



# Plastics Industry M&A Update – Q2 2024



# Plastics Industry M&A Update

Q2 2024

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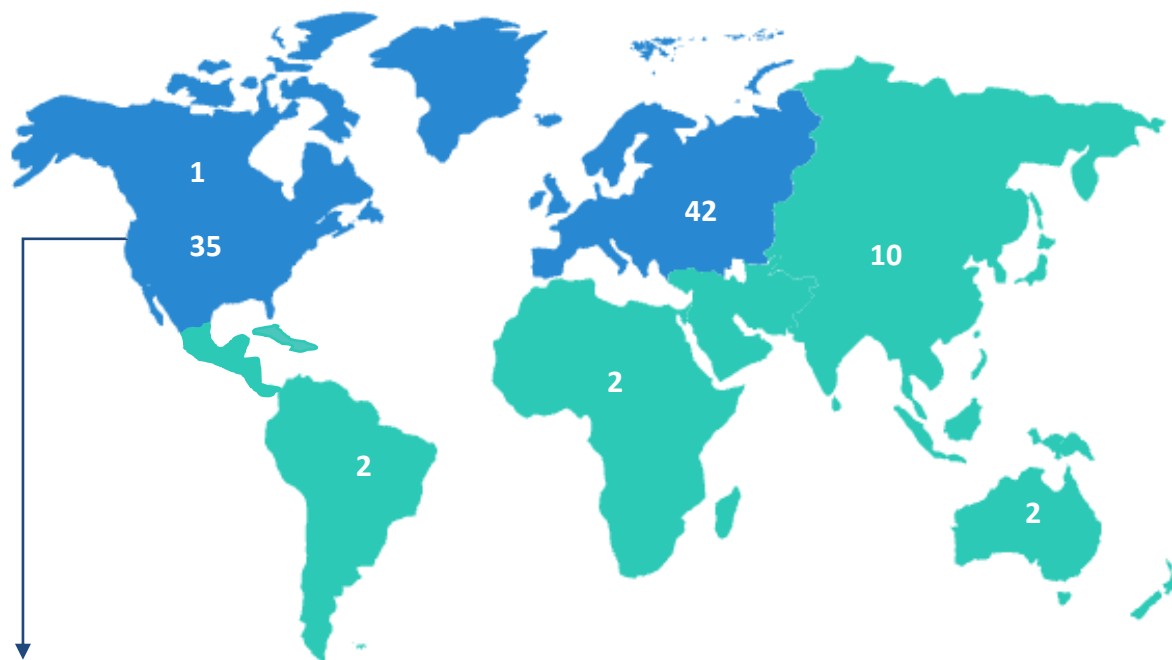
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## REPORT HIGHLIGHTS

- The Plastics Material and Resin Manufacturing PPI index ticked up 0.7% in Q2, but is still down 15.8% from the June 2022 peak.
- The median EV/EBITDA multiple in the Plastics industry for reported strategic deals decreased to 8.5x in 1H 2024, down from 12.6x in 2023. The median EV/Revenue multiple for reported PE deals decreased to 0.4x from 0.9x over the same period.
- M&A deal volume decreased 9.7% in Q2 2024 to 93 deals from 103 in Q1, but increased 50.0% from 62 deals in Q2 of the prior year.
- As a % of total deal volume in the Plastics sector, PE buyers' share trended lower in 1H 2024 relative to strategic buyers down to 42.9% from 49.1% in 2023.
- Europe was the most active region in Q2 with 42 deals. Most notably in the European market was Worthington Enterprises' \$97.4 million acquisition of Hexagon Ragasco in June 2024.

## Global Deal Analytics

Of the 93 deals in Q2, Europe was the most active market with 42. A notable deal in the European market (in addition to the Hexagon Ragasco deal mentioned on the previous page) was Sanok Rubber Company's \$50.8 million acquisition of Teknikum Group, a Finnish manufacturer of technical polymer products, in April 2023. North America was the second most active region with 36 deals. All other regions combined for a total of 15 completed transactions.



**Canada: 1**

**United States Regions: 35**

<b>Great Lakes:</b>	<b>12</b>
<b>South:</b>	<b>6</b>
<b>Mountain:</b>	<b>5</b>
<b>West Coast:</b>	<b>4</b>
<b>New England:</b>	<b>4</b>
<b>Other:</b>	<b>4</b>

■ 0-15 ■ 16+

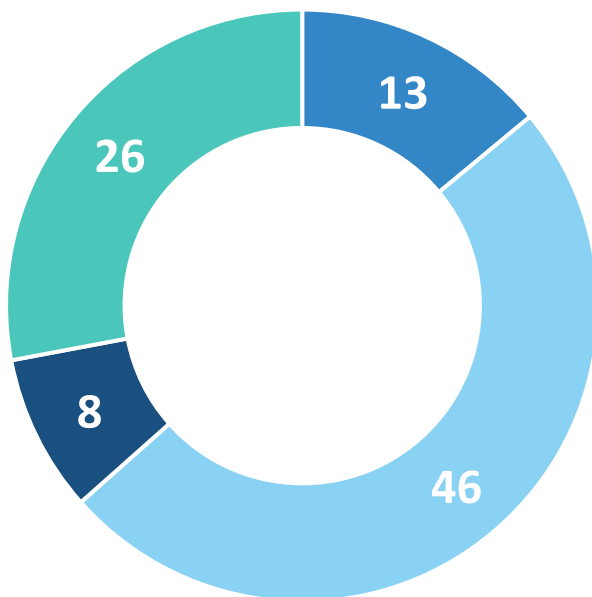
In the U.S. market, the Great Lakes region was the most active in Q2 with 12 deals followed by the South with 6. Most notably in the Great Lakes region was Kingswood Capital Management's \$362.0 million acquisition of PATCO Products, an Illinois-based manufacturer of emulsifier products intended for food and polymer additives, in April 2024. The Mountain region had 5 transactions, and the West Coast and New England regions had 4 transactions close each. All other regions combined totaled 4 closed transactions.

