

## M&A Quarterly

### **PLASTICS & PACKAGING**

2011 YEAR IN REVIEW

For additional information or inquiries, please contact one of our team members:

John D. Hart  
248.223.3468  
[john.hart@pmcf.com](mailto:john.hart@pmcf.com)

Matthew G. Jamison  
248.223.3368  
[matt.jamison@pmcf.com](mailto:matt.jamison@pmcf.com)

Ryan R. Shuchman  
248.603.5372  
[ryan.shuchman@pmcf.com](mailto:ryan.shuchman@pmcf.com)

William L. Blake III  
248.603.5328  
[william.blake@pmcf.com](mailto:william.blake@pmcf.com)

Daniel M. Ratliff  
248.603.5326  
[dan.ratliff@pmcf.com](mailto:dan.ratliff@pmcf.com)

## About P&M Corporate Finance

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 affiliates. Our dedicated Plastics and Packaging Group has deep industry knowledge and covers a wide range of processes including thermoforming, 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:

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### CHICAGO

225 W. Washington Street, Suite 2700  
Chicago, IL 60606  
312.602.3600

### DETROIT

26300 Northwestern Highway, Suite 120  
Southfield, MI 48076  
248.223.3300

## 2011 Market Summary and Outlook

The M&A market for plastics and packaging continues to show a high level of activity; however, overall 2011 dealmaking cooled from record levels experienced in 2010 and Q1 2011. 2010's record levels of plastics M&A were fueled, in part, by large cash savings among strategic buyers and pent up demand across financial investors eager to complete quality acquisitions. 2011's activity, with 347 deals, is down 46 transactions from 2010 and reflects strong buying and selling activity at a more normalized level versus the pace set in 2010. 2011 recorded a solid year for plastics and packaging M&A with total deal activity down 12% from 2010's record levels.

2011 activity showcased financial buyers, who completed 37% of transactions versus 32% in 2010. Financial buyers increased their number of platform acquisitions in plastics year over year and completed nearly the same number of add-on transactions. Strategic buyer deals were down from a record 2010, but surpassed the previous high water mark for activity recorded in 2007.

In reviewing the year's M&A activity, injection molding, film, and sheet and thermoforming sectors all showed flat or increasing deal volume as consolidation continued to be prevalent among these processors. Blow molding, a more consolidated sector, was down by the second highest percentage year over year due to a lack of quality acquisition opportunities versus a lack of buyer interest - which we believe remains strong. This decrease in blow molding activity was reflected in year over year packaging M&A trends. Packaging deals in 2010 totaled 131, versus 114 in 2011. The difference of 17 deals is nearly half comprised of a decline in bottling packaging activity. By comparison, rigid and flexible packaging activity remained robust with a healthy level of quality acquisition targets and a multitude of interested financial and strategic buyers.

2011's positive environment for transactions was highlighted by the following marquee deals:

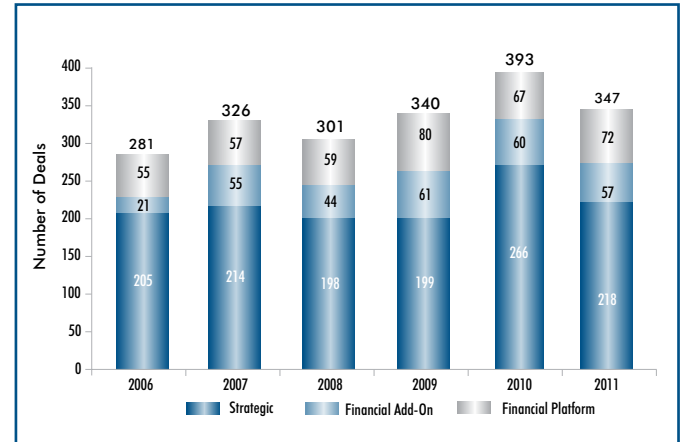
- Rank Group's acquisition of Graham Packaging Company (NYSE:GRM) for \$4.5 billion in June 2011
- Berry Plastics Corporation's acquisition of the specialty closures business of Rexam Plc. (LSE:REX) for \$360 million in June 2011
- Braskem America's strategic acquisition of the global polypropylene business of The Dow Chemical Company for \$340 million in September 2011

2011's overall trends have been impacted, in part, by several domestic and global economic challenges:

- The European debt crisis has created uncertainty and posed a threat of a global recession
- Lackluster US GDP growth has tempered some buyers' enthusiasm and aggressiveness for M&A
- US government budget stalemates and large deficit have lowered the debt rating and added to uncertainty of the economic outlook

Despite these headwinds, we believe the first half of 2012, will continue to support strong levels of plastics and packaging M&A activity given the following variables:

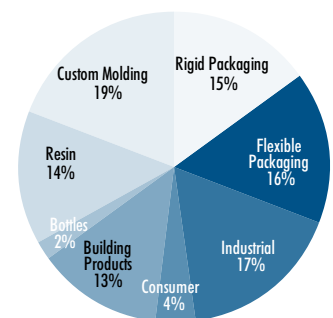
- Availability of lending to complete quality transactions
- Continued higher valuations for sellers driving supply
- Industry fragmentation and record levels of undeployed strategic and private equity capital



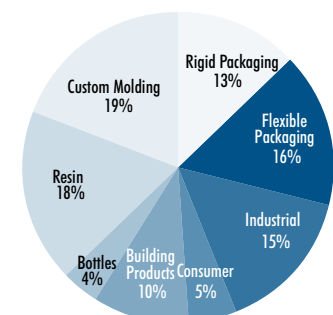
| Sector                    | 2009       | 2010       | % of Total  | 2011       | % of Total  | '10 - '11 Change | % Change    |
|---------------------------|------------|------------|-------------|------------|-------------|------------------|-------------|
| Blow Molding              | 22         | 27         | 7%          | 18         | 5%          | -9               | -33%        |
| Injection Molding         | 87         | 106        | 27%         | 106        | 31%         | 0                | 0%          |
| Film                      | 62         | 78         | 20%         | 75         | 22%         | -3               | -4%         |
| Resin/Color & Compounding | 58         | 71         | 18%         | 56         | 16%         | -15              | -21%        |
| Sheet & Thermoforming     | 33         | 25         | 6%          | 32         | 9%          | 7                | 28%         |
| Specialty                 | 78         | 86         | 22%         | 60         | 17%         | -26              | -30%        |
| <b>Total</b>              | <b>340</b> | <b>393</b> | <b>100%</b> | <b>347</b> | <b>100%</b> | <b>-46</b>       | <b>-12%</b> |

