

**INDUSTRIALS: PLASTICS AND RUBBER**

- Amidst the backdrop of a declining (by number of transactions per Pitchbook) M&A market, the Coronavirus scare, US-China trade tensions and the increasing noise from the US Presidential election, it is hard to predict an increase in M&A activity for the plastics and rubber industries in 2020.
- For those transactions that will be completed in 2020, we anticipate the majority to be driven by (a) divestitures of non-core assets from larger corporations and (b) sale of niche, privately-held businesses. Private Equity buyers, still with largely unused committed funds, are well poised to compete with strategic buyers for these assets.
- As a result of the demand for acquisition continuing to exceed supply, we don't foresee a material degradation in valuation multiples for plastics and rubber businesses. However, the potential for declining earnings – Coronavirus, trade issues, softening economy – could lead to sellers receiving lower than anticipated bids. Conversely, sellers with growing revenue and earnings will stand out.
- 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 and end-markets.

RECENT SELECT TRANSACTIONS

Target	Date	Buyers / Investors	Region	Strategic / Financial
NDM Marking Systems, Inc.	Jan 31	Pexco LLC	US	Financial Backed Strategic
Axio Pty Limited	Dec 23	DKSH Holding Ltd.	Europe	Strategic
EUROPACK akciová spoločnosť	Dec 20	TOMA, a.s.	Europe	Strategic
Mergon International Ltd.	Dec 19	Elysian Capital LLP	Europe	Financial
Color and Additive Masterbatches Business of Clariant	Dec 18	PolyOne Corporation	US	Strategic
Deacro Industries Ltd.	Dec 16	Davis-Standard LLC	Canada	Financial Backed Strategic
Nampak Plastics Europe Ltd	Dec 13	Bellcave Limited	Europe	Strategic
ICO Mold, LLC	Dec 6	Midwest Composite Technologies, Inc.	US	Financial Backed Strategic
Icynene-Lapolla	Dec 5	Huntsman Corporation	Canada	Strategic
National Plastics	Dec 2	Manjushree Technopack Limited	India	Financial Backed Strategic
Sportech, Inc.	Dec 2	Monomoy Capital	US	Financial
Polymer Additives Division of Polymer Solutions Group	Nov 26	The Jordan Company, L.P.	US	Financial
Polyplastic Group B.V.	Nov 25	LCI Industries B.V.	Europe	Strategic
Phillips-Moldex Company	Nov 20	Plastic Molding Mfg. Inc.	US	Strategic
CirComp GmbH	Nov 20	Albany International Corp.	Europe	Strategic
Wbc Extrusion Products, Inc.	Nov 5	Gelpac Inc	US	Financial Backed Strategic
Plastics Business of Great Lakes Plastic Company, Inc.	Nov 1	Curbell Plastics, Inc.	US	Strategic
gabo Systemtechnik GmbH	Oct 2	HellermannTyton Corporation	Europe	Strategic
Nationwide Plastics, Inc.	Aug 26	Curbell Plastics, Inc.	US	Strategic
American Extruded Plastics, Inc.	Aug 1	Pexco LLC	US	Financial Backed Strategic

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M&A
Advisory

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EdgePoint Public Comparable Index Constituents

