

INDUSTRIALS & MANUFACTURING

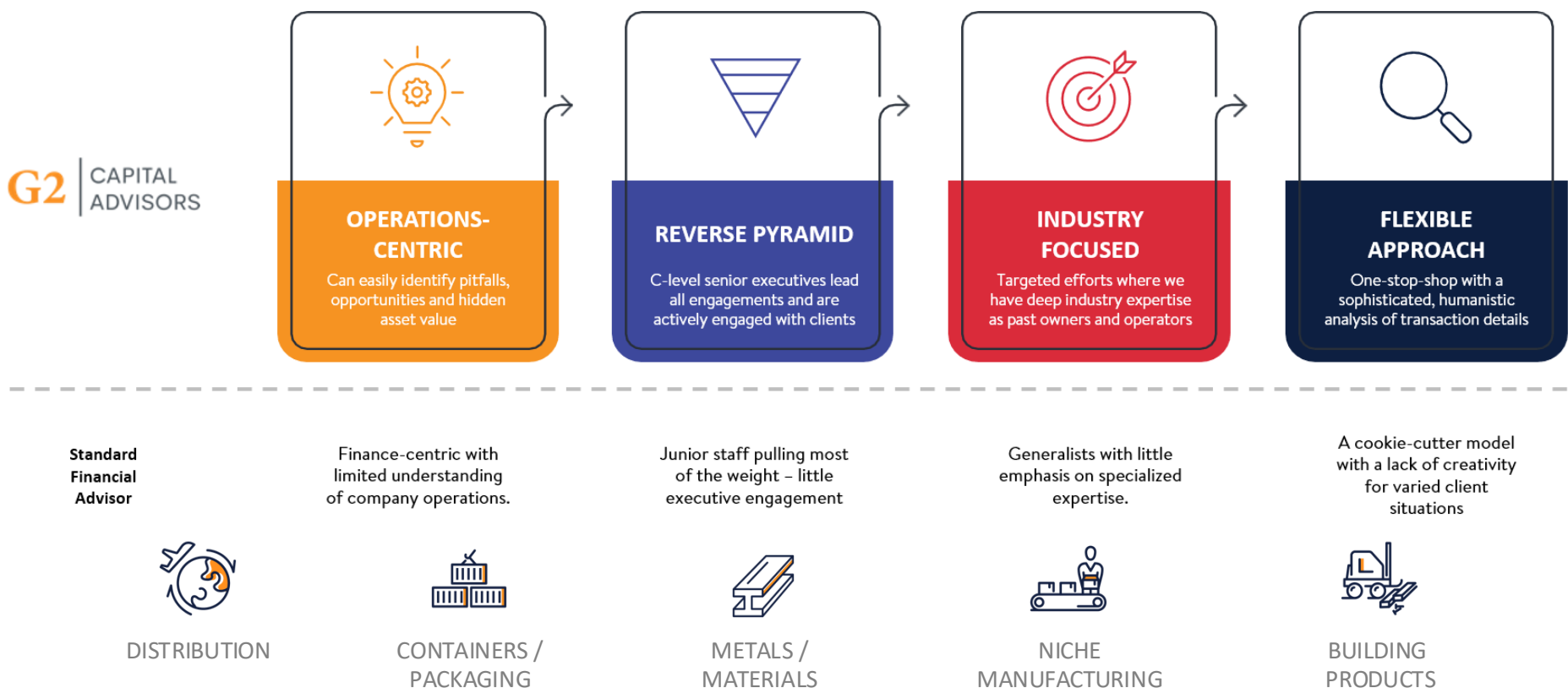
Q3 2024 MARKET UPDATE

Regulation on the Horizon: How Shifting Policies and Consumer Preferences Are Impacting the Booming Plastics Industry

The U.S. plastics market, valued at \$90 billion in 2023, is projected to grow at a 3.5% CAGR through 2030.¹ While packaging is at the heart of the industry's expansion, it's also centerstage of a heightened focus on plastic. As the U.S. plastics market grows, regulatory shifts and changing consumer preferences could significantly reshape its trajectory. The Environmental Protection Agency (EPA) is now taking a closer look at the fluorination process used in producing some plastic containers, which could significantly change how plastics are manufactured and used.

Regulatory scrutiny on PFAS: Fluorination enhances the barrier properties of plastics like HDPE and PP (high-density polyethylene and polypropylene), creating a barrier that significantly reduces the permeation of chemicals and gases through the container walls and making them stronger and more durable at a lighter weight. While these are critical properties for packaging items like chemicals and fuels, on the other hand the process generates hazardous PFAS (per and poly-fluoroalkyl substances). After a failed attempt in March, the EPA is taking another swing at legally determining that these chemicals pose an "unreasonable risk" under the Toxic Substances Control Act (TSCA)².

Sustainability pressures: One key challenge with fluorinated plastics is their impact on recycling systems. PFAS, also known as "forever chemicals," can contaminate recycled materials used in future consumer goods and even seep into natural sources like drinking water.³ Meanwhile, non-fluorinated alternatives offer a path forward to creating a cleaner, circular economy.



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Changing consumer preference: Health and environmental groups are not the only ones pushing back against PFAS—consumer preferences amplify the pressure for change. More than ever, buyers are seeking products that are easy to recycle and free from harmful chemicals, two areas where the fluorination process falls short. Eco-friendly packaging is no longer just about staying ahead of regulatory demands; it's about winning over a growing base of environmentally conscious consumers.

How to capitalize on change

Key regulatory milestones are on the horizon, such as the potential EPA rulings on PFAS under the TSCA currently under review. Businesses should be proactive in the first half of 2024 to align with potential rulings. Companies that begin positioning themselves now will be better prepared to navigate these shifts, while those that delay risk operational disruptions and market share losses.