### Transactions by Product Segment

2011

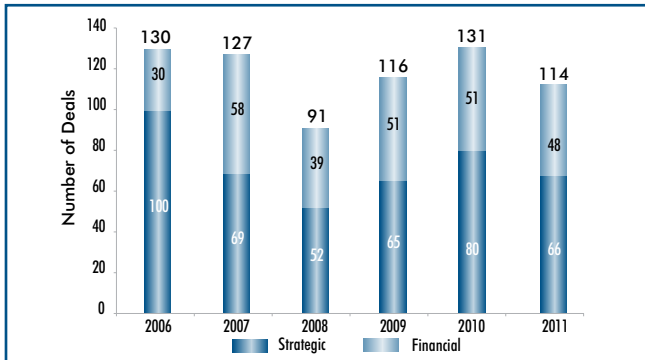


2010



## Global Plastic Packaging M&A

Transactions by Buyer Type

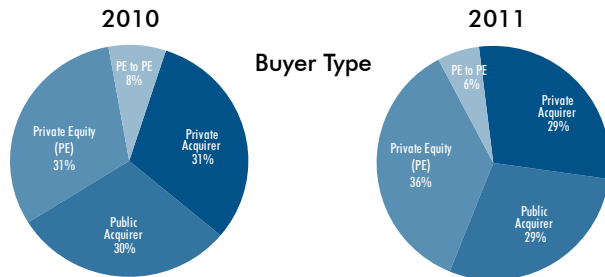


Transactions by End Market

|                   | 2010       | 2011       |
|-------------------|------------|------------|
| Food and Beverage | 57         | 43         |
| Industrial        | 26         | 19         |
| Consumer          | 35         | 41         |
| Construction      | -          | 1          |
| Medical           | 10         | 10         |
| Automotive        | -          | -          |
| Transportation    | -          | -          |
| Electronics       | 3          | -          |
| <b>Total</b>      | <b>131</b> | <b>114</b> |

### Trends in Plastic Packaging M&A:

- Packaging transactions continued to show a strong level of transaction activity, but recorded a lower overall number of total deals than 2011's record volume as a result of a depressed level of bottle related transactions.
- Bottle packaging transactions, following a strong start to 2011, experienced the largest percentage decline of packaging transactions as the sector showed more than a 50% decline from 2010's high point.
- Financial buyer activity rose as a percentage of overall deal volume accounting for 42% of all packaging transactions, an increase of approximately 3%.



Packaging Transaction Detail

|              | 2010       |             | 2011       |             |
|--------------|------------|-------------|------------|-------------|
|              | #          | % Packaging | #          | % Packaging |
| Rigid        | 53         | 40%         | 51         | 45%         |
| Flexible     | 63         | 48%         | 56         | 49%         |
| Bottling     | 15         | 12%         | 7          | 6%          |
| <b>Total</b> | <b>131</b> | <b>100%</b> | <b>114</b> | <b>100%</b> |

### Industry News:

- **October 2011** – According to “Converted Flexible Packaging,” a recent report released by the Freedonia Group, Inc., demand for converted flexible packaging will grow 3.8% annually, reaching \$18.2 billion by 2015. The study cites efforts to reduce packaging sourcing by retailers and packaged goods firms as a key growth driver. Pouches are expected to grow at the fastest pace among flexible packaging products, with estimated growth expected to reach 4.6% annually, slightly lower than the segment's 5.5% annual growth from 2005-2010. Additionally, the report projects plastic bag demand to outpace demand for paper over the same period due to cost and performance advantages.
- **November 2011** – Chinese plastic and packaging manufacturers for the cosmetics industry expressed concern over perceived efforts among customers to source products outside of the region. During Cosmoprof Asia 2011, manufacturers noted increased hesitation for decisions regarding new investment in mainland China. Rising factory wages and worries about disruptions in global supply chains are leading manufacturers to consider additional options outside of mainland China. Other considerations affecting the desire to invest in China include an increased interest in shortening the supply chain to expedite timelines and reduce risks associated with natural disasters similar to the events that occurred in Japan and Thailand.

### Featured Sector Transactions

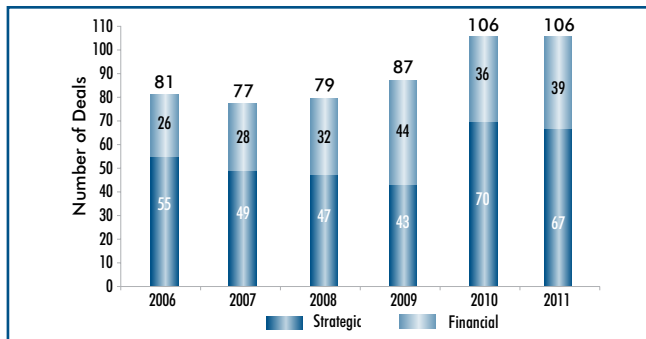
**November 2011** – Fountain Inn, SC-based thermoformed packaging manufacturer D&W Fine Pack, LLC acquired CM Packaging Group for an undisclosed amount. CM Packaging Group, based in Lake Zurich, IL, is made up of three business units including CM Packaging, Stone Plastics, and PDI. CM Packaging is a leading manufacturer of thermoformed plastic and aluminum packaging serving the restaurant, grocery, bakery, produce, and food processing markets. D&W, a portfolio company of private equity firm Mid Oaks Investments, LLC, is expected to reach \$400 million in revenue following the transaction. P&M Corporate Finance served as the exclusive financial advisor for CM Packaging.

