

PACKAGING

Quarterly Review



Q3 2023



KEY TOPICS

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

Market Intelligence

We anticipate deal flow will start to open up in Q4, with more notable activity starting in 2024 as previously unfavorable macroeconomic factors begin to re-align with a more fruitful mergers and acquisitions (M&A) market. The deceleration of inflation, near-peak interest rates and a less rigid lending environment will all help ease the minds of weary investors that made dealmaking a challenge in previous quarters. While sellers and buyers alike have waited to officially engage in processes, they are ready to act at any time, leading to an ever-growing backlog of assets that will be for sale. We have seen a significant number of processes kick off third-party preparation with the intention of being “first-movers” once the M&A market signals a return to normalcy. Companies who have taken advantage of less active quarters to prepare for sale will benefit from lenders and buyers who stand eager to put capital to work.

The packaging industry continues to exhibit changing market dynamics, propelled by a mix of macroeconomic forces, evolving consumer preferences and an ongoing drive towards sustainability. Supply chain challenges witnessed in the first half of the year have shown signs of improvement as companies have had time to refine their strategies, diversify their sourcing and leverage advanced technologies to enhance the resilience of operations. More predictable inventory accessibility, coupled with a market-wide decrease in consumer demand, has prompted companies to “de-stock” product and, in result, free-up cash previously tied-up in excess inventory and warehousing costs. Greater product customization also contributes to de-stocking as the demand for easy to stock, “one-size-fits-all packaging” decreases. This increase in demand for customization, along with an increase in government

regulation and demand for sustainable product has led to the adoption of more advanced packaging materials (e.g., biodegradables, aerogels, nanocomposites and recycled materials). While advanced materials allow manufacturers to stay on trend with personalization and sustainability, they are more costly, exacerbated by universal increases in raw material prices. These fluctuations in material pricing have triggered widespread price increases at the product level, leading to a greater emphasis on price volume analysis in an M&A scenario.

As expected last quarter, a need for private equity groups to deploy capital and exit investments continued, despite a challenging macro environment. The HC Companies (Wingate Partners), Spectrum Plastic Groups (AEA Investors) and Soteria Flexibles (Ardian) all completed sale processes in Q3 '23. We also saw strategic players leverage their financing flexibility to move ahead with processes this quarter. Orora (ASX:ORA), Essentra (LSE:ESNT), Graphic Packaging, DS Smith (LSE:SMDS), Crown Holdings (NYSE:CCK), Amcor (NYSE:AMCR), CCL Industries (TSE:CCL.A) and Mondi (LSE:MNDI) all completed or announced transactions.

Public markets have also signaled positive trends across the packaging landscape. While virtually all verticals experienced a decline in EV / EBITDA multiples last quarter, we have seen notable increases this quarter. Labels increased to 11.7x, Paper and Paperboard increased to 6.6x and Specialty increased to 11.5x. Flexibles and Rigid both experienced very slight declines of 0.3x.

Packaging Insights

Sep-23: Smurfit Kappa (LON:SKG) and WestRock (NYSE:WRK) announce merger to create one global sustainable packaging platform with combined revenues and adjusted EBITDA of \$34 billion and \$5.5 billion, respectively

Sep-23: Genstar Capital is considering the sale of its Pennsylvania-based manufacturing group, **Tekni-Plex**

Sep-23: Quadpack Industries (EPA:ALQP), a Spain-based manufacturer of primary packaging solutions for the beauty market, is including M&A in its new business plan

Sep-23: Privately-held, Australia-based printing, packaging and labelling company, **The Winson Group**, is said to be in the early stages of a sale process

Sep-23: Autajon Group, a manufacturer of cardboard boxes and labels, is nearing a deal to acquire 100% of **Envases Tendero**, a Spain-based specialist in carton packaging

Sep-23: Berry Global Group (NYSE:BERY) has initiated a formal process to review strategic alternatives for its health, hygiene and specialties and non-wovens and components segments

