

PACKAGING

Quarterly Review

Q1 2023



KEY TOPICS

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

Market Intelligence

The first quarter of 2023 trended similar to the back half of 2022, with an overall decrease in mergers and acquisitions (M&A) activity. The total number of closed M&A transactions dropped approximately 38% compared to Q12022 and approximately 19% compared to last quarter. Packaging in particular mimicked market performance, with the total number of closed transactions declining approximately 30% compared to this quarter last year. While M&A activity remains fairly stagnant, businesses within the packaging sector are still performing. This is visible in the performance of public players, with enterprise value (EV) / EBITDA multiples across the flexible (8.2x), labels (11.6x) and rigid (9.2) verticals all trending higher compared to last quarter. While paperboard did not increase quarter over quarter, it remained stable at 6.5x.

The persistence of unpredictable factors in the market, including interest rate hikes and inflation, coupled with new market events such as bank runs and bank consolidation, suggest market visibility will remain in flux heading into the next quarter. However, as expected at the close of last year, strategic and financial buyers are both still executing priority transactions. Several notable strategic players started this year strong with acquisitions across a number of different packaging sub-verticals. Brook + Whittle (Genstar Capital), MacFarlane Group (LON:MACF), Resource Label Group (Ares Management), Constantia Flexibles, Oliver (Tenex Capital Management) and Envoy Solutions (BMV:FEMSAUBD) all completed transactions this quarter. Financial sponsors also executed a number of M&A transactions, leveraging a greater proportion of equity investment and co-investment to navigate a challenging lender environment. This continuation of M&A activity is attributed to, but not limited to, the 1) long-term realization of synergies offsetting temporary obstacles, 2) a record amount of “backlogged” capital dedicated to acquisitions, 3) pent up demand from financial sponsors and the 4) return of cross-border dealmaking. We expect interested parties who are willing to align expectations to current market conditions will continue to transact across the sector heading into the next quarter.

Packaging Insights

Jan-23: Specialty packaging converter, **Yebo Group**, draws majority recapitalization from **Exeter Street Capital Partners** to pursue transformational packaging buys

Jan-23: German manufacturer of reusable transport packaging products, **KTP Kunststoff Palettentechnik (VR Equity Partners)** increased its stake in packaging firm, **K2 PAK**, after acquiring a majority stake last year

Jan-23: **Salinas Packaging Group**, a Spanish manufacturer of rigid cardboard boxes for luxury packaging, is looking for acquisition opportunities

Jan-23: Italian producer of cartonboard packaging, **Europoligrafico**, is in conversations with interested strategic and financial buyers as they consider a potential sale process

Feb-23: **Exonia**, a biodegradable plastic packaging manufacturer, is engaged in the acquisition of three competitors, including **Plastic & Paper Distribution**

Feb-23: Italian bottle closure producer, **Tapi (Stirling Square)**, is looking to enter new regions and add product lines through acquisitions under new ownership direction

Feb-23: Manufacturer of sustainable rigid packaging solutions, **Silgan Holdings (NYSE:SLGN)**, is seeing an improved acquisition landscape and will concentrate its efforts on dispensing companies

Feb-23: **Berry Global (NYSE:BERY)**, an Indiana-based packaging group, announced Tom Salmon will retire as Chief Executive Officer and Board Member at the end of this year

Feb-23: Polish producer of paper and plastic packaging, **Hadepol Flexo**, is exploring a potential sale process

Feb-23: Majority owners of a Greek manufacturer of corrugated paper and packaging materials, **VIS (ASE:VIS)**, have received interest from a large foreign group for its stake in the company

Feb-23: UK-based packaging manufacturer, **MacFarlane Group (LON:MACF)**, is looking for acquisition targets within the UK and Europe

Mar-23: Norwegian labeling and packaging solutions company, **Skanem**, is interested in the acquisition of new factories this year

Mar-23: **BIO-LUTIONS**, a sustainable packaging solutions provider, has initiated conversations with strategic buyers for a potential sale process

Mar-23: **Pactiv Evergreen (NASDAQ:PTVE)** is said to be exploring strategic alternatives for its mill, **Evergreen Packaging**

Mar-23: **Rohrer Corporation (Wellspring Capital Management)**, a manufacturer of consumer packaging, announced the appointment of Tim Swanson as its new Chief Executive Officer

Mar-23: **Smurfit Kappa Group (LON:SKG)**, an Ireland-based corrugated packaging company, announced it has completed its exit from the Russian market after selling Russian operations to local management

