



Q2
2025

PACKAGING

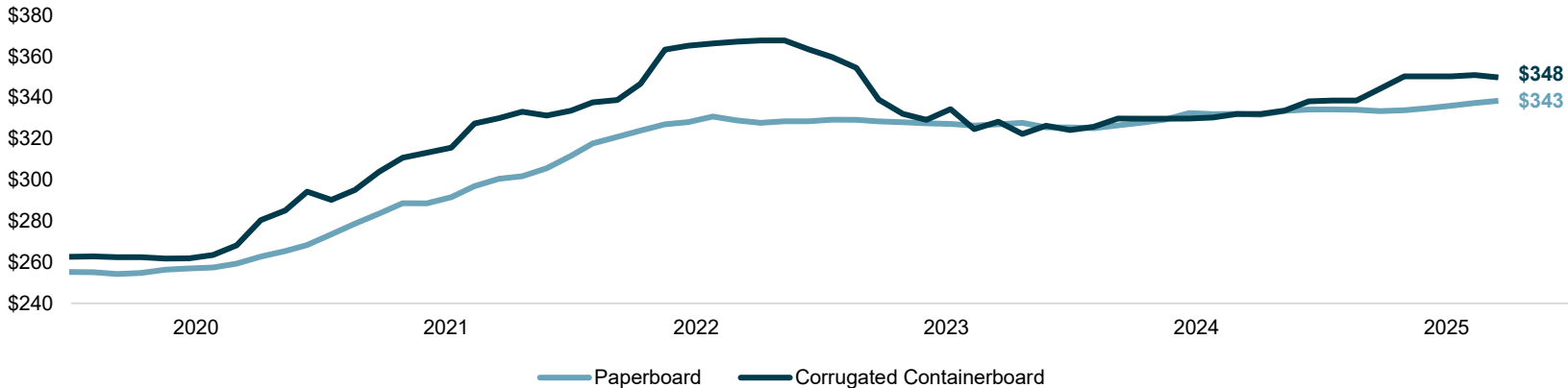
Quarterly Report

Pricing, Pressure and Performance: How Inflation Is Shaping the Packaging Industry in 2025

The packaging industry continues to face persistent cost challenges into 2025. While the rate of inflation has slowed from the post-COVID highs experienced in 2021-2023, it remains the central driver of margin compression across packaging categories. Key cost components such as containerboard, resins, energy and freight have continued to rise throughout 2025. To maintain historical margins, companies raised prices—on Graphic Packaging’s Q1 2025 earnings call, CEO Michael Doss explained, “We saw an uptick in input cost inflation during the quarter and responded with a price increase intended to bring margins back to a more normal range.” These price increases largely preserved profitability but temporarily dampened customer demand and sales volume. However, as demand is expected to rebound over the course of the year and price increases remain in place, companies are likely to meet their year-end 2025 revenue projections, representing a Year-Over-Year (YoY) increase compared to 2024.

Packaging companies experienced higher input costs across their production and supply chains, as the effects of inflation were felt at nearly every step. Packaging Corporation of America highlighted this trend during their most recent earnings calls, as they reported a \$0.37 per share increase in overall operating costs from Q1 2024 to Q1 2025. The producers of raw materials also experienced higher input costs, which they passed on to packaging companies. Wholesale resin prices rose approximately 1.3% YoY as of Q2 2025, while prices for plastic packaging materials increased by 0.8%, according to the intermediate demand Producer Price Index. Corrugated containerboard prices also rose by about \$70 per ton in the first half of 2025, with 90% of producers participating in the increase. These increases came after a brief period of stabilization in late 2024, underscoring the pricing volatility that continues to affect the industry.

PAPERBOARD AND CORRUGATED CONTAINERBOARD PRICE



Source: FRED Producer Price Index by Commodity: Pulp, Paper and Allied Products; Smithers

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- Global Packaging Valuations by Subsector

Pricing, Pressure and Performance: How Inflation Is Shaping the Packaging Industry in 2025 (continued)

Price hikes came with several consequences—namely, a reduction in sales volume and a temporary hit to customer demand, with corrugated containerboard shipments falling 2.1% YoY in Q1 2025. The second quarter showed signs of stabilization. Shipments in Q2 2025 slightly exceeded those from Q2 2024, suggesting that demand elasticity remains manageable in core end markets. Margins did narrow, however, as Smurfit Westrock reported a ~360 basis point drop in gross margin YoY. Overall, a combination of price increases and operational efficiencies has helped keep industry profitability in line with historical averages.