Aug-23: Orora's (ASX:ORA) U.S. division could attract interest following **Clayton, Dubilier and Rice's** announced acquisition of packaging, paper and facility solutions company, **Veritiv (NYSE:VRTV)**

Aug-23: Berry Global (NYSE:BERY) has appointed Kevin Kwilinski as its new Chief Executive Officer

Aug-23: IFLEX Flexible Packaging, a Spain-based flexible packaging printer for the food industry, is planning to list on the BME Growth exchange by early October

Aug-23: Austria-based packaging manufacturer, Coveris (Sun Capital Partners), is exploring strategic options, including a potential continuation vehicle







Aug-23: Drug Plastics, a medical bottles and closures manufacturer, has agreed to sell to an unannounced strategic, with **Silgan (NYSE:SLGN), Amcor (NYSE:AMCR)** and **AptarGroup (NYSE:ATR)** all said to be potential bidders

Aug-23: A sale process for **Berry Global's (NYSE:BERY)** jerrycan division, **Promens**, is said to be underway

Aug-23: Designer and manufacturer of custom packaging products, **Specialized Packaging Group (Altamont Capital Partners)**, intends to remain acquisitive following recent acquisition of **Protective Packaging Solutions**

Aug-23: One Rock Capital Partners has signed an agreement with **Wendel (ENXTPA:MF)** to acquire flexible packaging manufacturer, **Constantia Flexibles**

Recent Lincoln International Transactions

<p>WINGATE PARTNERS has sold</p> <p>HC Leader in Horticultural Containers</p> <p>to</p> <p><i>Platinum Equity</i></p> <p>Sell-Side</p> 	<p>Insight Equity</p> <p>has acquired</p> <p><i>clearly clean.</i></p> <p>Acquisition Financing</p> 	<p>Sentinel CAPITAL PARTNERS</p> <p>has sold</p> <p>NEKOOSA</p> <p>to</p> <p>APPVION</p> <p>a portfolio company of</p> <p>WYNNCHURCH CAPITAL</p> <p>Sell-Side</p> 	<p>findos</p> <p>has sold</p> <p>monto</p> <p>to</p> <p>Seedamm Packaging GmbH</p> <p>Sell-Side</p> 	<p>BEHRMAN CAPITAL</p> <p>has sold</p> <p>Plastic Industries The Bottle Solution People</p> <p>to</p> <p>Altium Packaging</p> <p>Sell-Side</p> 	<p>Mid Oaks INVESTMENTS, LLC</p> <p>has sold</p> <p>Plastic Packaging Technologies, LLC</p> <p>to</p> <p>PPC FLEXIBLE PACKAGING</p> <p>a portfolio company of</p> <p>GTCR</p> <p>Sell-Side</p> 
---	---	---	--	--	---

SELECT M&A TRANSACTIONS

Date	Status	Target Company	Acquiring Company
Sep-23	Announced	Terphane (NYSE:TG)	Oben Group
Sep-23	Announced	Vertical Bag	Envases Sopladados (GED Capital)
Sep-23	Announced	Saverglass	Orora (ASX:ORA)
Sep-23	Announced	Smurfit Kappa Group (LON:SKG)	WestRock (NYSE:WRK)
Sep-23	Announced	BMP TAPPI	Essentra (LSE:ESNT)
Aug-23	Announced	Bell Inc.	Graphic Packaging (NYSE:GPK)
Aug-23	Announced	Bosis doo	DS Smith (LSE:SMDS)
Aug-23	Announced	Helvetia Packaging	Crown Holdings (NYSE:CCK)
Aug-23	Announced	Veritiv Corp (NYSE:VRTV)	Clayton, Dubilier & Rice
Aug-23	Announced	Aldon Corporation	Iron Path Capital
Aug-23	Announced	Phoenix Flexibles	Amcor (NYSE:AMCR)
Aug-23	Announced	Ahlstrom Stenay	Accursia Capital
Jul-23	Announced	Constantia Flexibles (Wendel)	One Rock Capital Partners
Jul-23	Announced	Simply Cartons / Simply Luxe	Autajon Group
Jun-23	Announced	EB Packaging	Tomypak (KLSE:TOMYPAK)
Jun-23	Announced	Pouch Partners (Capri-Sun Group)	CCL Industries (TSE:CCLA)
Sep-23	Closed	Flensburg Paper Mill (Mitsubishi HiTec Paper)	Quantum Capital Partners
Sep-23	Closed	Soteria Flexibles (Ardian)	The Jordan Company
Sep-23	Closed	CTL Packaging USA (Kaizaharra)	ShawKwei & Partners
Sep-23	Closed	Accord Carton	Mason Wells
Sep-23	Closed	Skymark Packaging International	TOPPAN (TYO:7911)

