

Packaging | Q4 2018



Packaging Insights

The fourth quarter of 2018 saw continued momentum and M&A activity across all packaging markets. In particular, there was considerable activity in paper and paperboard with acquisitions announced or completed by Paper Excellence Canada, Smurfit Kappa, Dunn Paper and Royal Paper. Further, DS Smith has plans to divest its plastics packaging division to focus on its core paper and corrugated businesses.

In addition, private equity continues to be highly active in packaging – several funds completed platform or add-on investments such as Advent International, AEA Investors, First Atlantic, Genstar Capital, Gridiron Capital, Lee Equity Partners, Main Post Partners, One Equity Partners, Pfingsten Partners and Snow Phipps. Valuations in the market place remain strong, especially for high quality assets exhibiting robust, proven growth historically and top-tier management teams. M&A will continue to be a growth lever for industry participants to accelerate or supplement their organic growth.



Quarterly Review

Key Topics

- Market Intelligence
- Recent Lincoln International Transactions
- Global Packaging Valuations by Subsector
- Selected M&A Transaction Highlights
- Public Companies Operating Statistics and Valuation Parameters

Market Intelligence

12/18 – **One Madison Corporation** (NYSE:OMAD), a special purpose acquisition company, has signed a definitive agreement to combine with **Ranpak Corporation** (Rhône Capital) and take the company public on the NYSE under a new ticker symbol

12/18 – **PAI Partners** and **Onex** (TSE:ONEX) are among those selected to enter the second phase of **DS Smith's** (LON:SMDS) auction of its plastics packaging division

12/18 – **Greif** (NYSE:GEF) is actively looking for targets of all sizes in the industrial packaging industry

12/18 – **RPC Group** (LON:RPC) has ended acquisition discussions with **Bain Capital** and is moving towards a transaction with **Apollo Global Management**

11/18 – After its IPO in Q3 2018, **IPL Plastics** (TSE:IPLP) is said to be in merger discussions with **Schoeller Allibert** (Brookfield Asset Management)

11/18 – **DS Smith** (SMDS:LSE) plans to make additional acquisitions in Spain after recently proposing to acquire **Europac** (BME:PAC)

10/18 – Following its acquisition of **Coveris Americas** in Q2 2018, **Transcontinental** (TSX:TCL.A) is actively looking for North American acquisition targets with \$50-\$150 million in revenue

10/18 – **Bway, Mauser Group, National Container Group** and **Industrial Container Services**, a group of companies owned by **Stone Canyon Industries**, have unified as a single firm and are now operating under the name **Mauser Packaging Solutions**

10/18 – **Smurfit Kappa** (LON:SKG) announced 2019 expansion plans for its Brazilian operations, which may include acquisitions

10/18 – **International Paper** (NYSE:IP) is evaluating strategic alternatives, including a possible sale, for its Brazil packaging business

Recent Lincoln International Transactions

AURORA RESURGENCE


has sold

ALLTUB GROUP

to

One Equity Partners

Sell-Side



RICHARDSON CAPITAL

has sold

Trillium Health Care Products

to

NEW WATER CAPITAL

Sell-Side



SUN CAPITAL PARTNERS, INC.

