

PMCF Industry M&A Activity Tracking

Global Plastics M&A activity came roaring back in June 2020 after being significantly down in April and May due to COVID-19. We recorded 28 transactions for the month which is a modest increase over last year but over 4 times the number of transactions recorded last month. The buyer makeup of these transactions was similar to last year with a slight up-tick in private equity add-on transactions, coming at the expense of private equity platform transactions. We were encouraged by the level of activity for the month but are not ready to declare that Plastics M&A is back to pre-COVID-19 levels. We estimate that several of the transactions that occurred in June were carryover transactions from the last two months that had been delayed due to COVID-19. However, we do think the increased level of activity is a positive sign that buyers are getting more comfortable with the outlook post COVID-19.

On the flip side, Global Packaging M&A continued to be suppressed with 13 transactions recorded for the month. This represents a ~30% decline compared to last year and the same level of activity recorded last month. Strategic buyers continue to represent the majority of the transactions with private equity posting declines in both add-ons and platform transactions. The Rigid Plastic Packaging subsector experienced a noticeable uptick over last year and the last two months, while Paper Packaging continues to be the most resilient subsector through the COVID-19 crisis. Conversely, the Flexible Plastic Packaging subsector reported only 2 transactions in the last 3 months and prior to COVID-19, was down ~70% through March 2020 compared to last year. While Packaging did not see a rebound in M&A activity similar to Plastics in June, we have noticed an increase in activity of both new deals and deals that had previously been put on hold due to COVID-19.

While these are challenging and unprecedented times for plastics and packaging M&A, there remains opportunities for both buyers and sellers to close successful transactions or best position themselves for a future transaction in the short or longer term. For potential sellers of plastics and packaging companies, we encourage you to check out our recently published Post COVID-19 Succession Playbook on page 2.

Data as of June 30, 2020	Month-to-Date (MTD)			Year-to-Date (YTD)		
Plastics	2019	2020	Change	2019	2020	Change
Blow Molding	2	1	-1	16	9	-7
Injection Molding	7	11	4	50	32	-18
Film	5	1	-4	32	11	-21
Resin / Color & Compounding	4	5	1	22	23	1
Sheet & Thermoforming	3	4	1	12	6	-6
Specialty	5	6	1	37	37	0
Total Plastics	26	28	2	169	118	-51
Strategic	54%	54%	0%	56%	60%	4%
Financial Buyer - Add-on	23%	25%	2%	28%	25%	-4%
Financial Buyer - Platform	23%	21%	-2%	15%	15%	0%
Packaging	2019	2020	Change	2019	2020	Change
Rigid Plastic	5	6	1	39	24	-15
Flexible Plastic	4	1	-3	30	8	-22
Paper	7	5	-2	60	49	-11
Other	3	1	-2	23	20	-3
Total Packaging	19	13	-6	152	101	-51
Strategic	53%	69%	17%	57%	64%	8%
Financial Buyer - Add-on	16%	15%	0%	25%	21%	-4%
Financial Buyer - Platform	32%	15%	-16%	18%	15%	-4%

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

Notable M&A Activity

Date ⁽¹⁾	Acquirer	Target	Category
06/29/20	Galliedia AG	Multicolor Print AG	Printing/Labels
06/25/20	Mason Wells, Inc.	Schoeneck Containers, Inc.	Blow Molding / Rigid Packaging
06/19/20	C-P Flexible Packaging, Inc.	Genpak Flexible	Film / Flexible Packaging
06/16/20	Transcontinental Inc. (TSX:TCL.A)	Assets of Enviroplast Inc.	Recycling
06/15/20	Portage Plastics Corporation	Paradise Plastics, Inc.	Thermoforming / Rigid Packaging
06/10/20	Revere Plastics Systems, LLC	Assets of two plants of Techniplas, LLC	Injection Molding
06/05/20	Welch Packaging Group, Inc.	Excel Displays & Packaging	Corrugated
06/01/20	Nordson Corporation (NasdaqGS:NDSN)	Fluortek, Inc.	Extrusion
06/01/20	Pexco LLC	Exlon Extrusion, Inc.	Extrusion

(1) Announced Date

Public Entity Performance

Index	% Change June MTD	% Change June YTD
S&P 500 Index	↑ 1.8%	↓ -4.0%
PMCF Plastics & Packaging Index ⁽¹⁾	↑ 2.1%	↓ -15.9%
Rigid Plastic Packaging ⁽²⁾	↓ -0.3%	↓ -7.7%
Flexible Plastic Packaging ⁽³⁾	↑ 0.8%	↓ -11.9%
Other Packaging ⁽⁴⁾	↓ 0.0%	↓ -6.7%
Paper Packaging ⁽⁵⁾	↑ 0.7%	↓ -20.2%

(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 Headwinds, Packaging Industry Faces Pockets of Growth (*PE Professional*)
- Flexible plastic recycling trial reports success, but notes 'anemic' markets (*Plastics News*)
- How Food and Beverage Packagers Can Navigate the New Normal (*Packaging Digest*)
- Demand, feedstocks take the wheel to drive resin price changes in June (*Plastics News*)

Post COVID-19 Succession Playbook

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.