SELECT M&A TRANSACTIONS (CONTINUED)

Date	Status	Target Company	Acquiring Company
Sep-23	Closed	Mondi Syktyvakar (LON:MNDI)	Sezar Invest
Sep-23	Closed	Katzka Packaging Co. & Packaging Converting	Flexpak (Shorehill Capital)
Aug-23	Closed	Spectrum Plastics Group (AEA Investors)	DuPont de Nemours (NYSE:DD)
Aug-23	Closed	Thunder Bay Pulp and Paper Mill (NYSE:RFP)	Atlas Holdings
Aug-23	Closed	Hanna Paper	Sustana (Blackstone)
Aug-23	Closed	Guardian Packaging Industries	Conner Industries
Aug-23	Closed	Lovepac	Antalis
Aug-23	Closed	Sustainable Printing (Kentwood Packaging Corporation)	Hood Container
Aug-23	Closed	ColePak	Greif (NYSE:GEF)
Aug-23	Closed	Norwood Paper	Bulk Lift / Bagwell (New Water Capital)
Aug-23	Closed	Bulksak International	Bulk Lift / Bagwell (New Water Capital)
Aug-23	Closed	CanSource	TricorBraun (Ares / Ontario Teacher's Pension Plan)
Aug-23	Closed	Team Packaging	360Pack (Shore Capital Partners)
Aug-23	Closed	The HC Companies (Wingate Partners)	Platinum Equity
Jul-23	Closed	Europak	Emballator
Jul-23	Closed	White Bridge Investments	Tikedo (White Bridge Investments)
Jul-23	Closed	Oomph Made Limited	CCL Industries (TSE:CCLA)
Jul-23	Closed	Protective Packaging Solutions	Specialized Packaging Group (Altamont Capital Partners)
Jul-23	Closed	Durham Box	Logson Group
Jul-23	Closed	Coropoulis Packaging	Berlin Packaging (Oak Hill Capital Partners)
Jul-23	Closed	Creaprint	CCL Industries (TSE:CCLA)
Jul-23	Closed	TQL Packaging Solutions	Resource Label Group (Ares Management)
Jul-23	Closed	Europoligrafico	Carton Group (Waterland)
Jul-23	Closed	Faubel & Co. Nachfolger	CCL Industries (TSE:CCLA)
Jul-23	Closed	Mach Label	Tikedo (White Bridge Investments)
Jul-23	Closed	ASV Packaging	Hinojosa Packaging Group
Jul-23	Closed	Alberta Pulp Mill (West Fraser Timber)	Mondi (LSE:MNDI)
Jul-23	Closed	Precision Card Services	Woodberry Packaging