Many industry players successfully passed through price increases, preserving margins in the short-term, but are now looking for more sustainable, long-term solutions. To address the rise of input costs without continually passing to the customer, packaging companies are refining internal and external processes. Many are investing in automation, digitization and supply chain optimization to mitigate exposure. Meanwhile, Sealed Air is executing its CTO2Grow initiative to streamline operations and expects to achieve \$90 million in cost savings in 2025 through back-office consolidation and productivity improvements. Nearshoring has also re-emerged as a strategic priority for the industry amidst uncertainty surrounding global trade policies. Recently, International Paper announced it is building a \$260 million corrugated box plant in Iowa, aimed at expanding capacity and reducing reliance on Europe and Asia. We expect to see companies pursue projects to bring production back to the United States, minimizing geopolitical risk and benefiting from domestic manufacturing policy incentives.

Consumer packaged goods (CPG) companies remain the largest demand driver for packaging, accounting for well over 50% of sector volume. While discretionary packaging orders have slowed, essential categories such as food and healthcare have stayed relatively stable. Retailers, on the other

hand, have pulled back on custom SKUs and seasonal inventory due to suppressed demand and margin discipline. E-commerce packaging (e.g., corrugated containerboard) continues to post modest growth and is projected to grow at above a 9% CAGR through 2029. While it's short of the explosive growth during the pandemic, e-commerce remains a reliable buffer for demand across multiple substrates. Despite sticky inflation, resilient demand levels are strong enough to expect revenue and profitability growth in the back half of the year.

Ongoing cost inflation has also influenced mergers and acquisitions (M&A) activity. While overall deal volume has moderated, valuations remain strong for niche players with resilient margins. In Q1 2025, total capital invested in packaging transactions rose nearly 47% quarter-over-quarter despite a decline in deal count, driven by buyers prioritizing targets with stable EBITDA and integrated value chains. Financial buyers have become more selective, focusing on segments with defensible pricing power such as sustainable packaging, healthcare and specialty substrates. Strategic acquirers, especially vertically integrated players, are actively pursuing add-on acquisitions to reduce reliance on external suppliers and gain greater control over input costs.

Input costs are expected to remain elevated in Q3 and Q4, with no clear relief in sight for raw materials or logistics. Despite these pressures, most industry participants are projecting flat to modestly positive performance through year-end, assuming stable demand and limited additional pricing actions. Companies are tightening cost controls, renegotiating supplier contracts and increasing investments in domestic production and automation. Confidence in long-term demand remains high, but ongoing cost inflation and broader economic uncertainty continue to reinforce the need for operational agility.

Packaging Insights

Apr-25: Mondi (LON:MNDI) acquired **Schumacher Packaging's Western Europe operations**, adding over 10.8 billion square feet of packaging capacity and expanding its product portfolio with solid board solutions.

Apr-25: DS Smith launched the GoChill Cooler, a recyclable, reusable corrugated alternative to plastic coolers, aiming to reduce reliance on plastic and Styrofoam substitutes.

Apr-25: Amcor (NYSE:AMCR) and **Berry Global (NYSE:BERY)** completed their historic business merger, creating a global packaging leader with enhanced scale, innovation capabilities and material science expertise, with an estimated \$650 million in synergies.

May-25: KHS and **Husky Technologies** developed one of the lightest PER bottles for still beverages, which requires 30% less material compared to conventional drinking containers.

May-25: VulCan Packaging launched North America's first Toyo Seikan aluminum can production line, offering a water-free, BPA-free and more sustainable alternative to traditional beverage can manufacturing.

May-25: Polytag and **Pellenc ST** have partnered to combine UV watermark tracking with smart sorting for real-time traceability and improved packaging recovery.

Jun-25: Tomra Recycling (OSE:TOM) unveiled its next-generation X-ray technology and AI designed to deliver high-purity recycled wood by accurately removing impurities such as metals, glass and heavy plastics while processing up to 30 tons of material per hour.

























Jun-25: Green Bay Packaging, a U.S. pulp and paper company, is investing \$1 billion to expand its manufacturing facility in Morrilton, Arkansas.

Jun-25: Suzano (NYSE:SUZ) and **Kimberly-Clark (NYSE:KBM)** announced a \$3.4 billion joint venture to manufacture and distribute consumer and professional tissue products for their non-U.S. businesses.

Jun-25: Pact Group (ASX:PGH) launched rFresh 100 HDPE resin, made from recycled milk and juice bottles, which meets FDA food safety standards and enables the production of new food-grade packaging using up to 100% recycled content.