Outside of the U.S. in the North American market, 1 transaction closed in the Canadian market in Q2.

# Global Deal Analytics

Of the 93 Plastics deals in Q2, 46 were in the Commercial Products subsector, making it the most active subsector in the industry from an M&A standpoint. Plastic Containers & Packaging was the second most active with 13 deals followed by Chemicals & Gases with 8. All other subsectors combined had a total of 26 closed transactions.

### Deal by Subsector



Commercial Products

Plastic Containers & Packaging

Chemicals & Gases

Other

Ameron International

Rform

PAR

BEXCO

Transcendia  
A LEADER IN CUSTOM ENGINEERED MATERIALS

CMB PLASTIQUE

DANSK ROTATIONS PLASTIC APS

good,natured  
better everyday products

HEXAGON RAGASCO

住化カラー株式会社

PROMATEC  
Sols industriels en résine époxy

FOREMARK  
Performance Chemicals  
PURE PROGRESS

PATCO PRODUCTS

LUMEN

TS CONDUCTOR  
Electricity delivered better.

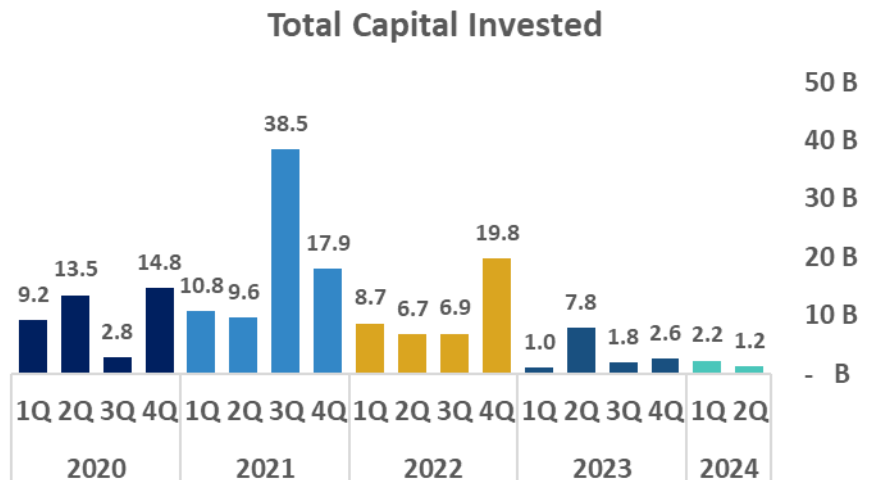
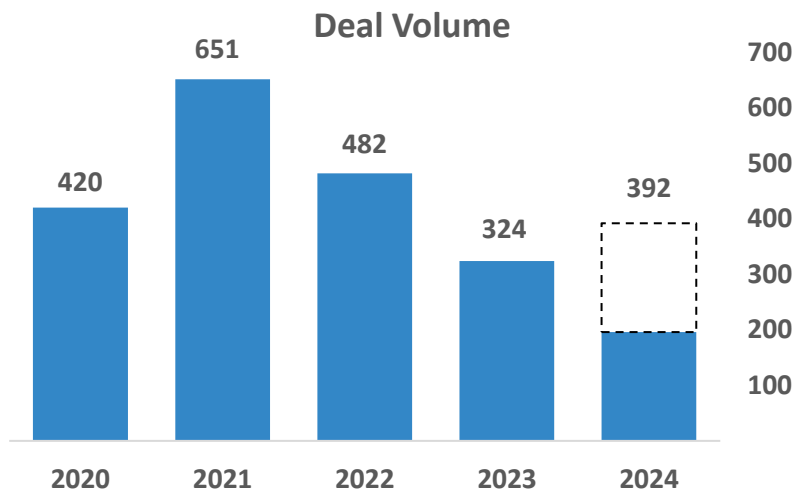
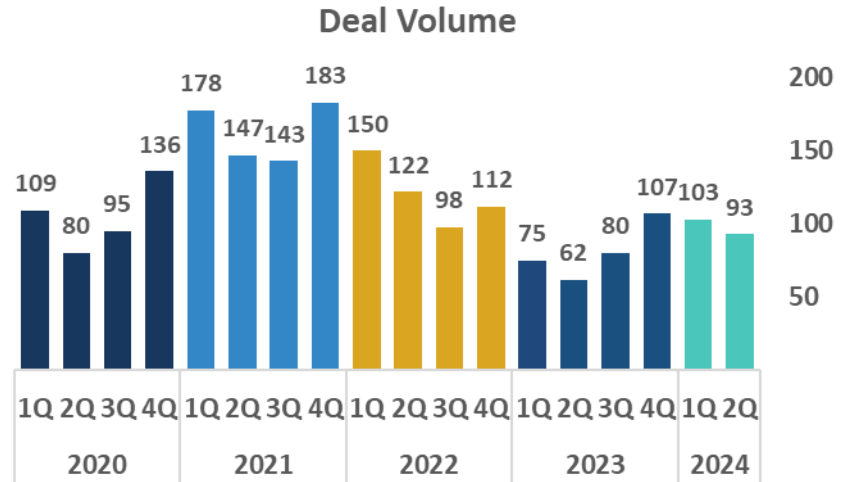
EXSTO  
Perfecting Performance

# Global Deal Analytics

M&A deal volume in the Plastics sector decreased 9.7% in Q2 to 93 deals from 103 in Q1, but increased 50.0% from 62 deals in Q2 of the prior year.

Based on activity through Q2, M&A deal volume is anticipated to increase 21.0% to 392 deals in 2024 from 324 in the prior year. We attribute this increase to a shift in mix toward smaller deals. Additionally, global macroeconomic conditions are projected to improve slightly in 2024 with gradually rising global GDP and inflation in the U.S. set to continue falling through the end of the year.

