



Plastics M&A Update

Q2 2022

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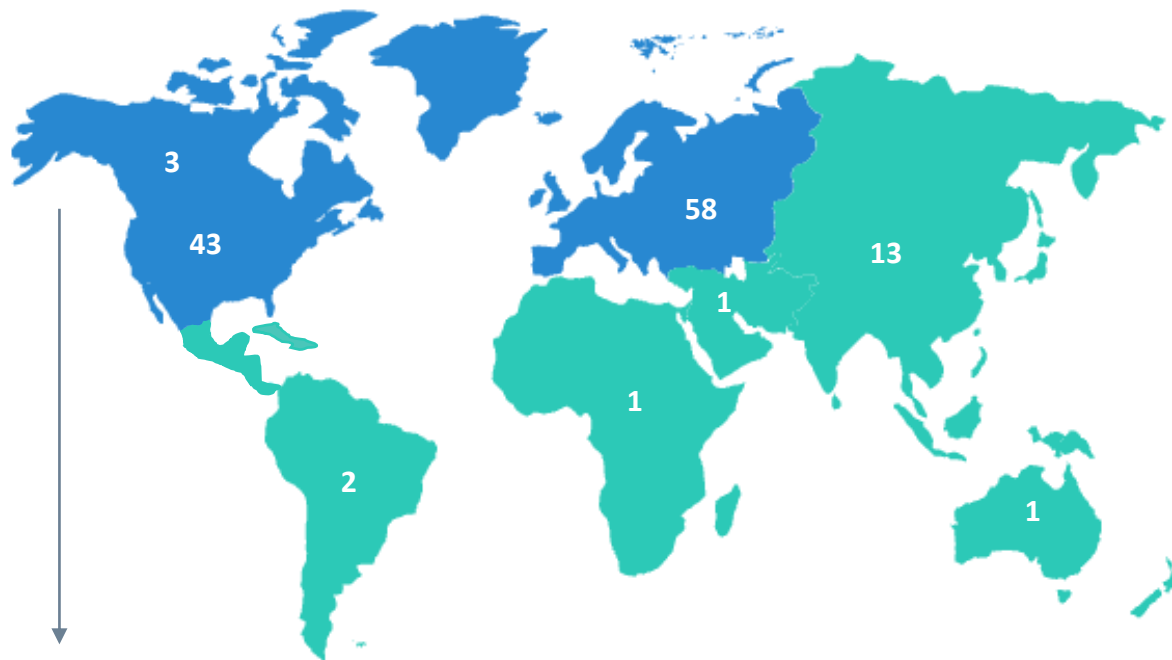
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REPORT HIGHLIGHTS

- The Plastics Material and Resins Manufacturing Index increased 1.4% in Q2 2022 and outperformed the S&P 500, which decreased 16.7% for the quarter.
- M&A deal volume decreased significantly in Q2 2022 to 122 completed transactions from 150 in Q1 2022 and from 147 in Q2 of the prior year.
- In 1H 2022, PE buyers accounted for 45.6% of total deal volume in the Plastics sector, down from 54.4% in the prior year.
- Europe was the most active region in Q2 2022 with 58 deals. Most notably was the \$114 million acquisition of Carton Pack by A&M Capital in May 2022.
- Publicly traded stocks in the Plastics sector trended slightly lower in Q2 2022 and total capital invested dropped 30.2% compared to Q2 of the prior year.

Global Deal Analytics

Of the 122 deals in Q2 2022, Europe was the most active market with 58. Most notably in Europe was Gurit Holding's \$84 million acquisition of Fiberline Composites in May 2022 (other than the CartonPack deal mentioned on Pg 1). North America was the second most active with 46 closed transactions. All other regions combined for a total of 18 completed transactions.



Canada: 3

United States Regions: 43

Great Lakes:	11
Southeast:	10
West Coast:	5
New England:	5
Mid Atlantic:	4
Other:	8

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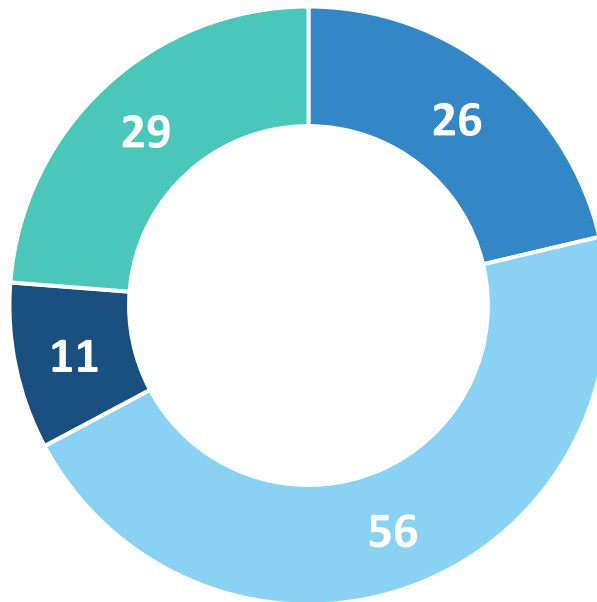
In the North American market, the Great Lakes region was the most active with 11 closed deals, followed by the Southeast with 10. The West Coast and New England completed 5 deals each, and all other regions had a combined 12 transactions.

Outside of the U.S., the Canadian market was relatively inactive with a total of 3 transactions closed. The South America market was similarly inactive with just 2 deals closed during the quarter.

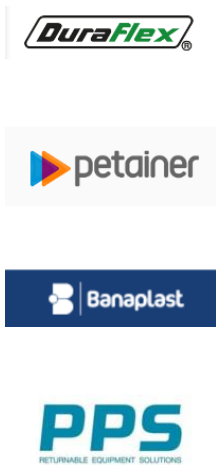
Global Deal Analytics

Of the 122 Plastics deals in Q2 2022, 56 were done in the Commercial Products subsector, making it the most active subsector in the Industry. Plastic Containers & Packaging was the second most active followed by Chemicals & Gases with 26 and 11 deals completed, respectively.

