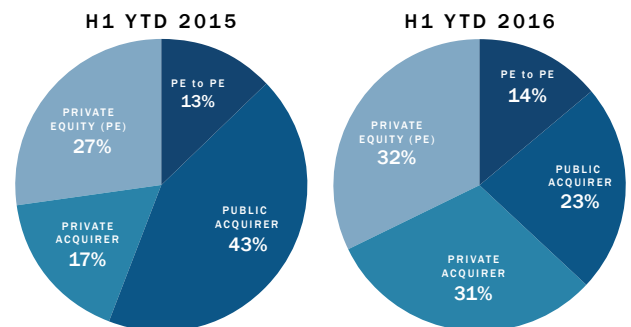
## TRANSACTIONS BY BUYER TYPE



## TRANSACTION SECTOR DETAIL



## BUYER TYPE

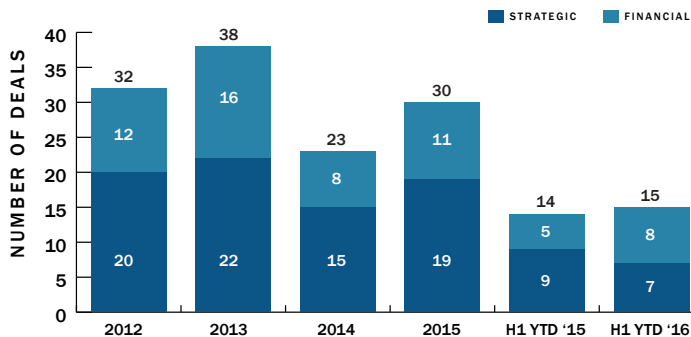


## CROSS-BORDER DETAIL

	H1 YTD '15	H1 YTD '16
U.S.-to-U.S.	6	7
U.S.-to-Foreign	-	2
Foreign-to-U.S.	4	-
Foreign	20	13
<b>Total</b>	<b>30</b>	<b>22</b>
Distressed	-	-

# Global Sheet and Thermoforming M&A

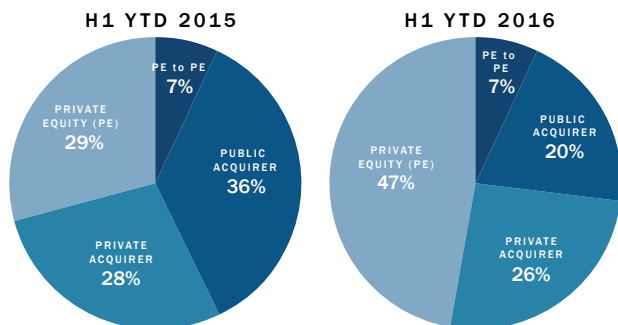
## TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

	H1 YTD '15	H1 YTD '16
Food & Beverage	8	4
Industrial	3	8
Consumer	-	3
Construction	-	-
Medical	-	-
Automotive	1	-
Transportation	2	-
Electronics	-	-
<b>Total</b>	<b>14</b>	<b>15</b>

## BUYER TYPE



## CROSS-BORDER DETAIL

	H1 YTD '15	H1 YTD '16
U.S.-to-U.S.	2	8
U.S.-to-Foreign	2	1
Foreign-to-U.S.	-	1
Foreign	10	5
<b>Total</b>	<b>14</b>	<b>15</b>
Distressed	-	1

## TRENDS IN M&A

- Sheet and thermoforming deal volume increased by one deal from 14 deals in the first half of 2015 to 15 deals in the first half of 2016
- Although strategic buyers experienced a decline of 2 deals in the first half of 2016, financial buyer activity increased from 5 deals in the first half of 2015 to 8 deals in the first half of 2016
- With increasing private equity add-on and platform acquisitions in the first half of 2016, financial buyers have demonstrated their ability to compete with strategics in industry consolidation and win transactions
- Domestic deal activity was robust during the first half of 2016, and grew from 2 deals in the first half of 2015 to 8 deals in the first half of 2016

## FEATURED SECTOR TRANSACTIONS

April 2016 – Leading marine and power sport brand Dowco, Inc. has invested in its plastics manufacturing business with the acquisition of thermoformer and rotational molder Premier Plastics Inc. Premier, along with subsidiary Leisure Designs Inc., occupy two manufacturing facilities in Minnesota. Premier and Leisure manufacture boxes, tanks, and a variety of custom products while Leisure offers furniture and seating solutions for the recreational boating market, power sports, and construction markets. The acquisition will expand Dowco's product offerings with existing boat and power sport customers and provide new manufacturing capabilities for the Company.

