



INDUSTRIALS: PLASTICS AND RUBBER

- 2020 has been a turbulent year for the broader M&A landscape, and the Plastics and Rubber subsector has not been an exception. Deal volume essentially dried up during the second and third quarters of 2020. Recently, the pace of M&A has picked up as a flurry of new deals has been announced.
- From our recent experiences with several plastics and rubber sale processes, given the uncertain outlook, buyers are rewarding those companies that have a diversified customer base.
- For businesses with significant oil and gas end-market exposure, order intake has not bounced back (relative to other industries) keeping EBITDA levels relatively lower than recent prior periods.
- For the most part, M&A multiples have not changed, but lower EBITDA levels create a scenario where enterprise values do not meet seller expectations.
- Private Equity buyers, still with largely unused committed funds, continue to compete with strategic buyers for manufacturing companies.

RECENT SELECT TRANSACTIONS

Target	Date	Buyers / Investors	Region	Strategic / Financial
7AC Technologies Inc.	Nov 23	Emerson Electric Co.	US	Strategic
X-Cell Tool And Mold, Inc.	Nov 17	SyBridge Technologies	US	Financial Backed Strategic
Assets of S F B Plastics, Inc.	Nov 16	Altium Packaging, LLC	US	Strategic
All Assets of Elkhart Plastics	Nov 10	Ameri-Kart Corp.	US	Strategic
New Team LLC	Oct 31	Graham Partners, Inc.	US	Financial
Non-Metallic Solutions, Inc.	Oct 20	Repligen Corporation	US	Strategic
Maroon Group, LLC	Oct 14	Barentz International BV	US	Strategic
Empire Plastics, Inc.	Sep 30	Piedmont Plastics, Inc.	US	Strategic
Precision Products Group Inc.	Sep 16	Auxo Investment Partners	US	Financial
Beauce Caoutchouc Inc.	Oct 6	NCP Investment Management Inc.	US	Financial
Rotation Dynamics Corporation	Aug 28	Ace Elastomer Corporation	US	Strategic
Durox Company	Mar 1	Mechanical Rubber Products Co., Inc.	US	Strategic
R D Rubber Technology Corporation	Feb 14	Engineered Polymer Industries, Inc.	US	Strategic
Marco Rubber & Plastics, LLC	Feb 25	Align Capital Partners, LP	US	Financial
RSA Engineered Products, LLC	Jan 30	TriMas Corporation	US	Financial Backed Strategic
Key Polymer Corporation	Jan 13	DalFort Capital Partners	US	Financial
Alfa Laval Champ, Inc.	Jan 9	Thermal Solutions Manufacturing, Inc.	US	Financial Backed Strategic
MPI Products, Inc.	Jan 1	Federal Hose Manufacturing, Inc.	US	Strategic

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EdgePoint Public Comparable Index Constituents

