Plastics

1H Industry Update

2026

Key Insights and Observations

The first half of 2026 rewarded operators and repriced capital. Plastics M&A entered the year with momentum: buyers had regained underwriting confidence and early-year activity was among the strongest in recent memory. Two forces then reshaped the setup: a mid-year supply shock from the Iran conflict, and a decisive shift in the rate outlook. Deal activity did not collapse, but it recalibrated. The businesses that will command attention in the back half are those that have demonstrated that they can absorb input volatility and still convert to cash in a higher-cost-of-capital environment.

Interest Rates and Financing: The most important development of the half was not the war; it was the end of the easy-money narrative. Under new Fed leadership, the Federal Open Market Committee held the federal funds rate at 3.50%-3.75% through its June and July meetings and stripped its statement of any easing bias. Officials raised their year-end rate projection, and the committee's own grid erased the earlier expectation of a 2026 cut and pushed reductions into 2027 and beyond. Markets have moved to pricing the next move as a hike rather than a cut, with no return to lower rates expected before 2027. For sponsors, this ends the strategy of underwriting to cheap refinancing on the come. Debt is more expensive and will stay that way, which raises the premium on earnings quality, cash conversion, and platforms that can grow without leverage doing the work. It also sharpens the exit calculus for sponsors holding assets bought in the low-rate era; the window to sell into a still-active buyer market matters more when the cost of waiting has gone up.

Macroeconomic Backdrop: Growth held even as the outlook hardened. The Fed's June projections put real GDP growth at 2.2% for 2026 with unemployment near 4.2%, but raised headline inflation to 3.6% as the Iran-driven energy spike embedded a risk premium the central bank is unwilling to look through. The signal for dealmakers is that this is a solid-growth, sticky-inflation economy, not a recessionary one. Demand is intact; the constraint is the cost of financing it and the discipline to underwrite through volatility.

Resin Pricing and Input Costs: Resin was the half's loudest headline and, for many processors, its most manageable one. The Iran conflict pushed certain resin prices to multi-year highs and triggered force majeure declarations across Asia and Europe. But well-run processors with pass-through mechanisms and contract discipline moved the cost through to customers rather than absorbing it. The disruption's real value is diagnostic: it separated operators with genuine pricing power from those without, and buyers are underwriting that distinction directly.

Labor and Operating Pressures: Labor remains the structural cost story beneath the cyclical noise. Wage escalation and a tight market for skilled operators continue to pressure margins, and competition from other industrial sectors keeps recruitment and retention a persistent challenge. Unlike resin, labor cost does not pass through cleanly, which makes automation, throughput, and workforce stability increasingly central to how buyers assess a platform's margin durability.

Outlook for the Remainder of the Year: Direction is up; the bar is higher. Deal activity should reaccelerate as resin pricing stabilizes and buyers regain conviction on forward earnings, and advisors broadly expect strong buyer interest to carry through the second half. But the higher-for-longer rate reality means capital is more selective. Assets that clear will be those with defensible margins, clean cash conversion, and end market exposure that holds up in a sticky-inflation economy. Narrative alone will not clear the bar; demonstrated performance will.

Implications for Owners and Investors: Owners now hold hard evidence of how their business performs under stress; pricing power, supply-chain flexibility, and margin durability are demonstrated facts rather than projections. Two things follow. For owners weighing an exit, nothing is worth more than a first-half 2026 that proves the business can pass through cost and hold margin. For sponsors, the shift to higher-for-longer capital costs makes exit timing a live decision rather than a deferred one; the buyer market is still active, but the cost of waiting has risen. In both cases, the businesses that transact well will be defined by financial performance and the durability of the end markets they serve.

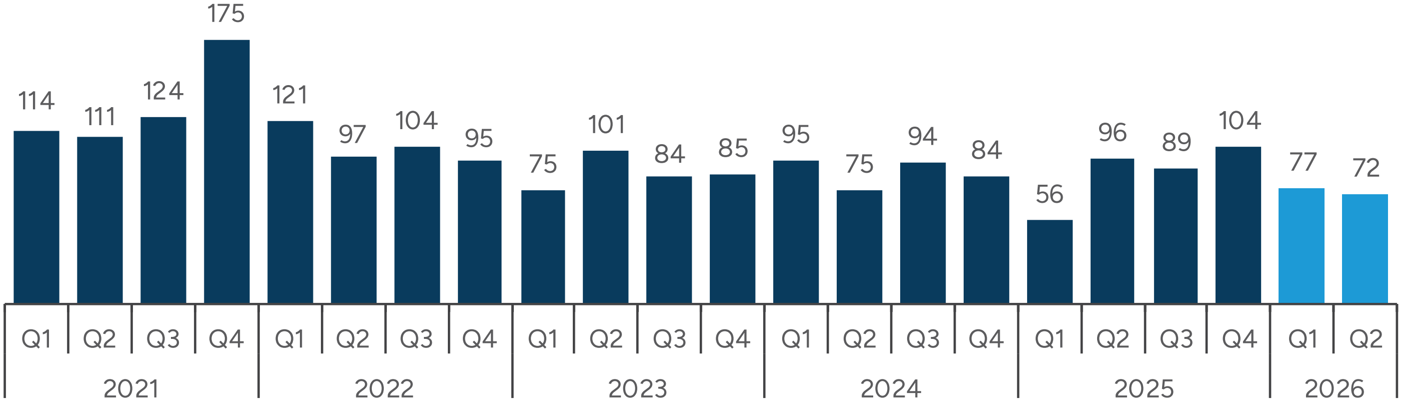
Plastics M&A Activity Trends

1H 2026 KEY DRIVERS

- 1H 2026 M&A activity reflected a more selective dealmaking environment amid macroeconomic uncertainty, evolving trade policies, and geopolitical tensions, with strategic buyers continuing to pursue targeted acquisitions.
- Private equity sponsors remained disciplined, focusing on high-quality platform investments and add-on acquisitions while managing persistent valuation gaps and extended holding periods.