**December 2011** – Richmond, VA-based packaging manufacturer MeadWestVaco Corporation (NYSE:MWV) acquired Polytop Corporation, a plastic caps and dispensing closures injection molder. Polytop manufactures closures for applications in chemical, automotive, food and beverage, and household products markets. Polytop, based in Slaterville, RI, will become part of MeadWestVaco's primary manufacturing operations and will remain in place with its current 180 Polytop employees. The financial details of the transaction were not disclosed.

Source: P&M Corporate Finance, Company Reports

## Global Injection Molding M&A

Transactions by Buyer Type

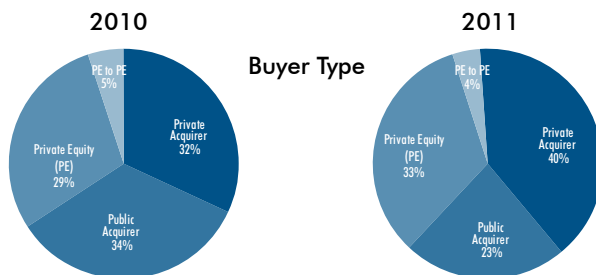


Transactions by End Market

|                   | 2010       | 2011       |
|-------------------|------------|------------|
| Food and Beverage | 7          | 5          |
| Industrial        | 28         | 28         |
| Consumer          | 11         | 27         |
| Construction      | 3          | 3          |
| Medical           | 18         | 11         |
| Automotive        | 34         | 27         |
| Transportation    | -          | -          |
| Electronics       | 5          | 5          |
| <b>Total</b>      | <b>106</b> | <b>106</b> |

### Trends in M&A:

- Acquisitions of injection molders remained flat during the comparison period as interest among strategic and financial buyers remained strong.
- Cross-border transaction activity rose 58% as acquirers throughout 2011 sought exposure to new markets and enhancement of their international manufacturing footprint.
- Acquisitions among private acquirers drove M&A activity among strategic buyers, accounting for 40% of total deal volume, an 8% rise from 2010.



Sector Deal Statistics

|                 | 2010       | 2011       |
|-----------------|------------|------------|
| U.S.-to-U.S.    | 32         | 32         |
| U.S.-to-Foreign | 9          | 12         |
| Foreign-to-U.S. | 3          | 7          |
| Foreign         | 62         | 55         |
| <b>Total</b>    | <b>106</b> | <b>106</b> |
| Distressed      | 1          | 10         |

### Industry News:

- **November 2011** – According to several Plastics News interviews with executives of U.S.-based injection molding machine manufacturers, the U.S. injection press market is approaching pre-recessionary levels. Sales have increased for two consecutive years following a decade of steady decline. The Society of the Plastics Industry projects 2011 injection molder shipments to reach 2,400 machines, a 15% increase from volumes shipped in 2010. Many executives credit the resurgence of the automotive industry as a key driver of the improved injection molding machine demand.
- **December 2011** – The Dow Chemical Company (NYSE:DOW) has begun commercial deliveries of its new solar shingle products. The company started with shipments to Colorado and expects to deliver shingles to 12 more states, including California and Texas, within the next 18 months. Dow uses an injection molding process to incorporate solar cells into its proprietary polymeric-based shingles. The solar shingles are one part of Dow's three part solar roofing package which is expected to reduce energy costs for homeowners by 50% annually.

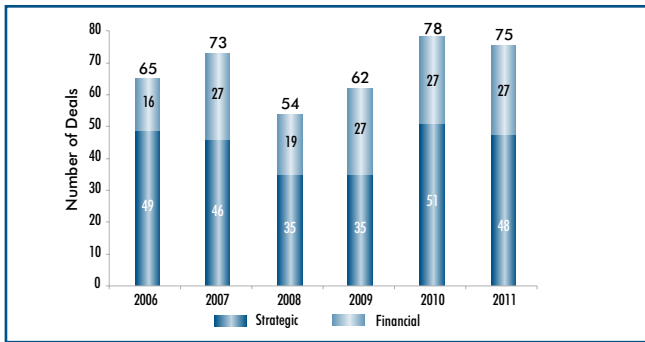
### Featured Sector Transactions

**November 2011** – United Kingdom-based specialty injection molder Filtrona plc (LSE:FLTR) agreed to acquire Richco, Inc. from the Richardson family for \$110 million, or 9.2x EBITDA. Richco, based in Morton Grove, IL, manufactures plastic fasteners and custom components for the electronics, consumer goods, telecom, medical, and contract manufacturing industries. Richco serves the United States and Europe through its manufacturing facilities in the United Kingdom, Spain, and China. The acquisition of Richco, which had revenues of \$71 million in 2010, was Filtrona's second acquisition of 2011.

**October 2010** – Vention Medical, Inc., a portfolio company of KRG Capital Partners and contract manufacturer of medical devices headquartered in South Plainfield, NJ, acquired ATEK Medical Group for an undisclosed amount. Based in Grand Rapids, MI, ATEK Medical Group is an injection molder specializing in disposable, implantable, and electro-mechanical medical devices. The company's combined operations will include a 175,000 sq. ft. manufacturing facility in Costa Rica as well as a second 85,000 sq. ft. facility in Michigan.