has sold

COVERIS RIGID

to

LINDSAY GOLDBERG

Sell-Side




Sentinel CAPITAL PARTNERS

has sold

ROTOMETRICS

Sell-Side



SAW MILL CAPITAL


has sold

GATEWAY PACKAGING COMPANY

to

ProAmpac
a portfolio company of
PPC Partners

Sell-Side




COMMAND PACKAGING

has been sold to

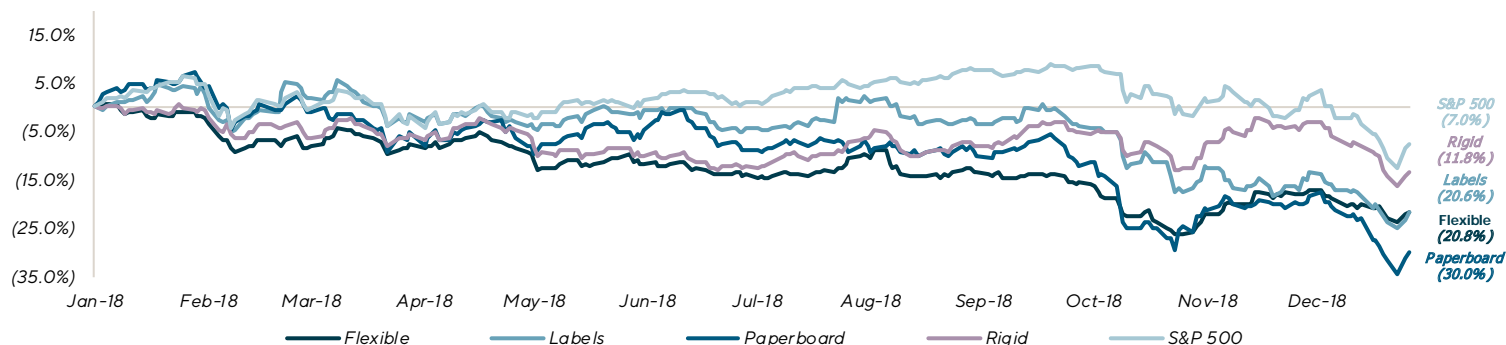
Delta Plastics

Sell-Side

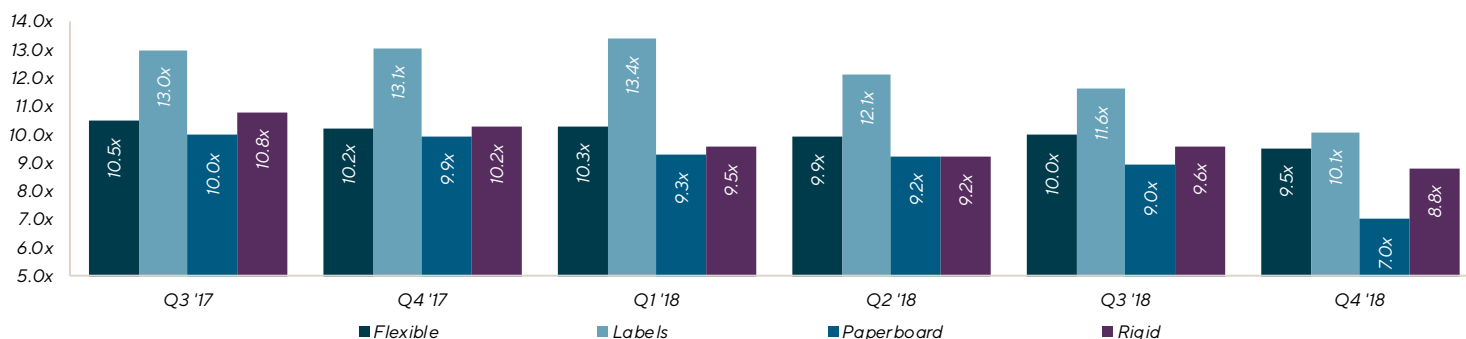




LTM Relative Stock Price Performance



Historical Enterprise Value / EBITDA Valuation Performance



Selected M&A Transactions

(\$ in millions)