Quarterly Plastics M&A Transaction Volume

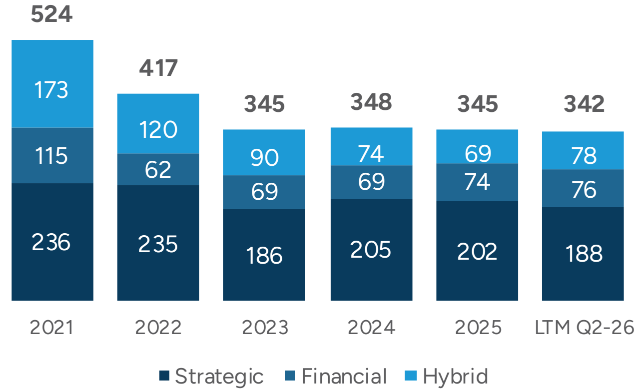
(Number of Announced M&A Transactions Per Quarter)



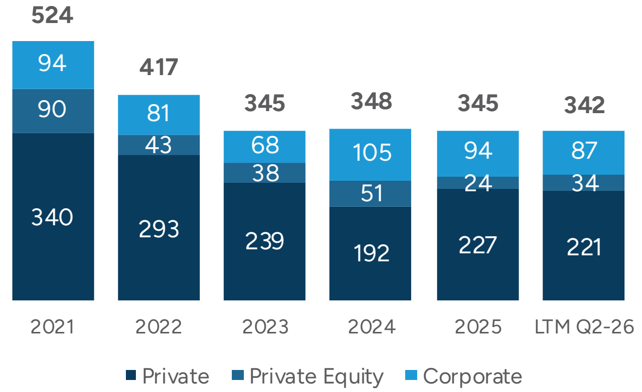
ACQUIROR AND SELLER TRENDS

Strategic buyer activity represented most of the transaction volume in the first half of 2026 despite a 21% decline compared to the first half of 2025. Financial buyer activity remained unchanged year over year, while hybrid activity increased 36%. On the sell side, private and corporate seller transactions declined 10% and 22%, respectively, while private equity seller activity more than doubled from a low base.

M&A Volume by Acquiror Type



M&A Volume by Seller Type



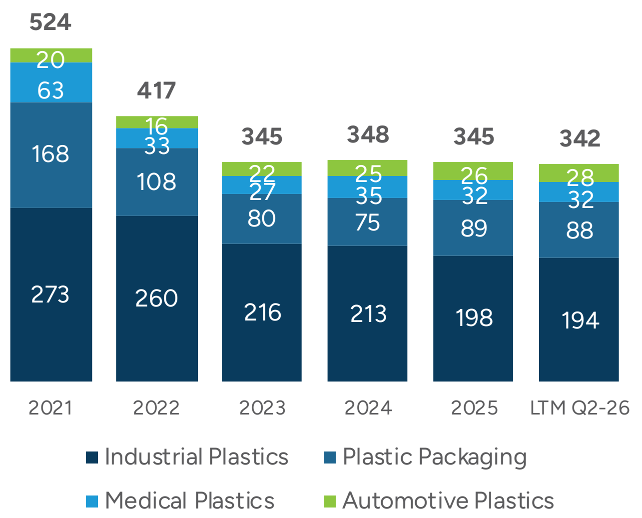
Source: Stout Proprietary Database

Plastics M&A Activity Trends (cont.)

ACTIVITY BY END MARKET

Industrial plastics remained the largest end market in the first half of 2026 despite an 11% decline in transaction volume compared to the first half of 2025, as manufacturers continued to navigate tariff-related uncertainty and softer industrial production. Plastic packaging activity declined 7% but remained resilient, supported by stable demand across food, beverage, and consumer goods applications. Medical plastics activity was unchanged year over year, while automotive plastics was the only end market to record growth, increasing 20% as OEM production stabilized and suppliers continued to consolidate.

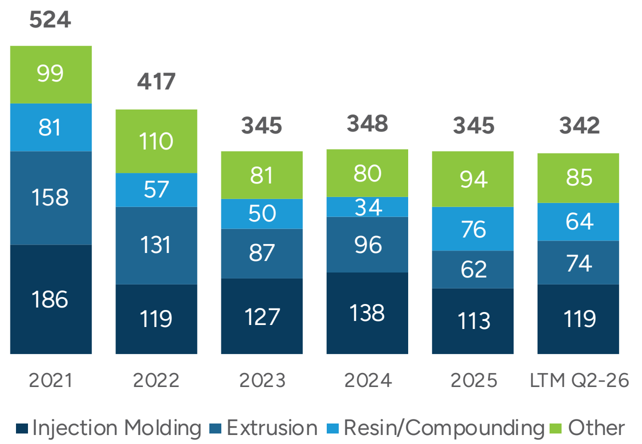
M&A Volume by End Market



ACTIVITY BY PROCESS

Injection molding remained the largest manufacturing process in the first half of 2026, with transaction volume increasing 8% year over year, reflecting its broad exposure across industrial, packaging, and medical end markets. Extrusion activity increased 50%, supported by continued investment in infrastructure, pipe, and packaging applications. Conversely, resin / compounding activity declined 37% following elevated transaction activity in 2025, while other process categories experienced softer deal activity as buyers remained selective.