Following the trend in quarterly deal volume, total capital invested in M&A deals in the Plastics sector decreased by 45.5% in Q2 to \$1.2B from \$2.2B in Q1, and decreased 84.6% from \$7.8B in Q2 of the prior year. The decrease from Q1 2024 is primarily due to a higher percentage of lower middle-market (\$0-\$50MM) acquisitions in Q2 2024 compared to the previous quarter.



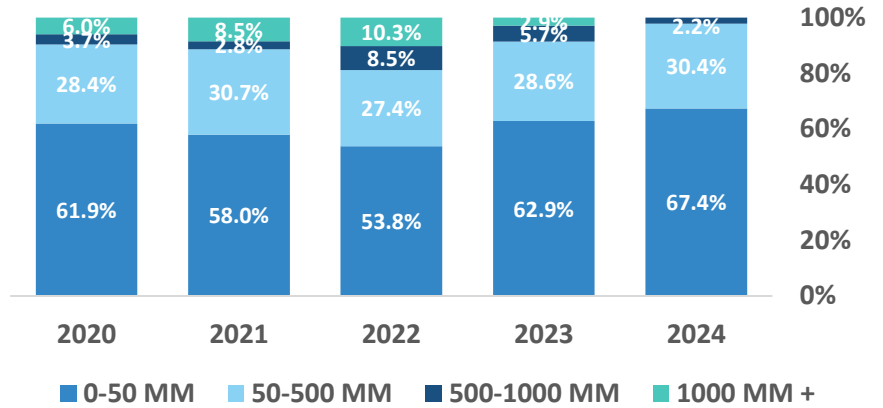
# Global Deal Analytics

In 1H 2024, we saw a significant shift toward smaller deals compared to the prior year. The lower middle (\$0-\$50MM) market increased to 67.4% in 1H 2024 from 62.9% in 2023 while the middle (\$50 - \$500MM) market increased to 30.4% from 28.6% over the same period. The upper middle (\$500-\$1000MM) tranche saw a slight decrease to 2.2% from 5.7% in 2023. No transactions were reported in the large cap (\$1000MM+) tranche in 1H 2024.

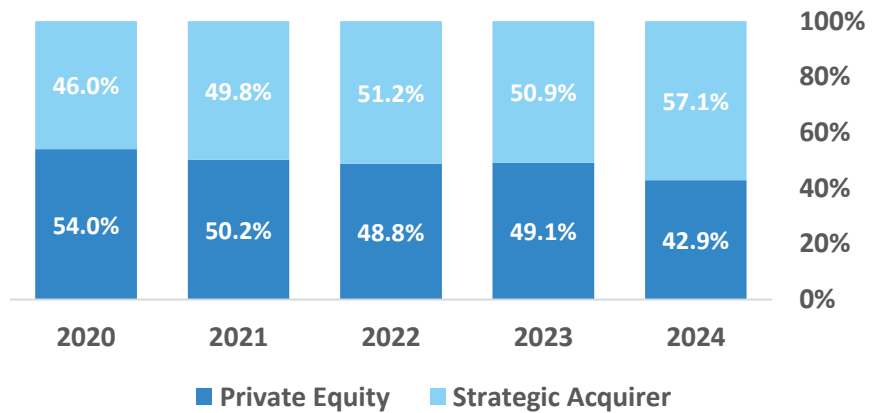
As a % of total deal volume, PE buyers trended lower in 1H 2024 relative to strategic buyers, representing 42.9% of deal volume in the sector compared to 49.1% in 2023. 1H 2024 marks the lowest percentage of PE deal volume over the last 5 years.

Following the trend in deal volume, PE's share of total capital invested in M&A deals decreased in 1H 2024 to 32.6%, down from 49.0% in the prior year. This decrease in PE's share of total capital is indicative of continuing challenges in the capital markets from a dealmaking perspective, including elevated interest rates/cost of capital coupled with tightened liquidity from lenders.