Deal by Subsector



Plastic Containers & Packaging



Commercial Products



Chemicals & Gases

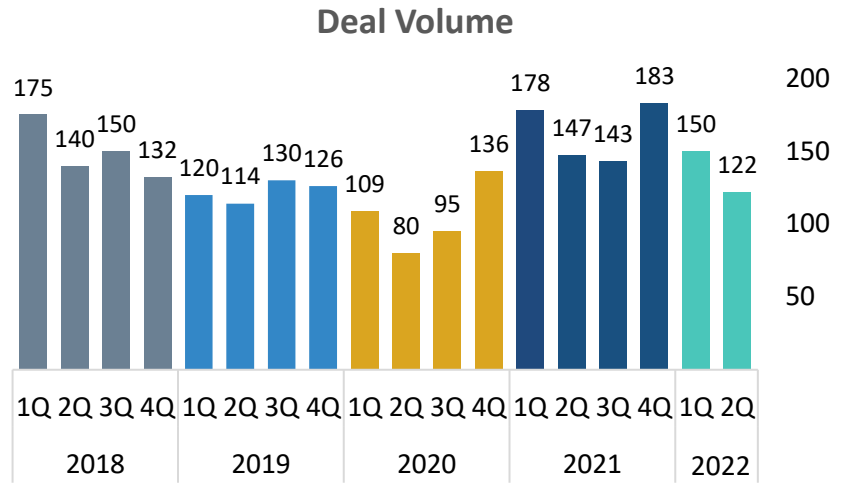


Other

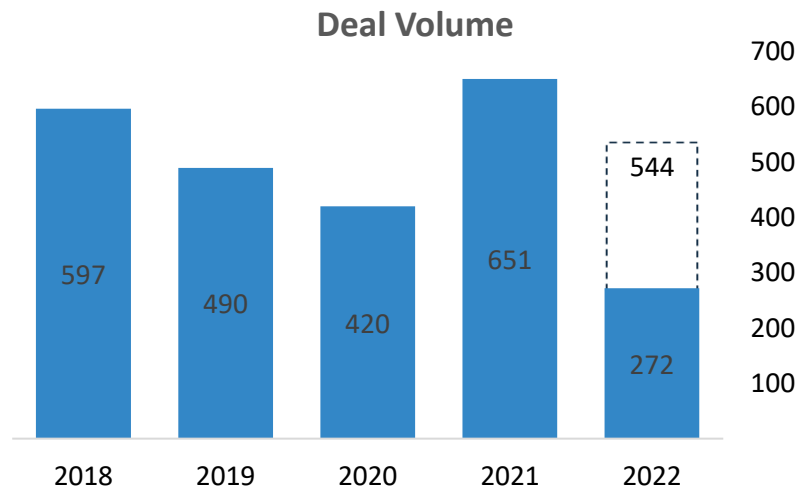


Global Deal Analytics

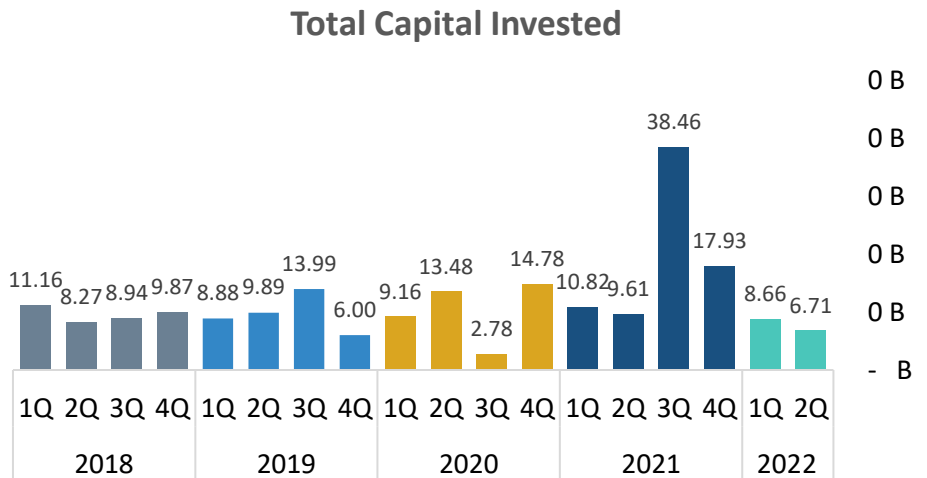
Deal volume in the Plastics sector declined 18.7% to 122 deals in Q2 2022 from 150 in Q1 2022 and 17.0% from 147 transactions in Q2 2022.



M&A deal volume is tracking toward a 16.4% decline in 2022 from the prior year, due primarily to ongoing delays in the supply chain, rapid inflation in the U.S., and increasing preferences towards sustainable packaging solutions. Based on the current deal volume, we are anticipating 544 transactions in the Plastics sector in 2022, down from 651 in 2021.



Total capital invested in the Plastics sector decreased 23.0% to \$6.7B in Q2 2022 from \$8.7B in Q1 and 30.2% from Q2 of the prior year. These decreases were primarily due to declines in overall deal volume in Q2 2022 compared to the prior periods.



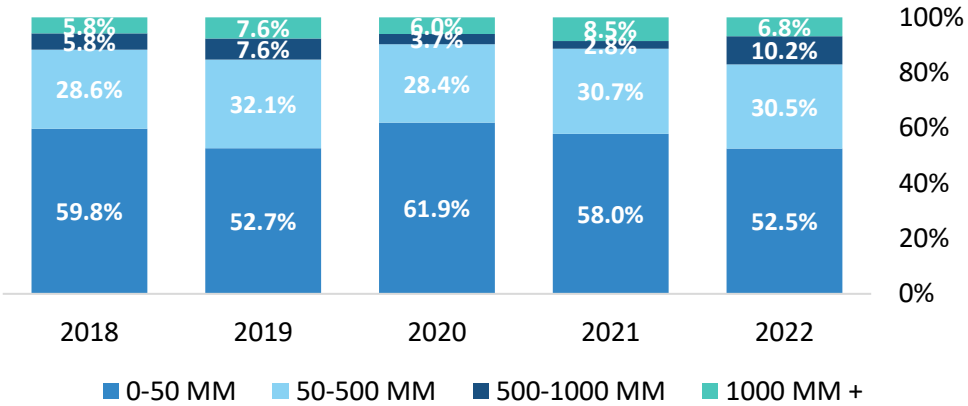
Global Deal Analytics

The large cap market (\$1000MM+) and middle market (\$50 - \$500MM) each saw moderate declines from 8.5% and 30.7% in 2021 to 6.8% and 30.5% in 1H 2022, respectively. On the other hand, we saw a substantial increase in the upper middle market (\$500-\$1000MM) to 10.2% in 1H 2022 from 2.8% in the prior year. The lower middle market (\$0-\$50MM) saw a meaningful decline in deal volume to 52.5% in 1H 2022 from 58.0% in 2021.

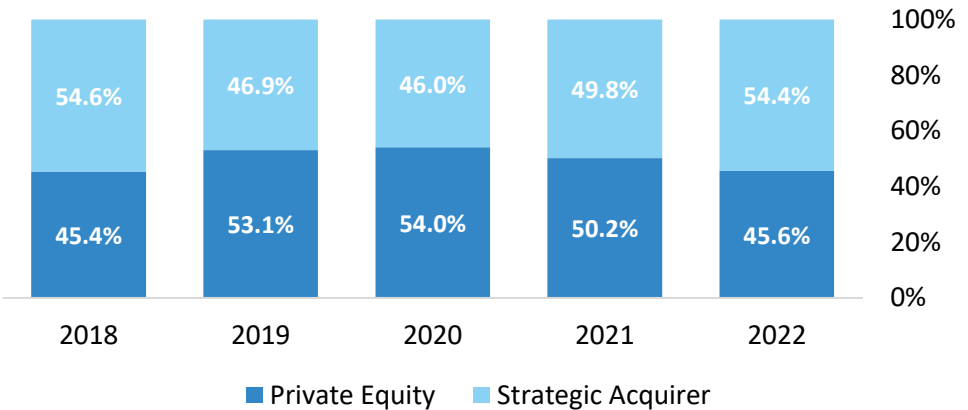
Over the last several years, we have generally seen a decline in PE participation as a % of overall deal volume compared to Strategic Buyers. Through 1H 2022, PE participation decreased to the lowest seen since 2018. This could be a function of higher seller expectations coupled with recent increases in interest rates and challenges in financing markets.

PE participation as a percentage of total capital invested decreased significantly in 1H 2022 to 40.4% from 64.7% in 2021. This decrease is attributable to a shift in the capital markets due to rising interest rates and liquidity tightening from institutional funds but is also partially attributable to a more active than normal 2021.

