



Packaging | Q3 2022



Key Topics

- Market Insights
- Packaging Insights
- Recent Lincoln International Transactions
- Select M&A Activity
- Public Companies Operating Statistics and Valuation Parameters
- Global Packaging Valuations by Subsector

Quarterly Review

Market Insights

During Q3 '22, the global M&A market continued to decelerate with a ~5% decrease in total closed transactions compared to Q2 '22. In narrowing the scope to focus solely on the Packaging landscape, deal activity decreased a nominal 1% compared to Q2 '22. On a year to date basis, the close of Q3 '22 marks a total decrease in deal flow of ~21% compared to 2021.

The potential for economic headwinds to materialize into a more widespread economic downturn remains the largest "x factor" as we enter the final quarter of 2022. As geopolitical uncertainty, increasing inflation and rising interest rates continue to cause economic uncertainty, the credit markets have tightened as lenders become more selective with funding of new deals. However, capital markets remain relatively well-funded with undeployed capital raised in the back half of 2020 and throughout 2021. It is also important to keep in mind that Packaging has proven resilient throughout historical economic downturns, as verticals such as food, beverage, personal care and pharmaceuticals are considered essential to end customers. With this in mind, investors looking to deploy capital in today's environment will likely target Packaging as a recession-resistant market. However, as with any sector, there is some level of uncertainty, particularly in the more discretionary verticals such as luxury and consumer. As Packaging companies seek to build resilient business models, they should consider strengthening operations through the solidification of their supply chain and the identification of more niche pockets of opportunity – both of which can be efficiently achieved through acquisitions.

Despite these unpredictable market dynamics, both private and public investors continue to make notable acquisitions in all verticals of the Packaging sector. Private equity-backed companies were particularly active this quarter, with TricorBraun (Ares Management, OTPPB), Berlin Packaging (Oak Hill Capital, CPP Investments), Fortis Solutions Group (Harvest Partners), Dazpak Flexible Packaging Group (H.I.G. Capital), Dallas Plastics (Sole Source Capital), Steven Label (Goldner Hawn) and more all completing acquisitions. Large public players also played an active role with companies such as Stora Enso (STERV:HEL), WestRock Company (NYSE:WRK), Smurfit Kappa (LON:SKG) and Altium Packaging (NYSE:L) closing out Q3 '22 with new subsidiaries. Outside of M&A activity, public markets showed a general decline across all verticals compared to the previous quarter. Label companies declined to an enterprise value/EBITDA multiple of 10.5x, Paperboard to 6.4x, Rigid to 8.1x and Flexibles to 8.4x. Overall, with several transactions reportedly set to close by year-end, we expect potential buyers and sellers to remain active. However, the future of markets as a whole remains to be seen as economic and geopolitical uncertainties continue to play out in real time.

Packaging Insights

Sep-22: Stora Enso Oyj (STERV:HEL), a Finnish packaging and paper company, intends to continue with inorganic growth following its acquisition of **De Jong Packaging Group**

Sep-22: Dutch packaging producer, HQ Pack, is reportedly for sale, with second round bids expected to be submitted in the near-term

Sep-22: Asteria Labels and Packaging Group (Waterland), a Belgium-based manufacturer of labels and packaging supplies, is seeking new acquisitions as it aims to increase its European presence

Aug-22: Dafo Plastics, a Polish producer of specialty plastics packaging, is expected to launch a sale process this month, with initial bids expected in late-November

Aug-22: Italian producer of self-adhesive labels, Tikedo, is believed to have launched a sale process, exclusive to financial investors

Aug-22: Precision Concepts (ONCAP) is said to be working on a sale process following its acquisition of **C&G Packaging** earlier this year


Aug-22: Amcor (NYSE:AMCR), a Swiss global packaging firm, has acquired a packaging plant in the Czech Republic to expand its flexible packaging operations

Jul-22: PAI Partners is exploring a possible sale of its personal care packaging firm, **Albea Group**; the firm is interested in splitting **Albea** into pieces and divesting each separately

Jul-22: Pulp and paper producer, CMPC (CMPC:SN), has abandoned plans to acquire **Kimberly-Clark's (NYSE:KMB)** Latin American tissue paper business