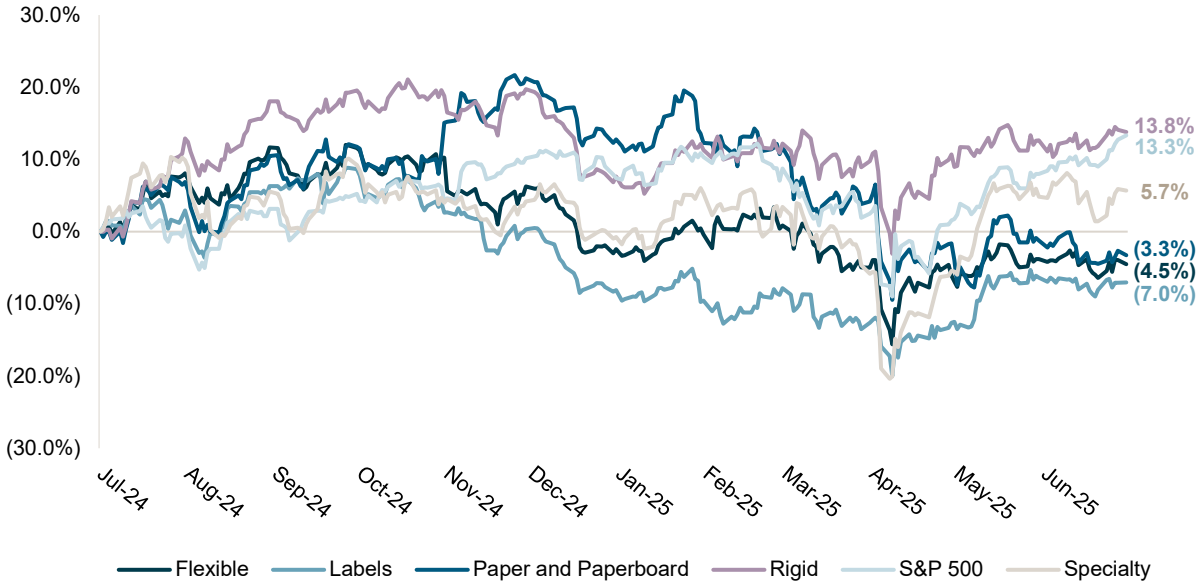
Jun-25: Antares Vision Group and **Orobix** unveiled AI-Go, an inspection platform built to meet the growing demand for faster and more accurate processes in pharmaceutical and manufacturing packaging.

RECENT LINCOLN INTERNATIONAL PACKAGING TRANSACTIONS

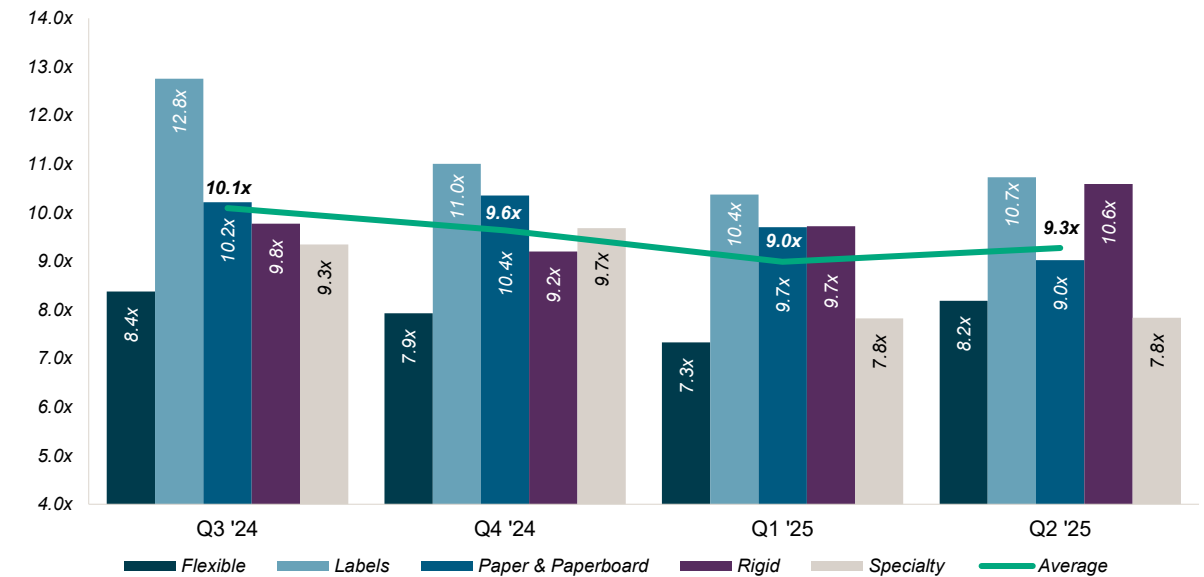
| | | | | | | | |
|--|---|--|--|---|--|--|---|
|  has sold  to  Sell-Side  |  has been sold to TRIMCO GROUP a portfolio company of Brookfield Sell-Side  |  and private shareholder have sold  to  Sell-Side  |  a portfolio company of ALTOR has acquired  from its founder and Crédit Mutuel Equity Buy-Side  |  has been sold to  a portfolio company of TENEX CAPITAL MANAGEMENT Sell-Side  |  a portfolio company of  has completed a recapitalization transaction Solvency Opinion  |  has refinanced  Refinancing  | WINGATE PARTNERS has sold  Leader in Horticultural Containers to Platinum Equity Sell-Side  |
|--|---|--|--|---|--|--|---|