- 1. Assess reliance on fluorination:** Leaders should prioritize conducting supply chain audits to evaluate their dependence on fluorination and explore alternative technologies that reduce PFAS exposure. In food packaging, alternatives to PFAS are already being developed, such as modified coatings, paperboard structures, and new materials that are more sustainable and less toxic.⁴
- 2. Conduct a cost-benefit analysis:** It's crucial to assess the potential costs of adopting new manufacturing processes early versus the financial consequences of failing to meet compliance deadlines. Understanding the immediate investment and long-term savings from regulatory alignment can help companies make informed decisions.
- 3. Invest in sustainable innovation:** Consider researching new suppliers developing non-fluorinated or eco-friendly materials. Forward-thinking companies like BP Polymers have already positioned themselves as leaders in sustainable packaging, unlocking growth opportunities by mitigating regulatory risks and capturing eco-conscious consumers.⁵

Companies that fail to adapt risk supply chain disruptions, increased compliance costs, and potential product obsolescence. On the other hand, those who proactively invest in sustainable packaging alternatives may see increased investor interest and stand to build stronger brand loyalty while attracting environmentally conscious consumers. Balancing regulatory pressures with consumer demand for safer, eco-friendly materials will be critical to thriving in the next wave of industrial growth. Companies that act now will not only protect their market share but also position themselves as leaders in the next wave of industrial growth.

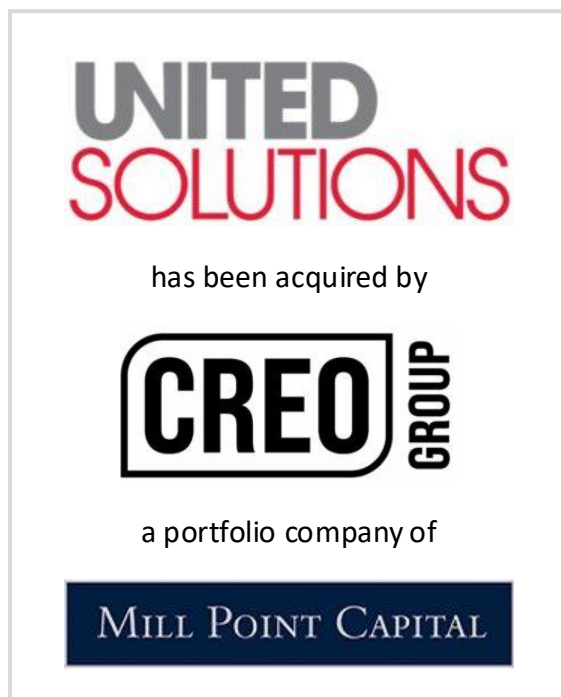
At G2 Capital Advisors, we provide clients with the insights and strategies needed to thrive amidst these complexities in the manufacturing sector. Our extensive industry expertise, combined with a collaborative approach, allows us to deliver tailored solutions that drive value and growth.

Explore how we're leveraging our experience across more than 80 active client engagements to help businesses align with evolving regulations and meet changing consumer demands.

1. [U.S. Plastics Market Size, Share & Trends Analysis Report By Product \(Polyethylene, Polypropylene, Polyurethane, Polyvinyl Chloride, Polystyrene, And Others\), By End-use, By Application, And Segment Forecasts, 2024 - 2030](#). Grand View Research.
2. [EPA Commences Proceedings to Investigate PFAS in Fluorinated Plastic Containers](#). Venable. (2024, July 31)
3. [Tap Water Study Detects PFAS 'Forever Chemicals' Across the US](#). USGS. (2023, July 5)
4. [Promising Practices are Being Used to Tackle PFAS in Food Packaging](#). Food Safety Magazine.
5. [EPA to try again to regulate fluorination coating after court defeat](#). Plastics News. (2024, July 11)

INDUSTRIALS & MANUFACTURING

During Q3 2024, G2 served as the exclusive sell-side advisor to a leading consumer housewares and plastic goods manufacturer.



CLIENT: Founded in 1919, United Solutions Inc. (“United solutions” or “the Company”), is a leading designer and manufacturer of plastic household products, serving big box and home-improvement retailers nationwide, as well as through a growing e-commerce channel.

SITUATION: United Solutions, a portfolio company of Camber Holdings, aimed to strengthen its market presence and continue to enhance its product offering to align with a deep commitment to innovation and sustainability. The leadership team understood the need to engage a top-tier investment bank with deep industry expertise and a nuanced understanding of their business to support their strategic objectives. By doing so, the Company sought to accelerate growth while leveraging its longstanding consumer product design and development strengths.

ENGAGEMENT: G2 served as a long-term strategic advisor to United Solutions as the Company executed a financial and operational turnaround. Since 2018, the Company experienced a ~\$50MM improvement in EBITDA, strategically reducing its SKU portfolio and realigning its manufacturing footprint. G2 served as the exclusive financial advisor and was responsible for leading a highly tailored and efficient transaction process.

OUTCOME: United Solutions was acquired by CREO Group, Inc. (“CREO Group”), a portfolio company of Mill Point Capital LLC (“Mill Point”) and a leading sustainable horticulture packaging solutions provider. This acquisition represents a significant milestone in both companies' growth strategies, allowing the CREO Group to diversify its offerings into the home goods sector and leverage United Solutions' established customer relationships.

G2 Q3 2024 TEAM ANNOUNCEMENT



Michael Flynn

Managing Director
Industrials & Manufacturing
Darien, CT

Announcement:

G2 is pleased to announce that Michael Flynn has joined the firm as Managing Director in the Industrials & Manufacturing group. An accomplished executive with extensive experience in the sector, Michael brings decades of operational and investment banking advisory expertise to G2. His proven ability to lead organizations through complex challenges, combined with his deep industry knowledge and relationship management skills, will strengthen G2's presence in this sector.

"Michael's extensive leadership experience and deep expertise in Industrials & Manufacturing make him an invaluable addition to our team," said Victoria Arrigoni, Managing Director, Head of Industrials & Manufacturing, G2. "His track record of driving impactful change and delivering value to clients aligns perfectly with G2's mission to achieve exceptional outcomes for our clients."

Background:

Michael joins G2 Capital Advisors following a distinguished career that includes senior roles at Capital One Securities, Entia Ventures, and Bank of America, where he was instrumental in driving large-scale transformations, optimizing operations, and executing growth initiatives for global strategics and private equity-backed companies.

SELECT ONGOING G2 PROJECTS

Industrial Distribution

**PROJECT
SIGN**

Buy-Side

About the Mandate:

G2 is currently serving as the buy-side advisor to a manufacturer and distributor of safety signs and other solutions. G2 is assisting the company with acquisition opportunities in the North American market.

Custom Bolts & Fasteners

**PROJECT
ANCHOR**

Buy-Side

About the Mandate:

G2 is currently serving as the buy-side advisor to a manufacturer and distributor of custom bolts and fasteners, primarily for non-residential construction projects. G2 is assisting with the Company's goal of expanding geographically to the Midwest and East Coast.

