

PACKAGING M&A UPDATE

MAY 2023

Packaging Industry M&A Activity Tracking

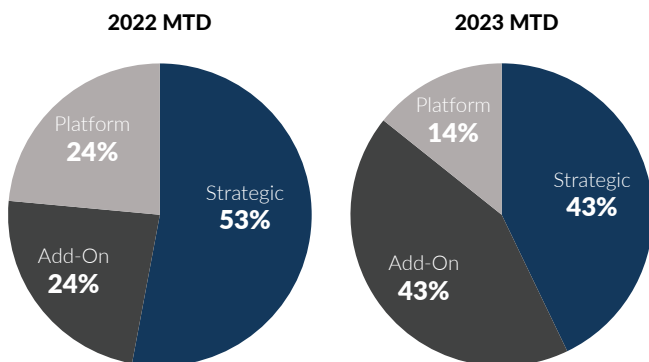
Global Packaging M&A posted 21 transactions in May, which was an increase of two deals over April levels. With the exception of record-low volumes in March, Packaging M&A activity has been largely in line with 2022 levels. Financial buyers continued to contribute significantly to overall volume, accounting for over 50% of the deal volume for the fourth time this year due to increased add-on activity. Overall, Global Packaging M&A activity has been generally consistent over the last 17 months, reporting deal activity slightly below pre-pandemic levels.

PACKAGING M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2022	2023	Change	2022	2023	Change
Rigid Plastic	8	3	-5	27	23	-4
Flexible Plastic	2	3	1	24	15	-9
Paper	6	7	1	49	44	-5
Other	1	8	7	11	18	7
Total Packaging	17	21	4	111	100	-11
Strategic	53%	43%	-10%	50%	42%	-8%
Financial Buyer - Add-on	24%	43%	19%	41%	46%	5%
Financial Buyer - Platform	24%	14%	-9%	10%	12%	2%

- Financial buyers recorded 12 deals in May, up four transactions from April levels. A majority of private equity deal volume continues to be driven by add-on acquisitions, which have accounted for 79% of private equity deal volumes
- Strategic buyers accounted for nine deals in the month, which was above the average monthly deal volume through the year-to-date. Strategic buyers have been less active in 2023 when compared to 2022 likely due to macroeconomic challenges
- The Other Packaging subsector is up 7 deals year-over-year, driven by an increase in machinery / equipment transactions. May activity levels represented the subsector's most active month from a deal volume standpoint since June 2021
- The Food & Beverage end market recorded seven deals in May, which was down two from April levels. May marked the second month in a row that the Food & Beverage end market led all end markets in deal activity

PACKAGING TRANSACTIONS BY BUYER TYPE



TOTAL PACKAGING M&A BY END MARKET

End Market	Month-to-Date		Year-to-Date	
	2022	2023	2022	2023
Food & Beverage	5	7	38	27
Industrial	6	6	36	31
Consumer	4	6	23	35
Other	2	2	14	7
Total	17	21	111	100

Global Packaging M&A levels in May were in line with volumes seen in April and Q4 2022. Private equity add-on buyers continued to drive volume in the space meanwhile strategic and private equity platform buyers have exhibited relative consistency. Packaging M&A activity has been consistent over the last 17 months, but remains below pre-pandemic levels. 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.

Packaging M&A Update — May 2023

Public Entity Performance

Packaging public entities turned bearish in May, as each tracked indices declined by over 3% in the month period. The Other Packaging index declined in the month, but remains the only tracked index that has appreciated in the year-to-date period. Additionally, the Other Packaging index has outperformed the S&P 500 through 2023 year-to-date.

Index		% Change May MTD		% Change May YTD
S&P 500 Index	↑	0.3%	↑	8.9%
PMCF Packaging Index ⁽¹⁾	↓	-5.7%	↓	-2.3%
Rigid Plastic Packaging ⁽²⁾	↓	-9.0%	↓	-13.0%
Flexible Plastic Packaging ⁽³⁾	↓	-10.1%	↓	-14.7%
Other Packaging ⁽⁴⁾	↓	-3.3%	↑	14.6%
Paper Packaging ⁽⁵⁾	↓	-3.0%	↓	-1.2%

(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

- Ditching Plastic? Paper-Packaging Market Says 'Welcome!' (Packaging Digest)
- Plastics Will Maintain Dominance as Protective Packaging Material of Choice, Study Says (Packaging Digest)
- Global Plastics Recycling Market to Grow 50% by 2030, Report Says (Plastics News)
- Inflation Eased in April but Remains Stubbornly High (The Wall Street Journal)
- Robust Hiring in April Shows U.S. Job Market Remains Hot in Cooling Economy (The Wall Street Journal)

Notable M&A Activity

Date	Acquirer	Target	Category
05/26/23	Novvia Group	Darco Enterprises, Inc.	Distribution
05/23/23	Duraco	Strata-Tac	Printing / Labels
05/18/23	Handgards	EMI Yoshi	Rigid Packaging
05/15/23	Gelpac Inc	Standard Bag Manufacturing Company	Flexible Packaging
05/08/23	Bobst Group	Dücker Robotics	Machinery / Equipment
05/05/23	DWK Life Sciences GmbH	Assem-Pak, Inc.	Closures
05/03/23	Reno De Medici S.p.A.	Fiskeby Board AB	Folding Cartons
05/02/23	DuPont de Nemours, Inc. (NYSE:DD)	Spectrum Plastics Group, Inc.	Medical Packaging

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



CORRUGATED PACKAGING



CORRUGATED PACKAGING



PACKAGING DISTRIBUTION &
BLOW MOLDED PACKAGING



RECYCLING & FLEXIBLE
PACKAGING



THERMOFORMED
PACKAGING



SPECIALTY EXTRUSION &
FLEXIBLE PACKAGING



INJECTION & BLOW
MOLDED PACKAGING



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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