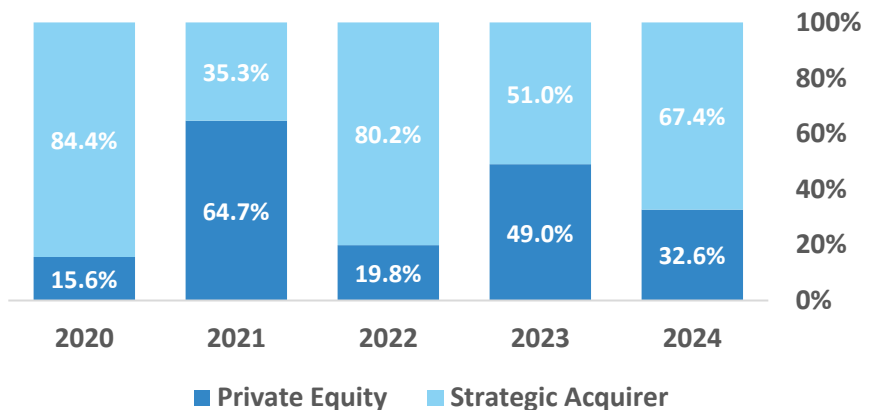
Deal Volume by Deal Size



Deal Volume by Acquirer

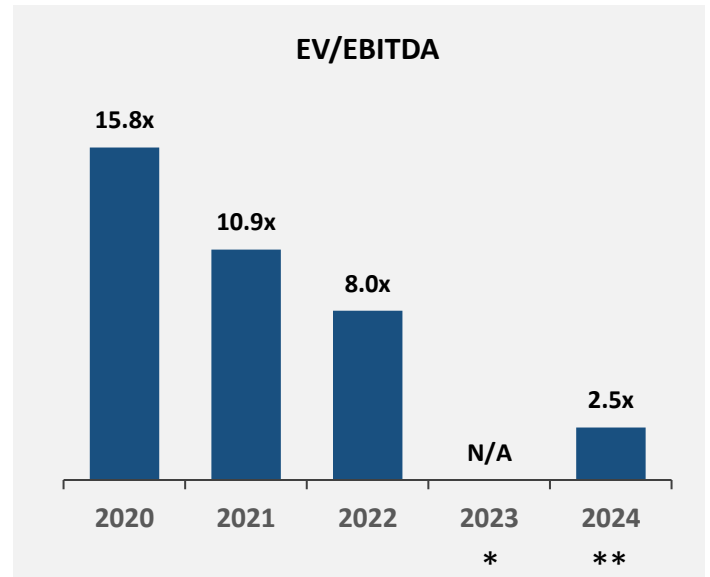
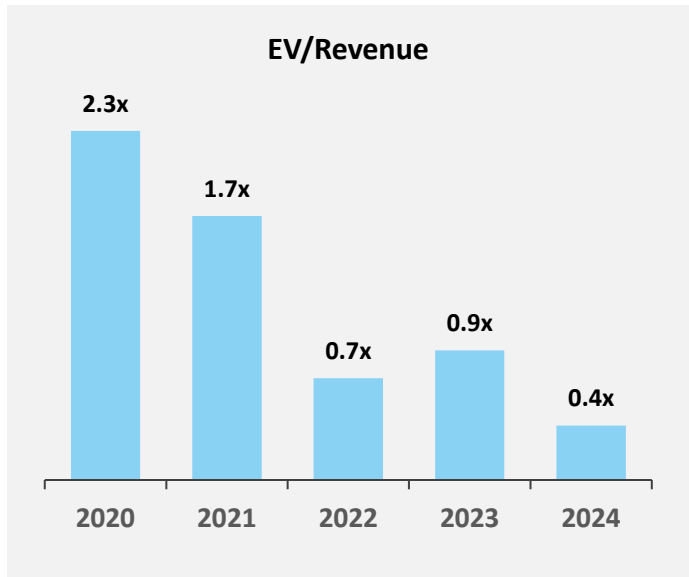


Total Capital Invested by Acquirer

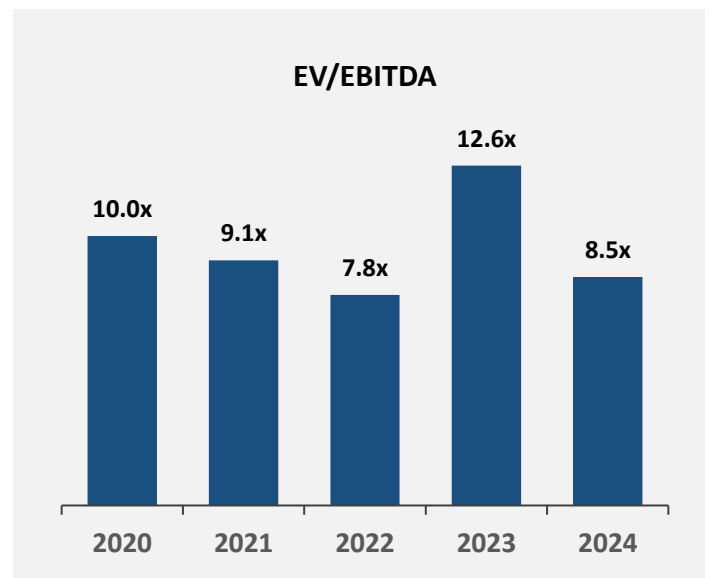
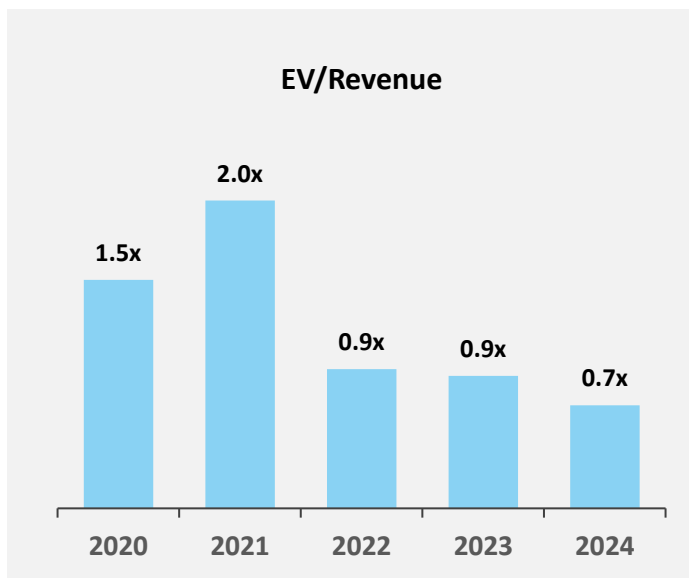


# Valuation Multiples

## Private Equity Multiples



## Strategic Multiples



\* No Private Equity EV/EBITDA multiples were reported in 2023.

\*\* The only reported Private Equity EV/EBITDA multiple in 2024 is from CQS' buyout of Vinyl Technology in January 2024.

