



Packaging M&A Update

Q2 2022

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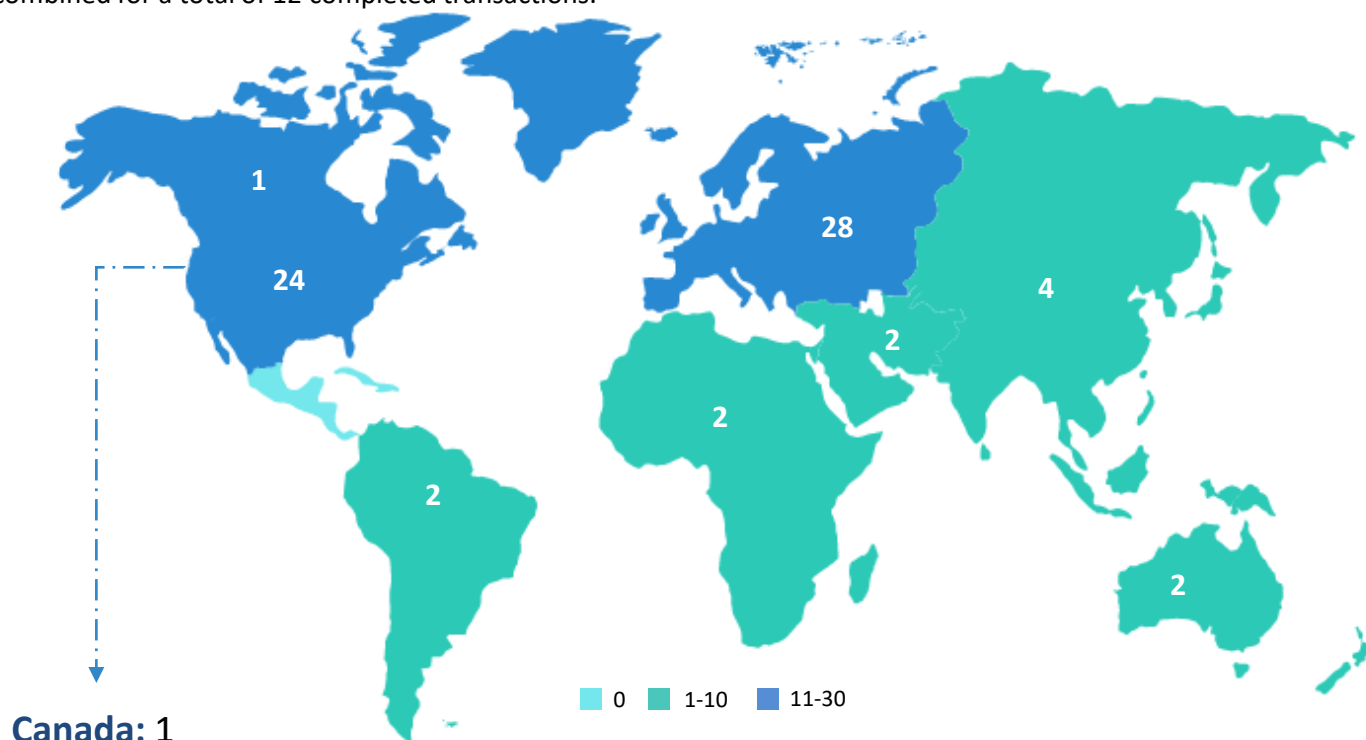
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REPORT HIGHLIGHTS

- The Dow Jones U.S. Containers & Packaging Index declined 12.7% in Q2 2022 and underperformed the Dow Jones Industrial Average Index, which decreased 10.8% for the quarter.
- M&A deal volume increased significantly in Q2 2022 to 65 completed transactions from 44 in Q1 2022 and decreased from 69 in Q2 of the prior year.
- In 1H 2022, PE accounted for 45% of total deals in the Packaging sector compared to 60.1% in the prior year.
- Europe was the most active region in Q2 2022 with 28 deals. Most notably was the \$216 million acquisition of SIG Combibloc Group by an undisclosed buyer in May 2022.
- Publicly traded stocks in the Packaging sector trended lower in Q2 and total capital invested dropped 46.5% compared to Q2 of the prior year.

Global Deal Analytics

Of the 65 deals in Q2 2022, Europe was the most active market with 28. Of Europe's 28 deals, another notable deal (in addition to SIG Combibloc Group mentioned on previous page) was Luxottica Group's \$31 million acquisition of Giorgio Fedon & Figli in May 2022. North America was the second most active with 25 closed transactions. All other regions combined for a total of 12 completed transactions.



Canada: 1

United States Regions: 24

Great Lakes: 8

Southeast: 5

West Coast: 4

Mid Atlantic: 2

Others: 5

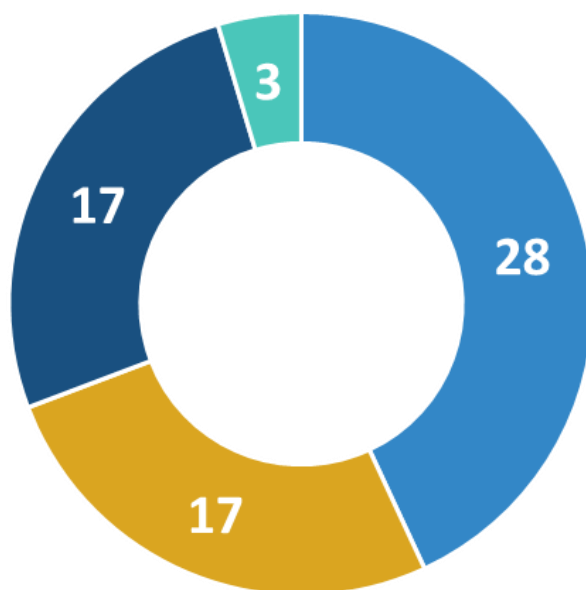
In the North American market, the Great Lakes region was the most active in Q2 2022 with 8 deals. Gulf Refined Packaging's \$123 million acquisition of Greif's joint venture, Flexible Packaging Solutions "FPS", in April 2022 represented a significant transaction in the U.S. market this quarter.

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

Global Deal Analytics

Of the 65 Packaging deals in Q2 2022, 28 were in the Plastic Packaging subsector, making it the most active subsector in the industry from an M&A standpoint. Metal & Other and Paper were tied for being the second most active with 17 deals each and were followed by Wood with 3 completed transactions.

Deal by Subsector



■ Plastic

■ Paper

■ Metal & Other

■ Wood

GAMMAPLAST

Cam
Packaging

OCTAL

PPS
RETURNABLE EQUIPMENT SOLUTIONS

LIBERTY
GREENLEAF

CBD
CAMDEN BAG & PAPER CO.

RUSSELL HALL
COMPANY
EST. 1934
A Division of ImperiaDade

GONDOLA
PACKAGING
CARTOTECNICA • PACKAGING • TERMIFORMATURA

KRIER FOODS

mobile mini
SOLUTIONS

GEORGIA
STORAGE CONTAINERS
INC.
SINCE 1988

MÁTRAMETÁL

CLEVELAND
Custom
PALLET & CRATE
INC.