Date	Status	Target Company	Acquiring Company	Enterprise Value	EV / LTM Revenue	EV / LTM EBITDA
Dec-18	Announced	Grupo Envases Grau	International Paper Company	n/a	n/a	n/a
Dec-18	Announced	Ranpak Corp.	One Madison Corporation	\$950	n/a	n/a
Dec-18	Announced	Carastar Industries	Greif Packaging	\$1,800	1.3x	10.3x
Oct-18	Announced	Catalyst Paper Corporation	Paper Excellence Canada Holdings	n/a	n/a	n/a
Aug-18	Announced	Bemis Company	Amcor	\$6,824	1.7x	11.9x
Dec-18	Closed	Knowlton Development Corporation	Group of Investors led by Cornell Capital	n/a	n/a	n/a
Dec-18	Closed	Disc Graphics	Oliver Printing & Packaging	n/a	n/a	n/a
Dec-18	Closed	Maiweave	Intertape Polymer Group	\$21	n/a	n/a
Dec-18	Closed	United Closures And Plastics Limited	GCL Holdings	\$24	0.4x	5.5x
Dec-18	Closed	Urban Forest Products	Cascades	n/a	n/a	n/a
Dec-18	Closed	Cartonnerie de Caradec/Papcart	Smurfit Kappa	n/a	n/a	n/a
Dec-18	Closed	Foodpack	Integrated Packing Services	n/a	n/a	n/a
Nov-18	Closed	Temkin International	PPC Flexible Packaging	n/a	n/a	n/a
Nov-18	Closed	Best Label Company	Resource Label Group	n/a	n/a	n/a
Nov-18	Closed	Team Technologies	Clearlake Capital Group	n/a	n/a	n/a
Nov-18	Closed	Cosmetic Essence	Vee Pak	n/a	n/a	n/a
Nov-18	Closed	Quick-Service Restaurant Business of Dominion Packaging	LBP Manufacturing	n/a	n/a	n/a
Nov-18	Closed	Beyers Plastics	Tekni-Plex	n/a	n/a	n/a
Nov-18	Closed	KapStone Paper and Packaging Corporation	WestRock	\$5,036	1.5x	12.5x
Nov-18	Closed	Austin Label Company	Fortis Solutions Group	n/a	n/a	n/a
Nov-18	Closed	Oakwood Premier Printing	Fortis Solutions Group	n/a	n/a	n/a
Nov-18	Closed	Fabrika Hartije and Avala Ada	Smurfit Kappa Group	\$151	n/a	n/a
Nov-18	Closed	Spectrum Label Corporation	Resource Label Group	n/a	n/a	n/a
Oct-18	Closed	Specialty Papers Business Unit of P. H. Glatfelter	Spartan Paper	\$360	0.5x	11.9x
Oct-18	Closed	Alltub SAS	OEP Capital Advisors	n/a	n/a	n/a
Oct-18	Closed	Pak-Rite	Universal Forest Products	n/a	n/a	n/a
Oct-18	Closed	Treofan Holdings	Jindal	\$57	0.2x	n/a
Oct-18	Closed	Expera Specialty Solutions	Ahlstrom Munksjo	\$615	0.9x	9.3x
Oct-18	Closed	Argo	ALPLA Werke Alwin Lehner	n/a	n/a	n/a
Oct-18	Closed	Transparent Container	Rohrer Corporation	n/a	n/a	n/a

Public Companies Operating Statistics and Valuation Parameters

(\$ in millions)