April 2016 – Ichor Systems Inc., a platform of investment firm Francisco Partners Management, has added vertically integrated production capabilities via the acquisition of Ajax Custom Manufacturing. Metal semiconductor chemical delivery system manufacturer Ichor, will gain in-house plastic component manufacturing capabilities including thermoforming, machining, thermoplastic welding, and module contract manufacturing services. Both Ichor and Ajax are headquartered in California, strategically located near many Silicon Valley customers, and together employ more than 500. Francisco Partners Management acquired Ichor from American Industrial Partners in 2012.

May 2016 – Bemis Company (NYSE:BMS) announced its acquisition of the medical device packaging operations and related value-added services of SteriPack Group. SteriPack group manufactures sterile packaging solutions for medical device and pharmaceutical applications. The company's capabilities include form-fill-seal, tray and pouch sealing, molding, assembly, and contract manufacturing. The acquisition includes SteriPack's facility in Ireland and the packaging business and converting assets located in the Florida and Malaysia. The acquisition of SteriPack will help Bemis accelerate the growth of its global contract manufacturing business.

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



# Global Blow Molding M&A

## TRENDS IN M&A

- Although financial deal activity remained constant during the first half of 2016 compared to the first half of 2015, slower strategic deal activity drove a decline in sector transactions from 14 deals to 11 deals in the first half of 2016
- Global private equity leader The Carlyle Group showed its long term belief in the sector via a major investment in Logoplaste
- Deals involving a US buyer increased from 2 deals in the first half of 2015 to 6 deals in the first half of 2016. A significant contraction among foreign buyers drove declines across the blow molding sector
- Deal volume involving the consumer sector declined significantly from 6 deals in the first half of 2015 to zero deals in the first half of 2016. A total of 4 deal growth in food and beverage as well as industrial deals partially offset the declines in consumer related deal activity

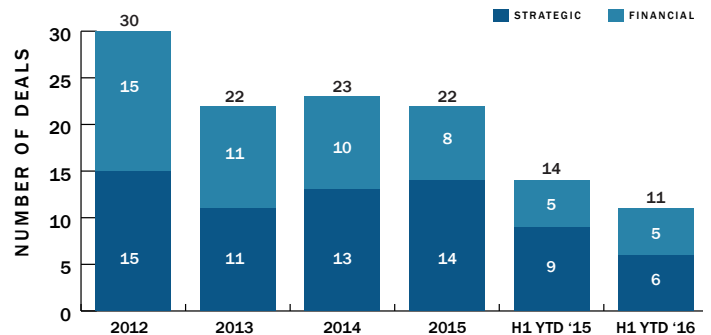
### FEATURED SECTOR TRANSACTIONS

June 2016 – Investment firm The Carlyle Group (Nasdaq:GS:CG) has announced its plan to acquire a 50% stake in rigid plastic packaging manufacturer Logoplaste Group. Portugal-based Logoplaste manufactures a variety of rigid packaging solutions for the food and beverage, personal care, cosmetics, household care, and oil and lubricants markets. Logoplaste's manufacturing capabilities include blow molding and injection molding. By partnering with The Carlyle Group, Logoplaste will gain resources for future capital-intensive investments such as continued global expansion and improve the overall financial strength of the Company. Logoplaste has 2000 employees across 16 countries on 4 different continents and had annual sales of approximately \$520 million in 2015.

April 2016 – N.E.W. Plastics Corp. has acquired blow molder Fulcrum Inc. Minnesota-based Fulcrum manufactures rigid plastic packaging for the oil, lubricant, herbicide, pesticide, household and industrial chemical, and personal & pet care markets. Fulcrum's products include a variety of custom and proprietary containers ranging in size from 10 cc to 2.5 gallons. Fulcrum also offers decorating capabilities including silkscreen printing and pressure sensitive labeling. The acquisition of Fulcrum expands N.E.W.'s Midwest US footprint, product portfolio, and overall blow molding manufacturing capacity across the company. Fulcrum's facility is located approximately 300 miles from N.E.W.'s operation in Wisconsin.