Wir packen das für Sie
GEORGSCHREPPFER

resolute
Forest Products

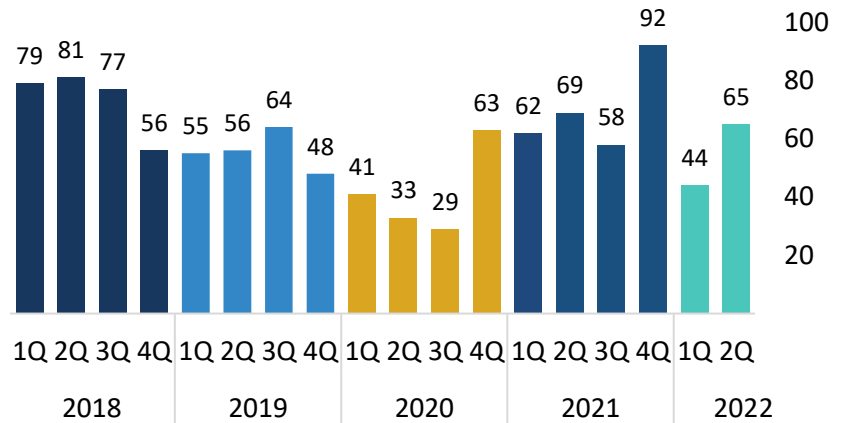
Global Deal Analytics

Deal volume in the Packaging sector declined slightly in Q2 2022 from the prior year to 65 deals, representing a 5.8% decrease from 69 deals in Q2 2021. However, Q2 2022 was up 47.7% from 44 deals of Q1 2022.

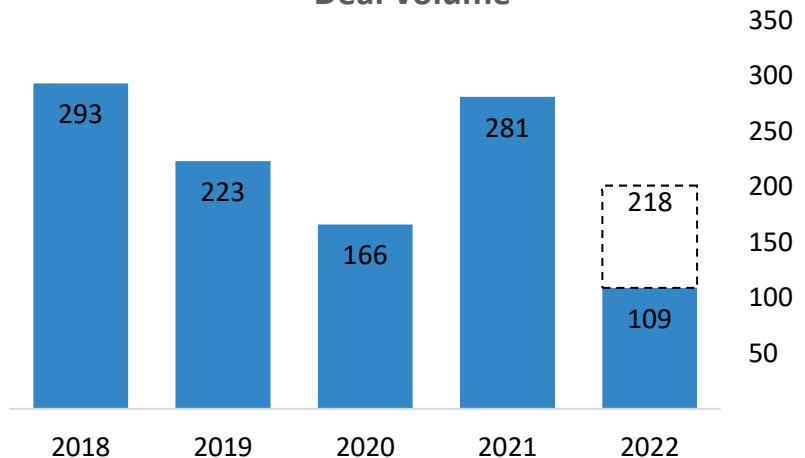
M&A deal volume is tracking toward a fairly substantial decline in 2022 from the prior year due primarily to ongoing delays in the supply chain, rapid inflation in the U.S., and higher fuel prices. Based on the current deal volume, we are anticipating a 22.4% reduction in deal volume in the Packaging sector to 218 deals from 281 in 2021.

Total capital invested in the Packaging sector increased 343.2% to \$2.0B in Q2 2022 from \$.4B in Q1. This increase is primarily due to two large deals: Ardagh Group's \$673.1 million acquisition of Consol Glass and Alpek's \$620.0 million acquisition of Octal. In comparison, the largest deal in Q1 2022 was Pasaca Capital's acquisition of KraftPal for \$.12B. If we remove the largest transaction from Q2, capital invested increased 49.7% over Q1.

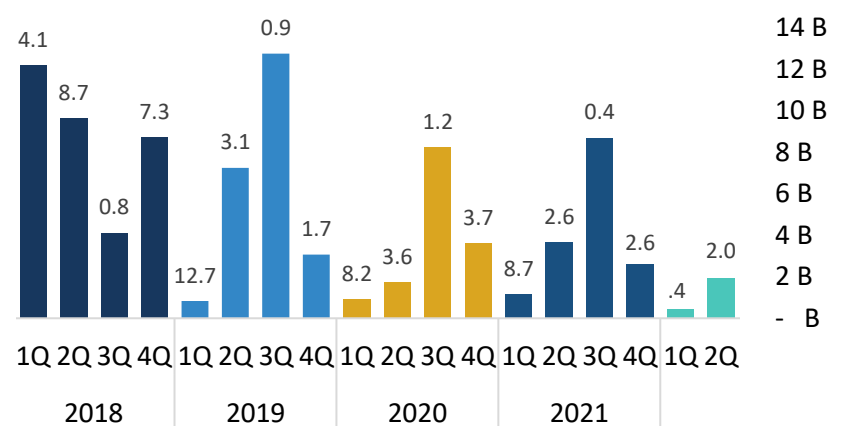
Deal Volume



Deal Volume



Total Capital Invested



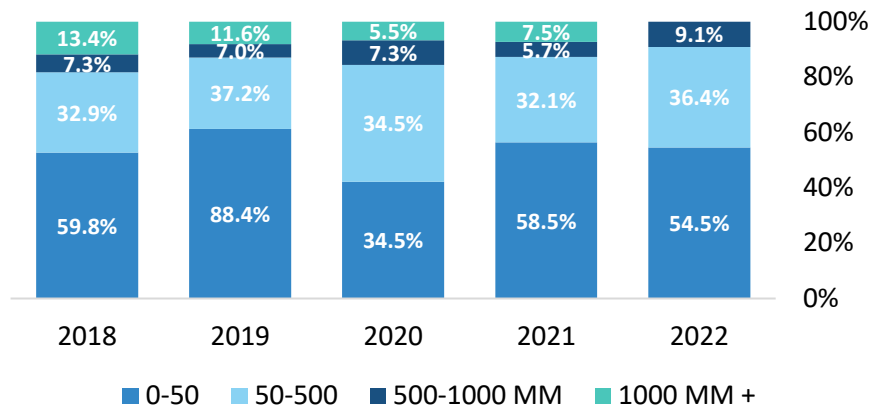
Global Deal Analytics

In 1H 2022, there were no reported transactions in the Packaging sector over \$1000MM. The lower middle market (\$0 - \$50MM) saw a decrease as a % of overall volume from 58.5% in 2021 to 54.5% through 1H 2022. On the other hand, we saw significant increases in volume in the middle market (\$50 - \$500MM+) and upper middle market (\$500-\$1000) from 32.1% and 5.7% in 2021 to 36.4% and 9.1% in 2022, respectively.