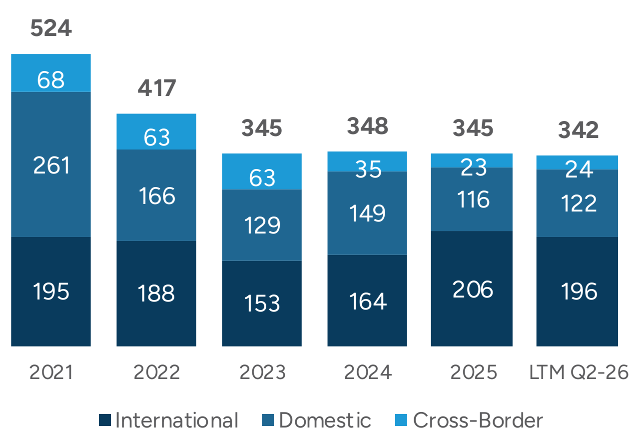
M&A Volume by Manufacturing Process



ACTIVITY BY GEOGRAPHY

International M&A activity declined 13% in the first half of 2026 compared to the first half of 2025 as cross-border investment moderated amid evolving U.S. trade policy and geopolitical uncertainty. Domestic transaction activity increased 4%, supported by demand for North American manufacturing assets and continued supply chain resilience. Cross-border activity remained broadly stable as buyers continued to pursue strategic acquisitions despite a more selective dealmaking environment.

M&A Volume by Geography



Source: Stout Proprietary Database
(1) Other manufacturing processes include thermoforming, blow molding, machinery, prototyping, tool and die, rotational molding, and distribution

Macroeconomic Update

RECENT MACRO PERFORMANCE

Despite continued policy uncertainty, the U.S. economy remained resilient through the first half of 2026, supported by a stable labor market and resilient consumer spending. The unemployment rate remained relatively low at 4.2%, while consumer confidence stabilized. Real U.S. GDP grew by approximately 1.6%, reflecting continued economic resilience.

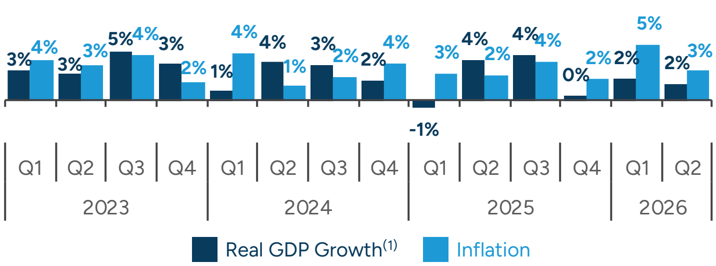
Inflation remained above the Federal Reserve's long-term target, though price pressures continued to moderate. The effective federal funds rate remained at approximately 3.6% through the first half of 2026, reflecting the Federal Reserve's measured approach to balancing inflation and economic growth.

INDUSTRY TRENDS

U.S. manufacturing activity improved during the first half of 2026, with the ISM Manufacturing PMI returning to expansionary territory and reaching 54.0 by June. Manufacturers continued to navigate evolving U.S. trade policies, tariff-related uncertainty, and cautious customer ordering patterns despite improving production levels and new orders. Companies remained focused on operational efficiency, disciplined inventory management, and supply chain resilience while strategic M&A activity continued to support sector consolidation.

Real GDP Growth and Inflation

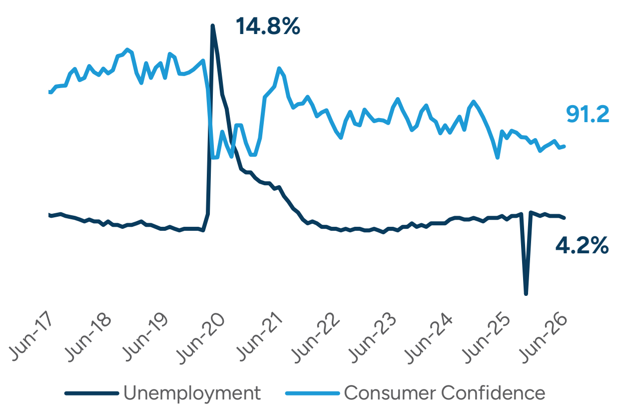
(Annualized quarterly percentage change)



Source: Federal Reserve Bank of New York

Unemployment and Consumer Confidence

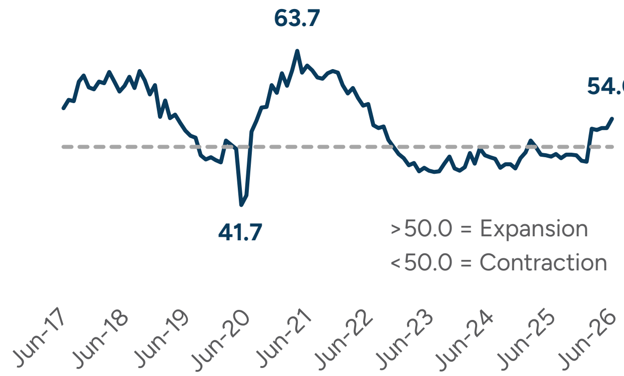
(Percentage of unemployed persons in the U.S. labor force)
(Index of consumer sentiment; long-term average = 100)



