

# Trends in Packaging Industry M&A

2023



CALABASAS CAPITAL

# Introduction to Calabasas Capital

- FINRA-registered boutique investment banking firm\* serving privately held companies, including family-owned businesses and emerging growth companies, in the lower middle market (\$10-\$100mm revenue and /\$2mm -\$10mm EBITDA)
- Senior team of financial professionals with significant experience in M&A advisory and private equity
- Strong domain expertise in target sectors and connectivity with senior management and boards of established companies and their financial sponsors

## MERGERS & ACQUISITIONS

- Business sales & acquisitions
- Subsidiary dispositions
- Mergers and JVs

## CAPITAL RAISING

- Private Equity
- Subordinated Debt
- Senior Debt

\*Calabasas Capital is a dba of Fallbrook Capital Securities Corp., member FINRA-SIPC.



# Industry Focus and Expertise



## Consumer

- Food & Beverage
- Household Products
- Retail & Restaurants
- Health & Beauty



## Tech / Business Services

- SaaS/Software
- Defense/Govt Services
- Transportation & Logistics
- Marketing/Media



## Industrial

- Packaging
- Aerospace & Defense
- Chemicals
- Distribution & Services



# Leadership Team

## David Bonrouhi, Managing Director

- 25+ Years in Investment Banking & Private Equity
- Two years experience in Big 6 Public Accounting (PwC)
- CPA Licensed (non practicing)
- Series 7, 63 and 79 Securities Licenses
- Masters in Tax, B.S, in Accounting (Miami Univ. (OH)); MBA- UCLA Anderson School of Mgt ▪ MBA from UCLA's Anderson School of Management

## Andrew D. Williamson, Managing Director

- 15+ Years in Investment Banking and VC
- 4 Years in CFO/GM roles at PE backed companies (Merex Group, DM Natural Products)
- 7 Years operating experience in VC backed software company (TSC) including 2 years with Oracle Corporation after being acquired.
- Licensed CA (ICAA), 3 years Big 6 Accounting & Consulting (PwC)
- Series 7, 63 and 79 Securities Licenses
- MBA -UCLA Anderson School of Mgt, Bachelors of Commerce (University of W. Australia)



## Illustrative Industry Experience: Packaging M&A



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The assets of Moulded Fibre Technology, Inc.  
a subsidiary of



have been acquired by



Calabasas Capital served as  
exclusive financial advisor to UFP Technologies.



CALABASAS  
CAPITAL

**Berkley MF LLC**



**BERKLEY**

Has been acquired by

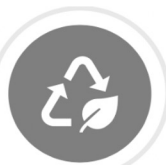
**INTERNATIONAL  PAPER**

Calabasas Capital advised Berkley on the transaction,  
identified the buyer and assisted in negotiations.



# Key Trends in the Packaging Industry

## Happening in Packaging Right Now



### Sustainability

The movement toward sustainability is reshaping the packaging industry, with an increased demand for eco-friendly materials, circular supply chains, and waste reduction practices. Companies are using biodegradable, recyclable, or reusable packaging to reduce their environmental impact and meet customer expectations

### Digital Acceleration

The integration of emerging technologies such as digital printing and the use of advanced analytics are pushing the industry forward in terms of production efficiency and enhanced consumer experience



### Smart Packaging

A rapidly emerging trend, smart packaging is enhancing user experience and product safety. QR codes and near-field communication (NFC) technology among other technologies are allowing real-time tracking, product information dissemination, and freshness indication

### Advanced Materials

Advanced composite materials, bioplastics, and biodegradable and compostable materials are advancing the art of the possible in food, healthcare and consumer packaging



### Inflation

While there has been some moderation in inflation, the industry continues to face elevated costs on materials, services, and labor

### Regulations

The evolving regulatory landscape and sharpening focus on sustainability throughout the packaging supply chain continue to influence packaging decisions by manufacturers and end customers









# Key Trends in the Packaging Industry


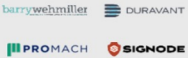




- As inflation and supply chain issues subside, companies are turning to more growth and strategic initiatives, rather than solving backlog and supply problems.
  - A decrease in raw material packaging inputs has been a bright spot for manufacturers.
  - Polypropylene prices are down 15% and polyethylene prices have dropped almost 8% YTD Q2 2023 over 2022, resulting in improved profitability for both flexible and rigid packaging.
  - Paperboard prices have also come down significantly from their peak in late 2022.
  - Despite dropping prices, a continued lack of demand has impacted several of the sectors; box sales have decreased 10% YTD 3Q23 over 2022.
- While labor shortages and quality of skilled workers remain important cost concerns, declining energy input costs are working their way through the system.
- Automation remains a key operating lever in the industry, as companies look to address labor demand through technology.
- Climate and environmental regulations in Europe, as well as geopolitical concerns in China, have increased the focus on US packaging capabilities.