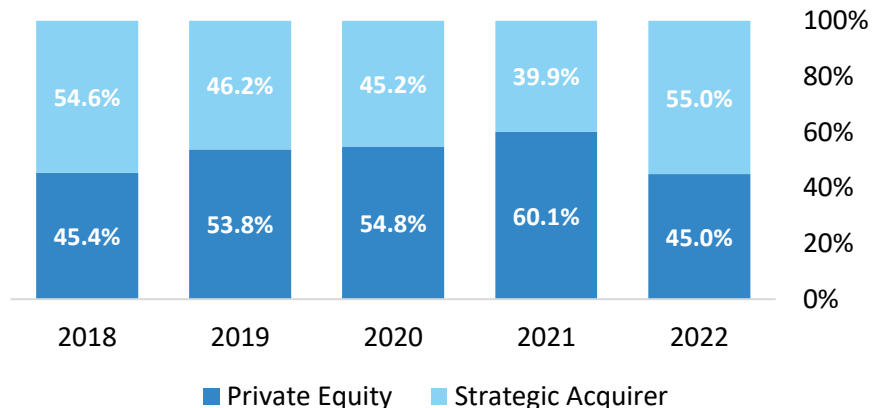
From 2016 to 2021, PE participation has steadily increased at an average rate 4.9% per year. Through 1H 2022, we have seen a decline in PE participation to 45.0% from 60.1% of the prior year. In comparison, participation from strategic buyers has increased from 39.9% in 2021 to 55.0% in 2022.

PE participation as a percentage of total capital invested decreased significantly in 1H 2022 to 27.8% from 44.3% in 2021. This decrease is attributable to a shift in the capital markets due to rising interest rates and liquidity tightening from institutional funds.

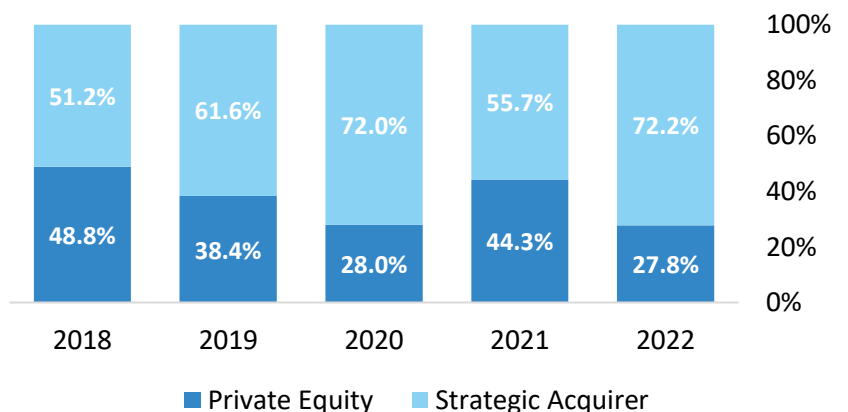
Deal Volume by Deal Size



Deal Volume by Acquirer

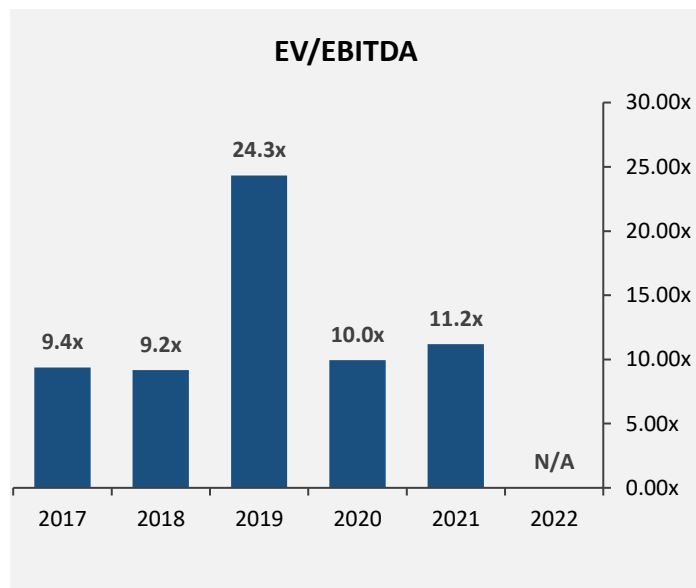
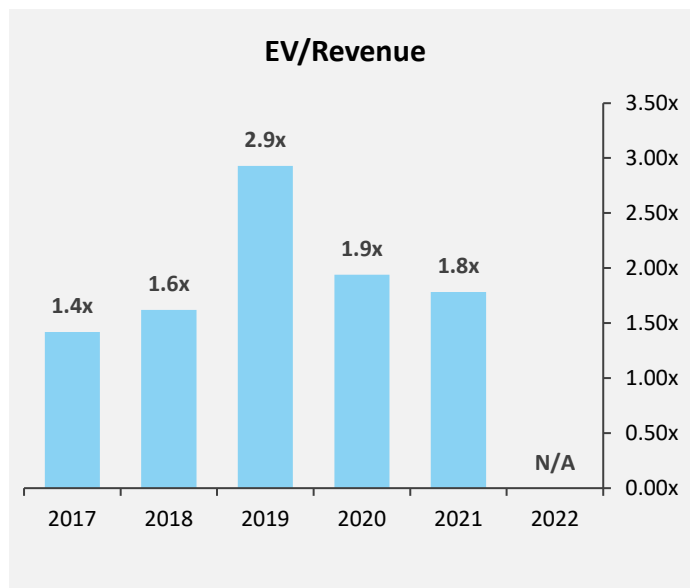


Total Capital Invested by Acquirer

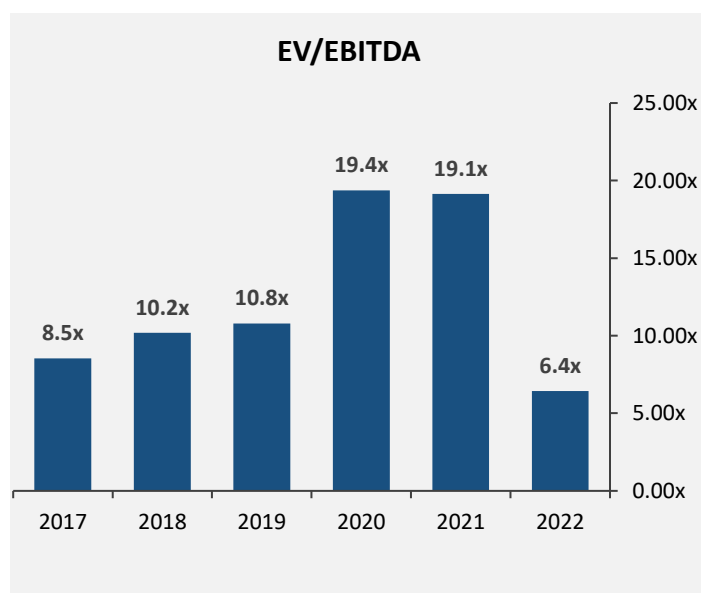
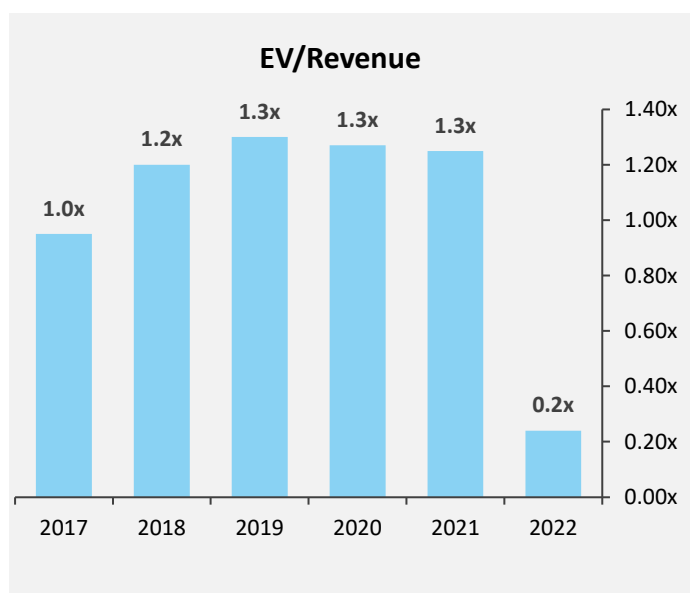


Valuation Multiples

PE Multiples



Strategic Multiples



* No reported PE transaction valuation multiples were available in Q2 2022.