Source: Bureau of Labor Statistics; University of Michigan Consumer Confidence Report

Purchasing Managers' Index

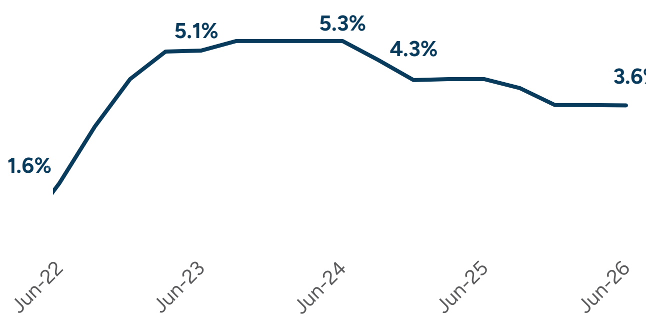
(Measures economic health of manufacturing sector 0 – 100)



Source: Institute for Supply Management

Effective Federal Funds Rate

(Volume-weighted median of overnight federal funds transactions)



Source: Federal Reserve Bank of New York

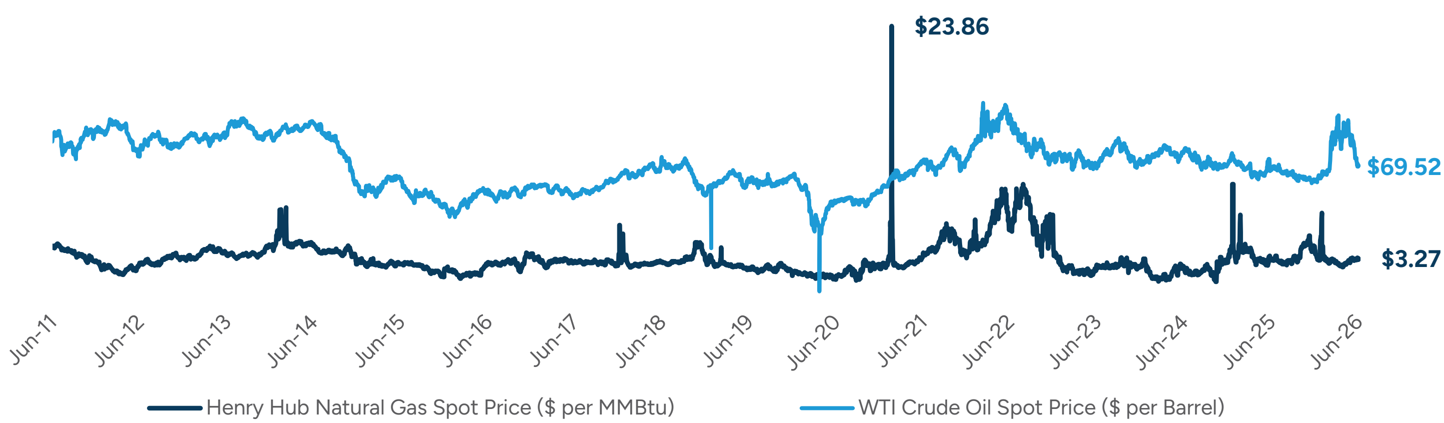
(1) Q2 2026 real GDP growth is based on Federal Reserve Bank of Atlanta's: GDPNow estimate

Macroeconomic Update (cont.)

COMMODITY AND RESIN PRICING TRENDS

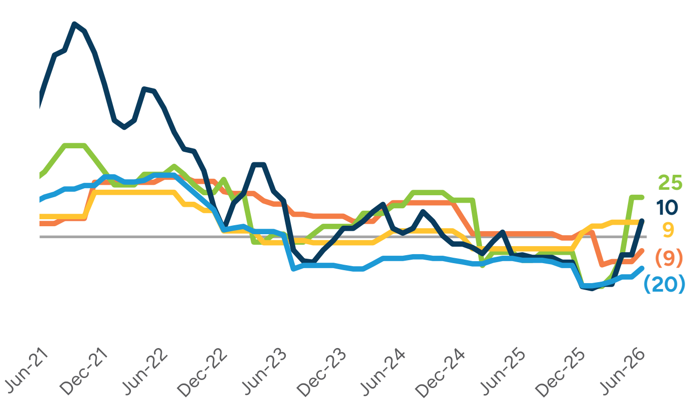
Commodity pricing turned notably more volatile in the first half of 2026. Crude oil, rather than extending its 2025 decline, spiked early in the year on heightened geopolitical tensions, with WTI rising from roughly $57 per barrel at year-end 2025 to a peak near $113 in early April before easing to approximately $69.52 by mid-year as tensions cooled and OPEC+ increased production. Natural gas moved in the opposite direction, softening from its ~$3.69 year-end close to roughly $3.27, aside from a brief weather-driven spike in January. The mid-year energy rally flowed through to feedstock-linked resins, with high-density polyethylene and polypropylene posting the strongest gains, PVC also moving higher, while nylon declined and ABS remained relatively flat. Overall, geopolitical supply risk, rather than weak demand, remained the primary driver of processor input costs entering the second half of 2026.

