



Packaging M&A Update

Q1 2022

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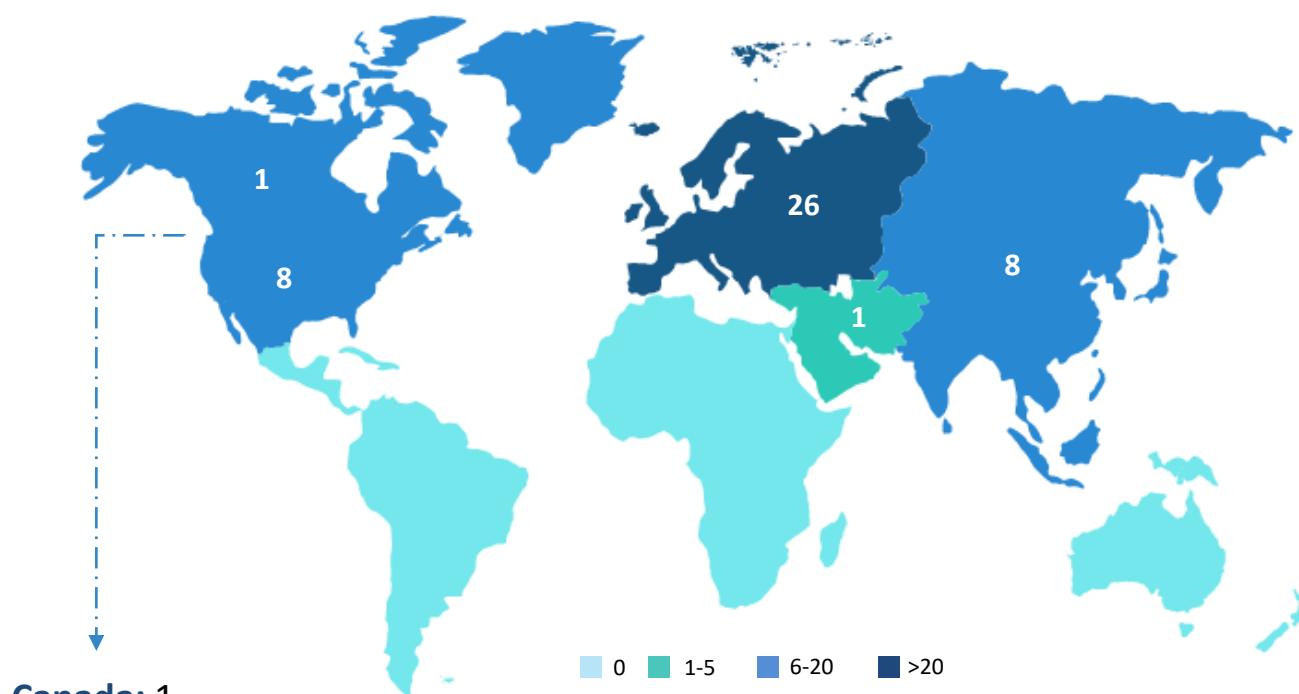
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rlhulett.com or call us at **(314) 721-0607**

REPORT HIGHLIGHTS

- The Dow Jones U.S. Containers & Packaging Index declined 1.0% in Q1 2022 and outperformed the Dow Jones Industrial Average Index, which decreased 5.5% for the quarter.
- M&A deal volume decreased significantly in Q1 2022 to 44 completed transactions from 92 in Q4 2021 and from 62 in Q1 of the prior year.
- In Q1 2022, PE accounted for 47.7% of 44 total deals in the Packaging sector compared to 60.1% in the prior year.
- Europe was the most active region in Q1 2022 with 26 deals. Most notably was Pasaca Capital's \$123.9 million acquisition of KraftPal in February 2022.
- Stock prices trended lower and total capital invested in Q1 2022 dropped 66.7% compared to the same time period of the prior year.

Global Deal Analytics

Of the 44 deals in Q1 2022, Europe was the most active market with 26. Of Europe's 26 deals, another notable deal was Berlin Packaging's \$81.64 million acquisition of Le Parfait in February 2022. North America was the second most active with 9. All other regions combined for a total of 9 completed transactions.



Canada: 1

United States Regions: 8

Great Lakes: 4

New England: 2

West Coast: 1

Mid Atlantic: 1

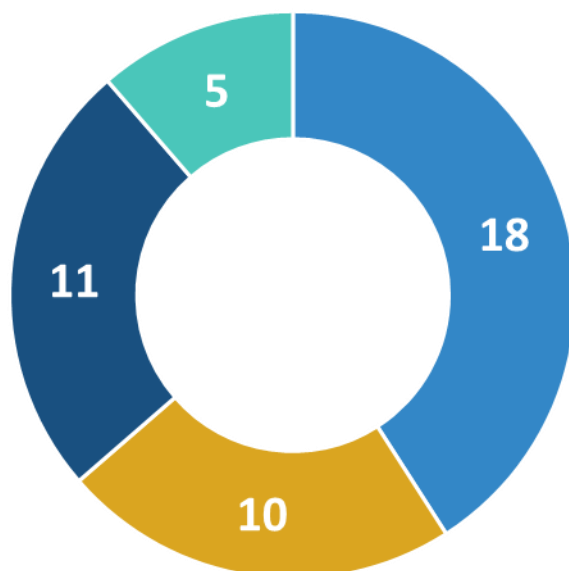
In the North American market, the Great Lakes region was the most active in Q1 2022 with 4 deals. MACTac's \$40 million acquisition of Spinnaker Coating in February 2022 represented a significant transaction in the U.S. market this quarter.

Outside of the U.S. in the North America market, 1 transaction closed in Canada.

Global Deal Analytics

Of the 44 Packaging deals in Q1 2022, 18 were in the Plastic Packaging subsector, making it the most active subsector in the industry from an M&A standpoint. Metal & Other was the second most active with 11 deals followed by Paper Packaging and Wood with 10 and 5 completed transactions, respectively.

Deal by Subsector



■ Plastic

■ Paper

■ Metal & Other

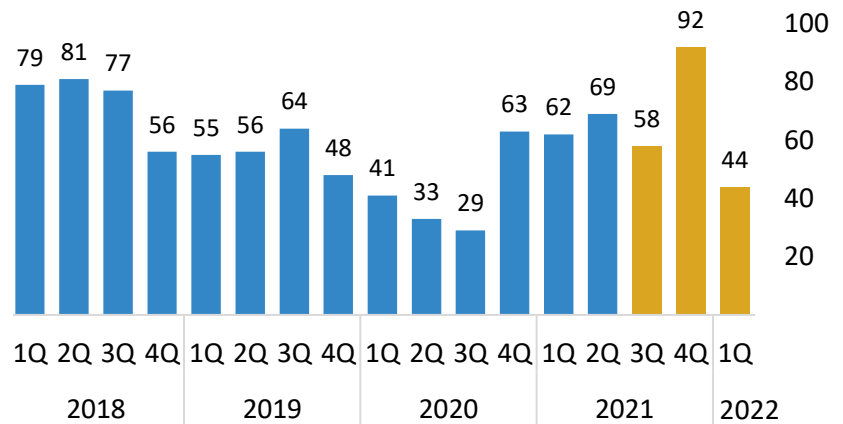
■ Wood



Global Deal Analytics

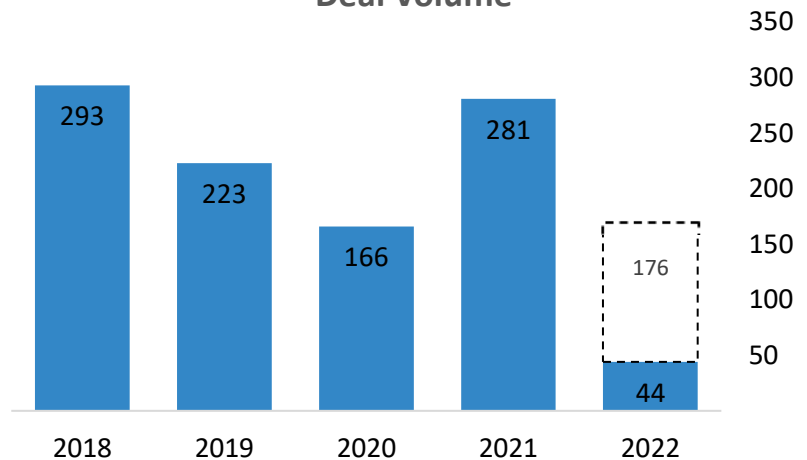
Deal volume in the Packaging sector declined substantially in Q1 to 44 deals, representing a 30.2% decrease from 63 deals in the same time period of the prior year. The drop was more pronounced in comparison to the spike to 92 deals in Q4 2021 at 52.2%. The Q4 spike was due in large part to the prospect of an increase in capital gains tax rates.