Largest Deals (Disclosed)

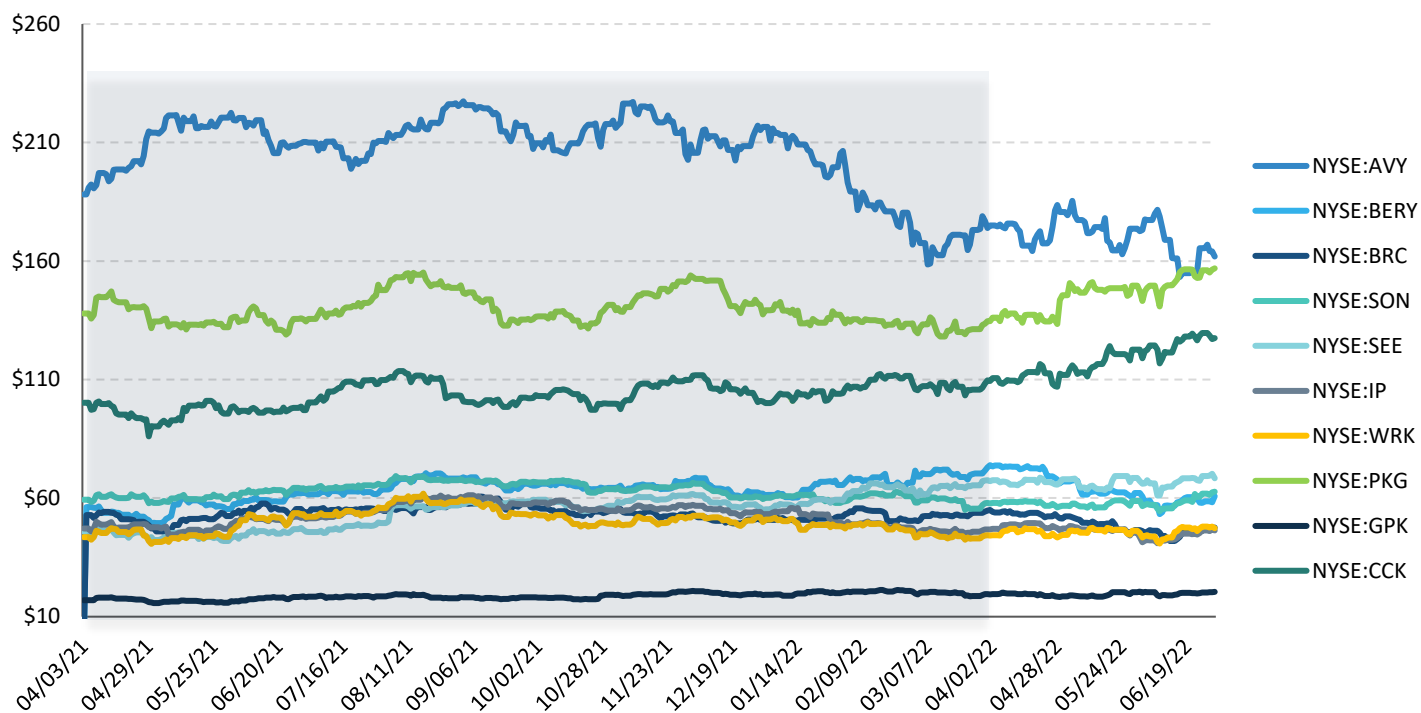
Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
29-Apr-2022	Consol Glass	Ardagh Group	Merger/Acquisition	673.17			Manufacturer of glass packaging products based in Johannesburg, Africa.
31-May-2022	Octal	Alpek	Merger/Acquisition	620.00			Manufacturer of polyethylene terephthalate (PET) products designed to redefine packaging applications.
18-May-2022	SIG Combibloc Group		PIPE	215.98			SIG Group AG is a systems and solutions provider for aseptic carton packaging solutions, comprising filling machines, sleeves, and closures.
01-Apr-2022	Flexible Packaging Solutions	Gulf Refined Packaging	Merger/Acquisition	123.00			Provider of flexible packaging services based in Delaware, Ohio.
05-May-2022	Isem	Azimut Holding	Buyout/LBO	96.74			Manufacturer of luxury rigid boxes and packaging for the perfumery, cosmetics and champagne industries.
22-Apr-2022	Ngoc Nghia Industry	Indorama Ventures Public	Merger/Acquisition	93.47			Ngoc Nghia Industry - Service - Trading JSC is a plastic packaging company specializing in bottle blow molding, and injection molding.
18-Apr-2022	Sclenchem	CAS Investment Management	PE Growth/Expansion	48.67			Developer and manufacturer of epoxy molding compound (EMC).
31-May-2022	Giorgio Fedon & Figli	Luxottica Group	Merger/Acquisition	31.07	0.37x	9.52x	Giorgio Fedon & Figli SpA is engaged in the production and sales of optical cases and accessories in the optical industry.
06-Jun-2022	Swanline Group	Zeus Packaging	Merger/Acquisition	26.50			Supplier of paper-based materials, print and conversion services intended to provide solutions in the print and packaging sectors.
17-May-2022	PackMann	Macfarlane Group	Merger/Acquisition	9.14			Operator of a protective packaging distribution business based out of Eppelheim, Germany.
04-May-2022	Film and Foil Solutions	Coral Products	Merger/Acquisition	3.86			Provider of packaging solutions to support a wide variety of industries from local bakeries to international supermarkets, printers, cable makers,
02-Jun-2022	BreatheWay		Merger/Acquisition	3.20			Designer of packaging technology products intended to maintain quality throughout the supply chain process.
15-Jun-2022	PPS Midlands	Frontier Development Capital	PE Growth/Expansion	2.81			Provider of returnable transit packaging products and services to serve the logistics industry.
13-Jun-2022	Plásticos Flome	K.B. Recycling Industries	Merger/Acquisition	1.91			Manufacturer of plastic packaging products intended for the automotive industry.
30-May-2022	Alma Products	Coral Products	Merger/Acquisition	1.87	0.11x	3.34x	Manufacturer of packaging products based in Runcorn, England.
27-May-2022	Hongyu Packaging Materials	Angel	PE Growth/Expansion	1.55			Manufacturer of plastic color printing composite flexible packaging, new medical and food packaging materials, medical and personal hygiene materials.
01-Jun-2022	AMR Hewitts PrintPackaging	Peacock Bros.	Merger/Acquisition				Provider of print packaging services and products catering to pharmaceutical and food packaging industries.
10-Jun-2022	Andler Packaging Group	Berlin Packaging	Buyout/LBO				Manufacturer and distributor of packaging products intended to meet packaging and printing needs.
10-May-2022	ANL Packaging		Merger/Acquisition				Manufacturer of plastic and provider of packing solutions focusing on sustainable and innovative packaging solutions.
08-Apr-2022	Argencraft	Smurfit Kappa Group	Merger/Acquisition				Manufacturer of corrugated cardboard containers based in Buenos Aires, Argentina.
23-May-2022	Arkay Plastics	SPEAR Capital	PE Growth/Expansion				Manufacturer of injection-molded plastic goods for home and industrial use.