April 2016 – Investment firm Aksia Group has acquired Italian plastic packaging business Lameplast Group. Lameplast produces a range of plastic packaging products for the cosmetics and pharmaceuticals markets. The company's primary offerings include single and multi-dose plastic containers, vials, bottles, and applicators. Lameplast operates 30+ molding lines and has extrusion blow molding, injection blow molding, and injection molding capabilities.

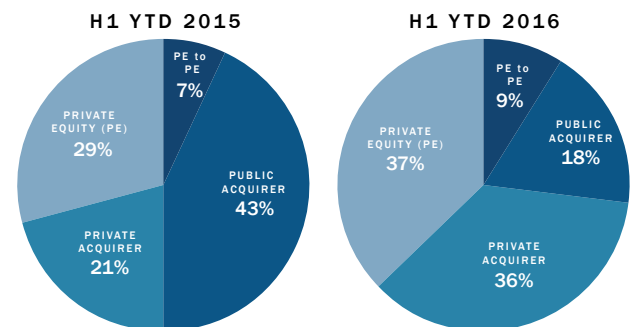
### TRANSACTIONS BY BUYER TYPE



### TRANSACTIONS BY END MARKET

	H1 YTD '15	H1 YTD '16
Food & Beverage	3	5
Industrial	3	5
Consumer	6	-
Construction	-	-
Medical	1	1
Automotive	1	-
Transportation	-	-
Electronics	-	-
<b>Total</b>	<b>14</b>	<b>11</b>

### BUYER TYPE



### CROSS-BORDER DETAIL

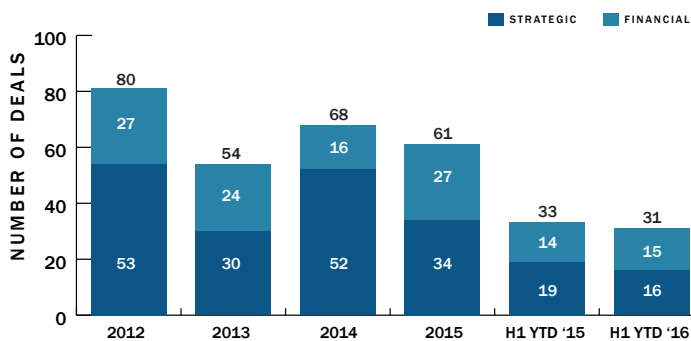
	H1 YTD '15	H1 YTD '16
U.S.-to-U.S.	2	4
U.S.-to-Foreign	-	2
Foreign-to-U.S.	1	-
Foreign	11	5
<b>Total</b>	<b>14</b>	<b>11</b>
Distressed	2	1

# Other Global Plastic Processing Activity

## TRENDS IN M&A

- M&A activity in the first half of 2016 involving other plastic process types, including rotational molding, foam, pipe & tube, profile extrusion, and composites, was 31 deals – compared to 33 in the first half of 2015
- Financial buyer volume increased by 1 deal and was offset by a 3 deal decline in strategic volume in the first half of 2016, compared to the same period in 2015
- Growth in consumer related deal activity grew by 2 deals, while deals involving the food and beverage sector declined by 4 deals
- In the first half of 2016 deals involving private equity buyers accounted for 48% of deal volume, which is an increase from 42% levels in the first half of 2015

## TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

	H1 YTD '15	H1 YTD '16
Food & Beverage	4	-
Industrial	14	12
Consumer	2	4
Construction	10	9
Medical	-	1
Automotive	1	3
Transportation	2	2
Electronics	-	-
<b>Total</b>	<b>33</b>	<b>31</b>

## FEATURED SECTOR TRANSACTIONS

### CNC Machining & Fabrication

May 2016 – Total Plastics Inc. has acquired acrylic manufacturing company Northeast Plastic Supply Company Inc. (NEP). NEP fabricates custom point-of-purchase displays, distributes polymer shapes, and provides plastic machining services. NEP has 40 employees and operates a 30,000+ square foot warehouse, as well as a retail store, in Pennsylvania. With the acquisition of NEP, Total Plastics will broaden their overall product portfolio and strengthen the Company's footprint into the Eastern US. Both NEP and their retail outlet, Everything Plastic, will stay in operation and retain their names following the transaction. Total Plastics was acquired by Prophet Equity in the first quarter of 2016 and currently operates 15 US stocking locations.

