

# PACKAGING M&A UPDATE

MARCH 2023

## Packaging Industry M&A Activity Tracking

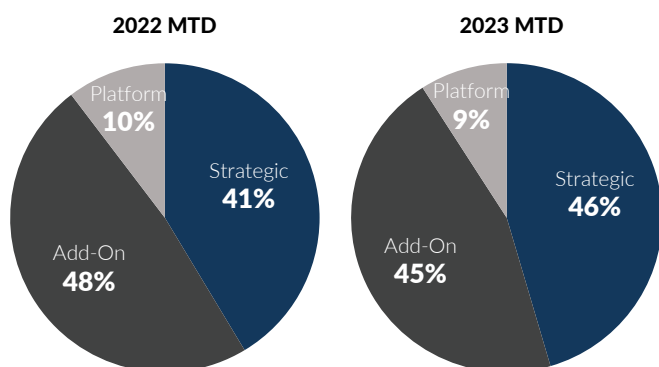
Global Packaging M&A slowed in March, posting only 11 transactions, which represented a decline of 13 deals from last month and 18 deals from March 2022. March activity levels were the lowest since April 2020, wiping out the higher levels reported for the first two months of the year. The lower level of Packaging M&A experienced in March is likely due to deals being delayed or put on hold in the latter part of 2022. Due, in part, to low transaction volumes in March, Q1 2023 reported two fewer transactions than Q4 2022 levels.

### PACKAGING M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2022	2023	Change	2022	2023	Change
Rigid Plastic	5	1	-4	17	13	-4
Flexible Plastic	7	3	-4	18	9	-9
Paper	11	6	-5	29	30	1
Other	6	1	-5	8	8	0
<b>Total Packaging</b>	<b>29</b>	<b>11</b>	<b>-18</b>	<b>72</b>	<b>60</b>	<b>-12</b>
Strategic	41%	46%	4%	49%	38%	-10%
Financial Buyer - Add-on	48%	45%	-3%	43%	53%	10%
Financial Buyer - Platform	10%	9%	-1%	8%	8%	0%

- Private equity add-on transactions accounted for only five deals in March, down from 14 in February. However, private equity add-on transactions for Q1 2023 exceeded 30 deals for only the third time since PMCF began tracking Global Packaging M&A
- Strategic buyer participation remains weak and was a key factor in lower Q1 2023 transaction volumes. In the first quarter, strategic buyers posted their lowest level of activity on record, accounting for only 23 transactions
- The Paper Packaging subsector posted six deals in March and led all subsectors in transaction activity for the 10th consecutive month. The subsector recorded 30 deals in Q1 2023, an increase of one deal over Q4 2022
- Despite only recording one deal in March, the Rigid Packaging subsector recorded 13 deals in the first quarter which represents the subsector's best quarter since Q2 2022

### PACKAGING TRANSACTIONS BY BUYER TYPE



### TOTAL PACKAGING M&A BY END MARKET

End Market	Month-to-Date		Year-to-Date	
	2023	%	2023	%
Food & Beverage	3	27.3%	11	18.3%
Industrial	4	36.4%	20	33.3%
Consumer	3	27.3%	25	41.7%
Other	1	9.1%	4	6.7%
<b>TOTAL</b>	<b>11</b>	<b>100%</b>	<b>60</b>	<b>100%</b>

Global Packaging M&A posted its third consecutive quarter of lower activity levels and remains on track to report slightly better results than the depressed levels experienced during 2020. Core volume declines in some sectors, economic uncertainty, and challenges with acquisition financing are all likely factors contributing to the lower levels of activity. Despite these challenges, packaging deals are still getting done at attractive multiples. 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.

## Public Entity Performance

Packaging public companies underperformed the market in March, as four of the five tracked indices declined in the month-to-date period. The Other Packaging index continues to provide stellar returns, increasing by 2.1% in the month-to-date period, and 17.1% in the year-to-date period

Index		% Change March MTD		% Change March YTD
S&P 500 Index	↑	3.5%	↑	7.0%
PMCF Packaging Index <sup>(1)</sup>	↓	-1.6%	↑	3.5%
Rigid Plastic Packaging <sup>(2)</sup>	↓	-0.6%	↓	-3.4%
Flexible Plastic Packaging <sup>(3)</sup>	↓	-6.0%	↓	-7.0%
Other Packaging <sup>(4)</sup>	↑	2.1%	↑	17.1%
Paper Packaging <sup>(5)</sup>	↓	-2.8%	↑	3.3%

<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

- Packaging by the Numbers 1Q23 (Packaging Digest)
- Bank Failures Complicate the Picture for the U.S. Economy (Plastics News)
- White House: Bioplastics Goal Part of “Huge Urgency” on Climate (Plastics News)
- 5 Packaging Design Trends (Packaging Digest)
- Low Jobless Claims Show Labor Market Shrugs Off Economy’s Clouds (The Wall Street Journal)

## Notable M&A Activity

Date	Acquirer	Target	Category
03/28/23	HL Display AB	Werba Print & Display GmbH	Printing/Displays
03/15/23	WEIG Group	Kartonfabrik Buchmann GmbH	Cartonboard
03/07/23	Inovar Packaging Group	Amherst Label	Labels
03/06/23	Blue Sage Capital & Insight Equity Holdings	Clearly Clean Products LLC	Rigid Packaging
03/02/23	BGC Packaging Company Limited (BKK: BGC)	Prime Packaging Company Limited	Flexible Packaging
03/02/23	Kamps, Inc.	Twin City Pallet, Inc.	Pallets
03/02/23	Constantia Flexibles GmbH	Drukpol.flexo Sp. z o.o.	Flexible Packaging
03/01/23	J.L. Souser & Associates, Inc.	K2 Kinetics, LLC	Machinery/Equipment

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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