



Packaging Manufacturing Industry

Sector Review – October 2023



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ADVISORS

Packaging Market M&A: Uptick in 3Q23 deal volumes Despite Challenging Macro Environment



Global macro uncertainty, rising inflation and interest rates led to slowdown of deal volumes in last 2 quarters. **Uptick can be seen in 3rd quarter with 18 deals announced.** We expect the year to close on a high note for packaging sector M&A



M&A in packaging market was led by **PE and PE backed platforms** having significant proportion in deal value mix



Large PE-backed strategic platforms executed multiple transactions in this quarter including **Specialized Packaging Group's acquisition of Protective Packaging** (Altamont Capital Partners), **Tricorbraun's acquisition of Cansource** (Ares / OTPP), **Resource Label's acquisition of TQL packaging solutions** (Ares Management) and **Berlin Packaging's acquisition of Coropoulis** (Oak Hill Partners)



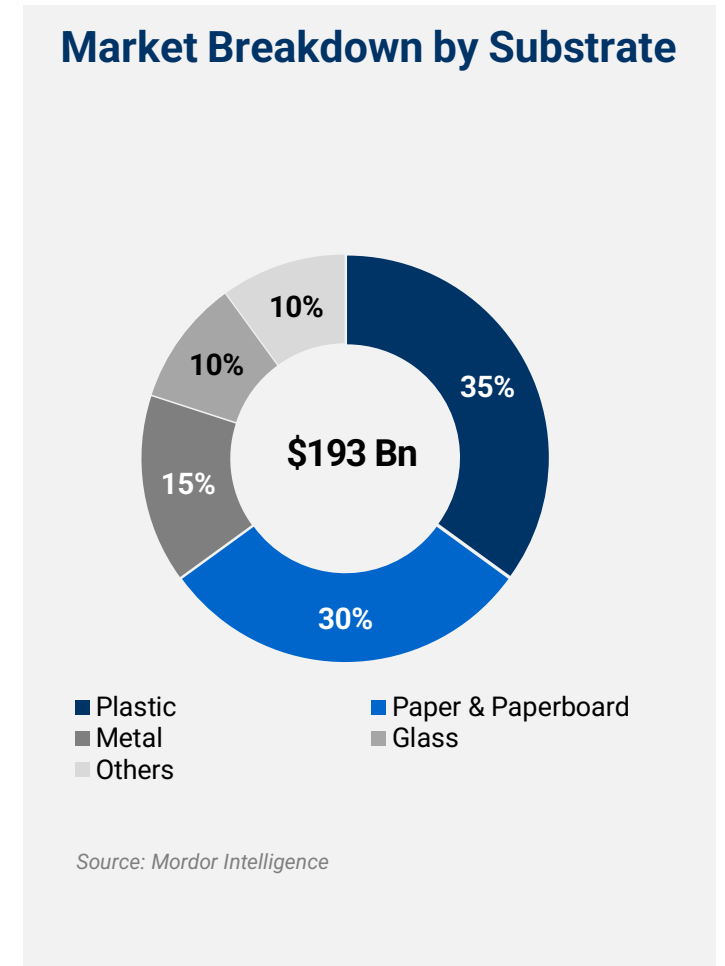
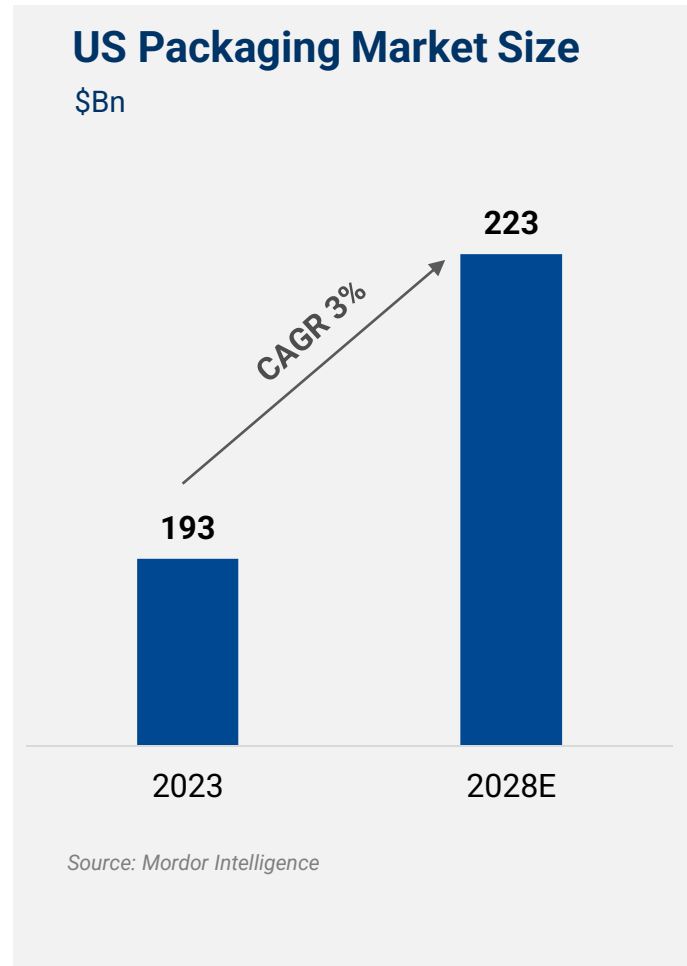
Traction was seen in strategic M&A as well with **Greif, Inc (NYSE:GEF) announcing 51% acquisition of ColePak LLC** and **Welch Packing Group's acquisition of ATCORR packing products**



