

PLASTICS · RUBBER

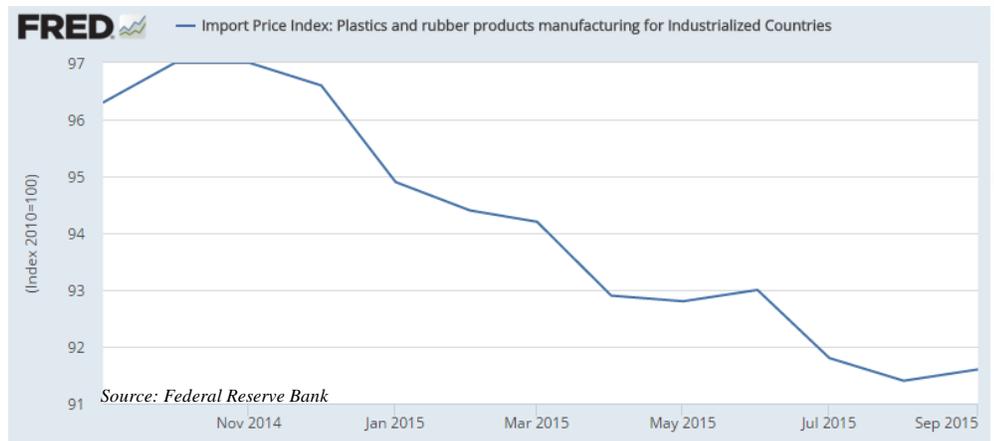
FOURTH QUARTER

2015

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 Q3 2015 included 21 closed deals, according to data published by industry data tracker FactSet. The average transaction value was \$542 million. Consolidation has been especially prevalent in the polymer compounding sector in the past 18 months in the wake of falling oil prices. In August RTP, a global compounder of custom engineered thermoplastics, bought US-based Polymer Partners, a manufacturer of black concentrates and specialty compounds. High-performance plastic compounds supplier A Schulman acquired Citadel, a North American specialty engineered plastics company that produces thermoplastic compounds for specialty products spanning multiple industries back in June.



Plastic and rubber products imports have declined significantly over the last 12 months - though, there has been a slight uptick of late - in the wake of falling oil prices. This should spur continued M&A activity.

Transactional Overview

Notable closed transactions for the period in the plastics and rubber sector include:

September 2015 - Unique Fabricating Inc. acquired Great Lakes Foam Technologies Inc. for US\$12 million in cash and undisclosed amount in assumed liabilities, subject to working capital adjustment. The transaction was funded by Unique Fabricating Inc.'s existing US\$19.5 million revolving line of credit. Unique Fabricating, Inc. engages in the provision of engineering and manufacturing of fabrication. Its activities include manufacturing and distribution of multi-material foam, rubber and plastic components. Great Lakes Foam Technologies, Inc. manufactures polyurethane foams and skins products. The firms products include flex molded, elastomers, die cut, integral skin and visco elastic.



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FOR MORE INFORMATION CONTACT

Corporate Finance Associates
24461 Ridge Route, Suite A200
Laguna Hills, CA 92653

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info@cfaw.com
www.cfaw.com

August 2015 - ITT Corp acquired Wolverine Advanced Materials LLC, a portfolio company of Goldman Sachs Capital Partners, Beringea LLP and Wynnchurch Capital Ltd, for US\$300 million in cash, subject to a customary net working capital adjustment. ITT Corp. capital adjustment. ITT Corp. manufactures engineered critical components and customized solutions for the energy, transportation, and industrial markets. Wolverine Advanced Materials LLC manufactures advanced rubber-coated materials for industrial, electronics, and automotive markets.

Selected Q3 Closed Transactions	
Target/Issuer	Buyers/Investors
Goalsetter Systems, Inc.	Indian Industries, Inc.
CIMS Technologies LLC	Atlantic Corp. of Wilmington, Inc.
Action Fabricators, Inc.	River Associates Investments LLC
Wolverine Advanced Materials LLC	ITT Corp.
The Carlstar Group LLC	The Timken Co.
G.I. Plastek LLC	Gladstone Management Corp. Ltd.
SVE Portable Roadway Systems, Inc.	Audax Private Equity
The Waddington Group, Inc.	Jarden Corp.

August 2015 - Prolamina Corp, a portfolio company of Wellspring Capital Management LLC, acquired Ampac Holdings LLC, a portfolio company of Falcon Investment Advisors LLC and Prudential Financial Inc. for US\$410 million. Prolamina Corporation was founded in 2010 by packaging industry veteran Harold Bevis and Wellspring Capital Management. The Company operates out of Lake Forest, IL and is a leading North American packaging company focused on providing value-added packaging and services to the food, medical and consumer markets. Ampac Holdings LLC engages in the manufacture and sale of plastic and paper packaging products. Its packaging solutions are flexible packaging, retail shopping bags, and security bags.

M&A Trends

The depressed price of oil has been driving M&A activity in the Plastics and Rubber space in 2015. Sectors that have significant activity include packaging and automotive. With oil prices expected to stay low for the foreseeable future this trend should continue.

Industry Update

Many European plastic product manufacturers have not seen their costs drop even amid lower global oil prices, because supplies of raw materials have been constrained by petrochemical plant shutdowns at major plastics producers, according to the Financial Times. More than 40 shutdowns of European petrochemical plants, many of them unscheduled, took place in the first six months of 2015, compared to about 20 shutdowns during the whole of 2014. Many shutdowns have been due to underinvestment in plant infrastructure during the past decade.

Growing interest in passenger vehicles, rising exports of automotive plastic components, and increasing regulation of vehicular emissions are creating increased demand for automotive plastics in Brazil, Russia, India, and China (the BRIC countries). In a bid to expand its footprint in India's growing automotive market, LyondellBasell agreed to acquire SJS Plastiblends, an India-based manufacturer of thermoplastics, in August 2015. The automotive plastics market in BRIC countries, which was valued at \$11.2 billion in 2014, will experience a compound annual growth rate of 15.4% between 2015 and 2020, according to a recent report by Future Market Insights. The market research firm identified polypropylene, polyurethanes, acrylonitrile butadiene styrene, and polycarbonates as the materials with the highest automotive industry consumption rates. The automotive sector is one of the largest markets for plastics, which are used for parts ranging from upholstery and interior trim pieces to engine components and exterior panels.

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.

