

### PMCF Industry M&A Activity Tracking

Global Plastics & Packaging had another good month in July 2020 given the challenges that continue to persist with COVID-19. Plastics M&A recorded 24 transactions which was lower by 7 deals compared to a peak month last year but much higher than the 6 – 11 deals reported in the months of April and May 2020. Resin / Color & Compounding had a strong month with 7 transactions which was more than double the amount recorded last year in July – this is the only sector that is up on a year-to-date basis. Specialty also continues to experience consistent deal activity despite COVID and is tracking within 4% of last year's total recorded transactions. The other sectors are down between 35% – 68% on a year-to-date basis but we have still seen several high quality and notable transactions in these sectors. The buyer makeup in plastics continues to favor strategic and private equity add-on transactions which appear to be easier to close at acceptable valuations than platforms in this COVID environment.

Global Packaging M&A recorded 17 transactions for the month which was higher than last month by 4 deals but lower than July of last year by 6 deals. Packaging transaction activity has been slower to recover than Plastics over the last two months which we believe is attributable to a higher number of transactions that are currently on hold or were delayed for a longer time period. Packaging tends to be highly sought after by private equity for platform transactions and the financing markets continued to be sub-optimal in July which is likely one contributing factor. From a sector standpoint, Paper had a strong month exceeding last July's transaction closings and is only down 13.6% on a year-to-date basis (total Packaging is down 32%). Rigid Plastic has also seen a nice uptick in activity over the last two months and is within 1 transaction of last year's volume for these months. The buyer makeup in packaging is similar to plastics with strategic and private add-on transactions increasing as a percentage of total transaction activity. We did however, see higher private equity transaction activity and more platform transactions close in July compared to the last three months which was encouraging.

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 July 31, 2020	Month-to-Date (MTD)			Year-to-Date (YTD)		
Plastics	2019	2020	Change	2019	2020	Change
Blow Molding	3	0	-3	19	9	-10
Injection Molding	7	5	-2	57	37	-20
Film	5	1	-4	37	12	-25
Resin / Color & Compounding	3	7	4	25	30	5
Sheet & Thermoforming	2	2	0	14	8	-6
Specialty	11	9	-2	48	46	-2
<b>Total Plastics</b>	<b>31</b>	<b>24</b>	<b>-7</b>	<b>200</b>	<b>142</b>	<b>-58</b>
Strategic	58%	54%	-4%	57%	59%	3%
Financial Buyer - Add-on	10%	29%	19%	26%	25%	0%
Financial Buyer - Platform	32%	17%	-16%	18%	15%	-3%
Packaging	2019	2020	Change	2019	2020	Change
Rigid Plastic	7	5	-2	46	29	-17
Flexible Plastic	5	1	-4	35	9	-26
Paper	6	8	2	66	57	-9
Other	5	3	-2	28	23	-5
<b>Total Packaging</b>	<b>23</b>	<b>17</b>	<b>-6</b>	<b>175</b>	<b>118</b>	<b>-57</b>
Strategic	48%	53%	5%	55%	63%	7%
Financial Buyer - Add-on	13%	24%	10%	23%	21%	-2%
Financial Buyer - Platform	39%	24%	-16%	21%	16%	-5%

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

### Notable M&A Activity

Date <sup>(1)</sup>	Acquirer	Target	Category
07/31/20	Advanced Blending Solutions	Thoreson McCosh	Machinery
07/29/20	Madison Dearborn Partners	IPL Plastics Inc. (TSX:IPLP)	Injection Molding / Rigid Packaging
07/23/20	Harrington Industrial Plastics	Aetna Plastics Corp.	Distribution
07/21/20	SK Capital Partners	Techmer PM, LLC	Color & Compounding
07/16/20	ChromaScape, LLC	Greenville Colorants, LLC	Color & Compounding
07/15/20	Tenex Capital Management	Consolidated Label Co. Inc.	Printing / Labels
07/14/20	Technimark LLC	Tool and Plastic Industries	Injection Molding
07/09/20	Anchor Packaging LLC	Panoramic, Inc.	Thermoforming / Rigid Packaging
07/06/20	De Jong Packaging Ltd	eCorrugated Ltd.	Corrugated
07/01/20	Foam Fabricators, Inc.	Polyfoam Corp.	Foam / Rigid Packaging

(1) Announced Date

### Public Entity Performance

Index	% Change July MTD	% Change July YTD
S&P 500 Index	↑ 5.5%	↑ 1.3%
PMCF Plastics & Packaging Index <sup>(1)</sup>	↑ 2.8%	↓ -13.5%
Rigid Plastic Packaging <sup>(2)</sup>	↑ 7.8%	↓ -0.4%
Flexible Plastic Packaging <sup>(3)</sup>	↑ 6.6%	↓ -6.1%
Other Packaging <sup>(4)</sup>	↑ 6.0%	↓ -1.0%
Paper Packaging <sup>(5)</sup>	↓ -3.4%	↓ -22.9%

(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

- COVID-19 has resurrected single-use plastics – are they back to stay? (*The Conversation*)
- PPE makers still focused on meeting COVID-19 demands (*Plastics News*)
- A Deeper Dive Into PFAS, and Why Bans Are Misguided (*Packaging Digest*)
- Pew report pushes limiting plastics growth to cut ocean pollution (*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.

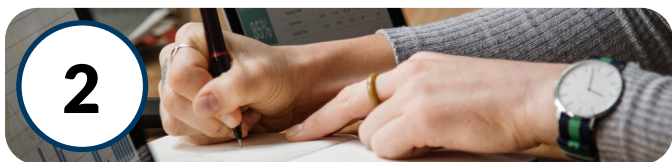
### OWNER READINESS

- 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.

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



has been acquired by



a portfolio company of



THERMOFORMED  
PACKAGING



has completed a recapitalization with



SPECIALTY EXTRUSION &  
INJECTION MOLDING



has been acquired by



a portfolio company of



INJECTION & BLOW  
MOLDED PACKAGING



has been acquired by



a portfolio company of



SPECIALTY PAPER &  
LUXURY PACKAGING



has been acquired by



a portfolio company of



THERMOFORMED PACKAGING,  
FOLDING CARTONS



has been acquired by



CORRUGATED  
PACKAGING




has been acquired by



CORRUGATED PACKAGING &  
EQUIPMENT



has been acquired by



SPECIALTY  
EXTRUSION



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

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

Awarded, Deal of the Year by ACG Detroit

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