Jul-22: Duni Group (STO:DUNI) is evaluating various strategic acquisition options for its Australian-based packaging business, **Biopak**, including a potential IPO

Recent Lincoln International Transactions

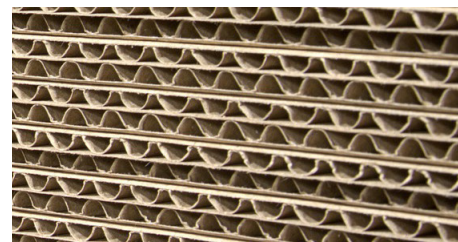
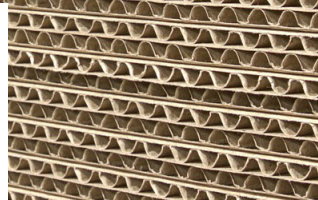
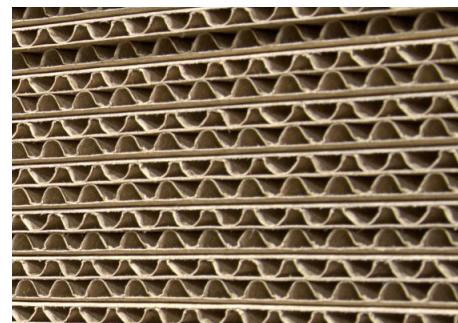
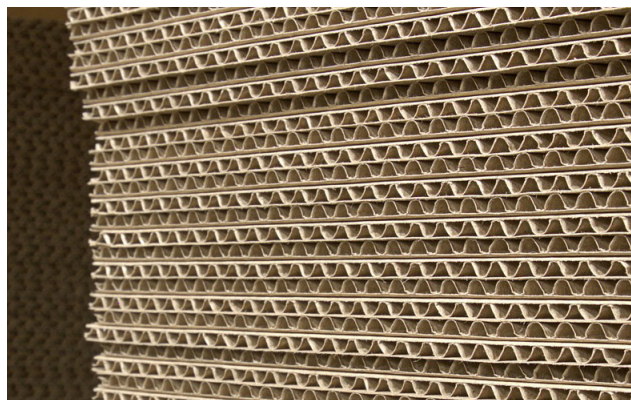
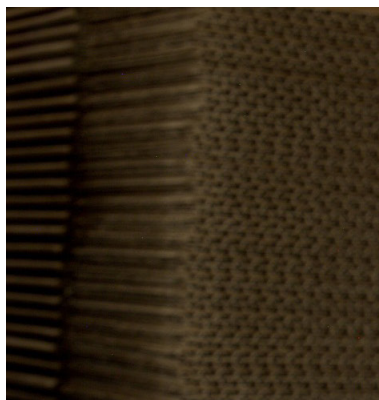
 <p>has agreed to acquire three European paper mills from</p>  <p>Buy-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	<p>Private shareholders have sold</p>  <p>to</p>  <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>a portfolio company of</p>  <p>Sell-Side</p> 
--	--	--	---	--	--