## Global Film M&A

Transactions by Buyer Type

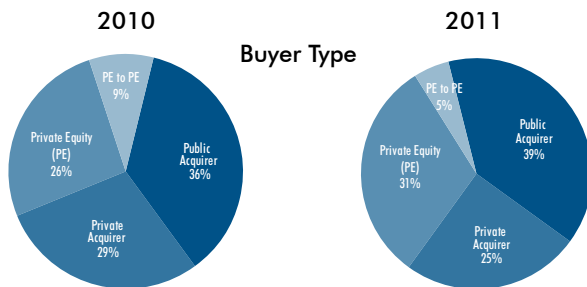


Transactions by End Market

|                   | 2010      | 2011      |
|-------------------|-----------|-----------|
| Food and Beverage | 28        | 24        |
| Industrial        | 17        | 20        |
| Consumer          | 17        | 23        |
| Construction      | 1         | 2         |
| Medical           | 7         | 4         |
| Automotive        | 3         | -         |
| Transportation    | -         | 1         |
| Electronics       | 5         | 1         |
| <b>Total</b>      | <b>78</b> | <b>75</b> |

### Trends in M&A:

- M&A activity among plastic film manufacturers remained relatively flat through 2011 compared to 2010, decreasing by three strategic acquisitions as interest among both financial and strategic acquirers remained strong.
- Strong growth in M&A activity among manufacturers of products with applications in industrial and consumer end markets was offset by a decline in deals among suppliers to medical, automotive, and electronics end markets in 2011 versus 2010.
- Foreign M&A activity increased 8% during the comparison period as foreign manufacturers sought to add capabilities and capacity both domestically and abroad. 2011 cross-border transaction volume remained flat compared to 2010 while U.S.-based activity declined 25%.



Sector Deal Statistics

|                 | 2010      | 2011      |
|-----------------|-----------|-----------|
| U.S.-to-U.S.    | 22        | 16        |
| U.S.-to-Foreign | 6         | 5         |
| Foreign-to-U.S. | 7         | 6         |
| Foreign         | 43        | 48        |
| <b>Total</b>    | <b>78</b> | <b>75</b> |
| Distressed      | -         | -         |

### Industry News:

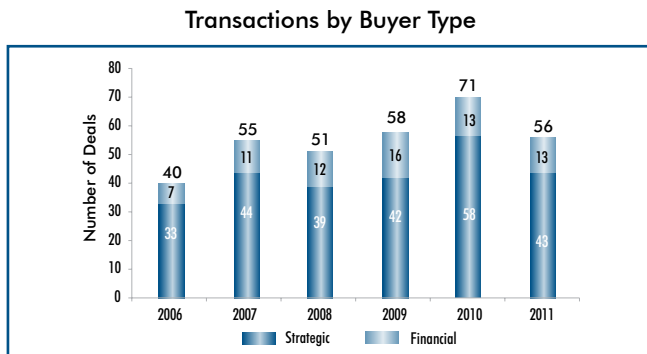
- **November 2011** – Future Path Medical Holding, LLC announced plans to begin shipping its newly developed, proprietary urine collection and monitoring product, the iBag. The iBag is a low-cost, disposable vinyl urine collection bag with applications for home healthcare and hospital patients who utilize catheters. The bag, equipped with a low cost sensor to monitor fluid levels and temperatures, will be manufactured by Genesis Plastics Welding in early 2012. Genesis, a contract manufacturer for a variety of other plastic products in medical, military, automotive, and consumer markets, is currently in the process of expanding its current Fortville, IN plant to accommodate production of the iBag.
- **December 2011** – According to a new market study by the Freedonia Group, Inc., U.S. demand for stretch and shrink film is projected to grow 3.3% annually reaching \$2.4 billion by 2015. Growth in demand for shrink film is expected to outpace that of the entire industry and is anticipated to reach 4.2% annually. Additionally, the report notes that although PVC film demand will remain flat on a volume basis, PVC resin is expected to garner price increases.

### Featured Sector Transactions

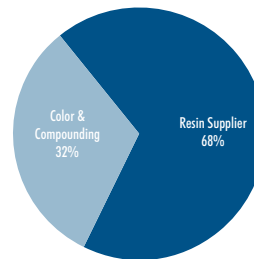
**October 2011** – St. Louis, MO-based specialty film and chemicals manufacturer, Solutia, Inc. (NYSE:SOA) agreed to acquire Southwall Technologies, Inc. (NasdaqCM:SWTX) for \$87 million, or 10.7x EBITDA. Based in Palo Alto, CA, Southwall Technologies manufactures energy efficient plastic films for a number of applications in architectural, electronics, and automotive markets worldwide. The acquisition includes a state of the art manufacturing facility as well as several proprietary film manufacturing technologies.

**October 2011** – Richmond, VA-based film manufacturer Tredegar Film Products Corporation, a subsidiary of Tredegar Corporation (NYSE:TG), acquired Terphane Holdings from private equity group Vision Capital for \$188 million, or 4.3x EBITDA. Terphane, based in Bloomfield, NY, manufactures and distributes bi-oriented polyester films for flexible packaging and other industrial applications and had approximately \$160 million in revenue last year. The transaction includes Terphane's manufacturing operations in North America and South America, as well as a plant in Brazil. The acquisition provides high-value, differentiated products and bolsters Tredegar's current Latin American operations.

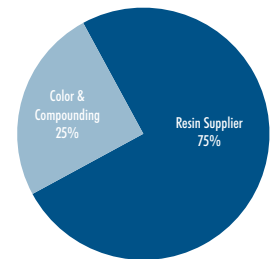
## Global Resin and Color & Compounding M&A



**Sector Detail 2010**

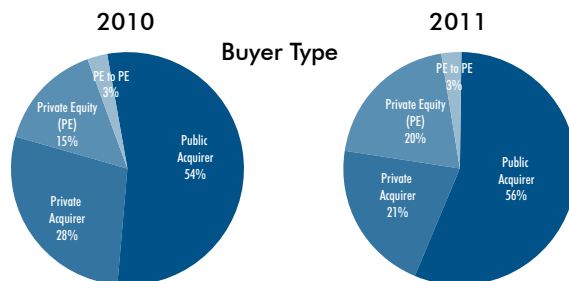


**Sector Detail 2011**



### Trends in M&A:

- Following a record pace through the first three quarters of 2011, raw materials transactions involving financial buyers slowed during the fourth quarter of 2011 resulting in full year M&A activity that was reflective of volumes experienced in 2010, but less than those in 2009.
- Despite accounting for nearly 68% of resin and color & compounding activity during 2011, foreign-based M&A activity declined approximately 30% during the comparison period. 2011 cross-border and U.S.-based M&A activity remained relatively flat compared to 2010.
- 2011 resin and color & compounding deal volume declined over 21% from 2010 levels driven by tempered interest among strategic acquirers. Transactions involving resin suppliers increased as a percentage of total deal volume.



