

Packaging | Q4 2019



Packaging Insights

Q4 M&A activity certainly suggests that the private equity community remains highly focused on the packaging sector. Across contract packaging, the market saw PLZ Aerospace (backed by Pritzker Private Capital) acquire Liquid Technologies (owned by Frotenac) and the announced merger of two large contract packagers in Knowlton Development Corporation (backed by Cornell Capital) and HCT Group. Moreover, Lee Equity acquired Cosmetic Solutions, a high margin packager with formulation development capabilities based in Florida. The market also saw activity from strategic acquirers in certain sub-sectors of the packaging market. Sonoco acquired the healthcare packaging business, TEQ, from ESCO Technologies. Liqui-Box Corporation (backed by Olympus Partners) acquired the plastics division of DS Smith. Overall, the market remains active in the packaging sector with quality assets trading at premium valuations.

Quarterly Review

Key Topics

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

Market Intelligence

Oct-19: Following its acquisition of **Zenith Specialty Bag, Novolex (Carlyle Group)** is continuing to look for new acquisition targets to increase its product offering

Oct-19: **Prairie Industries (Halifax Group)** is looking for acquisition targets to expand its presence in the US market and add additional capacity

Oct-19: **Circle Graphics (H.I.G. Capital)** is seeking acquisitions with at least \$5 million of EBITDA to expand product offerings and market access

Oct-19: **Federal Package**, an outsourced manufacturer serving the personal care industry, is believed to be exploring a potential sale process

Nov-19: **Crown Holdings (NYSE:CCK)** recently announced that it will conduct a comprehensive Board-led review of its portfolio and capital allocation/return

Nov-19: **Huhtamaki (HEL:HUH1V)** is actively

searching for targets to grow its Asian packaging business

Dec-19: **Mana Products**, an outsourced manufacturer serving the beauty industry, is said to be in the middle of a sale process. The company is expected to collect a new round of bids this month

Dec-19: **Schur Flexibles (Lindsay Goldberg)** is said to be in exclusive talks with **Partners Group** regarding an acquisition

Dec-19: **STI Group**, a privately held German packaging provider, recently explored strategic alternatives, including a potential sale process

Dec-19: **Pacur**, a custom sheet extruder, is believed to have begun a sale process in the second half of 2019

Dec-19: Following attempted sale processes in 2018, **S. Walter Packaging (Larsen MacColl Partners)** and **Covertech Flexible Packaging** are both believed to be exploring potential new sale processes this year

Recent Lincoln International Transactions

J.H. WHITNEY & CO.
J.H. WHITNEY CAPITAL PARTNERS, LLC

has sold

accupac

to

P
PALLADIUM
CORPORATION

Sell-Side

CAMERON
FINANCIAL

has sold

MULTI-PACK SOLUTIONS
PVA Packaging Division

to

U.S. NONWOVENS
CORP.
ingenious innovations

a portfolio company of

WIND POINT PARTNERS

Sell-Side

KOHLBERG & COMPANY

Nelipak
healthcare packaging

have acquired

Bemis
Healthcare Packaging Europe

from

amcor

Buy-Side

WinCup

has sold

StyroChem

to

PMIC | CAPITAL GROUP

Sell-Side

MASON WELLS

has sold

Nelipak
healthcare packaging

to

KOHLBERG & COMPANY

Sell-Side

Aksia group

has sold

Lameplast

to

TEKNIPLEX
Global strength. Superior solutions.