Plastics / Polymers Index

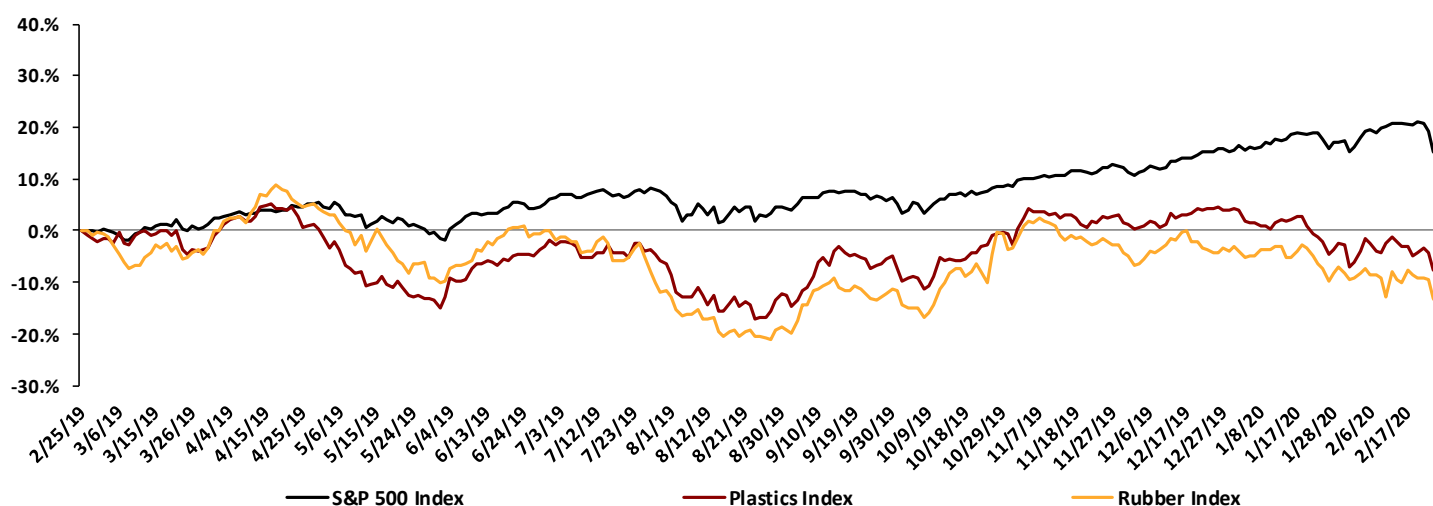
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue LTM	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2020E	LTM	2020E		LTM	3-Yr. CAGR		
Avery Dennison Corporation	\$12,327	26.9%	14.2%	\$1,003	\$1,059	12.3x	11.6x	\$7,070	-1.2%	5.1%	\$127.43	90.3%
Berry Global Group, Inc.	17,116	18.3%	16.1%	1,565	2,121	10.9x	8.1x	9,722	20.5%	15.1%	44.09	74.5%
Clariant AG	8,887	31.5%	15.8%	693	774	11.4x	11.5x	4,399	-33.6%	-9.0%	22.35	93.6%
Core Molding Technologies, Inc.	88	8.2%	1.7%	5	0	14.1x	0.0x	301	28.0%	20.5%	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	1,275	9.4%	12.8%	131	127	9.4x	10.0x	1,019	0.1%	2.3%	3.91	85.2%
Ferro Corporation	2,024	26.9%	11.0%	169	222	11.1x	9.1x	1,543	-3.3%	11.0%	14.39	67.6%
Intertape Polymer Group Inc.	1,478	21.1%	13.5%	156	172	7.8x	7.3x	1,155	15.1%	13.3%	15.60	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	32.4%	11.0%	59	65	8.8x	8.3x	537	-5.5%	-1.8%	15.06	77.0%
PolyOne 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	13,398	26.4%	18.2%	2,070	2,294	6.0x	5.8x	11,347	1.4%	7.4%	91.90	82.5%
Tredegar Corporation	697	17.6%	8.9%	91	0	7.3x	0.0x	1,016	-1.9%	6.5%	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		20.6%	13.0%	1,409	1,548	9.3x	8.6x	9,055	-0.8%	7.0%	40.8	76.9%

Rubber Index

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue LTM	Revenue Growth		Stock Price	% of 52 Week High
		Gross	EBITDA	LTM	2020E	LTM	2020E		LTM	3-Yr. CAGR		
Compagnie Générale des Établissements	\$24,081	29.3%	18.4%	\$4,439	\$4,671	5.2x	5.2x	\$24,135	9.6%	4.9%	\$104.40	87.4%
Cooper Tire & Rubber Company	1,469	15.7%	10.5%	290	392	4.6x	3.7x	2,753	-2.0%	-2.0%	28.09	83.5%
The 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		9.5%	5.6%	887	957	4.8x	4.7x	5,948	0.4%	0.3%	20.45	31.8%

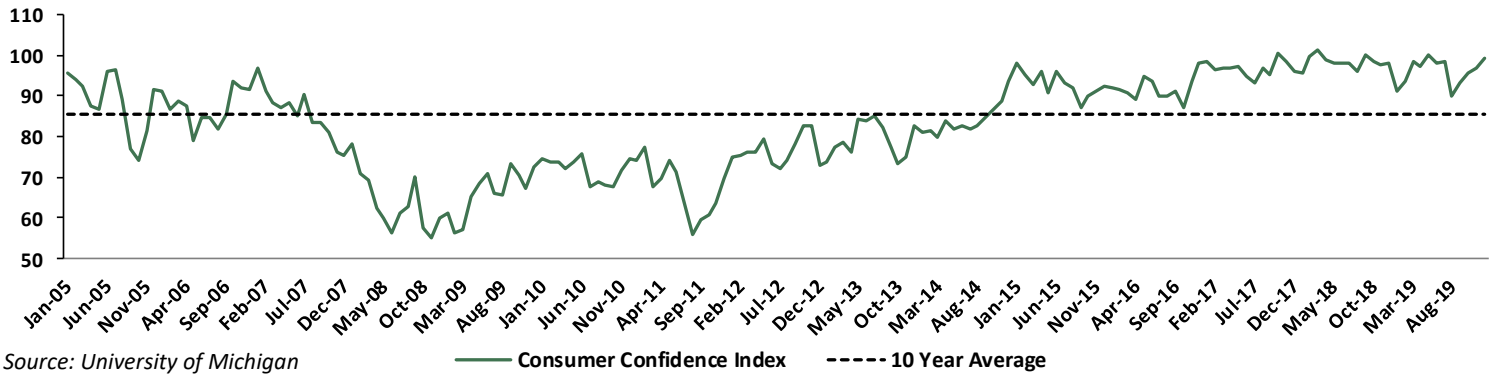
Source: S&P CapIQ (As of February 25, 2020)

