



# Packaging M&A Update

## Q3 2022

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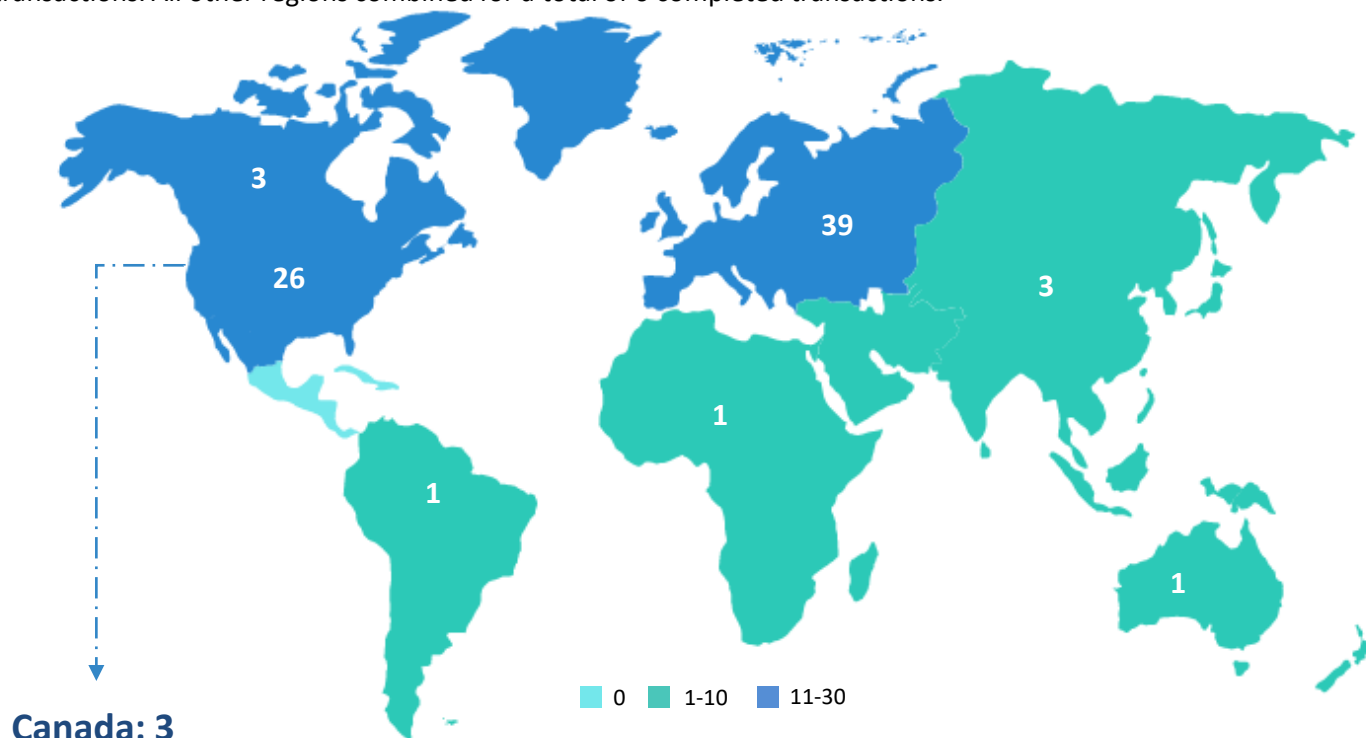
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### REPORT HIGHLIGHTS

- The Dow Jones U.S. Containers & Packaging Index declined 17.3% in Q3 2022 and underperformed the Dow Jones Industrial Average Index, which decreased 7.6% for the quarter.
- M&A deal volume increased in Q3 2022 to 74 completed transactions from 65 in Q2 2022 and from 58 in Q3 in Fiscal 2021.
- Through Q3 of 2022, PE accounted for 43.2% of total deals in the Packaging sector compared to 60.1% in Fiscal 2021.
- Europe was the most active region in Q3 2022 with 39 deals. Most notably was the \$1.5 billion acquisition of DSM Dyneema by Avient in September 2022.
- Publicly traded stocks monitored in this report in the Packaging sector declined an average of 14.4% throughout Q3 and total capital invested dropped 39.1% compared to Q3 of the prior year.

# Global Deal Analytics

Of the 74 deals in Q3 2022, Europe was the most active market with 39. Another notable European deal (in addition to DSM Dyneema mentioned on the previous page) was Metric Capital Partners' \$251 million LBO of French-based Global Pallets and Packaging Services in September 2022. North America was the second most active with 29 closed transactions. All other regions combined for a total of 6 completed transactions.



**Canada: 3**

**United States Regions: 26**

<b>Great Lakes:</b>	8
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<b>Southeast:</b>	4
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<b>South:</b>	4
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<b>West Coast:</b>	3
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<b>Others:</b>	7
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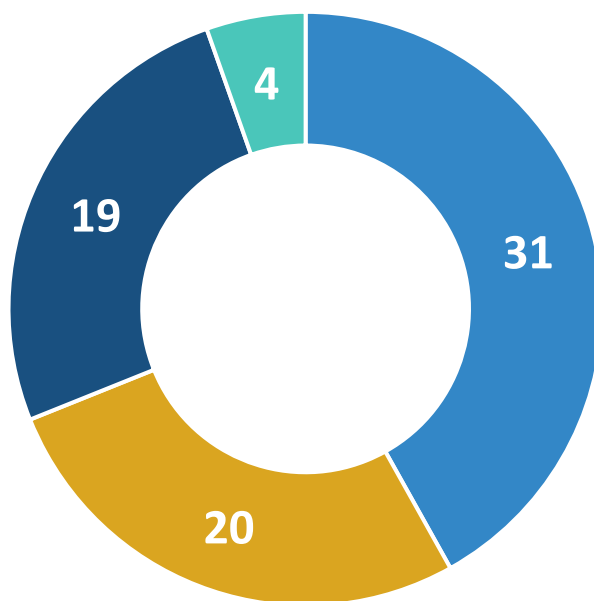
In the North American market, the Great Lakes region was the most active in Q3 2022 with 8 deals. Mativ Holdings' \$3 billion acquisition of Neenah in July 2022 represented a significant transaction in the U.S. market in Q3.

Outside of the U.S. in the North America market, 3 transaction closed in Canada.

# Global Deal Analytics

Of the 74 Packaging deals in Q3 2022, 31 were in the Plastic Packaging subsector, making it the most active subsector in the industry from an M&A standpoint. Paper and Metal & Other were the second and third most active with 20 and 19 deals, respectively. Wood was the least active sector with 4 completed transactions.

