

Industry Report Plastics Product Manufacturing



Current challenges in the US plastic products manufacturing industry include managing competition from low-cost countries and the volatile cost of raw materials. At the same time, growth opportunities are being created by increasing demand from key end markets like automotive, construction, consumer goods, and packaging.

Key Trends

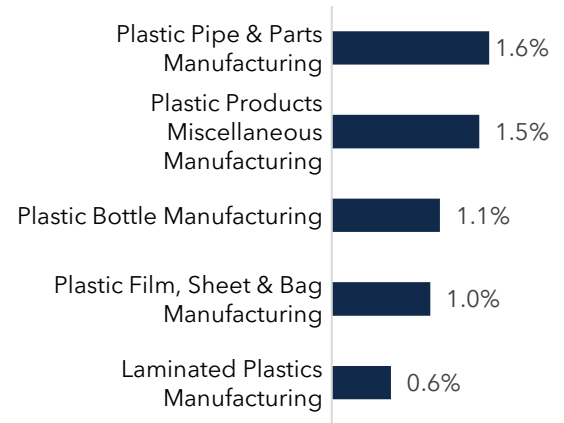
- » Plastics manufacturers adjusted to the global economic volatility and sluggishness in 2022. Federal Reserve Economic Data shows a slight rise in the April 2023 Index of US Plastics Product Manufacturing after declining for seven months. The April 2023 index was still 2% higher than April 2022.⁽¹⁾
- » About 40% of demand for plastics comes from the packaging sector. Demand from the automotive sector is growing, driven, in part, by the shift toward electric vehicles.
- » As awareness of the environmental impact of plastics grows, producers are facing greater scrutiny and reporting requirements. As such, plastic products containing recycled content (recycled PET bottles and HDPE bags) are expected to gain market share in the future.
- » Advanced processes like bio-based plastics made from renewable resources are facilitating the shift toward sustainability. Although they are in the early stages of development, there is enormous potential in bio-based plastics to be realized as the technology evolves.
- » Plastics supply and demand are shifting from developed countries to emerging markets such as China, India, and Brazil, where population growth, urbanization, and income growth are driving consumption.⁽²⁾

M&A Driver Considerations

Key factors determining the rationale in recent M&A transactions include the following:

- » Building a stronger market presence by offering additional innovation and manufacturing capabilities
- » Seeking market access in the fast-growing Pharmaceutical, Biomedical and Medical technology segments
- » Adding complementary products made with resins like HDPE, LDPE, clarified polypropylene, and PET
- » Acquiring technology and distribution capabilities in the emerging space of plastic waste management and recycling

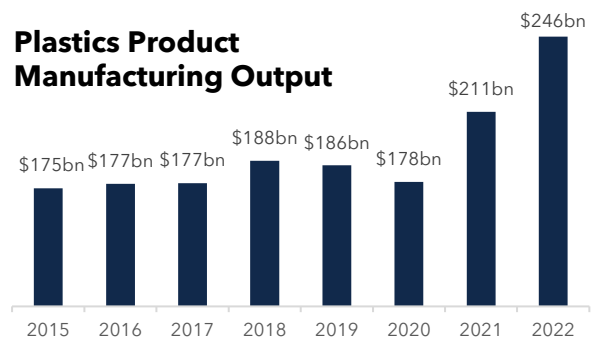
Key Industry Subsegments Growth: 2023-2028⁽¹⁾



Key Statistics

- 17%** YoY growth in plastic products manufacturing output in 2022⁽¹⁾
- 1.6%** CAGR in plastics usage between 2022 and 2030⁽²⁾
- 91%** of plastics manufacturers are investing in Industry 4.0 technologies, such as interconnected factories that use real-time data to optimize production processes.

Plastics Product Manufacturing Output



(1) Federal Reserve Bank of St. Louis, IBIS
(2) Statista, Deskera.