Source: TKO Packaging Newsletter Q2 2023

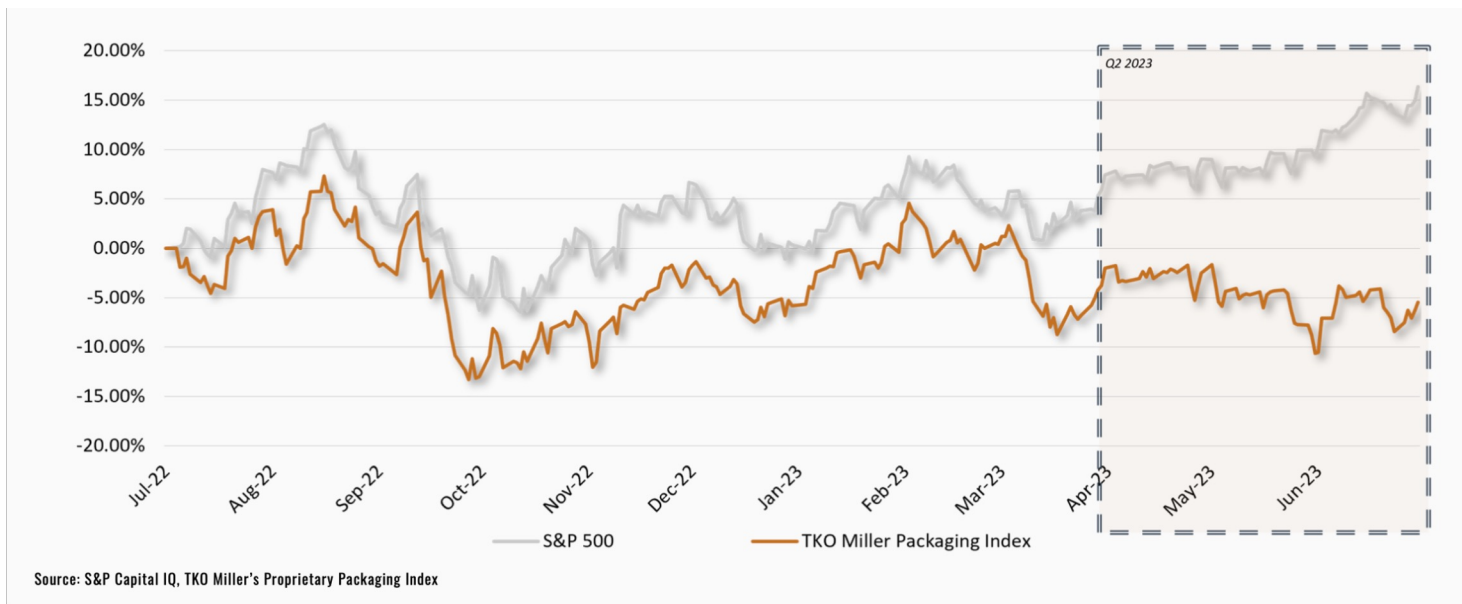


# Key Trends in the Packaging Industry

Plastics	Paper	Healthcare	Protective
 <p>Select Participants</p> 	 <p>Select Participants</p> 	 <p>Select Participants</p> 	 <p>Select Participants</p> 
<p><b>Key Trends</b></p> <p>Growing focus on reducing environmental impact and the use of sustainable and lightweight materials</p>	<p><b>Key Trends</b></p> <p>Consumer preference shift toward eco-friendly and sustainable paper products will boost demand in the long run</p>	<p><b>Key Trends</b></p> <p>Evolving regulations and highly specific performance requirements bring opportunities for innovators</p>	<p><b>Key Trends</b></p> <p>E-commerce growth has propelled the need for protective packaging solutions, where the focus on right-sizing and source reduction will continue to drive innovation</p>

Equipment	Services	Labels
 <p>Select Participants</p> 	 <p>Select Participants</p> 	 <p>Select Participants</p> 
<p><b>Key Trends</b></p> <p>Increasing focus on automation is driving an accelerated pace of replacing aging equipment and reducing labor-intensive processes</p>	<p><b>Key Trends</b></p> <p>The value of outsourced services such as distributors, co-packers, and packaging technology providers has been reinforced by recent capacity constraints, labor tightness, and technological developments</p>	<p><b>Key Trends</b></p> <p>Technology integration continues to drive demand through specialty labels (RFID, track and trace, and other smart labels), while providers continue expanding capabilities through digital printing</p>

# Packaging Industry Public Company Valuations



- Although the packaging industry has remained fairly steady over the past year, performance is still down slightly from July 2022 and has underperformed the S&P 500.

Source: TKO Packaging Newsletter Q2 2023.