Deal by Subsector



■ Plastic

■ Paper

■ Metal & Other

■ Wood

High Speed Vacuum Packaging Equipment

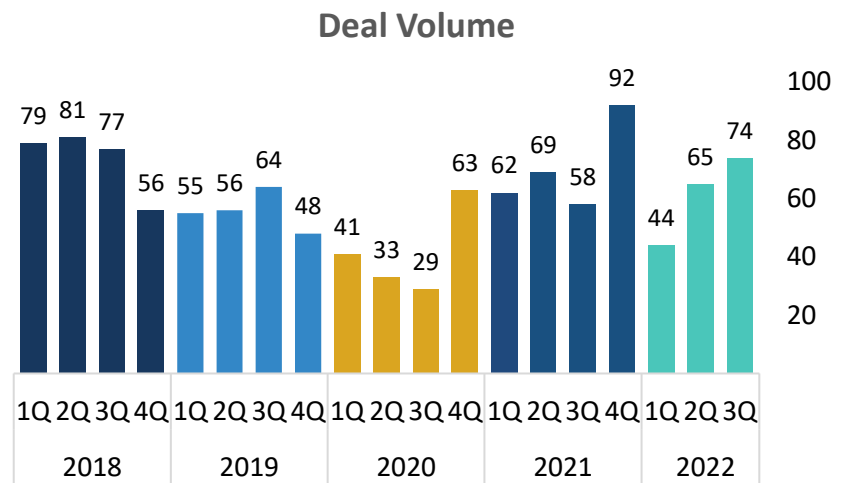


NPI Northland Pallet, Inc.

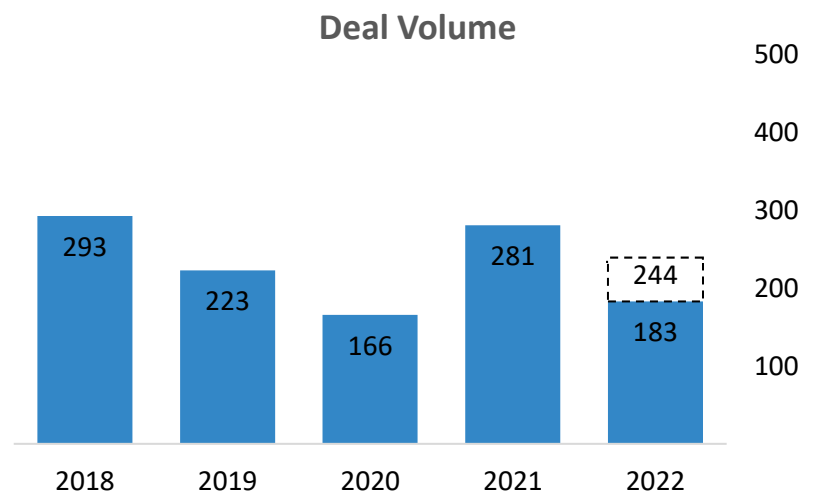


# Global Deal Analytics

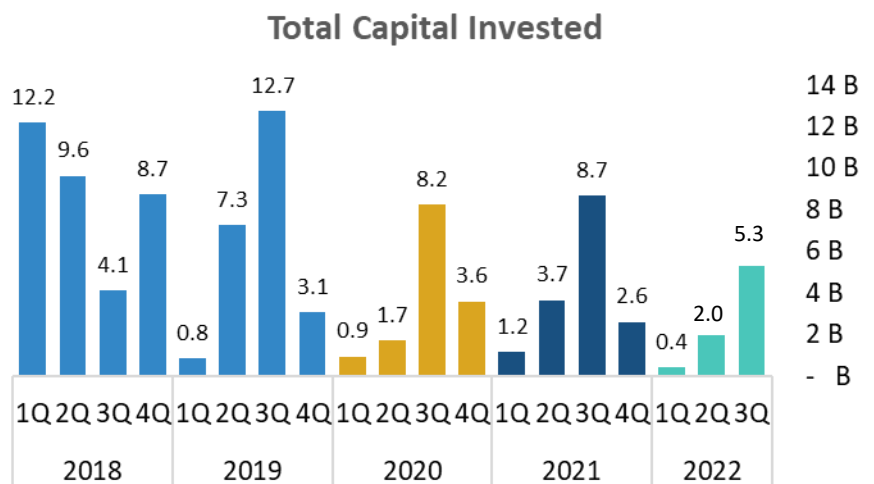
Deal volume in the Packaging sector increased in Q3 2022 to 74 deals, representing a 27.6% increase from 58 deals in Q3 2021. Additionally, Q3 2022 was up 13.8% from 65 deals in Q2 2022.



M&A deal volume is tracking toward a 13.2% decline in 2022 to an estimated 244 deals, down from 281 deals in Fiscal 2021. This decline is due to a number of factors including rising interest rates/cost of capital, tightening liquidity in the capital markets, ongoing delays in the supply chain and continuing inflation impacting labor and materials costs.



Total capital invested in the Packaging sector increased 165% to \$5.3B in Q3 2022 from \$2.0B in Q2. This increase is primarily due to Mativ Holdings' \$3.0 billion acquisition of Neenah. In comparison, the largest deal in Q2 2022 was Ardagh Group's acquisition of Consol Glass for \$0.7 billion. If we remove the largest transaction from Q3, capital invested increased 15% over Q2.



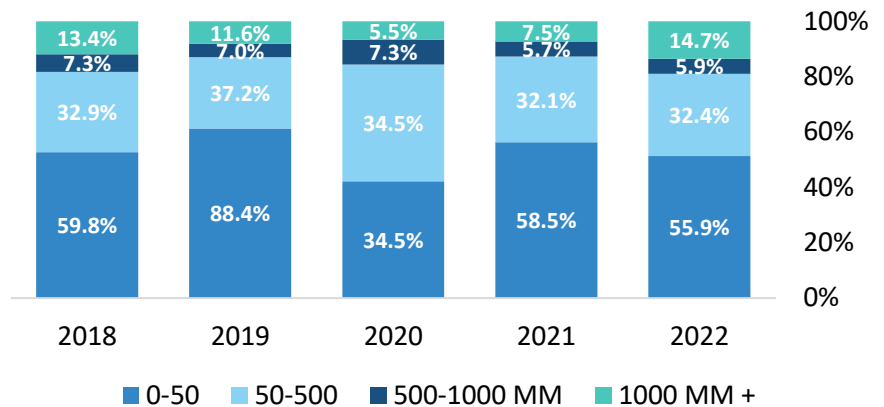
# Global Deal Analytics

YTD through Q3 2022, deal volume in the larger market (\$1000+) increased to 14.7% from 7.5% in FY 2021. This increase is due primarily from the acquisitions of Neenah by Mativ Holdings and DSM Dyneema by Avient. The upper middle market (\$500-\$1000MM) and middle market both saw slight increases to 5.9% and 32.4% in 2022 from 5.7% and 32.1% in FY 2021, respectively. The lower middle market (\$0 - \$50MM) decreased to 55.9% through Q3 2022 from 58.5% in FY 2021.