a portfolio company of

GENSTAR

Sell-Side

Andax Private Equity

has sold

ImperialDade

to

BainCapital
PRIVATE EQUITY

Sell-Side



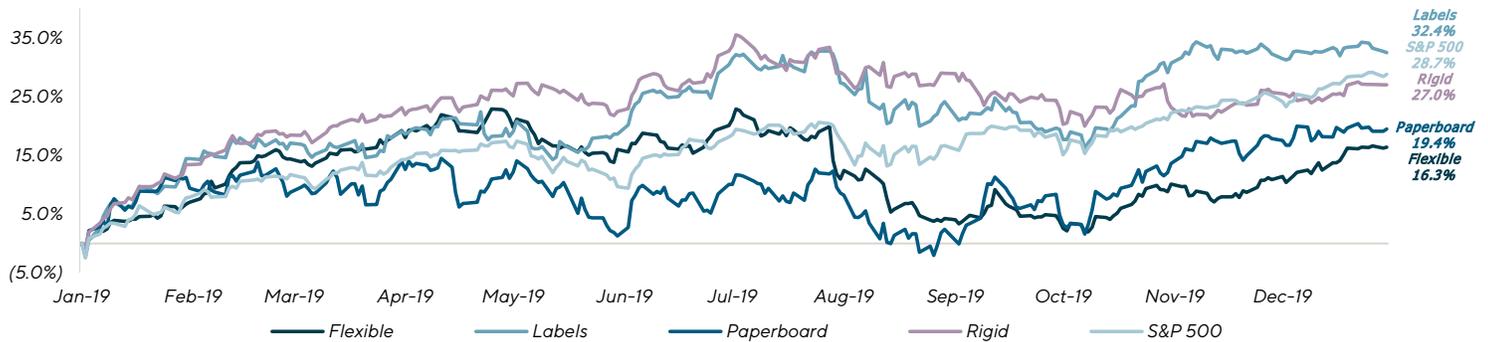
Public Companies Operating Statistics and Valuation Parameters

(\$ in millions)

