



Packaging M&A Update

Q2 2023

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Trevor Hulett

Managing Director
thulett@rlhulett.com

Ryan Hartman

Senior Analyst
rhartman@rlhulett.com

Charlie Meier

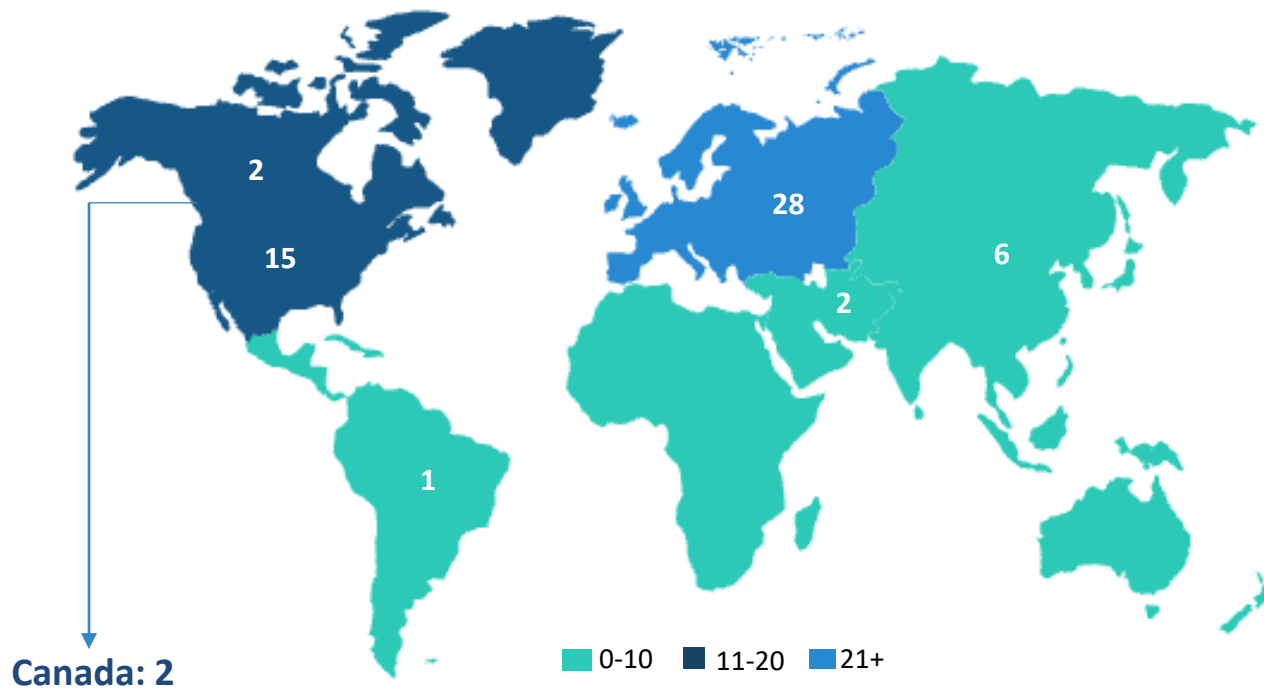
Analyst
cmeier@rlhulett.com

REPORT HIGHLIGHTS

- The Dow Jones Containers & Packaging Index declined 5.9% in Q2 and underperformed the Dow Jones Industrial Average, which increased 0.8% in the same period.
- The median EV/EBITDA multiple for reported strategic deals increased to 10.0x in 1H 2023 from 8.0x in 2022.
- M&A deal volume increased 5.9% in Q2 to 54 completed transactions from 51 in Q1, but decreased 16.9% from 65 deals in Q2 of the prior year.
- Total capital invested decreased 69.6% to \$0.7 billion in Q2 from \$2.3 billion in Q1 and decreased 65.0% from \$2.0 billion in Q2 of the prior year.
- Europe was the most active region in Q2 with 28 deals. Most notable was the \$295.7 million private investment into Gerresheimer by an undisclosed investor in April 2023.

Global Deal Analytics

Of the 54 deals in Q2 2023, Europe was the most active market with 28. One of the most notable deals in the quarter in Europe (aside from the Gerresheimer deal mentioned on the previous page) was CCL Industries' \$44.0 million acquisition of Pouch Partners, a Switzerland-based provider of pouch-based packaging services, in June 2023. North America was the second most active with 17 closed transactions. All other regions combined for a total of 9 completed transactions.