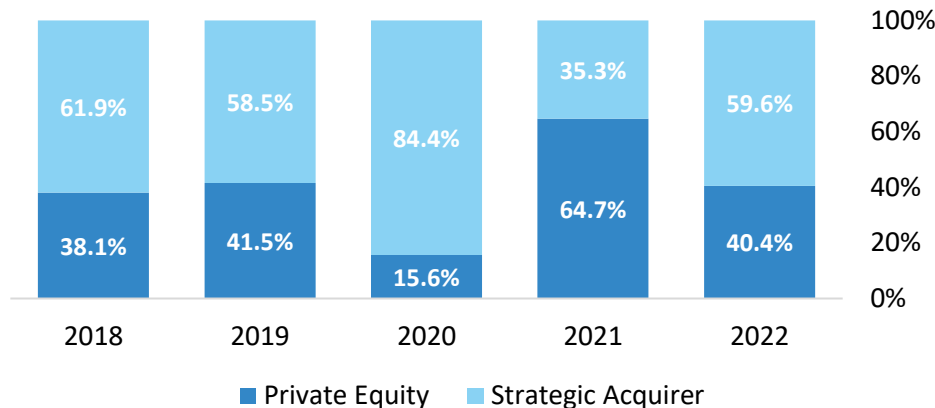
Deal Volume by Deal Size



Deal Volume by Acquirer

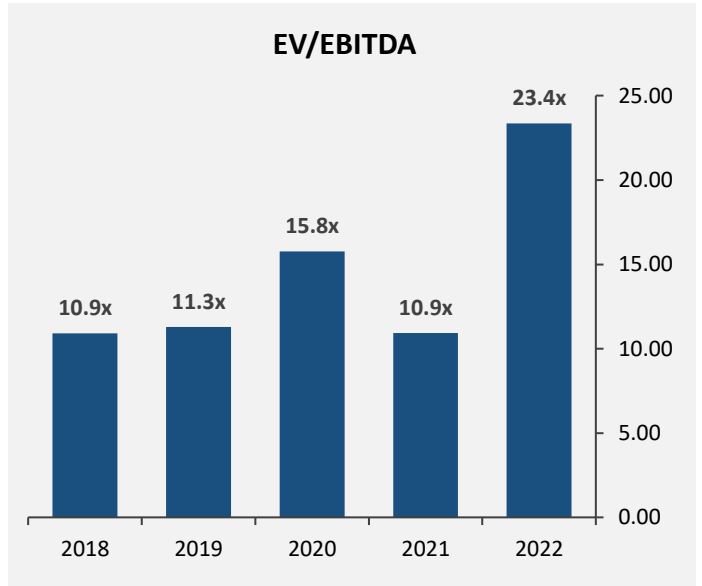
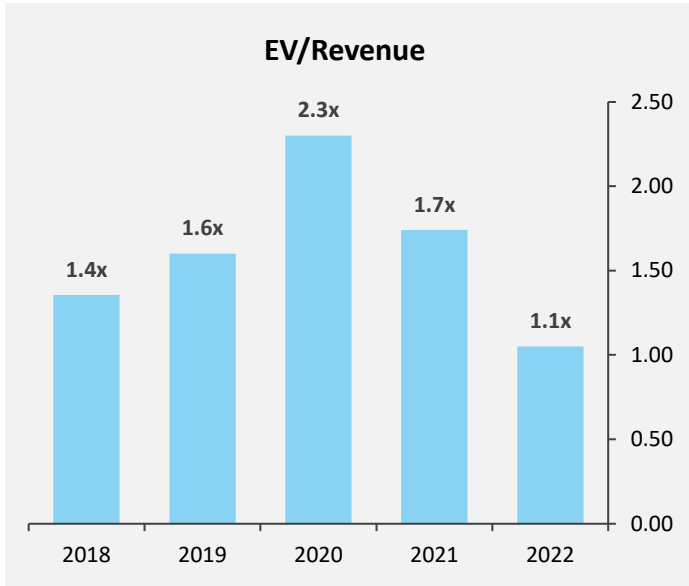


Total Capital Invested by Acquirer

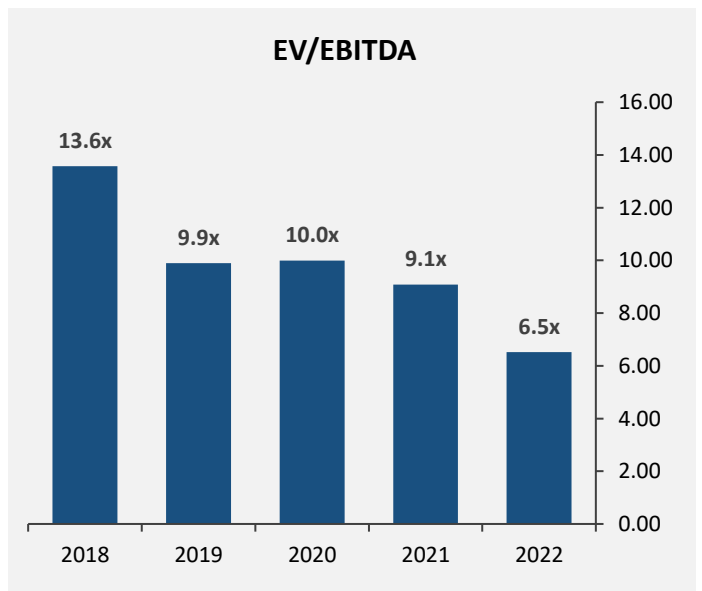
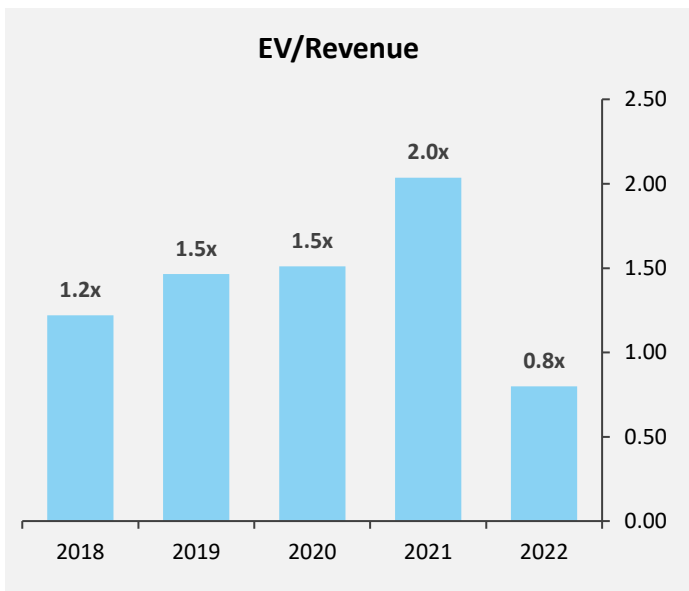


Valuation Multiples

PE Multiples



Strategic Multiples



Largest Deals (Completed)

