

# PLASTICS · RUBBER

THIRD QUARTER

2018

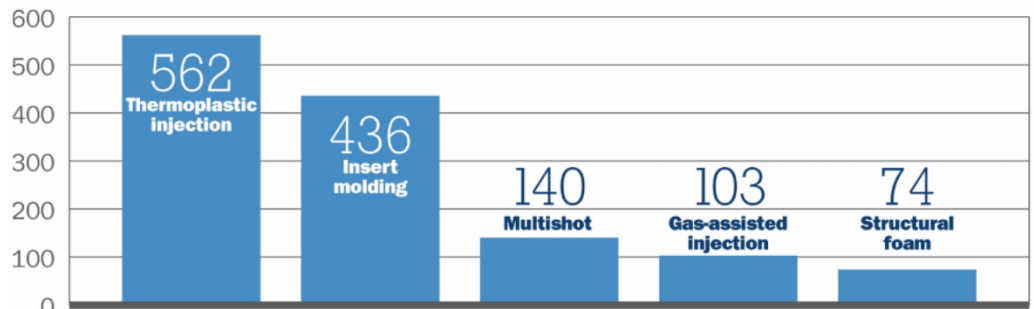
The Plastics & Rubber Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Plastics & Rubber category. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

## Plastics & Rubber M&A

M&A activity for North American based target companies in the Plastics and Rubber sector for Q2 2018 included 35 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions was announced in June when a private group led by the management of Comar, LLC and Morgan Stanley Capital Partners (Private Equity) acquired Comar from Graham Partners, Inc., for an undisclosed amount. Founded in 1949, Comar is located in Voorhees, New Jersey and manufactures plastic bottles and other plastic products.

US Injection Molders Top Processes Firm Count



Source: *Plastics News*

Injection molders across the US have differentiated themselves by specializing in specific processes. Highly specialized firms can be more attractive acquisition targets for larger companies looking to improve capabilities.

## Transactional Overview

Notable closed lower middle market transactions for the period in the Plastics and Rubber sector include:

**April 2018** - Ducommun, Inc. acquired Certified Thermoplastics Co., Inc. for US\$30.5 million in cash. The acquisition was funded through Ducommun's existing credit facility. The acquisition would allow Ducommun to enter into aircraft interiors and also complements its portfolio of product offerings. Ducommun engages in the provision of engineering and manufacturing services to the aerospace, defense, industrial and medical industries. Certified Thermoplastics Co. manufactures thermoplastic products. It specializes in the extrusion of engineered thermoplastic resins, compounds and alloys. The company was founded in 1978 and is headquartered in Santa Clarita, CA.



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

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**April 2018** - CCL Industries, Inc. acquired Illen Products Ltd, trading as Imprint Plus, for CAD25 million (US\$19.9 million) in cash and an undisclosed amount in contingent payout. CCL Industries engages in the conversion of pressure sensitive and extruded film materials for decorative, instructional, security and functional applications. Illen Products designs, develops, manufactures and distributes multiple identification products. The company was founded in 1982 and is headquartered in Richmond, Canada.

**April 2018** - Mueller Industries, Inc. acquired Die-Mold Tool, Ltd. for

CAD16.1 million (US\$12.5 million) in cash. The acquisition supports Mueller Industries' strategy to grow and strengthen its flow control product offerings in the area of pressure plastics. Mueller engages in the manufacture of copper, brass, aluminum and plastic products. Die-Mold Tool manufactures plastic injection molds and other plumbing related fittings. The company is headquartered in Georgetown, Canada.

Selected Q3 Closed Transactions	
Target/Issuer	Buyers/Investors
Rowmark LLC	Windjammer Capital Investors LLC
Comar LLC	Morgan Stanley Capital Partners (Private Equity); Comar LLC /Private Group/
W. Kintz Plastics, Inc.	Universal Plastics Corp.
Industrial Rubber Co., Inc.	Bridgestone Hosepower LLC
VERSATEX Building Products LLC	Scranton Products, Inc.; Teachers' Private Capital; AZEK Building Products, Inc.; Ares Private Equity Group
ProClinical, Inc.	ICSG Ltd. /UK/
32 North Corp.	Berkshire Partners LLC; Denergy, Inc.
Illen Products Ltd.	CCL Industries, Inc.

## Industry Update

Amid increasing awareness of marine pollution, more governments are moving to reduce the use of single-use plastic products. In early July 2018, Seattle began requiring restaurants to cease offering plastic straws, utensils, cups, and food containers, and instead provide compostable alternatives. New York City and California are also considering bans on single-use plastics. In May 2018 the European Commission (EC) announced plans for an EU-wide ban on 10 types of single-use plastic products including straws, cotton swabs, cutlery, stirrers, and plates. The EC action would also call for EU member states to reduce plastic food container and drink cup use and require manufacturers to share in the costs of plastic product waste management. The EC wants the plastics rules in place before European elections in May 2019, but the proposals require approval by the European Parliament and Council. In April 2018 the UK said it aims to ban all avoidable plastic waste within 25 years; India's Prime Minister Narendra Modi wants to eliminate all single-use plastic in that country by 2022.

## Industry Indicators

- US nondurable goods manufacturers' shipments of plastics and rubber products, an indicator of plastic and rubber products production, rose 2.2% year-to-date in May 2018 compared to the same period in 2017.
- The spot price of crude oil, a key raw material in plastic and rubber manufacturing, rose 64.0% in the week ending July 6, 2018, compared to the same week in 2017.

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. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.