Global Packaging Valuations by Subsector

LAST 12 MONTHS (LTM) RELATIVE STOCK PRICE PERFORMANCE



HISTORICAL ENTERPRISE VALUE / EBITDA VALUATION PERFORMANCE

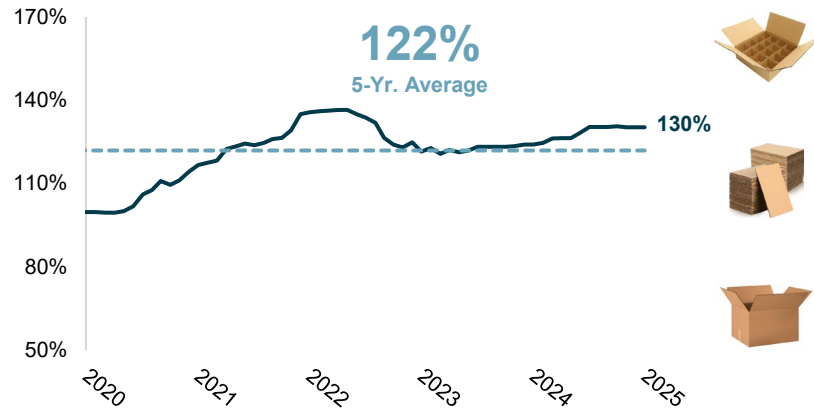


| FLEXIBLE | LABELS | PAPER AND PAPERBOARD | RIGIDS | SPECIALTY |
|----------|--------|----------------------|--------|-----------|
| | | | | |

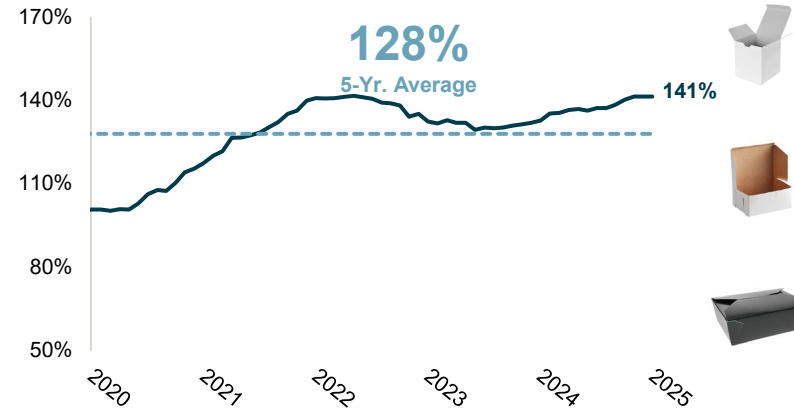
Source: Bloomberg, Capital IQ and company filings, as of June 30, 2025