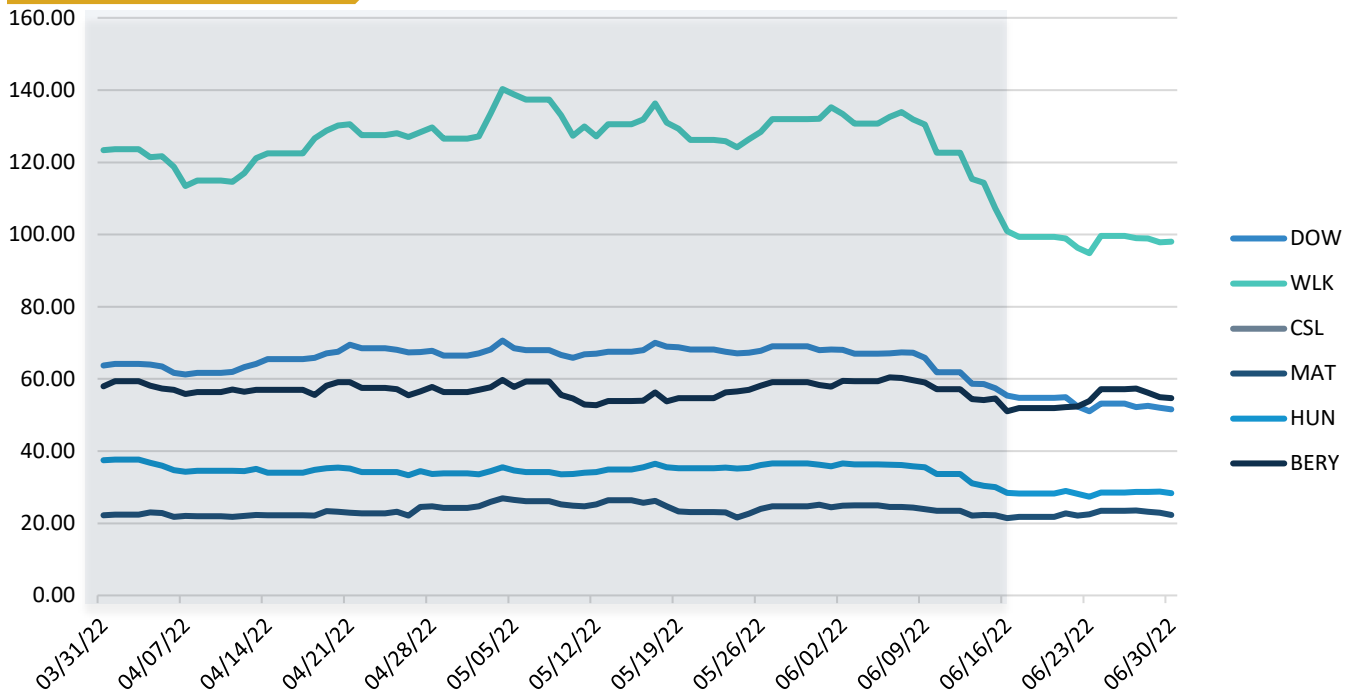
Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
28-Jun-2022	Intertape Polymer Group	Clearlake Capital Group	Buyout/LBO	2,600.00	1.63x	26.20x	Intertape Polymer Group Inc manufactures and sells a variety of packaging products including tapes, films, and woven coated fabrics.
01-Apr-2022	Eastman Chemical Company	Synthomer (LON: SYNT)	M&A	1,000.00			Producer of hydrocarbon, pure monomer, oleochemical and fatty-acid based resins along with polyolefin polymers, rosins as well as dispersions.
01-Apr-2022	JSR	ENEOS Holdings	M&A	967.97			Manufacturer of elastomers including styrene-butadiene rubbers, polybutadiene rubber, polyisoprene, and nitrile rubber based in Tokyo, Japan.
13-May-2022	Quality Synthetic Rubber	Datwyler Group	M&A	625.00			Manufacturer of silicon rubber components for automotive, aerospace and industrial uses in order to safeguard electrical connections in tough environments.
31-May-2022	Octal	Alpek	M&A	620.00			Manufacturer of polyethylene terephthalate (PET) products designed for packaging applications for carbonated water and soft drink, alcoholic beverage and Joint development manufacturer (JDM) of micromedical components, sub-assemblies and final devices.
24-May-2022	IntriCon	Altaris Capital Partners	Buyout/LBO	241.00	1.74x	51.22x	
08-Apr-2022	Fras-le		PIPE	129.13			Fras-le SA is engaged in manufacturing, marketing and import of components for brakes, couplings, transmissions, friction materials, resin-based products, Manufacturer of thermoformed and flexible packaging designed to serve the food industry.
21-Apr-2022	Carton Pack	A&M Capital, Ares Management (NYS: ARES)	Buyout/LBO	114.39	0.92x		
22-Apr-2022	Ngoc Nghia Industry	Indorama Ventures Public	M&A	93.47			Plastic packaging company specializing in bottle blow molding, injection molding, and cap compression molding.
05-May-2022	Fiberline Composites	Gurit Holding	M&A	84.02	1.41x	114.08x	Manufacturer and supplier of advanced composite profiles for the wind energy industry including ready-to-install modules for turbine blades and wind turbine
04-Apr-2022	Almaak International	HEXPOL	M&A	77.02			Manufacturer and developer of recycled engineered polymer compounds catering to medium and small-sized plastics-processing companies.
18-Apr-2022	Sclenchem	CAS Investment Management, CCB Trust, Cybernaut Investment, Jianxin Fortune	PE Growth	48.67			Developer and manufacturer of epoxy molding compound (EMC). The company develops and manufactures EMC, liquid silicone rubber, and resin.
02-May-2022	Halex Extrusion Dies	Exco Technologies	M&A	43.18			Manufacturer of complex aluminum extrusion dies serving the European market.
01-May-2022	Nippon Katan	Mitsui Matsushima Company	M&A	15.25			Manufacturing and supplier of electric equipment specialized in power line hardware and overhead wire fittings for the electrical industry.
05-May-2022	Allegro 3D	BICO Group	M&A	11.00			Operator of a 3D printing and bioprinting platform intended to accelerate the development of tissue models for drug screening and regenerative medicine.
06-May-2022	HMC premedical	Credem Private Equity SGR	PE Growth	10.74			Manufacturer of custom-made components and medical devices serving the biomedical sector.
01-Jun-2022	Mondial Piscine	NextStage AM	PE Growth	10.57			Designer, manufacturer and distributor of injection molded swimming pools based in France.
21-Jun-2022	Steelhead Composites		PE Growth	4.99			Manufacturer of specialty lightweight composite pressure vessels intended for weight-sensitive energy and fuel storage applications.
04-May-2022	Film and Foil Solutions	Coral Products (LON: CRU)	M&A	3.86			Provider of packaging solutions including flexible packaging films, print lamination films, and specialty plastics to support a wide variety of industries.
20-Apr-2022	Waste Plastic Upcycling		Corporate	3.11			Converter of plastic waste into new products. Its technology is based on pyrolysis, which processes the plastic at high temperatures.

Leading M&A Deals (Completed)

Deal	Deal Synopsis	Driver
 	<p>Eastman Chemical Company (NYS: EMN), based in Kingsport, Tennessee, is a diversified manufacturer of resins and chemicals intended to serve the adhesives and sealants industries. The Adhesives Resins Business of Eastman was acquired by Synthomer (LON: SYNT) for \$1 billion on April 1, 2022. The acquisition strengthens Synthomer's presence in the global adhesives market through diversification of its product portfolio, end market and geographies.</p>	<p>Merger/ Acquisition</p>
 	<p>Intertape Polymer Group Inc is a Canadian manufacturer of a variety of flexible packaging products. The company was acquired by Clearlake Capital Group through a \$2.6 billion public-to-private LBO on June 15, 2022. The transaction was supported by \$1.5B million of debt financing in the form of a term loan B, senior first lien loan, and revolving credit line from a syndicate led by Golub Capital.</p>	<p>Merger/ Acquisition</p>
 	<p>Quality Synthetic Rubber, based in Pepper Pike, Ohio, is a manufacturer of silicon rubber components for automotive, aerospace and industrial uses. The company, a subsidiary of Q Holding, was acquired by Datwyler Group (SWX: DAE) for \$625 million on May 13, 2022. The acquisition helps Datwyler Group to gain access to new product segments and markets while accelerating its development of a more geographically balanced portfolio.</p>	<p>Merger/ Acquisition</p>
 	<p>CartonPack, a manufacturer of flexible packaging for the food industry, was acquired by A&M Capital through an LBO in April 2022 for an undisclosed amount.</p>	<p>Merger/ Acquisition</p>