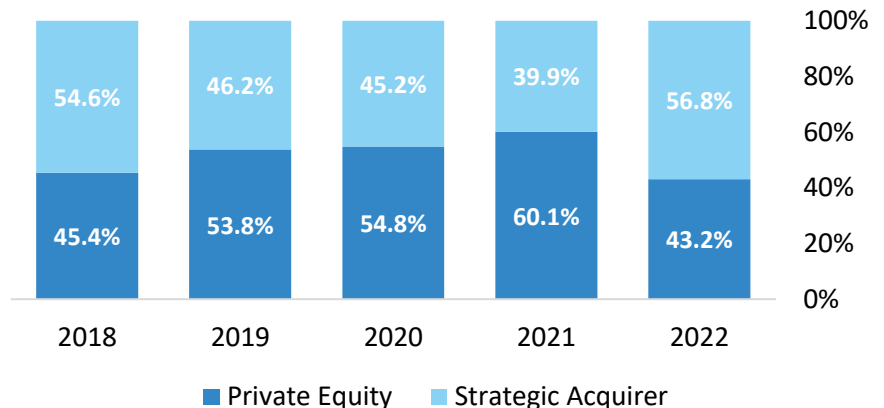
From 2018 to 2021, PE participation has steadily increased at an average rate 4.9% per year. YTD through Q3 2022, we have seen a decline in PE participation to 43.2% from 60.1% of the prior year. In comparison, participation from strategic buyers has increased from 39.9% in 2021 to 56.8% in 2022.

YTD through Q3 2022, PE participation as a percentage of total capital invested decreased significantly to 12.4% from 44.3% in FY 2021. This decrease is attributable to a shift in the capital markets due to rising interest rates and liquidity tightening from institutional funds.

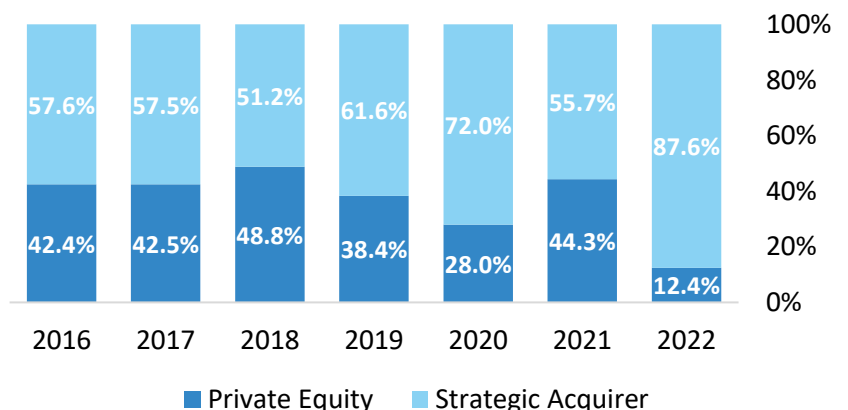
### Deal Volume by Deal Size



### Deal Volume by Acquirer

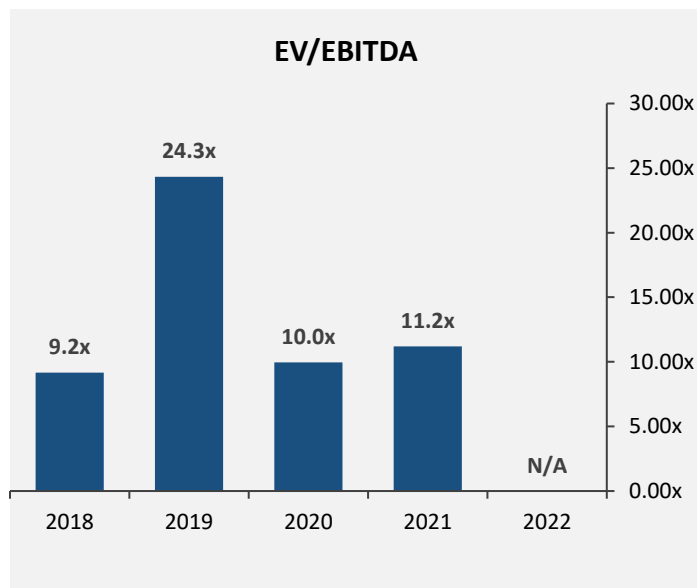
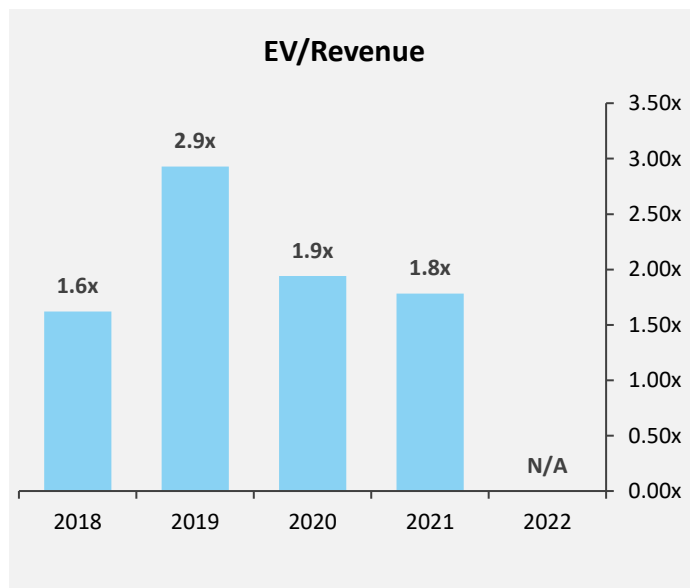


### Total Capital Invested by Acquirer

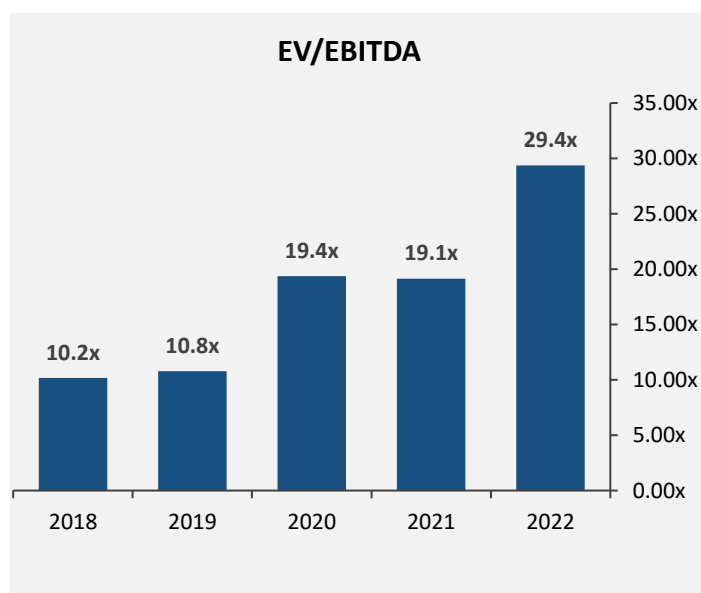
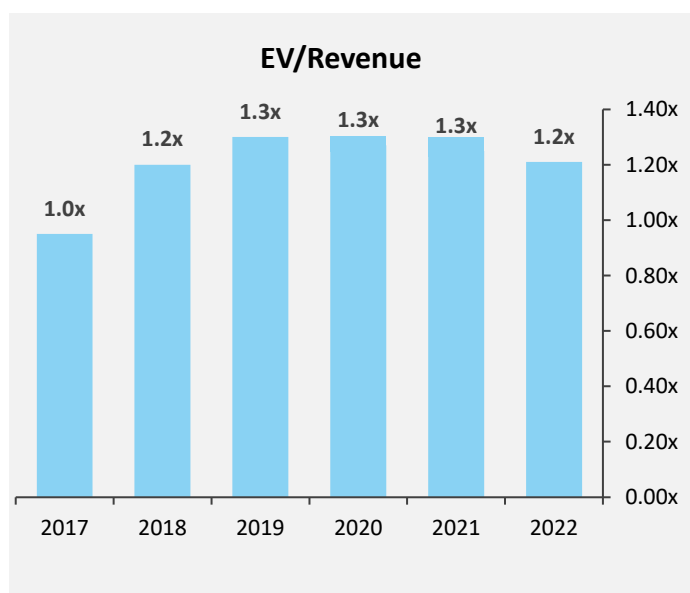


