

PACKAGING

Quarterly Review

Q4 2023



KEY TOPICS

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

Market Intelligence

Mergers and acquisitions (M&A) markets closed Q4 2023 in a similar vein to previous quarters, with a decline in completed deals. The packaging market closely followed suit, also experiencing a decline of approximately 20% in completed deals quarter over quarter, capping a year of overall decline in packaging M&A volume as a result of industry-wide volume declines from de-stocking of inventory and lower demand due to consumer economic headwinds. Despite this, there are several macroeconomic green shoots we expect to meaningfully contribute to a rebound of activity in the second half of 2024.

Interest Rate Alleviation

Interest rates play an integral role in the M&A landscape as they directly impact cost of financing, lender appetite, valuations and therefore investor behavior. While 2022 through early 2023 was characterized by numerous interest rate hikes, and therefore depressed buyer activity, the Federal Reserve held rates steady for the third straight time at the end of December. In addition, committee members introduced a framework for three separate rate cuts throughout 2024, targeting 0.25% increments quarter over quarter. As a result, we expect to see a pickup in M&A activity as financing conditions become more “buyer-friendly”.

...we expect to see a pickup in M&A activity as financing conditions become more “buyer-friendly”

Recession Avoidance

Fears that the U.S. economy would fall into a recession throughout last year have cooled because of these interest rate trends, coupled with positive trends in other macro signals such as unemployment rates and consumer spending. Buyers have emulated this mindset shift, becoming increasingly more active at the end of Q4. Whereas buyer sentiment in early 2023 could be described as hesitant and fear-forward, we are now starting to see a willingness and excitement to re-engage in acquisitions. While there are certainly still unpredictable factors at play (e.g., the upcoming U.S. election), a consensus amongst experts that we have avoided a recession has brought comfort to buyers.

Packaging Market Recovery

After several quarters of unit volume declines across all end markets and substrates in packaging, we expect to see a slight pickup in volume for Q1 growing gradually throughout 2024. As end users of packaging have worked through inventory to more nominalized levels, particularly in retail, packagers should expect demand to return along with price stability in the market after several quarters of inflation. This, combined with more favorable economic conditions, should yield a recovery in 2024 along with increased M&A activity in the space.

Public markets have already reacted positively to these and more specifically, Packaging companies performed well, with flexible, labels, paper & paperboard and rigid verticals all experiencing an increase in EV / EBITDA values quarter over quarter. Specialty represented the only decline, which is largely skewed by a handful of companies.

In line with preceding quarters, both strategic and financial buyers managed to push deals across the finish line. All4Labels (Triton) continued its impressive acquisition run, announcing and / or closing four different transactions within the quarter. Other notable strategic acquirer M&A activity included Conner Industries (The Argentum Group), Cold Chain Technologies (Aurora Capital Partners), Ipackchem (SK Capital), Carton Group (Waterland), Brook + Whittle (Genstar Capital) and Berlin Packaging (Oak Hill Capital Partners). Financial sponsors took a similar course, with Main Street Capital Partners (NYSE:MAIN), Sentinel Capital Partners, Investcorp and CORE Industrial Partners also completing packaging platform acquisitions in Q4.

Packaging Insights

Oct-23: Anchor Glass Container (CVC Capital Partners), a manufacturer of glass containers for the consumer-packaged goods industry, is said to be exploring strategic options, including a potential sale, ahead of upcoming maturities on its debt

Oct-23: Following its recent acquisition of flexible packaging producer, **Constantia Flexibles (Wendel)**, **One Rock Capital Partners**, a prominent player in the packaging landscape, could see their exposure to Europe “slightly” increase for its latest multi-billion-dollar fund that has just begun to deploy

Oct-23: Triton is looking into the possible sale of the Hamburg-based label manufacturer, **All4Labels**

Oct-23: M2S Group (Wynnchurch Capital), a provider of specialty and high-performance coatings for direct thermal label and firm applications, is actively seeking inorganic growth opportunities, with a particular interest in a new materials segment

