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PMCF Transaction Announcements

Tri-Delta Plastics
www.tri-delta plastics.com
has been acquired by

Pretium Packaging

has been acquired by

G & N Packaging, Inc.

has acquired

PLACON

Packaging and specialty chemicals

Packaging: Food and Healthcare
Blow and Injection Molding
Company Sale to
Financial Buyer

Packaging: Health and Beauty
Injection Molding and Metalizing
Company Sale to
International Buyer

Packaging: Food
Injection Molding and Decorating
Strategic Acquisition
Advisory

About PMCF

P&M Corporate Finance ("PMCF") is an investment banking firm, focused exclusively on middle market transactions, with professionals in Chicago, Detroit, and across the globe through Corporate Finance International associates. Our dedicated Plastics and Packaging Group has deep industry knowledge and covers a wide range of processes including thermoforming, sheet and film extrusion, blow molding, injection molding, and resin and color compounding. Offering a breadth of advisory services, the Plastics and Packaging Group has helped clients worldwide meet their sale, acquisition, financing, and strategic growth objectives.

Investment Banking Services:
- Mergers & Acquisitions
- Sales & Divestitures
- Capital Raising
- Sale Planning

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2014 Market Summary & Outlook

2014’s plastics and packaging transaction activity was fairly balanced between the first and second half of the year, due to a strong finish with a very active fourth quarter. A total of 341 deals in 2014 marked the fifth year in a row of robust plastics and packaging M&A, as deal count experienced a slight increase of 4 percent from 2013.

The increase in overall deal volume was primarily driven by strategic buyers increasing their percentage of completed deals and supporting the healthy M&A environment. Reflecting their aggressive approach to M&A, strategic transaction volume increased by 9.4 percent year-over-year, while total transactions involving private equity buyers fell by approximately 6.5 percent. Despite a small decline, private equity remains highly focused on the industry with investment funds continuing to hold record levels of uninvested capital.

Key 2014 plastics and packaging M&A trends include the following:

- Deals by plastic processing type featured increases across most sectors, including blow molding, injection molding, film, resin / color & compounding, and specialty, reflecting continued consolidation trends in these segments.
- Sheet extrusion and thermoforming deals were the only sector to decline, as only 23 deals were recorded versus 38 in 2013. PMCF believes this decline does not reflect lower buyer interest, but rather the relative scarcity of available companies to acquire.
- Automotive transactions experienced the largest increase of any plastics and packaging end market, growing to the third most active segment at 39 deals, and twice as many transactions in 2014 versus 2013.
- Publicly traded plastics and packaging businesses continued to receive strong stock market valuations, as the average EV/EBITDA of the PMCF Plastics and Packaging Index trended above 9.0x for the seventh consecutive quarter.

2014’s positive M&A environment was further highlighted by numerous marquee deals:

- Paris-based private equity firm Wendel’s (ENXTPA:MF) acquisition of CSP Technologies for $360 million
- Private equity group Clayton, Dubliner & Rice’s acquisition of Mauser Group for $1.7 billion
- Wind Point Partners’ portfolio company NOVOLEX’s (formerly known as Hilex Poly), acquisition of Packaging Dynamics Corporation
- Private equity firm Genstar Capital’s acquisition of Pretium Packaging for $498 million and subsequent add-on acquisition of Tri-Delta Plastics
- European-based private equity firm 3i Group PLC’s acquisition of U.S.-based Q Holdings Co. for $160 million
- Mexichem SAB de CV’s (BMV:MEXCHEM) acquisition of Dura-Line Corp. for $630 million
- Private equity firm Golden Gate Capital’s acquisition of Phillips-Medisize for an undisclosed amount

In addition to these marquee deals, 2014 plastics and packaging M&A activity included numerous other significant transactions at attractive seller valuations. Many of these transactions are further detailed by sector in this edition of M&A Quarterly, and highlight current market conditions which feature aggressive buyers seeking high quality acquisitions. Reflecting the strength of the market, Q4 2014 deal volume, at 101 transactions, represented the second highest total in the last 12 quarters.

These trends are reflected both on the strategic side for consolidation purposes and on the financial investor side, as private equity firms have significant levels of undeployed capital. As a result, current market conditions favor sellers as buyer competition intensifies due to fewer attractive, high quality businesses available to meet their demand. Looking forward, PMCF believes that buyer demand is likely to continue to exceed available plastic and packaging targets for sale for at least the next several months.