Canada: 2

United States Regions: 15

Great Lakes: 6

Mid Atlantic: 3

New England: 3

Southeast: 1

Others: 2

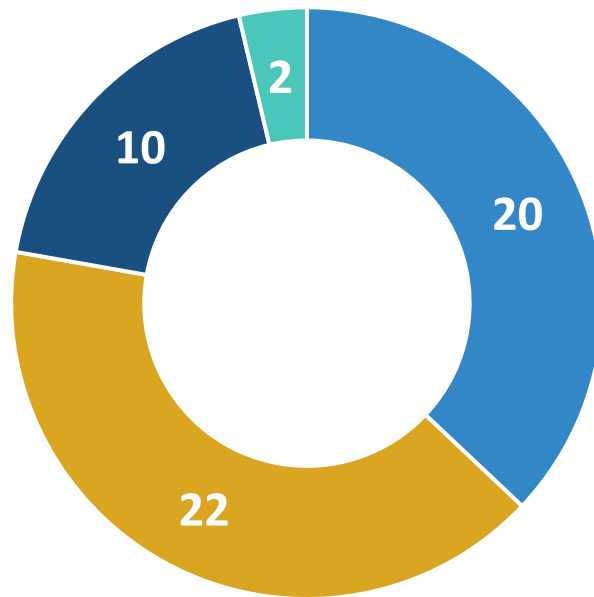
In the United States market, the Great Lakes region was the most active with 6 closed deals. Most notably in the North American market was Mill Point Capital's \$160.0 million acquisition of Pennsylvania-based Nursery Supplies, a manufacturer of nursery containers and trays, in April 2023. The Mid Atlantic and New England regions each had 3 deals close and were followed by the Southeast with 1 closed transaction. All other regions in the U.S. totaled 2 transactions in Q2.

Outside of the U.S. in the North American market, 2 transactions closed in Canada in Q2.

Global Deal Analytics

Of the 54 Packaging deals in Q2 2023, 22 were in the Paper Packaging subsector, making it the most active subsector in the industry from an M&A standpoint. Plastic Packaging and Metal & Other were the second and third most active with 20 and 10 deals, respectively. Wood was the least active subsector with 2 completed transactions.

Deals by Subsector



■ Plastic

■ Paper

■ Metal & Other

■ Wood

gerresheimer



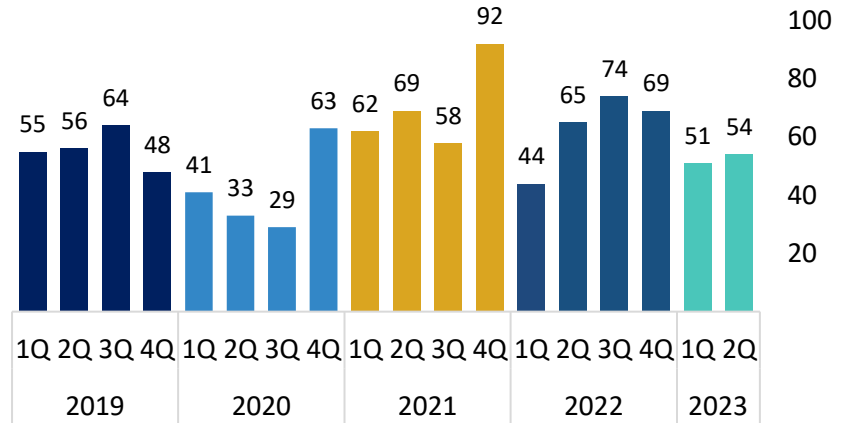
Global Deal Analytics

Deal volume in the Packaging sector increased 5.9% in Q2 2023 to 54 deals from 51 in Q1 2023, but decreased 16.9% from 65 deals in Q2 of the prior year.

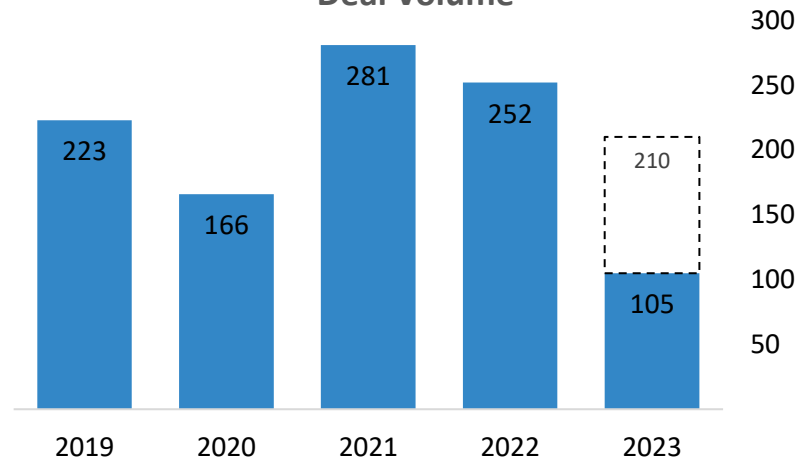
M&A deal volume is projected to see a 16.7% decline to 210 deals in 2023, down from 252 in FY 2022. We attribute this decline to more challenging market conditions from a dealmaking perspective, including rising interest rates/cost of capital, tightening liquidity in the capital markets and continuing inflation impacting labor and material costs.