Listed packaging companies traded at average multiples of **9.7x FY23 EBITDA** and **14.0x FY23 PE**

Plastic & Paper Packaging Account for ~65% of the \$193Bn US Packaging Market

- US packaging industry is estimated to reach \$223 Bn in 2028, up from \$193 Bn in 2023 growing at a CAGR of ~3%
- Plastic and Paper + packaging dominate the market having ~35% and 30% shares individually
- Packaging sector faces challenges like rising costs and overseas supply constraints but remains strong, with sustained demand due to record personal consumption and high e-commerce sales
- Consumers and businesses are increasingly adopting sustainable packaging solutions, driving the demand for recyclable and compostable packaging



Key Trends Shaping the Packaging Industry

Packaging Industry Continues to be Driven by Increased Focus on Sustainability and Innovation

Sustainability Requirements Increasing at every Step of the Value Chain

- ~40% companies aim to achieve net-zero carbon emissions by adopting sustainable packaging, which involves using compostable materials & redesigning containers to reduce waste

Paper & Paperboard Packaging

- Paper Packaging Industry in NA was valued at ~\$46 Bn in 2022 & is expected to grow at a CAGR of ~4% by 2029
- Apart from strong features like lightweight nature and recyclability, innovation in paper technologies and government regulations in plastic expected to drive growth of this substrate

Source: Stellar Market Research

Growth in E-Commerce Driving Demand for Custom Packaging Solutions

- US is the 2nd largest Ecommerce market generating a revenue of \$925 Bn, expected to grow at 11% by 2027
- The sector is the key driver for flexible packaging, corrugated boxes and sustainable packaging materials such as recycled paper and compostable plastics

Source: Statista

Automation in Packaging

- The Packaging Automation market size is expected to grow at 4.2% by 2027 in NA
- IoT-enabled packaging enhances efficiency and sustainability alongside growth fueled by e-commerce and a large packaged food industry of US

