

# PLASTICS INDUSTRY REPORT

FIRST QUARTER 2021

# The Plastics Industry Proves Resilient In Q4 2020 Through COVID-19 & Change In Political Power

## Executive Summary

- Public plastic companies are currently valued at 11.0x, 4.0% above historical levels showing the resilience of the sector through a tough 2020 including the pandemic and change in political power
- The plastics industry saw a significant increase of 11 transactions for December 2020 vs December 2019; this momentum is expected to carry into 2021
- Plastics machinery shipments increased 22.9% over Q3 2020 and 19.3% over Q4 2019; this includes shipments of injection molding and extrusion primary machines

## 2021 Trends for Plastics Industry

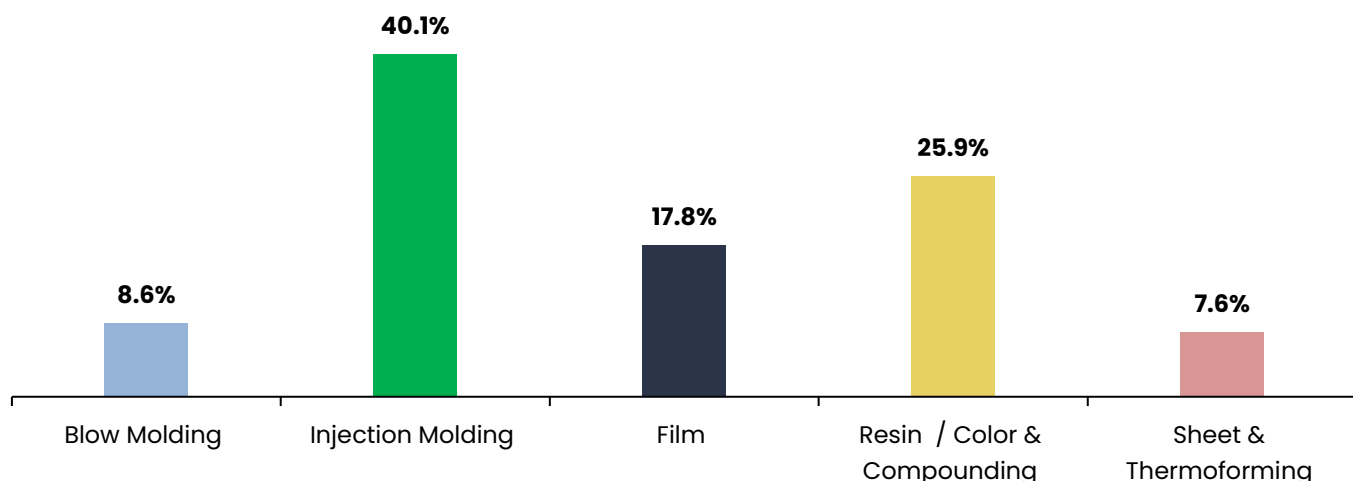
- Demand for plastic in the end-uses of groceries, home entertainment and household supplies will continue to grow until a vaccine has been successfully implemented across the country
- Government regulatory requirements and sustainability continues to be at the forefront of plastic production; consumers are more concerned now than before about how the manufacturing of their products will impact the environment
- E-commerce will remain a driving force for plastic packaging, particularly as COVID-19 persists

## Plastics Sector Valuation Analysis

	TEV / EBITDA	TEV / Revenue
Current Median	11.0x	1.62x
Historical Median	10.6x	1.57x
Historical Peak	12.4x	1.95x
Historical Trough	8.7x	1.31x



## Plastics M&A Transaction Data by Segment



## Heard On The Street

*"In Molding Technology Solutions, sales and margins were strong, with hot runner system sales up in all regions and injection molding strength in India. We saw an uptick in several end markets, including medical packaging, consumer goods and electronics. Sales within automotive were up modestly sequentially but continued to be soft compared to historical levels."*

– Hillenbrand Inc.