Natural Gas Pricing and Crude Oil

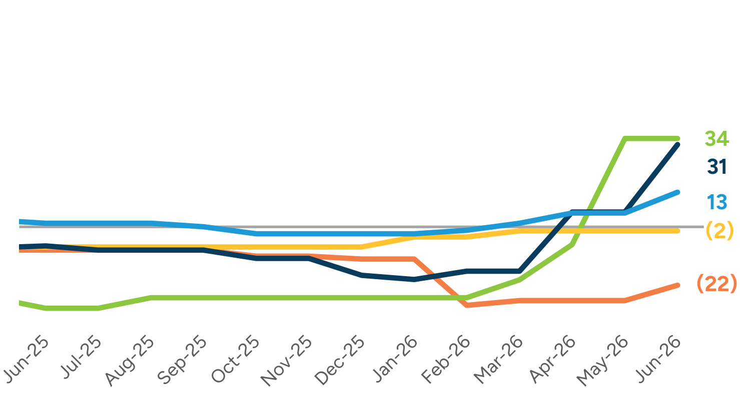


Resin Pricing Index

Last 5 Years – relative index price performance by type
(Indexed to 0.0 as of 6/30/2021)



Last 1 Year – relative index price performance by type
(Indexed to 0.0 as of 6/30/2025)



Nylon High Density Polyethylene Acrylonitrile Butadiene Styrene Polypropylene Polyvinyl Chloride

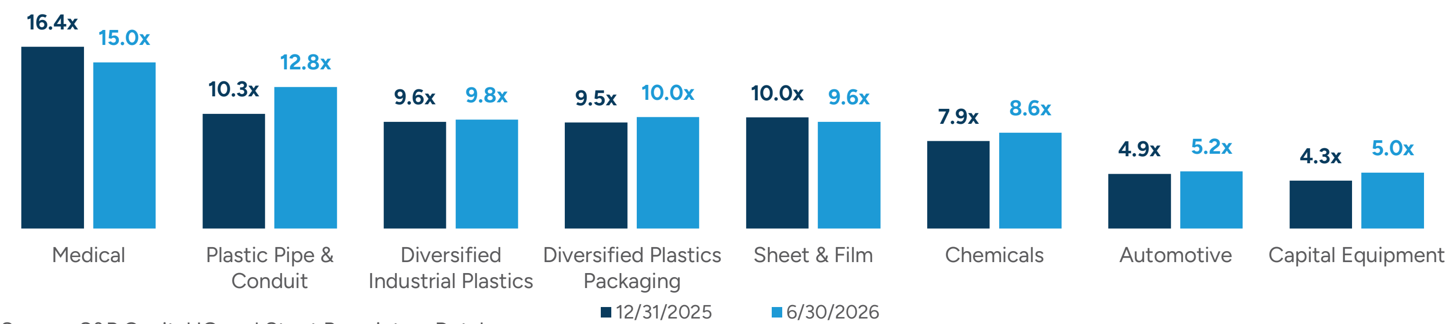
Source: U.S. Energy Information Administration, Plastics News, S&P Capital IQ

Plastics Market Trends

VALUATION METRICS

The U.S. stock market extended its advance into the first half of 2026, with the S&P 500 up approximately 9.6% and the Dow Jones up 8.9% since year-end 2025. Continued AI-related investment and technology-sector leadership, resilient corporate earnings, and the Federal Reserve's shift toward rate cuts supported equities, even as tariff and geopolitical uncertainty persisted. Within the plastics industry, multiples for six of the eight subsectors that Stout tracks were up in the first half of 2026, led by Plastic Pipe & Conduit, while Medical experienced the steepest contraction given historically elevated multiples.

Public Company Subsector Multiples: Median EV / LTM EBITDA



Source: S&P Capital IQ and Stout Proprietary Database

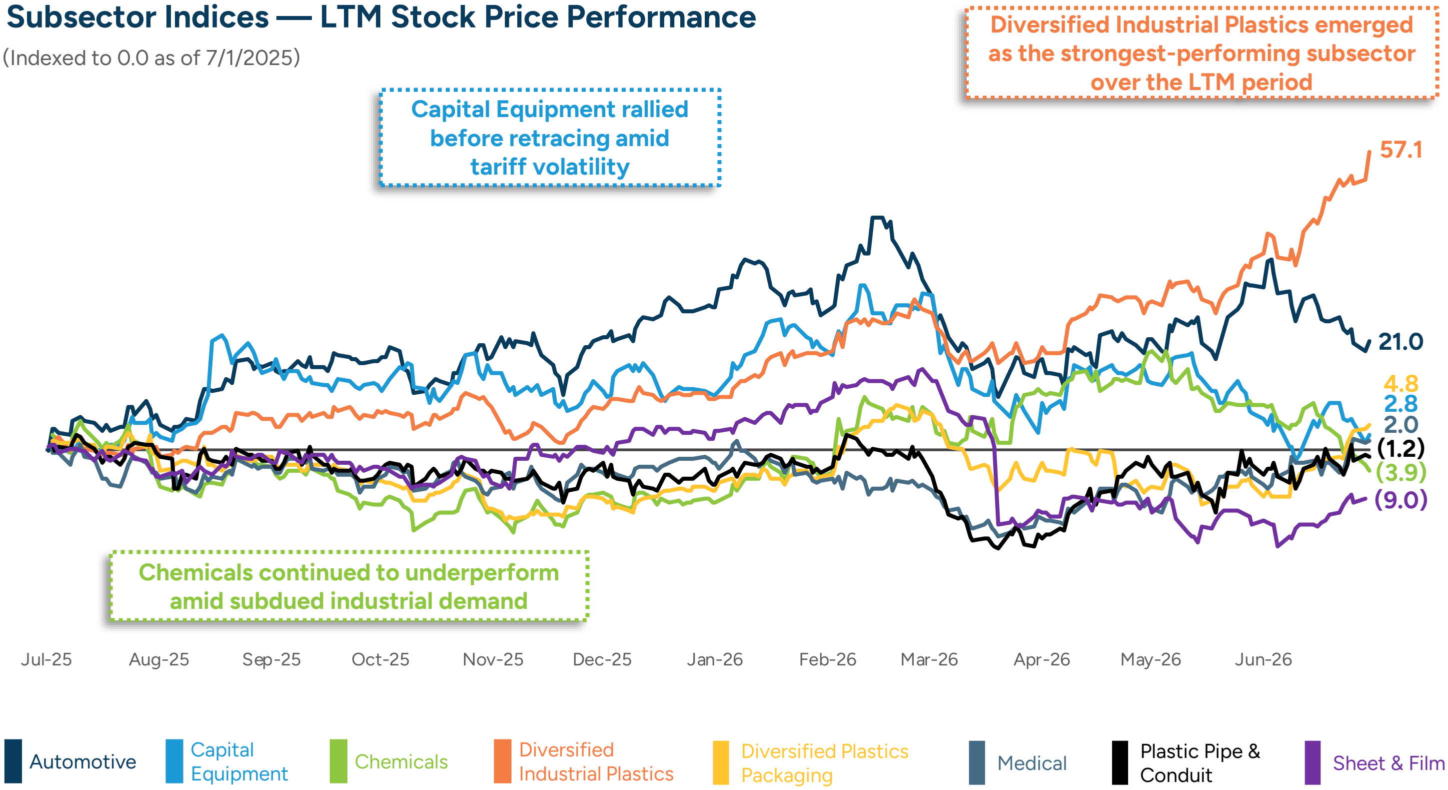
SELECT RECENT PLASTICS INDUSTRY TRANSACTIONS