Source: Mordor Intelligence

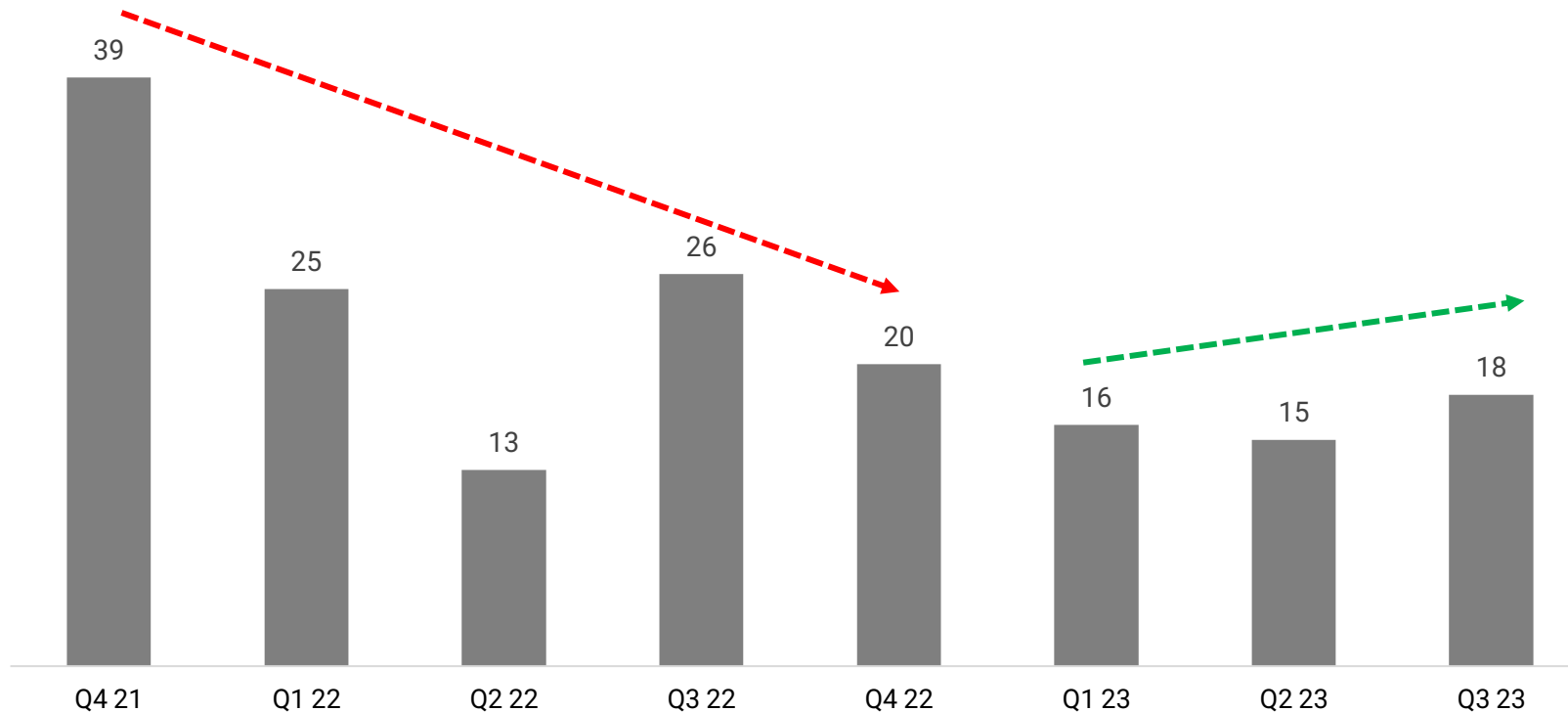
Increasing Demand of Flexible Packaging

- The flexible packaging market size in NA is expected to reach ~USD 50 Bn by 2028, up from 45 Bn in 2023
- It has superior sustainability attributes, as it requires 75% less energy and generates just 1/10 of CO2 emissions during production than a metal can for the equivalent amount, leading to increased demand

Source: Mordor Intelligence, IMRAC group, Report Report prepared for the Flexible Packaging Association

