

# PACKAGING M&A UPDATE

JANUARY 2023

## Packaging Industry M&A Activity Tracking

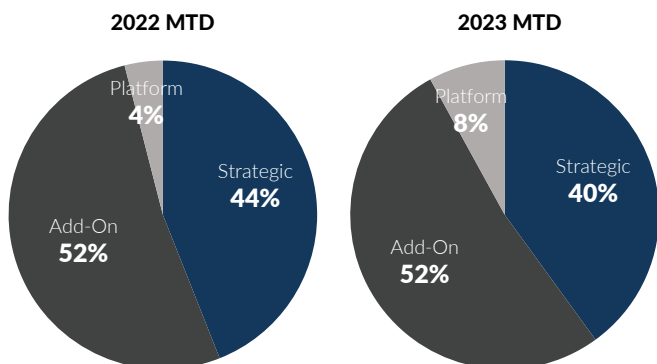
Global Packaging M&A began the year on a high note recording 25 deals in January, which represents a month-over-month increase of six deals. Deal activity in the month was primarily driven by private equity add-on transactions, which accounted for 13 deals. After historic levels of transaction activity in 2021, Packaging M&A over the past year has been hampered by macroeconomic uncertainty and rising interest rates, but January deal activity rose above the average monthly volume from 2022 and was a welcome uptick in deal activity.

### PACKAGING M&A BY SUBSECTOR

Subsector	Year-to-Date		
	2022	2023	Change
Rigid Plastic	7	6	-1
Flexible Plastic	4	4	0
Paper	13	12	-1
Other	1	3	2
<b>Total Packaging</b>	<b>25</b>	<b>25</b>	<b>0</b>
Strategic	44%	40%	-4%
Financial Buyer - Add-on	52%	52%	0%
Financial Buyer - Platform	4%	8%	4%

- Private equity platform transactions continued to be lower in January 2023, given challenging credit markets. Meanwhile, private equity add-on activity remained strong, accounting for 52% of deal volume
- Strategic volume was down one transaction in the month relative to January 2022. Strategic buyers remained on pace with the average monthly volume seen in H2 2022
- Paper Packaging transactions led all Packaging subsectors, accounting for 12 deals in the month. January's transaction volume represents the subsector's best month since last July
- Rigid Plastic transactions accounted for six deals on the month, which was above the subsector's monthly average of four in 2022
- The Consumer end market accounted for 14 deals in the month and led all end markets. Deal activity for the end market in January matched the 2022 high and represented a month-over-month increase of seven deals

### PACKAGING TRANSACTIONS BY BUYER TYPE



### TOTAL PACKAGING M&A BY END MARKET

End Market	Year-to-Date	
	2023	%
Food & Beverage	1	4.0%
Industrial	7	28.0%
Consumer	14	56.0%
Other	3	12.0%
<b>TOTAL</b>	<b>25</b>	<b>100%</b>

Overall, Global Packaging M&A transaction activity posted a strong month when compared to the second half of 2022. Notably, the current level of packaging deal volumes is in line with pre-pandemic levels. It remains too early to tell if January levels will continue in the first half 2023. If you are a packaging company considering a merger, acquisition, sale, or recapitalization in the short or long 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 had a strong month overall, with all tracked indices providing positive returns other than the Rigid Plastic Packaging index. The Paper Packaging index had the strongest month, growing by 11%. Overall, three of the five indices outperformed the S&P 500

Index		% Change January YTD
S&P 500 Index	↑	6.2%
PMCF Packaging Index <sup>(1)</sup>	↑	6.7%
Rigid Plastic Packaging <sup>(2)</sup>	↓	-0.5%
Flexible Plastic Packaging <sup>(3)</sup>	↑	3.8%
Other Packaging <sup>(4)</sup>	↑	9.4%
Paper Packaging <sup>(5)</sup>	↑	11.0%

<sup>(1)</sup> ATR, BERY, NPK, SLGN, SON, ESNT, AMC, HUH1V, SEE, TCL.A, WPK, PTVE, CAS, SMDS, GPK, GEF, IP, PKG, SK3, WRK, KRT, AVY, BLL, CCL.B, CCK, GXI, OI, 5901 <sup>(2)</sup> ATR, BERY, NPK, SLGN, SON, ESNT <sup>(3)</sup> AMC, HUH1V, SEE, TCL.A, WPK, PTVE <sup>(4)</sup> AVY, BLL, CCL.B, CCK, GXI, OI, 5901 <sup>(5)</sup> CAS, SMDS, GPK, GEF, IP, PKG, SK3, WRK, KRT

## Major News

- U.S. Nears Debt Ceiling, Begins Extraordinary Measures to Avoid Default (The Wall Street Journal)
- Labor Market Boom Cooled Some in 2022 (The Wall Street Journal)
- Researchers Examine Impact of Single-Use vs. Reusable Takeout Containers (Plastics News)
- Packaging by the Numbers 4Q22 (Packaging Digest)
- A Packaging Review of the Global Commitment 2022 Report (Packaging Digest)

## Notable M&A Activity

Date	Acquirer	Target	Category
01/25/23	Welch Packaging Group, Inc.	Knoxville Box and Container Inc.	Corrugated
01/24/23	CIC Partners	Packline USA	Machinery/Equipment
01/20/23	B2B Industrial Packaging	Next Press	Corrugated
01/19/23	Summit Plastics, Inc.	Fredman Bag Company	Flexible Packaging
01/18/23	Oliver Inc.	Tap Packaging + Design	Folding Cartons
01/16/23	Supremex Inc. (TSX:SXP)	Impression Paragraph Inc.	Folding Cartons
01/15/23	Advantek, LLC	LKTT Plastic Technology Sdn Bhd	Flexible Packaging
01/06/23	Lacerta Group	Portage Plastics Corporation	Rigid Packaging
01/05/23	Life Science Outsourcing, Inc.	J-Pac, LLC	Medical Packaging
01/04/23	S. Walter Packaging Corp.	Pulver Packaging, LLC	Folding Cartons

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

## Experienced Professionals. Trusted Advisors. Proven Results.

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