Select M&A Transactions

Date	Status	Target Company	Acquiring Company
Sep-22	Announced	Three Paper Mills of Sappi Limited (JSE:SAP)	AURELIUS Equity Opportunities (ETR:AR)
Sep-22	Announced	De Jong Packaging Group	Stora Enso Oyj (STERV:HEL)
Sep-22	Announced	Mark's Barrel Company	TricorBraun (Ares Management, Ontario Teachers' Pension Plan Board)
Aug-22	Announced	Westpak / Flexipack	Walki Group (One Equity Group)
Oct-22	Closed	Deco Flexible Packaging	Resource Label Group (Ares Management)
Oct-22	Closed	Pacific Pulp Molding	Specialized Packaging Group (Altamont Capital Partners)
Oct-22	Closed	TPG Plastics	IPACKCHEM (SK Capital)
Sep-22	Closed	Redgraf	Grupo Argraf
Sep-22	Closed	European Packaging Solutions	Berlin Packaging (Oak Hill Capital, CPP Investments)
Sep-22	Closed	Ellis Group	Max Solutions (Jefferson Capital Partners)
Sep-22	Closed	GPA Global (EQT Private Equity)	Ontario Teachers' Pension Plan Board
Sep-22	Closed	Digital Dogma	Fortis Solutions Group (Harvest Partners)
Sep-22	Closed	MPS Packaging	Tamarix Capital Partners
Sep-22	Closed	PaperBox	Smurfit Kappa (LON:SKG)
Sep-22	Closed	Global Pallets and Packaging Services (Cerea Partners)	MML Capital Partners
Sep-22	Closed	ePac Flexible Packaging	Amcors (NYSE:AMCR)
Sep-22	Closed	KTM Industries	TemperPack Technologies
Aug-22	Closed	Atlapac Corporation & Inno-lok Division of Polymer Packaging	Dazpak Flexible Packaging Group (H.I.G. Capital)
Aug-22	Closed	Flexible Packaging Specialties	Edgewater Services (Edgewater Growth Capital Partners)
Aug-22	Closed	Praxis Packaging Solutions (Huizenga Group)	BPOC
Aug-22	Closed	Emballage MPP	Dallas Plastics (Sole Source Capital)
Aug-22	Closed	Orange County Label	Steven Label (Goldner Hawn)
Aug-22	Closed	FFP Packaging Solutions	Constantia Flexibles International (Wendel)
Aug-22	Closed	Identi-Graphics	Fortis Solutions Group (Harvest Partners)
Aug-22	Closed	Zulu Packaging	Premier Paper Group (Japan Paper & Pulp)
Aug-22	Closed	UNIPAP	Van De Velde Packaging
Aug-22	Closed	Bark Packaging (Quadrum Capital)	Berlin Packaging (Oak Hill Capital, CPP Investments)
Aug-22	Closed	Corrugated Packaging Business of Kentwood Packaging	Hood Container Corporation (Hood Companies)
Aug-22	Closed	Innovative Plastics Corporation	Global Supply

Select M&A Transactions (cont.)

Date	Status	Target Company	Acquiring Company
Aug-22	Closed	Flexible Packaging Plant in Czech Republic	Amcors (NYSE:AMCR)
Aug-22	Closed	Plastic Industries	Altium Packaging (NYSE:L)
Aug-22	Closed	Andersen Plastics	Altium Packaging (NYSE:L)
Aug-22	Closed	Carlucci S.r.l.	All4Labels Group (Triton)
Aug-22	Closed	Graficas Indetic SI	All4Labels Group (Triton)
Aug-22	Closed	Chicago Steel Container Corporation	Stavig Industries East (The Stavig Group)
Jul-22	Closed	UNIFOL	Fedrigoni (Bain Capital / BC Partners)
Jul-22	Closed	Novapac	New Packaging Group (Newport Capital)
Jul-22	Closed	Garplast	SGA Group
Jul-22	Closed	Verreries Perrin	Fidel Fillaud (Azulis Capital, Arkea Capital)
Jul-22	Closed	JJ O'Toole	Zeus Packaging Group
Jul-22	Closed	Apon Andrzej Zawadzki	ALPLA Werke Alwin Lehner
Jul-22	Closed	Duval Container Company	Novvia Group (Kelso & Company)
Jul-22	Closed	Molded Fiber Technology (UFP Technologies)	Scotia Investments Limited, CFK
Jul-22	Closed	Anchor Printing	Fortis Solutions Group (Harvest Partners)
Jul-22	Closed	FCA Packaging (Delos Capital)	Wynnchurch Capital
Jul-22	Closed	Jansy Packaging	Berlin Packaging (Oak Hill Capital, CPP Investments)
Jul-22	Closed	Impressions Incorporated	Mill Rock Packaging Partners (Mill Rock Capital)
Jul-22	Closed	CP Packaging	The Middleby Corporation (NasdaqGS:MIDD)