PUBLIC COMPANIES OPERATING STATISTICS AND VALUATION PARAMETERS

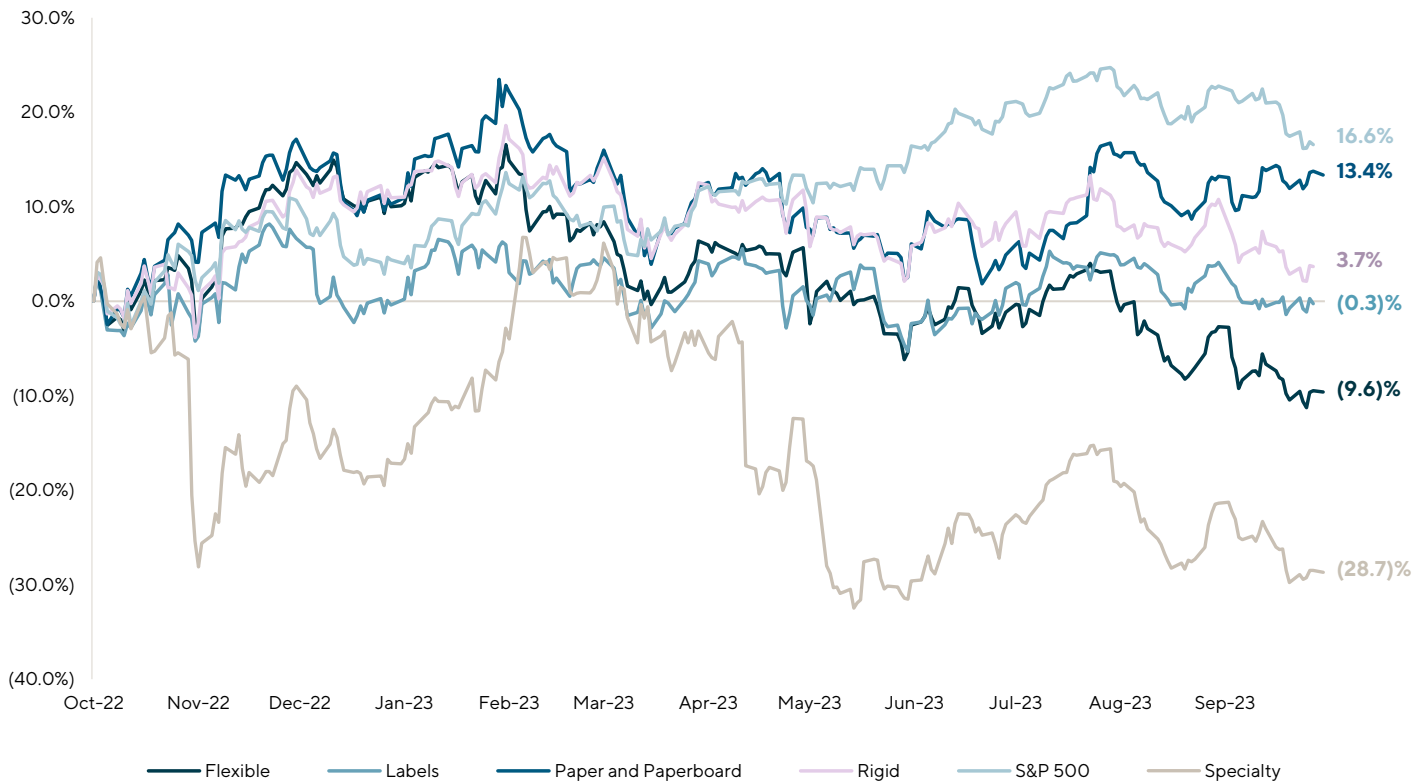
(\$ in millions, except for stock price)