Packaging Material Pricing Trends

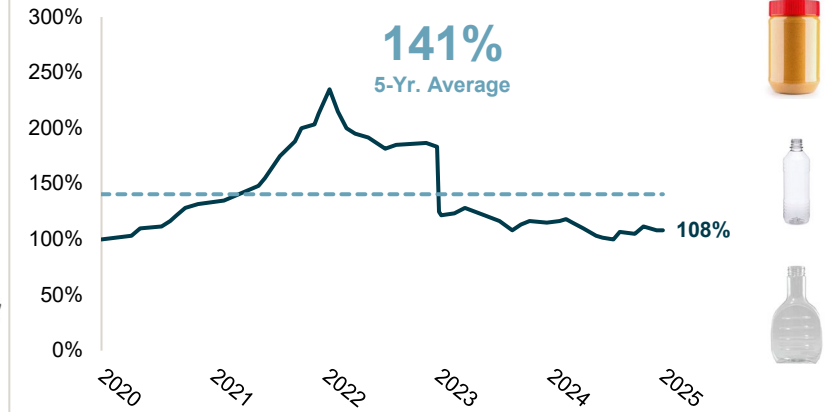
CORRUGATED CONTAINERBOARD



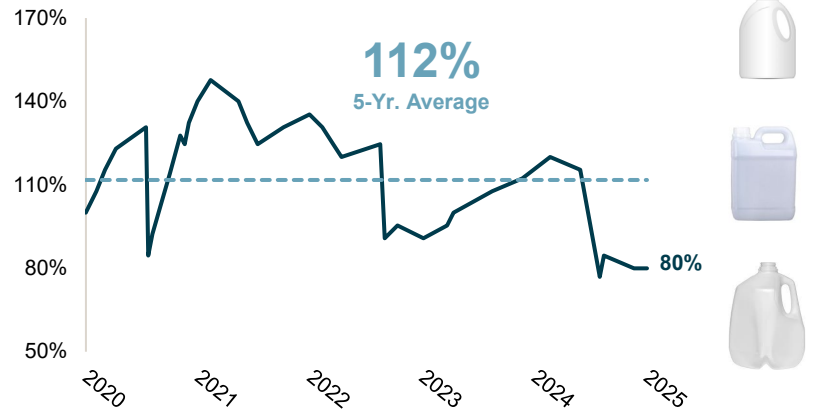
PAPERBOARD



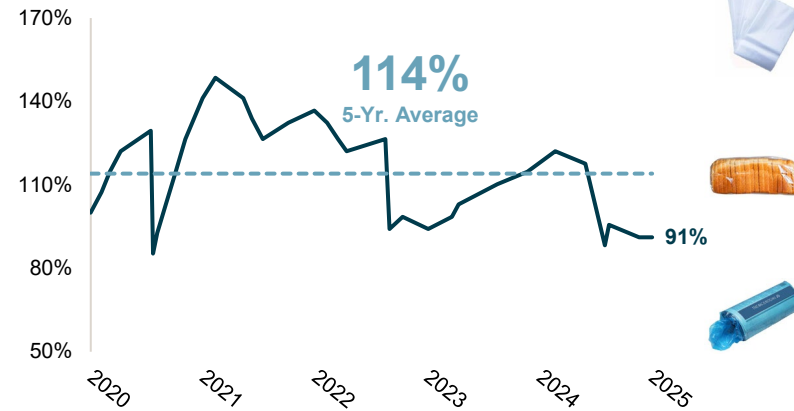
POLYETHYLENE TEREPHTHALATE (PET)



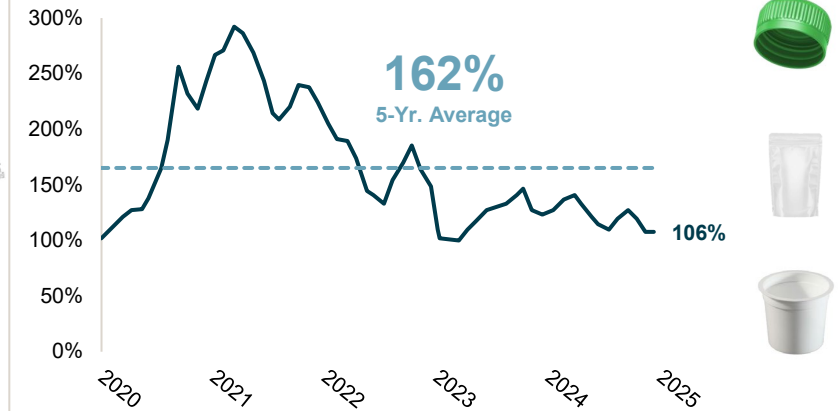
HIGH-DENSITY POLYETHYLENE (HDPE)



LOW-DENSITY POLYETHYLENE (LDPE)



POLYPROPYLENE (PP)