Public Comps

Stock Price

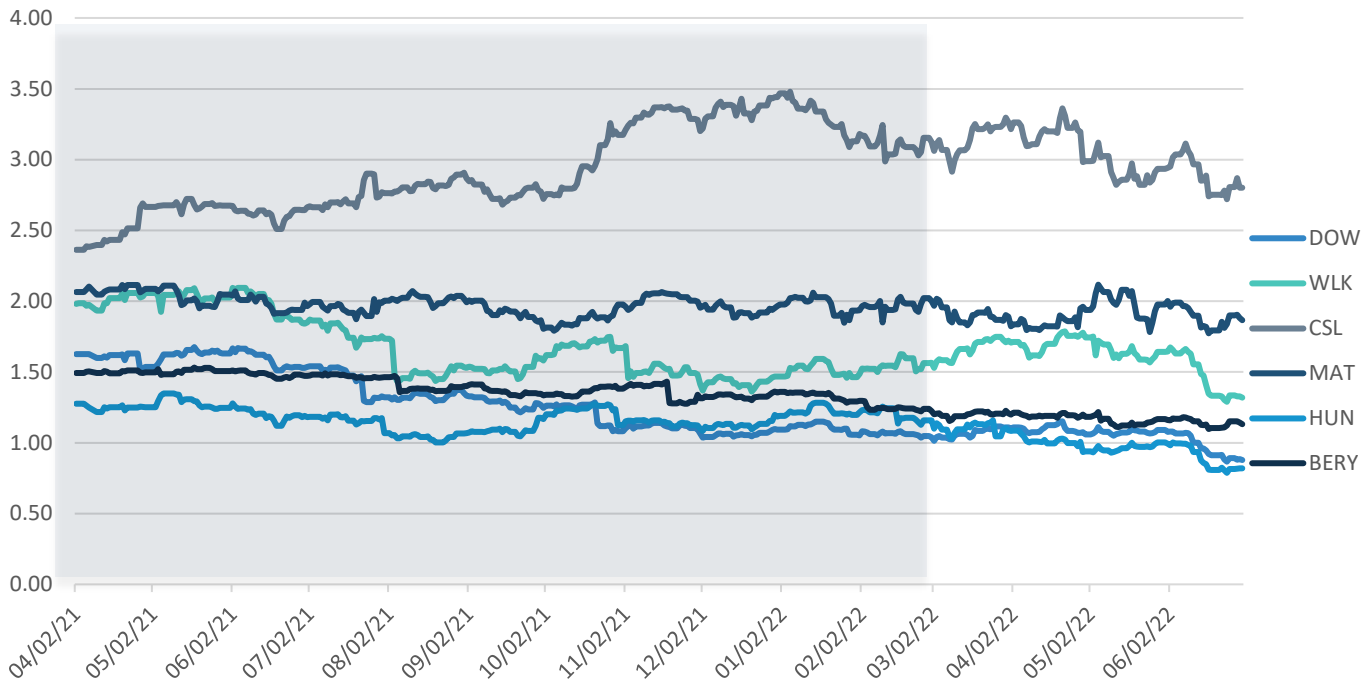


Financial & Valuation

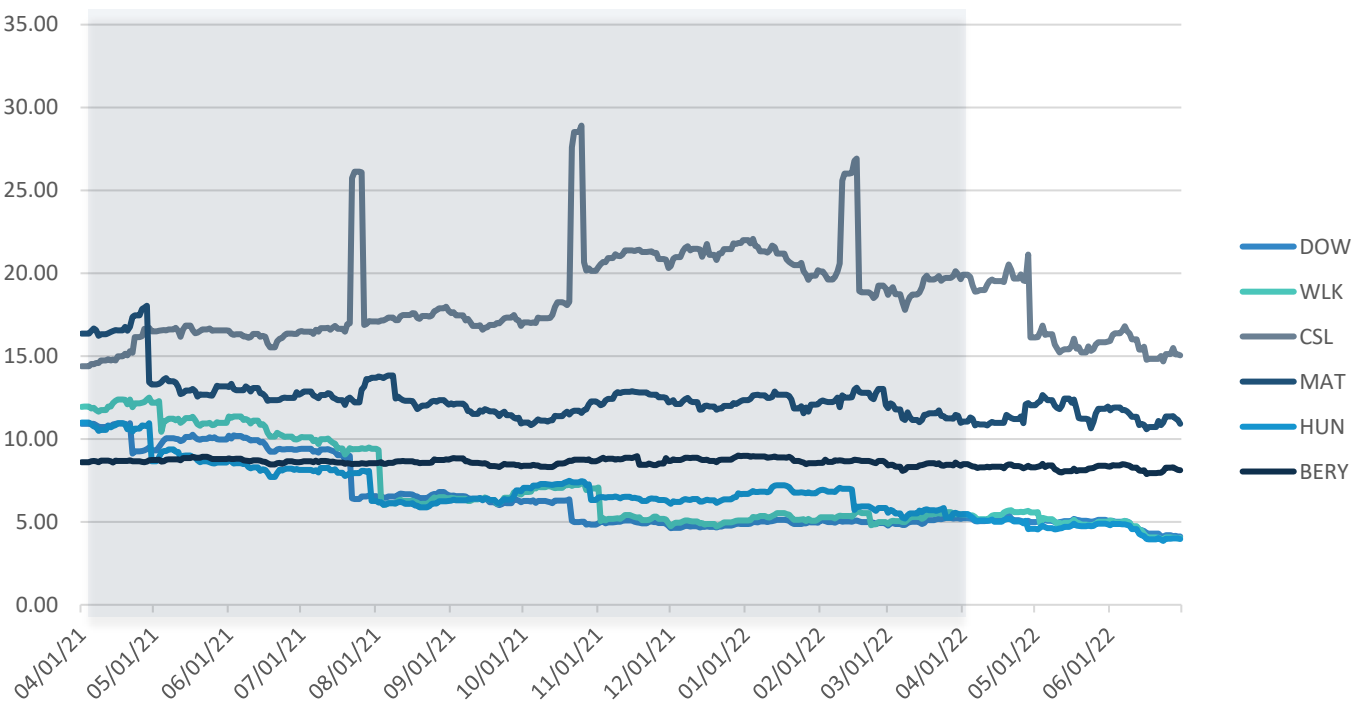
SMM Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			Gross Margin			EBITDA Margin		
					20A	21A	22E	20A	21A	22E	20A	21A	22E	20A	21A	22E	20A	21A	22E
Dow	DOW	63.7	46839.7	16135.0	1.5x	1.1x	1.1x	33.0x	4.9x	5.6x	-15%	35%	0%	13%	19%	17%	4%	22%	19%
Nan Ya Plastics	1303	3.3	25884.7	5071.6	2.6x	1.9x	1.9x	17.5x	6.5x	7.4x	-9%	44%	-2%	12%	25%	16%	15%	30%	15%
EMS-Chemie Holding	EMSN	976.4	N/A	19.5	10.4x	N/A	N/A	33.4x	N/A	N/A	#N/A	#N/A	#N/A	#N/A	#N/A	43%	#N/A	#N/A	29%
Westlake	WLK	123.4	15785.4	5656.0	1.9x	1.5x	1.2x	11.8x	5.1x	4.6x	-10%	38%	23%	13%	27%	#N/A	15%	28%	32%
Formosa Chemicals & Fibre	1326	2.8	16181.5	3580.4	2.4x	1.4x	1.3x	17.3x	6.4x	13.0x	-25%	37%	-5%	8%	17%	9%	14%	22%	8%
Carlisle Companies	CSL	245.9	12804.5	2991.8	2.2x	3.5x	2.8x	13.4x	22.0x	14.8x	-20%	16%	26%	29%	27%	35%	19%	16%	26%
Mattel	MAT	22.2	7823.3	2854.6	2.1x	2.0x	1.9x	19.9x	12.4x	10.3x	-3%	19%	8%	48%	49%	47%	10%	16%	18%
Huntsman	HUN	37.5	8046.9	1971.0	1.2x	1.2x	1.1x	17.3x	6.7x	6.6x	-14%	30%	6%	17%	21%	23%	7%	18%	16%
Berry Global	BERY	58.0	7842.0	9879.0	1.5x	1.4x	1.3x	8.8x	9.0x	8.2x	32%	18%	4%	21%	18%	19%	17%	15%	15%
Changzhou Xingyu Automotive Lighting	601799	20.4	5839.2	1.6	8.4x	6.7x	4.9x	48.2x	40.0x	24.8x	23%	22%	26%	26%	25%	24%	17%	17%	16%
Mean					3.4x	2.3x	1.9x	22.0x	12.5x	10.6x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	19.3%
Median					2.2x	1.5x	1.3x	17.4x	6.7x	8.2x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	17.1%