Total capital invested in M&A deals in the Packaging sector decreased 69.6% in Q2 to \$0.7B from \$2.3B in Q1, and decreased 65.0% from \$2.0B in the same period of the prior year. This decrease from the prior quarter is primarily due to Sealed Air's \$1.2B acquisition of Liquibox and Stora Enso's \$1.1B acquisition of De Jong Verpakking, both in January 2023. Comparatively, the largest reported deal in Q2 was the \$295.7M private investment into Gerresheimer, in April 2023.

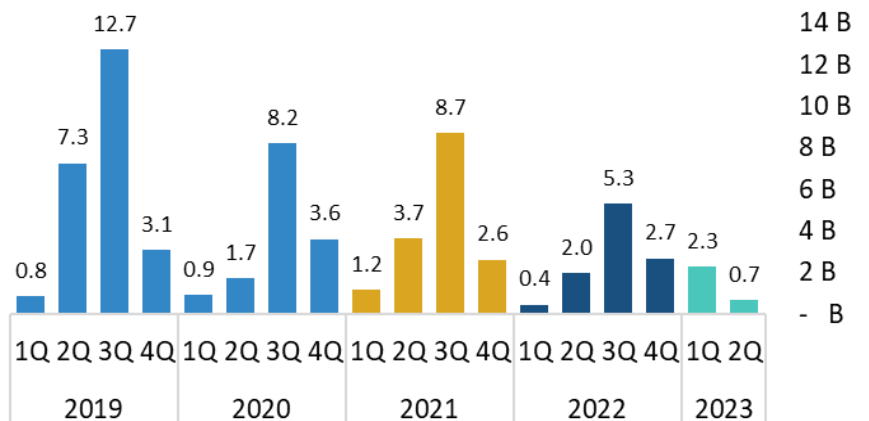
Deal Volume



Deal Volume



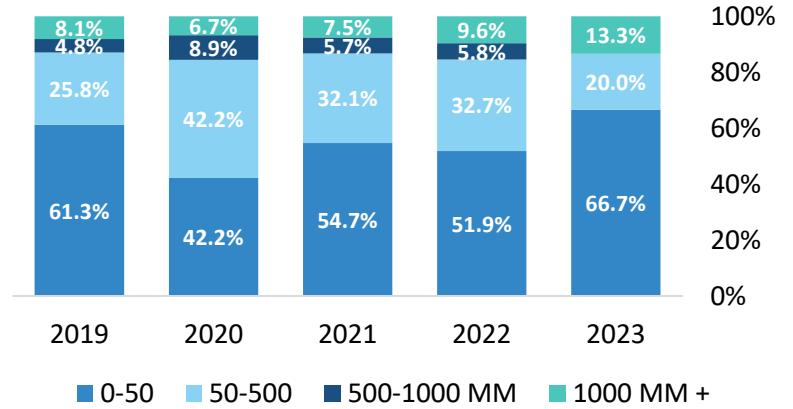
Total Capital Invested



Global Deal Analytics

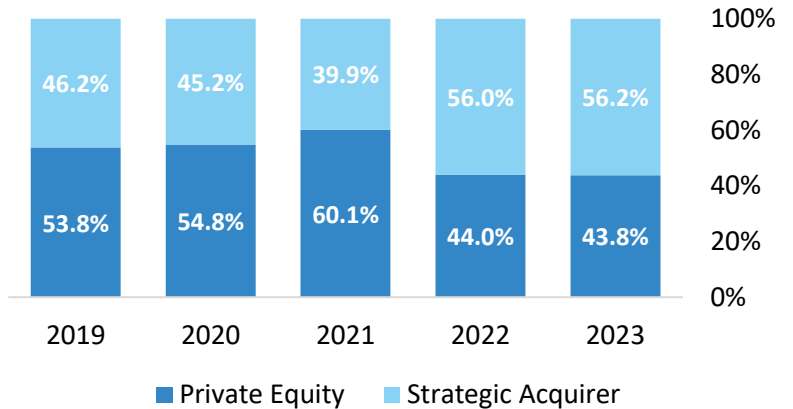
In 1H 2023, we saw a significant shift in mix away from mid-sized deals towards the lower middle tranche of the market. Deal volume in the large cap (\$1000 MM+) and lower middle (\$0 - \$50 MM) tranches of the market each saw sizeable increases as a % of overall volume from 9.6% and 51.9% in FY 2022 to 13.3% and 66.7%, respectively, in 1H 2023. The middle market (\$50 - \$500 MM) decreased from 32.7% in 2022 to 20.0% in 2023 and there were no reported deals in the upper middle tranche of the market.