Date	Target (Ownership)	Subsector	Acquiror (Ownership)
Jun-26	Jasper Rubber Products	Automotive Plastics	Press-Seal Corp.
Jun-26	Tangent Technologies (The Sterling Group)	Industrial Plastics	Platinum Equity
Jun-26	Sheldahl Flexible Technologies (Flex Ltd.)	Industrial Plastics	Chase Corporation (KKR)
Jun-26	RapidWerks micro-molding assets	Medical Plastics	Cordica Medical (Arlington Capital)
Jun-26	Compass Packaging Solutions	Plastic Packaging	SupplyOne (Revelar Capital)
May-26	Markforged (Nano Dimension)	Industrial Plastics	Stratasys (NasdaqGS:SSYS)
May-26	Vision Plast (La Sirène)	Automotive Plastics	ALPHA Corp. (TSE:3434)
May-26	APC Packaging	Plastic Packaging	Novvia Group (Kelso & Company)
Apr-26	Forvia Interiors Business Group	Automotive Plastics	Apollo Global Management (NYSE:APO)
Apr-26	Bentec Medical (Greyrock / Hermitage Equity Partners)	Medical Plastics	Avista Capital
Apr-26	MoistureShield decking assets (Oldcastle APG)	Industrial Plastics	UFP Industries (NasdaqGS:UFPI)
Mar-26	Mayfair Plastics	Automotive Plastics	HUSCO International
Mar-26	Arkadia Plastics	Industrial Plastics	GEON Performance Solutions (SK Capital)
Feb-26	Knudsen Plast (Denmark)	Medical Plastics	MGS Mfg. Group (Mason Wells)
Feb-26	Robinson Industries	Plastic Packaging	ORBIS Corp. (Menasha)
Jan-26	Resolution Medical (Arcline)	Medical Plastics	Resonetics (Carlyle / GTCR)
Jan-26	Systex Products (Shimizu Industry)	Automotive Plastics	DENSO (DENSO Mfg. Michigan)
Jan-26	ePac Flexible Packaging	Plastic Packaging	Butterfly Equity
Jan-26	Springboard / MOS Plastics	Medical Plastics	Currier Plastics (Sheridan Capital)
Jan-26	SABIC engineering thermoplastics (Americas & Europe)	Industrial Plastics	Mutares SE (XTRA:MUX)