**Sector Deal Statistics**

|                 | 2010      | 2011      |
|-----------------|-----------|-----------|
| U.S.-to-U.S.    | 8         | 9         |
| U.S.-to-Foreign | 9         | 9         |
| Foreign-to-U.S. | 7         | 4         |
| Foreign         | 47        | 34        |
| <b>Total</b>    | <b>71</b> | <b>56</b> |
| Distressed      | -         | -         |

### Industry News:

- *October 2011* – North American polyethylene suppliers are beginning to shape a more optimistic view of 2012 following the discovery of new supplies of natural gas and an anticipated increase in capacity of ethylene feedstock. Recent major natural gas finds should provide suppliers with cheaper, ethane-based feedstock, which is more affordable than crude oil-based naphtha, an alternative feedstock used to make PE in other parts of the world. Prior to these recent developments, North American suppliers held strong concerns over the reliance on exports from the Middle East to address demand. As a result of these findings, the U.S. is positioned as the second lowest cost producer of polyethylene in the world.
- *November 2011* – JR Jones released an update to its 2008 study titled “Thermoplastic Concentrates in North America” with information generated from 146 North American makers of color and additive concentrates. The study suggests that since 2008, concentrate manufacturers have been fairly successful in weathering the storm of the recession. The study cites diversified end markets that use different concentrates as a key stabilizer in leading the sector through the recession relatively unharmed. Since the original study, only 19 companies have experienced some sort of turnover through mergers, exited the market, or gone out of business. Additionally, 18 new firms have joined the market since the original study. In 2010, the North American concentrates market consumed approximately 1.5 billion pounds of resin, with the top 10 companies accounting for 60% of the total capacity.

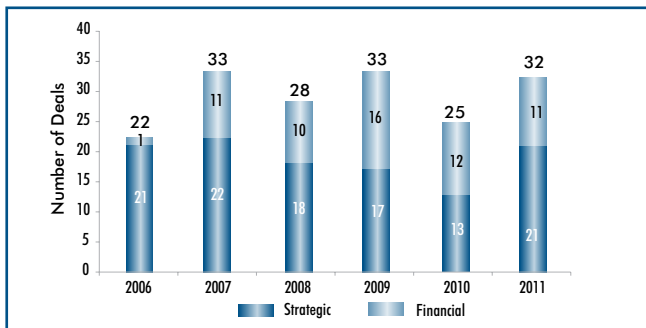
### Featured Sector Transactions

*October 2011* – Cleveland, OH-based specialized polymer materials manufacturer PolyOne Corporation (NYSE:POL) agreed to acquire ColorMatrix Corporation from private equity firm Audax Group for \$486 million, or 11.1x EBITDA. ColorMatrix, based in Berea, OH, manufactures additives, colorants, and dosing technologies for the thermoplastics industry. ColorMatrix has additional manufacturing facilities in Europe, Japan, and the United States. PolyOne considers the acquisition a significant step in the company’s transformation to a global specialty materials company.

*October 2011* – Singapore-based resin manufacturer PTT Chemical Public Company Limited (SET:PTT) agreed to acquire a 50% stake in NatureWorks, LLC for \$150 million. Minnetonka, MN-based NatureWorks, a subsidiary of Cargill, Inc., manufactures biopolymers for applications in apparel, bottles, cards, durable goods, packaging, and industrial products. NatureWorks plans to use proceeds from the sale to continue its aggressive growth strategy and globalize its operations beginning with the construction of a new production facility Thailand.

## Global Sheet and Thermoforming M&A

Transactions by Buyer Type

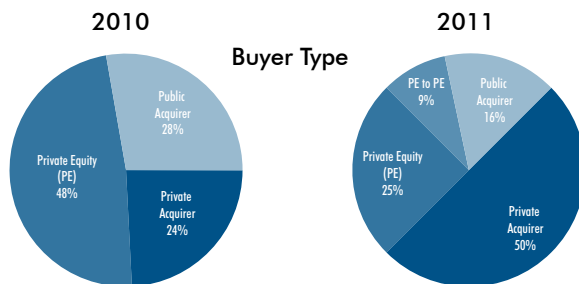


Transactions by End Market

|                   | 2010      | 2011      |
|-------------------|-----------|-----------|
| Food and Beverage | 9         | 7         |
| Industrial        | 3         | 7         |
| Consumer          | 7         | 8         |
| Construction      | 2         | 3         |
| Medical           | 3         | 3         |
| Automotive        | -         | 2         |
| Transportation    | -         | 2         |
| Electronics       | 1         | -         |
| <b>Total</b>      | <b>25</b> | <b>32</b> |

### Trends in M&A:

- 2011 M&A activity involving sheet and thermoformed product manufacturers experienced 28% growth versus 2010, driven by strong interest among strategic acquirers and a 175% increase in foreign-based transaction volume.
- Strategic buyers executed aggressive M&A strategies driving a 62% increase in deal volume during the comparison period. M&A activity among strategic acquirers nearly reached record levels experienced in 2007 and accounted for approximately 66% of total deal volume, a 14% increase versus 2010.
- PE-to-PE deal activity returned in 2011, accounting for 9% of total deal volume compared to zero transactions in 2010. Private acquirers more than doubled as a percentage of total sheet and thermoforming deals in 2011 versus 2010.