Deal Volume



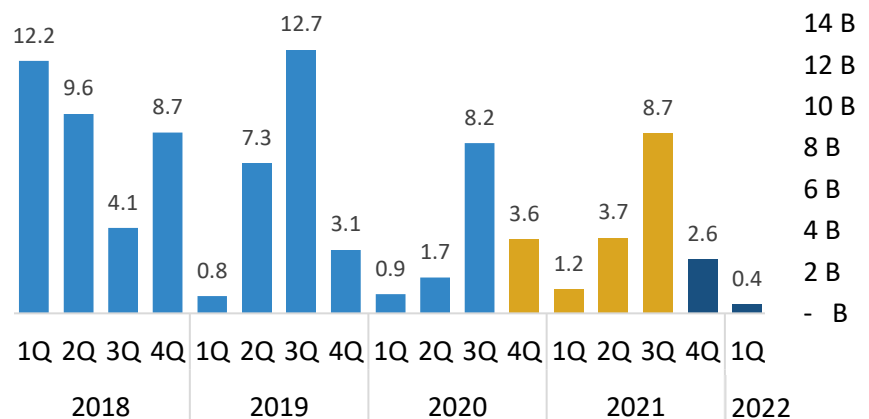
M&A deal volume is tracking toward a substantial decline in 2022 from prior year due primarily to ongoing delays in the supply chain, rapid inflation in the U.S., and higher fuel prices. Based on the current run rate, we are anticipating a 37.4% reduction in deal volume in the Packaging sector to 176 deals from 281 in 2021.

Deal Volume



Total capital invested in the Packaging sector decreased 84.6% to \$.4B in Q1 2022 from \$2.6B in Q4 2021. This decline is in large part from Graphic Packaging's acquisition of AR Packaging Group for \$1.45B in Q4 2021. In comparison, the largest deal in Q1 2022 was Pasaca Capital's acquisition of KraftPal for \$.12B. If we remove the largest transaction from Q4 2021, then the percentage decline to Q1 2022 was 65.2%.

Total Capital Invested



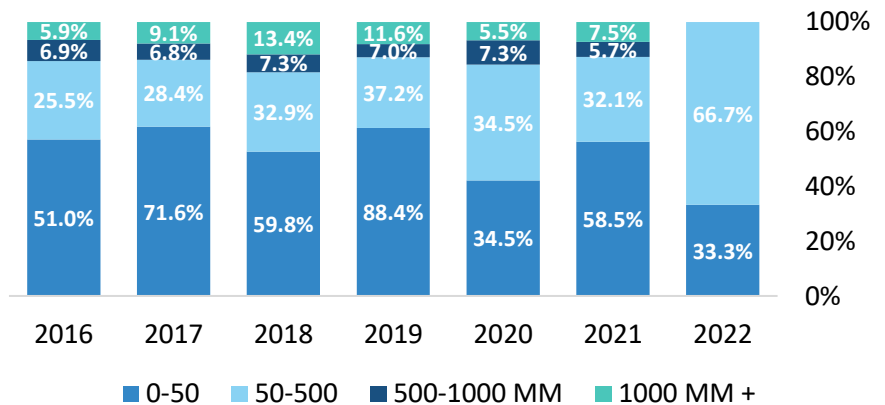
Global Deal Analytics

In Q1 2022, there were no reported transactions in the Packaging sector over \$500MM, which is the first time we have seen that in over ten years. In terms of below \$500MM value, the lower middle market (\$0 - \$50MM) saw a decrease as a % of overall volume from 58.5% in 2021 to 33.3% so far in 2022. On the other hand, we saw a large increase in volume in the middle market (\$50 - \$500MM+) from 32.1% in 2021 to 66.7% in 2022.

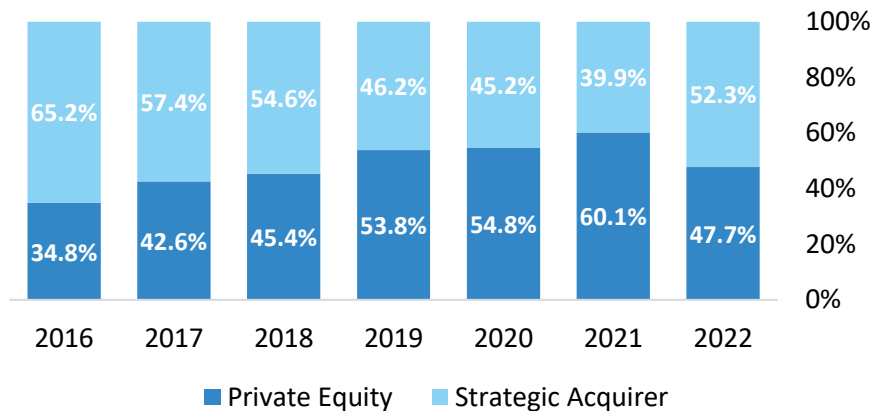
From 2016 to 2021, PE participation has steadily increased at an average rate 5.1% per year. In Q1 2022, we saw a 12.4% decline in PE participation to 47.7% from 60.1% of the prior year. In comparison, participation from strategic buyers has increased from 39.9% in 2021 to 52.3% in 2022.

PE participation as a percentage of total capital invested increased significantly in Q1 2022 to 68% from 44.3% in 2021. This increase follows the upward trend we saw in 2021 from 2020 after bottoming out at 28.0% due to covid.