Fresh Produce Distribution

**PROJECT
PAPAYA**

Buy-Side

About the Mandate:

G2 is currently serving as the buy-side advisor to a leading distributor of fresh fruits and vegetables, sourcing more than 1,000 SKUs from over 30 countries.

Wire Mesh Manufacturing

**PROJECT
KNIT**

Financing

About the Mandate:

G2 is currently serving as the financial advisor for a vertically integrated knitted wire mesh manufacturer providing products to the automotive, cleaning supplies, and hydrogen electrolysis industries

Industrial Plastics

**PROJECT
CLOVER**

Buy-Side

About the Mandate:

G2 is currently serving as the buy-side advisor to an international manufacturer of technical hoses, hose systems, and ancillary high-performance plastic products

Steel Products Manufacturing

**PROJECT
SHIELD**

Financing

About the Mandate:

G2 is currently serving as the financial advisor for a steel product manufacturing plant. The Company is looking to raise both equity and debt financing to capitalize on an opportunity to build a market-leading, state-of-the-art steel plant and become the cost-leader in the industry.

KEY I&M TRADING STATISTICS

Sector	Number of Companies	Median Enterprise Value (\$MM)	LTM ¹			
			Median Revenue Growth	Median EBITDA Growth	EV / Revenue	EV / EBITDA
Aerospace Manufacturing	16	\$15,045	1.5%	5.3%	2.0x	15.4x
Building Products	13	\$8,959	0.3%	-0.2%	2.3x	14.0x
Chemicals	18	\$24,947	-0.4%	1.5%	2.1x	14.7x
Construction	11	\$10,346	2.5%	5.2%	1.1x	14.8x
CPG	11	\$27,565	-0.2%	1.3%	2.7x	14.1x
Electrical Equipment	11	\$24,752	-0.9%	-1.9%	3.9x	16.9x
Food	12	\$31,887	-0.4%	2.7%	2.2x	12.6x
Industrial Technology	10	\$53,013	0.9%	1.2%	4.6x	18.0x
Materials	15	\$12,652	0.9%	6.0%	3.7x	13.7x
Metals	11	\$9,894	-2.4%	-10.8%	1.1x	7.6x
Packaging	11	\$16,717	-0.6%	0.8%	1.5x	9.8x
Plastics	11	\$2,433	-0.6%	1.8%	1.1x	9.8x

1) LTM September 30, 2024
Source: S&P Capital IQ

Q3 2024 M&A TRANSACTIONS

DATE	ACQUIRER	TARGET	DESCRIPTION	ENTERPRISE VALUE	REVENUE	EBITDA
Sep-2024	Vulcan Materials Company	Wake Stone Corporation	Wake Stone Corporation is a family-owned and managed construction aggregates company that has been in operation for 50 years.	-	-	-
Sep-2024	Creo Group	United Solutions, Inc.	United Solutions, Inc. manufactures plastic products for use in and around homes and offices in the United States.	-	-	-
Sep-2024	Tadano Ltd.	Manitex International, Inc.	Manitex International, Inc. provides engineered lifting solutions in the United States, Italy, Canada, Chile, France, and internationally.	\$228.9	0.8x	6.9x
Sep-2024	Construction Partners, Inc.	John G. Walton Construction Company, Inc.	John G. Walton Construction Company, Inc. offers highway and heavy construction services.	-	-	-
Sep-2024	Limbach Holdings, Inc.	Kent Island Mechanical, Inc.	Kent Island Mechanical, Inc. offers mechanical construction services, such as HVAC, refrigerating, and plumbing systems.	\$20.0	-	-
Sep-2024	SigmaRoc plc	Polish Lime Operations of CRH plc	As of September 2, 2024, Polish Lime Operations of CRH plc was acquired by SigmaRoc plc.	\$108.8	-	-
Aug-2024	Green Mechanical Construction Inc.	HVAC Services, Inc.	HVAC Services, Inc. provides heating, ventilation, and air conditioning services.	-	-	-
Aug-2024	CONSOL Energy Inc.	Arch Resources, Inc.	Arch Resources, Inc. engages in the production and sale of metallurgical products.	\$2,353.5	0.8x	4.9x
Aug-2024	Flowserve Corporation	Mogas Industries, Inc.	Mogas is a global company that specializes in providing valves for severe-service applications.	\$305.0	-	-
Aug-2024	Gamut Capital Management, L.P.	Airtron Heating & Air Conditioning, Inc.	Airtron Heating & Air Conditioning, Inc. operates as a heating and air conditioning installation providers for new home constructions.	\$500.0	-	8.6x
Aug-2024	Granite Construction Incorporated	Dickerson & Bowen, Inc.	Dickerson & Bowen, Inc has been paving the way for growth and development since 1947. The company has over 70 years of experience in asphalt paving, with four asphalt plants located in Jackson, Carthage, Brookhaven, and McComb.	-	-	-
Aug-2024	Arcosa, Inc.	Stavola Holding Corp	Arcosa, Inc. Announces Agreement to Acquire the Construction Materials Business of Stavola Holding Corporation for \$1.2 Billion and Other Value Enhancing Portfolio Actions to Accelerate Long-Term Strategy	\$1,200.0	4.2x	12.0x
Jul-2024	Exigent Services, LLC	Smith-Boughan, Inc.	Smith-Boughan, Inc. engages in the providing mechanical services, which include HVAC, plumbing, controls, sheet metal fabrication, and process piping for industrial, healthcare, government, and education sectors.	-	-	-
Jul-2024	CRH plc	Fremont Paving and Redi-Mix, Inc.	Fremont Paving and Redi-Mix, Inc., trading as Ary Corporation, supplies and offers construction materials and site preparation, paving, and grading services.	-	-	-
Jul-2024	Cleveland-Cliffs Inc.	Stelco Holdings Inc.	Stelco Holdings Inc. engages in the production and sale of steel products in Canada, the United States, and internationally.	\$2,991.3	1.4x	9.0x

