

# PACKAGING M&A UPDATE

SEPTEMBER 2023

## Packaging Industry M&A Activity Tracking

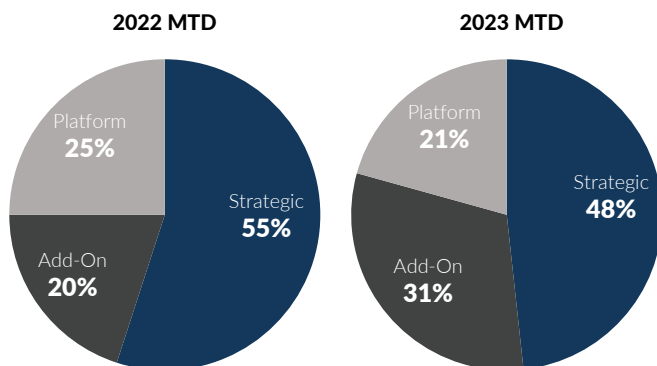
Global Packaging M&A recorded 29 deals in September, up two from August levels. September marked the first time since 2021 that packaging M&A recorded over 25 deals in consecutive months, and robust deal activity in recent months has led to a strong Q3. 75 transactions were recorded in the quarter which was 17 deals above Q2 levels and the most since Q4 2021. Overall, increased market participation amongst both strategic and financial buyers is a positive trend and a welcomed change after several months of below average activity to begin the year.

### PACKAGING M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2022	2023	Change	2022	2023	Change
Rigid Plastic	2	8	6	41	43	2
Flexible Plastic	2	6	4	39	30	-9
Paper	11	9	-2	96	82	-14
Other	5	6	1	25	38	13
<b>Total Packaging</b>	<b>20</b>	<b>29</b>	<b>9</b>	<b>201</b>	<b>193</b>	<b>-8</b>
Strategic	55%	48%	-7%	49%	46%	-3%
Financial Buyer - Add-on	20%	31%	11%	37%	36%	-1%
Financial Buyer - Platform	25%	21%	-4%	14%	19%	5%

- Strategic buyers accounted for 14 deals in September and 36 deals in Q3. September was the second most active month of the year for strategic buyers, meanwhile, Q3 was the most active quarter of the year for this group
- Financial buyers recorded 39 deals in Q3, up 10 from the prior quarter. The quarter-over-quarter increase was largely due to Platform buyers, which recorded 21 deals in the quarter
- The Flexible Plastic and Rigid Plastic subsectors each posted their highest monthly volumes of the year in September, accounting for a combined 14 deals, or ~50% of all deal activity
- The Industrial end market posted its highest transaction volume level since Q4 2021, recording 35 deals in Q3. Furthermore, the end market has increased 15 deals from activity levels in the prior quarter

### 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	4	8	57	52
Industrial	8	15	66	75
Consumer	8	5	61	52
Other	0	1	17	14
<b>Total</b>	<b>20</b>	<b>29</b>	<b>201</b>	<b>193</b>

Despite lower volume in 2023 for the Global Packaging M&A market, back-to-back months of robust deal activity helped to close the strongest quarter in the last two years from a transaction volume standpoint and highlights the resiliency of the packaging M&A market. Positive trends exhibited in Q3 were encouraging despite lower demand, higher interest rates, and more challenging credit markets. 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 – September 2023

## Public Entity Performance

Packaging public entities slid in September, with all five tracked indices declining and only Paper Packaging outperforming the S&P 500. Overall, three of the five indices have appreciated in the year-to-date period with the Other Packaging and Paper Packaging indices outperforming the S&P 500.

Index		% Change September MTD		% Change September YTD
S&P 500 Index	↓	-4.9%	↑	11.7%
PMCF Packaging Index <sup>(1)</sup>	↓	-6.5%	↑	1.4%
Rigid Plastic Packaging <sup>(2)</sup>	↓	-6.4%	↓	-11.4%
Flexible Plastic Packaging <sup>(3)</sup>	↓	-6.7%	↓	-19.9%
Other Packaging <sup>(4)</sup>	↓	-9.4%	↑	13.7%
Paper Packaging <sup>(5)</sup>	↓	-4.1%	↑	12.3%

(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

- Job Gains Eased in Summer Months; Unemployment Increased in August (The Wall Street Journal)
- A Recession Is No Longer the Consensus (The Wall Street Journal)
- Unpacking PFAS Food Packaging Regulations in the US (Packaging Digest)
- US Finalizing Plans to Phase out Single-Use Plastics Across Public Lands (Plastics News)
- Plastics Treaty Must Avoid Climate Mistakes, UNEP Leader Says (Plastics News)

## Notable M&A Activity

Date	Acquirer	Target	Category
09/23/23	Mason Wells, Inc.	Accord Carton, LLC	Folding Cartons
09/19/23	InterFlex Group, Inc.	Skymark Packaging International Ltd.	Flexible Packaging
09/12/23	Smurfit Kappa Group Plc (ISE:SK3)	WestRock Company (NYSE:WRK)	Corrugated
09/11/23	Welch Packaging Group, Inc.	AtCorr Packaging Products LLC	Corrugated
09/08/23	Imperial Dade	Ralik, Supreme Paper Supplies, and Prime Paper & Packaging	Distribution
09/06/23	TJC LP	Soteria Flexibles Corp	Flexible Packaging
09/04/23	Orora (ASX: ORA)	Saverglass	Glass
09/01/23	Oben Holding Group S.A.C.	Terphane Ltda.	Flexible 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



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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