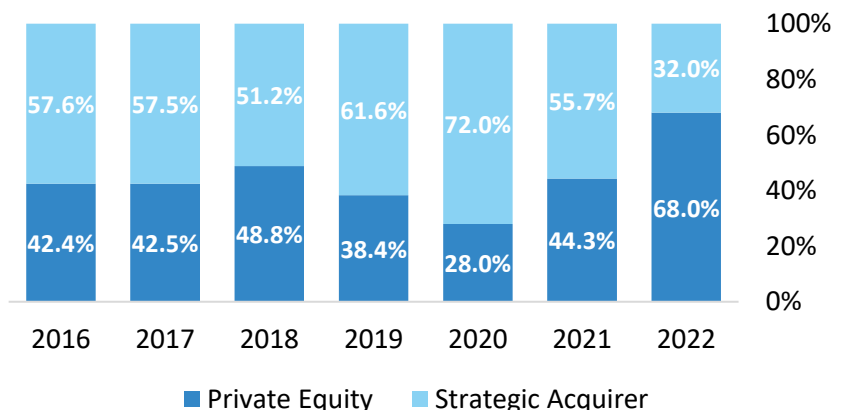
Deal Volume by Deal Size



Deal Volume by Acquirer

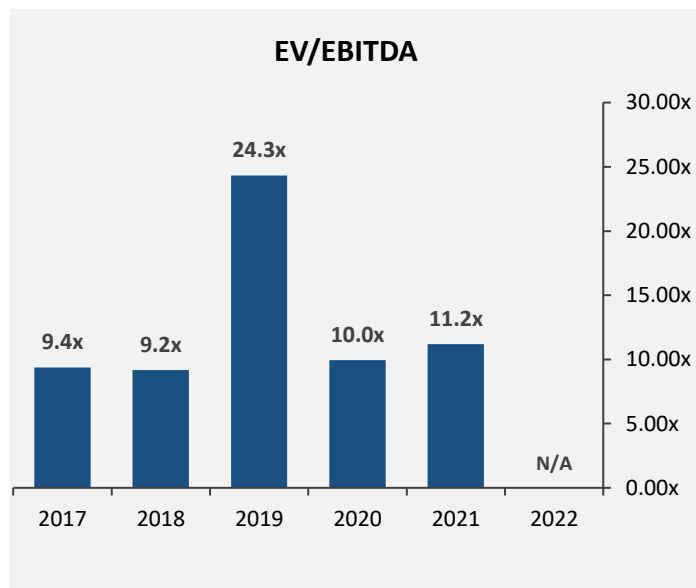
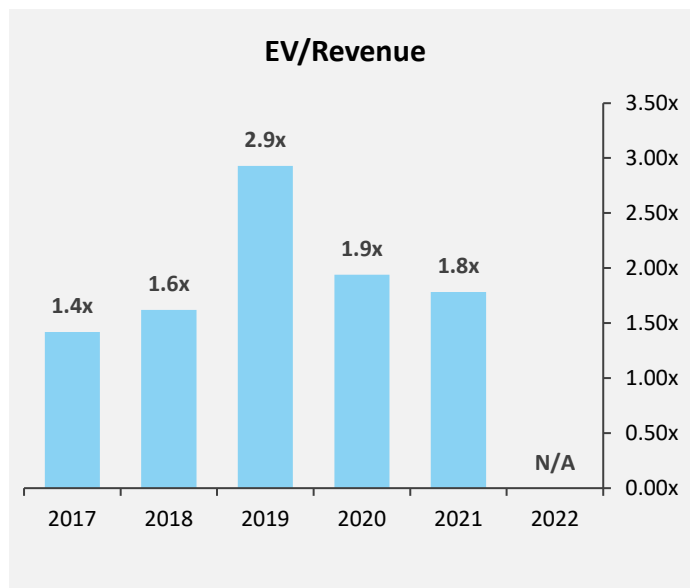


Total Capital Invested by Acquirer

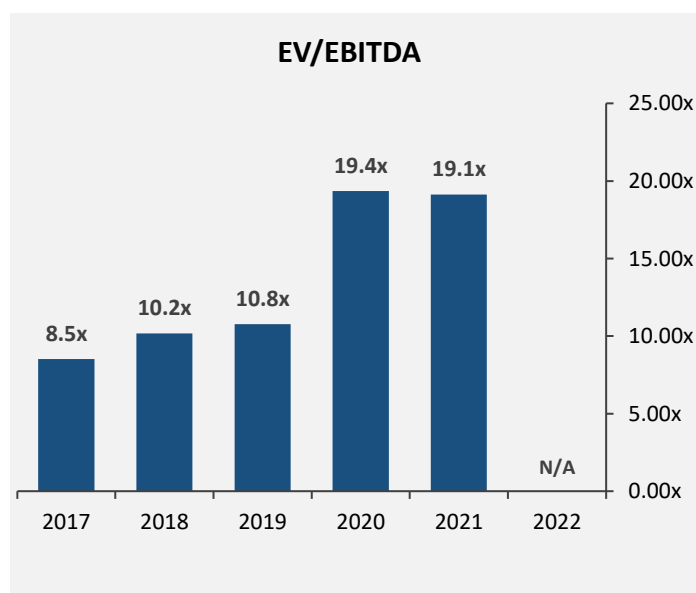
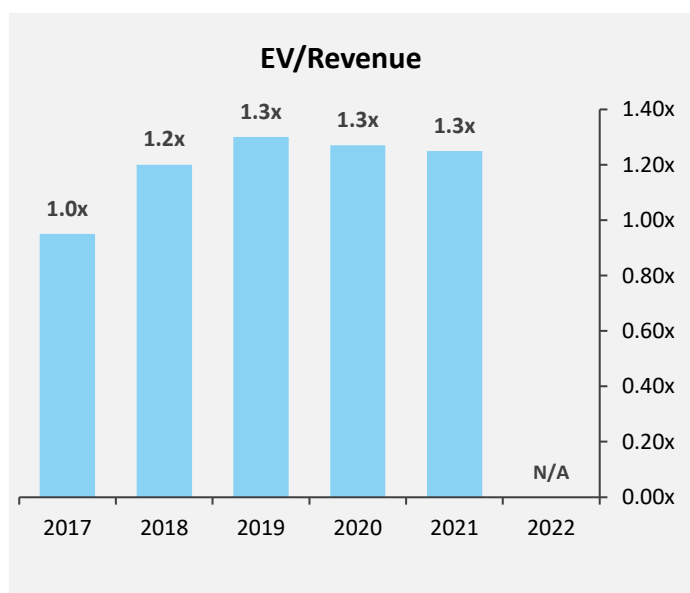


Valuation Multiples

PE Multiples



Strategic Multiples



* No reported transaction valuation multiples were available in Q1 2022.

Largest Deals (Disclosed)

