

## Packaging | Q2 2022



### Key Topics

- Market Insights
- Packaging Insights
- Recent Lincoln International Transactions
- Select Mergers and Acquisitions Transaction Highlights
- Public Companies Operating Statistics and Valuation Parameters
- Global Packaging Valuations by Subsector

# Quarterly Review

## Market Insights

After a series of record-breaking quarters throughout 2021, Q2 2022 marks another slight deceleration in mergers and acquisitions (M&A) activity, with approximately 8,900 deals closed, according to S&P Global. This represents a decrease of approximately 9% compared to the approximately 9,800 deals closed in the previous quarter. However, a decline in transaction activity is unsurprisingly due to the continuous rebalancing of M&A markets following the record-breaking pace of activity in 2021. Buyers, particularly financial sponsors, still remain very active as they look to deploy an estimated \$1 trillion of dry powder in the North American private equity markets. Heading into the second half of this year, we expect geopolitical uncertainty and economic headwinds, such as rising interest rates and market volatility, to trigger a slight pullback in transaction activity. However, we continue to see both strategic and financial acquirers show a steady commitment to making investments when they are the right fit for strategic growth and strong returns.

M&A activity within the packaging sector remained relatively steady throughout Q2, with only a slight decrease in the number of transactions completed. According to S&P Global, approximately 60 global packaging transactions were completed this quarter – this represents a decrease of only two deals from Q1 2022. However, compared to Q2 2021, transaction activity decreased by approximately 30%. Despite a quarter-over-quarter cooling of market activity, notable acquisitions continued to close across various packaging subsectors. Several notable strategic players, such as Brook + Whittle (Genstar Capital), Fortis Solutions (Harvest Partners), Novolex (Apollo), ProAmpac (Pritzker Private Capital) and Zeus Packaging Group, all completed acquisitions throughout the quarter. In addition, several financial sponsors, such as H.I.G. Capital, Kelso & Company and Quad-C Management entered the market with Q2 acquisitions. While M&A remained relatively steady, public markets took more of a toll. A more granular view of the subsectors shows a decline from Q1 2022 in labels (11.0x enterprise value / EBITDA), paperboard (9.1x) and rigid (10.7x) public companies, with a slight uptick in flexibles (9.4x, increase of 0.2x). While we do not expect a large upswing in market activity heading into Q3, we remain optimistic that attractive companies will continue to garner investments from both strategic and financial buyers looking to make plays within the packaging sector.

## Packaging Insights

**Apr-22: Bain Capital** has ended its initial public offering plans for **Fedrigoni**, a manufacturer of specialty paper and self-adhesive labels. It is said to be in the final stages of a potential sale process with several interested financial acquirers.

**Apr-22: Lindsay Goldberg** is considering a potential sale of packaging solutions company, **Paccor's** two remaining UK-based operations.

**Apr-22: Trustr Capital** is expected to launch a sale process for **Axilone**, a France-based cosmetic packaging producer, this year.

**Jun-22: The B&C Group** divested its 80% stake in Austria-based packaging manufacturer, **Schur Flexibles**, after discovering financial mismanagement and misconduct from previous owners.

**Jun-22: Iconex (Atlas Holdings)** will continue to build upon its label business through acquisitions as it considers the potential sale of its paper division.

**Jun-22: Belgium-based packaging supplier, Coeman Packaging (Creafund)**, is actively seeking acquisitions as part of its near-term growth plan.

**Jun-22: Cerebus Capital Management** is considering the sale of **Closure Systems International**, an Indiana-based provider of caps and closures.

## Recent Lincoln International Transactions

<p>PFINGSTEN</p> <p>has sold</p> <p>OLIVER INC.</p> <p>to</p> <p>TENEX CAPITAL MANAGEMENT</p> <p>Sell-Side</p> 	<p>Private shareholders have sold</p> <p>isiam / Bramucci</p> <p>to</p> <p>PENINSULA CAPITAL</p> <p>Sell-Side</p> 	<p>HBM HOLDINGS</p> <p>has sold</p> <p>AEROFIL</p> <p>to</p> <p>kdc/one</p> <p>a portfolio company of</p> <p>CORNELL CAPITAL</p> <p>Sell-Side</p> 	<p>NICOLET CAPITAL</p> <p>has sold</p> <p>INTERFLEX GROUP</p> <p>to</p> <p>TOPPAN</p> <p>Sell-Side</p> 	<p>ANDLINGER &amp; COMPANY</p> <p>has sold</p> <p>ESKA</p> <p>to</p> <p>RdM</p> <p>Sell-Side</p> 	<p>PB PackBenefit</p> <p>a portfolio company of</p> <p>JZ International</p> <p>has received an investment from</p> <p>CIRCULARITY CAPITAL</p> <p>Sell-Side</p> 
--	---	---	--	--	--