### Extrusion

June 2016 – Trelleborg Sealing Solutions, a subsidiary of Trelleborg AB (STO:TREL-B), has acquired Specialty Silicone Fabricators Inc. (SSF). Trelleborg Sealing Solutions was particularly attracted to SSF's strong position in the US life sciences market, complemented by an established reputation among a robust OEM customer base. California-based SSF manufactures high precision silicone components for the OEM medical technology market. SSF has two manufacturing locations in California and one in Michigan. SSF generated \$39.1 million of sales in 2015. Trelleborg AB manufactures polymer solutions and protect critical seals for high demanding applications. Trelleborg AB has approximately 43,000 employees across operates in 40 different countries.

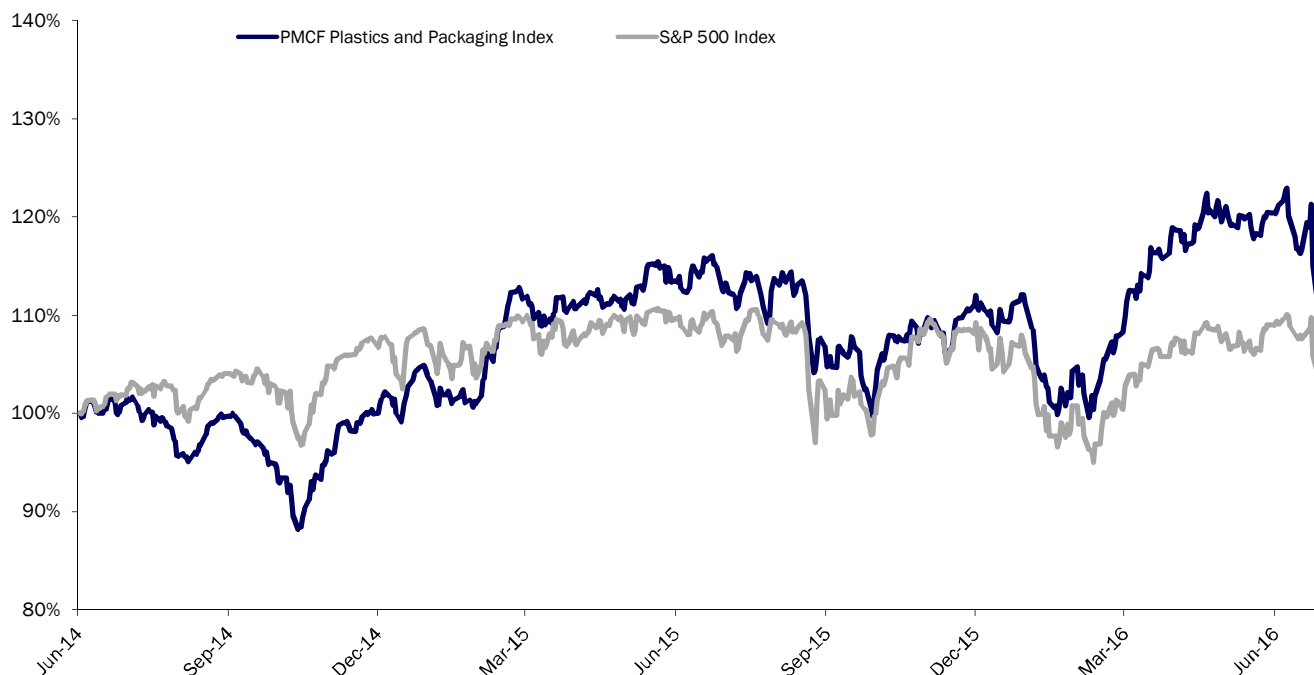
### Rotomolding

April 2016 – Quebec-based custom rotational molder Rotoplast Inc. has diversified its product offerings with the acquisition of ACO Container Systems Ltd. ACO manufactures a variety of proprietary storage tanks, including closed and open top, double wall, and secondary container basins used in the industrial, chemical process, municipal water treatment, and pulp and paper markets. The acquisition of Ontario-based ACO brings additional rotational molding capacity and strengthens the Company's geographic footprint in Canada. ACO uses one, large oven rotomolding oven to manufacture plastic containers ranging in size from 20 to 16,500 gallons. ACO's former owner, Stefan Assmann, will not continue working for the business following the acquisition.