Uptick Seen in North America Packaging Market M&A Volume From 3Q23

North America Packaging Industry M&A Deals in Last 8 Quarters



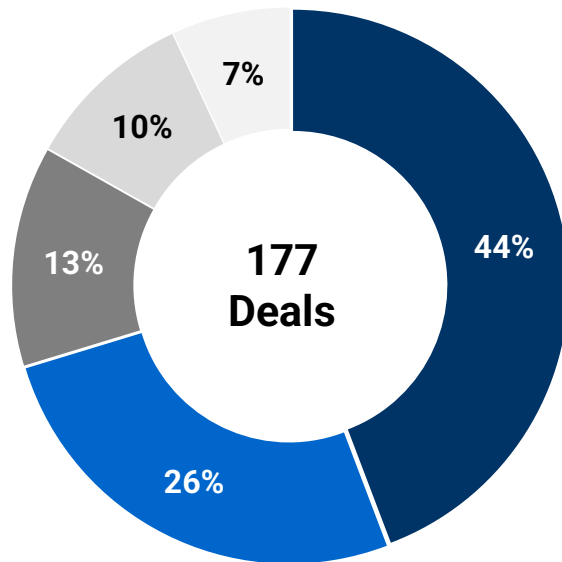
- ~18 M&A deals announced in Q3 2023, compared to 15 in Q2 2023 showing a ~15% growth in deal volumes
- Improving sentiment and M&A backlog suggests buyers are still interested in acquiring packaging assets, even as the overall market faces challenges
- Majority of M&A deals in Q3 2023 involved companies in the flexible packaging and plastics sectors. This reflects the growing demand for these types of packaging from consumers and businesses alike