Public Comps

EV/Revenue



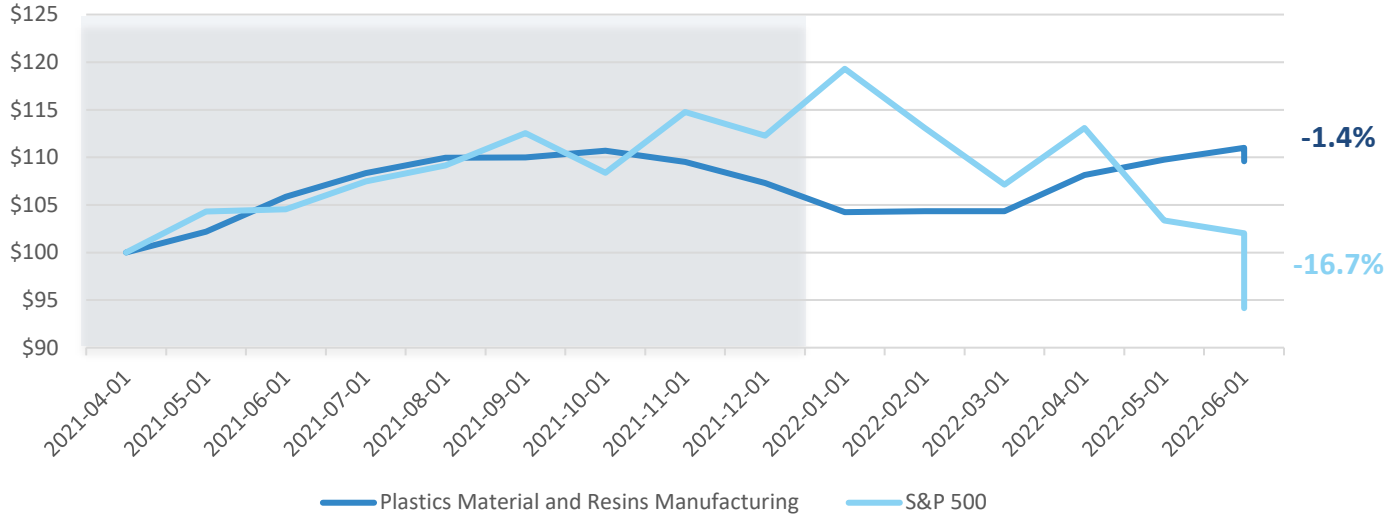
EV/EBITDA



Public Markets

Index Performance

Since April 2022, the Plastics Material and Resins Manufacturing Index increased 1.4% compared to a 16.7% decline for the S&P 500.

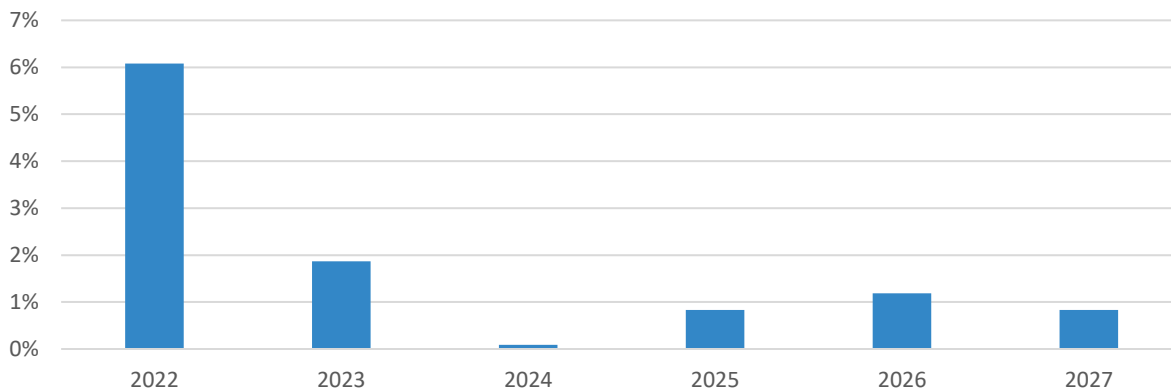


Key External Drivers

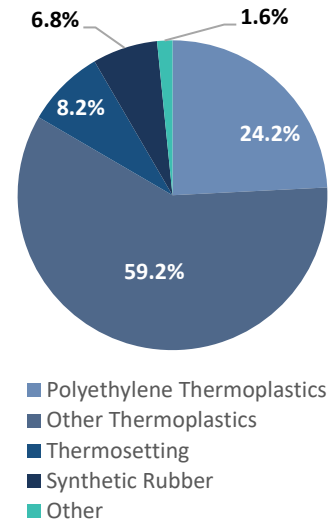
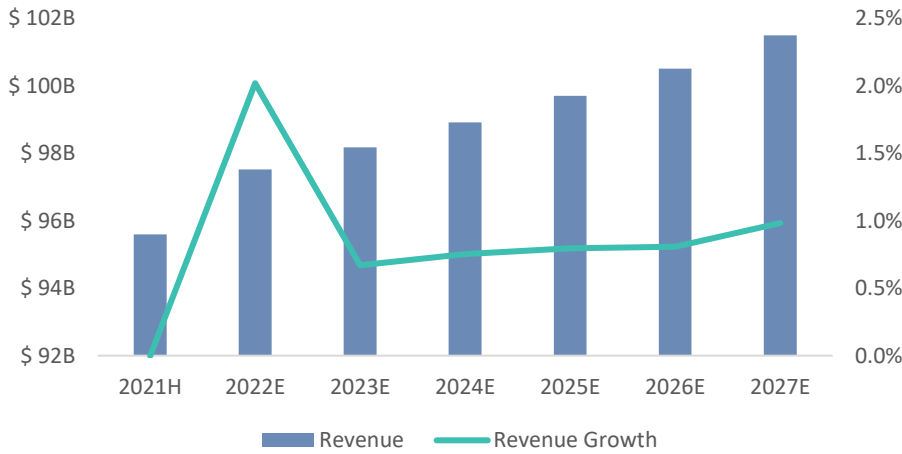
Fluctuations in the world price of crude oil cause instability for plastic manufacturers downstream, which can affect industry product demand. This is due to crude oil being a key input in manufacturing plastics, so as the price of oil increases, so does the operational costs for manufacturers. In 2022, the world price of crude oil increased sharply causing many in the plastics industry to raise their prices accordingly. The trade-weighted index measures the value of the US dollar against the country's major trading partners.