Nov-23: Private label tissue manufacturer and producer of high-quality paperboard products, **Clearwater Paper (NYSE:CLW)**, is focused on building out its commercial tissue business

Nov-23: Industrial packaging products and services company, **Greif (NYSE:GEF)**, announced that it has entered into exclusive negotiations to acquire French company **IPACKCHEM (SK Capital Partners)**, a manufacturer of high-performance plastic packaging

Dec-23: The sale of **Albea’s (PAI Partners)** European cosmetics-packaging group has attracted a handful of potential sponsor bidders ahead of first-round bids, with potential bidders including **Onex, Lone Star Capital, One Rock Capital Partners** and **Rhone Capital**

Dec-23: Blackstone is said to be considering a partial sale of its stake in Indian-based glass container manufacturer, **PGP Glass**

Recent Lincoln International Packaging Transactions

<p>WINGATE PARTNERS</p> <p>has sold</p> <p> Leader in Horticultural Containers</p> <p>to</p> <p><i>Platinum Equity</i></p> <p>Sell-Side</p> 	<p></p> <p>has been sold to</p> <p></p> <p>a portfolio company of</p> <p></p> <p>Sell-Side</p> 	<p></p> <p>has acquired</p> <p></p> <p>Acquisition Financing</p> 	<p></p> <p>has sold</p> <p></p> <p>to</p> <p></p> <p>a portfolio company of</p> <p></p> <p>Sell-Side</p> 	<p></p> <p>has sold</p> <p></p> <p>to</p> <p></p> <p>Sell-Side</p> 	<p></p> <p>has sold</p> <p></p> <p>to</p> <p></p> <p>a portfolio company of</p> <p></p> <p>Sell-Side</p> 
--	---	--	---	---	--

SELECT M&A TRANSACTIONS

Date	Status	Target Company	Acquiring Company
Dec-23	Announced	Vietnam Tkt Plastic Packaging	Dynapac Co. (TSE: 3947)
Dec-23	Announced	Unitec Tecnologia de Emblagens	All4Labels Group (Triton)
Oct-23	Announced	lpackchem (SK Capital)	Greif (NYSE: GEF)
Dec-23	Closed	Pinnacle Plastics, Inc	Main Street Capital Corporation (NYSE: MAIN)
Dec-23	Closed	JWJ Packaging	Novvia Group (Kelso & Company)
Dec-23	Closed	Paperland	Graphius Group
Dec-23	Closed	Online Labels Group (Tenex)	Sentinel Capital Partners
Dec-23	Closed	Republic Packaging	Atlas Packaging
Dec-23	Closed	Canpac Trends	Investcorp
Dec-23	Closed	Taenza	Mauser Packaging Solutions
Dec-23	Closed	Saverglass	Orora
Dec-23	Closed	Giko Verpackungen	Rattpack
Dec-23	Closed	Ecovidal	Saica Group
Dec-23	Closed	Uniflexo	All4Labels Group (Triton)
Dec-23	Closed	NORPAL S de R.L. de C.V.	UFP Global Holdings (Nasdaq: UFPI)
Dec-23	Closed	TIBASA Universal Forest Products	UFP Global Holdings (Nasdaq: UFPI)
Dec-23	Closed	SWM International	Evergreen Hill Enterprise
Dec-23	Closed	Jeonju Paper	Taelim Paper
Dec-23	Closed	Inapel Embalagens	Sonoco (NYSE: SON)
Nov-23	Closed	Veritiv	Clayton Dubilier & Rice
Nov-23	Closed	Nest-Filler	Berlin Packaging (Oak Hill Capital Partners)
Nov-23	Closed	FlexoOne / InStockLabels.com	Brook + Whittle (Genstar Capital)
Nov-23	Closed	Albany Packaging	Inno-Pak (Solamere Capital)
Nov-23	Closed	Crestline Plastics	Conductive Containers (Great River Capital Partners)

SELECT M&A TRANSACTIONS (CONTINUED)