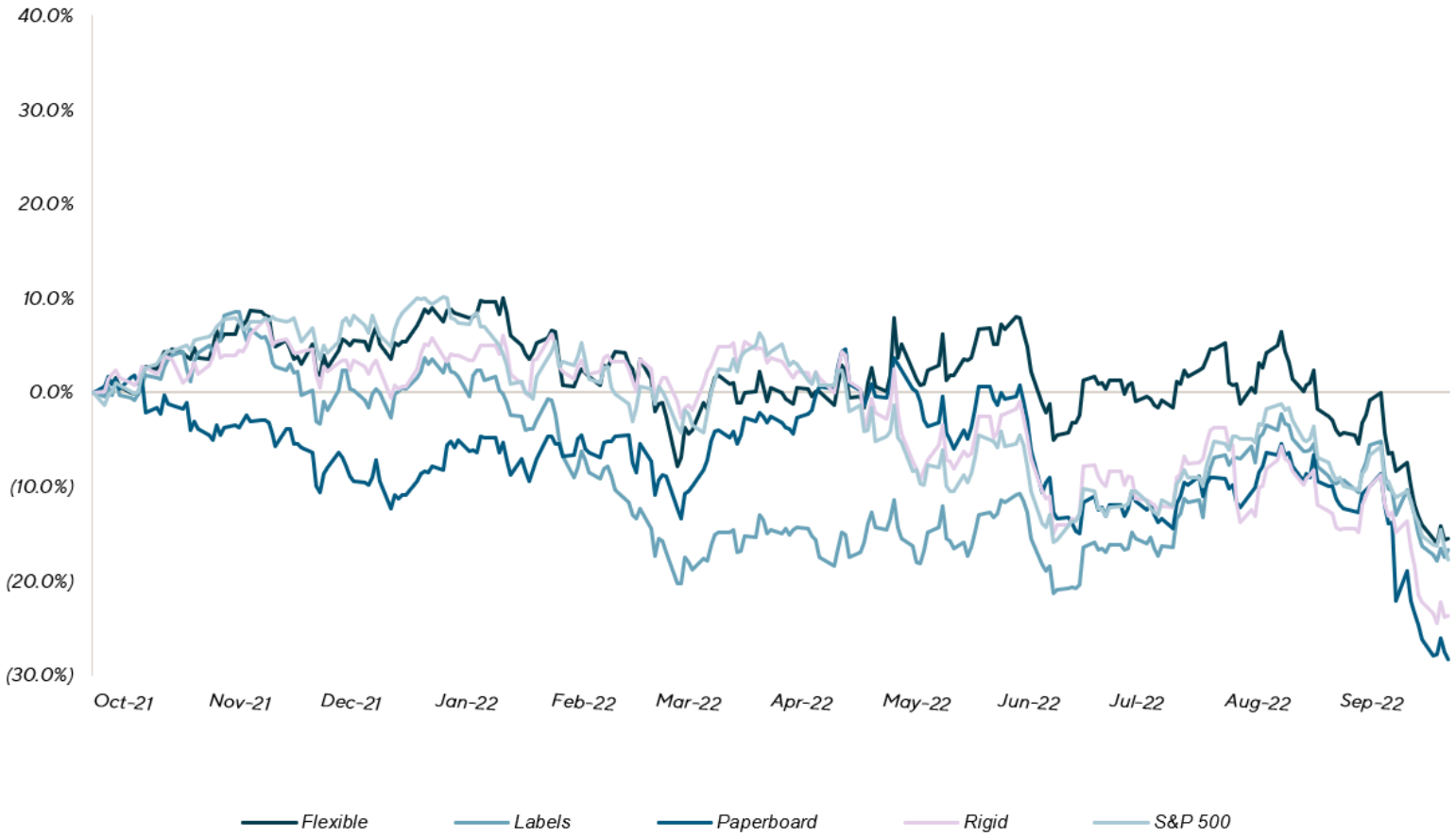
Public Companies Operating Statistics and Valuation Parameters

(\$ in millions, except for stock price)

