

# PLASTICS M&A UPDATE

JANUARY 2024

## Plastics Industry M&A Activity Tracking

Global Plastics M&A was strong in January as momentum from the second half of 2023 continued. January is typically a more active month from a transaction volume perspective as deals slated to close at the end of 2023 are carried over to the start of the new year. 42 transactions were recorded in January, which marks the second time in the past two years that over 40 transactions have been recorded in a month. Furthermore, when compared to the average monthly volume from H2 2023, January recorded an additional nine transactions. Strong buyer participation coupled with an uptick in domestic M&A activity resulted in one of the most active months over the last two years and provides optimism for the new year.

### PLASTICS M&A BY SUBSECTOR

| Subsector                 | Month-to-Date |           |           |
|---------------------------|---------------|-----------|-----------|
|                           | 2023          | 2024      | Change    |
| Blow Molding              | 1             | 2         | 1         |
| Injection Molding         | 7             | 13        | 6         |
| Film                      | 4             | 4         | 0         |
| Resin/Color & Compounding | 4             | 4         | 0         |
| Sheet & Thermoforming     | 3             | 4         | 1         |
| Specialty                 | 13            | 15        | 2         |
| <b>Total</b>              | <b>32</b>     | <b>42</b> | <b>10</b> |

### PLASTICS M&A BY BUYER TYPE

| Type          | MTD | % of Total |
|---------------|-----|------------|
| Strategic     | 24  | 57%        |
| Add-On (PE)   | 11  | 26%        |
| Platform (PE) | 7   | 17%        |

### PLASTICS M&A BY GEOGRAPHY

| Type            | MTD | % of Total |
|-----------------|-----|------------|
| U.S.-to-U.S.    | 15  | 36%        |
| U.S.-to-Foreign | 5   | 12%        |
| Foreign-to-U.S. | 5   | 12%        |
| Foreign         | 17  | 40%        |

- Strategic buyers were responsible for 24 deals, or 57% of the monthly deal volume. Strategic buyers have been active lately, recording over 20 deals in three of the last four months. Furthermore, when compared to the average monthly strategic deal volume from 2023, January recorded seven additional deals
- Financial buyer activity in the month was driven by both add-on and platform acquisitions, which recorded 11 and seven transactions, respectively. Despite platform acquisitions pulling back in each of the last two months, January was in line with the average monthly platform deal volume from Q4 2023
- In 2023, deals involving two domestic parties fell below historical averages, posting the least active year for domestic transactions since 2020. However, in January, domestic deals accounted for 15 deals, which represented the highest level of domestic activity since August 2023
- After posting a record year from a volume standpoint in 2023, Injection Molding transactions picked up where they left off in January 2024, recording 13 deals, or 31% of the monthly transaction activity

### PLASTICS M&A BY END MARKET

| End Market      | MTD | %   |
|-----------------|-----|-----|
| Food & Beverage | 8   | 19% |
| Industrial      | 31  | 74% |
| Consumer        | 1   | 2%  |
| Medical         | 2   | 5%  |



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If you are a plastics company considering a merger, acquisition, sale, or recapitalization in the short or longer term please consider leveraging PMCF's transaction planning and execution expertise to best position your company in a transaction.

## Plastics M&A Update – January 2024

### Industry Multiples and Trends

Transaction multiples for public entities in the plastics space continue to be strong with all subsectors generating average EV/EBITDA multiples of over 8x. Plastic Packaging public entities have the highest multiples with average EV/EBITDA nearing double digits.

### Public Stock Performance

Plastic public entities did not keep pace with the strong performance observed at the close of 2023, with two of the three subsectors showing significant declines on average. Plastic Packaging public companies displayed modest growth for the month, posting average growth of just over half of a percent.

