

Plastics Product Manufacturing INDUSTRY MARKET UPDATE

Current challenges in the U.S. plastic products manufacturing industry include managing the volatile cost of raw materials, keeping up with technological change, and addressing consumer preferences regarding plastics. At the same time, growth opportunities are being created by increasing demand from key end markets like automotive, medical/pharmaceutical, and packaging, as well as material and process innovations like bioplastics and additive manufacturing.

Key Trends

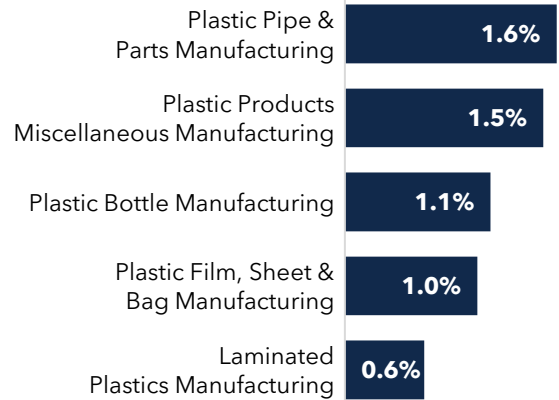
- » Plastics products manufacturing contracted in 2023. According to the Federal Reserve Bank of St. Louis, the plastics and rubber products index was 98.8 in November 2023 compared to 101.8 in November 2022. The Plastics Industry Association expects the rate of decline to be lower in 2024.⁽¹⁾
- » Growth drivers include lightweighting of and the shift toward electric vehicles, the Infrastructure Investment and Jobs Act, and demand for at-home consumption as well as food and beverage and household packaging products.⁽¹⁾
- » Manufacturers are increasingly focused on sustainability, whether viewed as an opportunity to improve competitive advantage or a threat of regulation like Extended Producer Responsibility. As such, products containing recycled content (e.g., PET bottles and HDPE bags) are expected to gain market share.⁽²⁾
- » Bioplastics are another sustainable material of choice because of their beginning and end-of-life benefits. In addition, processors are participating in new end market opportunities (NEMO) and other recycling strategies to achieve sustainability.
- » Additive manufacturing (AM) is a growing complement to injection molding. AM reduces waste, allows for rapid prototyping, and can reduce costs in low-volume applications. Post-processing also uses AM to strengthen parts and enhance form and function.⁽³⁾

M&A Drivers

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

- » Building a stronger market presence by offering additional manufacturing capabilities
- » Seeking access to attractive markets like aerospace & defense, medical/pharmaceutical, and packaging
- » Adding complementary products made with resins like HDPE, LDPE, clarified polypropylene, and PET
- » Acquiring technology and distribution capabilities in bioplastics, waste management, and recycling

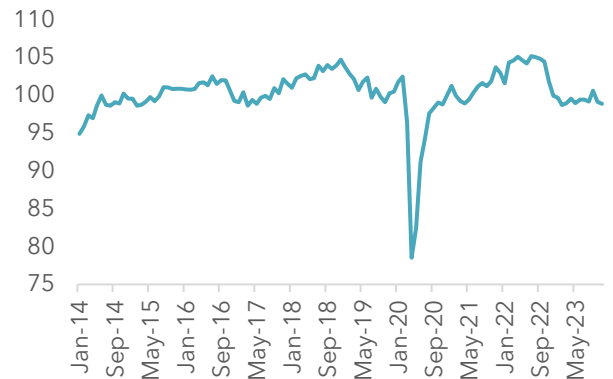
Key Industry Subsegments Growth: 2023-2028⁽¹⁾



Key Statistics

- 1%** YoY contraction in plastic products manufacturing output in 2023⁽¹⁾
- 1.6%** CAGR in plastics usage between 2022 and 2030⁽⁴⁾
- 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⁾



(1)Federal Reserve Bank of St. Louis, IBIS; (2) Deloitte; (3) Dassault Systems Spatial; (4) Statista, Deskera