# Valuation Multiples

## 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	
06-Jul-2022	Neenah	Mativ Holdings	Merger/Acquisition	\$ 3,000.00	2.74x	94.44x	Neenah Inc produces and sells a variety of paper and performance-based technical products.
01-Sep-2022	DSM Dyneema	Avient	Merger/Acquisition	1,501.5			Manufacturer of specialty plastics and low carbon fiber intended to reduce carbon emissions and waste.
09-Sep-2022	Global Pallets and Packaging Services	Metric Capital Partners	Buyout/LBO	251.2			Provider of returnable packaging services intended for the transport of viscous or liquid materials.
01-Jul-2022	Yonwoo Company	Korea Kolmar Holdings	Merger/Acquisition	223.8	1.62x	10.09x	Yonwoo Co Ltd is a Korean company which is principally engaged in manufacturing plastic container.
02-Sep-2022	Huhtamaki	Espetina	Merger/Acquisition	152.6			Manufacturer of fiber packaging catering to the food and beverages industry.
14-Sep-2022	ePac Holdings	Amcor	Corporate	45.0			Manufacturer of flexible packaging products.
05-Aug-2022	Unipap	Eurazeo	Buyout/LBO	33.0			Manufacturer of packaging products catering to manufacturers of electronics, automobiles, chemical, food and engineering industries.
27-Jul-2022	Molded Fiber Technology	CKF	Merger/Acquisition	32.0			Manufacturer of molded fiber packaging products based in Westbrook, Maine.
01-Aug-2022	Chicago Steel Container	Main Street Capital BDC	Merger/Acquisition	31.1			Manufacturer of steel drums based in Chicago, Illinois.
21-Sep-2022	Ball	ARNEST	Merger/Acquisition	8.7			Manufacturer of aluminum beverage containers based in Moscow, Russia.
26-Jul-2022	Alliance Paper Products	Close the Loop	Merger/Acquisition	5.5			Manufacturer and supplier of thermal paper and associated paper products located in Forest Lake, Australia.
04-Jul-2022	Formtex Plastics	Good Natured Products	Merger/Acquisition	4.8			Manufacturer of plastic packaging products for the medical, food processing, retail and industrial sectors.
01-Sep-2022	Adampak	Oji Holdings	Merger/Acquisition				Manufacturer of pressure-sensitive labels, seals and other die-cut components intended to serve the Asia-Pacific region.
27-Jul-2022	Advantek	Cornell Capital	Buyout/LBO				Manufacturer of semiconductor transportation and packaging systems intended to protect electronic components in a sustainable manner.
30-Sep-2022	ASC Direct	GIL Investments	Buyout/LBO				Operator of a box manufacturing company intended to reduce packaging waste.
29-Jul-2022	Auserpolimeri	L. Brüggemann	Merger/Acquisition				Manufacturer of polymer additives based in Piano di Coreglia, Italy.
04-Jul-2022	Autoadhesivos Cohal	Kokusai Pulp and Paper	Merger/Acquisition				Manufacturer and distributor of packaging and labeling materials intended to provide total satisfaction to the customers.
20-Jul-2022	Bouchons Abel	C2 Capital Partners	Buyout/LBO				Manufacturer of cork stoppers intended to serve the wine industry.
19-Sep-2022	Carlier Plastiques & Composites	INNERCAP	Merger/Acquisition				Manufacturer of plastics products based in Calonne-Ricouart, France.
22-Jul-2022	Cartonajes Obrador	Ino Packaging, S.L.	Merger/Acquisition				Manufacturer of corrugated cardboard containers catering to automotive, feeding and e-commerce industries.