### Composites

May 2016 – Saint-Gobain Performance Plastics, a division of industrial giant Saint-Gobain, has expanded its aerospace business with the acquisition of MIPNET Industries. MIPNET, which operates under the brand name JTT Composites, manufactures composite parts using proprietary weaving technology. JTT occupies a 10,000 square foot facility in France and currently has 17 employees. The acquisition expands Saint-Gobain Performance Plastics' product portfolio with new high-performance composite manufacturing capabilities in the growing European aerospace market. Earlier this year Saint-Gobain Performance Plastics moved its headquarters to a 54,000 square foot facility in Solon, Ohio. Saint-Gobain Performance Plastics operates 45 manufacturing facilities in 16 countries.

# PMCF Plastics & Packaging Index

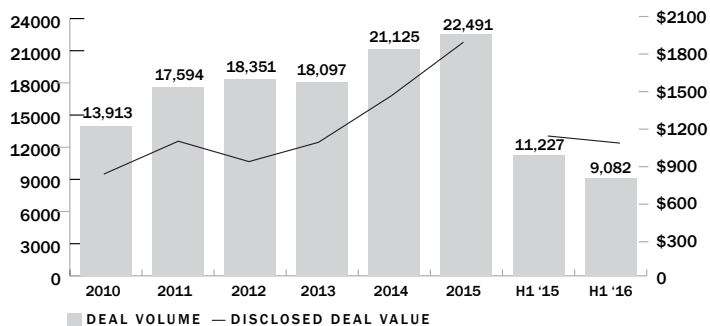


## PMCF PLASTICS & PACKAGING STOCK MARKET INDEX VALUATION

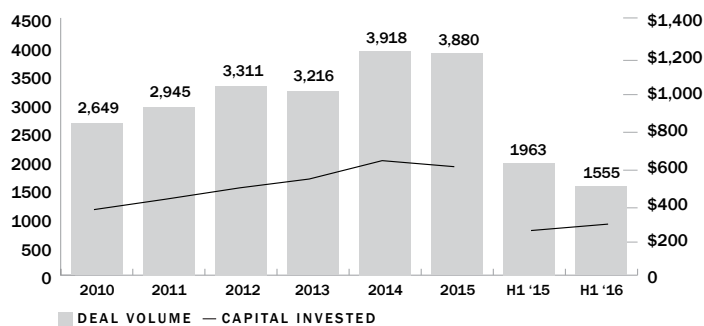
	Q2 '14	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Q1 '16	Q2 '16
<b>Revenue Multiple</b>									
Average	1.2x	1.2x	1.2x	1.3x	1.4x	1.3x	1.3x	1.3x	1.4x
Median	1.1x	1.1x	1.1x	1.1x	1.3x	1.2x	1.2x	1.1x	1.3x
<b>EBITDA Multiple</b>									
Average	9.1x	9.2x	9.1x	10.5x	11.7x	11.3x	10.6x	9.5x	9.7x
Median	8.9x	9.2x	8.7x	10.2x	10.3x	9.8x	10.0x	9.4x	10.1x

- The PMCF Plastics & Packaging Index outperformed the S&P 500 Index through the first half of 2016, delivering relative stock price returns of approximately 117% at the close of H1 2016 versus 109% at the close of H1 2015
- Stock market valuations increased for publicly traded plastics businesses at the end of Q2 '16, with average EV/EBITDA multiples up slightly versus the end of the previous quarter, and median EV/EBITDA multiples tracking closely to the elevated levels experienced 2015

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



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



- Overall M&A activity declined through the first half of 2016, with deal volume down by 2,145, or 19%, as compared to H1 2015. Among the factors influencing these downward trends in overall M&A activity is the dwindling supply base of quality targets and some uncertainty in global markets through the first half of the year
- U.S. private equity deal volume declined by 21% in H1 2016, reflecting a similar trend to the overall M&A market, despite a slight up-tick in deal value, as capital invested in by U.S. private equity increased to approximately \$298 billion in H1 2016 versus \$296 billion in H1 2015
- The relative stability in plastics M&A activity, despite declining trends in overall M&A activity and U.S. private equity investments, demonstrates the attractiveness of the sector to a wide range of acquirers and the continued fragmentation of the plastics industry

\*Overall M&A activity Includes all transactions with at least one company based in North America or Europe  
Sources: Capital IQ, Pitchbook, and PMCF Estimates. See page 12 for Index detail



Suite 425  
Two Towne Square  
Southfield, MI 48076

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