Select Industry Players

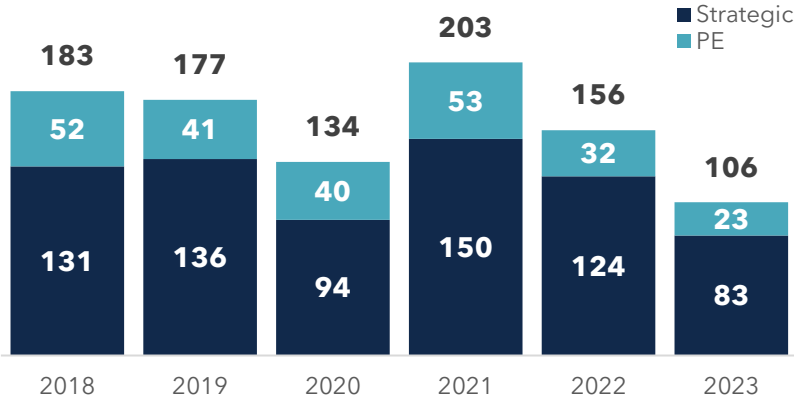


Investor Interest

U.S. plastic products and packaging transaction volume continued to decline in 2023. Like other industries, activity has been negatively impacted by high interest rates, tight credit markets, and economic uncertainty.

U.S. Plastic Products M&A Activity

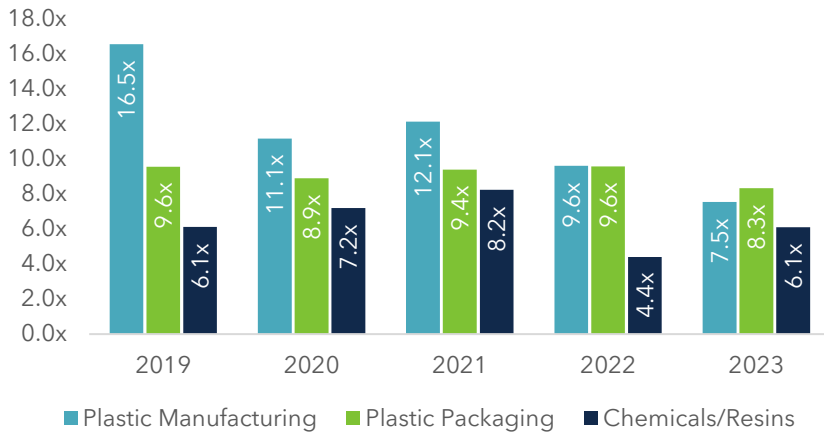
(U.S. Deal Count, by year)



Note: Transactions include Plastic Products and Plastic Packaging industry categories from Capital IQ.

Valuation Trends for Select Public Companies

(EV/EBITDA multiples for select public companies)



Recent M&A Activity

Date	Target	Acquirer	Value (\$m)
Dec-23	MoldPro, Inc.	Plastifab Industries	NA
Dec-23	Ocean State Packaging, Inc.	Novvia Group	NA
Nov-23	Complete Packaging, Inc.	Specialized Packaging Group	NA
Oct-23	Reliance Products Ltd.	Greif, Inc (NYSE: GEF)	20
Sep-23	Integrated Thermoforming Systems, Inc.	Global Packaging Development LLC	NA
Sep-23	CTL Packaging USA	ICONS Beauty Group	NA
Jul-23	Vital Plastics, Inc.	Wolverine Capital Partners	NA
Jun-23	Natech Plastics	Stratec SE (XTRA: SBS)	30

Select Transaction Spotlight

<p>Buy-Side Advisor</p> <p>CLARION technologies</p> <p>has acquired</p> <p>GTM PLASTICS</p>	<p>Buy-Side Advisor</p> <p>CLARION technologies</p> <p>has acquired certain assets of</p> <p>CNI Plastics, LLC</p>
<p>Financial Advisor</p> <p>TECHNOLOGIES</p> <p>has been recapitalized by management</p> <p>WHITEWOLF CAPITAL LLC and GEMINI INVESTORS</p>	<p>Sell-Side Advisor</p> <p>THE MOLDING COMPANY</p> <p>has been acquired by</p> <p>W-L Molding of Michigan, LLC</p>

Active Private Equity Groups

CLEARLAKE CAPITAL GROUP



TIDE ROCK HOLDINGS



ARSENAL CAPITAL PARTNERS



WELLSPRING CAPITAL MANAGEMENT GROUP



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