### Transactions by Product Segment

<table>
<thead>
<tr>
<th>Sector</th>
<th>2012</th>
<th>2013</th>
<th>% of Total</th>
<th>2014</th>
<th>% of Total</th>
<th>'13-'14 Change % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blow Molding</td>
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<td>22</td>
<td>7%</td>
<td>22</td>
<td>6%</td>
<td>0%</td>
</tr>
<tr>
<td>Injection Molding</td>
<td>110</td>
<td>86</td>
<td>26%</td>
<td>95</td>
<td>28%</td>
<td>9%</td>
</tr>
<tr>
<td>Film</td>
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<td>60</td>
<td>18%</td>
<td>63</td>
<td>19%</td>
<td>3%</td>
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<tr>
<td>Resin/Color &amp; Compounding</td>
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<td>68</td>
<td>21%</td>
<td>72</td>
<td>21%</td>
<td>4%</td>
</tr>
<tr>
<td>Sheet &amp; Thermoforming</td>
<td>32</td>
<td>38</td>
<td>12%</td>
<td>23</td>
<td>7%</td>
<td>-15%</td>
</tr>
<tr>
<td>Specialty</td>
<td>80</td>
<td>54</td>
<td>16%</td>
<td>66</td>
<td>19%</td>
<td>-12%</td>
</tr>
<tr>
<td>Total</td>
<td>382</td>
<td>328</td>
<td>100%</td>
<td>341</td>
<td>100%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: P&M Corporate Finance, Company Reports
Global Plastic Packaging M&A

Trends in M&A:
- Packaging transactions fell year over year, despite higher plastics and packaging transaction volume overall, declining by 19 transactions and accounting for 29 percent of plastics M&A versus 36 percent in the previous year.
- Declining thermoformed packaging deals in part drove the decrease in total rigid packaging transactions; however, rigid packaging transactions involving manufacturers of bottles increased by over 36 percent.
- Food & beverage remained the largest end market for plastic packaging M&A in 2014, as the segment was only one of two that exceeded 2013 transaction totals.

Industry News:
- December 2014 – Amcor Rigid Plastics, a Michigan-based subsidiary of global packaging leader Amcor Ltd (AMC:ASE), has unveiled a new line of hot-fill PET jars that accept metal lug closures. The company asserts that this innovative new product, designed for the food packaging industry, is the first of its kind. The successful development has been attributed to a breakthrough technology called the A-PEX63TM system. The company hopes that this patent-pending technology, which was unveiled at the annual PLMA trade show, will create a paradigm shift in the food packaging industry. The aforementioned shift will be spurred by a fusion of tried and true plastic packaging benefits, merged with the classic styling of glass and the freshness “pop” of metal lug closures. The containers are currently only available in a single size (24oz), and will target food applications such as salsas, jams, jellies, and apple sauce.
- October 2014 – The merger of two plastics packaging companies, Comar LLC and Convergence Packaging Holdings LLC, was unveiled and became immediately effective. The move will combine the operations of both companies under the Comar brand. The merger was not entirely unexpected as both companies are owned by private investment firm Graham Partners, Inc. The chief executives from both companies will hold management positions in the new entity, with Comar CEO Michael Ruggieri leading the joint operations. Both Ruggieri and Convergence Packaging CEO Ross Bushnell expressed excitement about the synergistic benefits associated with the merger.

Featured Sector Transactions

December 2014 – British plastic packaging supplier Essentra (LSE:ESNT) has entered into an agreement to acquire the specialist packaging division of Clondalkin Group, which is owned by New York-based private equity firm Warburg Pincus LLC. The $455 million acquisition will allow Essentra to move into the North American and European personal healthcare markets and gain significant market share in these spaces. Essentra Chief Executive Colin Day cited the move into these markets as the driving force behind the acquisition. Since Day took the reins at Essentra in 2011, he has placed a large focus on acquisitive growth. The acquisition of Clondalkin's specialty packaging division will be the company's 13th acquisition under Day's leadership.