Source: FRED, Plastic News as of June 30, 2025

Recent Packaging M&A Transactions

Select transactions

| Date | Status | Target Company | Target Descriptions | Acquiring Company |
|--------|-----------|--|--|--|
| Jun-25 | Closed | Eutecma | Manufactures cold chain packaging for pharmaceutical and food industries using innovative cooling technology and sustainable materials. | Great Point Partners |
| Jun-25 | Closed | Lighthouse Packaging | Specializes in blow-molded plastic containers and in-house screen printing services, primarily serving the personal care industry. | FirmaPak (Shore Capital Partners) |
| Jun-25 | Closed | Capital Printing | Provides print procurement and branding services with internal printing capabilities to meet diverse customer needs. | Infinite Legacy Partners |
| May-25 | Closed | DJS Systems | Develops custom automation systems for disposable food packaging including counters, baggers and thermoforming machines. | ProMach (BDT & MDS Partners, Leonard Green & Partners) |
| May-25 | Closed | Stevens Point Facility of Pixelle Speciality Solutions (HIG Capital) | Manufactures specialty papers for labels, food packaging and industrial uses focusing on durability and sustainability. | Ahlstrom (Bain Capital) |
| May-25 | Closed | Precision Flexo & Gravure (Anderson & Vreeland) | Produces doctor blades and end seals for flexographic and gravure printing to improve print quality and performance. | Provident Blades |
| May-25 | Closed | Northwest Packaging Inc. | Supplies custom corrugated and protective packaging solutions for industrial and commercial applications. | The Royal Group (Schwarz Partners) |
| May-25 | Closed | JaMar Packaging | Manufactures corrugated packaging and protective materials serving industrial, commercial and retail sectors. | Welch Packaging Group |
| May-25 | Closed | Affordable Plastic & Packaging Inc. | Produces PET plastic bottles and jars for sanitizers, alcohol, sauces and beverages using BPA-free virgin materials. | Aaron Packaging |
| May-25 | Closed | Central Coated & Sun America | Food packaging supplier offering custom wax paper, bake cups and thermoformed plastic containers for food processing and foodservice applications. | MPE Partners |
| May-25 | Closed | Berry Global (NYSE:BERY) | Manufactures rigid, flexible and specialty packaging including bottles, films and nonwovens for global markets. | Amcor (NYSE:AMCR) |
| May-25 | Announced | Schoeller Allibert (Brookfield Business Partners (NYSE:BBU)) | Develops reusable plastic containers, pallets and crates for agriculture, automotive and food industries globally. | IPL Plastics (Madison Dearborn Partners) |
| May-25 | Closed | The BoxMaker | Specializes in custom packaging including corrugated boxes, retail displays and supply chain packaging with digital printing. | SupplyOne (Wellspring Capital Management) |
| Apr-25 | Closed | Mankato Packaging | Offers custom cartons and outer wraps backed by over 100 years of experience and dedicated customer service. | Meyers Printing |

Source: Bloomberg, Capital IQ and company filings, as of June 30, 2025

Recent Packaging M&A Transactions (continued)

Select transactions

| Date | Status | Target Company | Target Descriptions | Acquiring Company |
|--------|--------|--------------------------------|--|---|
| Apr-25 | Closed | Hamilton Plastics | Manufactures custom plastic films, flexible packaging and bags using advanced co-extrusion technology. | Soteria Flexibles (TJC) |
| Apr-25 | Closed | Zellwin Farms Company | Manufacturer of molded fiber packaging, including paper-based, coated and laminated products, as well as carton manufacturing and converted paper solutions. | Huhtamaki (HEL:HUH1V) |
| Apr-25 | Closed | Cactus Container | Produces custom boxes, displays, dividers and shipping supplies made in the U.S. with eco-friendly materials. | Continental Western Corp. |
| Apr-25 | Closed | ChemRite CoPac | Offers contract manufacturing and packaging services, specializing in liquid and powder filling solutions for personal care, food and industrial markets. | Lewis & Clark Capital |
| Apr-25 | Closed | Northeastern Envelope Company | Manufactures envelopes for mailing, office and printing industries emphasizing durability, precision and customer needs. | Ennis (NYSE:EBF) |
| Apr-25 | Closed | Metro Signs | Produces custom signs, vehicle wraps and graphics with full design, fabrication and installation services. | Texas Heritage Imaging & Printing |
| Apr-25 | Closed | Covenant Packaging | Designs corrugated boxes and protective packaging for retail, industrial and e-commerce focusing on durability and innovation. | American Box Company |
| Apr-25 | Closed | Label World | Produces custom printed labels for retail, food and manufacturing with durable, visually appealing branding solutions. | Asteria Group |
| Apr-25 | Closed | Smyth Companies (Novacap) | Full-service provider of pressure sensitive labels, shrink sleeves, in-mold labels, glue-applied labels and flexible packaging | Crestview Partners |
| Apr-25 | Closed | Viking Packing Specialist | Designs pallets, crates and cases providing durable protective packaging for industrial and commercial applications. | FCA Packaging (Wynnchurch Capital) |
| Apr-25 | Closed | ModTek | Specializes in pressure-sensitive and extended content labels with advanced flexographic, digital and hybrid printing. | Inovar Packaging Group (Kelso & Company) |
| Apr-25 | Closed | Carryout Supplies | Supplies food service and retail packaging including branded takeout containers focusing on quality, value and sustainability. | Nightfood Holdings Inc. (OTCPK:NGTF) |
| Apr-25 | Closed | Sonoco Products TFP Business | Thermoformed and flexible packaging serving a wide range of customers in food, retail and medical verticals. | TOPPAN Holdings Inc. (TSE:7911) |
| Apr-25 | Closed | Pactiv Evergreen (NASDAQ:PTVE) | Manufactures scalable, sustainable foodservice and packaging solutions for retail, food distribution and related industries. | Novolex (Apollo Global Management (NYSE:APO)) |