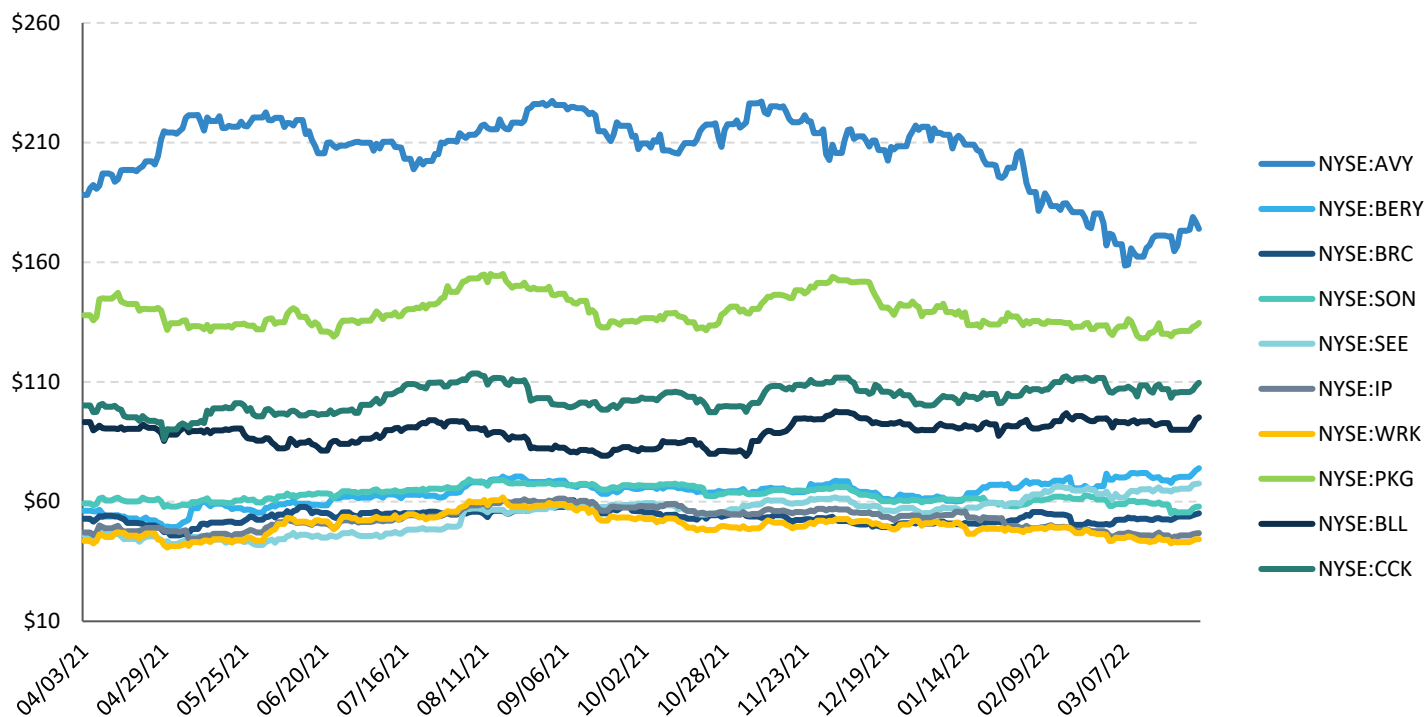
Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
10-Feb-2022	KraftPal	Pasaca Capital	PE Growth/Expansion	123.90			Manufacturer of corrugated cardboard pallet units intended to offer sustainable and cost-effective solutions for the modern supply chain.
29-Mar-2022	Naturepak Beverage	Elopak	Merger/Acquisition	96.00			Manufacturer and supplier of fresh liquid carton and packaging systems in the Middle East and Northern Africa region.
03-Jan-2022	Sveck	Chaoxi Capital	PE Growth/Expansion	94.11			Supplier of new material products.
17-Jan-2022	Le Parfait	Berlin Packaging	Buyout/LBO	81.64			Manufacturer of glass jars and lids based in Vaulx-en-Velin, France.
01-Feb-2022	Spinnaker Coating	MACTac	Merger/Acquisition	40.00			Manufacturer of pressure-sensitive paper and film products for the printing industry.
01-Feb-2022	V-Timber	VIDA Group	Merger/Acquisition	5.00			Manufacturer of wood products based in Vrigstad, Sweden.
15-Mar-2022	Abdos Lamitubes	Albéa	Buyout/LBO				Manufacturer and wholesaler of beauty and healthcare packaging products intended for different brands.
22-Feb-2022	barePack	&Repeat	Merger/Acquisition				Manufacturers of reusable containers intended to put an end to disposables and reduce the burden for recycling.
04-Mar-2022	Bass Flexible Packaging	C-P Flexible Packaging	Buyout/LBO				Manufacturer of packaging products intended to offer multi-pack products, tamper-evident seals to regional and national distributors across the U.S.
15-Feb-2022	Belle-Pak Packaging	Barings BDC	Buyout/LBO				Manufacturer of plastic packaging products catering to a diverse clientele.
02-Feb-2022	Choose Packaging	Hewlett-Packard	Merger/Acquisition				Manufacturer of packaging products intended to provide a plastic-free solution to everyday products.
29-Mar-2022	Clingfoil	Samuel Grant Group	Merger/Acquisition				Manufacturer and distributor of protective packaging materials and stretch film products.
28-Jan-2022	CuanTec	Hive Energy	Merger/Acquisition				Manufacturer of biodegradable food packaging products intended to help reduce food waste and extend the shelf life of fresh food.
08-Mar-2022	Curtis Print & Packaging	Harwood Private Equity	Buyout/LBO				Manufacturer of cartons, leaflets and labels for cosmetics and beauty markets.
01-Jan-2022	Deufol Italia		Merger/Acquisition				Provider of packaging services in Fagnano Olona, Italy.
21-Jan-2022	Dutchland Plastics	AEA Investors	Buyout/LBO				Manufacturer of rotationally molded plastic products intended for the recreational, commercial, outdoor, food and beverage, furniture and marine industries.
24-Mar-2022	EGGER Druck + Medien	ARCUS Capital	Buyout/LBO				Manufacturer of printed packaging boxes intended for small and medium-sized businesses.
09-Mar-2022	Eurofilms Extrusion	Altor Equity Partners	Buyout/LBO				Manufacturer of pre-stretch films based in Telford, United Kingdom.
02-Feb-2022	Foxpak Flexibles	Sealed Air	Merger/Acquisition				Manufacturer of flexible packaging products catering to food, pet care, sports nutrition, hot drinks, snacks, and frozen food markets.
03-Jan-2022	Global Flexibles Europe	Dimensio Verpakkingen	Merger/Acquisition				Manufacturer of flexible packaging materials intended to meet the customized packaging needs of its clients.
01-Jan-2022	Grondstoffen Waalhavenweg	N+P Group	Merger/Acquisition				Operator of a lightweight packaging sorting plant in Rotterdam, Netherlands.
30-Mar-2022	Hanseon Enterprise	Wekeep	Merger/Acquisition				Manufacturer of eco-friendly packaging materials based in Korea.
28-Feb-2022	Hiropax	Rengo	Merger/Acquisition				Manufacturer of packaging products based in Takasaki, Japan.
16-Mar-2022	Junhua Peek	Xinzhi Investment	PE Growth/Expansion				Manufacturer of engineering plastic raw material, semi-finished and finished products.
02-Feb-2022	Kartonfabrik Kaierde	Schumacher Packaging	Merger/Acquisition				Manufacturer of cardboard packaging products based in Delligsen, Germany.

Leading M&A Deals

Deal	Deal Synopsis	Driver
 	<p>Spinnaker, a manufacturer of pressure-sensitive paper, film and adhesive-coated products, was acquired by MACTac, a subsidiary of LINTEC Corp (TKS: 7966), for \$40 million on February 1, 2022. The acquisition delivers MACTac's customers an abundance of opportunities in specialty labeling.</p>	Merger/ Acquisition
 	<p>Midwest Paper Group is a manufacturer of paper products based in Combined Locks, Wisconsin. The company was acquired by McKinley Paper Company for an undisclosed amount on February 4, 2022. The acquisition delivers McKinley access to Midwest Paper Group's production capabilities.</p>	Merger/ Acquisition
 	<p>On January 5, 2022, Rhino Container was acquired by Novvia Group via its financial sponsor Kelso private Equity, through an LBO buyout for an undisclosed amount. Rhino Container is a distributor of plastic, metal, tin and hybrid containers for the packaging sector.</p>	Buyout/LBO
 	<p>Packaging Technology Group is a manufacturer of thermal packaging products intended to safeguard valuable medications and the environment. The company was acquired by Cold Chain Technologies, via its financial sponsor Aurora Capital Partners, through an LBO on March 21, 2022 for an undisclosed amount. The acquisition of PTG furthers CCT's commitment to environmentally friendly and sustainable packaging solutions.</p>	Buyout/LBO