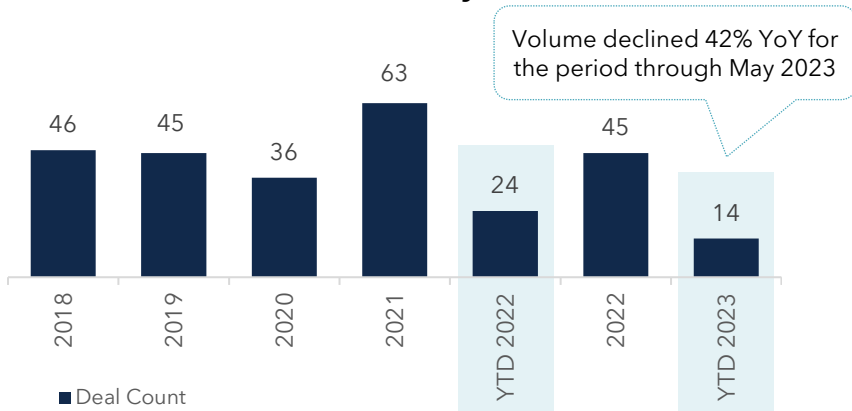
Select Industry Players



Investor Interest

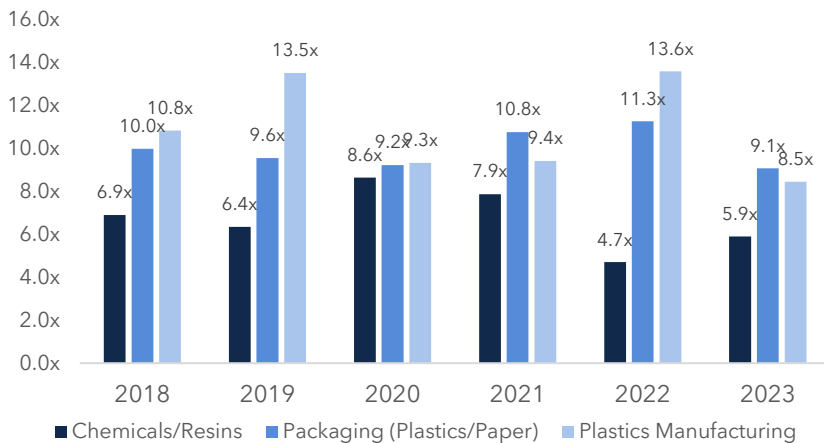
Despite a challenging environment, both financial and strategic buyers remained active in the plastics industry during 2022. Although M&A deal count in 2022 was lower than 2021, it was in line with pre-COVID levels.

US Plastic Products M&A Activity



Note: Transactions include Plastic Products and Plastic Packaging industry categories from Capital IQ.
Note: YTD data refers to January through May.

Valuation Trends for Select Public Companies



Active Private Equity Groups

CLEARLAKE CAPITAL GROUP



TIDE ROCK HOLDINGS



ARSENAL CAPITAL PARTNERS



WELLSPRING CAPITAL MANAGEMENT GROUP



Recent M&A Activity

Date	Target	Acquirer	Value (\$m)
May-23	Spectrum Plastics Group	DuPont de Nemours	1,750
Apr-23	US Farathane Corporation	Atlas Holdings LLC	NA
Apr-23	Parkway Products, LLC	Clayens NP Group	NA
Apr-23	Nursery Supplies, Inc.	Mill Point Capital LLC	NA
Mar-23	Quality Holdings, LLC	Red Line Plastics, LLC	NA
Mar-23	Marchel Industries, Inc.	Plastifab Industries Inc.	NA
Mar-23	Genesis Plastics Welding, Inc.	Vonco Products, Inc.	NA
Feb-23	Enduro Composites, Inc.	Hill & Smith PLC	35

Select Transaction Spotlight

Financing Secured New Credit Facility	Sell-Side Advisor has been acquired by 	Buy-Side Advisor has acquired 	Sell-Side Advisor has been acquired by
Sell-Side Advisor has been acquired by 	Financing has been recapitalized by management and 	Distressed Sale Injection Molded Plastics Manufacturer Financial & Operational Restructure Resulting In Sale	Sell-Side Advisor has been acquired by
Sell-Side Advisor Blow Molding Division has been acquired by SPI Blow Molding, LLC	Financing has been recapitalized by management and CODI Investments, LLC		

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