Date	Status	Target Company	Acquiring Company
Nov-23	Closed	Weck	Aurelius
Nov-23	Closed	Royston Labels	The Autajon Group
Nov-23	Closed	Atlantic Packaging (Morocco)	ALPLA
Nov-23	Closed	Coast Label Company	Resource Label Group (Ares Management)
Nov-23	Closed	NYP Corp.	Granite Creek Capital Partners
Nov-23	Closed	SteriPack Ireland	Sterimed (Sagard)
Nov-23	Closed	Duncan Print Group	Carton Group (Waterland)
Nov-23	Closed	TriState Container Corporation	Unicorr Packaging Group
Nov-23	Closed	Modulgrafica Pharma	All4Labels Group (Triton)
Nov-23	Closed	General Converting	Century Box (CORE Industrial Partners)
Nov-23	Closed	Complete Packaging (Spell Family Office)	Specialized Packaging Group (Altamont Capital Partners)
Nov-23	Closed	Honeywell's Media Business	OMNI Systems
Nov-23	Closed	Maxcor	All4Labels Group (Triton)
Nov-23	Closed	Silte	Axium Packaging (Cerea Partners)
Nov-23	Closed	Century Box	CORE Industrial Partners
Nov-23	Closed	Denver Reel & Pallet	Conner Industries (The Argentum Group)
Oct-23	Closed	ProFusion Industries	Boyne Capital
Oct-23	Closed	GP Group	Valgroup
Oct-23	Closed	Noble-pac	Carton Group (Waterland)
Oct-23	Closed	Wrapology	Carton Group (Waterland)
Oct-23	Closed	Gestora Commercial Internacional	Tri-Wall Limited (Rengo)
Oct-23	Closed	Manipal Utility Packaging Solutions	JK Paper
Oct-23	Closed	Stephanos Karydakis	Multi-color Corporation (Clayton, Dubilier & Rice)
Oct-23	Closed	CPM-Penta (Crest Capital Partners)	Grupo Lappi (Diana Capital)
Oct-23	Closed	Exeltainer	Cold Chain Technologies (Aurora Capital Partners)
Oct-23	Closed	Bergen Plastics	Skaneem Group
Oct-23	Closed	Tournaire Plastic (Motion Equity Partners)	Ipackchem (SK Capital)
Oct-23	Closed	Berkshire Sterile Manufacturing	Sharp (UDG Healthcare)
Oct-23	Closed	Lofton Label & Packaging	ProMach (Leonard Green & Partners / BDT & MSD Partners)
Oct-23	Closed	Paper Bag Co.	Rawlings Group
Oct-23	Closed	Reliance Products	Greif (NYSE: GEF)