# Select M&A Transactions

Date	Status	Target Company	Acquiring Company
Jun-22	Announced	Anchor Printing	Fortis Solutions (Harvest Partners)
Jun-22	Announced	Essentra Packaging	Mayr-Melnhof Karton (WBAG:MMK)
Jun-22	Announced	Petainer	Ara Partners / Next Wave Partners
Jun-22	Announced	WePackItAll	Akoya Capital Partners / Trinity Investors
Mar-22	Announced	GTA Containers	Calvert Street Capital / Hemingway Capital
Jul-22	Closed	Oliver Printing (Pfungsten)	Tenex
Jul-22	Closed	Mondi's Personal Care Components Division (LSE:MNDI)	Nitto Denko (TSE:6988)
Jun-22	Closed	Banaplast	Transcontinental
Jun-22	Closed	Schur Flexibles (B&C Group)	Apollo
Jun-22	Closed	Syracuse Label	W N Van Alstine & Sons
Jun-22	Closed	Plásticos Flome	K.B. Recycling (TSXV:AKMY)
Jun-22	Closed	Andler Packaging Group	Berlin Packaging (Oak Hill Capital)
Jun-22	Closed	Swanline Print / BoxMart	Zeus Packaging Group
Jun-22	Closed	Scholle IPN	SIG Group (SIGN.SW)
Jun-22	Closed	AMR Hewitts	Peacock Bros
May-22	Closed	ISEM	Azimut / Peninsula Capital
May-22	Closed	Catapult Print and Packaging	Quad-C Partners
May-22	Closed	Specialty Packaging	ProAmpac (Pritzker Private Capital)
May-22	Closed	Inovar Packaging Group (AEA Investors)	Kelso & Company
May-22	Closed	Pixelle Specialty Solutions (Lindsay Goldberg)	H.I.G. Capital
May-22	Closed	Carton Pack (21 Invest)	Alvarez & Marsal Capital
May-22	Closed	Indepak	Sinclair & Rush (Cameron Holdings)
May-22	Closed	Continental Bottle Company / DiBro	TricorBraun (Ares / OTHP)
May-22	Closed	Agri-Flex	Zeus Packaging Group
May-22	Closed	Liberty Greenleaf	Iconex (Atlas Holdings)
May-22	Closed	Atlas Packaging	Smurfit Kappa (ISE: Sk3)
May-22	Closed	Thimm Packaging Systems (Thimm Group)	TRICOR Packaging & Logistics (Rengo)
Apr-22	Closed	Diamond Flexible Packaging	Brook & Whittle (Genstar Capital)
Apr-22	Closed	Southern Container	Novvia Group (Kelso & Company)

# Select M&A Transactions (cont.)

Date	Status	Target Company	Acquiring Company
Apr-22	Closed	Lohnpack Contract Filling	Matrix Adhesives Group (Goldner Hawn)
Apr-22	Closed	PBFY Flexible Packaging (Pacific Western Sales)	TricorBraun (Ares / OТПP)
Apr-22	Closed	Profecta Labels	Fortis Solutions Group (Harvest Partners)
Apr-22	Closed	Red Rose Packaging	Logson Group (W. & R. Barnett)
Apr-22	Closed	Novolex (Carlyle)	Apollo Global Management
Apr-22	Closed	Eson Pac Group (Nalka Invest)	Mayr-Melnhof Karton (WBAG:MMK)
Apr-22	Closed	Argencraft	Smurfit Kappa (ISE: Sk3)
Apr-22	Closed	Panventri	Berlin Packaging (Oak Hill Capital)
Apr-22	Closed	Graphic Label (OneAccord Capital)	Peak Technologies (Sole Source Capital)
Apr-22	Closed	Dean Packaging	Paragon Group
Apr-22	Closed	Label Tech	Fortis Solutions Group (Harvest Partners)



# Public Companies Operating Statistics and Valuation Parameters

(\$ in millions)