Public Comps

Stock Price

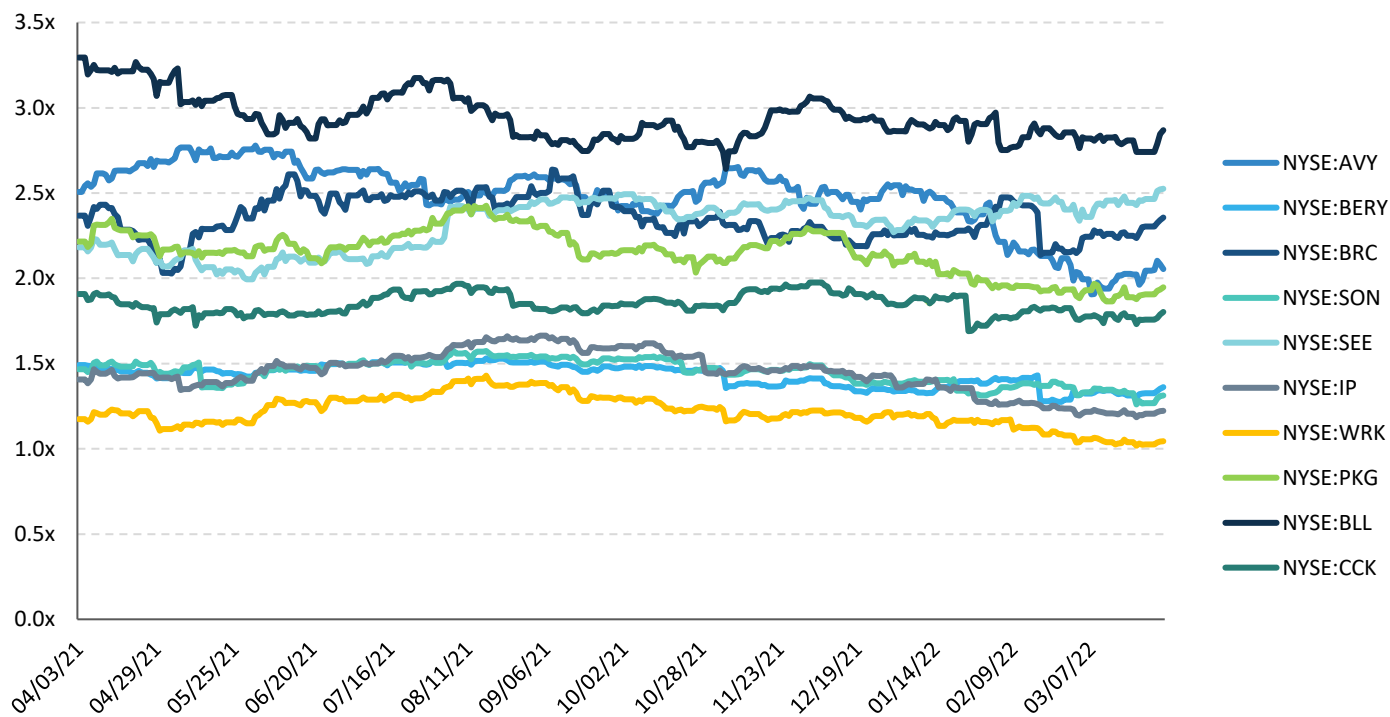


Financial & Valuation

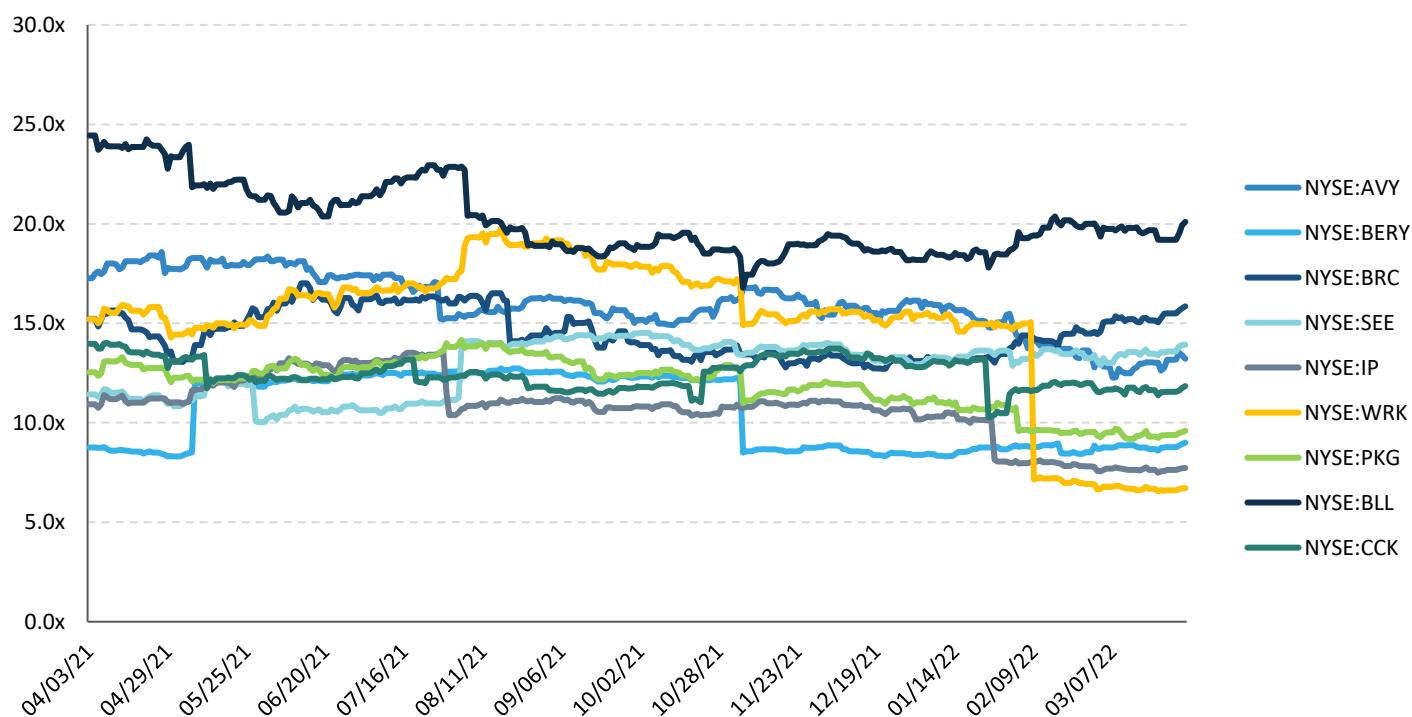
SMM Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			Gross Margin			EBITDA Margin		
					20A	21A	22E	20A	21A	22E	20A	21A	22E	20A	21A	22E	20A	21A	22E
Avery Dennison	NYSE:AVY	174.0	14327.4	3104.7	2.2x	2.5x	2.3x	16.2x	16.1x	14.4x	-4%	22%	10%	27%	28%	29%	14%	16%	16%
Berry Global	NYSE:BERY	58.0	7842.0	9879.0	1.5x	1.4x	1.3x	8.8x	9.0x	8.2x	32%	18%	4%	21%	18%	20%	17%	15%	16%
Brady	NYSE:BRC	46.3	2387.7	119.9	2.4x	2.3x	2.1x	15.2x	15.5x	N/A	-7%	11%	5%	49%	49%	49%	14%	15%	N/A
Sonoco	NYSE:SON	62.6	6099.1	1844.8	1.5x	1.3x	1.3x	11.7x	122.9x	8.9x	-5%	7%	27%	20%	19%	#N/A	13%	1%	13%
Sealed Air	NYSE:SEE	67.0	9920.7	3773.8	2.2x	2.5x	2.3x	11.4x	13.9x	11.1x	2%	10%	6%	33%	31%	34%	21%	18%	21%
International Paper	NYSE:IP	46.2	17301.1	7914.0	1.4x	1.2x	1.3x	10.9x	7.8x	8.0x	-26%	13%	7%	30%	30%	33%	10%	16%	17%
WestRock	NYSE:WRK	47.0	12379.0	8233.2	1.2x	1.0x	1.0x	15.2x	6.7x	5.5x	-4%	7%	7%	18%	18%	27%	8%	16%	18%
Packaging Corporation of America	NYSE:PKG	156.1	14628.1	2732.3	2.2x	2.0x	1.8x	12.5x	9.7x	8.6x	-5%	11%	6%	21%	23%	30%	18%	20%	22%
Ball	NYSE:BLL	90.0	28909.1	8157.0	3.3x	2.9x	2.6x	24.4x	20.3x	16.1x	-1%	16%	10%	21%	20%	21%	13%	14%	16%
Crown Holdings	NYSE:CCK	125.1	15460.6	6462.0	1.9x	1.8x	1.7x	14.0x	11.9x	10.6x	-34%	42%	12%	22%	22%	21%	19%	17%	16%
Mean					2.0x	1.9x	1.8x	14.0x	23.4x	10.2x	-5.3%	15.6%	9.4%	26.1%	25.8%	30.1%	14.7%	14.8%	17.2%
Median					2.0x	1.9x	1.8x	13.3x	12.9x	8.9x	-4.5%	11.9%	6.9%	21.6%	22.4%	27.1%	13.6%	15.7%	16.4%