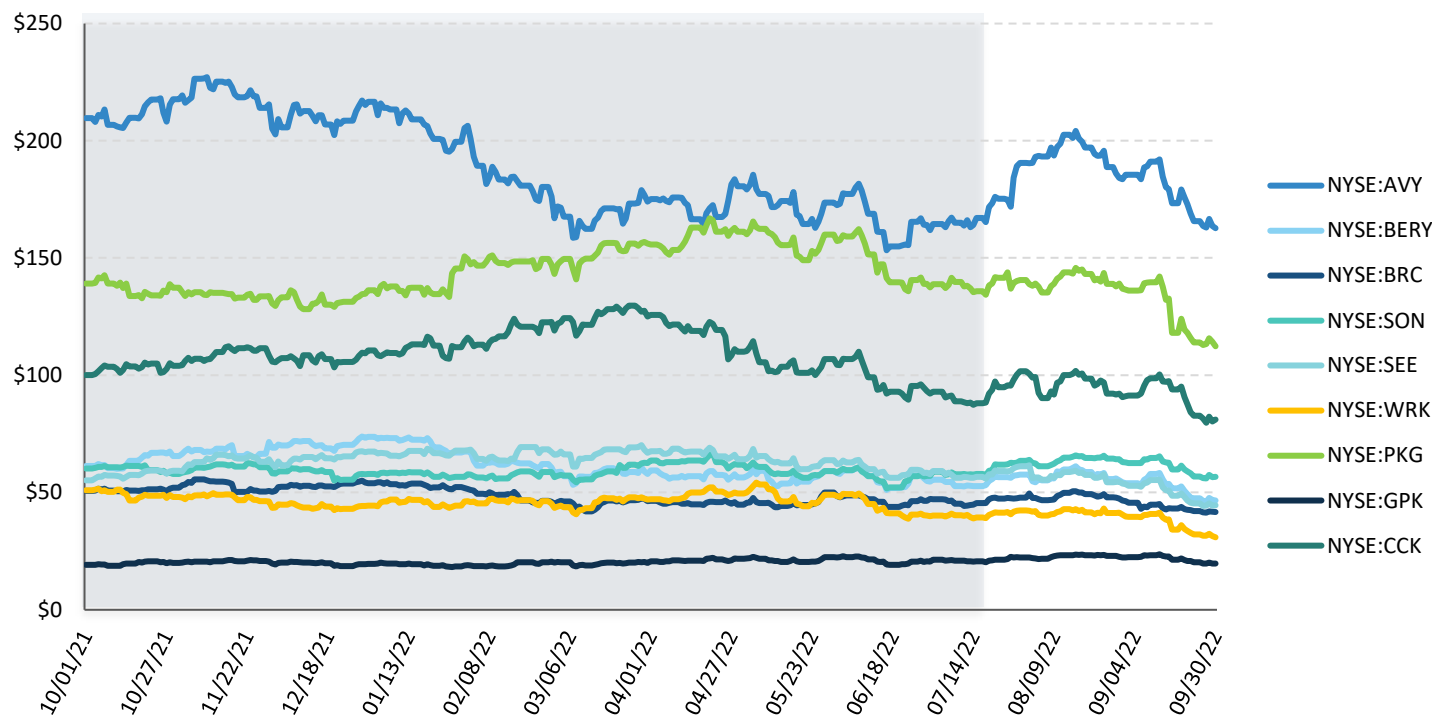
## Leading M&A Deals

Deal	Deal Synopsis	Driver
 	<p>Neenah Inc. produces and sells a variety of paper and performance-based technical products. The company was acquired by Schweitzer Mauduit International (NYS: SWM) for \$3 billion in July 2022. This transaction brings together two organizations with technologies, geographies and product portfolios in specialty materials. The transaction will be supported by debt financing in the form of a \$1.1 billion credit facility from J.P. Morgan.</p>	<b>Merger/ Acquisition</b>
 	<p>DSM Dyneema is a manufacturer of specialty plastics and low carbon fiber products intended to reduce carbon emissions and waste. The DSM Dyneema division of Koninklijke DSM (AMS: DSM) was acquired by Avient (NYS: AVNT) for \$1.5 billion in September 2022. The combination of these businesses presents a number of synergy opportunities to benefit DSM's customers and employees.</p>	<b>Merger/ Acquisition</b>
 	<p>In September 2022, Epac, a manufacturer of flexible packaging products, raised \$45 million of equity from Amcor, a \$14.5 billion global supplier of plastics packaging headquartered in Zurich Switzerland. Epac offers products including lay flat pouches, roll stock, films and custom mylar bags, enabling clients in the quick turn-around, short to medium run-length, flexible packaging market to benefit from the sustainable packaging systems. The investment will increase Amcor's minority shareholding in the company.</p>	<b>Equity Infusion</b>
 	<p>Chicago Steel Container Corporation is a Chicago-based manufacturer of steel, poly and fiber based drums and containers. The company was acquired by Stavig Industries East, a manufacturer of eco friendly rigid packaging solutions, for \$31.1 million in August 2022. The acquisition will enable Stavig's container businesses to service customers across the country.</p>	<b>Merger/ Acquisition</b>