December 2014 – NOVOLEX, the Wind Point Partners portfolio company formerly known as Hilex Poly, has completed the acquisition of Packaging Dynamics Corporation. Packaging Dynamics Corporation represents the latest acquisition in NOVOLEX's recent streak of acquisitive growth, which has increased the company's revenues to almost $2 billion. Packaging Dynamics Corporation manufactures a portfolio of flexible food packaging products including specialty bags, specialty sheets and wraps, pan liners, and laminated foil products. NOVOLEX believes the acquisition is crucial for NOVOLEX to accomplish its goal of becoming a broader, more diversified leader within flexible packaging.

Sources: P&M Corporate Finance, Plastics News, Company Reports, Packaging News
Global Injection Molding M&A

Trends in M&A:
• M&A activity involving plastic injection molders increased over 10 percent in 2014 relative to 2013, with most of the growth attributable to automotive transactions rising by over three times their prior year levels.
• Strategic buyers continue to actively pursue injection molding transactions, completing 11 more deals in 2014 than in 2013, and increasing their share of total injection molding transaction mix from 66 to 72 percent.
• Transaction volumes by end market were down slightly across 6 of 8 segments in 2014, with automotive and industrial increasing, and the consumer end market accounting for a larger decline of 5 deals from 2013.

Industry News:
• November 2014 – Milliken and Co., a global leader in chemicals and materials, unveiled a new technology at Pack Expo International that it believes will have a game changing effect on injection molded high density polyethylene (HDPE) applications. Milliken claims that this new technology improves the mechanical performance of HDPE to levels that rival polypropylene (PP). The technology, a nucleating agent referred to as the Hyperform HPN 210 M nucleator, can be combined as an additive in HDPE masterbatch and incorporated into the resin. Some performance upgrades include increased stiffness (up to 50 percent), a reduction in cooling time, and reduced warping of the material. These upgrades will make applications last longer, require less materials, and increase output capacities.
• November 2014 – Japanese plastics-equipment manufacturer Nissei Plastic Industrial Co. (TSE:6271) is “going small” in response to customer demands for flexibility. The company recently exhibited a new injection molding machine so small it can be wheeled around the factory by a single worker. The demo, which took place at the Dongguan International Plastics, Packaging, and Rubber Exhibition, showcased the new HMX7-CN3 and highlighted its comprehensive applications. The HMX7-CN3 is equipped with a rotary ram inline screw-type injection unit, delivers 7 tons of clamping force, and is complete with a 5.7-inch touch screen that allows users to toggle control options.

Featured Sector Transactions
December 2014 – Global investment firm Wendel (ENXTPA:MF) acquired leading injection molder CSP Technologies for $360 million. Alabama-based CSP Technologies manufactures packaging solutions primarily for the healthcare and food and beverage markets, and is the global leader in the production of vials for diabetes test strips. Wendel, which recently opened Wendel North America in New York, stated that it is placing a strong emphasis on North American investments and plans to invest over $2 billion between 2013-2017. The CSP Technologies deal was announced shortly after Wendel’s multi-billion dollar acquisition of flexible packaging company Constantia Flexibles Group GmbH.

November 2014 – In a deal between two private equity firms, European-based 3i Group PLC agreed to acquire components maker Q Holdings Co. from Industrial Growth Partners. 3i Group acquired all three of the Q Holdings operating businesses – Qure Medical, QSR, and Quadra Tooling and Automation for a reported $160 million. The three operating companies combine to employ over 1,000 people across 50 countries. Current management remained intact, and has stated its excitement about the European growth opportunities the company intends on targeting under its new ownership.

Sources: P&M Corporate Finance, Plastics News, Company Reports, Yahoo! Finance
Global Film M&A

Transactions by Buyer Type

![Graph showing transactions by buyer type from 2009 to 2014.]

Trends in M&A:

- Transactions involving plastic film extruders and converters remained relatively flat overall in 2014, totaling 63 transactions versus the 60 that occurred in the sector during 2013.
- Film M&A experienced substantial growth in food and beverage markets, as year-over-year transaction volumes grew by more than 40 percent from 2013 to 2014.
- Transaction mix shifted among strategic and financial buyers in 2014, with financial buyers accounting for 44 percent of 2014 deals versus 32 percent in the previous year.