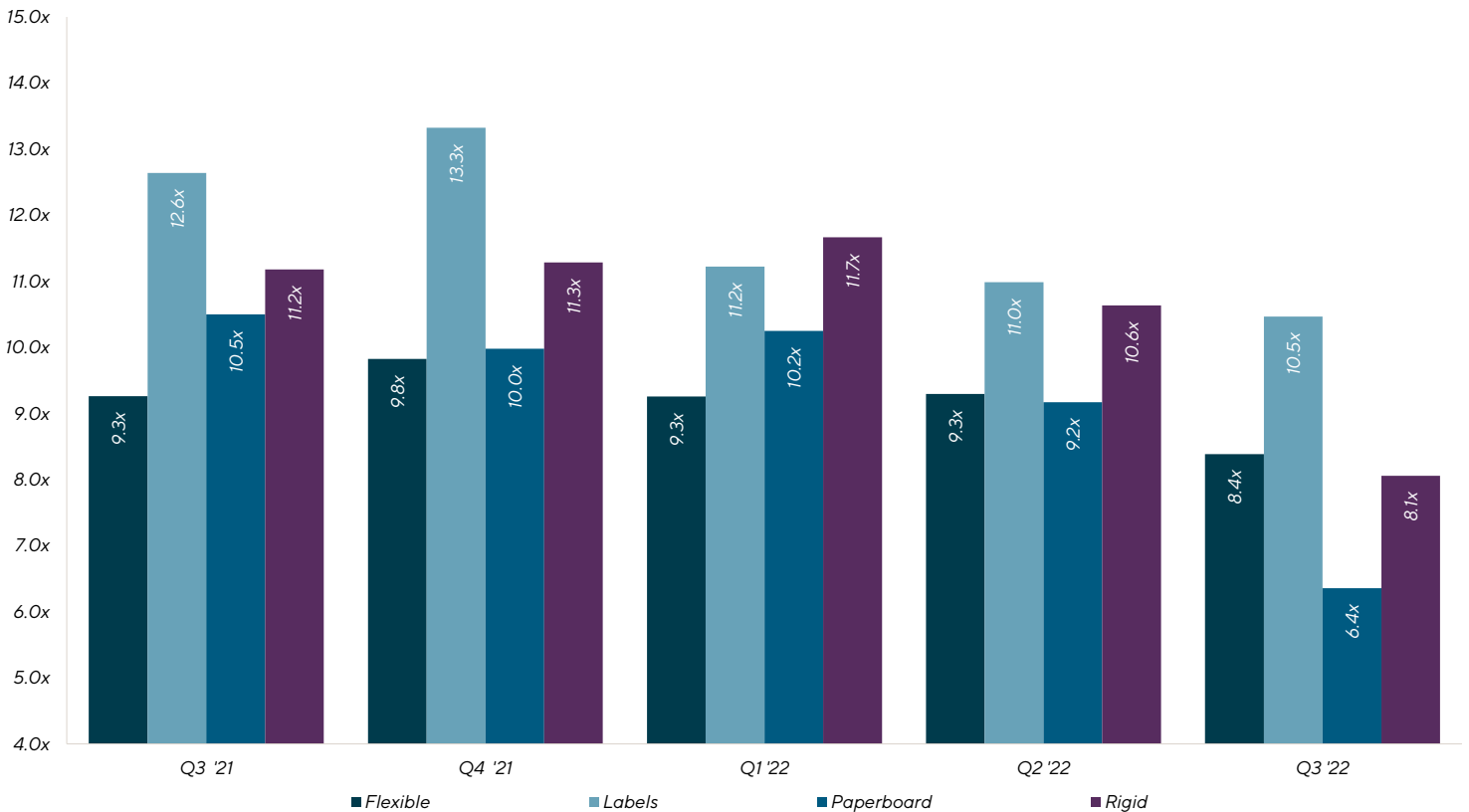
Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YOY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Flexible										
Amtcor plc	\$10.72	87.4%	\$15,893	\$22,330	\$14,544	\$2,059	10.3%	14.2%	1.5x	10.1x
Berry Global Group, Inc.	46.53	62.3%	5,821	15,457	\$14,743	2,099	11.8%	14.2%	1.0x	7.4x
Huhtamäki Oyj	32.03	81.6%	3,342	5,028	4,093	508	20.8%	12.4%	1.3x	9.6x
Sealed Air Corporation	44.51	62.9%	6,464	9,914	5,774	1,152	8.1%	19.9%	1.7x	8.3x
Transcontinental Inc.	11.72	74.4%	1,008	1,831	2,930	409	16.1%	13.9%	0.9x	5.8x
Winpak Ltd.	32.73	94.6%	2,127	1,826	1,119	211	19.7%	18.8%	1.7x	9.2x
Mean		77.2%					14.5%	15.6%	1.4x	8.4x
Median		78.0%					13.9%	14.2%	1.4x	8.7x
Labels										
Avery Dennison Corporation	\$162.70	71.0%	\$13,220	\$16,256	\$8,951	\$1,341	13.7%	15.0%	1.8x	11.5x
Brady Corporation	41.73	74.6%	2,083	2,098	1,302	227	13.7%	17.4%	1.6x	8.6x
CCL Industries Inc.	48.77	94.8%	8,630	9,915	6,114	1,152	9.3%	18.8%	2.2x	11.3x
Mean		80.1%					12.2%	17.1%	1.9x	10.5x
Median		74.6%					13.7%	17.4%	1.8x	11.3x
Paperboard										
Cascades Inc.	\$5.86	50.1%	\$590	\$1,874	\$4,215	\$241	6.5%	5.7%	0.6x	8.2x
DS Smith Plc	2.86	62.7%	3,938	5,644	7,241	788	16.6%	10.9%	0.7x	5.9x
Graphic Packaging Holding Company	19.74	82.0%	6,077	11,769	8,373	1,293	22.8%	15.4%	1.4x	8.4x
International Paper Company	31.70	56.0%	11,476	16,455	20,626	2,963	19.2%	14.4%	0.8x	4.6x
Mondi plc	15.53	71.4%	7,534	9,144	8,945	1,883	29.0%	21.1%	1.1x	5.0x
Packaging Corporation of America	112.29	66.6%	10,450	12,406	8,417	1,984	13.7%	23.6%	1.5x	5.9x
Sonoco Products Company	56.73	84.6%	5,532	8,794	6,539	953	20.5%	14.6%	1.3x	8.4x
WestRock Company	30.89	56.4%	7,855	16,316	20,945	3,291	11.7%	15.7%	0.8x	4.4x
