



PLASTICS · RUBBER

THIRD QUARTER

2014

This Industry Practice Group was established to draw on the experience of CFA advisors, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry.

Plastics & Rubber M&A

M&A activity for North American based target companies in the plastics and rubber sector for Q2 2014 included 20 closed deals and total deal value of approximately \$2.65 billion, according to data provided by *S&P Capital IQ*. This is a 20 percent decrease in the number of deals since Q1 2014, but a large increase in deal value compared to the \$340 million deal volume in the previous quarter.

Transactional Overview

June 2014 - Toledo Molding & Die, Inc. acquired WEK Industries, Inc. from Myers Industries Inc. (NYSE:MYE) for \$19.5 million on June 24, 2014. WEK Industries had annual net sales of approximately \$36 million in 2013. WEK Industries, Inc. is a blow molder of plastic products and systems, engineered specifically for the automotive market. The company was founded in 1972 and is based in Jefferson, Ohio.

May 2014 - Flint Hills Resources LLC entered into a definitive agreement to acquire PetroLogistics LP (NYSE:PDH) from Lindsay Goldberg, York Capital Management and other shareholders for approximately \$1.8 billion in cash. Flint Hills Resources Houston Chemical, LLC owns and operates propane dehydrogenation facility that produces polymer grade and chemical grade propylene from propane in North America.

April 2014 - ARC Group Worldwide, Inc. (NasdaqCM:ARCW) acquired Advance Tooling Concepts LLC from Nigel Sutton, Gregory Curtis, Frank Ferree, and Dermot Rafferty for \$24 million in cash on April 7, 2014. The consideration is subject to customary working capital adjustments. Advance Tooling Concepts, LLC designs and builds plastic injection products and metal injection molding tools in North America. The company was founded in 1999 and is based in Longmont, Colorado.



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

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For over 50 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

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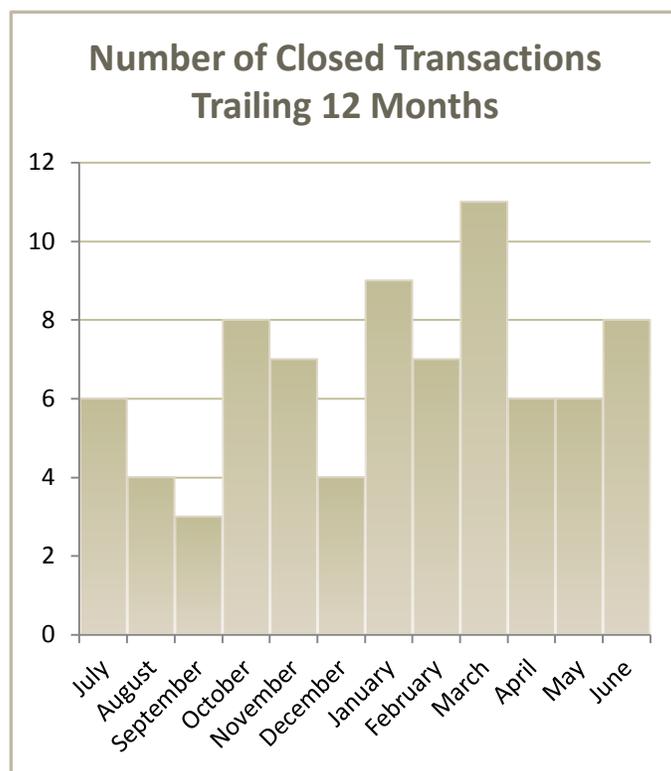
Selected Q2 Closed Transactions

Target/Issuer	Buyers/Investors
Envision Plastics Industries LLC	Consolidated Container Company
Sanders Industries Holdings, Inc.	Industrial Growth Partners
Hayes Industries, Ltd.	Actuant Corporation (NYSE:ATU)
Eplam Plastics, Inc.	New Heritage Capital, LLC
Stevens Urethane Corp.	Argotec LLC
Vaupell Inc.	Sumitomo Bakelite Co. Ltd. (TSE:4203)
Advance Tooling Concepts LLC	ARC Group Worldwide (NasdaqCM:ARCW)
Integrity Plastics, Inc.	Brentwood Industries, Inc.

Industry Dynamics

According to First Research, an industry research group, the global plastic resin and synthetic fiber industry generates annual revenue of about \$600 billion. Top plastic-producing countries include China, Germany, Japan, and the US. Nations such as China and India, where demand for construction and consumer goods has risen, are being targeted for industry growth. The US plastic resins and synthetic fibers manufacturing industry consists of about 1,000 companies with combined annual revenue of about \$100 billion.

The output of US plastics and synthetics production, which includes rubber, resins and fibers, is forecast to grow at an annual compounded rate of 7 percent between 2014 and 2018. US nondurable goods manufacturers' shipments of chemical products, an indicator of demand for plastic resin and synthetic fibers, fell 1.4 percent year-to-date in June 2014 compared to the same period in 2013. The spot price of crude oil, a key raw material in plastic resin and synthetic fiber manufacturing, fell 7.3 percent in the week ending August 8, 2014, compared to the same week in 2013.



Revenue for the plastics and rubber sector is expected to increase annually over the next five years, according to IBIS World, driven by the manufacturing construction sector. Demand from foreign buyers is also expected to continue to rise with exports forecast to increase at an annualized rate of 1.3 percent over the next five years. First Research notes that emerging markets have provided manufacturers with growth opportunities, but producers are facing a growing concern from consumers in mature markets about health and pollution associated with rubber and plastic production. According to First Research, interest in bioplastics is growing as companies create and expand environmental sustainability programs. Developed from nonpetroleum sources like vegetable starches, bioplastics are beginning to gain a foothold in markets such as food services, where they are used to make cups, food containers, and utensils.

International Dynamics

China's demand for rubber products is expected to increase nearly 9 percent per year and reach a value of more than \$120 billion by 2017, according to a new report by the Freedonia Group. Growing demand from China's motor vehicle and industrial machinery industries are expected to be the chief drivers of the uptick in rubber product consumption. Rubber used in aerospace applications is also forecast to see strong demand through 2017. North American manufacturers of industrial rubber products used in the automotive, industrial machinery and aerospace industries may pursue opportunities in China by establishing sales offices there or by investing in manufacturing operations.

Collectively, the Plastics & Rubber Practice Group provides M&A advice to public and private companies in all sectors of the plastics industries, including custom manufacturing using injection molding, extrusion, thermoforming, roto-molding, and blow-molding, tool & die making for injection molding and plastic packaging.