Transactions by End Market

<table>
<thead>
<tr>
<th>End Market</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and Beverage</td>
<td>22</td>
<td>31</td>
</tr>
<tr>
<td>Industrial</td>
<td>18</td>
<td>16</td>
</tr>
<tr>
<td>Consumer</td>
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<td>7</td>
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<tr>
<td>Construction</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Medical</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Automotive</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Transportation</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Electronics</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>63</td>
</tr>
</tbody>
</table>

Sector Deal Statistics

<table>
<thead>
<tr>
<th>Type</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.-to-U.S.</td>
<td>19</td>
<td>12</td>
</tr>
<tr>
<td>U.S.-to-Foreign</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Foreign-to-U.S.</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Foreign</td>
<td>34</td>
<td>44</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>63</td>
</tr>
<tr>
<td>Distressed</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Industry News:

- **November 2014** – Hilex Poly, a leading plastic sheet and bag manufacturer, announced a rebranding of its portfolio companies under the name NOVOLEX. The ambitious rebranding by Hilex Poly aims to support the company’s aggressive growth strategy, which has resulted in several high profile acquisitions in recent years. Private equity firm Wind Point Partners acquired Hilex Poly in 2012 with the intent to build on the existing platform through acquisitions. The firm is steadily nearing its goal with the successful acquisitions of Duro Bag Manufacturing, Packaging Dynamics Corporation, and the flexible packaging division of Clondalkin Group. The NOVOLEX rebranding will provide a united front for the combined operations.
- **October 2014** – Updating previous reports, plastic sheet giant Klöckner Pentaplast Group has been taken off the market by owner Strategic Value Partners, a Connecticut-based private investment firm. Reports indicate that Klöckner Pentaplast was taken off the market when bids came back far below the $1.9 billion dollar asking price. Private equity firms Apollo Global Management LLC, Ares Management LP, and Platinum Equity LLC were all rumored to be reviewing the deal.

Featured Sector Transactions

- **December 2014** – Paris-based Wendel Group (ENXTPA:MF) announced an agreement to purchase one of Europe’s largest flexible packaging companies, Constantia Flexibles GmbH. Wendel Group will acquire Constantia from JP Morgan private equity affiliate One Equity Partners. The deal will cost Wendel Group a reported $2.8 billion, with the purchase price reflecting a nine times EBITDA multiple on Constantia’s 2014 financials. Constantia Flexibles experienced sales and EBITDA growth of approximately 75 percent since its sale to One Equity Partners in 2010. Wendel Group plans to continue Constantia’s rapid growth through acquisitive expansion, citing global market trends and a fragmented flexible packaging market. Constantia has manufacturing plants in the US, Mexico, and Canada supplementing its sizeable geographic presence in Europe.

- **November 2014** – German private equity firm Deutsche Beteiligungs AG (DB:DBAN, DBAG) agreed to acquire the film business of Huhtamaki Oyj (HLSE:HUHIV) in a management buyout for $176.2 million. DBAG acquired a 17 percent stake in the business with management holding the remaining shares. Huhtamaki announced its plans to sell its film business in July to focus on other business segments. The completed transaction will allow Huhtamaki management to focus on internal capacity and growth initiatives.

Sources: P&M Corporate Finance, Plastics News, Company Reports, Reuters
Global Resin and Color & Compounding M&A

Trends in M&A:

- 2014 deal flow in the resin and color & compounding sector remained generally consistent with 2013 transactions, increasing a modest 6 percent year-over-year while maintaining similar transaction mix among strategic and financial buyers.
- Transactions involving color & compounders drove the modest increase in total sector deals from 2013 to 2014, growing from 24 to 29 deals while transactions involving resin suppliers declined slightly from 44 to 43 deals.
- Resin and color & compounding cross-border M&A featured an increase in foreign investment into the United States, as 2014 included 6 of these deals versus only one that occurred a year before.

Industry News:

November 2014 – Italian chemicals and fibers conglomerate Mossi Ghisolfi Group announced the sale of a $300 million stake in its M&G Chemicals SA unit to private equity firm TPG. The Italian conglomerate will retain its majority ownership in the sale. M&G Chemicals is a Luxembourg-based company that operates a global PET resin business, with facilities in the U.S., Mexico, and Brazil.

M&G management is optimistic that the strategic sale will open up numerous growth and market opportunities. The buyer, TPG, is no stranger to the resin space and has owned leading resin distributor Nexeo Solutions LLC since 2010. M&G plans to kick off its growth initiative with the construction of an extensive PET resin manufacturing facility in Corpus Christi, Texas.

