

PLASTICS M&A UPDATE

JANUARY 2023

Plastics Industry M&A Activity Tracking

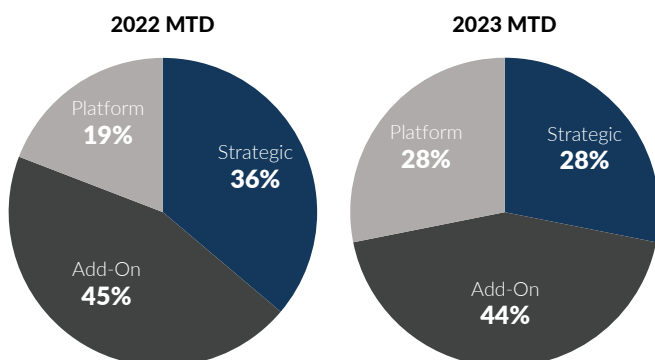
January 2023 ushered in a strong beginning to the new year for the Global Plastics M&A market. Transactions in the month totaled 32 deals, which represents the first time the Global Plastics M&A market has recorded over 30 deals since August 2022. Furthermore, when compared to the average monthly volume from H2 2022, January recorded an additional six transactions. Overall, Global Plastics M&A activity displayed its resilience, and buyers continue to be acquisitive in the face of macroeconomic uncertainty and challenging credit markets.

PLASTICS M&A BY SUBSECTOR

Subsector	Year-to-Date		
	2022	2023	Change
Blow Molding	4	1	-3
Injection Molding	10	6	-4
Film	8	4	-4
Resin / Color & Compounding	4	4	0
Sheet & Thermoforming	4	3	-1
Specialty	17	14	-3
Total Plastics	47	32	-15
Strategic	36%	28%	-8%
Financial Buyer - Add-on	45%	44%	-1%
Financial Buyer - Platform	19%	28%	9%

- Private equity firms were particularly active in the first month of the new year, totaling 23 transactions, or 72% of the total transaction volume. January represents the most acquisitive month for platform private equity since May 2022
- Strategic buyers remained on the sidelines in January, recording nine deals which is well below the 2022 monthly average of 16
- Specialty transaction activity remained strong in January, recording 14 deals which matched the subsector's most active month of 2022
- Color & Compounding transactions started the year strong, recording four transactions in January which is double the average monthly volume levels for the subsector in 2022
- The Industrial end market accounted for 20 deals, or 63% of transaction volume, in January. When compared to January 2022, the end market recorded an additional three deals

PLASTICS TRANSACTIONS BY BUYER TYPE



TOTAL PLASTICS M&A BY END MARKET

End Market	Year-to-Date	
	2022	2023
Food & Beverage	4	0
Industrial	17	20
Consumer	5	7
Construction	5	1
Medical	7	4
Automotive / Transportation	9	0
Total	47	32

The Global Plastics M&A market began the year with an uptick in activity, rebounding from the lower activity levels witnessed in the latter half of 2022. It's too early to tell whether January levels will continue in the first half of 2023, but the trends in the month were encouraging from an M&A perspective. If you are a plastics company considering a merger, acquisition, sale, or recapitalization in the short or long term, please consider leveraging PMCF's transaction planning and execution expertise to best position your company in a transaction.

Public Entity Performance

Public plastic companies turned bullish in January, delivering impressive returns across all tracked indices. The Resin and Color & Compounding and Plastic Fabricating indices each posted gains of over 18%. Additionally, all tracked Indices, excluding Plastic Packaging, outperformed the S&P 500

Index		% Change January YTD
S&P 500 Index	↑	6.2%
PMCF Plastics Index ⁽¹⁾	↑	11.1%
Resin and Color & Compounding ⁽²⁾	↑	19.8%
Plastic Packaging ⁽³⁾	↑	1.5%
Plastic Fabricating ⁽⁴⁾	↑	18.5%

⁽¹⁾ ABCT, CMT, PRLB, ARCW, UFAB, MYE, DOW, WLK, TSE, AVNT, DNMR, ITP, SOLB, LYB, FOE, ATR, SON, SLGN, BERY, AMC, SEE, TCLA, WPK, NPK, HUH1V, PTVE, ESNT ⁽²⁾ DNMR, DOW, TSE, WLK, AVNT, ITP, SOLB, LYB, FOE ⁽³⁾ ATR, SON, SLGN, NPK, BERY, AMC, HUH1V, SEE, TCLA, WPK, PTVE, ESNT ⁽⁴⁾ ABCT, CMT, PRLB, ARCW, UFAB, MYE