PUBLIC COMPANIES OPERATING STATISTICS AND VALUATION PARAMETERS

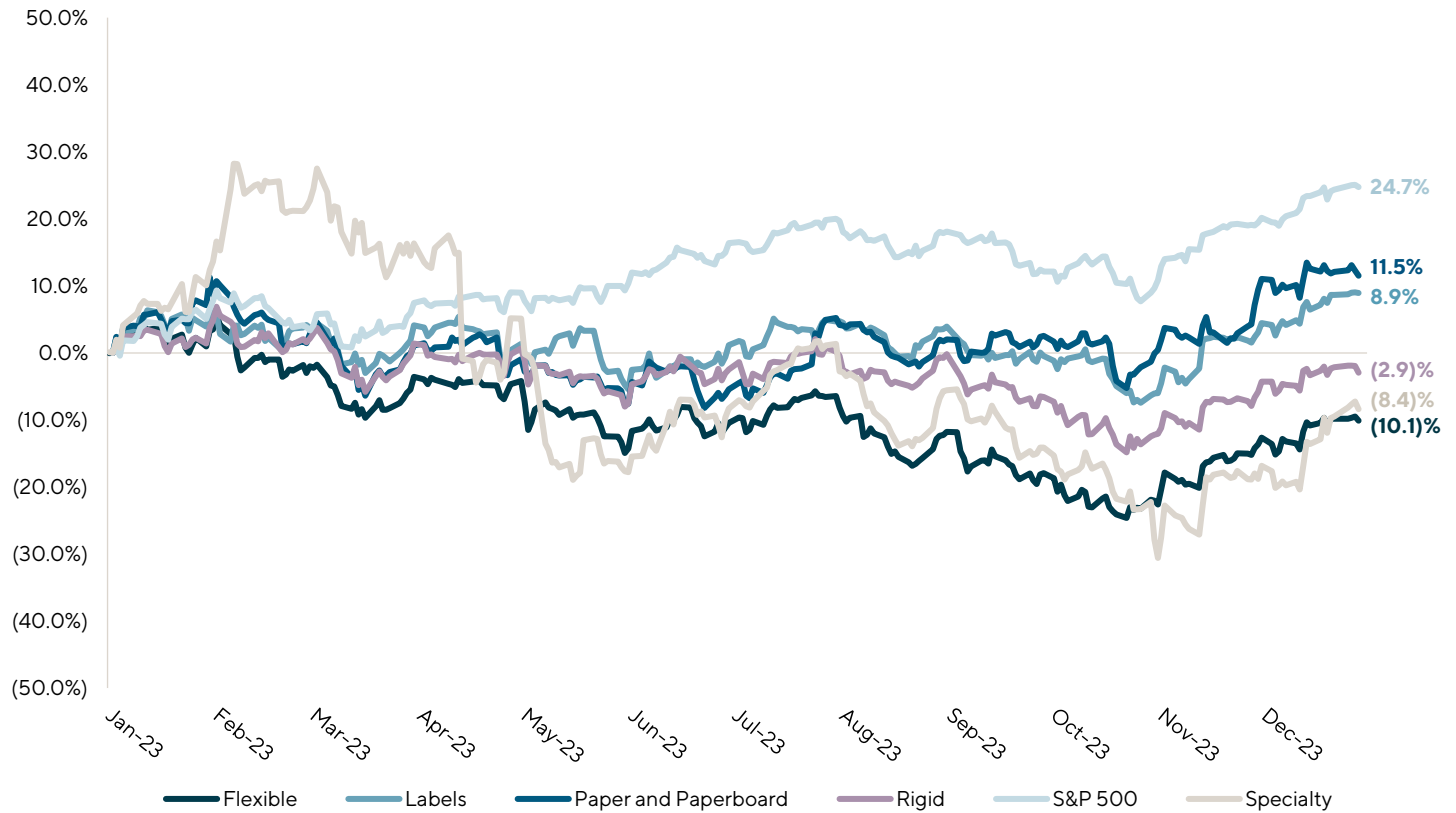
(\$ in millions, except for stock price)