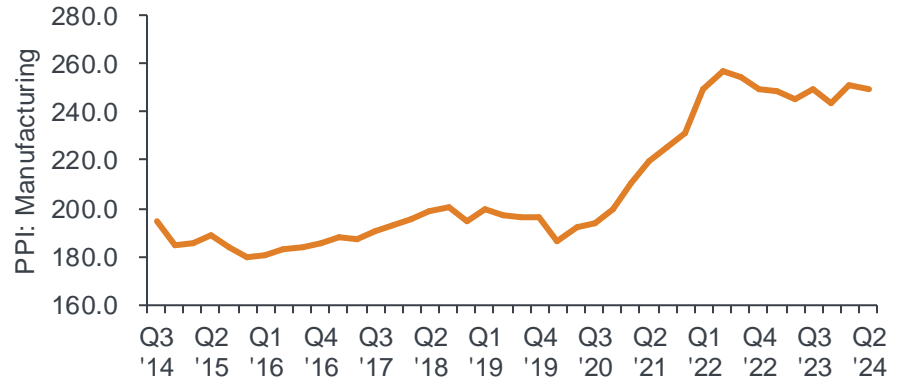
Source: S&P Capital IQ, company websites

MARKET INDICATORS

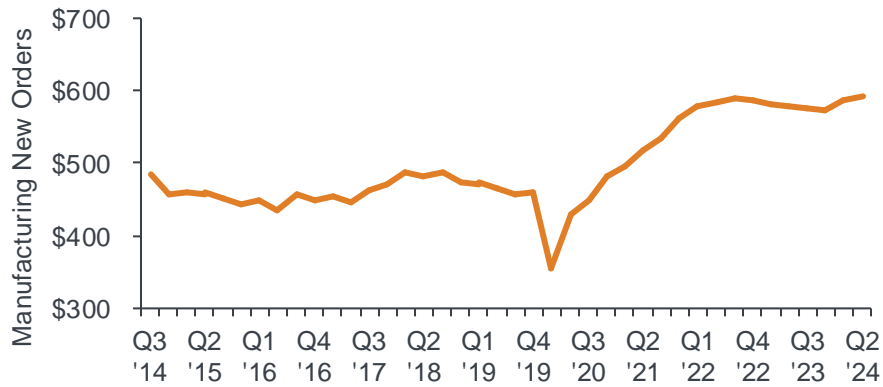
Industrial Production Index



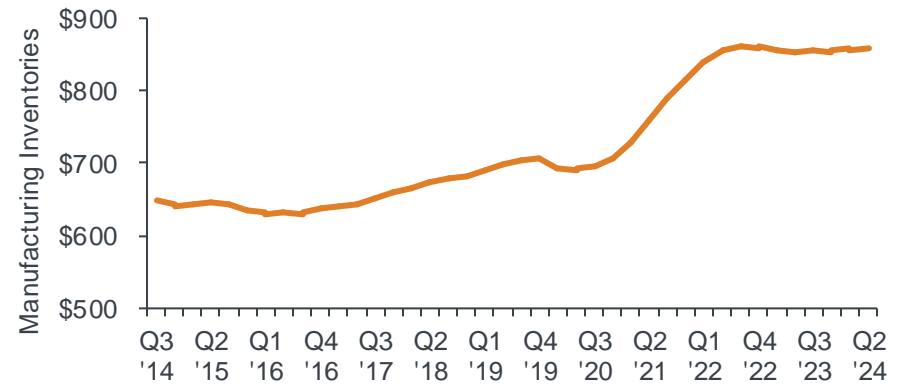
Producer Price Index: Manufacturing



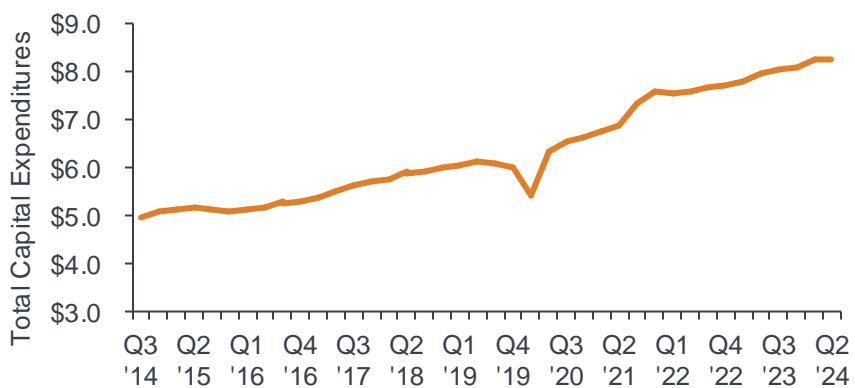
Manufacturing New Orders (\$B)



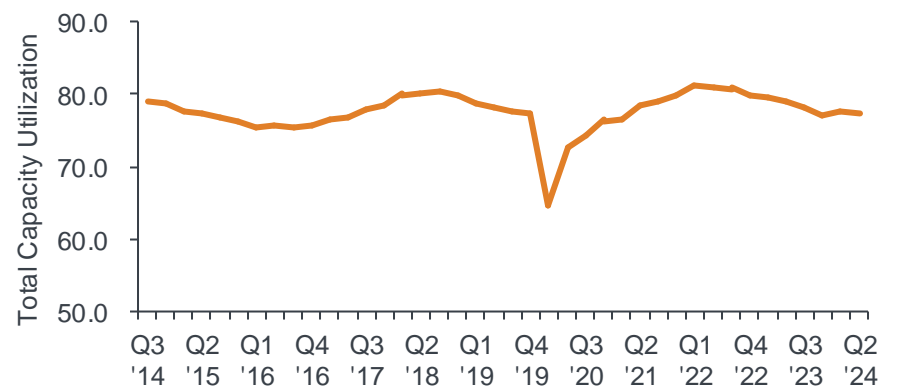
Manufacturing Total Inventories (\$B)



Total Capital Expenditures (\$TN)