# Packaging Industry Public Company Valuations

- The public company universe can be broken down into four segments:
  - Plastic
  - Diversified Packaging
  - Paper & Paperboard, and
  - Metal & Glass
- The public valuation multiples of Plastic and Metal & Glass have held up better than Diversified Packaging and Metal & Glass.

Trading metrics <sup>(5)</sup>				
Sector	Median Enterprise Value (\$MM)	Last Twelve Months		NTM
		EV/ Revenue	EV/ EBITDA	EV/ EBITDA
Plastic	\$13,483.7	1.6x	10.1x	8.4x
Diversified Packaging	\$6,882.9	1.1x	8.7x	8.0x
Paper and Paperboard	\$8,899.3	0.9x	6.2x	6.3x
Metal and Glass	\$17,964.2	1.4x	10.8x	9.4x
<b>Packaging Index</b>	<b>\$11,191.5</b>	<b>1.2x</b>	<b>9.24x</b>	<b>8.2x</b>



# Packaging Industry Public Company Valuations

## Plastic and diversified packaging companies<sup>(1)</sup>

Company (Ticker)	% of 52 Week High	LTM Revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA Margin	Enterprise Value ("EV")	Last Twelve Months		NTM
							EV/Revenue	EV/EBITDA	EV/EBITDA
<i>(\$ in Millions)</i>									
<b>Plastic</b>									
Amcor plc (ASX:AMC)	78.1%	\$14,930.0	7.8%	\$1,960.0	13.1%	\$21,375.0	1.4x	10.9x	0.0x
Avery Dennison Corporation (NYSE:AVY)	84.1	8,755.0	7.5	1,271.3	14.5	17,041.7	1.9	13.4	12.1
Berry Global Group, Inc. (NYSE:BERY)	97.2	13,495.0	7.9	2,054.0	15.2	17,080.3	1.3	8.3	8.1
Brady Corporation (NYSE:BRC)	84.4	1,309.9	5.2	249.3	19.0	2,296.9	1.8	9.2	8.7
CCL Industries Inc. (TSX:CCL.B)	91.0	4,813.4	7.2	894.5	18.6	9,925.7	2.1	11.1	9.9
Winpak Ltd. (TSX:WPK)	85.6	1,209.7	11.9	226.5	18.7	1,646.2	1.4	7.3	6.8
<b>Median</b>	<b>85.0%</b>				<b>16.9%</b>		<b>1.6x</b>	<b>10.1x</b>	<b>8.4x</b>
<b>Mean</b>	<b>86.7%</b>				<b>16.5%</b>		<b>1.6x</b>	<b>10.0x</b>	<b>7.6x</b>
<b>Diversified Packaging</b>									
DS Smith Plc (LSE:SMDS)	73.6%	\$10,335.0	10.8%	\$1,359.0	13.1%	\$6,882.9	0.7x	5.1x	5.5x
Greif, Inc. (NYSE:GEF)	92.8	5,697.8	6.2	882.2	15.5	5,929.7	1.0	6.7	7.6
Huhtamäki Oyj (HLSE:HUU1V)	75.3	4,863.5	9.2	584.3	12.0	5,111.7	1.1	8.7	8.0
Orora Limited (ASX:ORA)	88.7	2,967.9	6.6	246.1	8.3	2,430.0	0.8	9.9	8.5
Sealed Air Corporation (NYSE:SEE)	64.4	5,573.1	4.7	1,064.8	19.1	10,387.8	1.9	9.8	8.7
Silgan Holdings Inc. (NYSE:SLGN)	84.6	6,387.9	12.4	951.7	14.9	8,823.8	1.4	9.3	9.0
Sonoco Products Company (NYSE:SON)	89.5	7,209.4	10.6	1,059.5	14.7	9,039.6	1.3	8.5	7.7
<b>Median</b>	<b>79.9%</b>				<b>14.0%</b>		<b>1.0x</b>	<b>9.0x</b>	<b>8.2x</b>
<b>Mean</b>	<b>79.9%</b>				<b>13.8%</b>		<b>1.1x</b>	<b>8.2x</b>	<b>7.9x</b>

Source: Deloitte Packaging Quarterly Update 3Q2023.