Plastics Subsector Performance

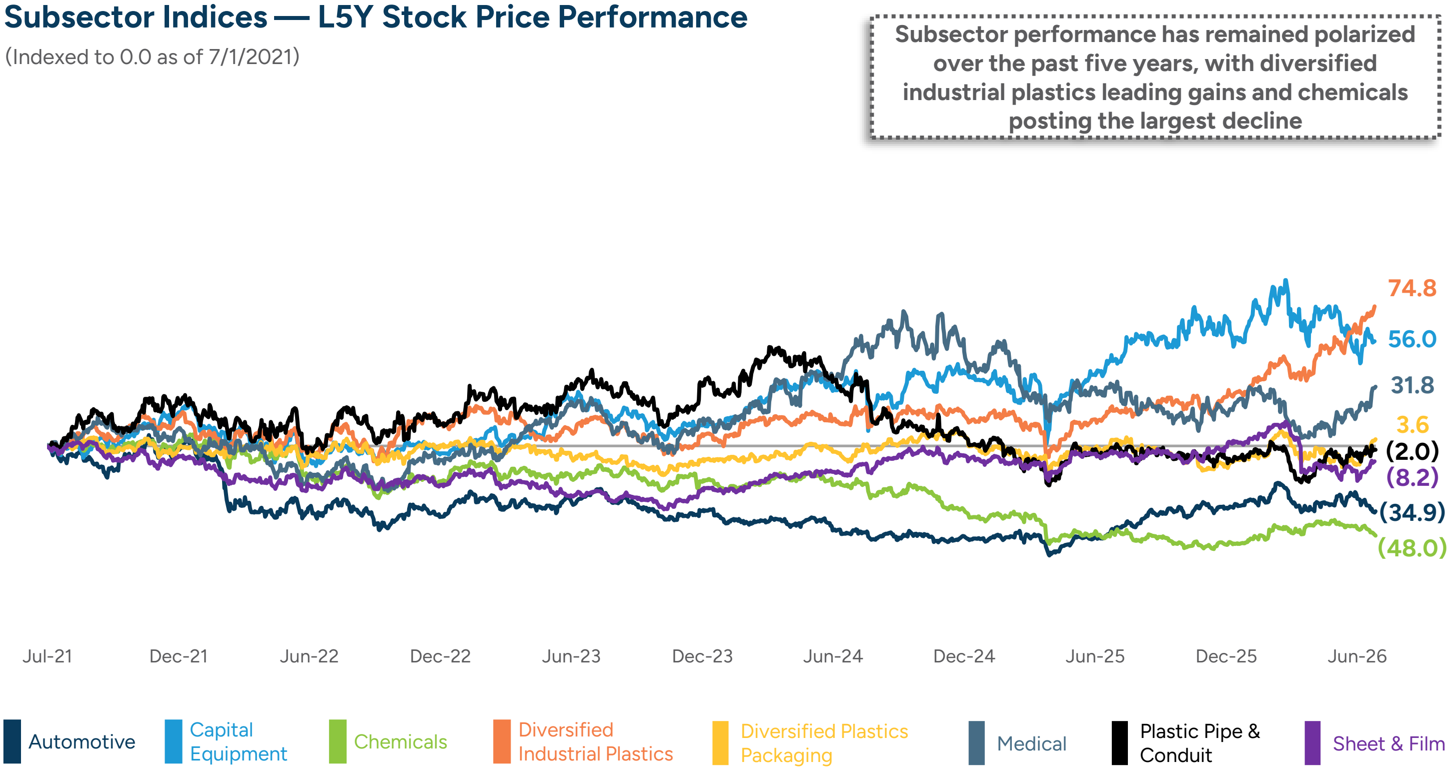
Subsector Indices — LTM Stock Price Performance

(Indexed to 0.0 as of 7/1/2025)



Subsector Indices — L5Y Stock Price Performance

(Indexed to 0.0 as of 7/1/2021)



Source: S&P Capital IQ

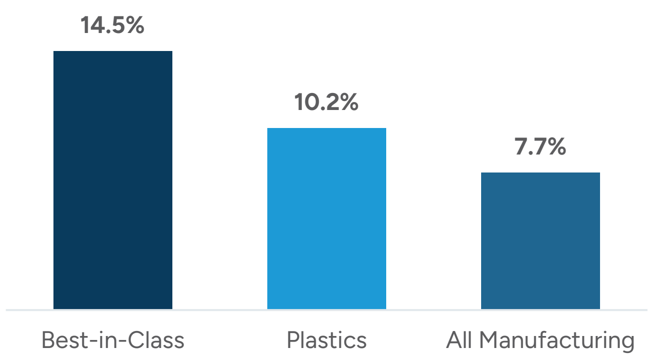
Plastics Industry Deep Dive – WIPFLI

PROFITABILITY AND PRODUCTIVITY

Plastics processors returned a median EBITDA margin of 10.2% in 2025, roughly 250 bps ahead of the manufacturing median. However, on value-add per employee, plastics processors fell modestly below all manufacturers. Higher earnings as a percent of revenue on lower throughput per full time employee points to price and mix carrying margins, not productivity.

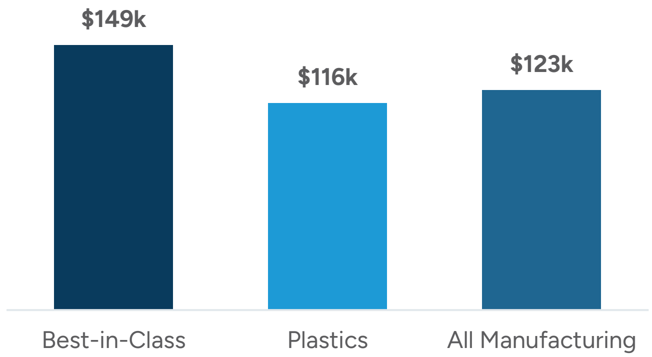
Median EBITDA Margin

(2025)



Throughput per Employee

(Revenue less materials and outsourcing, per FTE)

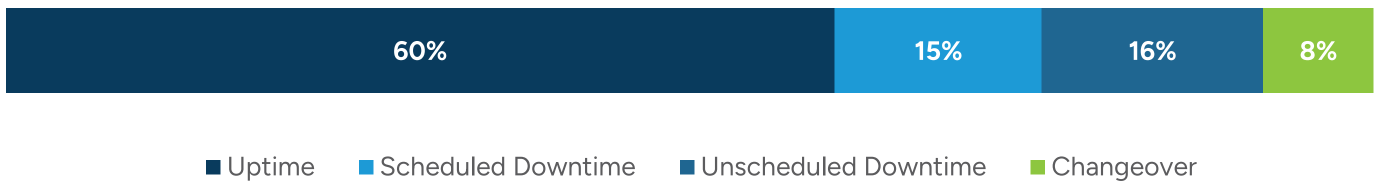


ASSET UTILIZATION

At 60% uptime, plastics processors sat well behind assembly at 78% and suppliers at 80%. Some of that gap is structural, as molding carries longer changeovers and heavier scheduled maintenance. Unplanned stoppages, however, are a different matter – at 16% of available machine time, plastics processors lose roughly double the 8% utilization to unscheduled downtime when compared to assembly and supplier operations.