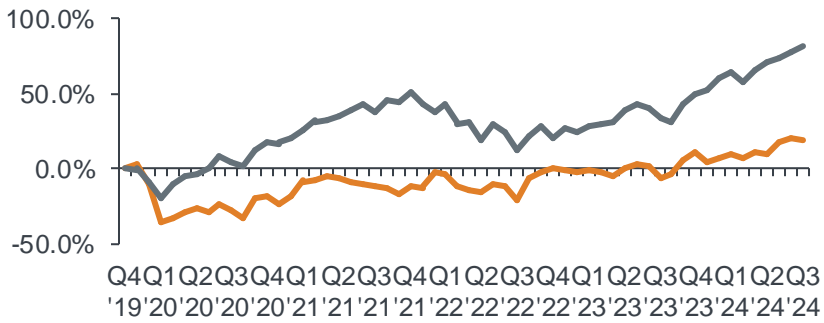
Total Capacity Utilization



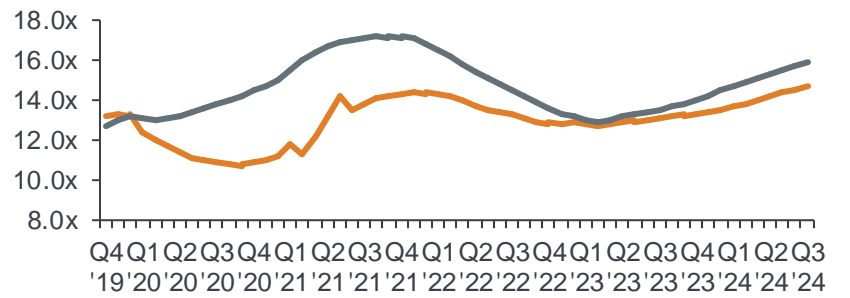
Source: Federal Reserve Economic Data

MARKET INDICATORS

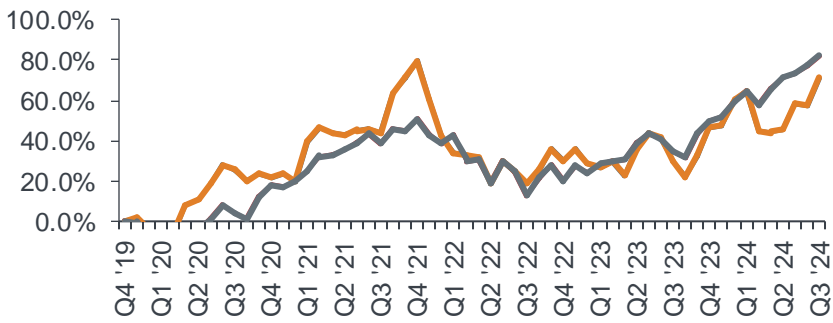
Aerospace Manufacturing Market Cap



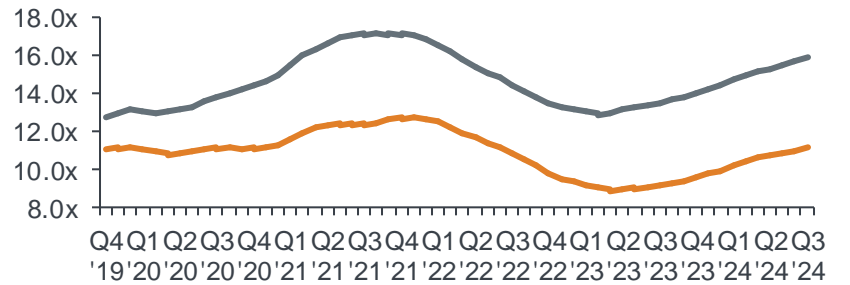
Aerospace Manufacturing EV / EBITDA



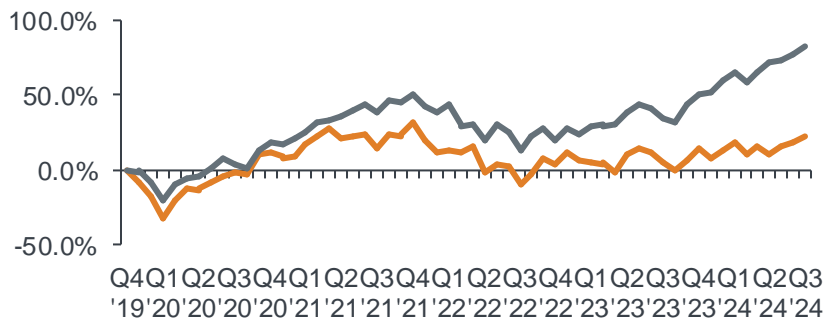
Building Products Market Cap



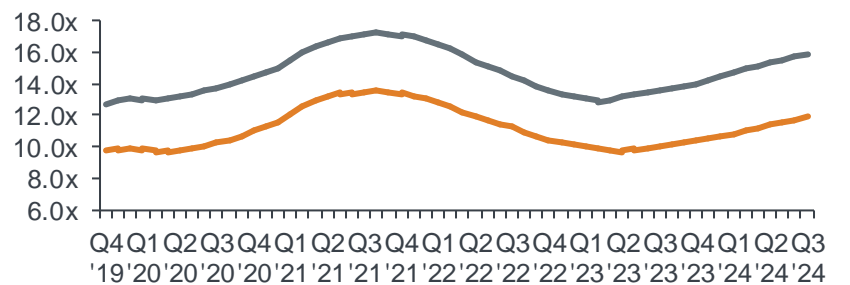