# Largest Deals (Completed)

Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
17-Jun-2024	TS Conductor	Walden Creek Investments	PE Growth/Expansion	\$ 60.0			Developer of high ampacity covered conductor designed for use in the transmission and distribution of electricity.
06-Jun-2024	International Material Supplier Company	Development Bank of Japan	Merger/Acquisition	11.3			Manufacturer of plastic 3C products intended to serve it and 3C electronics industry.
03-Jun-2024	Hexagon Ragasco	Worthington Enterprises	Merger/Acquisition	97.4			Manufacturer of composite LPG cylinders intended for leisure, households and industrial applicants.
01-Jun-2024	Kineco	Gajanana Assets	Merger/Acquisition	26.4			Designer and manufacturer of composite parts and assembly for telecommunications, automotive, railways, aerospace and other industries.
21-May-2024	Bexco	Bekaert Group	Merger/Acquisition	43.1			Manufacturer, distributor and marketer of ropes intended for marine and offshore applications.
20-May-2024	Biothentic	BNP Paribas Développement	Buyout/LBO	3.5	0.92x		Producer of organic and organic bulk products.
02-May-2024	Transcendia	Goldman Sachs Asset Management	Buyout/LBO	114.0			Manufacturer of plastic films.
01-May-2024	PAR Group	R&G Fluid Power Group	Merger/Acquisition	47.5			Manufacturer and supplier of plastic, insulation and rubber products intended to serve the industry.
30-Apr-2024	Sumika Color	Nippon Pigment	Merger/Acquisition	7.3	0.08x		Manufacturer and production of colorant masterbatches and compounds intended to facilitate various synthetic resins.
29-Apr-2024	3form	Armstrong World Industries	Merger/Acquisition	95.0	0.99x		Manufacturer of crafted architectural resins and glass intended for the architecture and design industry.
26-Apr-2024	CMB Plastique Maroc	Dislog Group	Merger/Acquisition	31.7			Manufacturer of plastic packaging and caps.
25-Apr-2024	Mehru Electrical and Mechanical	Quality Power	Merger/Acquisition	14.4			Manufacturer of electrical supplies and parts.
23-Apr-2024	Nudec	Arla Plast	Merger/Acquisition	10.2	0.16x		Manufacturer of transparent plastic sheets.
09-Apr-2024	Ameron Pole Products	Arcosa	Merger/Acquisition	180.0	1.91x	9.00x	Manufacturer of concrete steel pipes and other fabricated steel products.
08-Apr-2024	Lumen Australia	Samvardhana Motherson International	Merger/Acquisition	61.0			Manufacturer of original equipment and electronic systems intended to serve the automotive sector.
04-Apr-2024	Exsto	IDI Group	Buyout/LBO	33.2	0.24x		Manufacturer of polyurethane and thermoplastic products intended to offer molded and machined technical polymers.
03-Apr-2024	Century Spices & Snacks	Dolma Impact Fund	PE Growth/Expansion	5.6			Manufacturer of food products, chemicals, and polymers.
02-Apr-2024	PATCO Products	Kingswood Capital Management	Buyout/LBO	362.0			Manufacturer of emulsifier products.
Mean				66.9	0.72x	9.00x	
Median				38.1	0.58x	9.00x	
High				362.0	1.91x	9.00x	
Low				3.5	0.08x	9.00x	

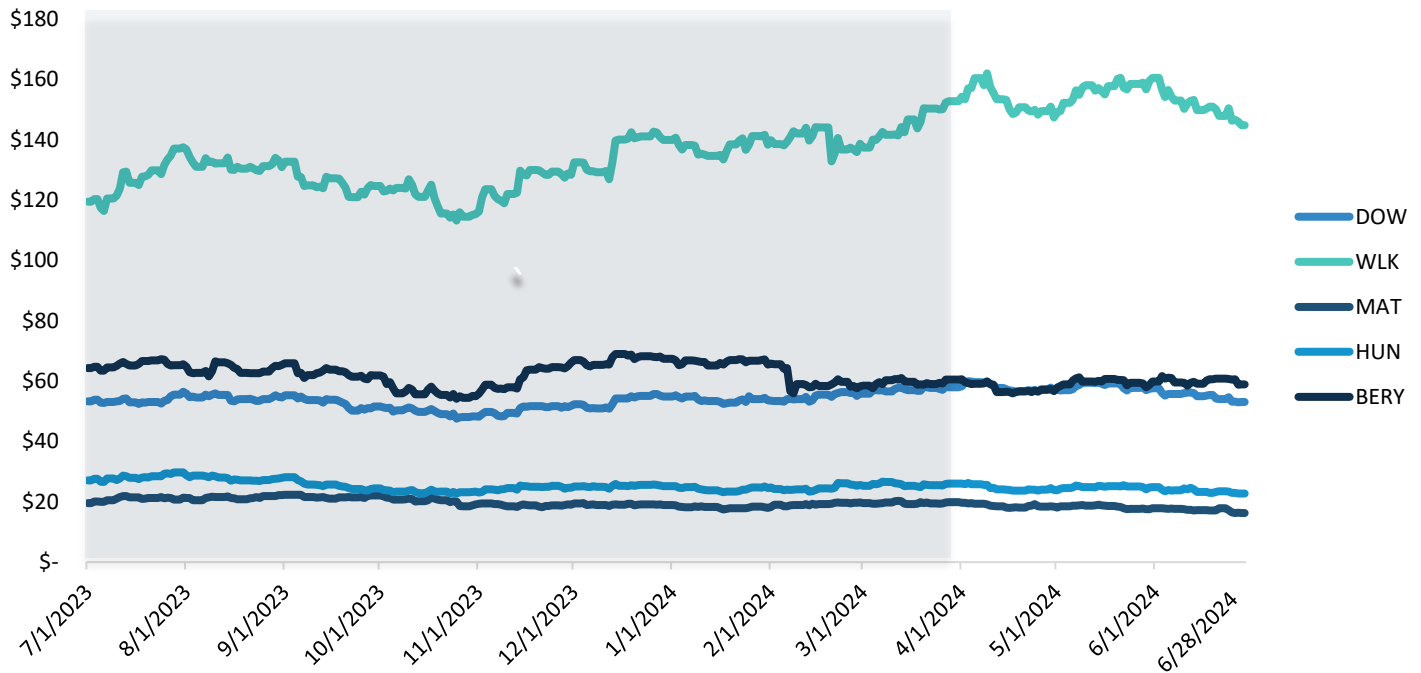


## Leading M&A Deals (Completed)

Deals	Deal Synopsis	Driver
 	<p>In April 2024, Kingswood Capital Management (“Kingswood”) acquired Corbion's Caravan Emulsifiers Division, a Kansas-based manufacturer of emulsifier products, through a \$362.0 million buyout. Following the acquisition, the company was rebranded as PATCO Products. Kingswood aims to create the largest standalone pure-play emulsifiers business in North America.</p>	<p><b>Buyout/LBO</b></p>
 	<p>Ameron Pole Products, a California-based manufacturer of concrete steel pipes and other fabricated steel products, was acquired by Arcosa for \$180.0 million in April 2024. Through the acquisition, Arcosa enters the complementary steel and concrete lighting pole market while expanding their product offerings in traffic and telecom.</p>	<p><b>Merger/ Acquisition</b></p>
  	<p>Transcendia, an Illinois-based manufacturer of plastic films, was acquired by Industrial Opportunity Partners (“IOP”) and Goldman Sachs Asset Management for \$114.0 million in May 2024. IOP plans to invest in expanding Transcendia's facilities/film manufacturing capabilities to pursue new end markets.</p>	<p><b>Buyout/LBO</b></p>
 	<p>Hexagon Ragasco, a Norwegian manufacturer of composite LPG cylinders, was acquired by Worthington Enterprises for \$97.4 million in June 2024. The acquisition strengthens Worthington Enterprises’ position in the global propane market. Additionally, composite cylinders advance the use of clean fuels in the global energy transition, supporting the company's sustainability initiatives.</p>	<p><b>Merger/ Acquisition</b></p>