Leading M&A Deals

Deal	Deal Synopsis	Driver
 The best things come in glass 	<p>Consol Glass is a manufacturer of glass packaging products based in Johannesburg, Africa. The company produces a variety of recyclable glass containers and tableware products. The company was acquired by Ardagh Group (NYS: ARD) for \$673 million on April 29, 2022. The acquisition will enable further opportunities for future investment in glass manufacturing in Africa.</p>	Merger/ Acquisition
 	<p>Octal is a manufacturer of polyethylene terephthalate (PET) products designed to redefine packaging applications. The company was acquired by Alpek (MEX: ALPEKA), a subsidiary of Alfa (MEX: ALFAA), for \$620 million on May 31, 2022. This acquisition forward-integrates Alpek into the high-value PET sheet business segment.</p>	Merger/ Acquisition
 	<p>On June 2, 2022, BreatheWay, a subsidiary of Landec (NAS: LNDC), was acquired by an undisclosed investor for \$3.2 million. BreatheWay is a designer of packaging technology products intended to maintain quality throughout the supply chain process. The sale helps Landec create a CDMO-focused company aligned with its attractive growth categories and end markets.</p>	Merger/ Acquisition
 /  	<p>Isem is a manufacturer of luxury rigid boxes and packaging for the perfumery, cosmetics and champagne industries. The company was acquired by Azimut Holding and Peninsula Capital through an estimated \$97 million LBO on May 5, 2022.</p>	Merger/ Acquisition