Major News

- U.S. Nears Debt Ceiling, Begins Extraordinary Measures to Avoid Default (The Wall Street Journal)
- U.S. GDP Rose 2.9% in the Fourth Quarter After a Year of High Inflation (The Wall Street Journal)
- Plastics M&A Market Cools; Higher Interest Rates Blamed (Plastics News)
- World Economy is Getting Less Circular (Plastics News)
- Microplastics Take Outsized Role as Senate Democrats Seek Action (Plastics News)

Notable M&A Activity

Date	Acquirer	Target	Category
01/24/23	Colorcon	Aimov Healthcare Packaging	Injection Molding
01/19/23	Summit Plastics, Inc.	Fredman Bag Company	Flexible Packaging
01/17/23	Charger Investment Partners	CMI Limited Co.	Vinyl & Composites
01/15/23	Advantek, LLC	LKTT Plastic Technology Sdn Bhd	Flexible Packaging
01/11/23	CORE Industrial Partners, LLC	Stanfordville Machine & Manufacturing, Inc.	Machining
01/06/23	Lacerta Group	Portage Plastics Corporation	Thermoforming
01/05/23	Delos Capital Management, LP	Le Sueur Incorporated	Injection Molding
01/05/23	Life Science Outsourcing, Inc.	J-Pac, LLC	Thermoforming
01/05/23	Evantic	Vertec Polymers	Resin
01/04/23	Braskem (BVMF: BRKM3)	Taulman3D	Resin

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

Use Our Expertise to Maximize Shareholder Value

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.

STRATEGIC ASSESSMENT

- PMCF is frequently requested to complete an analysis of a company's strategic positioning within the plastics and packaging marketplace
- Our review may consider your operations, products, end markets, financial trends, growth opportunities, and management team
- We are available to brief your management team, ownership, or board with our thoughts on your current value in today's market
- PMCF can provide a benchmark comparison of your organization's strengths, weaknesses, and anticipated buyer viewpoints

WORKING WITH PMCF

- PMCF is a licensed and FINRA-registered investment banking organization
- Confidentiality is of the highest importance and we welcome the execution of appropriate agreements prior to the exchange of data
- PMCF's senior bankers will respond to any inquiries and will be directly involved in all discussions
- If engaged, the majority of PMCF's costs are contingent on a successful transaction
- We insist on potential clients contacting our long list of references

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.

Rigid Packaging	Flexible Packaging	Engineered Products	Corrugated & Paper Packaging
Blow Molding	Injection Molding	Extrusion	Specialty Film
Color & Compounding	Printing & Labeling	Thermoforming	Packaging Machinery

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

Recent PMCF Plastics & Packaging Transactions

ENVIRO PLAS INC.
ENGINEERING RESIN SOLUTIONS

has completed its merger with

AURORA PLASTICS

a portfolio company of

NAUTIC

COMPOUNDING

ALLIED PLASTICS, INC.

has been acquired by an affiliate of

ALL-STATE INDUSTRIES

a portfolio company of

Blue Sage Capital

THERMOFORMING

C.L. Smith

has been acquired by

KELSO

PACKAGING DISTRIBUTION & BLOW MOLDED PACKAGING

CASCADIA CUSTOM MOLDING

has been acquired by

VRC Engineered Solutions

a portfolio company of

BLUEPOINT Capital Partners

INJECTION MOLDING

JADCORE

a portfolio company of

STONEHENGE PARTNERS

has been acquired by

Revolution
BELIEVE IN BETTER PLASTICS

a portfolio company of

ARSENAL CAPITAL PARTNERS

RECYCLING & FLEXIBLE PACKAGING

PANORAMIC

has been acquired by

ANCHOR PACKAGING

a portfolio company of

THE JORDAN COMPANY

THERMOFORMED PACKAGING

Teel PLASTICS, INC.

has completed a recapitalization with

MPE PARTNERS

SPECIALTY EXTRUSION & INJECTION MOLDING

OLCOTT PLASTICS
MANUFACTURER OF PLASTIC JARS & CLOSURES

has been acquired by

PRETIUM
PACKAGING IDEAS INTO YOUR SOLUTIONS

a portfolio company of

GENSTAR CAPITAL, LLC

INJECTION & BLOW MOLDED PACKAGING



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
Awarded, Plastic and Packaging Deal of the Year in 2020 and 2021 by the Global M&A Network

Awarded, Industrials M&A Investment Bank of the Year by the Global M&A Network

Experienced Professionals. Trusted Advisors. Proven Results.

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