Public Comps

EV/Revenue



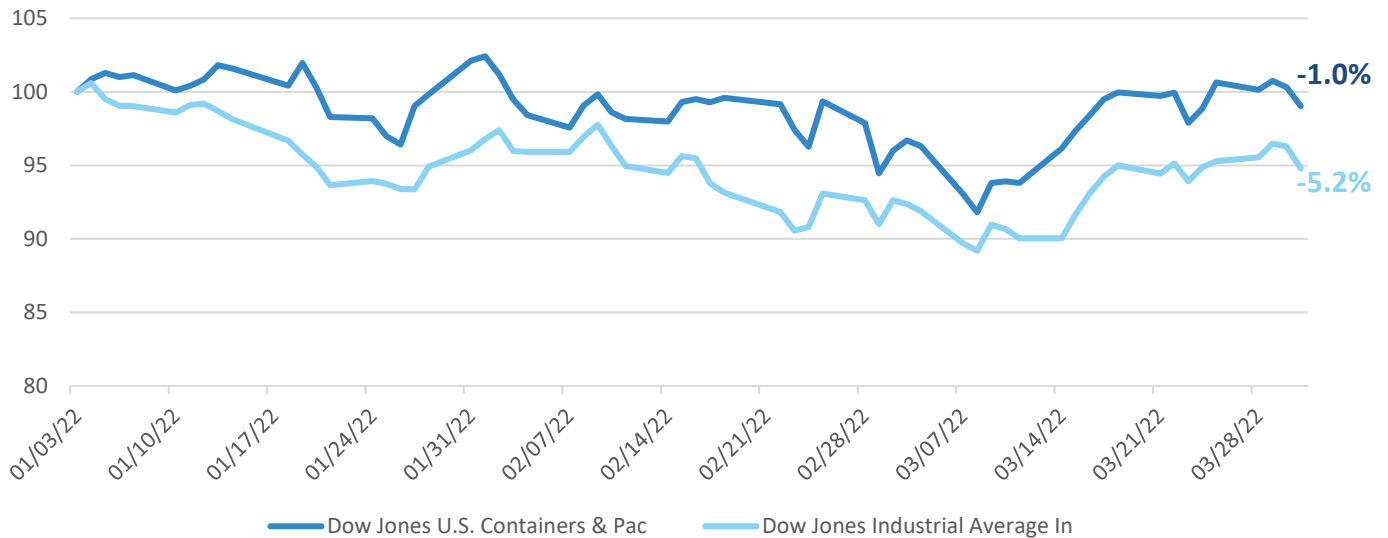
EV/EBITDA



Public Markets

Index Performance

Since January 2022, the Dow Jones U.S. Containers & Packaging Index had a 1.0% decline compared to a 5.5% decline for the Dow Jones Industrial Average Index.

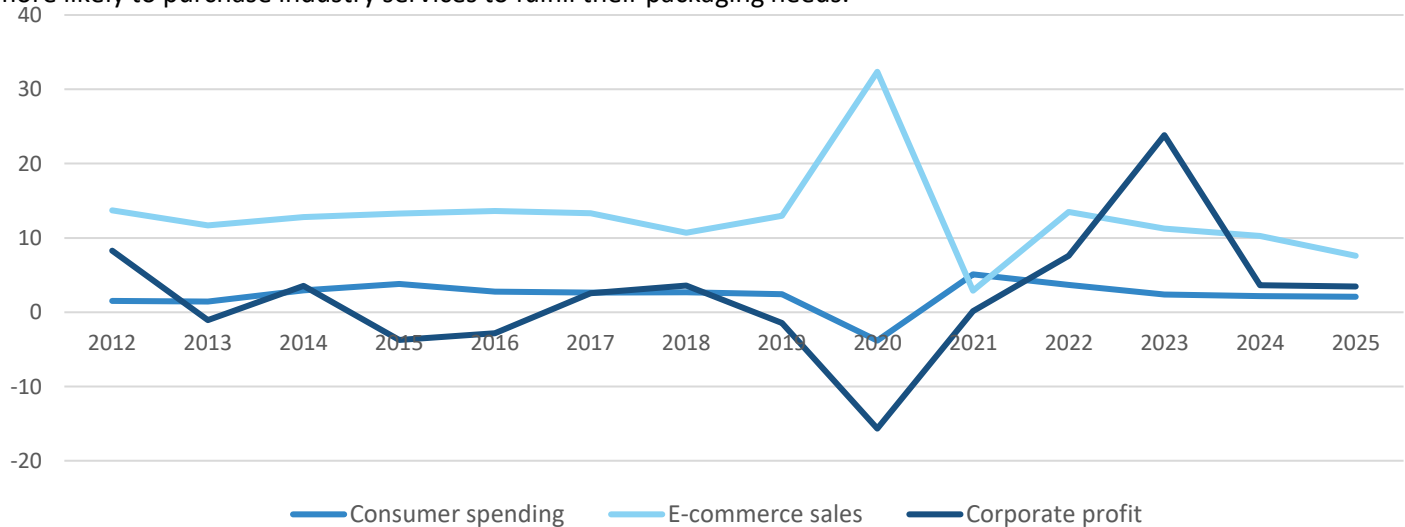


Key External Drivers

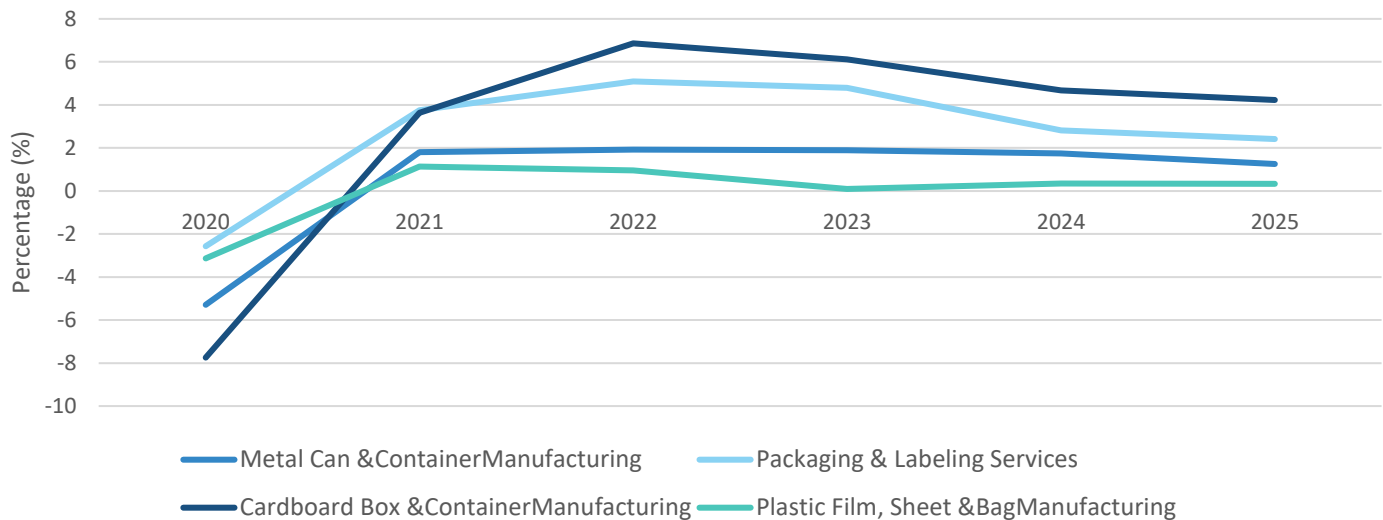
Higher consumer spending directly affects the number of goods that manufacturers need to package to sell. Industry operators act as a key cog in the supply chain between manufacturers and consumers. Therefore, when spending increases, revenue tends to follow.