October 2014 – Bayer AG (DB:BAYN) announced last month that it plans to spin off its Bayer MaterialScience unit and list it on the Frankfurt Stock Exchange. Soon after the announcement was made multiple reports surfaced about a potential investor group forming to acquire the MaterialScience operation. The group is reportedly headlined by private equity firms Advent, Carlyle, Cinven, and KKR. Bayer Material Science is a leading supplier of polymer materials focused on consumer, automotive, electronics, construction, and textile end markets. The MaterialScience unit accounted for nearly 28 percent of Bayer’s $50.8 billion in total revenue last year, but only 8.8 percent of its $550.2 million in total earnings before interest and taxes.

Featured Sector Transactions

December 2014 – Michigan-based RheTech was acquired by global compounding HEXPOL (OM:HPOL B). RheTech, which primarily produces polypropylene-based compounds, ranks among the top 30 compound and concentrate producers according to Plastics News and posted 2013 sales of $117 million. The $112 million transaction will keep current RheTech management, production lines, facilities, and employee structure in place. For Swedish HEXPOL, this transaction represents its third acquisition of a Midwest-based compounding since 2010. HEXPOL acquired Excel Polymers in 2010 and Portage Precision Polymers Inc. in 2014, both headquartered in Ohio.

December 2014 – LTL Color Compounders Inc. was acquired by Americhem Inc., an Ohio-based supplier of color and additive concentrates. Pennsylvania-based LTL Color Compounders operates plants in Morrisville, PA and Dongguan, China, and produces color compounds for the medical, automotive, electronics, and aerospace industries. Americhem will operate LTL in combination with its 2012 acquisition Infinity Compounding. The combined operations will be led by Infinity founder Carlos Carreno, and operate as Infinity LTL Engineered Compounds. The new business will combine Infinity’s capabilities in internally lubricated and electrically conductive compounds with LTL’s color and polymer alloy technology.

Sources: P&M Corporate Finance, Plastics News, Company Reports, Thomson Reuters, Business Standard, Business Wire
Global Sheet and Thermoforming M&A

Trends in M&A:

- M&A activity among sheet and thermoforming processors declined by approximately 40 percent from 2013 to 2014, a trend reflecting the relative scarcity of available companies to acquire following the significant consolidation in the sector.
- Transactions were either down or flat across end markets in 2014 versus 2013, with the exception of industrial deals which increased by over 57 percent from prior year volumes.
- Acquisitions involving financial buyers declined by 50 percent from 2013 to 2014, driven in part by a decline in PE-to-PE deals, without any such deals occurring in 2014 following the 7 deals that occurred in 2013.

Industry News:

- **November 2014** – A recent study has indicated a strong consumer preference for rigid thermoformed packages over flexible plastic pouches. The study, which is backed by statistical evidence, was conducted by Klockner Pentaplast and Package InSight at Clemson University’s customized immersive shopping research lab. The study utilized a variety of methods to obtain its statistical data including calibrated eye-tracking glasses, which allowed researchers to document a product’s point-of-sale appeal. The eye-tracking test indicated that rigid thermoformed packages outperformed flexible pouches by 44 percent. Some relevant qualitative data gathered through a survey of participants indicated that consumers viewed thermoformed packages as higher quality, easier to open, and more hygienic than flexible pouches.
- **November 2014** – Packaging thermoformer EasyPak announced plans for a $7.5 million expansion to its Leominster, MA facility. The expansion will more than double the facility’s current square footage. EasyPak will use the new space to ramp up its manufacturing capacities by adding two new thermoformers and an additional extrusion line. The expansion will also create an estimated 15 new jobs at the facility. EasyPak management referenced problems keeping up with production demand as its primary motivator for expansion. The company was founded in 2004 and has been outsourcing 15 percent of its production to facilitate a rapidly growing customer base.

Featured Sector Transactions

**December 2014** – British packaging manufacturer PFF Packaging Group Ltd completed an acquisition of Thermopak Ltd and its 65,000 square foot manufacturing facility in Gateshead, England. Thermopak manufactures thermoformed trays for the food industry and has 70 employees, all of which will be retained in the acquisition. The acquisition will enable PFF to increase its extrusion production capacity by 8,000 tonnes and support future growth for the Company. PFF has also announced plans for additional investments in equipment and infrastructure for the Gateshead plant. Thermopak will be re-named PFF Packaging North East Ltd, and operate as a wholly owned subsidiary of the PFF Packaging Group.