Public Comps

Stock Price

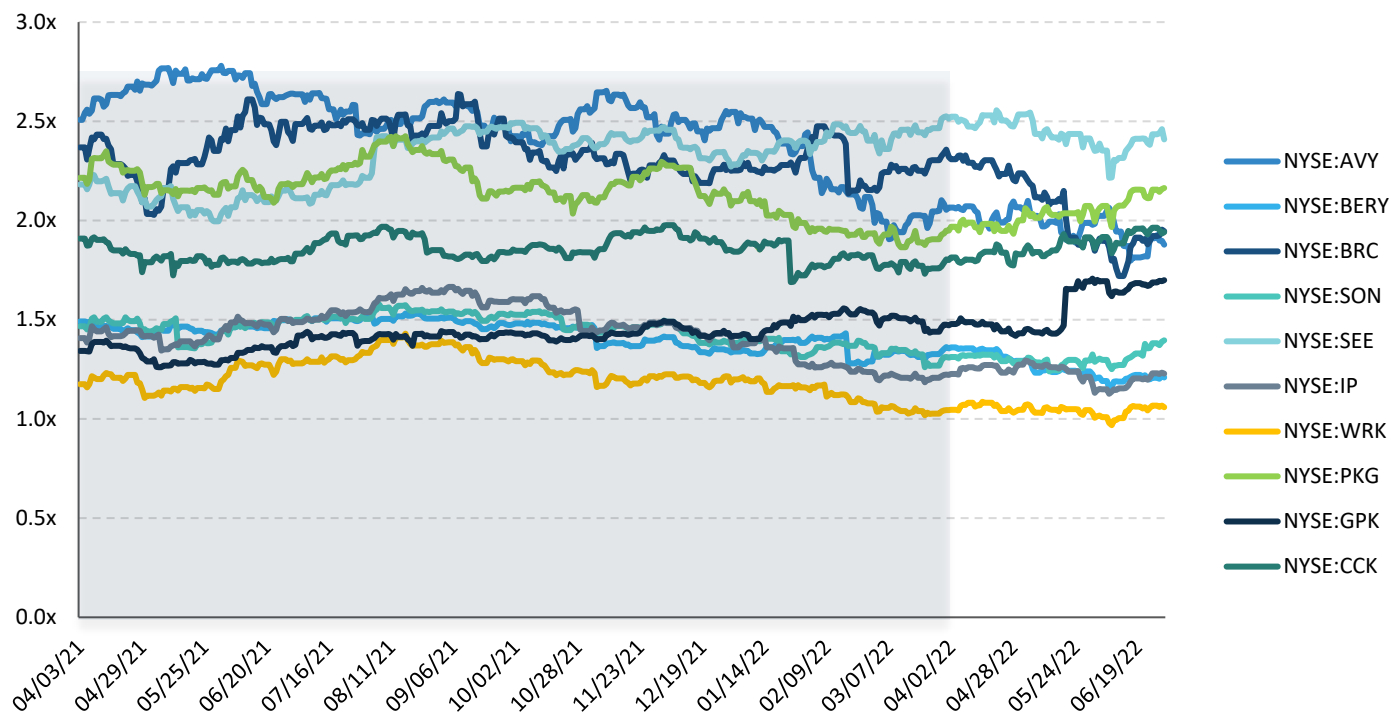


Financial & Valuation

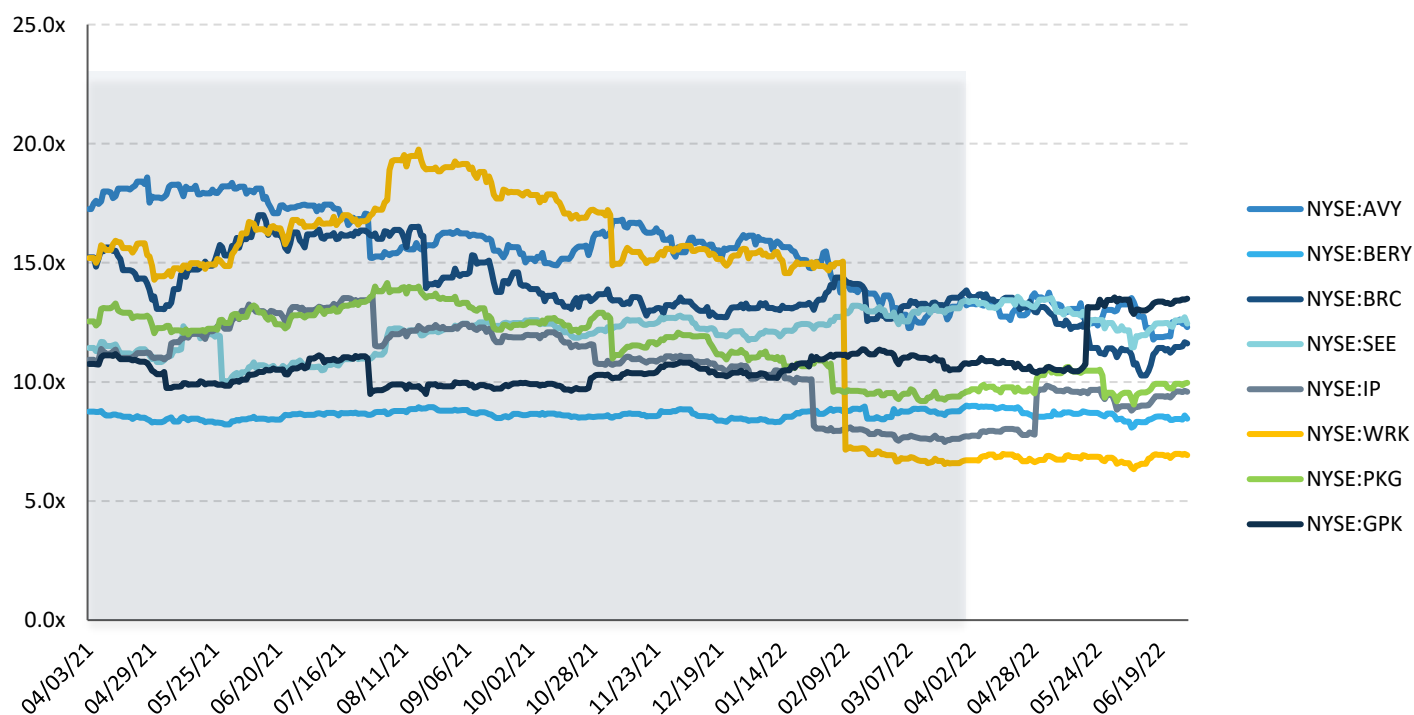
SMM Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			Gross Margin			EBITDA Margin		
					20A	21A	22E	20A	21A	22E	20A	21A	22E	20A	21A	22E	20A	21A	22E
Avery Dennison	NYSE:AVY	161.9	13227.1	3268.7	2.2x	2.5x	2.3x	16.2x	16.1x	14.4x	-4%	22%	8%	27%	28%	29%	14%	16%	16%
Berry Global	NYSE:BERY	54.6	7119.6	10089.0	1.5x	1.4x	1.3x	8.8x	9.0x	8.2x	32%	18%	4%	21%	18%	19%	17%	15%	15%
Brady	NYSE:BRC	47.2	2372.7	110.2	2.4x	2.3x	2.1x	15.2x	13.6x	N/A	-7%	11%	9%	49%	49%	49%	16%	17%	N/A
Sonoco	NYSE:SON	57.0	5561.0	3443.0	1.5x	1.3x	1.3x	11.7x	12.2x	8.9x	-5%	7%	4%	20%	19%	26%	13%	1%	18%
Sealed Air	NYSE:SEE	57.7	8432.0	3766.8	2.2x	2.5x	2.3x	11.4x	13.4x	11.1x	2%	10%	8%	33%	31%	33%	19%	19%	21%
International Paper	NYSE:IP	41.8	15503.4	8007.0	1.4x	1.2x	1.3x	10.9x	7.7x	8.0x	-26%	13%	6%	30%	30%	33%	12%	17%	17%
WestRock	NYSE:WRK	39.8	10153.3	8374.0	1.2x	1.0x	1.0x	15.2x	6.7x	5.5x	-4%	7%	10%	18%	18%	26%	8%	16%	18%
Packaging Corporation of America	NYSE:PKG	137.5	12883.9	2758.3	2.2x	2.0x	1.8x	12.5x	9.7x	8.6x	-5%	11%	7%	21%	23%	32%	18%	20%	25%
Graphic Packaging	NYSE:GPK	20.5	6320.3	5931.0	1.3x	1.5x	1.2x	10.8x	10.8x	6.9x	5%	6%	26%	17%	15%	21%	12%	14%	18%
Crown Holdings	NYSE:CCK	92.2	11331.6	7087.0	1.9x	1.8x	1.7x	14.0x	11.0x	10.6x	-34%	42%	10%	22%	22%	22%	16%	17%	16%
Mean					1.8x	1.8x	1.6x	12.7x	22.1x	9.1x	-4.7%	14.6%	9.4%	25.8%	25.3%	30.1%	14.3%	15.1%	18.3%
Median					1.7x	1.6x	1.5x	12.1x	10.9x	8.6x	-4.5%	11.0%	8.4%	21.6%	22.4%	26.0%	14.5%	16.2%	17.9%

Public Comps

EV/Revenue



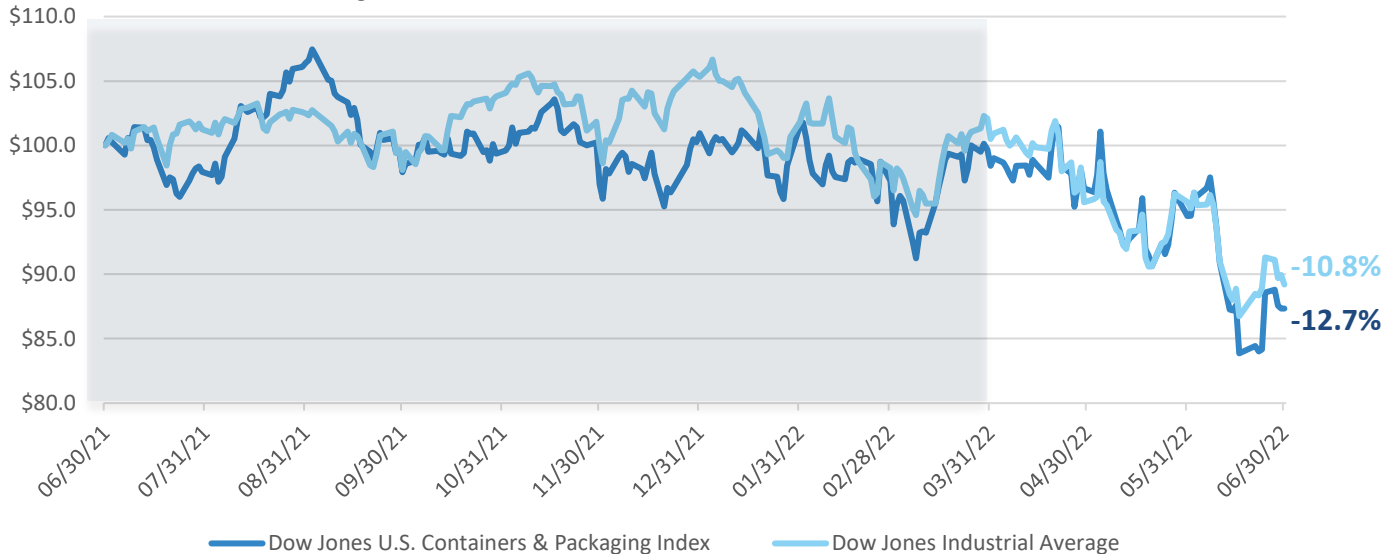
EV/EBITDA



Public Markets

Index Performance

Since January 2022, the Dow Jones U.S. Containers & Packaging Index had a 12.7% decline compared to a 10.8% decline for the Dow Jones Industrial Average Index.