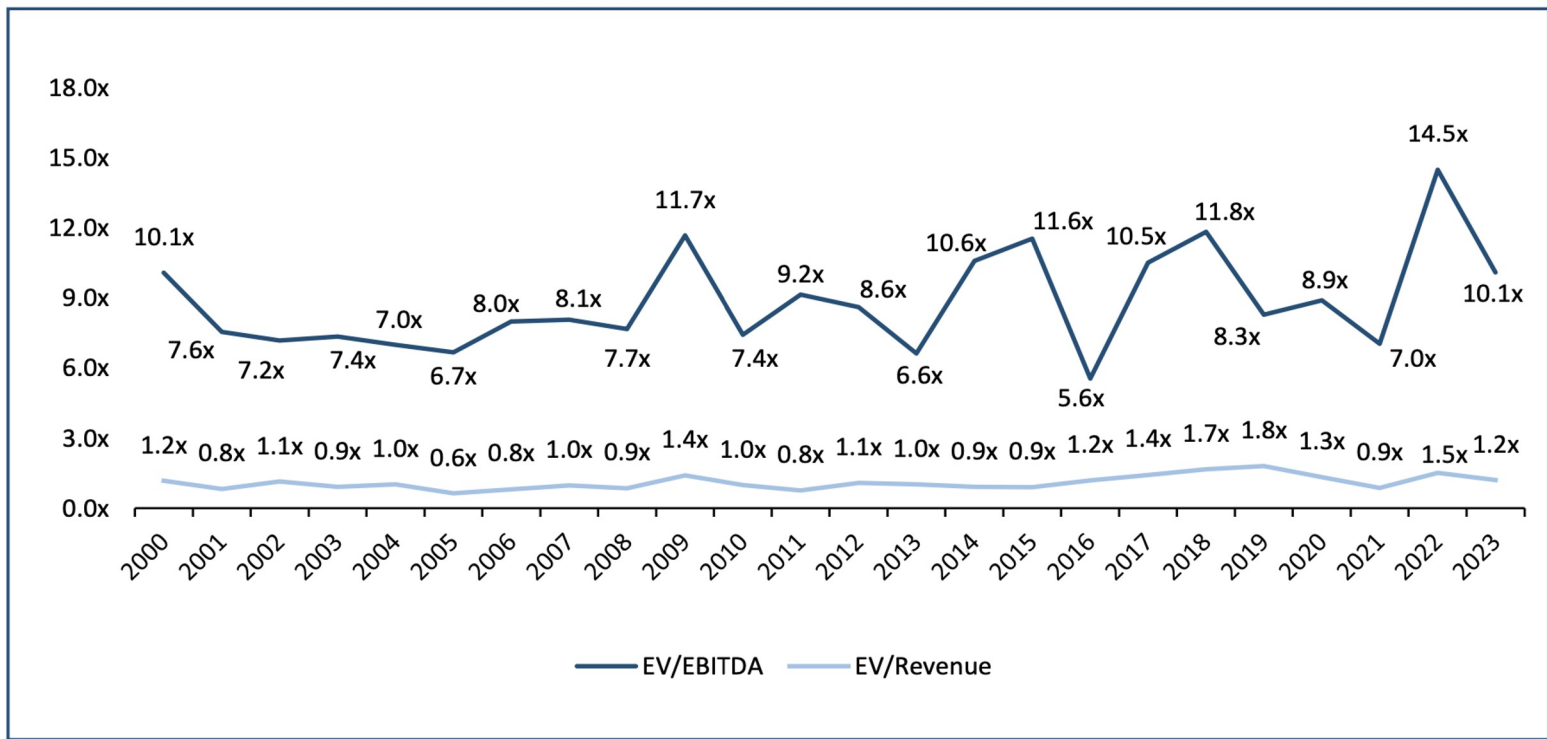
# Packaging Industry Public Company Valuations