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YOY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Flexible										
Amcor Limited	\$9.34	86.0%	\$10,784	\$14,541	\$9,319	\$1,337	2.0%	14.3%	1.6x	11.3x
Bemis Company, Inc.	45.90	86.6%	4,178	5,569	4,091	568	1.1%	13.9%	1.4x	9.7x
Berry Global Group, Inc.	47.53	77.0%	6,226	11,704	7,869	1,339	6.8%	17.0%	1.5x	8.7x
Huhtamäki Oyj	30.99	73.4%	3,234	4,265	3,528	448	(1.7%)	12.7%	1.2x	9.6x
Sealed Air Corporation	34.84	69.9%	5,467	8,832	4,700	796	5.3%	16.9%	1.9x	11.1x
Transcontinental Inc.	14.14	58.7%	1,235	2,276	2,002	430	28.3%	21.5%	1.2x	5.5x
Winpak Ltd.	34.99	94.0%	2,275	1,994	890	198	0.3%	22.2%	2.4x	10.6x
Mean		77.9%					6.0%	16.9%	1.6x	9.5x
Median		77.0%					2.0%	16.9%	1.5x	9.7x
Labels										
Avery Dennison Corporation	\$89.83	72.6%	\$7,789	\$9,413	\$7,126	\$928	7.7%	13.0%	1.3x	10.2x
Brady Corporation	43.46	91.8%	2,281	2,143	1,177	183	4.8%	15.5%	1.8x	11.7x
CCL Industries Inc.	36.69	73.9%	6,468	7,997	3,917	763	3.3%	19.5%	2.2x	11.0x
Multi-Color Corporation	35.09	39.1%	720	2,212	1,693	302	54.6%	17.8%	1.3x	7.3x
Mean		69.4%					17.6%	16.5%	1.7x	10.1x
Median		73.3%					6.3%	16.7%	1.6x	10.6x
Paperboard										
Cascades Inc.	\$7.50	61.4%	\$707	\$1,979	\$3,505	\$350	1.7%	10.0%	0.6x	5.8x
DS Smith Plc	3.81	51.3%	5,222	7,406	7,878	984	16.7%	12.5%	0.9x	7.5x
Graphic Packaging Holding Company	10.64	63.6%	3,302	6,961	5,625	878	27.7%	15.6%	1.2x	7.9x
International Paper Company	40.36	60.3%	16,347	26,594	23,066	3,816	6.1%	16.5%	1.2x	6.4x
Mondi plc	20.82	72.6%	10,077	13,215	8,448	1,766	(0.8%)	20.9%	1.6x	7.7x
Packaging Corporation of America	83.46	63.6%	7,825	10,033	6,952	1,464	7.9%	21.1%	1.4x	6.9x
Sonoco Products Company	53.13	90.5%	5,303	6,461	5,334	724	5.9%	13.6%	1.2x	8.8x
WestRock Company	37.76	52.8%	9,534	15,329	16,285	2,830	6.4%	17.4%	0.9x	5.4x
Mean		64.5%					8.9%	15.9%	1.1x	7.0x
Median		62.5%					6.2%	16.1%	1.2x	7.2x
Rigid										
Amcor Limited	\$9.34	86.0%	\$10,784	\$14,541	\$9,319	\$1,337	2.0%	14.3%	1.6x	11.3x
AptarGroup, Inc.	94.07	83.8%	5,909	6,967	2,706	533	9.6%	19.7%	2.6x	13.1x
Ball Corporation	45.98	90.2%	15,596	21,776	11,579	1,894	5.4%	16.4%	1.9x	11.4x
Berry Global Group, Inc.	47.53	77.0%	6,226	11,704	7,869	1,339	6.8%	17.0%	1.5x	8.7x
Crown Holdings, Inc.	41.57	69.9%	5,620	14,761	10,585	1,599	21.7%	15.1%	1.4x	9.2x
Greif, Inc.	37.11	59.1%	1,940	2,890	3,874	512	6.5%	13.2%	0.7x	5.6x
Nampak Limited	0.96	77.4%	621	1,082	1,225	180	(19.8%)	14.7%	0.9x	6.1x
Owens-Illinois, Inc.	17.24	73.0%	2,736	8,065	6,954	988	1.2%	14.2%	1.2x	7.6x
RPC Group Plc	8.31	74.1%	3,368	4,904	5,048	762	7.7%	15.1%	1.0x	6.6x
Silgan Holdings Inc.	23.62	76.1%	2,613	5,361	4,374	616	6.9%	14.1%	1.2x	8.7x
Sonoco Products Company	53.13	90.5%	5,303	6,461	5,334	724	5.9%	13.6%	1.2x	8.8x
Mean		77.9%					4.9%	15.2%	1.4x	8.8x
Median		77.0%					6.5%	14.7%	1.2x	8.7x

Source: Bloomberg, Capital IQ and company filings, as of December 31, 2018



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