Source: Capital IQ

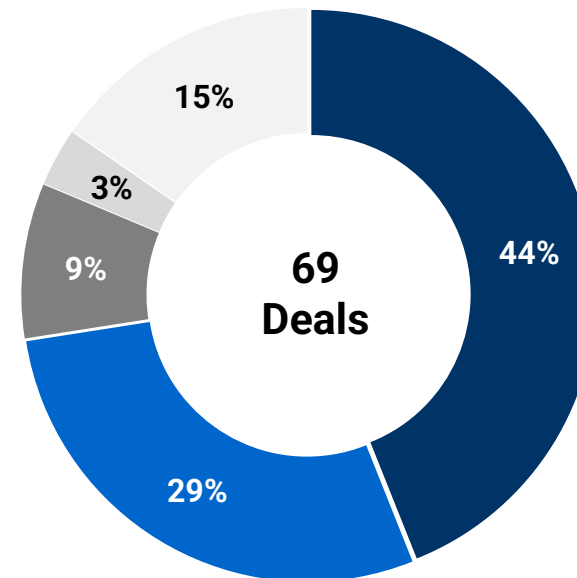
M&A Deal Volume Breakup by Substrate

Plastic and Paper dominate M&A deals in Packaging Market

Last 24 Months



Last 12 Months



■ Plastic

■ Paper

■ Metal

■ Glass

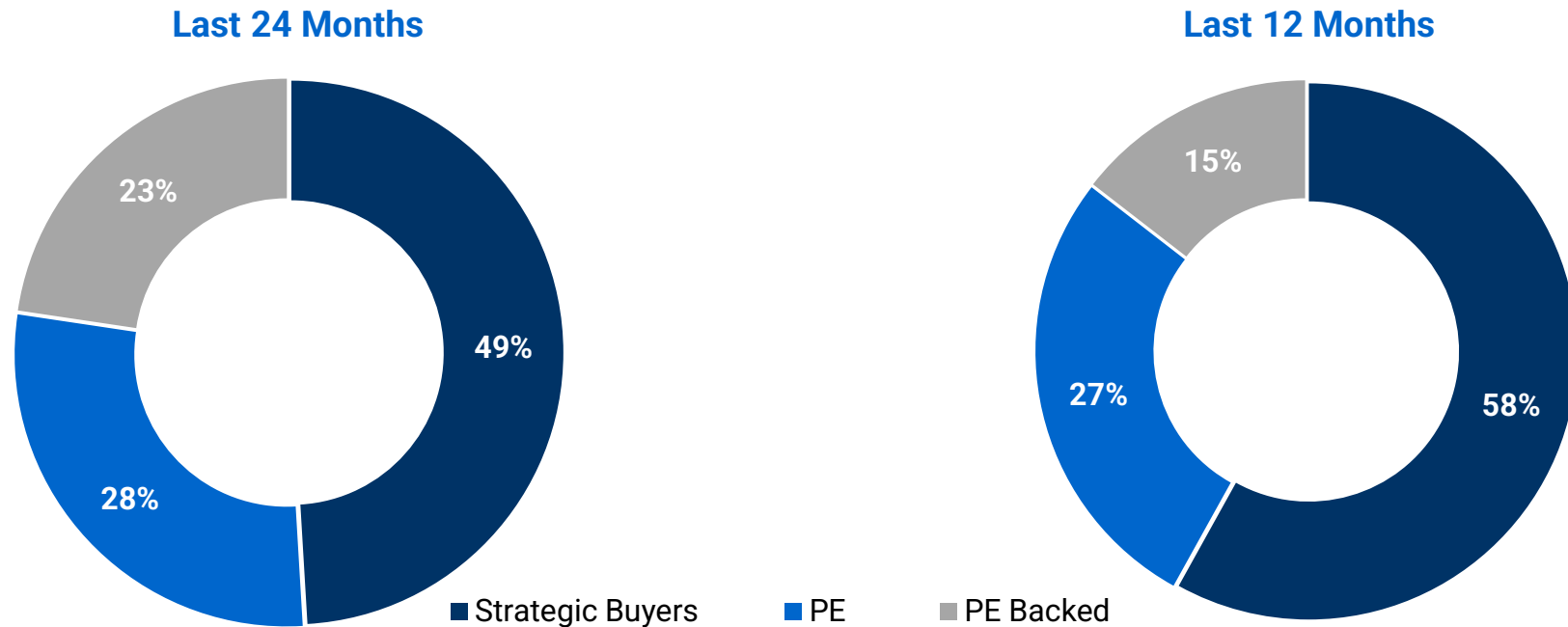
■ Others

Source: Capital IQ

Note : Plastic consists of Flexible and Rigid packaging. Others consists of sustainable packaging, custom packaging, wood etc

M&A Deal Volume Breakup by Buyer type

M&A Deal Breakdown by Buyer Type (CapitalIQ classification)



Source: Capital IQ

Key Trends Shaping M&A Deals in Packaging Industry

Sustainable M&A: Buyers are increasingly looking to acquire companies that offer sustainable packaging solutions – driven by growing demand from businesses & consumers

M&A Backlog with Excess Capital Reserves: Stagnant Q1 & Q2 M&A has created acquisition backlogs and with PE firms sitting on unprecedented dry powder reserves – it creates a strong buyer appetite for near future

Financing appetite Improving: Lender appetite to finance acquisitions has started to gain momentum

Listed and Private Strategic Very active: PEs continue to face competition from listed and private strategics

Active PE Backed Platform Buyers

PE Firm

Platform Company

Platform Overview

Selected Platform Acquisitions

Oak Hill Capital Partners / CPP Investments



Oak Hill Capital acquired Berlin packaging a leading supplier of rigid packaging products and services. CPP investments tied up with Oak Hill to recapitalize the business. Berlin has acquired around 40 packaging companies



Ares Management / Ontario Teachers' Pension Plan Board



Ares Management Corporation and Ontario Teachers' Pension Plan Board acquire TricorBraun to create a packaging platform. TricorBraun has expanded its portfolio through the 23 bolt-on acquisitions



Ares Management



Ares Management Corporation acquired Resource Label Group in 2021 and has made 29 acquisitions majorly consisting of packaging label companies



Active PE Backed Platform Buyers

PE Firm

Platform Company

Platform Overview

Selected Platform Acquisitions

Harvest Partners
(Current), Main
Post Partners
(Previous)



Harvest Partners acquired Fortis Solutions Group from Main Post Partners in Oct 2021. Fortis Solutions Group has effectively implemented a strategic expansion strategy with the PE support, having completed 14 acquisitions



Atlas Holding
LLC



Atlas Holding's acquisition of Iconex was a strategically aligned move as Iconex's robust market position and innovative product offerings complemented the firm's existing portfolio of companies. Iconex has completed 3 acquisitions in the packaging industry