E-commerce sales represent a growing segment of total retail sales. In general, higher reliance on e-commerce tends to reduce the number of physical locations that companies maintain as they seek to compete for higher-margin online sales. As a result, these companies are more likely to outsource packaging and labeling services.

Corporate profit measures the amount of corporate profit earned across all industries. As profit increases, businesses are more likely to purchase industry services to fulfill their packaging needs.



Industry Outlook



Sustainable Materials

Companies in the sector continue to focus on using biodegradable or compostable packaging materials and increasingly on minimizing the use of excessive materials that don't serve a purpose. The trend toward sustainability in packaging has been increasing and is expected to continue increase as non-biodegradable plastics present more challenges for the environment.

Cardboard Box & Container

Industry revenue is forecast to grow at an annualized rate of 2.8% to \$83.1 billion over the five years to 2026. This growth is attributed to rebounding activity in downstream industries and a recovery of the greater economy. However, competition from substitute products, such as plastic, will likely remain a threat over the next five years. As consumers grow more environmentally conscious, they may opt for more durable products as opposed to cardboard. During the five-year period, industry operators are expected to take measures to make cardboard packaging more environmentally friendly to cater to changing consumer preferences.

Plastic Film, Sheet & Bag

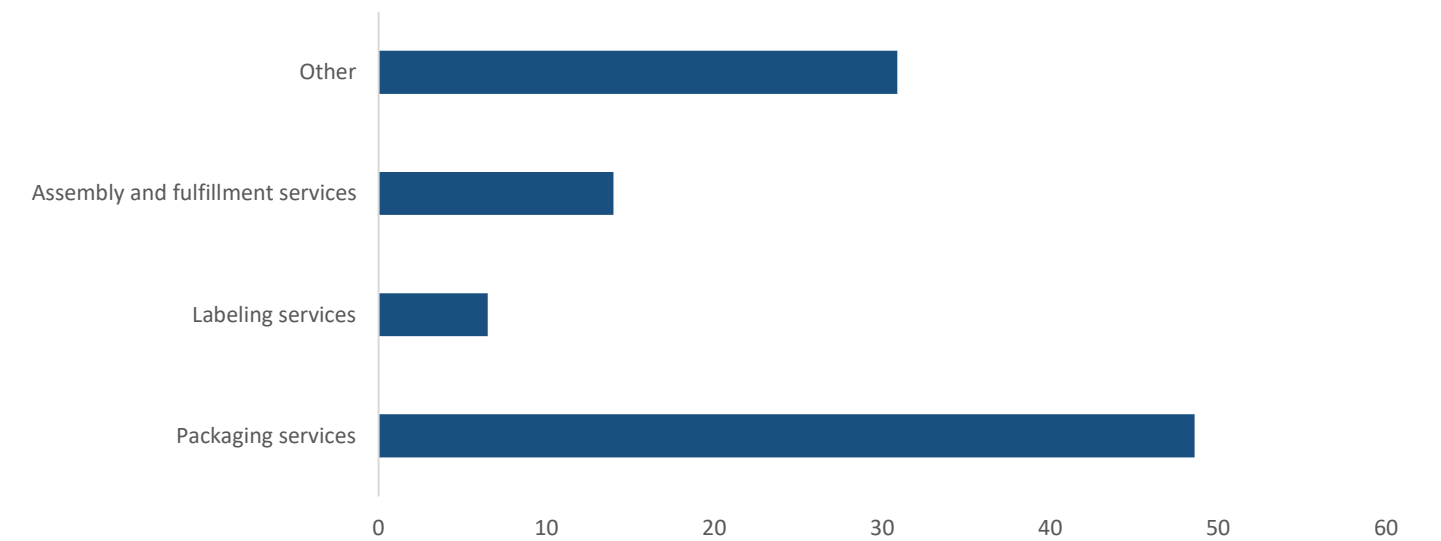
The Plastic Film, Sheet and Bag Manufacturing industry is strongly entrenched as a mature industry. Industry revenue has largely stagnated in recent years, declining an annualized 0.5% during the 10-year period between 2016 and 2026. Industry value added (IVA), which measures an industry's contribution to the overall economy, is expected to increase at an annualized rate of 0.1% between 2016 and 2026, while US GDP is expected to grow at an annualized rate of 2.1% during the same period. IVA growth that lags growth in the domestic economy is indicative of an industry within the mature stage of its life cycle.

Metal Can & Container

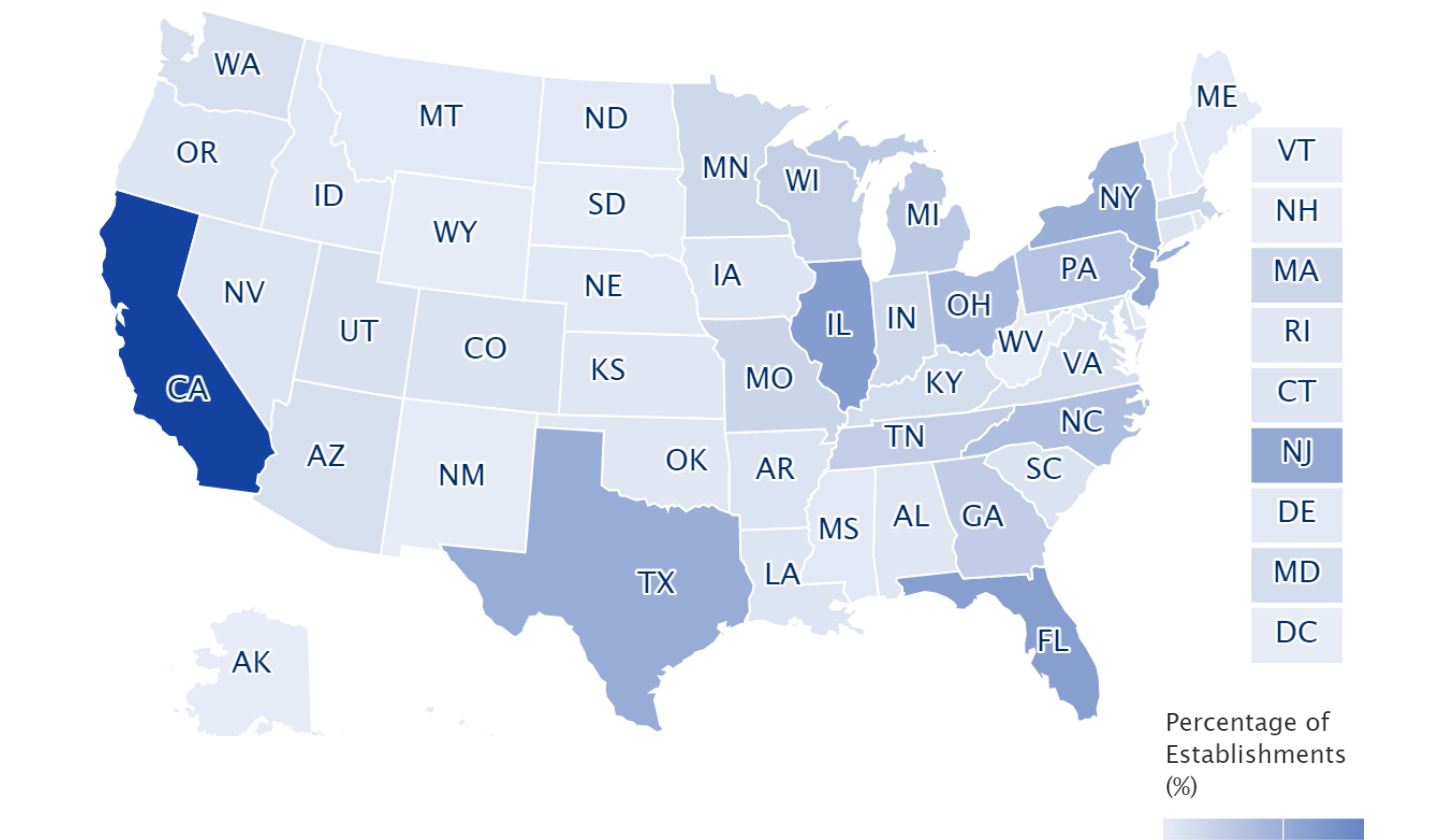
To the benefit of the industry, a consistent rise in consumer per capita disposable income will likely boost per capita expenditure on alcohol, which is expected to grow at an annualized rate of 2.6% over the five years to 2026. As alcohol plays a prevalent role in social engagement, moderate consumption of alcohol is acceptable to society's view. Therefore, rising per capita disposable income will likely enable individuals to continue spending more on social activities, fostering the growth of alcohol consumption. Consequently, alcoholic beverage producers will likely purchase more metal cans to meet up with rising consumer demand, lifting industry revenue.