Source: Bloomberg, Capital IQ and company filings, as of June 30, 2025

Public Companies Operating Statistics and Valuation Parameters

\$ in Millions, Except for Stock Price

| Company Name | Stock Price | % of High 52-Week | Market Cap | Enterprise Value | LTM | | YoY Revenue Growth | EBITDA Margin | Enterprise Value / LTM | |
|--|-------------|----------------------|---------------|---------------------|----------|---------|-----------------------|------------------|------------------------|--------------|
| | | | | | Revenue | EBITDA | | | Revenue | EBITDA |
| Flexible | | | | | | | | | | |
| Amcor plc ⁽¹⁾ | \$9.31 | 83.7% | \$20,989 | \$28,268 | \$13,462 | \$1,899 | (1.3%) | 14.1% | 2.1x | 13.8x |
| Huhtamäki Oyj | 35.56 | 75.4% | 3,733 | 5,340 | 4,124 | 553 | 0.3% | 13.4% | 1.1x | 7.8x |
| Sealed Air Corporation | 31.03 | 79.9% | 4,563 | 8,731 | 5,336 | 1,038 | (1.8%) | 19.5% | 1.6x | 8.0x |
| Transcontinental Inc. | 15.33 | 93.6% | 1,281 | 1,888 | 2,776 | 511 | (2.6%) | 18.4% | 0.9x | 4.8x |
| Winpak Ltd. | 32.73 | 87.3% | 2,013 | 1,693 | 1,139 | 249 | 2.6% | 21.8% | 1.4x | 6.5x |
| Mean | | 84.0% | | | | | (0.6%) | 17.4% | 1.4x | 8.2x |
| Median | | 83.7% | | | | | (1.3%) | 18.4% | 1.4x | 7.8x |
| Labels | | | | | | | | | | |
| Avery Dennison Corporation | \$175.47 | 75.2% | \$13,717 | \$16,942 | \$8,753 | \$1,429 | 1.8% | 16.3% | 1.9x | 11.3x |
| CCL Industries Inc. | 58.22 | 93.8% | 10,181 | 11,466 | 7,395 | 1,468 | 6.6% | 19.9% | 2.1x | 10.2x |
| Mean | | 84.5% | | | | | 4.2% | 18.1% | 2.0x | 10.7x |
| Median | | 84.5% | | | | | 4.2% | 18.1% | 2.0x | 10.7x |
| Paper & Paperboard | | | | | | | | | | |
| Cascades Inc. | \$6.53 | 66.4% | \$662 | \$2,322 | \$4,746 | \$439 | 2.6% | 9.2% | 0.7x | 6.1x |
| Graphic Packaging Holding Company | 21.07 | 68.6% | 6,358 | 11,941 | 8,668 | 1,612 | (4.7%) | 18.6% | 1.4x | 6.8x |
| International Paper Company ⁽¹⁾ | 46.83 | 77.6% | 24,722 | 33,894 | 19,901 | 2,141 | 7.2% | 10.8% | 1.7x | 13.7x |
| Mondi plc | 16.30 | 74.1% | 7,179 | 9,706 | 7,416 | 954 | 3.2% | 12.9% | 1.2x | 8.7x |
| Packaging Corporation of America | 188.45 | 75.1% | 16,837 | 18,725 | 8,545 | 1,766 | 7.8% | 20.7% | 2.2x | 9.8x |
| Smurfit Westrock Plc ⁽¹⁾ | 43.15 | 75.7% | 22,462 | 35,909 | 25,835 | 3,575 | 121.3% | 13.8% | 1.4x | 9.1x |
| Mean | | 72.9% | | | | | 22.9% | 14.3% | 1.4x | 9.0x |
| Median | | 74.6% | | | | | 5.2% | 13.4% | 1.4x | 8.9x |

Source: Bloomberg, Capital IQ and company filings, as of June 30, 2025
 (1) Figures represent standalone statistics

Public Companies Operating Statistics and Valuation Parameters (continued)