*"Our team's emphasis on working safely and servicing our customers has ensured an uninterrupted supply of the essential products we produce. This work has resulted in our strong start to the fiscal year and the numbers speak for themselves. First quarter results for revenue, organic volumes, EBITDA and earnings per share all came in significantly better than we anticipated, with strong demand across every division."*

– Berry Global Group, Inc.

*"While manufacturing in the COVID era became more challenging as spacing was required on the production floor, many firms were agile enough to find a way. Many niche segments of the industry have benefited from new needs and successful firms have used this challenge as a way to rethink their markets."*

**Mike Anderson, Managing Director**  
Bridgepoint Investment Banking

*"The pandemic has impacted businesses differently depending on the markets they serve. What is becoming clear to us is the structural change underway in e-commerce, which is very favorable to us. Increased demand in this e-commerce market as well as in building construction and a return to positive performance in most of our other end markets was an important component of the growth we are experiencing."*

– Intertape Polymer Group, Inc.

*"2020 was an exceptional year for the company. Some of the highlights included: we achieved record financial performance across the board, including revenue, which increased to \$4.9 billion, with strong volumes experienced throughout the year. Adjusted net income per diluted share of \$3.06 was up 42% versus the prior year."*

– Silgan Holdings, Inc.

## Selected Public Comparables

(\$ in millions, except per share data)

Company Name	Country	Share Price	Equity Value	Enterprise Value	P / E	TEV / Revenue	TEV / EBITDA	TEV / EBIT
					LTM	LTM	LTM	LTM
Amcor plc	Switzerland	\$11.18	\$17,244.4	\$23,426.8	22.8x	1.89x	11.5x	17.4x
AptarGroup, Inc.	United States	\$134.09	\$8,737.7	\$9,681.6	41.8x	3.31x	15.6x	26.3x
Berry Global Group, Inc.	United States	\$58.79	\$7,877.9	\$18,406.9	12.4x	1.53x	7.8x	13.5x
Compagnie Plastic Omnium SA	France	\$37.38	\$5,464.7	\$6,547.5	NM	0.78x	12.7x	53.3x
Hillenbrand, Inc.	United States	\$49.81	\$3,738.4	\$5,040.4	192.9x	1.91x	9.2x	13.5x
Intertape Polymer Group Inc.	Canada	\$19.34	\$1,141.8	\$1,700.0	16.2x	1.40x	9.2x	14.3x
Myers Industries, Inc.	United States	\$22.22	\$796.0	\$794.9	20.2x	1.62x	11.0x	16.7x
Nordson Corporation	United States	\$196.00	\$11,384.8	\$12,322.3	41.7x	5.72x	20.6x	26.7x
Silgan Holdings Inc.	United States	\$40.38	\$4,444.1	\$7,501.0	14.6x	1.52x	8.8x	13.6x

### Total - Sub \$5bn

	P / E	TEV / Revenue	TEV / EBITDA	TEV / EBIT
High	192.9x	1.91x	11.0x	16.7x
Mean	76.4x	1.43x	9.8x	14.8x
Median	20.2x	1.51x	9.2x	14.3x
Low	16.2x	1.40x	9.2x	13.5x

### Total

	P / E	TEV / Revenue	TEV / EBITDA	TEV / EBIT
High	192.9x	5.72x	20.6x	53.3x
Mean	45.3x	2.19x	11.8x	21.7x
Median	21.5x	1.62x	11.0x	16.7x
Low	12.4x	0.78x	7.8x	13.5x