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										
Amcors plc	\$9.20	77.2%	\$13,040	\$19,805	\$14,694	\$1,991	(1.0%)	13.5%	1.3x	9.3x
Berry Global Group, Inc.	\$61.91	91.0%	7,312	16,649	\$12,998	2,019	(11.8%)	15.5%	1.3x	8.2x
Huhtamäki Oyj	\$32.97	82.3%	3,447	5,087	4,381	495	0.1%	11.3%	1.1x	9.2x
Sealed Air Corporation	\$32.86	58.2%	4,745	9,526	5,536	1,073	(4.0%)	19.4%	1.7x	8.5x
Transcontinental Inc.	\$8.43	65.7%	736	1,581	2,963	399	1.1%	13.5%	0.7x	5.0x
Winpak Ltd.	\$28.56	80.3%	1,856	1,462	1,187	227	1.6%	19.1%	1.3x	6.5x
Mean		75.8%					(2.3%)	15.4%	1.2x	7.8x
Median		78.7%					(0.4%)	14.5%	1.3x	8.4x
Labels										
Avery Dennison Corporation	\$182.67	93.2%	\$14,720	\$18,013	\$8,499	\$1,195	(5.1%)	14.1%	2.1x	14.2x
CCL Industries Inc.	\$42.14	79.6%	7,498	8,652	6,542	1,204	4.1%	18.4%	1.8x	9.2x
Mean		86.4%					(0.5%)	16.2%	2.0x	11.7x
Median		86.4%					(0.5%)	16.2%	2.0x	11.7x
Paper & Paperboard										
Cascades Inc.	\$9.07	93.7%	\$913	\$2,492	\$4,611	\$427	5.8%	9.3%	0.7x	6.6x
DS Smith Plc	\$3.50	77.8%	4,825	6,869	8,221	1,081	21.1%	13.1%	0.7x	4.9x
Graphic Packaging Holding Company	\$22.28	80.8%	6,845	12,230	9,667	1,796	6.9%	18.6%	1.3x	6.4x
International Paper Company	\$35.47	84.7%	12,273	17,803	20,237	2,570	(4.2%)	12.7%	0.9x	6.3x
Mondi plc	\$16.75	85.6%	8,123	9,813	8,278	1,371	(3.2%)	16.6%	1.1x	6.8x
Packaging Corporation of America	\$153.55	96.8%	13,702	15,856	8,033	1,738	(6.0%)	21.6%	2.0x	8.5x
Sonoco Products Company	\$54.35	83.8%	5,324	8,458	7,001	1,041	7.1%	14.9%	1.2x	7.4x
WestRock Company	\$35.80	91.1%	9,179	18,643	20,724	2,944	(2.5%)	14.2%	0.9x	5.6x
Mean		86.8%					3.1%	15.1%	1.1x	6.6x
Median		85.1%					1.6%	14.5%	1.0x	6.5x
Rigid										
Amcors plc	\$9.20	77.2%	\$13,040	\$19,805	\$14,694	\$1,991	(1.0%)	13.5%	1.3x	9.3x
AptarGroup, Inc.	\$125.04	93.5%	8,207	9,385	3,389	632	1.4%	18.7%	2.8x	13.9x
Berry Global Group, Inc.	\$61.91	91.0%	7,312	16,649	12,998	2,019	(11.8%)	15.5%	1.3x	8.2x
Crown Holdings, Inc.	\$88.48	91.8%	10,592	17,987	12,354	1,530	(4.9%)	12.4%	1.5x	n/a
O-I Glass, Inc.	\$16.73	71.0%	2,594	6,981	7,108	1,229	5.3%	17.3%	1.0x	5.2x
Silgan Holdings Inc.	\$43.11	77.8%	4,740	8,666	6,271	962	(1.9%)	15.3%	1.4x	8.2x
Sonoco Products Company	\$54.35	83.8%	5,324	8,458	7,001	1,041	7.1%	14.9%	1.2x	7.4x
Mean		83.7%					(0.8%)	15.4%	1.5x	8.7x
Median		83.8%					(1.0%)	15.3%	1.3x	8.2x
Specialty										
Ranpak Holdings Corp.	\$5.44	66.0%	\$449	\$807	\$320	\$73	(10.1%)	22.9%	2.5x	10.4x
Macfarlane Group PLC	\$1.32	89.7%	209	257	293	28	2.4%	9.7%	0.7x	5.8x
Catalent, Inc.	\$45.53	55.7%	8,208	12,777	4,276	495	(11.4%)	11.6%	3.0x	25.8x
Krones AG	\$103.25	81.1%	3,262	3,037	4,588	416	12.4%	9.1%	0.6x	6.9x
Sealed Air Corporation	\$32.86	58.2%	4,745	9,526	5,536	1,073	(4.0%)	19.4%	1.7x	8.5x
Mean		70.1%					(2.1%)	14.5%	1.7x	11.5x
Median		66.0%					(4.0%)	11.6%	1.7x	8.5x