Building Products EV / EBITDA



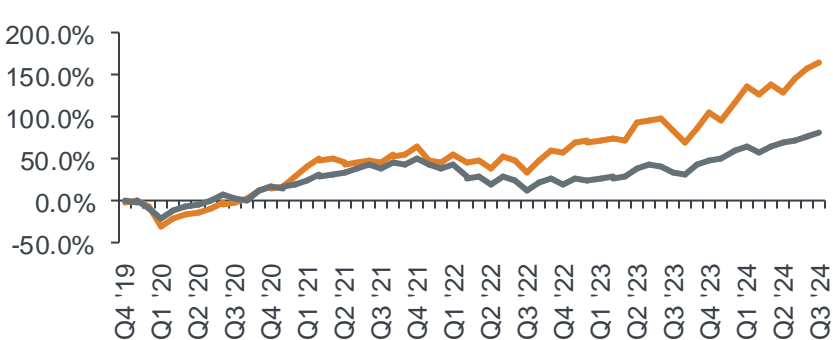
Chemicals Market Cap



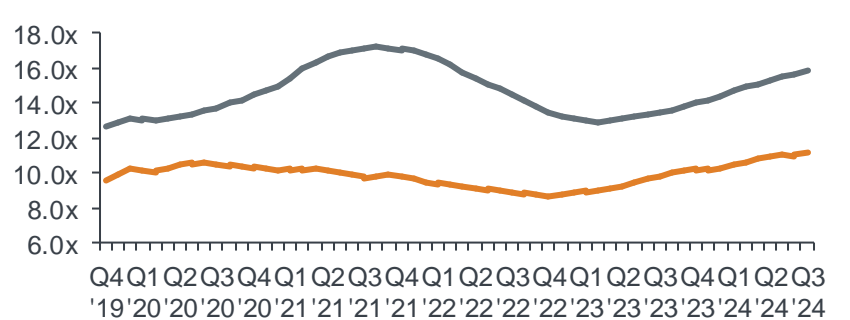
Chemicals EV / EBITDA



Construction Market Cap



Construction EV / EBITDA

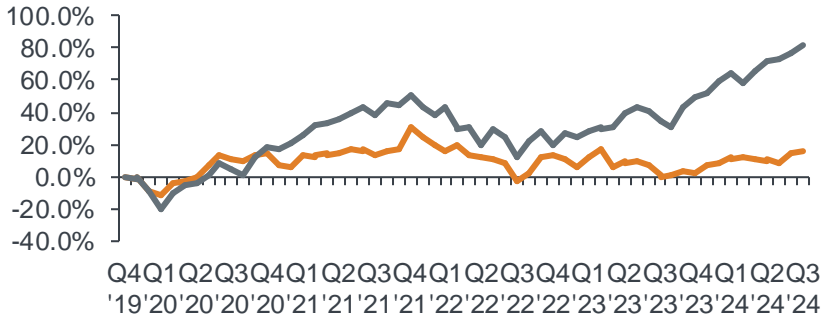


I&M Sector S&P 500

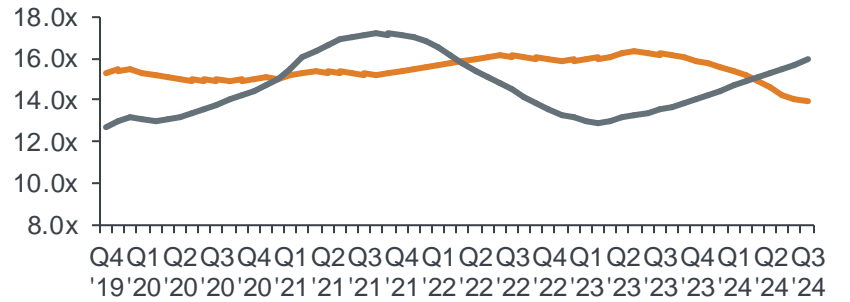
Source: S&P Capital IQ as of trading on September 30, 2024
Past performance is no guarantee of future results