# Public Comps

## Stock Price

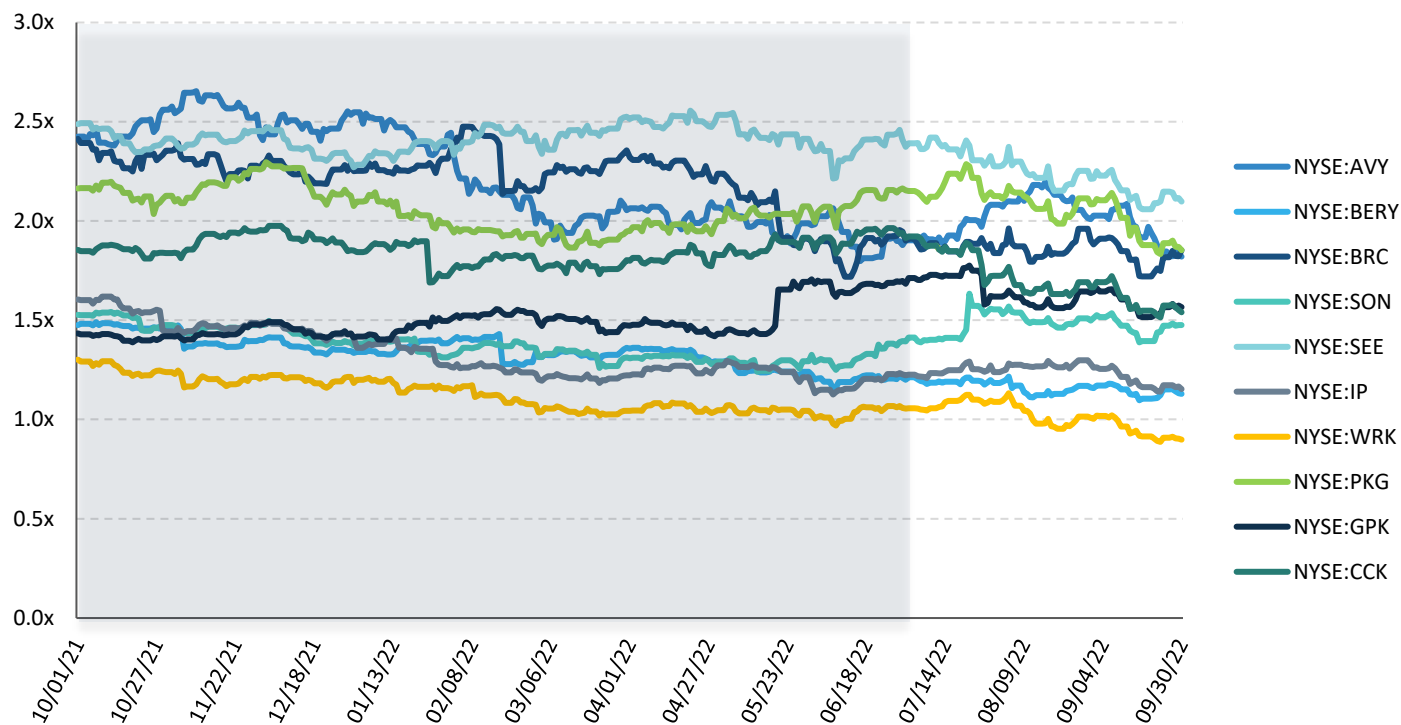


## Financial & Valuation

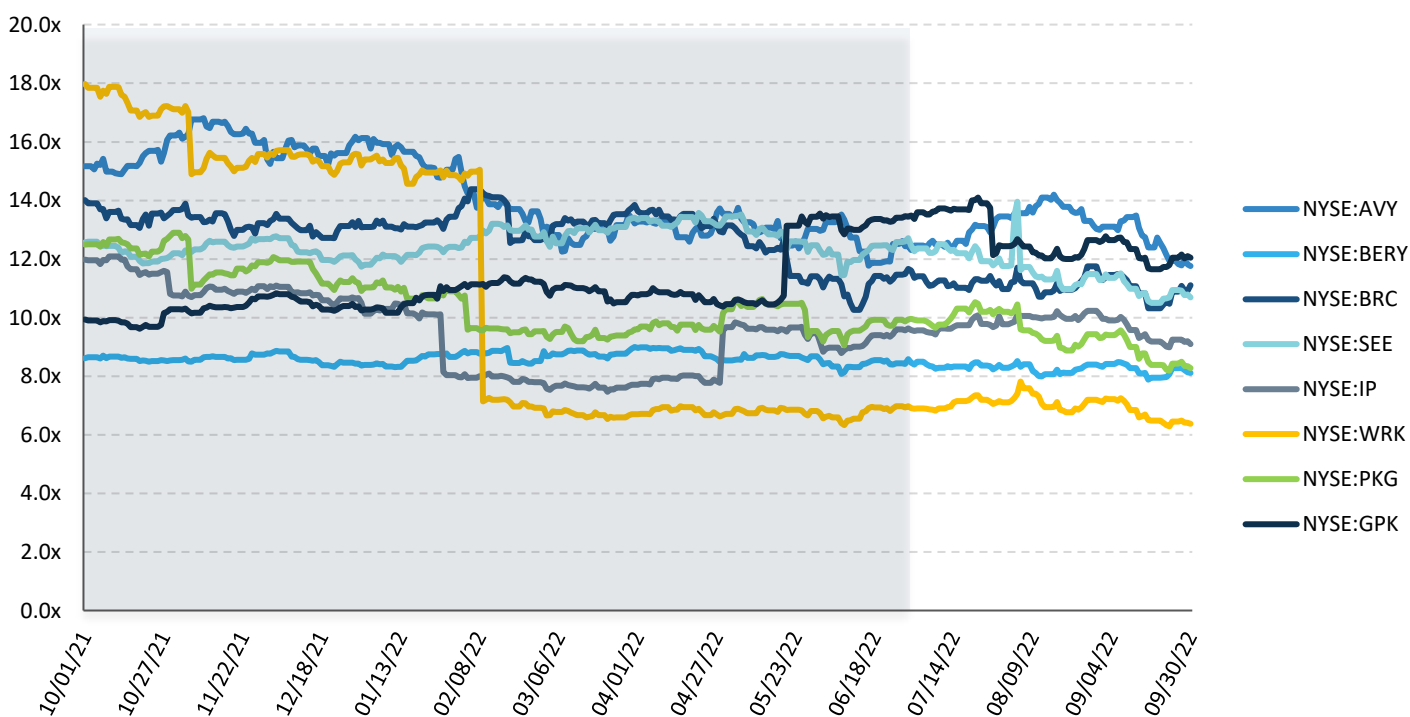
\$MM Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			Gross Margin			EBITDA Margin		
					20A	21A	22E	20A	21A	22E	20A	21A	22E	20A	21A	22E	20A	21A	22E
Avery Dennison	NYSE:AVY	163	13,220	3,232	2.2x	2.5x	2.3x	16.2x	16.1x	14.4x	-4%	22%	8%	27%	28%	29%	14%	16%	16%
Berry Global	NYSE:BERY	47	5,821	9,935	1.5x	1.4x	1.3x	8.8x	9.0x	8.2x	32%	18%	4%	21%	18%	19%	17%	15%	15%
Brady	NYSE:BRC	42	2,083	129	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	5,532	3,381	1.5x	1.3x	1.3x	11.7x	122.9x	8.9x	-5%	7%	4%	20%	19%	28%	13%	1%	20%
Sealed Air	NYSE:SEE	45	6,464	3,732	2.2x	2.5x	2.3x	11.4x	13.4x	11.1x	2%	10%	8%	33%	31%	32%	19%	19%	21%
International Paper	NYSE:IP	32	11,476	7,916	1.4x	1.2x	1.3x	10.9x	7.7x	8.0x	-26%	13%	6%	30%	30%	32%	12%	17%	16%
WestRock	NYSE:WRK	31	7,855	8,023	1.2x	1.0x	1.0x	15.2x	6.7x	5.5x	-4%	7%	10%	18%	18%	25%	8%	16%	17%
Packaging Corporation of America	NYSE:PKG	112	10,526	2,766	2.2x	2.0x	1.8x	12.5x	9.7x	8.6x	-5%	11%	7%	21%	23%	31%	18%	20%	25%
Graphic Packaging	NYSE:GPK	20	6,077	5,798	1.3x	1.5x	1.2x	10.8x	10.8x	6.9x	5%	6%	26%	17%	15%	22%	12%	14%	18%
Crown Holdings	NYSE:CCK	81	9,818	6,855	1.9x	1.8x	1.7x	14.0x	11.0x	10.6x	-34%	42%	10%	22%	22%	21%	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%	28.8%	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%	28.4%	14.5%	16.2%	17.5%