The fast-paced recovery from Covid in the US led to the Federal Reserve initiating quantitative tightening in the form of increasing the federal funds rate. Additionally, the Russian invasion of Ukraine has worsened inflation for most economies, as energy prices have increased rapidly. As a result, investors are looking to the U.S. dollar as a safe haven due to the uncertainty of the conflict and its proximity to the European Union. The TWI is expected to rise in 2H 2022 as the federal reserve continues to aggressively raises the Federal Funds Rate and the money supply in the US economy is reduced.

Plastics & Rubber Machinery Manufacturing



Industry Outlook



Strength in Commercial End-Markets

The anticipated growth in industrial activity, construction and other downstream commercial buyers of plastic products will help support revenues over the 5-year projection period. These end-markets make up a majority of demand for plastics.

Plastic Alternatives

Bioplastics have been a growing segment of the market for some time. Scientists in the field are working intensively to develop alternative compounds that can be used as replacements for plastic. One difficulty has been in determining the appropriate depreciable life for products; Companies want the product to stay intact over the course of its use, but also begin biodegrading as soon as the user is done. This dilemma has resulted in a majority of the uses for plastics currently being for one-time use products such as food and beverage containers and packing materials.

De-Globalization

The COVID-19 pandemic has exposed the fragility of global supply chains, and now many corporations are looking to move away from this system. This is largely due to the reliance on China in the economy, paired with concerns around their regulation, zero-tolerance policy for COVID-19, and trade wars with the US.

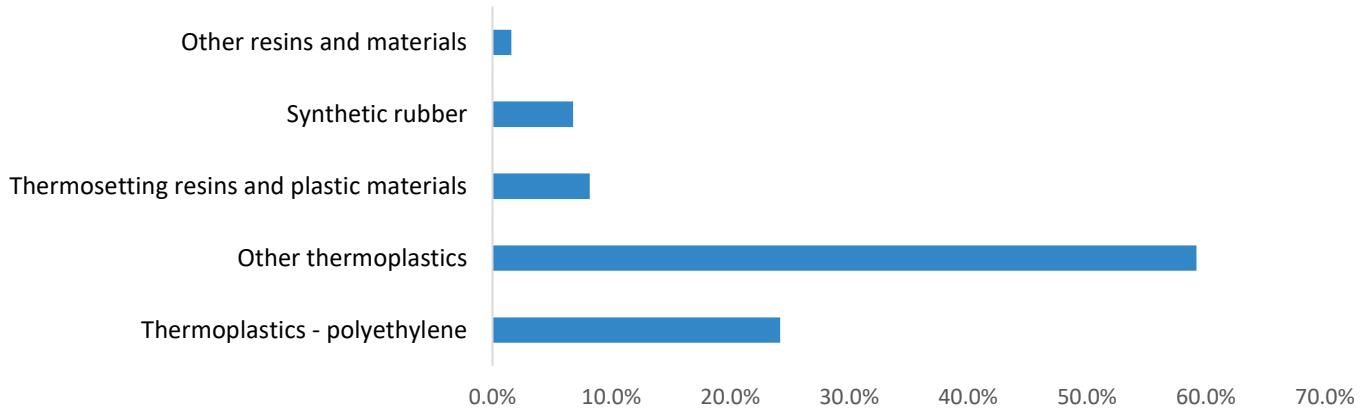
Of the United States manufactured plastics, 46% of revenues are exports, while 28% of plastic purchases in the US are imports. Given the interconnectedness of the Plastics Industry, there will be large implications for companies that move away from this model.

3-D Printing Plastics

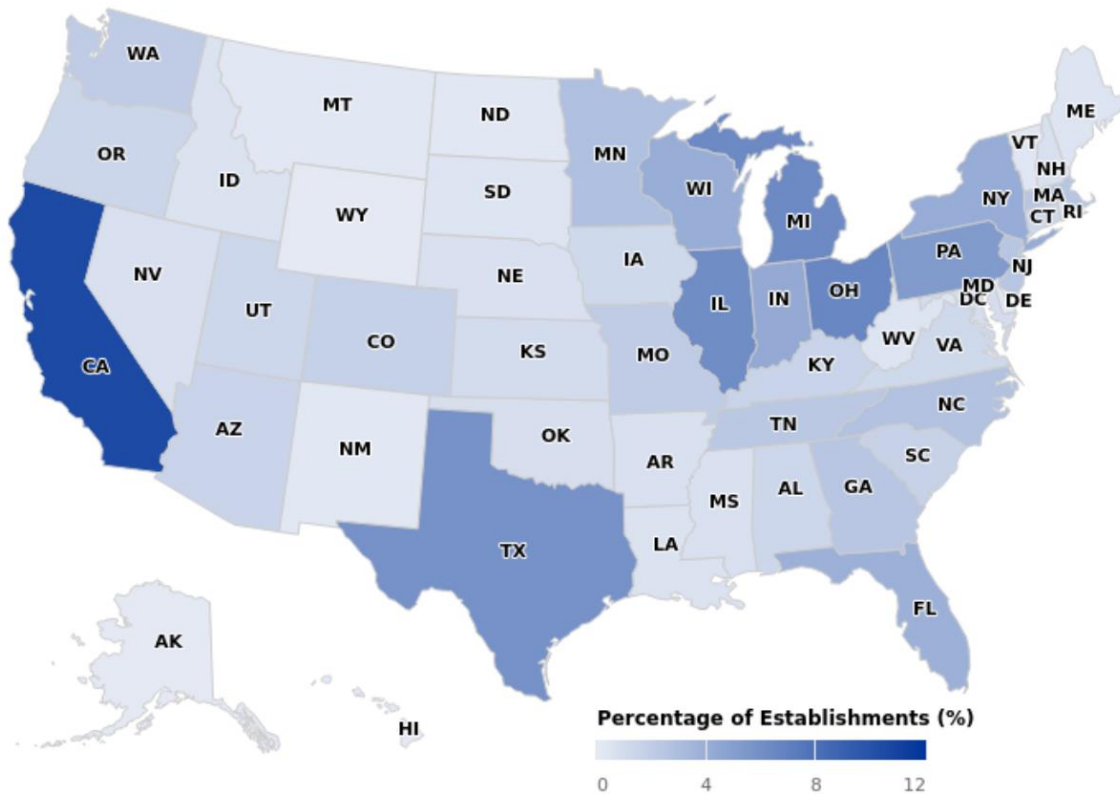
The market for developing and distribution for plastics used in 3-D printers is one of the fastest growing verticals in the plastics industry today. Although 3-D printing is not expected to take over mainstream manufacturing processes, one of the biggest use cases is for rapid prototyping. Overall, the market is expected to grow at a cagr of 23.9% through 2030.

Industry Snapshot

End-Markets as a % of Total Revenue



Business Locations



Our Service Offerings



Sell-Side Advisory: Sell your business

Sell your business for the highest price and for the best terms. At R.L. Hulett, communicating the value of your business to targeted buyers and finding the best fit for your team is our forte. We strive to maintain your company's culture and heritage even as you transition out of your business.