# Public Comps

## Stock Price

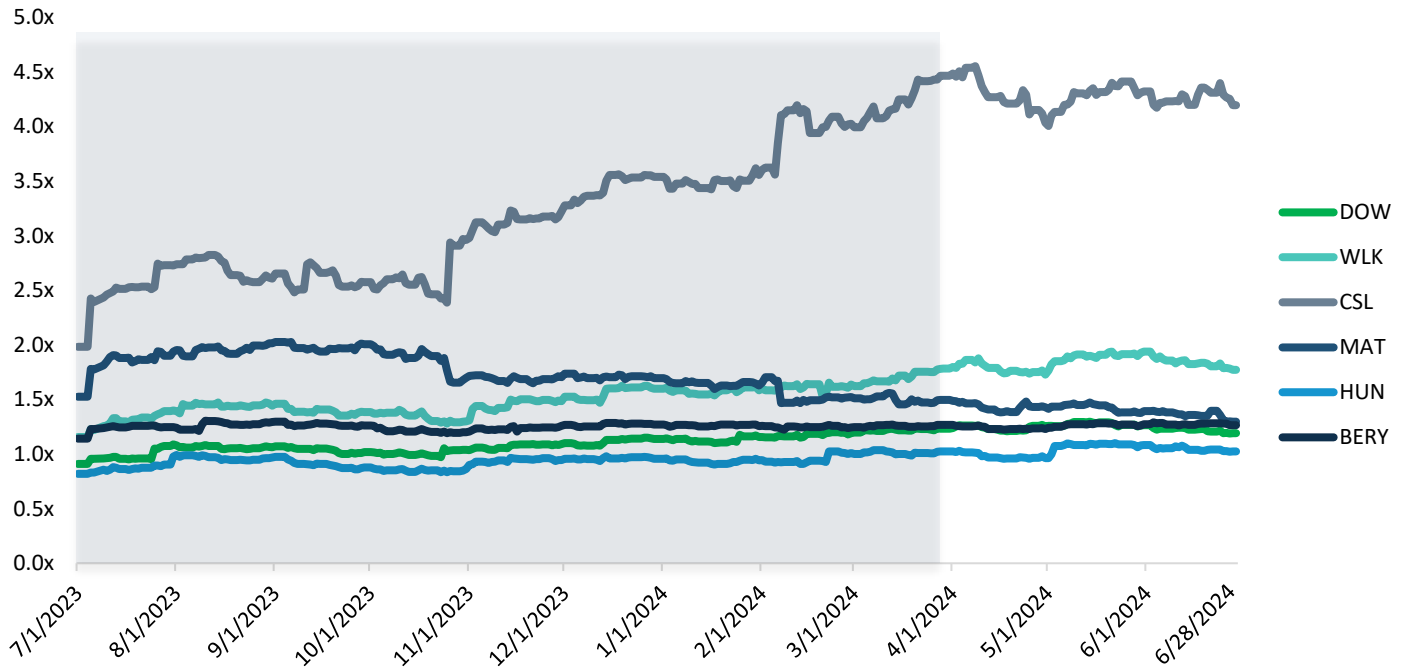


## Financial & Valuation

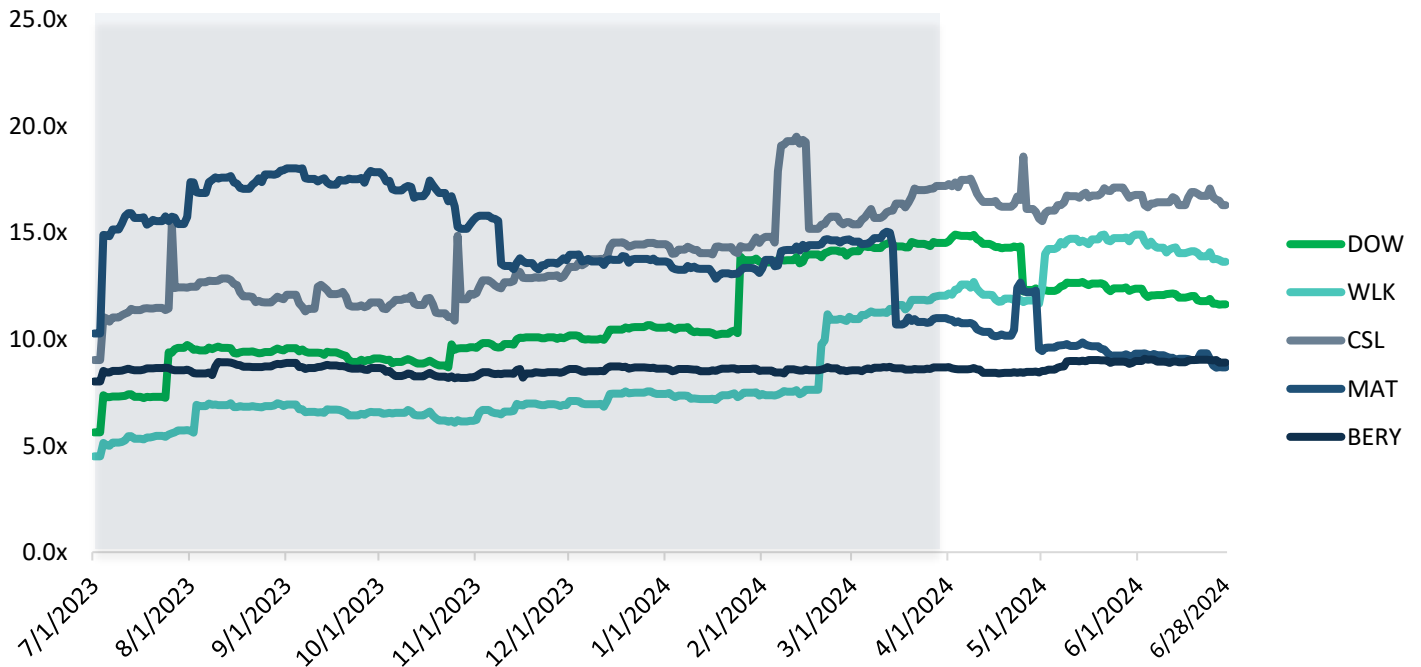
\$MM Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA		
					22A	23A	24F	22A	23A	24F
Dow	DOW	58	41,014	16,447	0.8x	1.1x	1.1x	4.5x	10.6x	8.2x
Nan Ya Plastics	1303	2	13,652	6,209	1.5x	2.2x	2.0x	6.6x	17.4x	14.2x
EMS-Chemie Holding	EMSN	764	17,871	13	6.3x	7.2x	7.1x	20.2x	26.6x	25.7x
Westlake	WLK	153	19,591	5,517	1.1x	1.6x	1.7x	3.7x	7.5x	8.1x
Formosa Chemicals & Fibre	1326	2	9,995	4,775	1.1x	1.3x	1.2x	10.1x	22.3x	16.8x
Carlisle Companies	CSL	392	18,732	2,324	2.2x	3.5x	3.7x	9.9x	14.4x	14.6x
Mattel	MAT	20	6,815	2,590	1.4x	1.7x	1.6x	8.1x	13.7x	8.6x