Mar-23: **Iconex (Atlas Holdings)**, a manufacturer of sticky labels and paper receipts, will seek complementary acquisitions amid a changing dealmaking environment

Mar-23: **One Equity Partners** is considering the sale of Finnish packaging manufacturer, **Walki Group**, with expected interest from both financial sponsors and strategic buyers

Mar-23: **IPACKCHEM Group (SK Capital)**, a manufacturer of sustainability-oriented barrier packaging, is considering a sale

Recent Lincoln International Transactions

 <p>has sold</p>  <p>to</p>  <p>a portfolio company of</p>  <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p> <p>Seedamm Packaging GmbH</p> <p>Sell-Side</p> 	 <p>has 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> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 
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SELECT M&A TRANSACTIONS

Date	Status	Target Company	Acquiring Company
Mar-23	Announced	Flexible Films Segment of KAP AG / Mehler AG	Kingspan Group (ISE:KRX)
Feb-23	Announced	IPL Srl (Coesia Spa)	Oji Holdings Corp (TYO:3861)
Jan-23	Announced	Flensburg Paper Mill of Mitsubishi HiTech (TYO:3864)	Timber QCP (Quantum Capital Partners)
Mar-23	Closed	MK Printpack	Parksons Packaging (Warburg Pincus)
Mar-23	Closed	Resolute Forest Products (NYSE:RFP)	Domtar Corporation (The Paper Excellence Group)
Mar-23	Closed	Nashville Box	Welch Packaging Group
Mar-23	Closed	Drukpol.flexo	Constantia Flexibles
Mar-23	Closed	Gulf Closures WII	AptarGroup (NYSE:ATR)
Mar-23	Closed	Clearly Clean	Blue Sage Capital / Insight Equity
Mar-23	Closed	Suttons Performance Packaging	Macfarlane Group (LON:MACF)
Mar-23	Closed	Tikedo	White Bridge Investments
Mar-23	Closed	Decomatic	Stratus Packaging Group
Mar-23	Closed	Crown Van Gelder	EPAC Technologies (Patricia Industries)
Mar-23	Closed	Majestic Labels	Resource Label Group (Ares Management)
Mar-23	Closed	Airnov Healthcare Packaging (Arsenal Capital Partners)	Colorcon (Berwind Corporation)
Mar-23	Closed	Beauty Rain	Gotcha Cosmetics (Capvis)
Mar-23	Closed	Kartonfabrik Buchmann	Moritz J. Weig
Mar-23	Closed	Concentrate Packaging Line of Greenlane Holdings	eBottles (Berlin Packaging)
Feb-23	Closed	Malpack	Trioworld Group (Altor Equity Partners)
Feb-23	Closed	Innavisions	Produce Packaging (H L Hutchinson)
Feb-23	Closed	Container Services	Shore Capital Partners
Feb-23	Closed	Alpha Container Company	Larsen Packaging Products
Feb-23	Closed	LabelPress	All4Labels (Triton)
Feb-23	Closed	LLT Labels	Brook + Whittle (Genstar Capital)
Feb-23	Closed	Aarts Packaging	TriMas (NASDAQ:TRS)
Feb-23	Closed	Focus Packaging & Supply	Imperial Dade (Bain Capital / Advent International)
Feb-23	Closed	Polpack	Zeus Packaging
Feb-23	Closed	Next Press	B2B Industrial Packaging (GenNx360 Capital Partners)
Feb-23	Closed	StePac (Nili Capital Partners)	PPC Flexible Packaging (GTCR)
Feb-23	Closed	Condials	Groupe Ydeo (Ouest Croissance)
Feb-23	Closed	Complete Packaging Systems	CARTIER Packaging

SELECT M&A TRANSACTIONS (CONTINUED)