Trailing Twelve Months Stock Performance

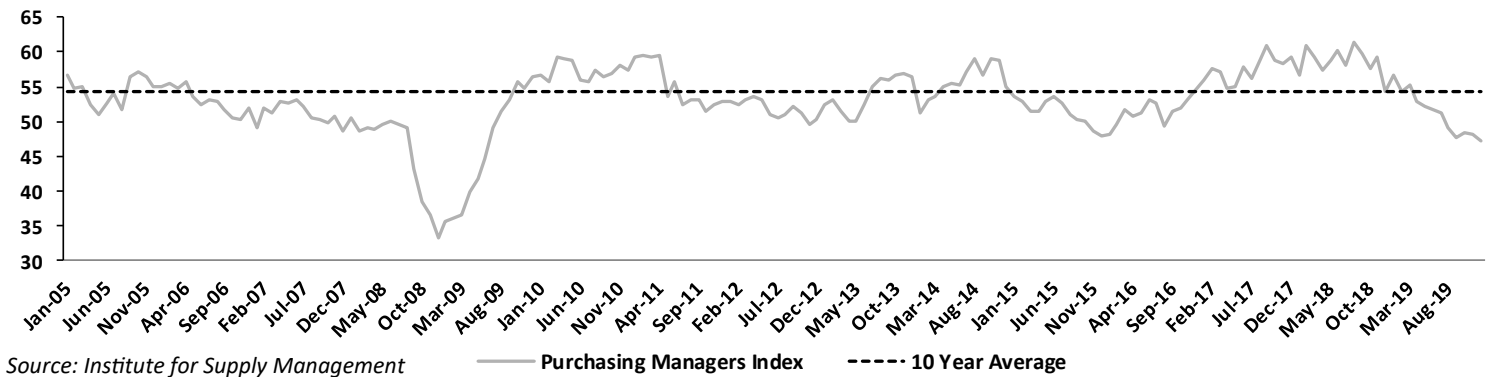


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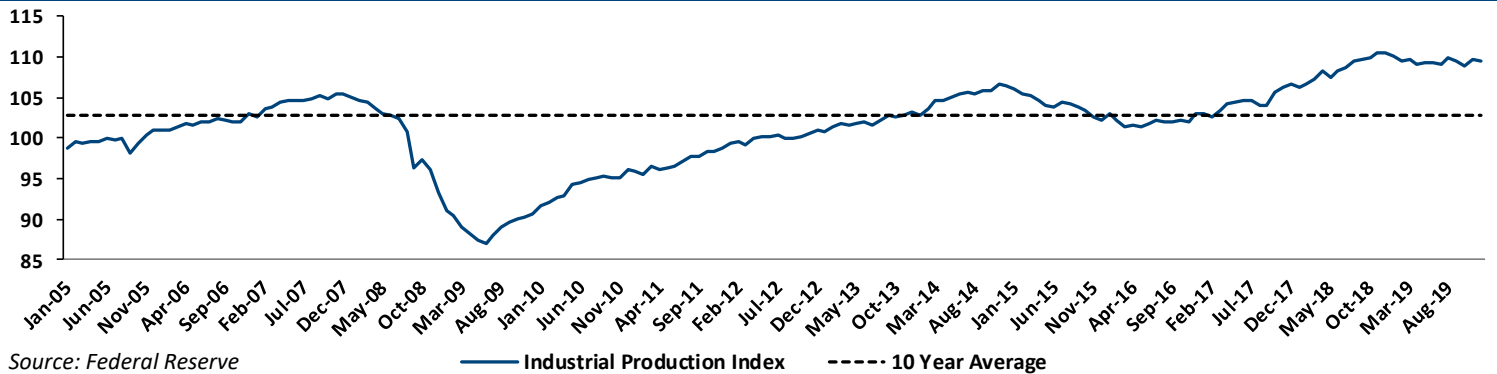
Consumer Confidence Index (2005 - 2019)



Purchasing Managers Index (2005 - 2019)



Industrial Production Index (2005 - 2019)



U.S. Real GDB Growth (2004 - 2019)