Huntsman	HUN	26	4,503	2,068	0.8x	1.0x	1.0x	3.8x	12.8x	10.3x
Berry Global	BERY	60	7,011	9,265	1.1x	1.3x	1.3x	7.6x	8.7x	7.7x
<b>Mean</b>					<b>1.8x</b>	<b>2.3x</b>	<b>2.3x</b>	<b>8.3x</b>	<b>14.9x</b>	<b>12.7x</b>
<b>Median</b>					<b>1.1x</b>	<b>1.6x</b>	<b>1.6x</b>	<b>7.6x</b>	<b>13.7x</b>	<b>10.3x</b>

# Public Comps

## EV/Revenue



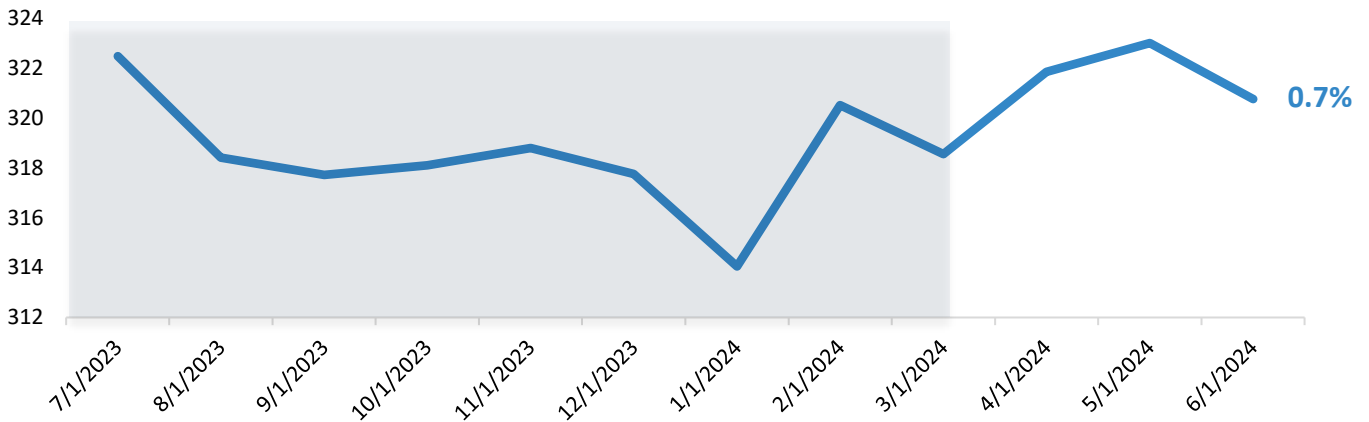
## EV/EBITDA



# Public Markets

## Price of Plastic Materials and Resin

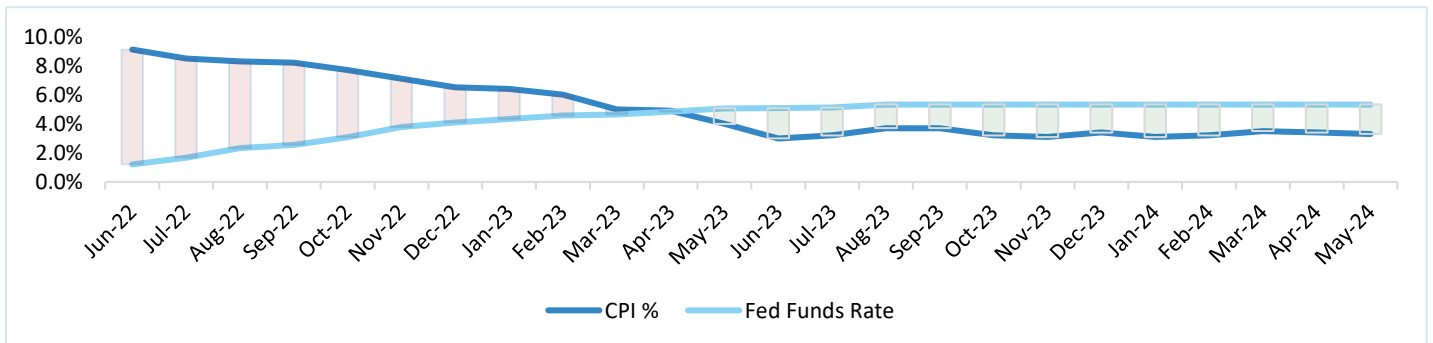
The Producer Price Index (PPI) for Plastics Material and Resin Manufacturing, reported by the Saint Louis Fed, indicates a 0.7% price increase in Q2.