# Public Comps

## EV/Revenue



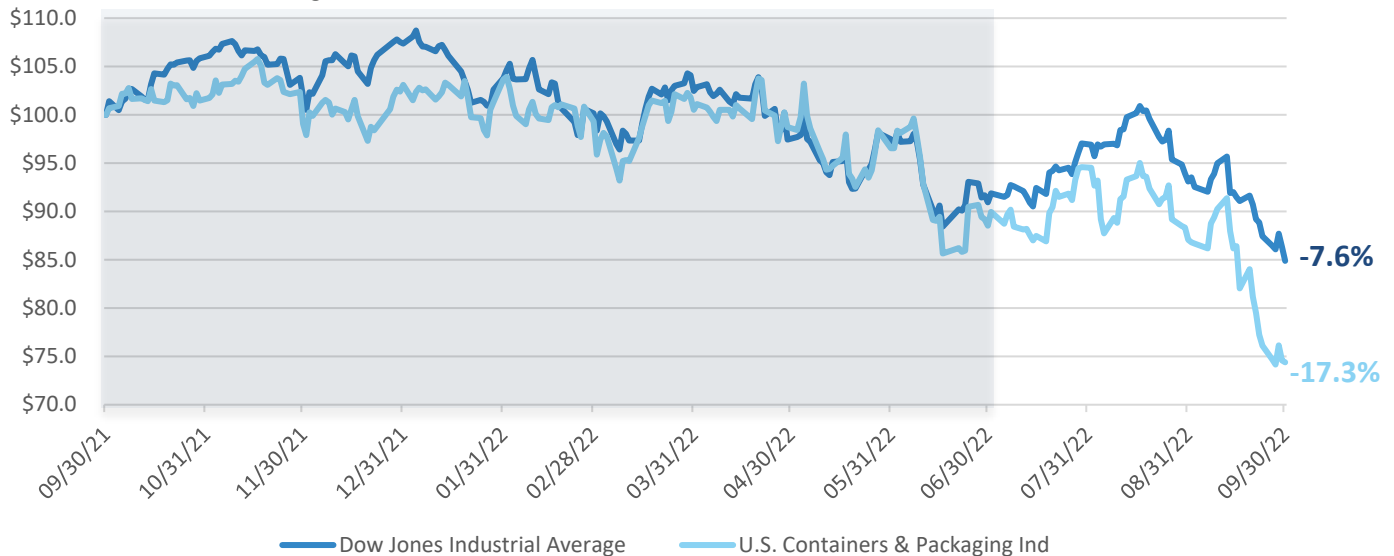
## EV/EBITDA



# Public Markets

## Index Performance

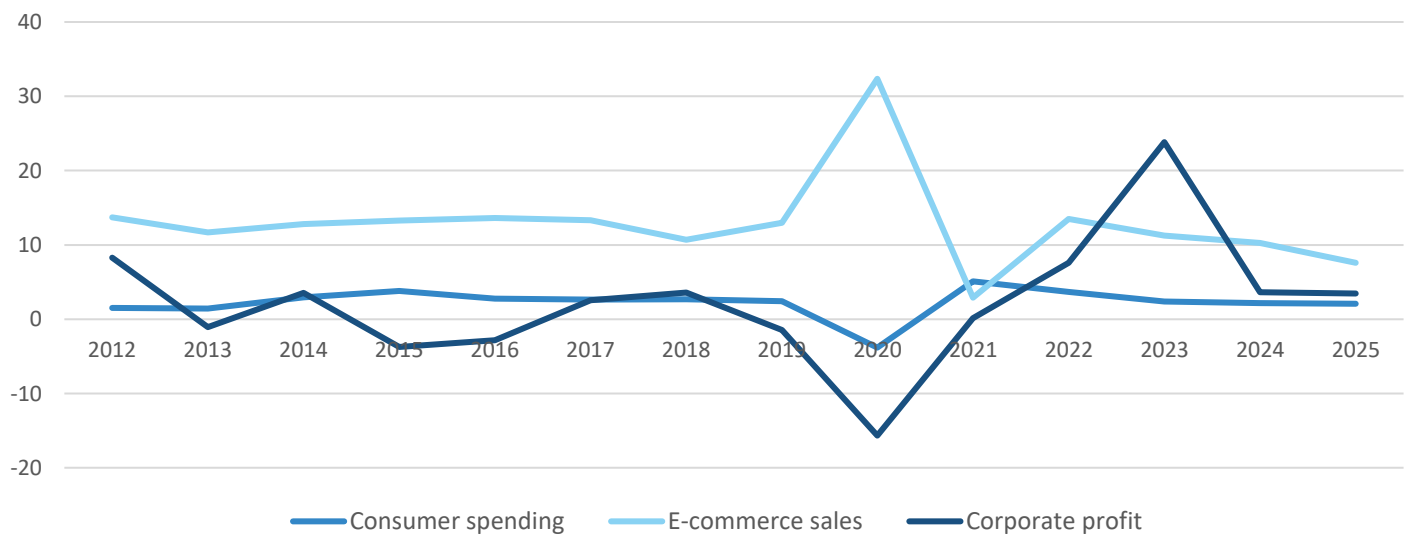
Since July 2022, the Dow Jones U.S. Containers & Packaging Index had a 17.3% decline compared to a 7.6% decline for the Dow Jones Industrial Average Index.



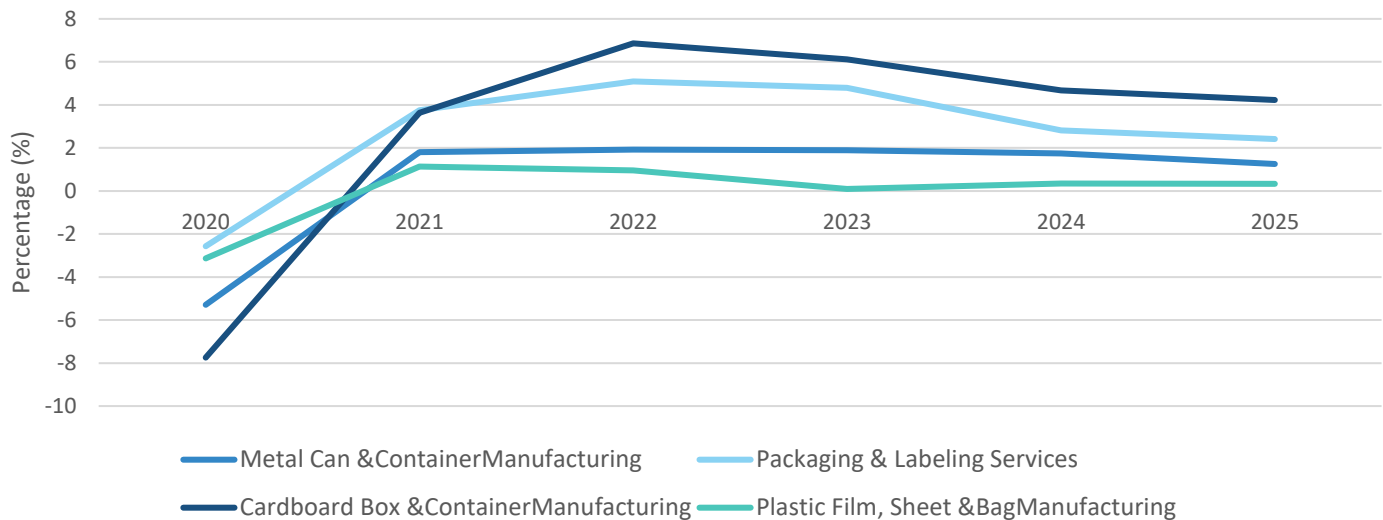
## Key External Drivers

Lower consumer spending directly reduces the number of goods that manufacturers need to package to sell. Therefore, when spending decreases, revenue tends to follow. To combat the rapid inflation in the U.S. CPI, the federal reserve is anticipated to continue quantitative tightening, in the form of rate hikes to the Fed Fund Rate, to slow down consumer spending. These ongoing rate hikes will likely send the United States economy into a recession sometime in 2023 and result in lower revenues for the packaging sector.

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



## Industry Outlook



## Inflation Implications

Inflation remained constant at 8.2% in October from the month prior, despite the Fed's ongoing interest rate hikes, creating a murky economic outlook. The recent jobs report released on October 7<sup>th</sup>, 2022, stated an additional 263,000 jobs were added in September. Given the Fed's commitment to halting inflation in the CPI they will likely continue with rate hikes to slow down consumer spending and consequently reduce revenues for the packaging sector.

## Changing Demographics Favor Pharmaceuticals

Rising demand for pharmaceutical packaging is driven by increases in the number of adults aged 65+. with 1 out of 11 individuals aged 65+ in 2019 and an expected 1 in 6 individuals worldwide by 2050. In 2019, 54% of those aged 65+ reported taking multiple prescription medications compared to just 13% of adults 30-49. Primarily due to an aging US population, pharmaceutical packaging is projected to have a CAGR of 4.49% by 2030.