**October 2014** – Germany-based Bavaria Industries Group AG (XTRA:B8A) has completed an acquisition of the Cobelplast segment of RPC Group plc. RPC Cobelplast is a manufacturer of polystyrene and polypropylene mono and coextruded multi-layer sheets that focuses on food packaging end markets. RPC Cobelplast will retain its current management and employees in the company’s sale. Bavaria Industries Group is an industrial holding company that specializes in the takeover and reorganization of distressed companies. Bavaria Industries Group Partner Philipp Gusinde referenced a recent successful reorganization, a strong balance sheet, and its industrial orientation as reasons making RPC Cobelplast a good fit for Bavaria.

Sources: P&M Corporate Finance, Plastics News, Company Reports, Packaging World
Global Blow Molding M&A

Transactions by Buyer Type

Trends in M&A:

- Blow molding M&A activity remained flat in 2014 with 22 total transactions for the second consecutive year, while deals by sector also remained relatively consistent with prior year transaction mix.
- Transactions by end market shifted in 2014 despite flat overall growth, as food & beverage transactions increased by 44 percent while no medical deals occurred versus 2013’s deal flow that featured four such transactions.
- Publicly traded companies were more acquisitive in the blow molding sector in 2014 relative to 2013, as their respective share of transaction volume increased from 9 to 32 percent.

Transactions by End Market

<table>
<thead>
<tr>
<th>End Market</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and Beverage</td>
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<td>13</td>
</tr>
<tr>
<td>Industrial</td>
<td>6</td>
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<td>-</td>
</tr>
<tr>
<td>Medical</td>
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<td>-</td>
</tr>
<tr>
<td>Automotive</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Transportation</td>
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<td>-</td>
</tr>
<tr>
<td>Electronics</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>22</td>
</tr>
</tbody>
</table>

Industry News:

- **November 2014** – Industry researchers and key professionals are very optimistic about continued growth in the blow molding space according to a recent Plastics News survey. The current growth trend follows a very strong third quarter for blow molders. This recent Plastics News survey aimed to quantify key data points driving these growth trends within the blow molding industry, and concluded strong results. The survey identified positive growth trends in categories including new orders, export orders, production, employees, planned capital spending, and business expectations. When asked about planned changes, 38 percent planned to add employees, 27 percent planned to expand operations, and 11 percent were planning to participate in mergers/acquisitions.
- **October 2014** – The Society of Plastics Engineers’ Blow Molding Division announced the award winners for its second annual blow molded parts competition. The competition’s 14 entrants were judged at the SPE Blow Molding Conference in Chicago, IL. Entrants were vying for an award in packaging or industrial, as well as a people’s choice award (one winner from each of aforementioned categories). First place in packaging went to Ontario-based W. Amsler Equipment Inc. for its set of four triangular PET bottles that fit together for efficient packaging. The winning triangular PET bottles were blow molded by Salbro Bottle. Second place went to Amcor Rigid Plastics for its PET Jack Daniels flask containers. The people’s choice award for packaging was given to Tropicana handlewear bottles, which were blow molded by Graham Packaging.

Featured Sector Transactions

**December 2014** – Prentium Packaging, a portfolio company of San Francisco-based private equity firm Genstar Capital, agreed to acquire Tri-Delta Plastics. Prentium Packaging is one of the nation’s largest blow molds with over 1,000 employees and 11 manufacturing plants. The acquisition will grant Prentium a highly complementary blow molding operation, immediate access into the spice packaging end market, and allow them to expand their existing caps and closures business. Tri-Delta Plastics Founder and President Tom Dolan will advise the company through its transition preceding his planned retirement, which ultimately set the sale in motion. In a recent news release Dolan referred to Prentium Packing as, “The best home for our company.” P&M Corporate Finance served as Tri-Delta’s financial advisor in the transaction.