We're here to assist you plan and execute your succession planning during and after the COVID-19 pandemic, and invite you to read one of the articles below based on your individual succession time horizon. The outlook for the recovery remains uncertain, but a well-designed succession plan that adapts to the changing macro-environment will allow you to plan for and optimize a sale of your business. Properly navigating the "new normal" will allow you to achieve your transaction objectives in any environment.



1

I'm in no hurry to sell but understand the value of planning for an exit in 3-5 years or more

Start Planning Now For An Eventual Exit

Selling your business is likely one of the largest and most important transactions of your professional, and perhaps personal, life. The process involves meaningful dollars, sophisticated counterparties, and new realities for all constituents, including the seller, buyer, employees, vendors, and customers.

For these reasons, when selling your business, you want to do it right the first time. Proper preparation is important to ensure a transaction achieves your objectives as a business owner. The key is to focus on what you can control – your personal readiness and your company's readiness – regardless of market conditions.

When you sell, you don't want to be on your heels. Many business areas cannot be addressed with running fixes while a transaction is in process. Most deals fail during the due diligence process – after terms are agreed to, but before the deal closes. The best transaction outcomes involve companies and owners that are properly prepared and ready to withstand the rigors of a sale process.

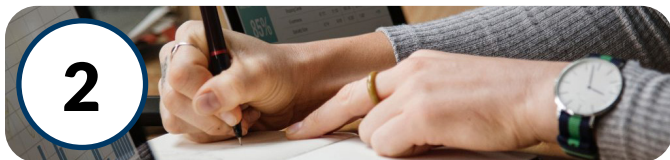
OWNER READINESS

- Determine your bullet proof number
- Know your legacy preference
- Understand post-deal involvement
- Optimize your tax outcome
- Understand family/partner succession
- Balance with health and lifestyle

COMPANY READINESS

- Strong financial performance
- Demonstrated differentiation
- Historical and projected growth
- End market and customer diversity
- Management & employee strength
- Buttoned-up legal, environmental, IP positions

Do you know if you and your business are ready to achieve your transaction objectives? Our Readiness Review™ provides you with the answer to that question. It's a valuable tool for business owners thinking about a transaction in the next several years, objectively assessing market valuation and company positioning, with discrete recommendations to bridge any potential gaps in achieving your transaction objectives. With the current macro-economic environment in flux due to the COVID-19 pandemic, it's a great time to begin the planning process so you can answer the question... "Are You Ready?"



2

I'm planning a sale in the next 2-3 years but questioning the timeline given the COVID-19 pandemic

You Can Still Achieve Your Transaction Timeline - Start Getting Ready Now

The M&A markets changed almost overnight.

Prior to the global COVID-19 pandemic, sellers benefited from historically high valuations and ample sources of capital chasing quality transactions. A feeling of sustainable, strong market conditions supported seller-friendly transaction outcomes. Most prognosticators predicted the 11-year bull market would likely continue for another two years, at least. Consequently, business owners felt the presence of a safety net supporting a future transaction.

The market changed as a result of the COVID-19 pandemic, with the global economy entering a recession in Q2 2020, the duration of which is unknown. This creates uncertainty in the M&A markets in terms of activity, valuations and transaction types. The curve of the recovery has many potential paths, which will have drastically different implications to the M&A markets.

- In a worst case "L" curve scenario, the global economy essentially shuts again in late 2020 and early 2021 due to virus escalation without appropriate healthcare capacity or pharmaceutical intervention. Slow growth emerges over an elongated time period.
- In a best case "V" curve scenario, the global economy accelerates after shelter-in-place mandates are lifted, supported by aggressive and successful pharmaceutical intervention in advance of a vaccine solution. A quick return to pre-COVID-19 economic strength occurs.

What does this mean for you? It means navigating the current deal environment won't be as easy. A great outcome isn't guaranteed. You need expert advice and guidance to navigate these uncertain times. At PMCF, we believe your timeline to exit can still be realized, but it will require an assessment of scenario modeling for your business, and careful metric tracking and preparation in advance of launching a sale process. Our sale advisory service is designed to manage you through the largest or most important business transaction of your life, leveraging decades of M&A transaction and industry expertise at your fingertips.

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.

Please let us know if you would like to set up a confidential call or meeting. You can reach John Hart, who leads PMCF's Plastics & Packaging Group at (248) 223-3468 or john.hart@pmcf.com.

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|---------------------|---------------------|---------------------|------------------------------|
| 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

THERMOFORMED
PACKAGING

SPECIALTY EXTRUSION &
INJECTION MOLDING

INJECTION & BLOW
MOLDED PACKAGING

SPECIALTY PAPER &
LUXURY PACKAGING

THERMOFORMED PACKAGING,
FOLDING CARTONS

CORRUGATED
PACKAGING

CORRUGATED PACKAGING &
EQUIPMENT

SPECIALTY
EXTRUSION



Two-time winner, Boutique Investment Banking Firm of the Year by M&A Advisor

Awarded, Cross Border Corporate and Strategic Acquisition of the Year by M&A Advisor

Awarded, Cross Border M&A Deal of the Year by M&A Advisor

Awarded, Deal of the Year by ACG Detroit

Awarded, Manufacturing Deal of the Year by MiBiz

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