Buy-Side Advisory: Buy a business

Searching for acquisition targets can be a challenging and time-consuming task when trying to run your own business at the same time. Navigating the risks and pitfalls in negotiating valuation and deal structure can also be a daunting task for many business owners. Let our team help you minimize your risk and reduce time wasting efforts with our decades of experience in advising in both buy and sell-side M&A transactions. We utilize industry-leading M&A databases to scout for opportunities and pre-screen for "real" actionable targets so you can stay focused on what matters.



Capital Raise: Gain financial support

With nearly 40 years of experience in middle-market M&A advisory, we know how to package up your deal and put you in front of the right kind of investors who have the capital and the industry expertise you need to grow your business. Our team will develop a go-to-market strategy and advise on deal structure, valuation, due diligence and transition issues. Whether you are seeking capital for growth or trying to buy out other shareholders, we have the tools, expertise, and experience to execute a strategic process and find the optimal outcome to meet your objectives.



Restructuring: reorganization of your business

In today's uncertain economic times, more and more companies are finding themselves in unfamiliar, and unwanted, positions. Many business owners are hoping recovery is just around the corner; however, proactive measures are often required to maximize the remaining value of the business. Our team can aid banking institutions with workout situations by implementing internal controls over cash management and performing on-going cash flow modeling for their clients. We can also help business owners avoid having trouble making payments on their debts and avoid the cumbersome and low-value asset liquidation process.

Selected Transactions

Over the years, R.L. Hulett & Company has completed hundreds of transactions in a wide variety of industries. Please note that this list is not comprehensive. It is common for sellers and/or buyers to request confidentiality regarding their transactions, and R.L. Hulett & Company respects such requests as a matter of policy.



TRILOGY WAREHOUSE PARTNERS

has partnered with



REFRIG WAREHOUSE

a portfolio company of



tilia



R.L. Hulett
& COMPANY, INC.



FEDERAL STEEL SUPPLY, INC.

Has sold substantially all of its assets to



VSA CAPITAL



R.L. Hulett
& COMPANY, INC.



EPIC

Has sold substantially all of its assets to



COMPASS GROUP
Equity Partners



R.L. Hulett
& COMPANY, INC.



U.S. MINERALS


Was recapitalized by



MERIT
CAPITAL
PARTNERS




R.L. Hulett
& COMPANY, INC.




Federated
Software
Group, Inc.

Sold substantially all of its assets to



BOEING



R.L. Hulett
& COMPANY, INC.



dmi
Data Manufacturing, Inc.
ST. LOUIS, MO USA

Has been acquired by

SPELL CAPITAL



R.L. Hulett
& COMPANY, INC.

Our M&A Deal Leaders



R. Trevor Hulett, CPA
Managing Director
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Mr. Hulett has led M&A transactions in a variety of industries including manufacturing/industrial, software development/IT, business services and value-added distribution for over 15 years. Prior to joining the firm, he held senior level accounting and financial management positions in both public accounting and large corporations. Mr. Hulett began his career as a Certified Public Accountant with MPP&W, a St. Louis-based public accounting firm specializing in middle market companies. He then held various management positions in internal audit and corporate accounting with a Fortune 1000 industrial manufacturing company and also spent nine years with Enterprise Rent-A-Car Company as a department manager in the Corporate Accounting group. Mr. Hulett holds his Series 62, 63 and 79 securities registration. Mr. Hulett earned a Bachelor's Degree in Accounting from the University of Missouri, Columbia.



Robert L. Hulett
Chairman Emeritus
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Mr. Hulett founded the firm in 1981 and has negotiated and completed more than 200 transactions throughout his career. He began his career as a Certified Public Accountant and practiced with Peat, Marwick, Mitchell & Co. in St. Louis as an Audit Manager and in New York as the Director of Training for Private Business. Mr. Hulett has also served as Chief Executive & Board Member for various middle market companies. As an educator, he was an adjunct professor at New York University and a tenured faculty member at Lindenwood University in St. Louis. He conducted training sessions for middle market CPA firms throughout the country for more than ten years. Mr. Hulett earned his BS/BA Cum Laude in Accounting from the University of Missouri-Columbia, and an MBA from Lindenwood University.



David T. Vass
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Mr. Vass has over 30 years of business management experience including more than 10 years as President of a highly successful consumer products manufacturing company with revenues exceeding \$25 million. During this time, he not only reversed a declining sales and earnings trend, but increased both sales and operating income over 100%. In addition, he has spent over 20 years at the executive level of Vice President of Sales and Business Development. Mr. Vass also has experience in a number of other industry niches including consumer products, commercial furniture and fixtures and metal recycling. He holds a Bachelor's Degree in Economics from DePauw University and an MBA from the University of Michigan.

Our M&A Deal Leaders



Ron Litton

Director

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Mr. Litton has been advising business owners in mergers and acquisitions since 2013. His primary industry focus areas have included industrials, paper and packaging, distribution, energy, promotional products and direct to consumer e-commerce. Prior to 2013, Mr. Litton held a variety of C-level roles with several companies in the paper and packaging industry including Unisource, Maverick Paper, Universal Graphics and Sabin Robbins. He has bought and sold a number of businesses, advised in the sale of family/founder owned businesses, and advised in start-ups and turnaround situations for banks, owners, and private equity firms. He enjoys working with owners that want to sell or transition out of their businesses. Ron covers the Kansas City and surrounding markets for the firm. He graduated from Central Missouri State University with a BS in Graphic Arts Technology and Management.



Ryan Hartman

Analyst

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Ryan joined R.L. Hulett & Company in 2021 and provides transaction support for senior-level deal managers including financial modeling, valuations, industry research, offering memorandums and a variety of presentations. Ryan graduated with a Bachelor of Science in Management Degree with a major in finance from The Freeman School of Business, Tulane University. Prior to joining the firm Ryan worked as an equity analyst for Burkenroad reports, an equity research program that produces widely circulated financial reports on small- to medium-sized companies. During his time at Tulane University, Ryan was elected as Vice President of Administration for Tulane's community government, took extensive courses in Investment Banking M&A transactions, and volunteered as a data analyst for American Red Cross.



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Marketing

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Lynda Hulett leads the firm's marketing, administrative and communication efforts. She maintains the firm's proprietary CRM database, manages outbound firm communications and provides administrative support to senior deal managers. Prior to joining R.L. Hulett, Lynda spent the previous ten years in various marketing and administrative functions. Most recently, she worked as a client liaison providing administrative support for a CPA firm. Prior to that, she was employed by Moneta Group, a financial services advisory firm, where she provided marketing and administrative support to the client managers. Lynda graduated from the University of Missouri – Columbia, receiving her business degree with an emphasis in Marketing.

About R.L. Hulett & Company

R.L. Hulett & Company is a middle-market investment bank based in St. Louis, Missouri. Since 3081, the firm specializes in providing financial advisory services to middle market companies. Since IB inception, the firm has advised in over 230 transactions in a variety of industries including manufacturing, distribution, business services, transportation/logistics, health care and software/technology. The firm has an experienced team of M&A advisors consisting of former business owners, seasoned corporate executives, professional service firm partners, CPAs and MBAs. Our ability to deliver customized solutions to meet or exceed our clients' expectations is what sets us apart from our competitors.

Industry Sectors Covered:



Industrials



Transportation and Logistics



Food & Beverage



Business Services



Tech-enabled Services



Healthcare

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