## Key External Drivers

Since the beginning of 2024, rising crude oil prices have increased costs for plastic manufacturers, posing a threat to profit margins across the industry.

The Federal Reserve is anticipated to keep interest rates elevated after a higher-than-expected jobs report from May showing 272.0K jobs were added to the U.S. labor market. A strong jobs report indicates that consumers will have more disposable income, causing higher consumer spending that can elevate inflation. As a result of the strong jobs data, many economists have adjusted their forecasts from 3 rate cuts in 2024 to only 1 by the end of the year with a possibility of the first cut arriving as early as September. The May consumer price index (“CPI”) consensus for the upcoming June Federal Reserve meeting estimates a year-over-year increase of 3.4%, matching April’s gain. Along with their prediction that interest rates will not be cut in June, economists also claim that a rate hike would be too risky and would rock the markets. If the Federal Reserve cuts rates in 2024, the impact of lower borrowing costs may narrow the gap between the price sellers are willing to accept and the proposed purchase price offered by buyers in M&A transactions. Although we anticipate the Fed’s rate cuts to have a positive impact on M&A volume in the sector, uncertainty surrounding the Fed’s decision will likely have a dampening effect on deal volume over the next quarter.



Source: IBISWorld, St. Louis FRED

# Industry Trends

## Regulatory Changes

### *Plastic Companies Navigate Expected Regulatory Changes*

With the shift towards sustainability and environmentally friendly products, the plastics industry anticipates significant regulatory changes. The decline in the viability of single-use plastics is prompting companies to reconsider their business processes, particularly in packaging. Additionally, potential regulatory changes may include the banning of PFAS and PVS.



## Development of AI

### *Utilizing AI for Materials Development*

The plastics industry is making a significant leap with the introduction of AI and nanotechnology into materials development. These technologies assist in materials discovery, research and development, and property prediction. As a result, materials with greater functionality can be created more efficiently, driving innovation. Companies have begun leveraging these tools to enhance sustainability and recycling efforts.



## Innovative Molding

### *New Techniques Make Complex Shapes Possible*

New injection molding, blow molding, and thermoforming techniques have advanced the plastics manufacturing process, making more complex shapes and designs viable. These developments are expected to drive increased demand. The plastics market size is estimated to reach \$738 billion by 2030, with a CAGR of 3.8%, due to high demand from end-use industries for lightweight and durable plastics.



## Sustainability and Recycling

### *Refining and Innovating to Meet Eco-Friendly Standards*

Innovation has made chemical recycling and depolymerization processes more viable and efficient. However, the industry is still refining existing recycling systems to achieve higher recycling rates. Additionally, companies are increasingly choosing eco-friendly materials to reduce their environmental impact.



# 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.



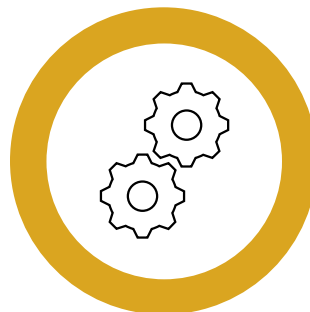
## Buy-Side Advisory: Buy a business

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 has completed hundreds of transactions in a wide variety of industries. Below are several relevant transactions in the Plastics sector. Please note that this list is not comprehensive.



have been acquired by



a portfolio company of






Has sold substantially all of its assets to



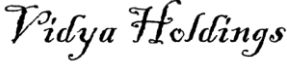



Has been acquired by





Has sold substantially all of its assets to


Has been acquired by





Has been acquired by




## Our M&A Deal Leaders



**R. Trevor Hulett, CPA**  
Managing Director  
(314) 721-0607 x112  
thulett@rlhulett.com

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  
(314) 721-0607 x134  
rlhulett@rlhulett.com

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.



## Our M&A Deal Leaders



**Ron Litton**  
Director  
(816) 810-0799  
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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.



**David T. Vass**  
Director  
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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



**Ryan Hartman**  
Senior Analyst  
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Ryan provides analytical support for senior-level deal managers and, as a senior analyst, supervises the preparation of confidential memorandums, financial models and industry research reports. Ryan graduated with a Bachelor of Science degree 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.



**Charlie Meier**  
Analyst  
(314) 721-8027  
cmeier@rlhulett.com

Charlie provides transaction support for senior-level deal managers including financial modeling, valuations, industry research, offering memorandums and a variety of presentations. He graduated with a Bachelor of Science in Business Administration Degree with a major in finance and banking from the Trulaske College of Business, University of Missouri. Prior to joining the firm, Charlie worked as an investment analyst for the University of Missouri's Investment Fund Management Program. During his time at University of Missouri, Charlie was elected as Recruitment Chairman for the Phi Delta Theta Fraternity and took extensive courses in Banking.



**Lynda Hulett**  
Marketing  
(314) 721-0607 x 104  
lhulett@rlhulett.com

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

R.L. Hulett is a middle-market investment bank based in St. Louis, Missouri, providing M&A and financial advisory services to middle-market companies. Since its founding in 1981, the firm has advised in over 275 transactions in a variety of industries including industrials, food & beverage, packaging, business services, transportation & logistics, healthcare and software/tech-enabled services. 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:



**Flexible Packaging**



**Transportation & Logistics**



**Food & Beverage**



**Industrials**



**Tech-enabled Services**



**Healthcare**

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