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	\$9.69	79.5%	\$13,923	\$21,117	\$14,425	\$1,914	(2.8%)	13.3%	1.5x	10.2x
Berry Global Group, Inc.	67.39	96.4%	7,784	16,325	\$12,664	1,999	(12.6%)	15.8%	1.3x	8.2x
Huhtamäki Oyj	40.60	98.7%	4,244	5,830	4,240	450	(3.1%)	10.6%	1.2x	11.0x
Sealed Air Corporation	36.52	64.7%	5,275	9,958	5,517	1,071	(4.3%)	19.4%	1.8x	8.9x
Transcontinental Inc.	10.37	85.7%	902	1,642	2,941	395	(0.5%)	13.4%	0.7x	5.2x
Winpak Ltd.	30.97	87.5%	2,013	1,535	1,158	227	(1.9%)	19.6%	1.3x	6.6x
Mean		85.4%					(4.2%)	15.4%	1.3x	8.3x
Median		86.6%					(2.9%)	14.6%	1.3x	8.5x
Labels										
Avery Dennison Corporation	\$202.16	99.2%	\$16,280	\$19,350	\$8,280	\$1,163	(10.0%)	14.0%	2.3x	15.7x
CCL Industries Inc.	45.12	83.2%	8,021	9,354	6,574	1,229	4.6%	18.7%	1.9x	9.5x
Mean		91.2%					(2.7%)	16.4%	2.1x	12.6x
Median		91.2%					(2.7%)	16.4%	2.1x	12.6x
Paper & Paperboard										
Cascades Inc.	\$9.64	97.2%	\$971	\$2,584	\$4,635	\$476	6.3%	10.3%	0.7x	6.1x
DS Smith Plc	3.91	83.3%	5,388	7,968	7,435	1,024	21.1%	13.8%	0.8x	5.7x
Graphic Packaging Holding Company	24.65	89.4%	7,544	12,983	9,565	1,833	5.8%	19.2%	1.4x	6.7x
International Paper Company	36.15	86.3%	12,509	17,497	19,448	2,343	(7.9%)	12.0%	0.9x	6.7x
Mondi plc	21.54	96.0%	9,498	11,262	8,278	1,371	(3.2%)	16.6%	1.2x	7.5x
Packaging Corporation of America	162.91	94.9%	14,491	16,541	7,843	1,644	(8.2%)	21.0%	2.1x	9.3x
Sonoco Products Company	55.87	87.7%	5,473	8,793	6,822	1,028	(2.7%)	15.1%	1.3x	7.8x
WestRock Company	41.52	95.3%	10,650	19,560	20,310	2,708	(4.5%)	13.3%	1.0x	6.3x
Mean		91.3%					0.8%	15.1%	1.2x	7.0x
Median		92.2%					(3.0%)	14.4%	1.1x	6.7x
Rigid										
Amcors plc	\$9.69	79.5%	\$13,923	\$21,117	\$14,425	\$1,914	(2.8%)	13.3%	1.5x	10.2x
AptarGroup, Inc.	123.62	92.4%	8,132	9,217	3,445	666	3.1%	19.3%	2.7x	13.0x
Berry Global Group, Inc.	67.39	96.4%	7,784	16,325	12,664	1,999	(12.6%)	15.8%	1.3x	8.2x
Crown Holdings, Inc.	92.09	95.6%	11,024	17,991	12,164	1,736	(6.3%)	14.3%	1.5x	9.9x
O-I Glass, Inc.	16.38	69.5%	2,534	6,782	7,157	1,261	6.0%	17.6%	0.9x	4.9x
Silgan Holdings Inc.	45.25	81.7%	4,819	8,722	6,103	892	(4.6%)	14.6%	1.4x	8.9x
Sonoco Products Company	55.87	87.7%	5,473	8,793	6,822	1,028	(2.7%)	15.1%	1.3x	7.8x
Mean		86.1%					(2.8%)	15.7%	1.5x	9.0x
Median		87.7%					(2.8%)	15.1%	1.4x	8.9x
Specialty										
Ranpak Holdings Corp.	\$5.82	70.6%	\$481	\$843	\$325	\$83	(8.7%)	25.6%	2.6x	9.5x
Macfarlane Group PLC	1.49	96.7%	235	286	293	28	2.4%	9.7%	0.8x	6.2x
Catalent, Inc.	44.93	60.3%	8,116	12,864	4,223	552	(12.0%)	13.1%	3.0x	21.1x
Krones AG	123.58	92.9%	3,904	3,702	4,695	429	15.0%	9.1%	0.7x	7.8x
Sealed Air Corporation	36.52	64.7%	5,275	9,958	5,517	1,071	(4.3%)	19.4%	1.8x	8.9x
Mean		77.1%					(1.5%)	15.4%	1.8x	10.7x
Median		70.6%					(4.3%)	13.1%	1.8x	8.9x