GenNx360
Capital Partners



GenNx360 Capital Partners completed the acquisition of B2B Industrial Packaging. B2B Industrial Packaging has expanded its portfolio through the acquisition of eight companies



Active Strategic Buyers



- ~7 acquisitions in the last 10 years
- Listed on NYSE



- ~9 acquisitions in the last 5 years
- Listed on NYSE



- ~13 acquisitions in the last 5 years
- Listed on NYSE



- ~10 acquisitions till date
- Listed on NYSE



- ~17 acquisitions till date
- Listed on NYSE



- ~40 acquisitions till date
- Listed on NYSE



- ~12 acquisitions till date
- Listed on NYSE



- ~8 acquisitions till date
- Listed on NYSE



- ~13 acquisitions till date
- Listed on NYSE

Deals Announced in 3Q23

Date	Target	Acquiror(s) / Investor(s)	Deal Size (US \$mn)	Stake %	EV/ EBITDA (x)	EV/ Revenue (x)	Target Business Description
Sep-23	AtCorr Packaging Products LLC	Welch Packaging Group, Inc.	-	100%	-	-	It is a corrugated packaging, logistics, warehousing, printing and laminating company
Sep-23	Ctl Packaging Usa, Inc.	Icons Beauty Group	-	100%	-	-	It is a packaging company providing plastic extruded tube packaging solutions
Sep-23	Soteria Flexibles Corp	TJC LP	-	100%	-	-	It manufactures customized flexible plastic packaging products
Sep-23	Protective Packaging Solutions	Specialized Packaging Group	-	-	-	-	It provides foam cushioning, shipping cases, reusable packaging, point-of-purchase packaging and electronic packaging
Aug-23	Team Packaging	360Pack	-	-	-	-	It provides customized packaging solutions
Aug-23	American Aerogel Corporation	NewSpring Capital, LLC; Escalate Capital Partners & others (1)	43	-	-	-	It specialises in vacuum insulated packaging and uses aerogel to create lightweight and durable packaging materials which has a wide range of potential applications
Aug-23	ColePak Inc.	Greif, Inc.	75	51%	-	-	It is the 2nd largest manufacturer in paper packing partitions in North America
Aug-23	Kleen Concepts, LLC	Allure Labs, LLC	100	-	-	-	It is a custom contract packaging company for all retail products, offering turnkey fulfillment services in Scottsdale Arizona
Aug-23	CuBE Packaging Solutions	Ingleside Investors, LLC	-	-	-	-	It manufactures reusable containers for restaurant and retail customers
Aug-23	Lovepac Inc.	Antalis Société anonyme	-	100%	-	-	It provides custom corrugated boxes and foam packaging solutions, including protective foam, custom boxes and corrugated inserts
Aug-23	Bulk Sak International, Inc.	New Water Capital, L.P.	-	100%	-	-	It provides FIBC and complementary transportation packaging solutions
Aug-23	Cansource	Tricorbraun	-	100%	-	-	The company offers custom labels, aluminum can sourcing and digitally printed shrink sleeves
Aug-23	Guardian Packaging Industries, LP	Conner Industries, Inc.	-	100%	-	-	It is a packaging solution company that specializes in custom packaging and non-metallic component products
Jul-23	TQL Packaging Solutions	Resource Label Group LLC	-	100%	-	-	The company offers a broad range of custom packaging solutions, including pouches, fin seal packaging, pressure-sensitive labels, shrink sleeves, etc
Jul-23	Atlantis Packaging, Inc.	Imperial Dade Intermediate Holdings, LLC	-	100%	-	-	It is a Packaging and Containers Manufacturing company located in Chino, California
Jul-23	Protective Packaging Solutions, LLC	Specialized Packaging Group, Inc.	-	100%	-	-	It designs and manufactures protective and specialty packaging products
Jul-23	PB Packaging	Tricorbraun	-	100%	-	-	It offers production and packaging solutions for jars, bottles, caps, sprays, pumps, measuring jugs and industrial drums
Jul-23	Coropoulis	Berlin Packaging	-	-	-	-	It is packaging supplier of closures, corks and glass containers

