

# PACKAGING M&A UPDATE

JUNE 2023

## Packaging Industry M&A Activity Tracking

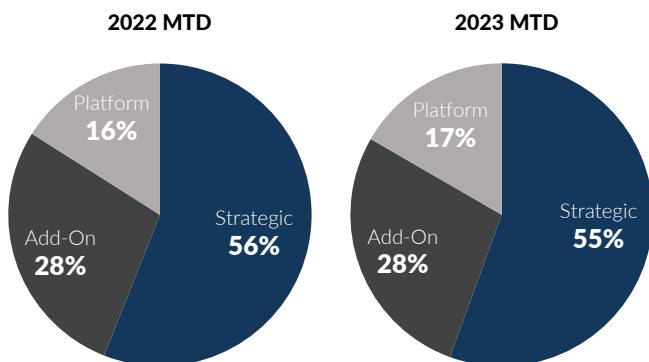
Global Packaging M&A posted 18 transactions in June, which was a decrease of three deals from May levels, but in line with the monthly average for the first half of the year. Packaging M&A ended up at 118 deals for H1 2023, which was 9 deals lower than H2 2022 and 18 deals lower than H1 2022. Overall, Packaging M&A activity continues to be lower than pre-pandemic levels due in part to lower activity by strategic buyers, which has been partially offset by strong private equity add-on activity.

### PACKAGING M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2022	2023	Change	2022	2023	Change
Rigid Plastic	3	5	2	30	28	-2
Flexible Plastic	4	3	-1	28	18	-10
Paper	11	8	-3	60	52	-8
Other	7	2	-5	18	20	2
<b>Total Packaging</b>	<b>25</b>	<b>18</b>	<b>-7</b>	<b>136</b>	<b>118</b>	<b>-18</b>
Strategic	56%	55%	-1%	51%	44%	-7%
Financial Buyer - Add-on	28%	28%	0%	38%	43%	5%
Financial Buyer - Platform	16%	17%	1%	11%	13%	2%

- Private equity add-on transactions continue to be a driving force in Packaging M&A activity. Through June of 2023, 51 of the 66 deals attributable to private equity have been add-on transactions, which was on par with H1 2022 and above H2 2022 add-on levels
- Strategic buyers accounted for over 50% of the deal volume in June. Through H1 2023, strategic buyers have accounted for 44% of the deal activity which was the lowest mark since PMCF began tracking the space
- Paper Packaging posted eight transactions in June, which was one above May levels and increased the subsector's 2023 total to 52 deals. Through June of 2023, the Paper Packaging subsector is eight deals below H1 2022 levels
- The Consumer end market only posted one deal in June, which was the lowest month of the year. Despite the decline in June, the Consumer end market has increased by two transactions over H1 2022 levels

### 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	7	5	45	32
Industrial	6	9	42	40
Consumer	11	1	34	36
Other	1	3	15	10
<b>Total</b>	<b>25</b>	<b>18</b>	<b>136</b>	<b>118</b>

Global Packaging M&A has faced some headwinds since its record year in 2021 including lower core demand, raw material pricing volatility, and challenging credit markets. Despite slowing deal activity, well-positioned packaging businesses remain in demand and continue to command strong valuations. 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 entities recorded a strong month, with each tracked index posting a gain of 2% or higher in June. The Other Packaging index provided the most robust gain in the month, increasing by over 6%, which pushed the index's year-to-date return to over 20%. Despite the strong month, no packaging index outperformed the S&P 500 in June.

Index		% Change June MTD		% Change June YTD
S&P 500 Index	↑	6.5%	↑	15.9%
PMCF Packaging Index <sup>(1)</sup>	↑	4.6%	↑	2.2%
Rigid Plastic Packaging <sup>(2)</sup>	↑	2.9%	↓	-10.5%
Flexible Plastic Packaging <sup>(3)</sup>	↑	3.9%	↓	-11.8%
Other Packaging <sup>(4)</sup>	↑	6.1%	↑	20.7%
Paper Packaging <sup>(5)</sup>	↑	5.1%	↑	4.0%

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

## Major News

- Packaging Sustainability by Design: 7 Steps to Circular Success (Packaging Digest)
- Connecticut Passes Plastic Bottle Recycled-Content Mandate (Plastics News)
- New report Urges Packaging Producers to Act Quickly on Sustainability (Plastics News)
- Inflation Eased to 3% in June, Slowest Pace in More Than Two Years (The Wall Street Journal)
- U.S. Economy Shows Surprising Vigor in First Half of 2023 (The Wall Street Journal)

## Notable M&A Activity

Date	Acquirer	Target	Category
06/29/23	Oliver Healthcare Packaging	Ek-Pack Folien	Flexible Packaging
06/26/23	Piedmont Plastics Inc.	Diversified Display Products	Distribution
06/23/23	PaperWorks Industries	The Standard Group	Folding Cartons
06/21/23	Nefab Group	PolyFlex Products	Rigid Packaging
06/16/23	CCL Industries Inc. (TSX:CCL.B)	Pouch Partners	Flexible Packaging
06/14/23	Zeus Packaging Group Limited	James Hamilton Group	Printing / Labels
06/08/23	Center Rock Capital Partners	Mark Andy, Inc.	Printing / Labels
06/05/23	AWT Labels & Packaging	ASL Print	Printing / 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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