Sector Deal Statistics

|                 | 2010      | 2011      |
|-----------------|-----------|-----------|
| U.S.-to-U.S.    | 15        | 9         |
| U.S.-to-Foreign | 2         | 1         |
| Foreign-to-U.S. | 1         | 1         |
| Foreign         | 7         | 21        |
| <b>Total</b>    | <b>25</b> | <b>32</b> |
| Distressed      | -         | -         |

### Industry News:

- *October 2011* – During a speech at the Society of Plastics Engineers 2011 Thermoforming Conference, economist Peter Mooney projected that annual growth within industrial and packaging thermoforming segments will be approximately 6% through 2014. Further, he suggests increased growth among thermoformers is attributable to rising productivity evidenced by declining labor-to-capital ratios within the industry. 4% of the anticipated 6.5% of growth is expected to be derived from volume with the remaining 2.5% coming from rising values.
- *October 2011* – The Society of Plastics Engineers honored Stephen Murrill, President and CEO of Profile Plastics, as the 2011 Thermoformer of the Year during SPE's annual Thermoforming Conference in Schaumburg, IL. Murrill acquired Profile Plastics in 1987 and has remained very active within the company since. Profile Plastics is a heavy gauge thermoformer with 13 thermoforming machines and estimated annual sales of \$25 million. Murrill was also the recipient of SPE's Lifetime Achievement Award in 2001.

### Featured Sector Transactions

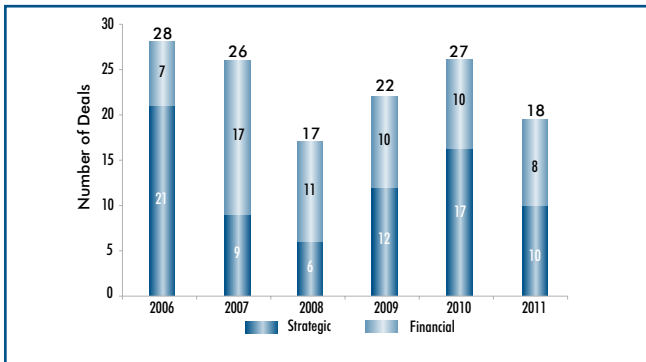
*October 2011* – Hartsville, SC-based industrial and consumer packaging manufacturer Sonoco Products Co. (NYSE:SON) acquired Tegrant Corporation from private equity group Metalmark Capital for \$550 million, or 6.8x EBITDA. Tegrant Corporation, based in DeKalb, IL, manufactures thermoformed protective, thermal, and consumer packaging products. Tegrant was projected to have 2011 sales of approximately \$440 million, pushing revenue of the combined company to nearly \$5 billion. The acquisition grants Sonoco differentiated technologies via Tegrant's temperature sensitive products.

*November 2011* – Placon Corporation, a Madison, WI-based packaging thermoformer for food, consumer, and medical device markets, acquired medical thermoformer Barger Packaging, Inc. from Welch Packaging Group for an undisclosed amount. Barger, based in Elkhart, IN, manufactures sterile and non-sterile packaging for medical and pharmaceutical markets. According to Plastics News, Placon and Barger had 2010 thermoforming sales of \$95 million and \$14 million, respectively. Placon believes the combined entity will be a powerful resource for the design, development, and production of sterile and non-sterile medical packaging systems. P&M Corporate Finance served as the exclusive financial advisor to Placon.

Source: P&M Corporate Finance, Company Reports

## Global Blow Molding M&A

Transactions by Buyer Type

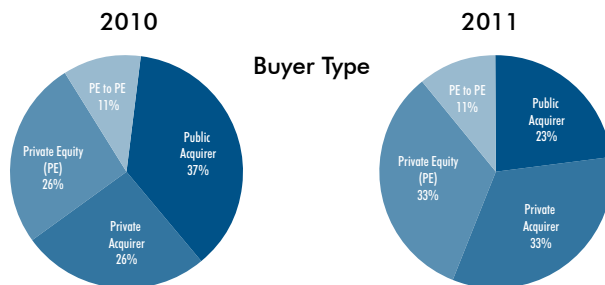


Transactions by End Market

|                   | 2010      | 2011      |
|-------------------|-----------|-----------|
| Food and Beverage | 13        | 7         |
| Industrial        | 3         | 2         |
| Consumer          | 10        | 6         |
| Construction      | -         | 1         |
| Medical           | -         | -         |
| Automotive        | 1         | 2         |
| Transportation    | -         | -         |
| Electronics       | -         | -         |
| <b>Total</b>      | <b>27</b> | <b>18</b> |

### Trends in M&A:

- Global blow molding deal volume, despite declining 33% during 2011 compared to 2010, experienced heightened activity during the fourth quarter of 2011, indicating a potential revival of opportunities within the sector leading into 2012.
- Transaction activity among strategic acquirers declined approximately 41% primarily due to a limited number of acquisition opportunities.
- Despite experiencing large drop-offs in deal volume in 2011 compared to 2010, acquisitions of blow molding suppliers to the food and beverage and consumer products end markets accounted for approximately 72% of total deal volume.



Sector Deal Statistics

|                 | 2010      | 2011      |
|-----------------|-----------|-----------|
| U.S.-to-U.S.    | 7         | 7         |
| U.S.-to-Foreign | 2         | -         |
| Foreign-to-U.S. | 1         | 1         |
| Foreign         | 17        | 10        |
| <b>Total</b>    | <b>27</b> | <b>18</b> |
| Distressed      | 1         | -         |

### Industry News:

- **November 2011** – Machinery executives among U.S. blow molding manufacturers report sales have remained strong throughout 2011 following a significant improvement in demand after the Great Recession. Packaging blow molders drove heightened levels of demand as a result of investment in new machinery such as PET and PE blow molders for the manufacturing of bottles and other containers. During the recession, machinery auctions dampened sales of new plastics equipment, but as supplies of used blow molders have dried up, machine manufacturers have experienced robust sales growth which is expected to continue at moderate levels through 2012.
- **December 2011** – Demand for plastic beverage containers in China is expected to slow from the 15% growth rate the market experienced from 2005 through 2010 according to a new study by the Beijing office of Cleveland-based Freedonia Group. The segment will still continue to grow at respectable levels, averaging 10.2% annual growth and reaching nearly 223 billion units by 2015. Freedonia predicts demand will be driven by rapid growth in consumption of individually packaged beverages, further supported by an increase in personal income and expenditure levels. The study, “Beverage Containers in China,” also reports that paperboard packaging will continue to outpace plastic container growth, averaging 11.1% through 2015.