## Paper and paperboard, and metal and glass companies<sup>(1)</sup>

Company (Ticker)	% of 52 Week High	LTM Revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA Margin	Enterprise Value ("EV")	Last Twelve Months		NTM
							EV/ Revenue	EV/ EBITDA	EV/ EBITDA
<i>(\$ in Millions)</i>									
<b>Paper and Paperboard</b>									
Cascades Inc. (TSX:CAS)	95.1%	\$3,371.7	(1.7)%	\$278.6	8.3%	\$2,498.3	0.7x	9.0x	6.2x
Clearwater Paper Corporation (NYSE:CLW)	67.4	2,117.3	5.4	226.7	10.7	1,093.7	0.5	4.8	3.9
Empresas CMPC S.A. (SNSE:CMPC)	80.4	8,220.0	13.9	1,809.9	22.0	8,899.3	1.1	4.9	5.9
Graphic Packaging Holding Company (NYSE:GPK)	87.2	9,633.0	15.5	1,733.0	18.0	12,789.6	1.3	7.4	6.7
International Paper Company (NYSE:IP)	70.4	20,944.0	(1.8)	2,864.0	13.7	16,670.9	0.8	5.8	8.2
Mayr-Melnhof Karton AG (WBAG:MMK)	81.6	5,154.0	23.0	746.0	14.5	4,613.4	0.9	6.2	8.7
Nampak Limited (JSE:NPK)	25.9	976.2	9.2	65.7	6.7	421.0	0.4	6.4	5.9
Mativ Holdings, Inc. (NYSE:MATV)	52.2	2,439.6	33.5	246.4	10.1	2,524.6	1.0	10.2	7.0
Packaging Corporation of America (NYSE:PKG)	90.4	8,317.9	6.2	1,866.3	22.4	14,038.0	1.7	7.5	10.0
Glatfelter Corporation (NYSE:GLT)	41.6	1,487.9	17.0	94.8	6.4	951.5	0.6	10.0	0.0
Sappi Limited (JSE:SAP)	65.2	6,843.0	8.0	914.0	13.4	2,317.6	0.3	2.5	3.7
Smurfit Kappa Group Plc (ISE:SK3)	76.0	13,695.6	12.3	2,315.9	16.9	11,871.6	0.9	5.1	5.8
Stora Enso Oyj (HLS:STERV)	64.5	12,606.5	6.4	2,116.5	16.8	12,678.1	1.0	6.0	11.2
Svenska Cellulosa Aktiebolaget SCA (publ) (OM:SCA B)	84.2	2,221.9	3.0	741.3	33.4	10,005.0	4.5	13.5	15.1
WestRock Company (NYSE:WRK)	67.0	21,122.9	5.1	3,151.6	14.9	17,317.8	0.8	5.5	6.3
<b>Median</b>	<b>70.4%</b>				<b>14.5%</b>		<b>0.9x</b>	<b>6.2x</b>	<b>6.3x</b>
<b>Mean</b>	<b>69.9%</b>				<b>15.2%</b>		<b>1.1x</b>	<b>7.0x</b>	<b>7.0x</b>
<b>Metal and Glass</b>									
Ball Corporation (NYSE:BALL)	78.3%	\$15,122.0	9.6%	\$1,956.0	12.9%	\$27,907.8	1.8x	14.3x	12.4x
Crown Holdings, Inc. (NYSE:CCK)	84.6	12,755.0	4.4	1,670.0	13.1	17,964.2	1.4	10.8	9.4
O-I Glass, Inc. (NYSE:OI)	90.7	6,995.0	1.9	1,159.0	16.6	7,599.0	1.1	6.6	5.5
<b>Median</b>	<b>84.6%</b>				<b>13.1%</b>		<b>1.4x</b>	<b>10.8x</b>	<b>9.4x</b>
<b>Mean</b>	<b>84.5%</b>				<b>14.2%</b>		<b>1.4x</b>	<b>10.5x</b>	<b>9.1x</b>

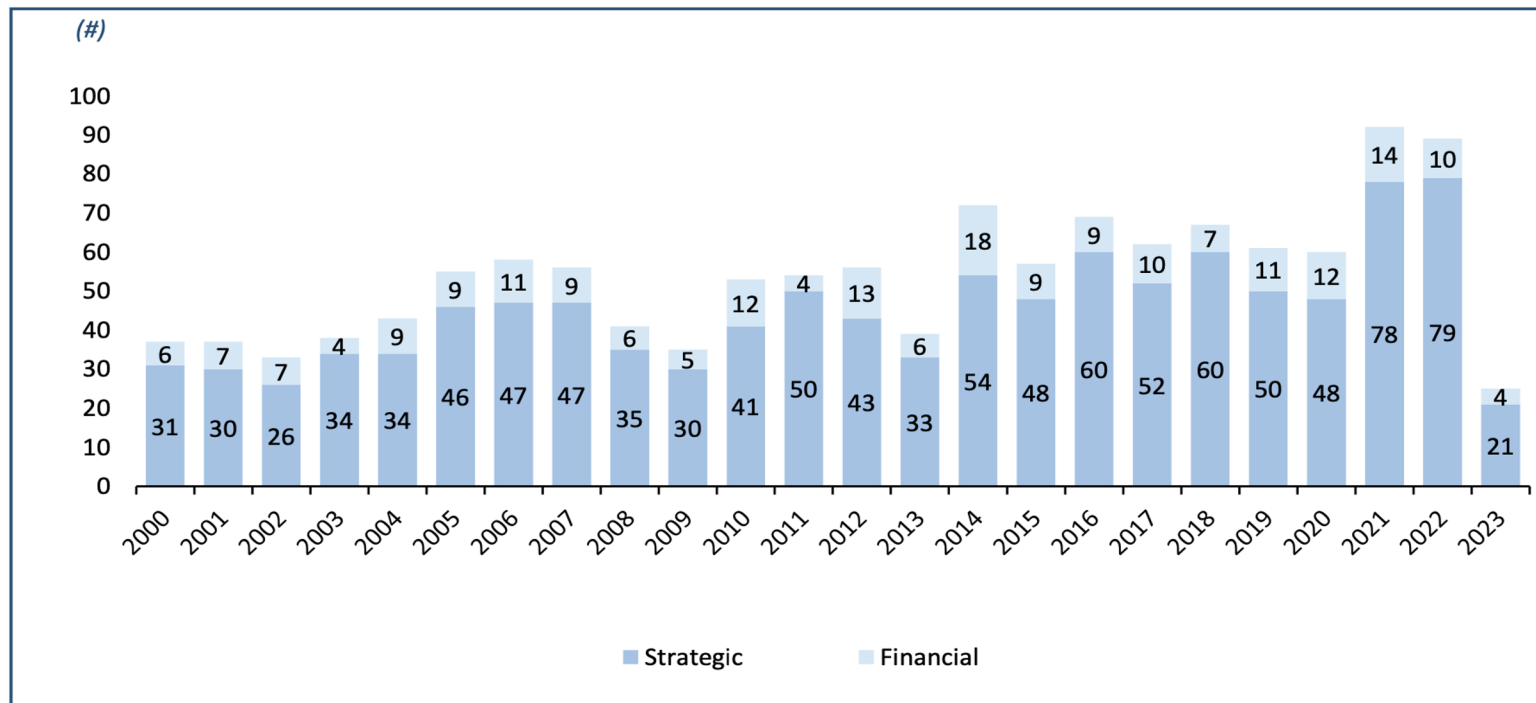
# Packaging Industry Acquisition Multiples