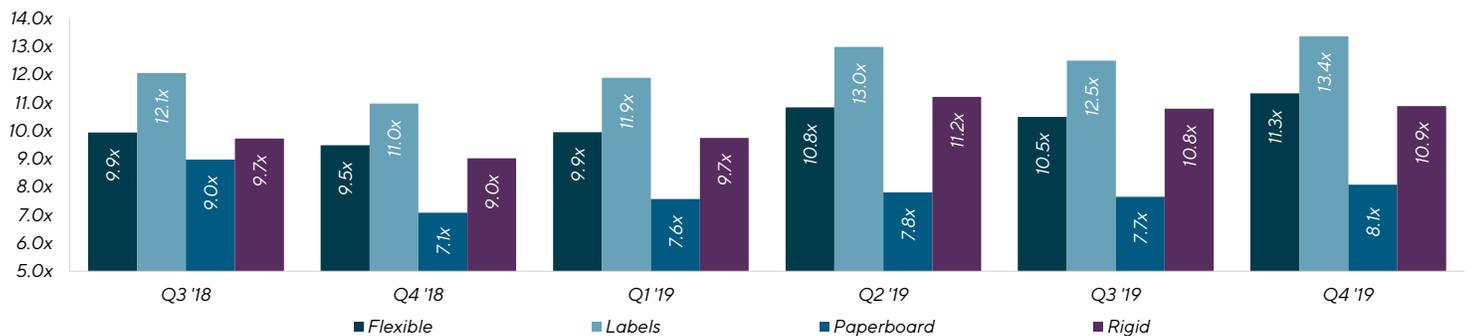
Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YOY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Flexible										
Amcors plc	\$10.94	93.0%	\$17,564	\$23,760	\$10,337	\$1,388	10.4%	13.4%	2.2x	16.4x
Berry Global Group, Inc.	47.49	80.3%	6,273	16,969	8,878	1,461	10.1%	16.5%	1.9x	11.6x
Huhtamäki Oyj	46.42	96.8%	4,846	5,992	3,639	442	2.4%	12.1%	1.6x	13.1x
Sealed Air Corporation	39.83	84.5%	6,154	9,950	4,753	844	0.4%	17.8%	2.1x	11.8x
Transcontinental Inc.	12.24	71.3%	1,069	1,974	2,327	367	16.3%	15.8%	0.8x	5.3x
Winpak Ltd.	36.22	95.8%	2,354	1,965	879	198	(1.2%)	22.6%	2.2x	9.7x
Mean		87.0%					6.4%	16.4%	1.8x	11.3x
Median		88.8%					6.2%	16.1%	2.0x	11.7x
Labels										
Avery Dennison Corporation	\$130.82	97.2%	\$10,924	\$12,812	\$7,066	\$974	(1.3%)	13.8%	1.8x	13.2x
Brady Corporation	57.26	96.9%	3,052	2,862	1,154	187	(1.9%)	16.2%	2.5x	15.3x
CCL Industries Inc.	42.65	80.8%	7,612	9,133	4,061	770	7.4%	19.0%	2.2x	11.5x
Mean		91.6%					1.4%	16.3%	2.2x	13.4x
Median		96.9%					(1.3%)	16.2%	2.2x	13.2x
Paperboard										
Cascades Inc.	\$8.64	83.4%	\$815	\$2,551	\$3,750	\$359	10.1%	9.6%	0.7x	6.8x
DS Smith Plc	5.09	96.6%	6,978	10,277	8,129	1,137	7.5%	14.0%	1.2x	8.8x
Graphic Packaging Holding Company	16.65	98.2%	4,833	8,719	6,143	976	2.0%	15.9%	1.4x	8.9x
International Paper Company	46.05	95.5%	18,057	28,162	22,829	3,582	(2.0%)	15.7%	1.2x	7.3x
Mondi plc	23.48	91.5%	11,379	14,572	8,563	1,998	(0.0%)	23.3%	1.6x	7.0x
Packaging Corporation of America	111.99	97.6%	10,520	12,523	6,991	1,500	(0.3%)	21.5%	1.8x	8.3x
Sonoco Products Company	61.72	92.7%	6,178	7,936	5,421	752	0.6%	13.9%	1.5x	10.5x
WestRock Company	42.91	99.0%	11,081	21,009	18,289	2,968	9.4%	16.2%	1.1x	7.1x
Mean		94.3%					3.4%	16.3%	1.3x	8.1x
Median		96.0%					1.3%	15.8%	1.3x	7.8x
Rigid										
Amcors plc	\$10.94	93.0%	\$17,564	\$23,760	\$10,337	\$1,388	10.4%	13.4%	2.2x	16.4x
AptarGroup, Inc.	115.62	91.6%	7,391	8,379	2,873	604	3.9%	21.0%	2.9x	13.9x
Ball Corporation	64.67	79.0%	21,155	27,998	11,558	1,814	(0.7%)	15.7%	2.4x	15.6x
Berry Global Group, Inc.	47.49	80.3%	6,273	16,969	8,878	1,461	10.1%	16.5%	1.9x	11.6x
Crown Holdings, Inc.	72.54	92.7%	9,665	18,208	11,608	1,601	4.1%	13.8%	1.6x	11.3x
Greif, Inc.	44.20	87.8%	2,300	5,106	4,595	659	18.6%	14.4%	1.1x	7.7x
Nampak Limited	0.49	44.5%	315	737	966	145	(18.8%)	15.0%	0.7x	4.7x
O-I Glass, Inc.	11.93	57.4%	1,857	7,759	6,698	1,004	(2.6%)	15.0%	1.2x	7.2x
Silgan Holdings Inc.	31.08	98.1%	3,443	6,172	4,512	621	1.4%	13.8%	1.4x	9.9x
Sonoco Products Company	61.72	92.7%	6,178	7,936	5,421	752	0.6%	13.9%	1.5x	10.5x
Mean		81.7%					2.7%	15.2%	1.7x	10.9x
Median		89.7%					2.7%	14.7%	1.5x	10.9x