Plastics / Polymers Index

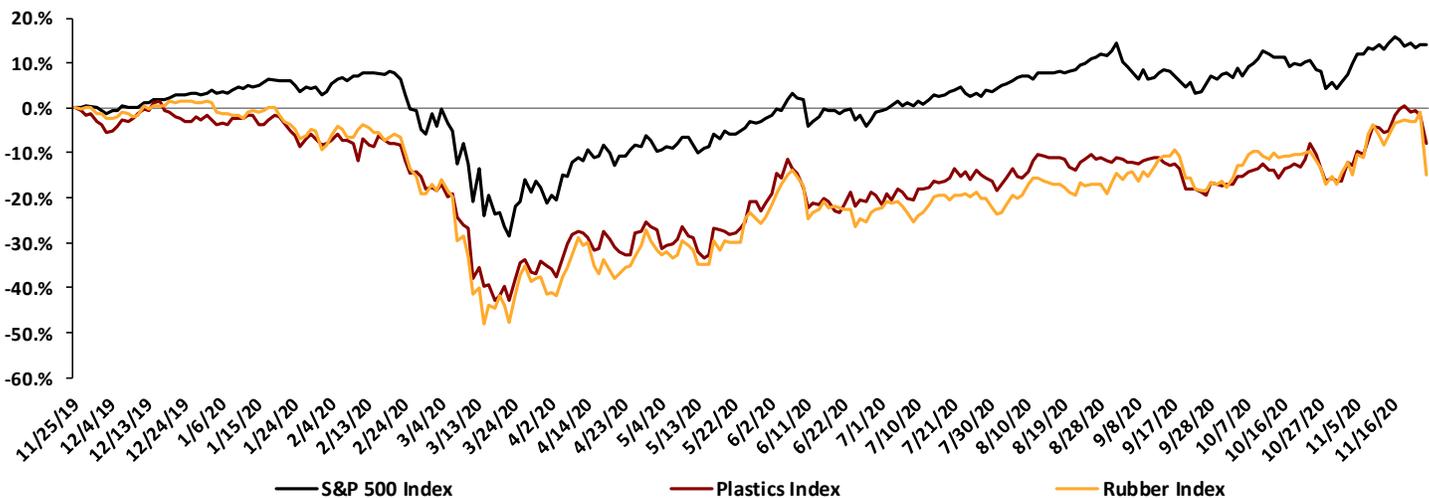
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2020E	LTM	2020E	LTM	LTM	3-Yr. CAGR		
Avery Dennison Corporation	\$12,327	26.9%	13.8%	\$975	\$1,059	12.3x	11.6x	\$7,070	-1.2%	5.1%	\$127.43	90.3%
Berry Global Group, Inc.	17,116	18.3%	16.1%	1,565	2,121	10.1x	8.1x	9,722	20.5%	15.1%	44.09	74.5%
Clariant AG	9,108	31.5%	10.3%	469	792	11.4x	11.5x	4,542	-0.1%	-9.0%	22.87	93.6%
Core Molding Technologies, Inc.	88	7.6%	1.0%	3	0	13.3x	0.0x	284	5.5%	17.6%	2.84	33.4%
Dow Inc.	51,891	14.8%	15.5%	6,642	7,248	6.9x	7.2x	42,951	-13.4%	6.0%	46.24	76.4%
Essentra plc	1,643	9.0%	12.6%	163	171	9.0x	10.0x	1,290	-5.0%	-0.8%	5.06	85.2%
Ferro Corporation	2,024	30.3%	13.5%	137	246	10.8x	9.1x	1,018	-5.9%	-3.8%	14.39	67.6%
Intertape Polymer Group Inc.	1,251	21.4%	12.9%	149	180	7.7x	7.3x	1,159	10.0%	12.7%	11.75	80.7%
LyondellBasell Industries N.V.	39,409	15.7%	15.8%	5,485	5,813	6.3x	6.8x	34,727	-11.0%	6.0%	79.65	80.5%
Myers Industries, Inc.	544	33.2%	12.0%	62	71	8.4x	8.3x	516	-9.0%	-1.2%	15.06	77.0%
Avient Corporation	3,055	23.2%	10.5%	300	314	9.4x	9.7x	2,863	-0.6%	-0.9%	28.40	76.1%
Solvay SA	14,562	26.6%	18.8%	2,364	2,514	5.9x	5.8x	12,599	-0.6%	3.8%	99.75	82.5%
Tredegar Corporation	697	17.7%	8.6%	84	0	7.2x	0.0x	972	-8.7%	5.5%	19.47	82.9%
Westlake Chemical Corporation	11,395	15.5%	16.6%	1,351	1,466	8.0x	7.8x	8,118	-6.0%	16.9%	59.75	76.5%
Mean		20.8%	12.7%	1,411	1,571	9.1x	8.6x	9,131	-1.8%	5.2%	41.2	76.9%

Rubber Index

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Week High
		Gross	EBITDA	LTM	2020E	LTM	2020E	LTM	LTM	3-Yr. CAGR		
Michelin	\$26,334	29.3%	18.6%	\$5,047	\$5,070	5.2x	5.2x	\$27,085	9.6%	4.9%	\$113.32	87.4%
Cooper Tire & Rubber Company	1,496	17.2%	12.0%	331	392	4.0x	3.8x	2,753	-2.0%	-2.0%	28.09	83.5%
Goodyear Tire & Rubber Company	8,299	21.3%	10.1%	1,483	1,635	4.7x	5.1x	14,745	-4.7%	-0.9%	10.67	51.5%
Mean		9.7%	5.8%	980	1,014	4.6x	4.7x	6,369	0.4%	0.3%	21.73	31.8%

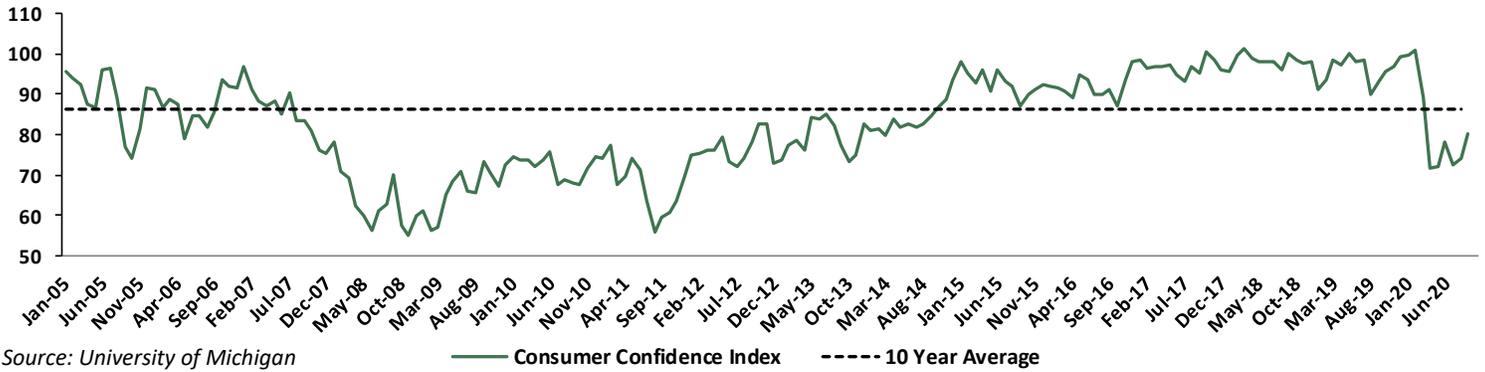
Source: S&P CapIQ (As of November 24, 2020)