Median EV Multiples (2000 – June 2023)



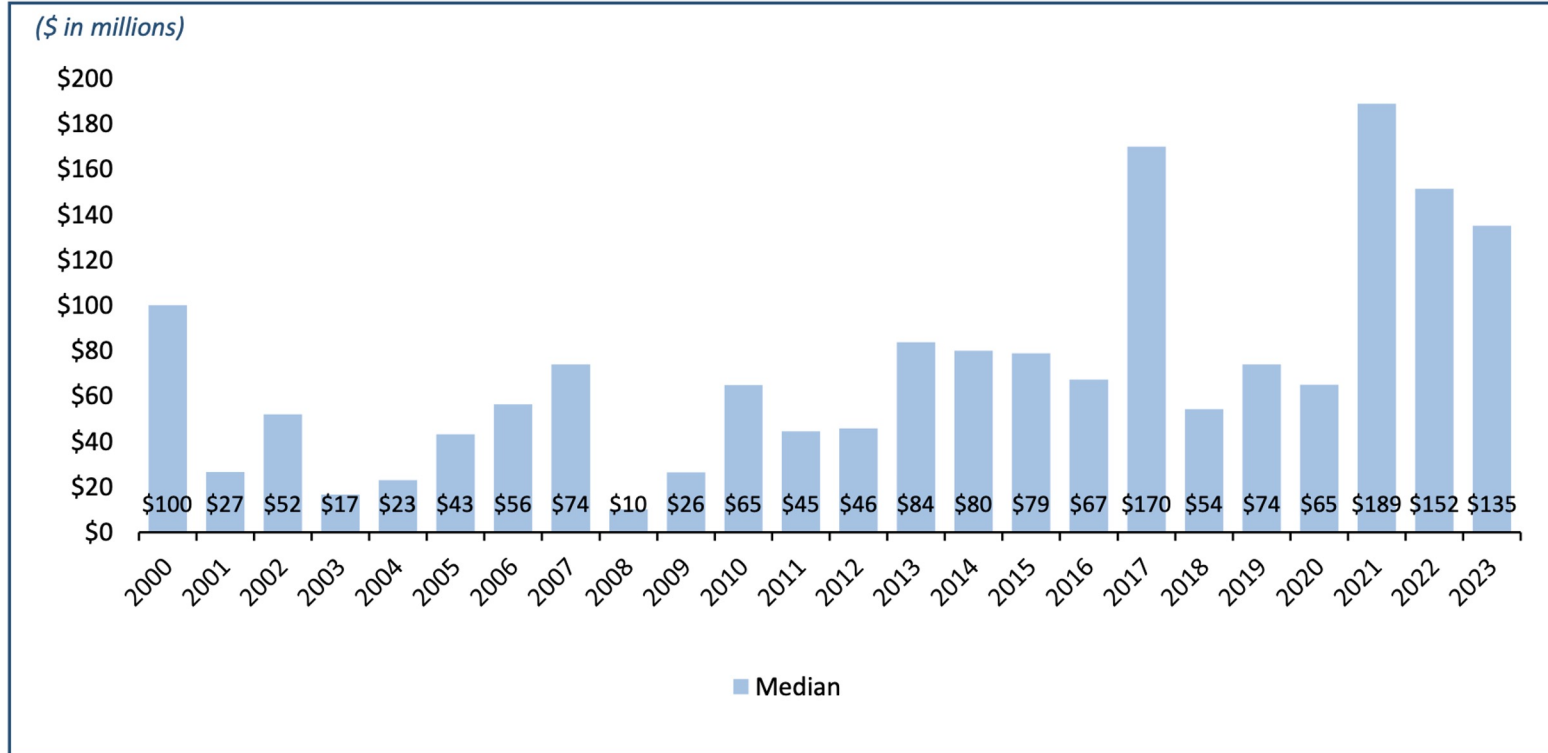
# Packaging Industry Annual M&A Deal Volume

## U.S. Packaging M&A Count (2000 – June 2023)



# Packaging Industry M&A: Median Transaction Value

## Median Transaction Value (2000 – June 2023)



Source: Peakstone Packaging Report Q3 2023.