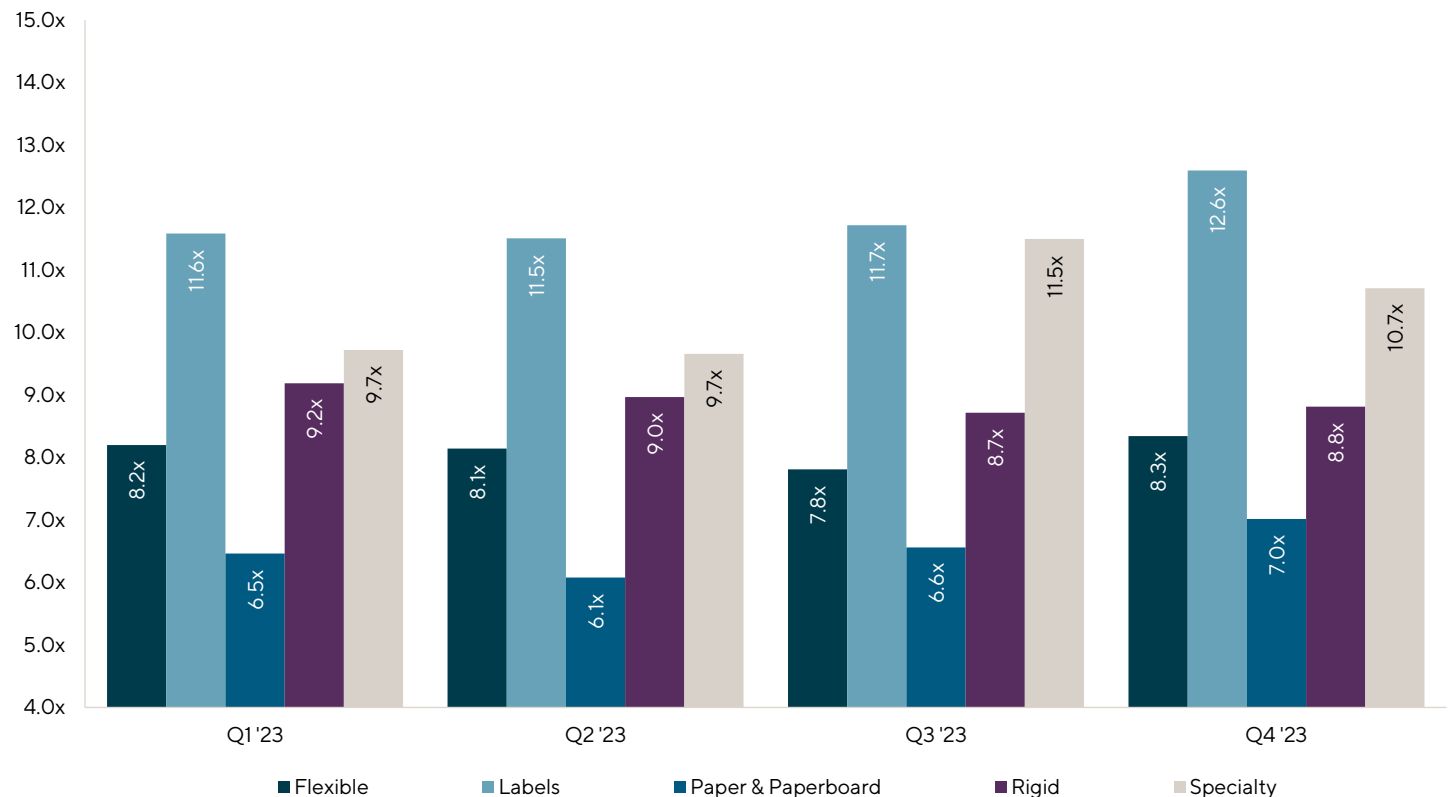
Source: Bloomberg, Capital IQ and company filings, as of December 31, 2023

Global Packaging Valuations by Subsector

LAST TWELVE MONTHS (LTM) RELATIVE STOCK PRICE PERFORMANCE



HISTORICAL ENTERPRISE VALUE / EBITDA VALUATION PERFORMANCE



Source: Bloomberg, Capital IQ and company filings, as of December 31, 2023

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 950 employees in more than 20 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.

Advisory Services

Mergers & Acquisitions
Capital Advisory
Private Funds Advisory
Valuations & Opinions



Contributors

Luke Webb

Managing Director
lwebb@lincolninternational.com
+1 (312) 506-2747

Alex Adamic

Director
aadamic@lincolninternational.com
+1 (312) 506-2785



Connect with a professional in Lincoln International's packaging sector at www.lincolninternational.com/packaging