Selected Deals in Last 24 months

Date	Target	Acquiror(s) / Investor(s)	Deal Size (US \$mn)	Stake %	EV/ EBITDA (x)	EV/ Revenue (x)	Target Business Description
Jun-23	Pharmaceutic Litho and Label Company	Resource Label Group LLC	-	-	-	-	It is a premiere manufacturer of printed inserts, labels, and packaging components for pharmaceutical, biotech and medical device manufacturers
Apr-23	Millennium Packaging	B2B Industrial Packaging	-	-	-	-	It has been providing customised packaging and equipment solutions to clients in the US for more than 25 years
Apr-23	Centurion Container LLC	Greif, Inc.	145	71%	-	-	It specializes in the reconditioning of plastic packaging raw materials, such as HDPE & PP
Apr-23	Nursery Supplies, Inc.	Mill Point Capital LLC	-	100%	-	-	It specializes in the use of recycled plastic materials to manufacture plastic nursery containers
Mar-23	Pro-Western Plastics Ltd	Berry Global Group, Inc	88	-	-	-	It is a plastic injection molding company located in St.Albert, Alberta
Feb-23	Majestic Labels	Resource Label Group LLC	-	-	-	-	Its core focus is quick turn and innovative digital label solutions
Feb-23	Martin Pallet, Inc.	Burlington Capital Partners LLC	-	100%	-	-	It manufactures wood pallets, crates, lumber, and wood packaging materials
Jan-23	Graphic packaging	Tama Paperboard	100	-	-	-	It is a leading paper-based packaging company specialising in folding cartons, rigid boxes, and corrugated packaging
Jan-23	Next Press Acquisition	B2B Industrial Packaging	-	-	-	-	It has an in-house design team and printing capabilities to create customized innovative and functional packaging
Nov-23	Merlot Packaging	Tricorbraun	-	-	-	-	It is a leading provider of high-quality, injection-molded, rigid packaging components trusted by brand owners and manufacturers throughout North America
Nov-22	Lee Container Corporation	Greif, Inc.	303	100%	-	-	It is a leading manufacturer of blow-molded plastic containers & specialises in HDPE & PP
Nov-22	RTS Packaging, LLC	Sonoco Products Company	330	-	-	-	It specialises in recycled-fiber based corrugated partitions, folding cartons, sheeted paperboard products, as well as agricultural packaging products
Nov-22	Liqui-Box Corporation	Sealed Air Corporation	1,150	100%	13.5x	3.2x	It specializes in flexible liquid packaging solutions, automated Bag-in-Box (BIB) filling and dispensing systems
Sep-22	McClary Innovation LLC	Capitala Group	23	-	-	-	It specializes in flexible packaging and contract manufacturer of nutritional supplements and food products with formulation, blending, and filling capabilities

Selected Deals in Last 24 months (cont'd)