Plastics Processor Machine Time Utilization

(Percentage of available machine time)



WHAT BUYERS ARE UNDERWRITING

Two thirds of best-in-class facilities generate less than $20 million of revenue, which makes the performance gap a question of execution rather than scale. For processors weighing a sale, premium valuations are heavily tied to operating record: machine-level utilization data, cost-of-quality tracking, and contract terms that pass input costs through.

Note: Best-in-Class denotes facilities ranking highest on both profit and throughput in at least three of the last five years (43% plastics processors). Study base is 456 participating facilities, of which plastics processors represent ~25%, or ~114 facilities.

Stout Transaction Spotlight

CURRIER

has been acquired by

SHERIDAN CAPITAL PARTNERS

SELL-SIDE ADVISOR

COMPANY OVERVIEW

Founded in 1982 and headquartered in Auburn, NY, Currier Plastics ("Currier") is a provider of precision healthcare consumables and premium packaging products serving the healthcare, food & beverage, and personal care markets. Leveraging both injection and blow molding expertise, Currier has emerged as a trusted supplier of high-quality, complex, difficult-to-replicate healthcare components. Currier delivers complex solutions that foster customer loyalty. Currier's competitive advantage stems from its automation and cleanroom capabilities, which enable the production of highly customized, specification-driven solutions.

Stout Advises Currier Plastics on Sale to Sheridan Capital Partners

STOUT'S VALUE-ADD TO THE TRANSACTION

- ***Aligned Process Launch to Capitalize on Currier's Healthcare Momentum***
- ***Conducted Pre-Launch Calls to Generate Early Interest and Gauge Market Receptivity***
- ***Leveraged Relationships with the Most Relevant Buyers in Plastics, Packaging, and Healthcare***
- ***Maintained Competitive Tension With Multiple Buyers in the Final Stages***

BUYER PROFILE

Sheridan Capital Partners ("Sheridan") is a healthcare-focused private equity firm based in Chicago, focused on lower middle-market buyouts and growth equity in the U.S. and Canada. Sheridan consists of 18 platforms and 180+ add-on investments. The acquisition of Currier Plastics represents a strengthening of Sheridan's portfolio in consumer health and medical products.

PROCESS SUMMARY & OUTCOME

Stout served as exclusive financial advisor to Currier Plastics, leading to a successful closing in September 2025. Stout's full press release can be found here. Thoughtful buyer list construction and high-touch initial outreach generated significant interest in the initial marketing phase. Throughout the process, Stout advised shareholders and management on the spectrum of potential buyer types, the distinct value each could offer, and the implications for the business post-transaction. Thus, Sheridan Capital Partners was selected as the winning bidder due to its exhibited interest throughout, established healthcare relationships, and strategic alignment with Currier.

Practice Overview

ABOUT

Stout is the most active advisor to middle-market plastics businesses, having completed 100+ investment banking transactions across a range of key plastics subsectors, processes, and end markets. Our Plastics team leverages strong, long-standing relationships with key strategic consolidators and highly active financial sponsors in the space, which enables us to provide superior outcomes for our clients. Learn more about our Plastics industry coverage and resources.

FOCUS AREAS

Processes

- Injection Molding
- Extrusion
- Thermoforming
- Blow Molding
- Rotational Molding
- Composites
- Resin/Compounding
- Capital Equipment
- Tool and Die
- Prototyping

End Markets

- Medical
- Industrial
- Packaging
- Automotive
- Consumer Products
- Electronics
- Appliance
- Building Products
- Machinery
- Wire and Cable

RECENT STOUT TRANSACTIONS

CURRIER has been acquired by SHERIDAN CAPITAL PARTNERS — SELL-SIDE ADVISOR

SHAKESPEARE a division of Jadex a portfolio company of ONE ROCK CAPITAL PARTNERS has been acquired by NOVA — SELL-SIDE ADVISOR

FIVE STAR PLASTICS has been acquired by Intek PLASTICS a portfolio company of VERMILION — SELL-SIDE ADVISOR

IAC International Automotive Components (Logroño Facility) has been acquired by FLEX|N|GATE — SELL-SIDE ADVISOR

VP viking plastics a portfolio company of SPELL CAPITAL has been acquired by HF — SELL-SIDE ADVISOR

ARCANE CAPITAL PARTNERS has acquired PETROFLEX a portfolio company of TCP — BUY-SIDE ADVISOR

PARKWAY a portfolio company of HEARTWOOD PARTNERS has been acquired by CLAYENS a portfolio company of One Equity Partners — SELL-SIDE ADVISOR

SEAWAY PLASTICS ENGINEERING a portfolio company of TB TONKA BAY has been acquired by iCG — SELL-SIDE ADVISOR

plasticcomponents.com a portfolio company of MPE PARTNERS has been acquired by Rosti a portfolio company of NORDSTJERNAN — SELL-SIDE ADVISOR

UPCOMING EVENTS 2026

MAPP Benchmarking & Best Practices Conference:
September 29 – October 1

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