## Selected Recent Plastics Transactions

### Date

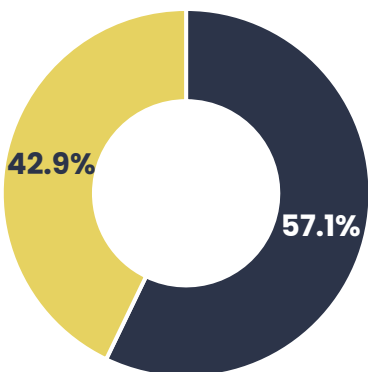
### Announced

### Target

### Acquiror

2/18/2021	International Rubber Products	Integrated Polymer Solutions Group
2/16/2021	Jadcore	Revolution
2/15/2021	Spin Products.	Tank Holding Corp.
2/8/2021	Dura-Cast Products	Tank Holding Corp.
2/2/2021	Armorcast Products Company	Hubbell Incorporated (NYSE:HUBB)
1/20/2021	Wright Engineered Plastics	Seaway Plastics Engineering LLC
1/19/2021	Built-Rite Tool & Die	Trinity Private Equity Group; Akoya Capital, LLC; Beacon Manufacturing Group
1/14/2021	Cooley, Incorporated	J.H. Whitney Capital Partners, LLC
1/12/2021	Excel Scientific	Vance Street Management LLC
1/11/2021	Lacerta Group	SK Capital Partners
1/6/2021	Insulation Corporation of America	Wynnchurch Capital, L.P
1/5/2021	VersaFlex Incorporated	PPG Industries, Inc. (NYSE:PPG)
1/4/2021	Jonathan Manufacturing Corporation	JLL Partners
1/4/2021	acpo, Ltd.	Avery Dennison Corporation (NYSE:AVY)

### Transactions by Acquiror Type Q4 2020



■ Strategic ■ Financial



## Notable Plastics Transaction Highlights

**On February 8<sup>th</sup>, 2021** Tank Holding Corp. announced it had acquired Dura-Cast Products, a designer and manufacturer of proprietary products in bulk storage tanks, bulk laundry, linen carts, material handling bins, containers and more.

"Dura-Cast augments an important part of Tank Holding's overall growth strategy and provides additional regional capacity for the southeast markets."  
- Greg Wade, CEO of Tank Holding

**On January 20<sup>th</sup>, 2021** Seaway Plastics Engineering, a portfolio company of Tonka Bay Equity Partner, announced the acquisition of Wright Engineered Plastics. The acquisition strengthens Seaway's position as a supplier to the medical industry while expanding into the California market.

"We're excited to acquire Wright, as this will enable us to broaden our capabilities and geographic reach."  
- Tom Orr, President and CEO of Seaway

**On January 19<sup>th</sup>, 2021** Beacon Manufacturing Group announced it had acquired Built-Rite Tool & Die, a provider of high-quality engineered molded products, tooling, assembled components and more.

"We are thrilled to partner with the Built-Rite team as our second investment as we continue to expand and grow the Beacon custom molded products and services platform."  
- Bob May, CEO of Beacon Manufacturing Group

### BRIDGEPOINT EXECUTIVE SUMMARY

**Market-leading boutique investment bank providing M&A and capital raising advisory solutions focused on middle-market manufacturing firms**

274+ years cumulative investment banking experience spanning 216 transactions

\$121+ billion of M&A, capital raising, corporate finance and M&A transaction advisory service experience

96 completed M&A assignments spanning more than \$36 billion

120 completed corporate finance transactions, raising more than \$85 billion in capital

### SECTORS OF FOCUS



Industrials & Transportation



Business Services & Staffing



Healthcare



Consumer & Retail



Technology

274

YEARS OF EXPERIENCE

\$121B

IN TRANSACTIONS

216

TOTAL TRANSACTIONS

### SENIOR LEADERSHIP



**Matt Plooster**  
President & CEO



**Wm. Lee Merritt**  
Managing Director & General Counsel



**Gary Grote**  
Managing Director



**Mike Anderson**  
Managing Director



**Nick Orr**  
Managing Director



**Bryan Wallace**  
Managing Director



**Chad Gardiner**  
Director



**Natasha Plooster**  
COO



**Subhash Marineni**  
Vice President



**Alex Spanel**  
Associate

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