Source: Bloomberg, Capital IQ and company filings, as of December 31, 2019

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
	Announced	HCT Group	Knowlton Development Corporation (Cornell Capital)	n/a	n/a	n/a
	Announced	Paper and Woven Polypropylene Packaging Operations of Transcontinental	Hood Packaging Corporation	\$180.0	0.8x	n/a
	Announced	Ritrama	Fedrigoni (Bain Capital)	n/a	n/a	n/a
	Announced	Packaging Technology Business of Bosch	CVC Capital Partners	n/a	n/a	n/a
	Announced	Masterchem	Logoplaste Group (The Carlyle Group)	n/a	n/a	n/a
Jan-20	Closed	Bliston Packaging	NewPort Capital	n/a	n/a	n/a
Jan-20	Closed	TEQ (ESCO Technologies)	Sonoco Products	\$187.0	n/a	11.3x
Dec-19	Closed	North American, Costa Rican and Japanese businesses of Closure Systems International	Cerberus Capital Management	\$615.0	n/a	n/a
Dec-19	Closed	Liquid Technologies (Frontenac Company)	PLZ Aerospace (Pritzker Group Private Capital)	n/a	n/a	n/a
Dec-19	Closed	Nampak Plastics Europe	Bellcave (Greybull Capital)	n/a	n/a	n/a
Dec-19	Closed	Stasher, Inc.	S. C. Johnson & Son	n/a	n/a	n/a
Dec-19	Closed	LBP Manufacturing (Pritzker Group Private Capital)	Sabert Corporation	n/a	n/a	n/a
Nov-19	Closed	Flexographic Packaging	Advanced Barrier Extrusions (Graham Partners)	n/a	n/a	n/a
Nov-19	Closed	Davis Core & Pad Company	Drew Foam Companies (Branford Castle Partners)	n/a	n/a	n/a
Nov-19	Closed	Balcan Plastics	BDT Capital Partners	n/a	n/a	n/a
Nov-19	Closed	Bilcare Research	Lindsay Goldberg	\$27.0	n/a	n/a
Nov-19	Closed	Chem-Tainer Industries	Tank Holdings Corp. (Olympus Partners)	n/a	n/a	n/a
Nov-19	Closed	Plastics Division of DS Smith	Liqui-Box Corporation (Olympus Partners)	\$591.3	n/a	9.9x
Nov-19	Closed	Pharmaceutical Associates	Bourne Partners and Enhanced Healthcare Partners	n/a	n/a	n/a
Nov-19	Closed	Jaffabox	Schumacher Packaging	n/a	n/a	n/a
Nov-19	Closed	PVA Packaging Division of Multi-Pack Solutions	U.S. Nonwovens Corp. (Wind Point Partners)	n/a	n/a	n/a
Oct-19	Closed	Healthcare Packaging Business of Clariant	Arsenal Capital Partners	\$308.0	2.3x	13.2x
Oct-19	Closed	International Paper APPM	West Coast Paper Mills	n/a	n/a	n/a
Oct-19	Closed	Jet Label & Packaging	ProMach, Inc. (Leonard Green & Partners)	n/a	n/a	n/a
Oct-19	Closed	Cosmetic Solutions, Inc.	Lee Equity Partners	n/a	n/a	n/a
Oct-19	Closed	Spartech (Arsenal Capital Partners)	Nautic Partners	n/a	n/a	n/a
Oct-19	Closed	Popular Ink (Highlander Partners)	PPC Flexible Packaging (Morgan Stanley Private Equity)	n/a	n/a	n/a
Oct-19	Closed	Bag-in-Box Business of Liqui-Box Corporation (Olympus Partners)	Peak Packaging	n/a	n/a	n/a
Oct-19	Closed	Circle Graphics Holdings	H.I.G. Capital	n/a	n/a	n/a
Oct-19	Closed	Holland & Crosby	Transcontinental, Inc.	\$20.0	n/a	n/a
Oct-19	Closed	Zenith Specialty Bag Co.	Novolex (The Carlyle Group)	n/a	n/a	n/a



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