MARKET INDICATORS

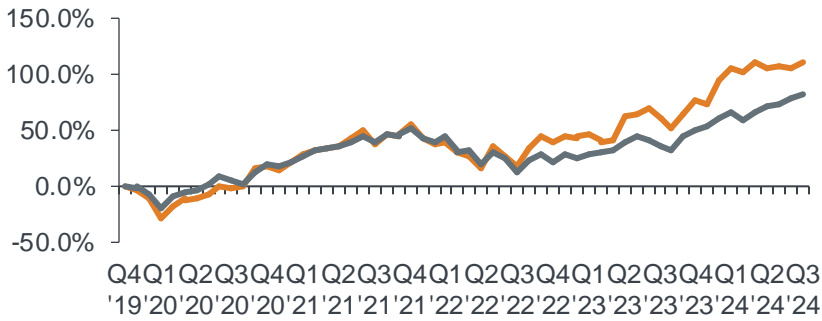
CPG Market Cap



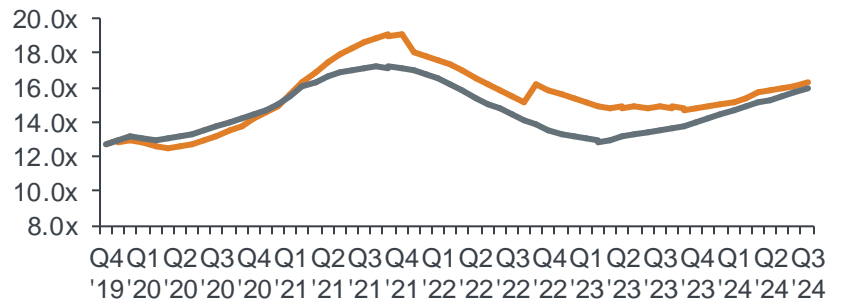
CPG EV / EBITDA



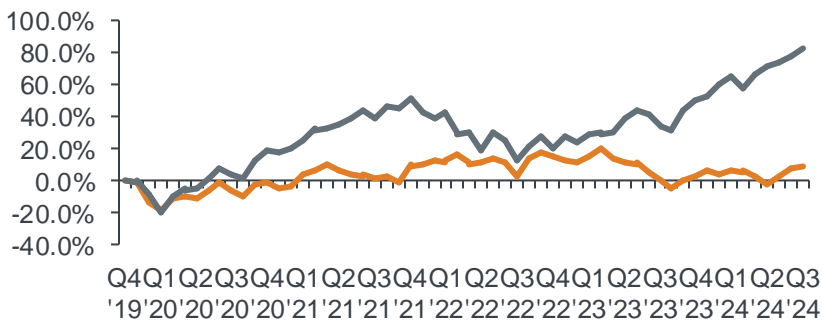
Electrical Equipment Market Cap



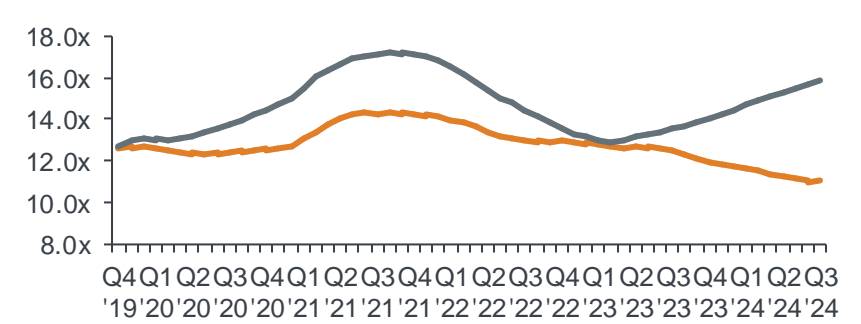
Electrical Equipment EV / EBITDA



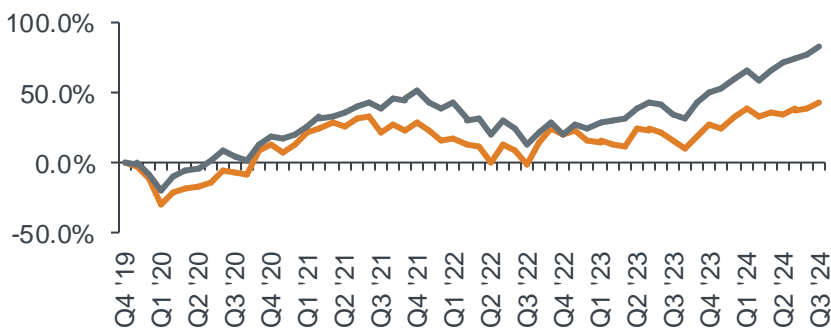
Food Market Cap



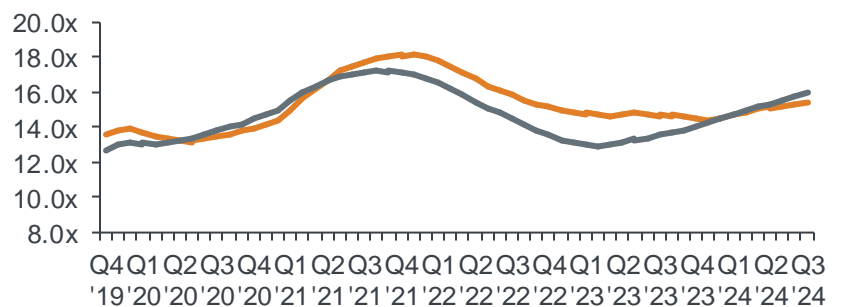
Food EV / EBITDA



Industrial Technology Market Cap



Industrial Technology EV / EBITDA

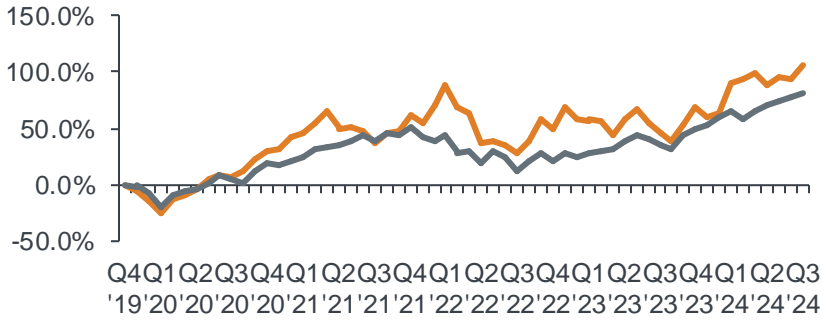


I&M Sector S&P 500

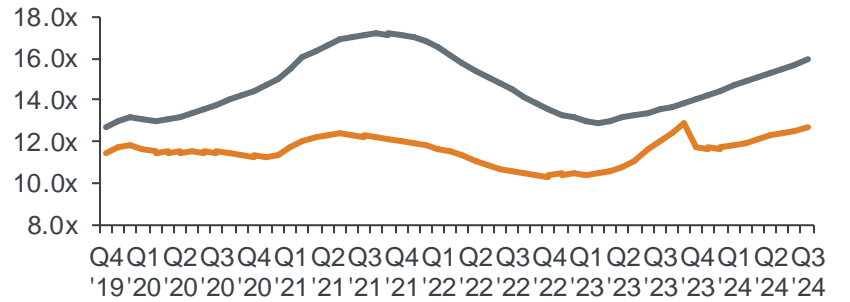
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MARKET INDICATORS