| Company Name                                    | Stock Performance<br>Month-to-Date | Enterprise Value / LTM <sup>1</sup> |              |
|---|------------------------------------|-------------------------------------|--------------|
|   |                                    | Revenue                             | EBITDA       |
| <b><i>Resin and Color &amp; Compounding</i></b> |                                    |                                     |              |
| Avient Corporation                              | -12.9%                             | 1.54x                               | 11.58x       |
| Danimer Scientific, Inc.                        | -37.5%                             | 7.69x                               | NM           |
| Dow Inc.  | -2.3%                              | 1.13x                               | 7.56x        |
| LyondellBasell Industries N.V.                  | -1.0%                              | 0.98x                               | 7.40x        |
| Solvay SA                                       | -8.3%                              | 0.30x                               | 1.53x        |
| Trinseo PLC                                     | -28.0%                             | 0.60x                               | 14.16x       |
| Westlake Chemical Corporation                   | -1.2%                              | 1.58x                               | 7.46x        |
| <b>Mean</b>                                     | <b>-13.0%</b>                      | <b>1.98x</b>                        | <b>8.28x</b> |
| <b>Median</b>                                   | <b>-8.3%</b>                       | <b>1.13x</b>                        | <b>7.51x</b> |
| <b><i>Plastic Packaging</i></b>                 |                                    |                                     |              |
| Amcor plc                                       | -2.2%                              | 1.44x                               | 10.10x       |
| Aptar Group, Inc.                               | 5.1%                               | 2.80x                               | 13.57x       |
| Berry Global Group                              | -2.9%                              | 1.27x                               | 8.11x        |
| Essentra plc                                    | 2.0%                               | 1.56x                               | 23.63x       |
| Huhtamaki Oyj                                   | -1.0%                              | 1.24x                               | 10.93x       |
| Nampak Limited                                  | 0.8%                               | 0.47x                               | 9.50x        |
| Pactiv Evergreen Inc.                           | 6.5%                               | 1.10x                               | 5.11x        |
| Sealed Air Corporation                          | -5.4%                              | 1.75x                               | 8.64x        |
| Silgan Holdings Inc.                            | 1.5%                               | 1.28x                               | 8.80x        |
| Sonoco Products Company                         | 1.8%                               | 1.30x                               | 7.85x        |
| Transcontinental Inc.                           | -1.2%                              | 0.73x                               | 5.12x        |
| Winpak Ltd.                                     | 3.1%                               | 1.35x                               | 6.83x        |
| <b>Mean</b>                                     | <b>0.7%</b>                        | <b>1.36x</b>                        | <b>9.85x</b> |
| <b>Median</b>                                   | <b>1.2%</b>                        | <b>1.29x</b>                        | <b>8.72x</b> |
| <b><i>Plastic Fabricating</i></b>               |                                    |                                     |              |
| Core Molding Technologies, Inc.                 | -6.6%                              | 0.43x                               | 3.70x        |
| Proto Labs, Inc.                                | -7.4%                              | 1.69x                               | 13.45x       |
| Myers Industries, Inc.                          | -4.1%                              | 0.91x                               | 7.41x        |
| <b>Mean</b>                                     | <b>-6.0%</b>                       | <b>1.01x</b>                        | <b>8.19x</b> |
| <b>Median</b>                                   | <b>-6.6%</b>                       | <b>0.91x</b>                        | <b>7.41x</b> |

<sup>1</sup>LTM as of latest available financials

Sources: S&P Capital IQ, Company Websites, Pitchbook, Company Reports, PMCF

## Notable M&A Activity

| Date     | Acquirer                                 | Target                            | Category           |
|----------|--|-----------------------------------|--------------------|
| 01/30/24 | Black Diamond Capital Management, L.L.C. | Sonoco Protective Solutions, Inc. | Foam               |
| 01/29/24 | Container Services, Inc.                 | Apex Plastics                     | Bottles            |
| 01/23/24 | ALPLA                                    | Fortiflex, Inc.                   | Rigid Packaging    |
| 01/23/24 | Arterex Medical Device Inc.              | Micromold Inc.                    | Medical Plastics   |
| 01/17/24 | Amco Polymers                            | Bamberger                         | Resin Distribution |
| 01/16/24 | MCM Capital Partners                     | AIM Processing                    | Injection Molding  |
| 01/11/24 | Patrick Industries, Inc. (NasdaqGS:PATK) | Sportech, Inc.                    | Thermoforming      |
| 01/02/24 | Myers Industries Inc.                    | Signature Systems Group LLC       | Composites         |

Sources: S&P Capital IQ, Company Websites, Pitchbook, Company Reports, PMCF

## Major News & Insights

- European General Court Endorses Oxo-Degradable Plastic Ban (Plastics News)
- Biden Administration Seeks Cuts in Single-Use Plastics Purchases (Plastics News)
- EPA Wants 15% Recycled Content in Plastic Packaging for Ecolabel (Plastics News)
- Cooler Inflation Keeps Door Open for Rate Cuts This Year (The Wall Street Journal)
- The Economy Just Keeps Going (The Wall Street Journal)

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## Recent PMCF Plastics & Packaging Transactions

|  |   |  |   |
|--|---|--|---|
|  <p>has completed its merger with</p>  <p>a portfolio company of</p>  |  <p>has been acquired by</p>  <p>a portfolio company of</p>  |  <p>has been acquired by</p>  <p>a portfolio company of</p>  |  <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>a portfolio company of</p>  |
| COMPOUNDING  | THERMOFORMING   | INJECTION MOLDING  | RECYCLING & FLEXIBLE PACKAGING  |



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