Mean		66.2%					17.5%	15.2%	1.0x	6.4x
Median		64.7%					17.9%	15.0%	0.9x	5.9x
Rigid										
Amtcor plc	\$10.72	87.4%	\$15,893	\$22,330	\$14,544	\$2,059	10.3%	14.2%	1.5x	10.1x
AptarGroup, Inc.	95.03	70.0%	6,209	7,367	3,329	614	5.3%	18.5%	2.2x	11.4x
Berry Global Group, Inc.	46.53	62.3%	5,821	15,457	14,743	2,099	11.8%	14.2%	1.0x	7.4x
Crown Holdings, Inc.	81.03	62.1%	9,714	16,582	12,646	366	17.1%	2.9%	1.3x	n/a
Greif, Inc.	59.57	81.8%	2,863	5,103	6,432	917	25.2%	14.3%	0.8x	5.2x
O-I Glass, Inc.	12.95	72.2%	2,017	6,023	6,665	1,071	6.4%	16.1%	0.9x	4.9x
Silgan Holdings Inc.	42.04	86.5%	4,633	8,472	6,076	852	11.2%	14.0%	1.4x	9.0x
Sonoco Products Company	56.73	84.6%	5,532	8,794	6,539	953	20.5%	14.6%	1.3x	8.4x
Mean		75.9%					13.5%	13.6%	1.3x	8.1x
Median		77.0%					11.5%	14.2%	1.3x	8.4x

Source: Bloomberg, Capital IQ and company filings, as of September 30, 2022

Last Twelve Months (LTM) Relative Stock Price Performance



Historical Enterprise Value / EBITDA Valuation Performance



Source: Bloomberg, Capital IQ and company filings, as of September 30, 2022



Contributors

Luke Webb
Managing Director
lwebb@lincolninternational.com
+1 (312) 506-2747



Advisory Services

Mergers & Acquisitions
Capital Advisory
Private Funds Advisory
Valuations & Opinions

About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory, and valuations and fairness opinions. As one tightly integrated team of more than 800 professionals in more than 20 offices in 15 countries, we offer an unobstructed perspective on the global private capital markets, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at: www.lincolninternational.com.

Connect with a professional in Lincoln International's Packaging sector at www.lincolninternational.com/packaging.