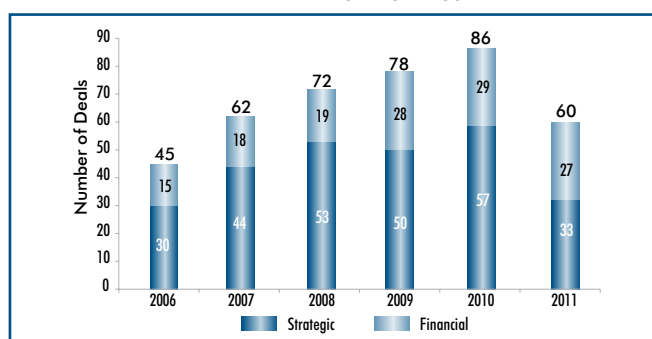
### Featured Sector Transactions

**October 2011** – Mattawan, MI-based Engineered Plastics Components, Inc., an injection molder for the automotive, medical, and telecom markets acquired the blow molding business of JCIM, LLC for an undisclosed amount. JCIM, a subsidiary of Johnson Controls based in Plymouth, MI, manufactures plastics products for automotive interiors. The acquisition includes blow molding facilities in Owensboro, KY and Monroe, MI. Engineered Plastic Components made four acquisitions during 2011.

**December 2011** – Baraboo, WI-based diversified blow and injection molded thermoplastic components manufacturer Flambeau, Inc. acquired Partners in Plastics, LLC from private equity group Austin Capital Corporation for an undisclosed amount. Based in Sharon Center, OH, Partners in Plastics manufactures blow molded plastic products for applications in medical, agricultural, food service, recreational, and a variety of other markets. The acquisition provides Flambeau with additional blow molding capacity to serve its customers in the Midwest and Northeast United States with products with applications in healthcare, lawn and garden, agriculture, consumer products, and industrial end markets.

## Additional Global Specialty Sector Activity

Transactions by Buyer Type



Transactions by End Market

|                   | 2010      | 2011      |
|-------------------|-----------|-----------|
| Food and Beverage | 3         | -         |
| Industrial        | 28        | 16        |
| Consumer          | 5         | 5         |
| Construction      | 34        | 32        |
| Medical           | 8         | 2         |
| Automotive        | 4         | 4         |
| Transportation    | 2         | 1         |
| Electronics       | 2         | -         |
| <b>Total</b>      | <b>86</b> | <b>60</b> |

### Trends in M&A:

- M&A activity in specialty sectors of the plastics industry including rotational molding, foam, pipe & tube, and profile extrusion experienced the largest decline in deal volume of any plastics and packaging M&A sector in 2011, declining 30% or 26 transactions.
- Specialty transactions within construction and industrial end markets continue to account for a significant majority of M&A activity, comprising 80% of total 2011 deal volume, an 8% increase versus 2010.
- U.S.-based transactions comprised the majority of specialty deal volume, accounting for nearly 37% of specialty deals, an increase of approximately 7% from 2010.

## KEY TRANSACTIONS

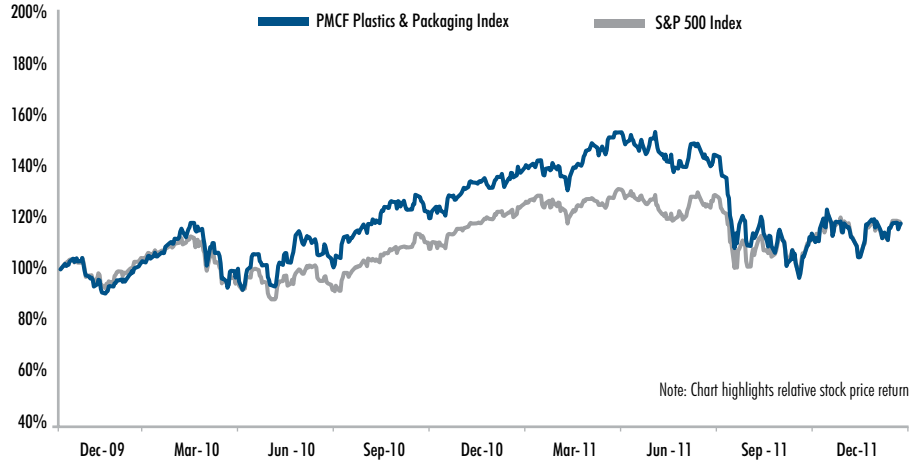
### Pipe & Tube

- *November 2011* – New Zealand-based building materials conglomerate, Fletcher Building Ltd. (NZSE: FBU) agreed to acquire an 85.1% stake in Crane Group Ltd. (ASX: CRG) for \$886 million, or 0.5x revenue and 9.1x EBITDA. Crane Group is a leading manufacturer and distributor of plastic pipeline systems and supplies in Australia and New Zealand. The Crane businesses will allow Fletcher Building to expand and diversify its presence within the Australian market.
- *December 2011* – George Fischer Piping Systems, Ltd., a global pipe manufacturer based in Switzerland, agreed to acquire Harvel Plastics, Inc. from Detrex Corporation for \$50 million, or 0.8x revenue. Harvel, based in Easton, PA with additional facilities in Bakersfield, CA, manufactures and distributes thermoplastic extrusions and piping systems. The transaction allows Harvel to expand its current international footprint and product lines.