## E-commerce Trends

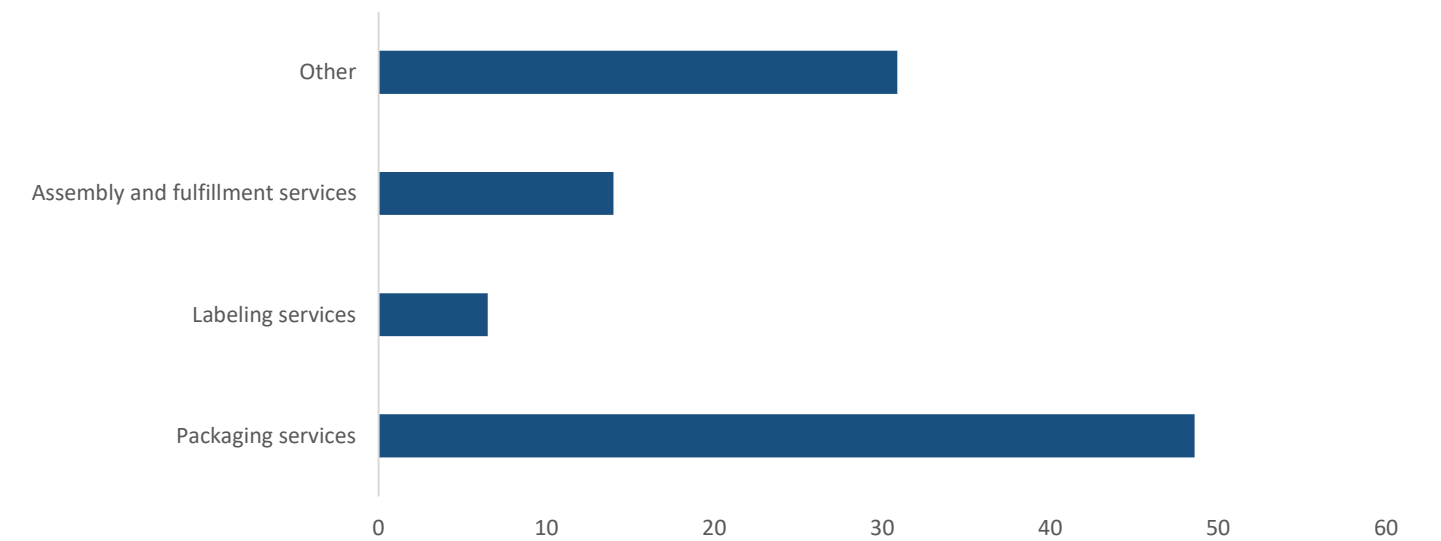
E-commerce plays an increasingly important role in the demand for packaging, seeing a 14.4% growth in sales from 2017 to 2022. This has created new avenues of e-commerce tailored packaging, including ship-ready packing that is designed to move with minimal or no added transport and protective packaging, eliminating costs for secondary packaging. E-commerce giants have embraced new forms of packaging while countries such as China adopt new packaging standards.

## Renewable and Sustainable Materials

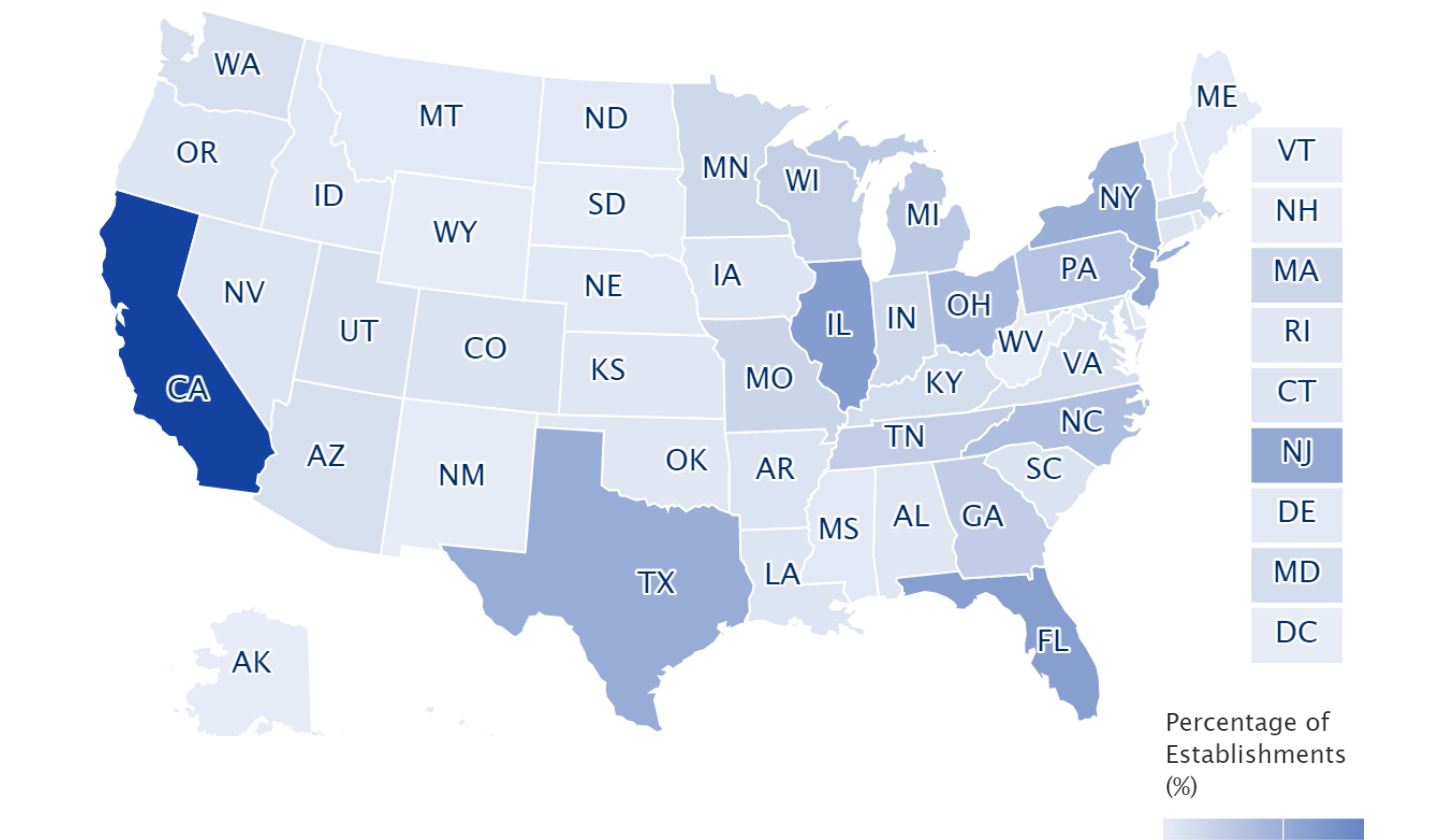
Walmart has recently launched a pilot program with Loop, allowing Walmart+ customers to purchase refillable, reusable containers. This falls right in line with the increasing trends of companies moving toward eco friendly and sustainable packaging materials.

# 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.



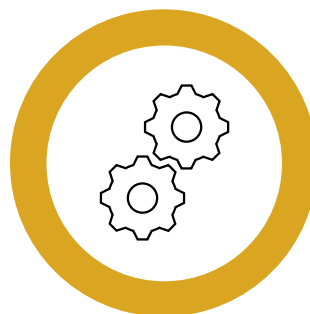
## Buy-Side Advisory: Buy a business

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



Has been acquired by



 R. L. Hulett



Has been acquired by



 R. L. Hulett



Has sold substantially all of  
its assets to



 R. L. Hulett



Has acquired



 R. L. Hulett



Has been acquired by



 R. L. Hulett



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 R. L. Hulett



Has been acquired by



 R. L. Hulett



## Our M&A Deal Leaders



**R. Trevor Hulett, CPA**  
Managing Director  
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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.



**Ryan Hartman**

Analyst

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Ryan joined R.L. Hulett 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.



**Lynda Hulett**

Marketing

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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

R.L. Hulett 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:



**Packaging**



**Transportation and Logistics**



**Food & Beverage**



**Industrial**



**Tech-enabled Services**



**Healthcare**

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