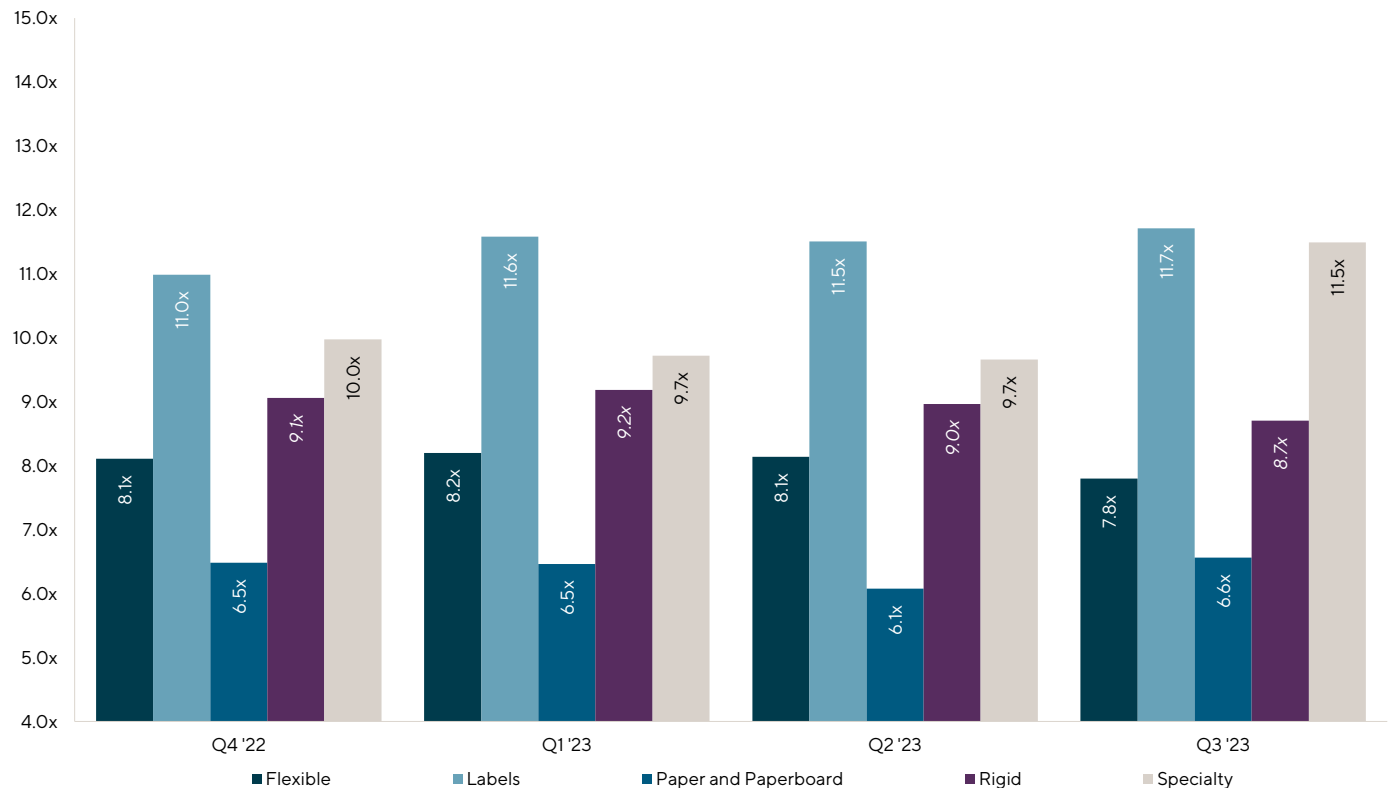
Source: Bloomberg, Capital IQ and company filings, as of September 30, 2023

Global Packaging Valuations by Subsector

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, 2023

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 850 employees 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.

Advisory Services

Mergers & Acquisitions
Capital Advisory
Private Funds Advisory
Valuations & Opinions



Contributor

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

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