

PMCF INDUSTRY M&A ACTIVITY TRACKING

Global M&A volume in plastics and packaging continued its downward trend in April 2020 with surprisingly low levels of transaction activity reported for the month. COVID-19 started to impact transaction activity in both sectors last month, particularly in the second half of March as many states implemented stay-at-home orders. In April 2020, transaction activity continued to be impacted by COVID-19 but a much greater level, with plastics M&A activity reporting a decline of 54% over last year, and packaging only recording 7 transactions for the month, a 74% decline.

Within Plastics, Injection Molding was the one bright spot for the month with the same number of deals as last year, but the subsector is still lagging last year on year-to-date basis. Resin, Color & Compounding and Specialty subsectors were both lower for the month but are still at or above last year's transaction activity for the first four months. The mix of buyers changed dramatically in April with publicly traded strategic buyers and private equity buyers reporting large declines while privately held strategic acquirers completed the same number of transactions as last year.

Packaging M&A activity in April 2020 experienced a larger decline than Plastics and is now showing a larger overall decrease on a year-to-date basis (~33%). We find this correlation to be unusual given the lower cyclicality of packaging companies compared to plastics and the reported positive impacts of COVID-19 on several packaging subsectors including e-commerce and food. We think this likely due to a combination of packaging buyers being more cautious and internally focused, and packaging sellers willing to be more patient to wait out any negative valuation impacts from COVID-19. This is a trend we will be watching over the next couple of months.

On a positive note, the stock market experienced a nice rebound in April with the S&P 500 finishing up 12.7% for the month. PMCF's Plastics & Packaging Index increased by 10.4% with all subsectors showing positive results. Flexible Plastic Packaging experienced the highest increase, posting a 14.4% change for the month. We also noticed lower stock market volatility in the month of April which is hopefully a positive leading indicator for the coming months.

There continues to be a great deal of uncertainty surrounding plastics and packaging M&A due to COVID-19. As a result, we expect to see lower plastics and packaging M&A activity in the short-term with a scarcity of high-quality businesses coming to market in the early stages of the recovery. We are not sure when M&A will return to pre COVID-19 levels, but it appears that buyers will be ready before sellers given the large amounts of available capital and the number of solicitations we've been receiving over the last several weeks.

Data as of April 30, 2020	Month-to-Date (MTD)			Year-to-Date (YTD)		
	2019	2020	Change	2019	2020	Change
Plastics						
Blow Molding	2	0	-2	12	6	-6
Injection Molding	4	4	0	34	20	-14
Film	4	1	-3	23	10	-13
Resin / Color & Compounding	6	2	-4	17	17	0
Sheet & Thermoforming	1	0	-1	6	2	-4
Specialty	7	4	-3	27	29	2
Total Plastics	24	11	-13	119	84	-35
Strategic	63%	82%	19%	56%	61%	4%
Financial Buyer - Add-on	29%	9%	-20%	31%	25%	-6%
Financial Buyer - Platform	8%	9%	1%	13%	14%	2%
Packaging						
Rigid Plastic	6	1	-5	27	16	-11
Flexible Plastic	4	1	-3	25	7	-18
Paper	13	3	-10	44	35	-9
Other	4	2	-2	16	17	1
Total Packaging	27	7	-20	112	75	-37
Strategic	70%	86%	15%	57%	63%	6%
Financial Buyer - Add-on	22%	14%	-8%	28%	21%	-6%
Financial Buyer - Platform	7%	0%	-7%	15%	16%	1%

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

NOTABLE M&A ACTIVITY

Date	Acquirer	Target	Category
04/30/20	Mitsubishi Chemical Holdings America, Inc.	Gelest, Inc.	Color & Compounding
04/30/20	Gibo Plast A/S	Dan Hill Plast A/S	Rotomolding
04/24/20	Commercial Plastics Company	Imperial Plastics, Inc.	Injection Molding
04/23/20	Wasdell Packaging Limited	Planned Packaging Films Limited	Film / Flexible Packaging
04/17/20	New-Indy Containerboard LLC	Shoreline Container Inc.	Corrugated
04/14/20	Novelis Inc.	Aleris Corporation	Metal Packaging
04/09/20	Bobst Group SA (SWX:BOBNN)	CITO-SYSTEM GmbH	Machinery/Equipment
04/06/20	Greiner AG	Eurofoam GmbH	Foam
04/03/20	Thai Containers Group Company Limited	Bien Hoa Packaging Company (HOSE:SVI)	Folding Cartons
04/01/20	Tank Holdings Corp.	Meese, Inc.	Rotomolding

PUBLIC ENTITY PERFORMANCE

Index	% Change April MTD	% Change April YTD
S&P 500 Index	↑ 12.7%	↓ -9.9%
PMCF Plastics & Packaging Index ⁽¹⁾	↑ 10.4%	↓ -22.3%
Rigid Plastic Packaging ⁽²⁾	↑ 11.4%	↓ -12.1%
Flexible Plastic Packaging ⁽³⁾	↑ 14.4%	↓ -18.6%
Other Packaging ⁽⁴⁾	↑ 5.3%	↓ -11.1%
Paper Packaging ⁽⁵⁾	↑ 10.2%	↓ -21.6%

(1) AMC, ATR, AVY, BLL, BERY, CCLB, CLN, POM, CMT, ESNT, FOE, HUH1V, ITP, 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

- Study expects medical plastics growth to top 17% (*Plastics News*)
- April US boxboard prices steady with recycled increases set for May; virus-related demand drives up shipments (*Fastmarkets RISI*)
- Opinion: COVID-19 Swings "Reusable" from Good to Bad (*Packaging World*)
- Slowing economy drops the hammer on resin prices (*Plastics News*)

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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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