# Recent M&A Transactions in Packaging

<u>Date Announced</u>	<u>Target</u>	<u>Buyer</u>	<u>Target Description</u>	<u>Enterprise Value (\$MM)</u>	<u>EV/Rev</u>	<u>EV/EBITDA</u>
Nov-23	NYP, LLC	Granite Creek Capital Partners	Manufacturer of packaging for nursery and agriculture markets	-	-	-
Nov-23	General Converting	Century Box (Core Industrial Partners)	Manufacturer of folding cartons for consumer products	-	-	-
Nov-23	Nekoosa Coated Products, LLC	Wynnchurch Capital, L.P	Provider of specialty materials for graphics and printing	-	-	-
Oct-23	I PACKCHEM	Greif, Inc.	Manufacturer of jerrycan and small plastic containers	-	-	-
Oct-23	Helvetia Packaging AG	Crown Holdings, Inc. (NYSE: CCK)	Manufacture of beverage cans	-	-	-
Sep-23	Soteria Flexibles Holdings, LLC (Ardian PE)	TJC, LP	Manufacturer of custom flexible packaging	-	-	-
Sep-23	AtCorr Packaging Products LLC	Welch Packaging	Manufacturer of corrugated packaging	-	-	-
Aug-23	Bell Inc.	Graphic Packaging International	Manufacturer of folding cartons for consumer products	-	-	-
Aug-23	Promach, Inc.	Leonard Green & Partners	Filling, bottling and capping, decorative labels	\$158	-	-
Jun-23	N-Stock Box	Akers Packaging	Manufacturer of corrugated and custom packaging	-	-	-
Jun-23	ASL Print FX	AWT Labels & Packaging (Morgan Stanley Cap Ptrs)	Printers of pressure sensitive labels, promotional and package printing	-	-	-
Jun-23	The Standard Group	Paperworks Industries	Converter of custom printed paperboard packaging	-	-	-
Jun-23	Parkway Products, LLC	Clayens NP Group	Manufacturer of polymers, composites and precision metals	-	-	-
Jun-23	Mark Andy, Inc.	Center Rock Capital Partners, L.P	Provider of label printing equipment and supplies	-	-	-
Jun-23	TeqSupply	B2B Industrial Packaging LLC (GenNX 360 Partners)	Provider of stretch wrap, tape and adhesives.	-	-	-
May-23	SGS & Co.	HPS Investment Partners	Packaging design services	-	-	-
May-23	Standard Bag Manufacturing Company	Gelpac, Inc.	Manufacturer of industrial and food-grade laminated bags	-	-	-



# Recent M&A Transactions in Packaging

<u>Date Announced</u>	<u>Target</u>	<u>Buyer</u>	<u>Target Description</u>	<u>Enterprise Value (\$MM)</u>	<u>EV/ Rev</u>	<u>EV/EBITDA</u>
May-23	Spectrum Plastics Group	Dupont De Nemours	Manufacturer of polyethylene bags and films	\$1,750	-	-
Apr-23	Nursery Supplies, Inc.	Millpoint Capital	Recycler and manufacturer of horticulture containers and trays.	-	-	-
Apr-23	Millennium Packaging Inc.	B2B Industrial Packaging LLC (GenNX 360 Partners)	Provider of film, packaging equipment and corner board.	-	-	-
Mar-23	Brown Industrial Packaging	B2B Industrial Packaging LLC (GenNX 360 Partners)	Distributor of film and packaging equipment.	-	-	-
Mar-23	Airnov Healthcare Packaging	Colorcon	Manufacturer of healthcare packaging products	-	-	-
Mar-23	Amherst Label	Inovar Packaging Group (Kelso & Co.)	Manufacturer of custom printed labels	-	-	-
Mar-23	Suttons Performance Packaging	Mcfarlane Group	Manufacturer of packaging for medical, electronics and industrials	\$11	-	-
Mar-23	Martin Pallet	Burlington Capital Partners	Manufacturer of custom wood packaging for storage and logistics	-	-	-
Mar-23	Nashville Box	Welch Packaging	Manufacturer of corrugated boxes for packaging companies	-	-	-
Feb-23	Cimarron Label & Western Printing	Inovar Packaging Group (Kelso & Co.)	Manufacturer of custom printed labels and flexible packaging	-	-	-
Feb-23	Aarts Packaging, BV	TriMas (NASDAQ: TRS)	Packaging solutions provider for beauty and lifestyle brands	-	-	-
Feb-23	StePac, MAPfresh Holdings	PPC Flexible Packaging, LLC (GTCR)	Manufacturer of specialty flexible packaging for fresh produce	-	-	-
Feb-23	Alpha Container	Larsen Packaging Products	Manufacturer of corrugated packaging and supplies	-	-	-
Feb-23	Keystone Paper & Box Company	Mill Rock Capital	Manufacturer & distributor of corrugated packaging and supplies	-	-	-
Feb-23	Preferred Packaging Products	Flexpak	Manufacturer & distributor of packaging products	-	-	-