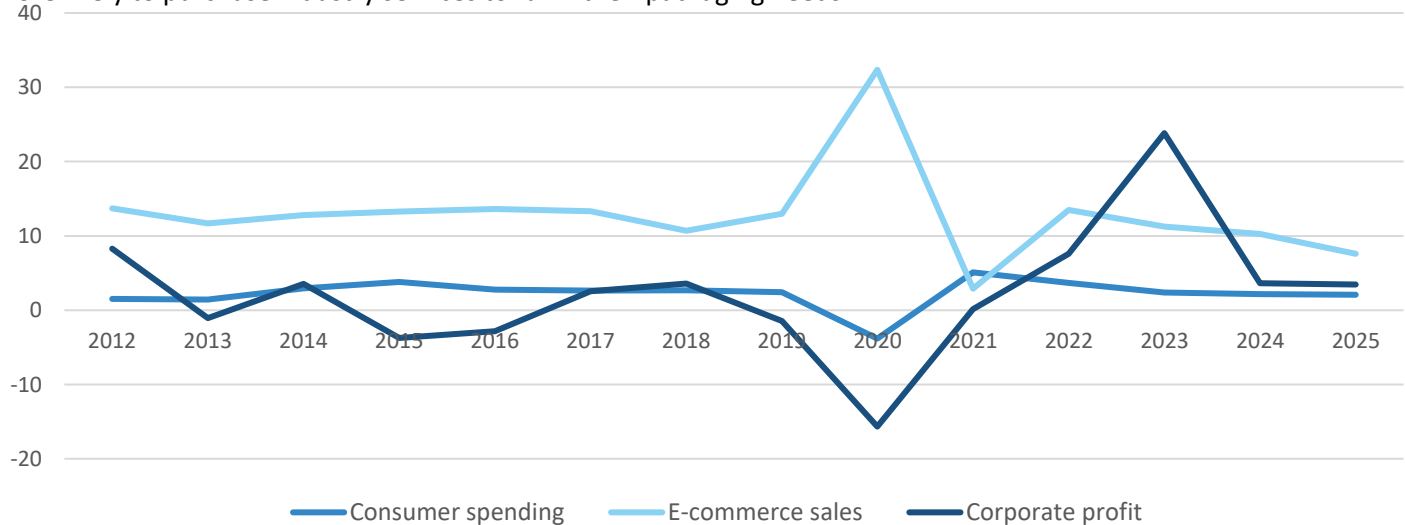


Key External Drivers

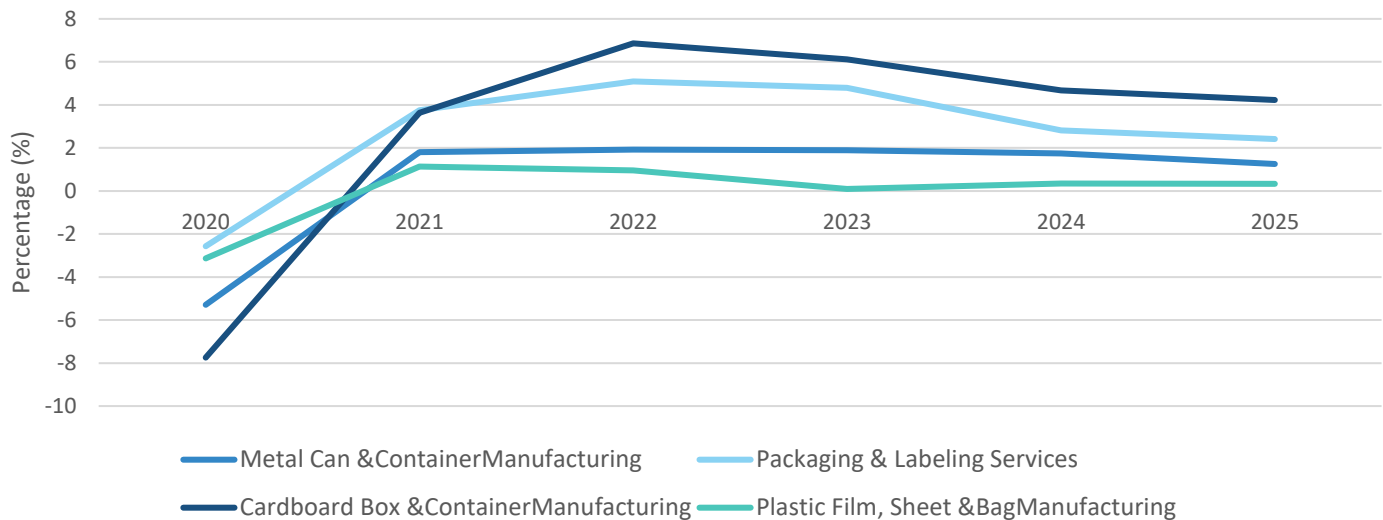
Higher consumer spending directly affects the number of goods that manufacturers need to package to sell. Industry operators act as a key cog in the supply chain between manufacturers and consumers. Therefore, when spending increases, revenue tends to follow.

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



E-Commerce driving Packaging Growth

The continued strength in retail e-commerce sales has been a large driver of growth for the packaging industry. Although COVID-19 had a large impact in accelerating this transition, there is still plenty of room to grow; e-commerce currently makes up 21% of total retail sales and is expected to grow at a compounding rate of 10% through 2026. This backdrop should provide a strong foundation for future revenues.

Changing Market Segments

As the demand for packaging within its end markets continues to evolve, firms must adapt to fill these needs. While things such as graphic paper continue to face secular declines due to digitalization, other segments such as industrial packaging and containerboard export shipments grew 2.8% and 9.9% year over year, respectively. In aggregate, sales for the industry are currently projected to grow at a rate of 4.1% through 2028.

Personalized Digital Printing

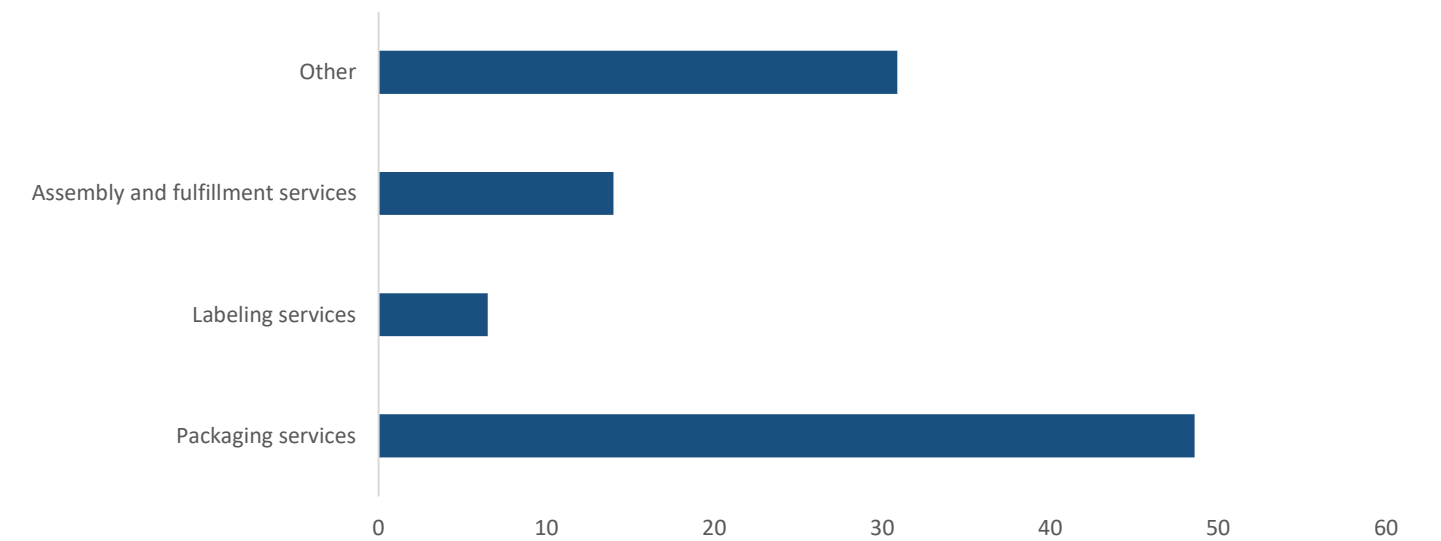
The entire digital printing market for packaging has more than doubled over the past five years, making this one of the fastest growing segments within packaging. Companies such as Dover (NYSE: DOV) and LSC Communications provide products and associated software required to packaging companies in order for them to apply this technology. This has been one of many ways that companies have continued to differentiate themselves in a competitive retail environment.