Date	Status	Target Company	Acquiring Company
Feb-23	Closed	Lotus Labels	AALP / Western Shield (Heartwood Partners)
Feb-23	Closed	Sidel (Tetra Lavel International)	Makro Labeling
Feb-23	Closed	Mooney-General Paper Co	Envoy Solutions (BMV:FEMSAUBD)
Feb-23	Closed	Keystone Paper & Box	Mill Rock Packaging Partners (Mill Rock Capital)
Feb-23	Closed	Burt Rigid Box	Pusterla 1880 (Andera Partners)
Feb-23	Closed	Taylor Box Company	Pusterla 1880 (Andera Partners)
Feb-23	Closed	Huhtamaki Tailored Packaging	Huhtamaki (Helinski:HUH1V)
Feb-23	Closed	Incodia	Woodberry Packaging (Woodberry Capital)
Feb-23	Closed	Ambroplastics	Duraweld
Feb-23	Closed	Celsur Plastics	Duraweld
Feb-23	Closed	NOMOQ	Ardagh Metal Packaging (NYSE:AMBP)
Feb-23	Closed	Paterson Pacific Parchment Company	Hoffmaster Group (Wellspring Capital Management / Gamut Capital Management)
Jan-23	Closed	HQ Group	NPM Capital
Jan-23	Closed	Prima Yorkshire / Scarborough	Duraweld
Jan-23	Closed	Converflex	Tingstad Group
Jan-23	Closed	Delta Packaging & Supply	Envoy Solutions (BMV:FEMSAUBD)
Jan-23	Closed	Protective Lining Corporation	Ringmetall (ETR:HP3A)
Jan-23	Closed	Knoxville Box and Container	Welch Packaging Group
Jan-23	Closed	Portage Plastics Corp / PPC Investments	Lacerta Group (SK Capital Partners)
Jan-23	Closed	Cosfibel Group	GPA Global (OTPPB)
Jan-23	Closed	Concept Emballage	Groupe SC Pack
Jan-23	Closed	LKTT Plastic Technology	Advantek (Cornell Capital)
Jan-23	Closed	Impression Paragraph	Supremex (TSX:SXP)
Jan-23	Closed	Fredman Bag Company	Summit Plastics (LongueVue Capital)
Jan-23	Closed	Pulver Packaging	S. Walter Packaging (Larsen MacColl Partners)
Jan-23	Closed	Royal Paper Corp	Envoy Solutions (BMV:FEMSAUBD)
Jan-23	Closed	Ilim SA (NYSE:IP)	JV Partners
Jan-23	Closed	Ultra Packaging	Massman Companies (Granite Partners)
Jan-23	Closed	Tubex Group	Multitubes Group (Mentha Capital)
Jan-23	Closed	Tap Packaging + Design	Oliver Inc (Tenex Capital Management)

PUBLIC COMPANIES OPERATING STATISTICS AND VALUATION PARAMETERS

(\$ in millions, except for stock price)