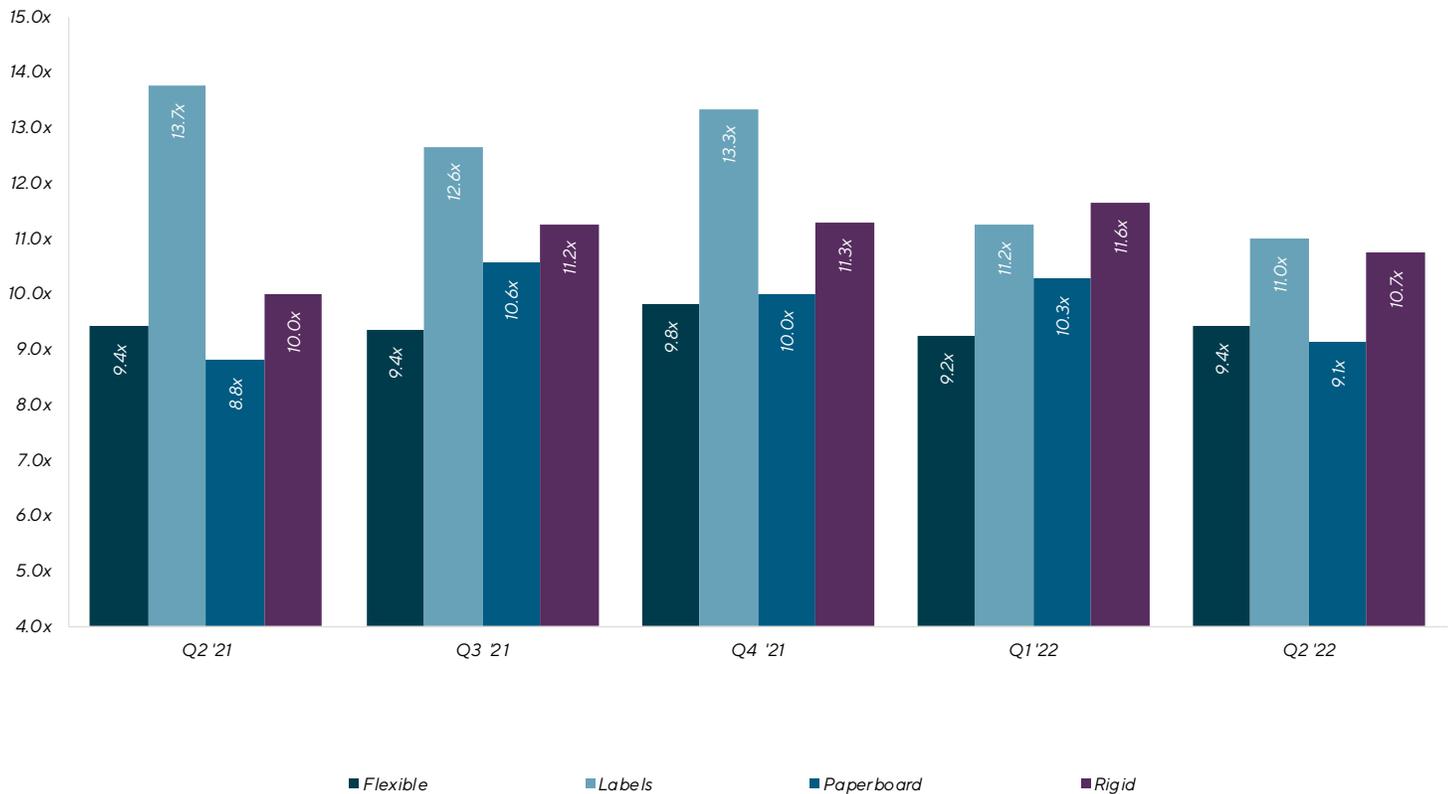
Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YOY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
<b>Flexible</b>										
Arcor plc	\$12.43	95.0%	\$18,441	\$24,635	\$14,089	\$2,154	9.5%	15.3%	1.9x	11.6x
Berry Global Group, Inc.	54.64	73.1%	7,120	16,987	\$14,692	2,112	18.3%	14.4%	1.2x	8.0x
Huhtamäki Oyj	39.51	82.3%	4,124	5,860	3,823	474	14.5%	12.4%	1.5x	11.2x
Sealed Air Corporation	57.72	81.6%	8,432	11,921	5,684	1,121	9.9%	19.7%	2.1x	10.3x
Transcontinental Inc.	11.89	57.9%	1,033	1,840	2,804	398	12.6%	14.2%	0.8x	5.6x
Winpak Ltd.	34.15	98.0%	2,220	1,892	1,053	199	18.1%	18.9%	1.9x	9.7x
<b>Mean</b>		<b>81.3%</b>					<b>13.8%</b>	<b>15.8%</b>	<b>1.6x</b>	<b>9.4x</b>
<b>Median</b>		<b>82.0%</b>					<b>13.6%</b>	<b>14.8%</b>	<b>1.7x</b>	<b>10.0x</b>
<b>Labels</b>										
Avery Dennison Corporation	\$161.87	70.6%	\$13,227	\$16,322	\$8,706	\$1,281	19.3%	14.7%	1.9x	12.1x
Brady Corporation	47.24	83.7%	2,373	2,380	1,284	215	17.8%	16.7%	1.9x	10.5x
CCL Industries Inc.	47.23	80.9%	8,401	9,537	5,905	1,136	7.8%	19.2%	2.1x	10.3x
<b>Mean</b>		<b>78.4%</b>					<b>14.9%</b>	<b>16.9%</b>	<b>1.9x</b>	<b>11.0x</b>
<b>Median</b>		<b>80.9%</b>					<b>17.8%</b>	<b>16.7%</b>	<b>1.9x</b>	<b>10.5x</b>
<b>Paperboard</b>										
Cascades Inc.	\$7.86	61.6%	\$793	\$2,033	\$4,052	\$257	2.8%	6.3%	0.6x	8.0x
DS Smith plc	3.37	59.5%	4,634	6,494	7,241	866	21.2%	12.0%	0.7x	6.1x
Graphic Packaging Holding Company	20.50	89.2%	6,320	12,142	7,752	1,147	15.1%	14.8%	1.6x	9.7x
International Paper Company	41.83	66.7%	15,503	20,224	20,007	2,830	14.0%	14.1%	1.0x	5.9x