\$ in Millions, Except for Stock Price

| Company Name | Stock Price | % of High 52-Week | Market Cap | Enterprise Value | LTM | | YoY Revenue Growth | EBITDA Margin | Enterprise Value / LTM | |
|---------------------------|-------------|----------------------|------------|------------------|----------|---------|--------------------|---------------|------------------------|--------------|
| | | | | | Revenue | EBITDA | | | Revenue | EBITDA |
| Rigid | | | | | | | | | | |
| Amcorg plc ⁽¹⁾ | \$9.31 | 83.7% | \$20,989 | \$28,268 | \$13,462 | \$1,899 | (1.3%) | 14.1% | 2.1x | 13.8x |
| AptarGroup, Inc. | 156.43 | 87.9% | 10,331 | 11,282 | 3,555 | 776 | (0.1%) | 21.8% | 3.2x | 13.8x |
| Crown Holdings, Inc. | 102.98 | 97.7% | 11,849 | 18,193 | 11,904 | 1,995 | 1.3% | 16.8% | 1.5x | 8.9x |
| O-I Glass, Inc. | 14.74 | 94.6% | 2,280 | 7,003 | 6,505 | 936 | (3.0%) | 14.4% | 1.1x | 6.5x |
| Silgan Holdings Inc. | 54.18 | 93.2% | 5,797 | 10,072 | 6,004 | 910 | 2.8% | 15.2% | 1.7x | 9.9x |
| Sonoco Products Company | 43.56 | 76.7% | 4,296 | 11,589 | 5,706 | 989 | 15.5% | 17.3% | 2.0x | 10.6x |
| Mean | | 89.0% | | | | | 2.5% | 16.6% | 1.9x | 10.6x |
| Median | | 90.5% | | | | | 0.6% | 16.0% | 1.9x | 10.3x |
| Specialty | | | | | | | | | | |
| Ranpak Holdings Corp. | \$3.57 | 39.5% | \$301 | \$666 | \$375 | \$56 | 8.7% | 15.0% | 1.8x | 10.3x |
| Macfarlane Group PLC | 1.62 | 90.1% | 257 | 319 | 270 | 31 | 0.6% | 11.3% | 0.9x | 5.9x |
| Krones AG | 164.42 | 96.0% | 5,194 | 4,502 | 5,518 | 500 | 7.5% | 9.1% | 0.7x | 7.1x |
| Sealed Air Corporation | 31.03 | 79.9% | 4,563 | 8,731 | 5,336 | 1,038 | (1.8%) | 19.5% | 1.6x | 8.0x |
| Mean | | 76.4% | | | | | 3.8% | 13.7% | 1.2x | 7.8x |
| Median | | 85.0% | | | | | 4.1% | 13.2% | 1.2x | 7.6x |

Packaging Case Study: Nexgen Packaging

Delivering an Outlier Outcome

Headquartered in Westmont, Illinois, with global operations and partnerships in Asia, Europe and the Americas, Nexgen provides a comprehensive range of products including woven and printed labels, heat transfers, graphic tags, price tickets and item-level RFID labels tailored to meet diverse branding and packaging requirements. With 95%+ of its portfolio featuring certified sustainable options, Nexgen leads the way in reducing packaging waste while enhancing brand integrity. Its strategic investments in software and business intelligence tools, empowers Nexgen’s customers with valuable supply chain insights enabling greater flexibility, improved decision-making and accelerated speed to market.

Established in 2006 by industry veterans, the company focused on delivering high-quality sustainable packaging and labeling solutions for the retail, apparel and footwear industries. Throughout its growth trajectory, the business expanded globally, establishing offices and production facilities in key markets including the U.S., Europe and Asia to support its international client base. By mid-2024, the company’s strong performance and market leadership attracted strategic inbound interest from multiple parties, prompting management to explore opportunities to position the business for its next phase of growth. To capitalize on this interest, the company engaged Lincoln International to execute an efficient and successful sale process leveraging its expertise in packaging, global strategic relationships and real-time market insights.

Lincoln International leveraged early strategic interest, running a targeted and competitive sale process to identify the best long-term partner for the business while maintaining optionality for shareholders. While navigating detailed diligence requirements, Lincoln protected management’s time, ensuring leadership remained focused on running the business with limited disruption. Trimco, backed by Brookfield Asset Management, emerged as the ideal strategic partner, recognizing the company’s complementary product portfolio and strong global commercial presence, particularly in North America. Lincoln International served as the exclusive financial advisor to Nexgen, guiding the company through a process that maximized value and positioned the business for continued success with a strategic partner.

nexgen
PACKAGING

has been sold to

TRIMCO GROUP

a portfolio company of

Brookfield

Sell-Side



About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory and valuations and fairness opinions. As one tightly integrated team of more than 1,000 professionals in more than 25 offices in 15 countries, we offer an unobstructed perspective on the global private capital markets, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at www.lincolninternational.com.

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