Trailing Twelve Months Stock Performance

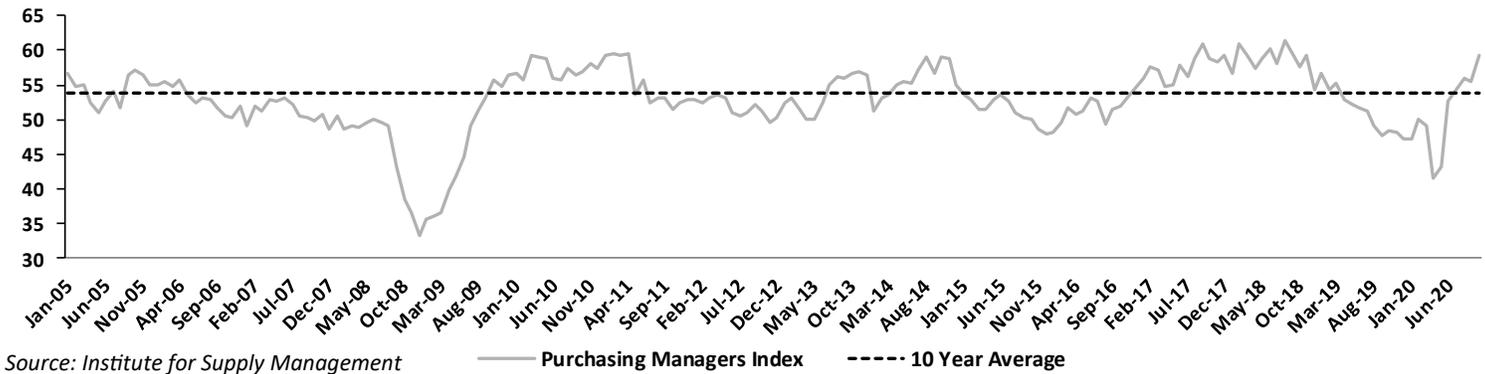


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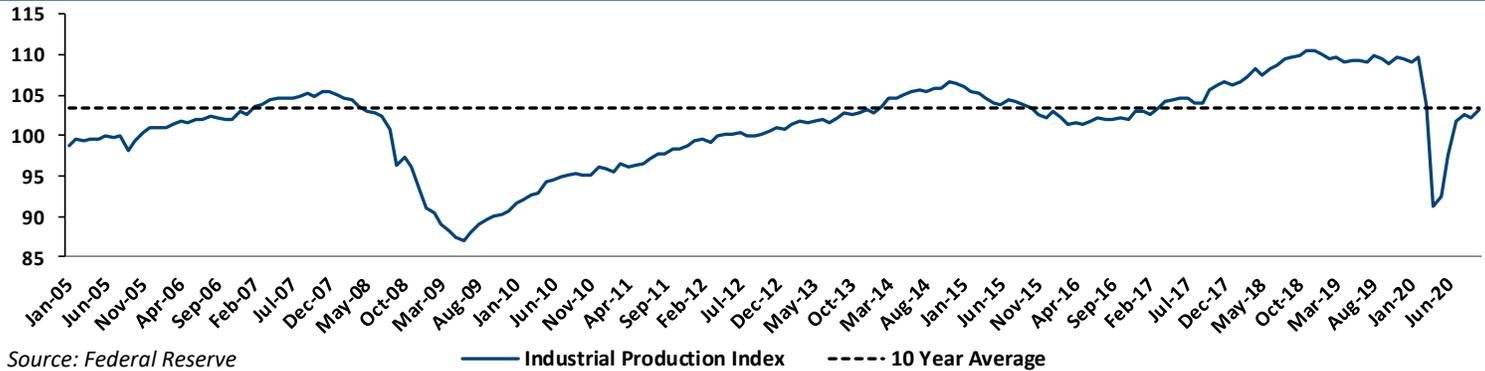
Consumer Confidence Index (2005 - 2020)



Purchasing Managers Index (2005 - 2020)



Industrial Production Index (2005 - 2020)



U.S. Real GDP Growth (2004 - 2020)