ESG Implications

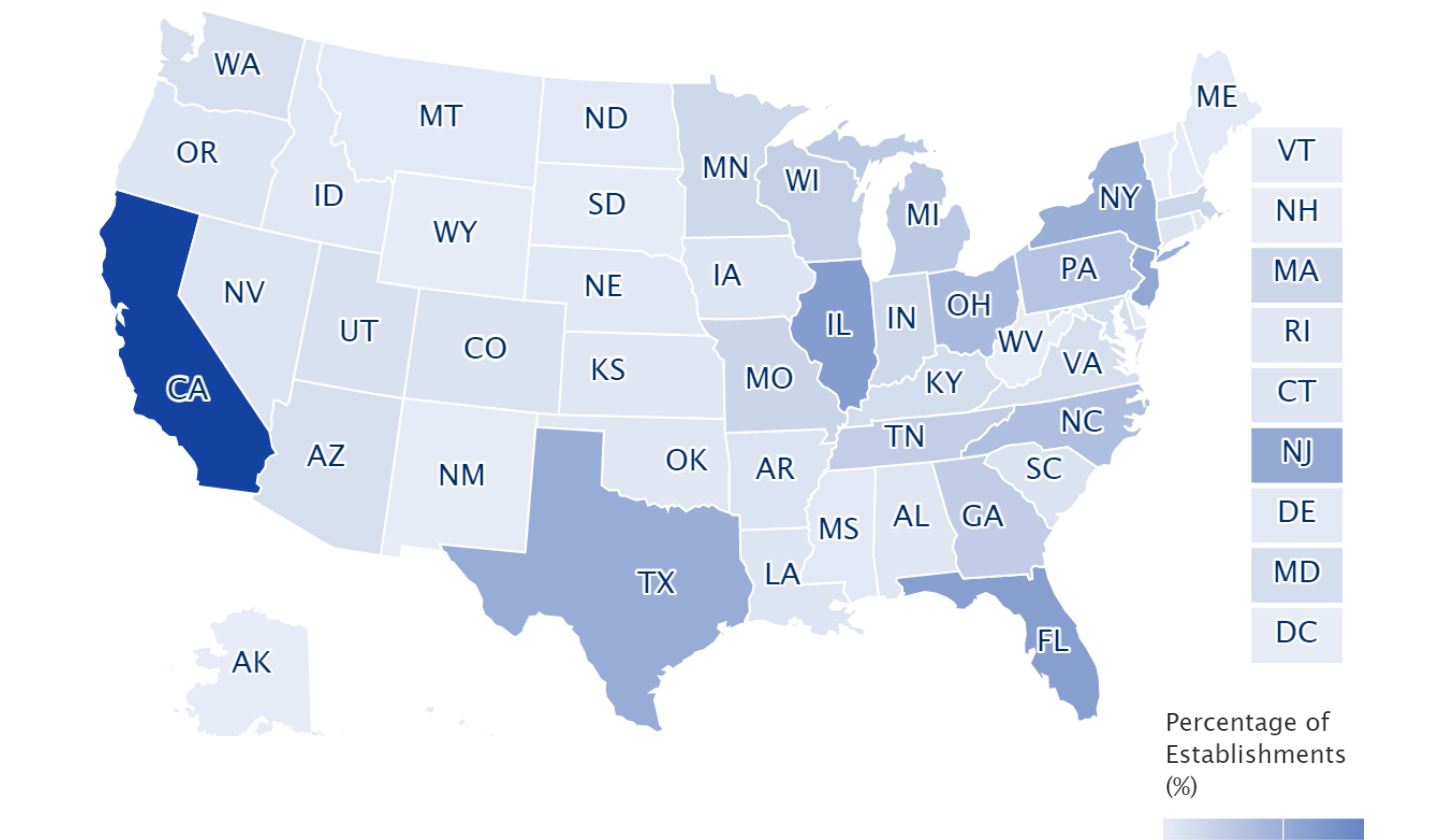
Many companies are now being pressured by shareholders to re-evaluate their effects on the environment and optimize their carbon footprint. A few ways this is impacting packaging is through minimalist packaging methods, eco-friendly materials, and even experimentation around re-usable packing containers. The overall market is expected to grow at a 5.1% compounding rate to \$358bn in 2028.

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.



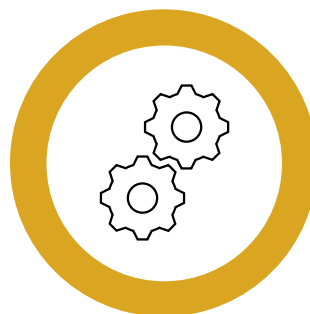
Buy-Side Advisory: Buy a business

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
& COMPANY, INC.



Has sold substantially all of
its assets to



R.L. Hulett
& COMPANY, INC.



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R.L. Hulett
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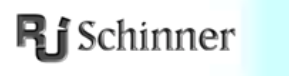
Has sold substantially all of
its assets to



R.L. Hulett
& COMPANY, INC.



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
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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
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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.



Ryan Hartman

Analyst

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Ryan joined R.L. Hulett & Company in 2021 and provides transaction support for senior-level deal managers including financial modeling, valuations, industry research, offering memorandums and a variety of presentations. Ryan graduated with a Bachelor of Science in Management Degree with a major in finance from The Freeman School of Business, Tulane University. Prior to joining the firm Ryan worked as an equity analyst for Burkenroad reports, an equity research program that produces widely circulated financial reports on small- to medium-sized companies. During his time at Tulane University, Ryan was elected as Vice President of Administration for Tulane's community government, took extensive courses in Investment Banking M&A transactions, and volunteered as a data analyst for American Red Cross.



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Lynda Hulett leads the firm's marketing, administrative and communication efforts. She maintains the firm's proprietary CRM database, manages outbound firm communications and provides administrative support to senior deal managers. Prior to joining R.L. Hulett, Lynda spent the previous ten years in various marketing and administrative functions. Most recently, she worked as a client liaison providing administrative support for a CPA firm. Prior to that, she was employed by Moneta Group, a financial services advisory firm, where she provided marketing and administrative support to the client managers. Lynda graduated from the University of Missouri – Columbia, receiving her business degree with an emphasis in Marketing.

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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