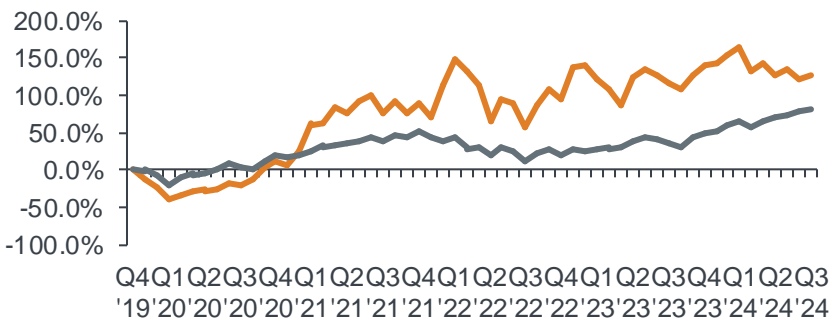
Materials Market Cap



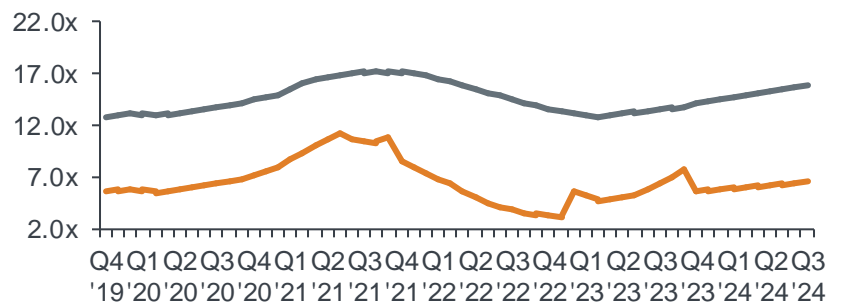
Materials EV / EBITDA



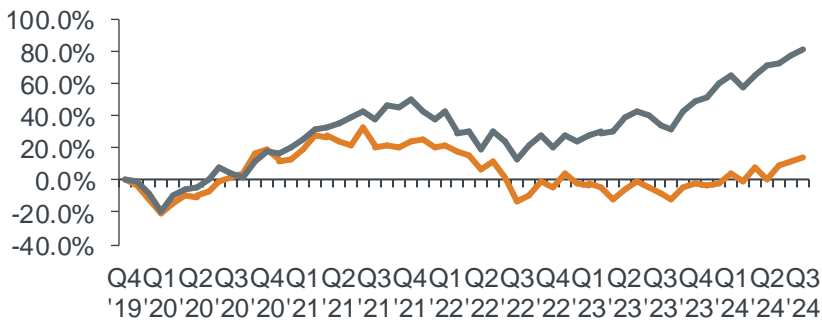
Metals Market Cap



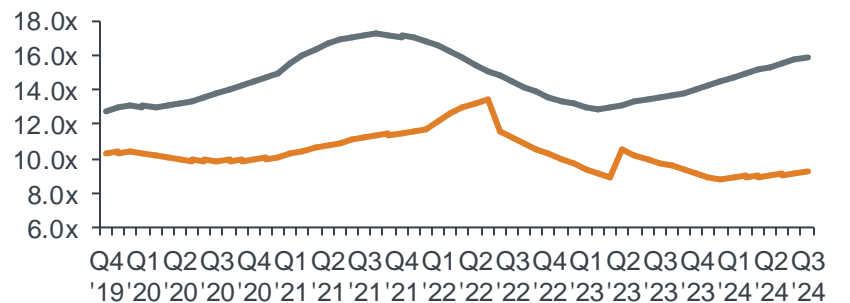
Metals EV / EBITDA



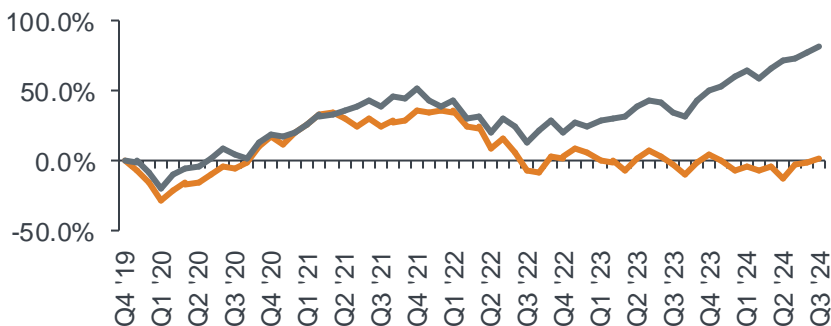
Packaging Market Cap



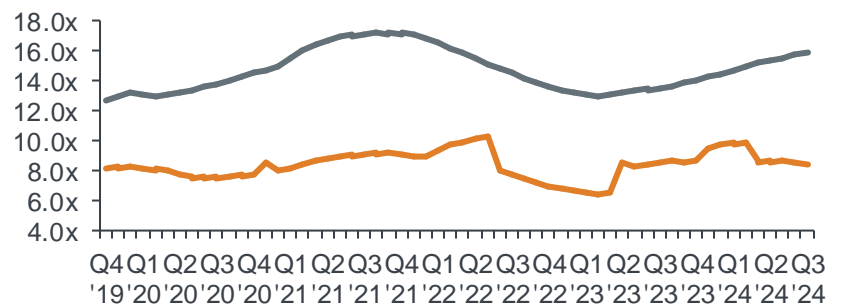
Packaging EV / EBITDA



Plastics Market Cap



Plastics EV / EBITDA



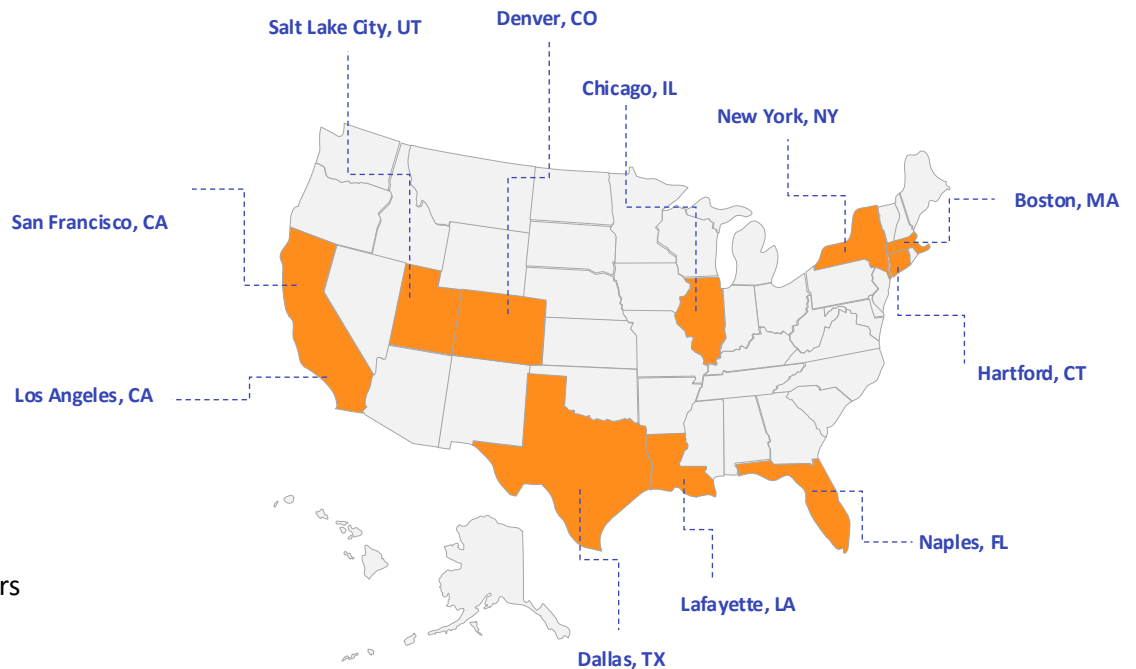
I&M Sector S&P 500

Source: S&P Capital IQ as of trading on September 30, 2024
Past performance is no guarantee of future results

G2 FIRM OVERVIEW

Overview:

- 500+ mandates in 12 years
- \$5B+ total executed transaction value
- Extensive industry experience
- Robust strategic and sponsor relationships
- Active touchpoints with logical sellers and buyers



A Multi-faceted Platform:

Focused on crafting bespoke operational and financial advisory solutions for our corporate and investor clients. G2 works with clients across a range of situations.



Sector Expertise:



Industrials & Manufacturing

I&M Focus Sectors:

- Building Products / Construction
- Metals / Materials
- Container / Packaging
- Niche Manufacturing
- Distribution



Transportation & Logistics

T&L Focus Sectors:

- Freight Forwarding
- Trucking / Final Mile
- Warehousing / Distribution
- Third Party Logistics (3PL)
- e-Commerce Fulfillment



Technology & Business Services

TBS Focus Sectors:

- Tech-enabled Services
- BPO
- Managed Services
- Internet & Digital Media
- Business Services



Consumer & Retail

C&R Focus Sectors:

- Fast Moving Consumer Goods
- Retail & E-Commerce
- Quick Serve Restaurants
- Fast Casual Dining
- Marketing Services

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