Industry Outlook

Deal Breakdown by Type



Business Locations



Our Service Offerings



Sell-Side Advisory: Sell your business

Sell your business for the highest price and for the best terms. At R.L. Hulett, communicating the value of your business to targeted buyers and finding the best fit for your team is our forte. We strive to maintain your company's culture and heritage even as you transition out of your business.



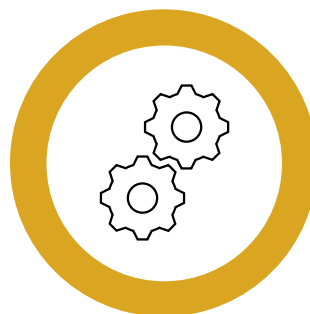
Buy-Side Advisory: Buy a business

Searching for acquisition targets can be a challenging and time-consuming task when trying to run your own business at the same time. Navigating the risks and pitfalls in negotiating valuation and deal structure can also be a daunting task for many business owners. Let our team help you minimize your risk and reduce time wasting efforts with our decades of experience in advising in both buy and sell-side M&A transactions. We utilize industry-leading M&A databases to scout for opportunities and pre-screen for "real" actionable targets so you can stay focused on what matters.



Capital Raise: Gain financial support

With nearly 40 years of experience in middle-market M&A advisory, we know how to package up your deal and put you in front of the right kind of investors who have the capital and the industry expertise you need to grow your business. Our team will develop a go-to-market strategy and advise on deal structure, valuation, due diligence and transition issues. Whether you are seeking capital for growth or trying to buy out other shareholders, we have the tools, expertise, and experience to execute a strategic process and find the optimal outcome to meet your objectives.



Restructuring: reorganization of your business

In today's uncertain economic times, more and more companies are finding themselves in unfamiliar, and unwanted, positions. Many business owners are hoping recovery is just around the corner; however, proactive measures are often required to maximize the remaining value of the business. Our team can aid banking institutions with workout situations by implementing internal controls over cash management and performing on-going cash flow modeling for their clients. We can also help business owners avoid having trouble making payments on their debts and avoid the cumbersome and low-value asset liquidation process.

Selected Transactions



Has sold substantially all of
its assets to

Vidya Holdings

R.L. Hulett
& COMPANY, INC.



Has been acquired by



R.L. Hulett
& COMPANY, INC.



Has been acquired by



R.L. Hulett
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Has been acquired by



R.L. Hulett
& COMPANY, INC.

Our M&A Deal Leaders



R. Trevor Hulett, CPA
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Mr. Hulett has led M&A transactions in a variety of industries including manufacturing/industrial, software development/IT, business services and value-added distribution for over 15 years. Prior to joining the firm, he held senior level accounting and financial management positions in both public accounting and large corporations. Mr. Hulett began his career as a Certified Public Accountant with MPP&W, a St. Louis-based public accounting firm specializing in middle market companies. He then held various management positions in internal audit and corporate accounting with a Fortune 1000 industrial manufacturing company and also spent nine years with Enterprise Rent-A-Car Company as a department manager in the Corporate Accounting group. Mr. Hulett holds his Series 62, 63 and 79 securities registration. Mr. Hulett earned a Bachelor's Degree in Accounting from the University of Missouri, Columbia.



Robert L. Hulett
Chairman Emeritus
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Mr. Hulett founded the firm in 1981 and has negotiated and completed more than 200 transactions throughout his career. He began his career as a Certified Public Accountant and practiced with Peat, Marwick, Mitchell & Co. in St. Louis as an Audit Manager and in New York as the Director of Training for Private Business. Mr. Hulett has also served as Chief Executive & Board Member for various middle market companies. As an educator, he was an adjunct professor at New York University and a tenured faculty member at Lindenwood University in St. Louis. He conducted training sessions for middle market CPA firms throughout the country for more than ten years. Mr. Hulett earned his BS/BA Cum Laude in Accounting from the University of Missouri-Columbia, and an MBA from Lindenwood University.



David T. Vass
Director
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Mr. Vass has over 30 years of business management experience including more than 10 years as President of a highly successful consumer products manufacturing company with revenues exceeding \$25 million. During this time, he not only reversed a declining sales and earnings trend, but increased both sales and operating income over 100%. In addition, he has spent over 20 years at the executive level of Vice President of Sales and Business Development. Mr. Vass also has experience in a number of other industry niches including consumer products, commercial furniture and fixtures and metal recycling. He holds a Bachelor's Degree in Economics from DePauw University and an MBA from the University of Michigan.

Our M&A Deal Leaders



Ron Litton

Director

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Mr. Litton has been advising business owners in mergers and acquisitions since 2013. His primary industry focus areas have included industrials, paper and packaging, distribution, energy, promotional products and direct to consumer e-commerce. Prior to 2013, Mr. Litton held a variety of C-level roles with several companies in the paper and packaging industry including Unisource, Maverick Paper, Universal Graphics and Sabin Robbins. He has bought and sold a number of businesses, advised in the sale of family/founder owned businesses, and advised in start-ups and turnaround situations for banks, owners, and private equity firms. He enjoys working with owners that want to sell or transition out of their businesses. Ron covers the Kansas City and surrounding markets for the firm. He graduated from Central Missouri State University with a BS in Graphic Arts Technology and Management.



Max Leible

Director

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Mr. Leible is an experienced M&A advisor having spent years in both investment banking and due diligence transaction advisory services. Prior to joining the firm, Mr. Leible served as a Management Consultant at Aon, plc (NYSE: AON) within the M&A and Transaction Solutions practice providing due diligence services for private equity and corporate clients. Before that, Max worked at Douglas Group, as an Investment Banking Associate. Mr. Leible received a Bachelor of Science in Accounting and Bachelor of Science in Business Administration with an Emphasis in Finance from the University of Missouri-St. Louis and graduated magna cum laude for each major. During his time at the University of Missouri-St. Louis, Max co-founded the Finance Club, an organization at the university, and represented the university as a participant in the Chartered Financial Analyst Research Challenge.



Ryan Hartman

Analyst

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About R.L. Hulett & Company

R.L. Hulett & Company is a middle-market investment bank based in St. Louis, Missouri. Since 1981, the firm specializes in providing financial advisory services to middle market companies. Since IB inception, the firm has advised in over 230 transactions in a variety of industries including manufacturing, distribution, business services, transportation/logistics, health care and software/technology. The firm has an experienced team of M&A advisors consisting of former business owners, seasoned corporate executives, professional service firm partners, CPAs and MBAs. Our ability to deliver customized solutions to meet or exceed our clients' expectations is what sets us apart from our competitors.

Industry Sectors Covered:



Industrial



Transportation and Logistics



Food & Beverage



Business Services



Tech-enabled Services



Healthcare

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