

PACKAGING M&A UPDATE

SEPTEMBER 2022

Packaging Industry M&A Activity Tracking

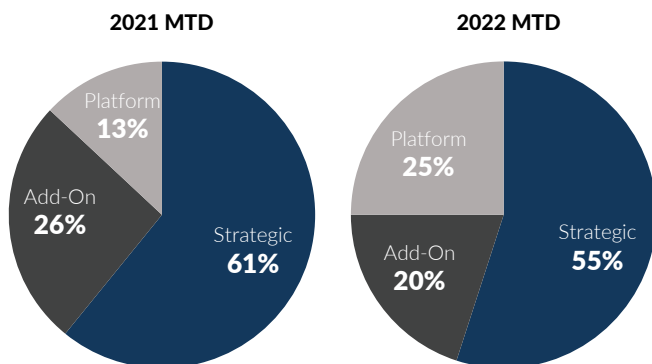
Global Packaging M&A recorded 20 deals in September and 65 transactions in the 3rd quarter, which was slightly lower than last month but overall on par with 2nd quarter deal volume. M&A activity in the quarter was led by an active private equity buyer base and a strong Paper packaging subsector. Overall, Packaging M&A activity remains well below elevated levels experienced last year and continues to trend slightly below pre-pandemic levels experienced in 2018 and 2019.

PACKAGING M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2021	2022	Change	2021	2022	Change
Rigid Plastic	7	2	-5	48	41	-7
Flexible Plastic	7	2	-5	51	39	-12
Paper	8	11	3	111	96	-15
Other	1	5	4	45	25	-20
Total Packaging	23	20	-3	255	201	-54
Strategic	61%	55%	-6%	49%	49%	0%
Financial Buyer - Add-on	26%	20%	-6%	32%	37%	5%
Financial Buyer - Platform	13%	25%	12%	19%	14%	-5%

- The Consumer end market recorded its best quarter of the year in Q3, accounting for 27 deals, which was up nine transactions from Q2 and was five deals higher than its best quarter in 2021
- Private equity transactions in Q3 remained robust, increasing by six deals from Q2. Additionally, Q3 marks the second quarter in 2022 that private equity transactions have accounted for over 50% of deal activity
- The Paper subsector recorded 36 deals in the quarter and accounted for over 55% of transactions, which is the first time the Paper subsector has accounted for over 50% of deals since Q4 2021
- Flexible Plastic transaction activity slowed in September, recording two deals, which was down six transactions when compared to August. The Flexible Plastic subsector recorded 11 deals in Q3, up one transaction from Q2 2022

PACKAGING TRANSACTIONS BY BUYER TYPE



TOTAL PACKAGING M&A BY END MARKET

End Market	Month-to-Date		Year-to-Date	
	2022	%	2022	%
Food & Beverage	4	20.0%	57	28.4%
Industrial	8	40.0%	66	32.8%
Consumer	8	40.0%	61	30.3%
Other	0	0.0%	17	8.5%
TOTAL	20	100%	201	100%

Global Packaging M&A closed Q3 with deal volumes comparable to the prior quarter but still lower than levels experienced prior to the COVID-19 pandemic. Packaging transaction multiples appear to be continuing at elevated levels but some sellers seem reluctant to launch processes in the uncertain environment or, in other cases, are holding off until company financial performance shows more positive trends. If you are a packaging company considering a merger, acquisition, sale or recapitalization in the short or longer term, please consider leveraging PMCF's transaction planning and execution expertise to best position your company in a transaction.

Public Entity Performance

Packaging public companies remained bearish in September. The Other Plastic Packaging Index performed the best of all packaging indices, outperforming the S&P 500 over the month-to-date period. In the year-to-date period, two out of five packaging indices have outperformed the S&P 500

Index		% Change September MTD		% Change September YTD
S&P 500 Index	↓	-9.3%	↓	-24.8%
PMCF Packaging Index ⁽¹⁾	↓	-11.6%	↓	-25.0%
Rigid Plastic Packaging ⁽²⁾	↓	-13.0%	↓	-29.6%
Flexible Plastic Packaging ⁽³⁾	↓	-11.3%	↓	-21.2%
Other Packaging ⁽⁴⁾	↓	-6.0%	↓	-21.7%
Paper Packaging ⁽⁵⁾	↓	-15.2%	↓	-26.8%

(1) ATR, BERY, NPK, SLGN, SON, ESNT, AMC, HUH1V, SEE, TCLA, WPK, PTVE, CAS, SMDS, GPK, GEF, IP, PKG, SK3, WRK, KRT, AVY, BLL, CCLB, CCK, GXI, OI, 5901 (2) ATR, BERY, NPK, SLGN, SON, ESNT (3) AMC, HUH1V, SEE, TCLA, WPK, PTVE (4) AVY, BLL, CCLB, CCK, GXI, OI, 5901 (5) CAS, SMDS, GPK, GEF, IP, PKG, SK3, WRK, KRT