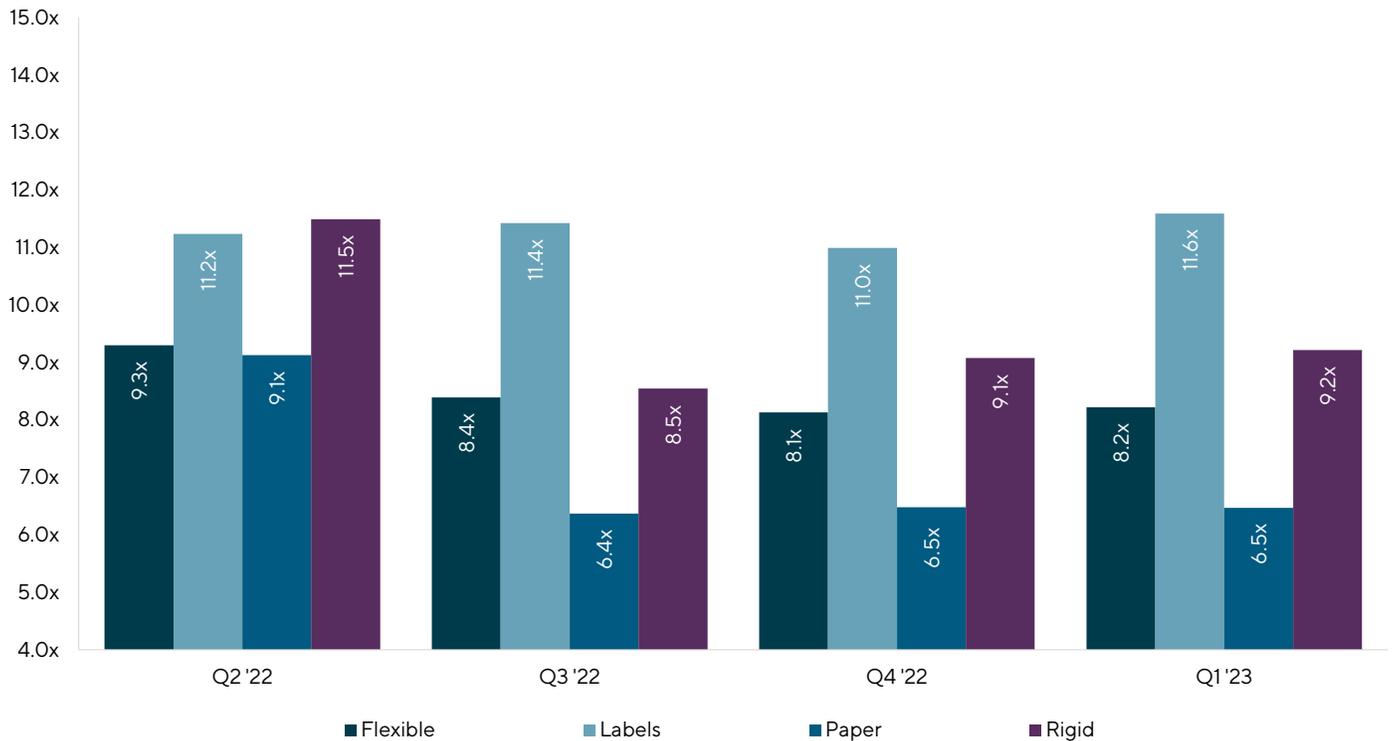
Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Flexible										
Amcorg plc	\$11.19	87.7%	\$16,751	\$23,446	\$14,971	\$2,032	6.3%	13.6%	1.6x	10.7x
Berry Global Group, Inc.	58.90	89.0%	7,150	16,438	\$13,982	2,083	(2.1%)	14.9%	1.2x	7.9x
Huhtamäki Oyj	37.16	85.6%	3,884	5,586	4,479	545	17.2%	12.2%	1.1x	9.0x
Sealed Air Corporation	45.91	65.6%	6,609	9,905	5,642	1,140	(0.7%)	20.2%	1.8x	8.4x
Transcontinental Inc.	10.37	78.2%	897	1,781	2,973	394	9.6%	13.2%	0.8x	5.8x
Winpak Ltd.	31.73	89.2%	2,062	1,711	1,181	224	12.2%	19.0%	1.4x	7.6x
Mean		82.5%					7.1%	15.5%	1.3x	8.2x
Median		86.7%					7.9%	14.2%	1.3x	8.1x
Labels										
Avery Dennison Corporation	\$178.93	87.6%	\$14,513	\$17,573	\$9,039	\$1,349	7.5%	14.9%	1.9x	12.4x
CCL Industries Inc.	49.62	96.8%	8,781	9,906	6,382	1,179	8.1%	18.5%	2.1x	10.8x
Mean		92.2%					7.8%	16.7%	2.0x	11.6x
Median		92.2%					7.8%	16.7%	2.0x	11.6x
Paper										
Cascades Inc.	\$8.12	83.6%	\$815	\$2,310	\$4,466	\$301	10.2%	6.7%	0.7x	8.3x
DS Smith Plc	3.89	85.2%	5,355	6,825	8,178	949	21.1%	11.6%	0.7x	5.4x
Graphic Packaging Holding Company	25.49	99.7%	7,829	13,183	9,440	1,600	21.8%	16.9%	1.4x	7.7x
International Paper Company	36.06	71.8%	12,598	17,803	21,161	2,986	5.8%	14.1%	0.8x	5.5x
Mondi plc	15.86	74.6%	7,692	9,299	8,902	1,655	6.8%	18.6%	1.0x	5.1x
Packaging Corporation of America	138.83	82.4%	12,387	14,710	8,478	1,941	5.2%	22.9%	1.7x	7.1x
Sonoco Products Company	61.00	91.0%	5,975	9,280	7,251	1,092	29.7%	15.1%	1.3x	7.8x
WestRock Company	30.47	55.6%	7,759	17,576	21,227	3,279	4.9%	15.4%	0.8x	4.8x
Mean		80.5%					13.2%	15.2%	1.1x	6.5x
Median		83.0%					8.5%	15.3%	0.9x	6.3x
Rigid										
Amcorg plc	\$11.19	87.7%	\$16,751	\$23,446	\$14,971	\$2,032	6.3%	13.6%	1.6x	10.7x
AptarGroup, Inc.	118.19	96.6%	7,730	8,846	3,322	610	0.8%	18.4%	2.7x	13.7x
Berry Global Group, Inc.	58.90	89.0%	7,150	16,438	13,982	2,083	(2.1%)	14.9%	1.2x	7.9x
Crown Holdings, Inc.	82.71	65.3%	9,856	16,956	12,943	1,746	7.9%	13.5%	1.3x	n/a
O-I Glass, Inc.	22.71	96.6%	3,525	7,809	6,856	1,008	4.7%	14.7%	1.1x	6.7x
Silgan Holdings Inc.	53.67	96.9%	5,908	8,962	6,411	964	9.0%	15.0%	1.4x	8.5x
Sonoco Products Company	61.00	91.0%	5,975	9,280	7,251	1,092	29.7%	15.1%	1.3x	7.8x
Mean		89.0%					8.0%	15.0%	1.5x	9.2x
Median		91.0%					6.3%	14.9%	1.3x	8.2x