Date	Target	Acquiror(s) / Investor(s)	Deal Size (US \$mn)	Stake %	EV/ EBITDA (x)	EV/ Revenue (x)	Target Business Description
Sep-22	ePac Flexible Packaging	Amtcor plc	45	-	-	-	It is a leader in high quality, short run length digitally-based flexible packaging solutions focusing on customization as well
Jul-22	MFT-CKF, Inc.	CKF Inc.	32	100%	-	1.5x	It specializes in molded pulp and fiber packaging products, a sustainable alternative to traditional plastic packaging
Jun-22	ESNT Packaging & Securing Solutions Limited &	Mayr-Melnhof Karton AG	380	100%	-	-	It specializes in the design, development, manufacture, and supply of sustainable packaging and securing solutions for a wide range of industries
Jun-22	Parata Systems	BD	1,500	100%	-	6.9x	It provides pharmacy automation and packaging solutions, enabling pharmacists to focus on clinical work and patient interactions
Jun-22	Cirkul, Inc.	SC.Holdings	70	-	-	-	It specializes in reusable beverage packaging, aiming to reduce plastic waste and minimize environmental impact
Mar-22	Temperpack Technologies Inc.	Goldman Sachs Asset Management, L.P.; SJF Ventures; Arborview Capital	140	-	-	-	It designs and manufactures thermal packaging, for perishable shipments in healthcare, food, and more
Mar-22	Intertape Polymer Group Inc.	Clearlake Capital Group, L.P.	2,613	100%	11.5x	1.7x	It provides packaging and protective solutions for the industrial markets
Feb-22	Scholle IPN Corporation	SIG Group AG	1,741	100%	18.2x	3.5x	It is a global leader in flexible packaging solutions focusing on lightweight, durable & recyclable materials
Dec-21	Ball Metalpack, LLC	Sonoco Products Company (NYSE:SON)	1,350	100%	-	-	It is a leading manufacturer of sustainable metal packaging for food and household products and the largest aerosol can producer in North America
Sep-21	Unicep Packaging, LLC	Silgan Holdings Inc.	237	100%	-	-	It specializes in dental material packaging, including custom single-use blow-fill-seal packaging
Sep-21	Gateway Plastics, Inc.	Silgan Holdings Inc.	484	100%	-	-	It is a leading manufacturer of plastic dispensing closures and integrated dispensing packaging solutions for the food and beverage, consumer products, and industrial markets
Jul-21	Resource Label Group	Ares Management	-	-	-	-	It is a full service provider of pressure sensitive label, shrink sleeve and RFID/NFC technology for the packaging industry

Packaging Market - Listed Companies Valuation Analysis

Trading Statistics⁽¹⁾

US\$ Mn, Unless Otherwise Stated; Calendarised to December Fiscal Year End

Company	Market Cap	Enterprise Value ⁽³⁾	EV/Revenue		EV/EBITDA		P/E ⁽²⁾	
	3rd Oct, 23		FY 2022A	FY 2023E	FY 2022A	FY 2023E	FY 2022A	FY 2023E
PACKAGING								
Ball Corp	33,287	41,753	2.7x	2.9x	21.3x	19.4x	21.7x	19.1x
Avery Dennison Corp	22,240	25,175	2.8x	2.9x	18.5x	19.8x	19.5x	25.3x
Crown Holdings	16,186	23,051	1.8x	1.9x	13.2x	12.3x	14.5x	16.4x
International Paper Company	15,628	20,403	1.0x	1.1x	7.1x	9.3x	8.6x	15.0x
Packaging Corporation of America	13,637	15,780	1.9x	2.0x	8.4x	10.2x	13.8x	19.1x
Amcor plc	12,926	19,047	1.3x	1.3x	9.3x	9.1x	14.4x	13.6x
Westrock Company	9,123	16,673	0.8x	0.8x	5.0x	5.8x	32.7x	N.M.
Sealed Air Corporation	7,327	10,549	1.9x	1.9x	8.7x	9.6x	9.4x	12.8x
Berry Global Group	6,967	14,825	1.0x	1.2x	7.1x	7.2x	10.4x	11.2x
Graphic Packaging Holding Company	6,706	11,810	1.3x	1.2x	7.4x	6.3x	12.9x	9.0x
Grief, Inc	5,629	5,608	0.9x	1.1x	6.2x	7.0x	10.5x	10.8x
Sonoco Products Company	5,408	5,134	0.7x	0.7x	4.5x	4.9x	11.3x	10.8x
O-I Glass, Inc	2,982	7,036	1.0x	1.0x	5.9x	4.8x	4.4x	5.4x
Mean			1.5x	1.5x	9.4x	9.7x	14.2x	14.0x
Median			1.3x	1.2x	7.4x	9.1x	12.9x	13.2x

Notes

1. Based on Broker estimates and latest available balance sheet data
2. For P/E all values above 50 and 70 respectively are indicated as "N.M." = "Not Meaningful"
3. Enterprise value = Market cap + Gross debt + Gross cash + Preferred stock + Minority interest; Cash includes Long-term marketable securities

Source: Marketscreener

To speak with one of our team members regarding industry insights for manufacturing businesses, see below



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