### Extrusion

- *October 2011* – Newton Square, PA-based private equity group Graham Partners acquired vinyl siding products manufacturer Mitten, Inc. for an undisclosed amount. Based in Brantford, Canada, Mitten is a manufacturer of a variety of vinyl siding building products for construction in home and commercial markets. Mitten has estimated sales of \$85 million and manufactures its products from a single plant with eight extrusion lines. The company sells its products through retail partners in Canada, Australia, and Russia.
- *November 2011* – London, United Kingdom-based private equity firm Klesch & Company Limited agreed to acquire the vinyl products division of French plastics and chemicals manufacturer Arkema S.A. (ENXTPA:AKE) for an undisclosed amount. The vinyl business is based in Lyon, France and manufactures products such as chlorine/caustic soda, PVC, vinyl compounds, and pipes and profiles. The transaction comes in an effort by Arkema to focus on specialty chemicals and diversify away from vinyl products.
- *December 2011* – Alpharetta, GA-based custom plastics extruder Pexco, LLC, acquired RDC/Cytex Plastics, Inc. for an undisclosed amount. Based in Houston, TX, RDC/Cytex manufactures stock and custom extruded display and signage products for retailers and advertising agencies. The transaction includes additional RDC/Cytex manufacturing facilities in Indiana, China, and Germany as well as a distribution facility in Monterey, Mexico. Pexco, a portfolio company of private equity group Saw Mill Capital, has made four acquisitions in 2011. The acquisition provides the company with a strategic presence in Texas in addition to a number of new customer relationships.

## PMCF Plastics & Packaging Index



### PMCF Plastics & Packaging Index Valuation

|                         | Q4 '09 | Q1 '10 | Q2 '10 | Q3 '10 | Q4 '10 | Q1 '11 | Q2 '11 | Q3 '11 | Q4 '11 |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Revenue Multiple</b> |        |        |        |        |        |        |        |        |        |
| Average                 | 0.8x   | 0.8x   | 0.8x   | 0.8x   | 0.9x   | 0.9x   | 0.9x   | 0.7x   | 0.8x   |
| Median                  | 0.9x   | 0.9x   | 0.7x   | 0.9x   | 0.9x   | 0.9x   | 0.9x   | 0.7x   | 0.8x   |
| <b>EBITDA Multiple</b>  |        |        |        |        |        |        |        |        |        |
| Average                 | 7.2x   | 7.1x   | 6.6x   | 7.4x   | 7.7x   | 7.5x   | 7.4x   | 6.0x   | 6.7x   |
| Median                  | 7.1x   | 6.7x   | 6.3x   | 7.0x   | 7.4x   | 7.3x   | 7.4x   | 5.8x   | 6.6x   |

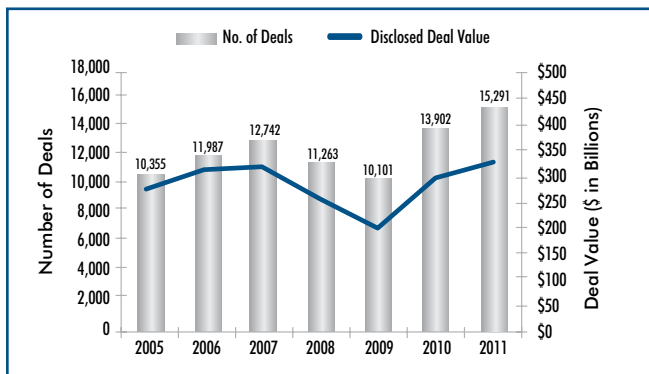
Source: Capital IQ

Note: Multiples based on most recent data available as of printing

- The PMCF Plastics & Packaging Index declined approximately 12% during 2011 amidst concerns regarding the pace of a global economic recovery. The S&P 500 experienced a similar decline during the first three quarters of 2011, declining approximately 11% before rebounding in the fourth quarter to finish down 1% for the year.
- Following consecutive declines during the first three quarters of 2011, EBITDA multiples grew in excess of one half turn, exceeding levels experienced in the middle of 2010.

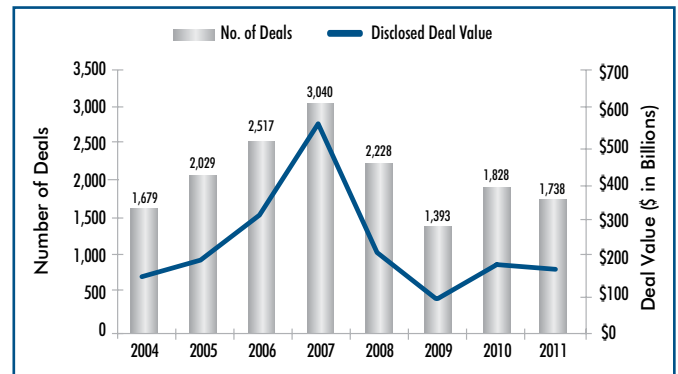
## U.S. Middle Market Transaction Summary (All Industries)

### U.S. Private Equity Deal Activity



Includes all disclosed transaction with at least one U.S. party

### U.S. M&A Activity — Deals < \$500M



Source: Capital IQ, Pitchbook, and PMCF Estimates

- 2011 middle market M&A volume increased approximately 10%, or 1,389 transactions, versus transaction volume during 2010. 2011 middle market deal volume exceeded the previous 7 year high in M&A activity experienced in 2010.
- U.S. private equity deal volume declined slightly, decreasing approximately 5%, or 90 transactions, during the comparison period which experienced a slight dropoff in overall deal value.

# P&M CORPORATE FINANCE, LLC

INVESTMENT BANKING FOR THE MIDDLE MARKET

Suite 120  
26300 Northwestern Highway  
Southfield, MI 48076

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