Source: Bloomberg, Capital IQ and company filings, as of March 31, 2023

LAST TWELVE MONTHS (LTM) RELATIVE STOCK PRICE PERFORMANCE



HISTORICAL ENTERPRISE VALUE / EBITDA VALUATION PERFORMANCE



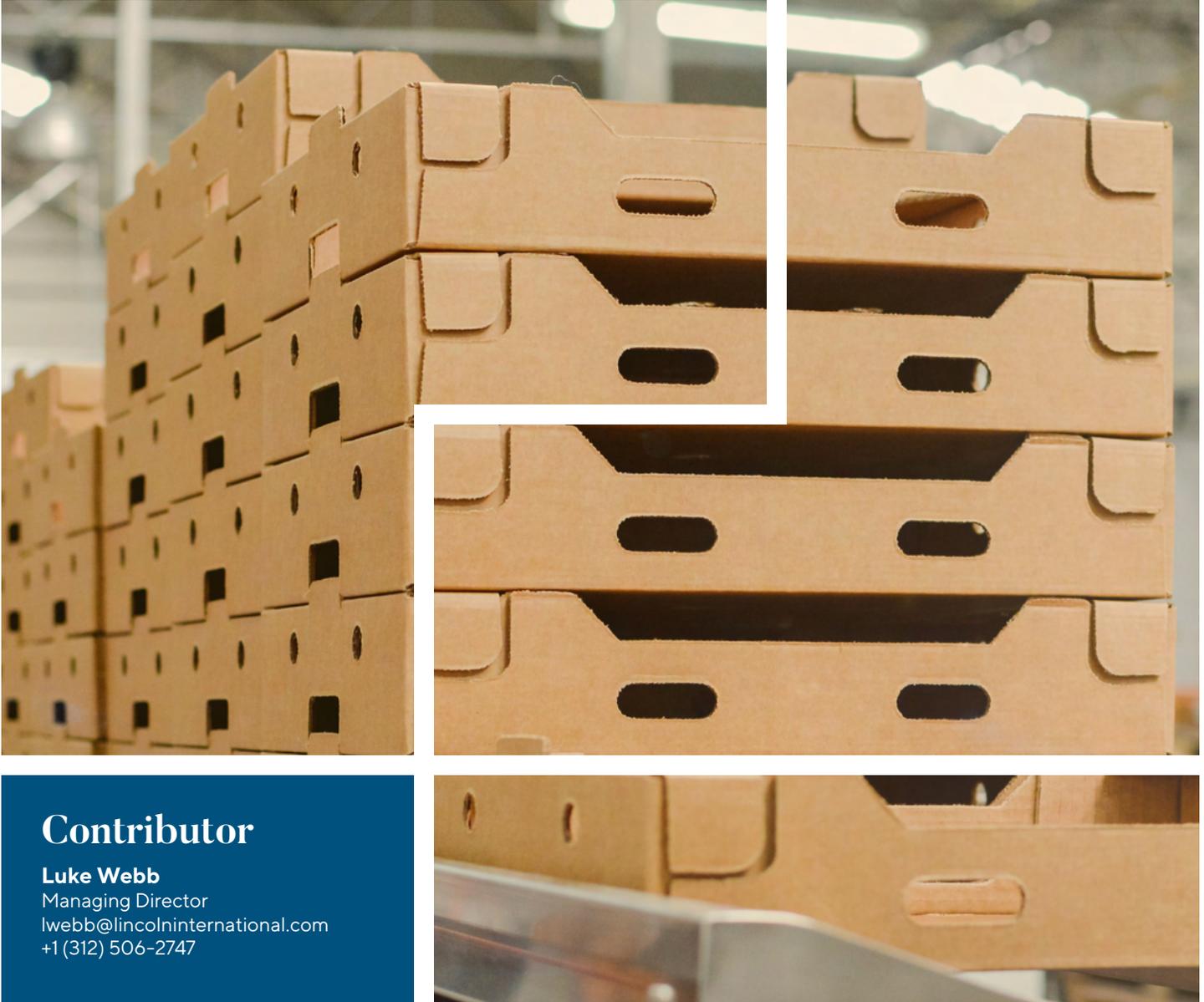
Source: Bloomberg, Capital IQ and company filings, as of March 31, 2023

About Lincoln International

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