**November 2014** – Michigan-based packaging company Plastipak Holdings, Inc. has completed an acquisition of APPE, a division of bankrupt Spanish PET group La Seda de Barcelona. APPE is a blow molder of rigid plastic packaging that specializes in PET preforms, bottles, and containers for the food, beverage, home, and personal care industries. The $478 million acquisition will expand Plastipak’s capabilities and geographic footprint in Europe and add manufacturing capabilities in Northern Africa and Turkey. Plastipak currently operates about 30 sites across the U.S., South America, and Europe, with more than 4,000 employees.

Sources: P&M Corporate Finance, Plastics News, Company Reports
Trends in M&A:

- M&A activity in 2014 involving specialty plastic process types, including rotational molding, foam, pipe & tube, profile extrusion, and composites, experienced an increase in year-over-year deal volume, growing by over 20 percent of 2013’s transaction total.
- Deal volume among specialty processors serving industrial end markets increased by over 60 percent in 2014, as transactions by end market trended up across the board with the exception of electronics.
- Strategic buyers represented a significantly higher proportion of transaction mix, increasing from 56 to 76 percent of total transaction volume from 2013 to 2014.

FEATURED SECTOR TRANSACTIONS

Pipe & Tube

October 2014 – California-based National Diversified Sales Inc. (NDS) was acquired by German company Norma Group SE (DB:NOEJ). NDS is a supplier of residential and commercial drainage components made of PVC, high density polyethylene, ABS, and other resins. Norma Group will be purchasing NDS from U.S. private equity firm Graham Partners for a reported $285 million. Norma Group cited plans to grow its water management segment as a driving factor in the NDS acquisition. NDS had sales of about $128 million in 2013 and hopes to experience steady growth by leveraging Norma Group’s substantial resources.

Foam

November 2014 – Friedman Fleischer & Lowe (FFL), a growth oriented private equity firm focused on middle market investments, completed the acquisition of Icynene Group Limited. Icynene is a leading supplier of spray polyurethane foam insulation products headquartered in Mississauga, Ontario. The Icynene brand is best known for its commercial and residential building insulation products, which have emerged as an advantageous alternative to traditional insulation. FFL Director Greg Long referenced Icynene’s strong brand image and quality product offerings when expressing his excitement about the deal. FFL purchased Icynene from private equity firm Element Partners whose investments reportedly helped Icynene realize EBITDA growth of around 450 percent since 2009.

Composites

October 2014 – Plastic compounder Citadel Plastics Holdings, a portfolio holding of private equity firm Huntsman Gay Capital, continues to grow its network of subsidiaries with the acquisition of The Composite Group. The Composite Group (TCG) operates three businesses that include Michigan-based Quantum Composite and Ohio-based companies Hadlock Plastics and Premix Inc., with combined annual sales of about $100 million. Citadel Holdings now operates 9 subsidiaries, and will use the acquisition to move into new industries like oil, gas, aerospace, and defense. Citadel CEO Mike Huff expressed his excitement about continued growth for his company through the acquisition which will result in new end markets and new customer relationships. The TCG deal represents Citadel’s eighth acquisition since its inception in 2007.

Extrusion

November 2014 – South Dakota-based Raven Industries (NasdaqGS:RAVN) has added highly complementary extrusion, lamination, and fabrication assets with the acquisition of Integra Plastics Inc. Integra plastics is also located in South Dakota with plants in Madison and Brandon, South Dakota; as well as Midland, Texas. The deal that is worth about $48 million will give Raven additional manufacturing capacity to support its rapid growth. Raven, who is publicly traded on the NASDAQ, has seen revenues increase 18 percent during the first half of their 2015 fiscal year. The Integra transaction will include $9 million in cash and the issuance of 1.54 million shares of Raven common stock.

Source: P&M Corporate Finance, Plastics News, Company Reports
PMCF Plastics & Packaging Index

- The PMCF Plastics & Packaging Index continued to outperform the S&P 500 during the fourth quarter of 2014, finishing the year trading at an over 47 percent premium relative to its December 2012 level
- Publicly traded plastics businesses also continued to receive strong stock market valuations, as the average EV/EBITDA of the index trended above 9.0x for the seventh consecutive quarter

U.S. Middle Market Transaction Summary (All Industries)

- Middle market M&A activity across all industries increased in 2014 in terms of both overall deal volume and value, posting the highest number of transactions in the last seven years
- Transaction volume and capital invested among private equity investors remained relatively flat in 2014 but marked the third straight year in which total deals exceeded 2,900
Notable Awards for PMCF:

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