Major News

- Economic Good News: Inflation and Supply Chain Issues Easing (Plastics News)
- U.S. Jobless Claim Hit Lowest Level in Five Months (Wall Street Journal)
- 10 States Ask Biden for “Aggressive” Action on Single-Use Plastic Buying (Plastics News)
- Reuse is on the Rise, but “Much More Needs to be Done” (Packaging World)
- How the U.S. is Making a Bottom-Up Recovery (Wall Street Journal)

Notable M&A Activity

Date	Acquirer	Target	Category
9/30/22	Max Solutions, Inc.	Ellis Packaging Limited	Folding Cartons
9/22/22	Berlin Packaging L.L.C.	European Packaging Solutions SL	Distribution
9/21/22	TricorBraun, Inc.	MBC, Inc.	Distribution
9/16/22	Smurfit Kappa Group Plc (ISE:SK3)	PaperBox	Corrugated
9/12/22	Kamps, Inc.	Northland Pallet Inc.	Pallets
9/8/22	Stora Enso Oyj (HLSE:STERV)	De Jong Verpakking B.V.	Corrugated
9/6/22	Grupo La Plana	Envases Soler S.L.	Corrugated
9/5/22	The Royal Group	Progress Container & Display	Corrugated
9/1/22	Fortis Solutions Group, LLC	Digital Dogma Corp.	Labels

Sources: Capital IQ, PitchBook, Thomson Reuters, Company Reports, PMCF

Use Our Expertise to Maximize Shareholder Value

Since our inception over 25 years ago, PMCF has offered robust transaction planning and preparation services to help business owners achieve the best possible outcome in a transaction whether it be in the short or long term. Our long track record of successful transactions is directly attributable to our focus on preparation and being proactive throughout the transaction process.

STRATEGIC ASSESSMENT

- PMCF is frequently requested to complete an analysis of a company’s strategic positioning within the plastics and packaging marketplace
- Our review may consider your operations, products, end markets, financial trends, growth opportunities, and management team
- We are available to brief your management team, ownership, or board with our thoughts on your current value in today’s market
- PMCF can provide a benchmark comparison of your organization’s strengths, weaknesses, and anticipated buyer viewpoints

WORKING WITH PMCF

- PMCF is a licensed and FINRA-registered investment banking organization
- Confidentiality is of the highest importance and we welcome the execution of appropriate agreements prior to the exchange of data
- PMCF’s senior bankers will respond to any inquiries and will be directly involved in all discussions
- If engaged, the majority of PMCF’s costs are contingent on a successful transaction
- We insist on potential clients contacting our long list of references

PMCF's Plastics & Packaging Group

PMCF's Plastics and Packaging investment bankers are dedicated solely to serving the needs of middle-market transactions within the plastics and packaging industries. Our exclusive focus on plastics and packaging sale, merger, and acquisition advisory provides significant advantages to our clients and the opportunity to maximize value in a transaction. PMCF's extensive coverage of these industries has provided us with specialized, in-depth knowledge of the sector dynamics and relationships with key strategic and financial industry players. Our firm has been serving the plastics and packaging industries for over 20 years and has a long track record of successful transactions involving specialty, niche players in these industries.

Rigid Packaging	Flexible Packaging	Engineered Products	Corrugated & Paper Packaging
Blow Molding	Injection Molding	Extrusion	Specialty Film
Color & Compounding	Printing & Labeling	Thermoforming	Packaging Machinery

Please let us know if you would like to set up a confidential call or meeting to discuss transaction planning and execution. You can reach John Hart, who leads PMCF's Plastics & Packaging Group at: (248) 223-3468 or john.hart@pmcf.com

Recent PMCF Plastics & Packaging Transactions



has been acquired by



CORRUGATED PACKAGING



has been acquired by



CORRUGATED PACKAGING



has been acquired by



PACKAGING DISTRIBUTION & BLOW MOLDED PACKAGING



a portfolio company of



has been acquired by



a portfolio company of



RECYCLING & FLEXIBLE PACKAGING



has been acquired by



a portfolio company of



THERMOFORMED PACKAGING



has completed a recapitalization with



SPECIALTY EXTRUSION & FLEXIBLE PACKAGING



has been acquired by



a portfolio company of



INJECTION & BLOW MOLDED PACKAGING



has been acquired by



a portfolio company of



THERMOFORMED PACKAGING, FOLDING CARTONS



Two-time winner, Boutique Investment Banking Firm of the Year by M&A Advisor

Awarded, Cross Border Corporate and Strategic Acquisition of the Year by M&A Advisor

Awarded, Cross Border M&A Deal of the Year by M&A Advisor

Awarded, Deal of the Year by ACG Detroit

Awarded, Manufacturing Deal of the Year by MiBiz

Awarded, Plastic and Packaging Deal of the Year in 2020 and 2021 by the Global M&A Network

Awarded, Industrials M&A Investment Bank of the Year by the Global M&A Network

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