Mondi plc	17.68	69.7%	8,575	10,766	7,723	1,507	12.9%	19.5%	1.4x	6.9x
Packaging Corporation of America	137.50	81.6%	12,772	14,752	8,060	1,827	13.6%	22.7%	1.8x	7.6x
Sonoco Products Company	57.04	84.1%	5,561	8,910	6,008	293	13.6%	4.9%	1.5x	23.4x
WestRock Company	39.84	72.7%	10,153	18,891	20,241	3,126	11.7%	15.4%	0.9x	5.4x
<b>Mean</b>		<b>73.1%</b>					<b>13.1%</b>	<b>13.7%</b>	<b>1.2x</b>	<b>9.1x</b>
<b>Median</b>		<b>71.2%</b>					<b>13.6%</b>	<b>14.5%</b>	<b>1.2x</b>	<b>7.2x</b>
<b>Rigid</b>										
Arcor plc	\$12.43	95.0%	\$18,441	\$24,635	\$14,089	\$2,154	9.5%	15.3%	1.9x	11.6x
AptarGroup, Inc.	103.21	72.7%	6,768	7,911	3,295	608	6.4%	18.5%	2.4x	12.3x
Berry Global Group, Inc.	54.64	73.1%	7,120	16,987	14,692	2,112	18.3%	14.4%	1.2x	8.0x
Crown Holdings, Inc.	92.17	70.7%	11,213	18,351	11,992	1,810	(4.5%)	15.1%	1.5x	n/a
Greif, Inc.	62.38	86.6%	3,032	5,339	6,301	894	33.2%	14.2%	0.8x	5.5x
O-I Glass, Inc.	14.00	78.0%	2,187	6,502	6,549	1,058	4.4%	16.2%	1.0x	5.4x
Silgan Holdings Inc.	41.35	88.0%	4,582	8,307	5,881	862	10.9%	14.7%	1.4x	8.8x
Sonoco Products Company	57.04	84.1%	5,561	8,910	6,008	293	13.6%	4.9%	1.5x	23.4x
<b>Mean</b>		<b>81.0%</b>					<b>11.5%</b>	<b>14.1%</b>	<b>1.5x</b>	<b>10.7x</b>
<b>Median</b>		<b>81.1%</b>					<b>10.2%</b>	<b>14.9%</b>	<b>1.4x</b>	<b>8.8x</b>

Source: Bloomberg, Capital IQ and company filings, as of June 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 June 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](http://www.lincolninternational.com).

Connect with a professional in Lincoln International's packaging sector at [www.lincolninternational.com/packaging](http://www.lincolninternational.com/packaging).