

# PLASTICS · RUBBER

FOURTH QUARTER

2014



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

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## Plastics & Rubber M&A

M&A activity for North American based target companies in the plastics and rubber sector for Q3 2014 included 14 closed deals and total deal value of approximately \$2.13 billion, according to data provided by *S&P Capital IQ*. This is a 43 percent decrease in the number of deals since Q2 2014, and a slight decrease in deal value compared to the \$2.65 billion deal volume in the previous quarter.

## Transactional Overview

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

**September 2014** - Imperial Plastics, Inc. acquired Engineered Polymers Corporation from Ken and Jeff Fackler on September 23, 2014. Engineered Polymers Corporation, a contract manufacturer, designs and manufactures large and complex plastic components to customers in the United States. The company was founded in 1939 and is based in Mora, Minnesota.

**August 2014** - Oak Hill Capital Partners along with Berlin Packaging's management team led by Chairman and Chief Executive Officer Andrew Berlin entered into a definitive agreement to acquire Berlin Packaging, LLC from Investcorp Bank BSC for \$1.4 billion on August 25, 2014. Berlin Packaging, LLC manufacturing, imports, and distributes plastic, glass, and metal containers and closures. The company was founded in 1898 and is headquartered in Chicago, Illinois with sales and warehouse locations in North America.

**July 2014** - PSB Industries (ENXTPA:PSB) signed an agreement to acquire C+N Packaging, Inc. on July 24, 2014. C + N Packaging, Inc. designs, manufactures, and supplies rigid plastic packaging components for fragrance, cosmetic, medical, and consumer product industries. The company's products include injection molded dispensing, custom, and stock closures. The company was founded in 1990 and is based in Wyandanch, New York.

Selected Q3 Closed Transactions	
Target/Issuer	Buyers/Investors
Engineered Polymers Corporation	Imperial Plastics, Inc.
Chase Industries, Inc.	Audax Group, Inc.
Kinetics Climax, Inc.	Dynacast, LLC
Berlin Packaging, LLC	Oak Hill Capital Partners
Intercap eCommerce Inc.	BioNeutra Global Corporation
Lomont Molding, Inc.	Summit Equity Group, LLC
Shoreline Plastics LLC	Crane Materials International, Inc.
C + N Packaging, Inc.	PSB Industries (ENXTPA:PSB)

## Industry Dynamics

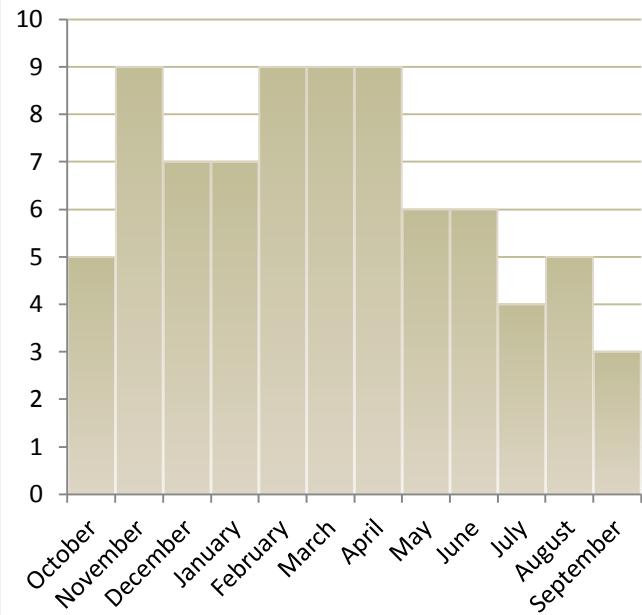
According to *First Research*, an industry research group, the following are business challenges currently facing the plastic and rubber sector:

- Some plastic products have seasonal demand. Vinyl producers, for instance, build inventories in the early part of the year for the spring and summer building season. Demand for plastic parts used in consumer products, such as toys, peaks in preparation for the winter holiday season.
- The life of a new product from concept to market has decreased from years to months, affecting the entire supply chain of plastic products. Equipment manufacturers look increasingly to closer collaboration with plastics suppliers to cut production timetables, asking them to be responsible for specialized molded component design, development, and assembly. This requires plastic manufacturers to have more complex product design knowledge and capability, including more sophisticated machinery and better-educated employees. Quick and accurate turnaround on customer orders is critical for plastic companies to stay competitive.
- Some plastic products, including plastic shopping bags and Styrofoam, have come under increasing scrutiny as they're seen as contributing to pollution. Some US municipalities have limited the use of plastic shopping bags and Styrofoam. Plastic water bottles have also raised health and pollution concerns.

### Industry Update

According to *First Research*, relaxation of restrictions on outside investment in Mexico's oil and gas sector could result in greater domestic production of plastic resins and fibers, lessening the country's dependence on US supplies. By opening the door to new capital, the reforms are expected significantly increase production and refining of oil and gas, feedstocks used in plastics production. Despite large energy reserves and strong demand for plastics, Mexico has remained a net importer of materials such as polyethylene and polypropylene due to inadequate raw material production. The country is the top destination for US exports of plastics materials and resins, accounting for about \$7 billion annually.

**Number of Closed Transactions  
Trailing 12 Months**



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.