# Recent M&A Transactions in Packaging

<u>Date Announced</u>	<u>Target</u>	<u>Buyer</u>	<u>Target Description</u>	<u>Enterprise Value (\$MM)</u>	<u>EV/Rev</u>	<u>EV/EBITDA</u>
Jan-23	Next Press	B2B Industrial Packaging LLC (GenNX 360 Partners)	Manufacturer & distributor of corrugated packaging and supplies	-	-	-
Jan-23	Fredman Bag	Summit Plastics (LongVue Capital)	Manufacturer of printed and converted custom flexible packaging	-	-	-
Jan-23	Container Services	Shore Capital Partners	Manufacturer of rigid plastic packaging	-	-	-
Dec-22	SCI Box	Akers Packaging	Manufacturer of corrugated boxes for packaging companies	-	-	-
Dec-22	Jenco Productions	GPA Global	Manufacturer of high-end rigid boxes	-	-	-
Dec-22	Precision Label, Inc	ID Images (Sole Source Capital)	Manufacturer of prime labels	-	-	-
Dec-22	Oak Paper Products Company, Inc.	B2B Industrial Packaging LLC (GenNX 360 Partners)	Distributor of corrugated packaging	-	-	-
Dec-22	Knoxville Box & Container	Welch Packaging	Provider of corrugated boxes, wood crates and packaging supplies			
Nov-22	Tri Pro Graphics & Packaging	B2B Industrial Packaging LLC (GenNX 360 Partners)	Distributor of corrugated packaging, film and foam	-	-	-
Nov-22	Lee Container Corporation	Greif, Inc.	Manufacturer of industrial containers	\$300	-	-
Nov-22	RTS Packaging/ West Rock (Paper Mill in TN)	Sonoco Products Company	Fiber & Corrugated Partitions	\$330	-	-
Nov-22	Liqui- Box Corporation	Sealed Air Corporation	Flexible Liquid Packaging Solutions	\$1,150	3.2x	13.5x
Oct-22	Plastic Packaging Technologies, LLC	PPC Flexible Packaging, LLC (GTCR)	Provider of flexible packaging solutions	-	-	-
Oct-22	Deco Flexible Packaging	Resource Label Group, LLC	Manufacturer of labels and flexible packaging	-	-	-
Oct-22	K-1 Packaging Group & Everest Packaging	Dunes Point Capital, LP	Turnkey packaging solutions for Wellness and Personal Care	-	-	-
Oct-22	Crown Paper Group	Atlas Holdings LLC	Manufacturer of containerboard	-	-	-
Aug-22	Plastic industries	Altium Packaging	Blow- Molded and High-density Polyethylene bottles	\$5	-	-
Feb-22	Midwest Paper Group	Durango Mckinley Paper Company	Recycled containerboard, natural kraft packaging, and printing writing grades	\$204	-	-



# Recent M&A Transactions in Packaging

<u>Date Announced</u>	<u>Target</u>	<u>Buyer</u>	<u>Target Description</u>	<u>Enterprise Value (\$MM)</u>	<u>EV/Rev</u>	<u>EV/EBITDA</u>
Jul-22	Moulded Fibre Technology Division of UFP	CKF, Inc.	Manufacturer of custom molded fiber packaging	\$32	1.3x	13.0x
Jun-22	Parata Systems	Becton, Dickinson and Co. (NYSE: BDX)	Pharmacy automation and packaging solutions	\$1,525	-	-
May-22	Packaging Logic, Inc.	Akers Packaging	Manufacturer of corrugated boxes and containers	-	-	-
Mar-22	Syfan Manufacturing	Intertape Polymer Group	Manufacturer of shrink and over-wrap films	\$18	-	-
Mar-22	Inovar Packaging (AEA Investors)	Kelso & Company	Full service provider of labels and flexible packaging	-	-	-
Feb-22	Midwest Paper Group	Durango Mckinley Paper Company	Recycled containerboard, natural kraft packaging, and printing writing grades	\$204	-	-





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