Deal Volume by Deal Size



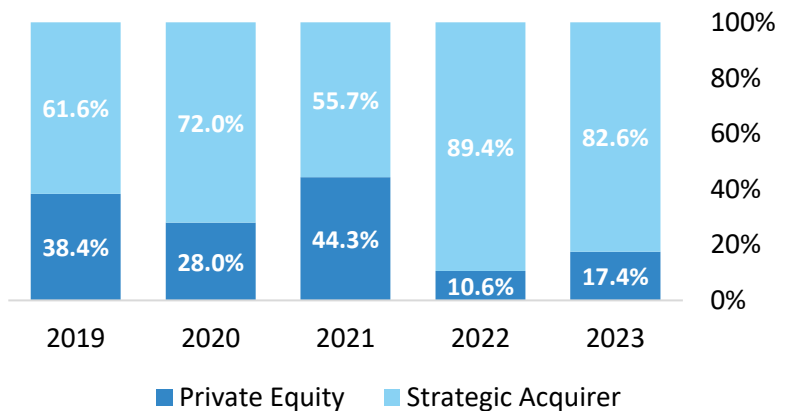
In 1H 2023, PE participation as a % of overall deal volume decreased slightly to 43.8% from 44.0% in FY 2022. The lower level of PE participation compared to historical years continues to be illustrative of changing market dynamics with increasing costs of capital and tightening liquidity from lenders.

Deal Volume by Acquirer



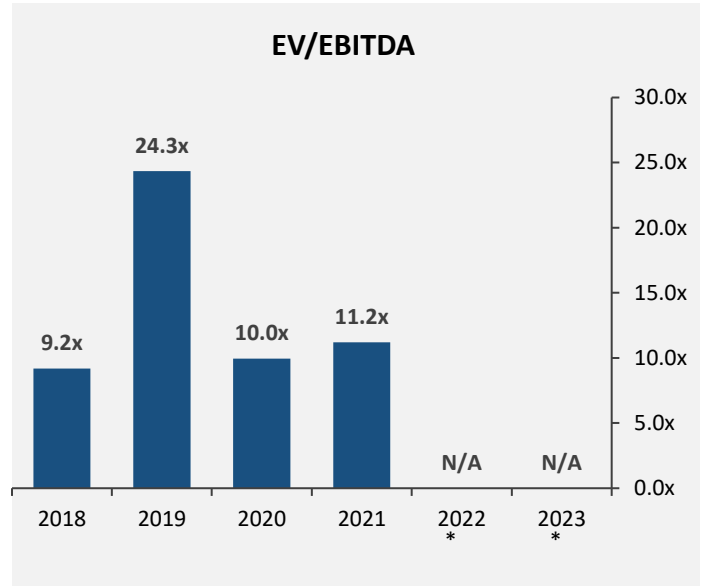
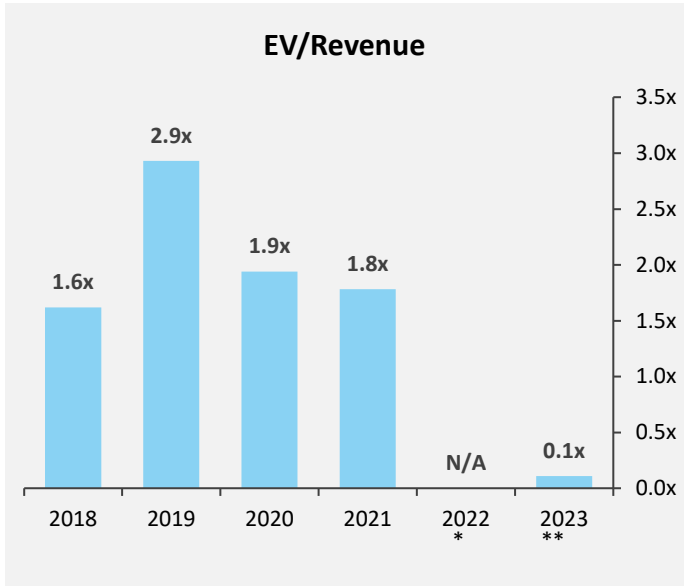
Although PE volume as a % was slightly down in 1H 2023, total capital invested by PE investors increased to 17.4% from 10.6% in FY 2022. This uptick in PE participation in terms of total capital invested is largely a result of the \$295.7 MM private investment into Gerresheimer from an undisclosed PE investor in April 2023. In comparison, the largest strategic deal was Greif’s \$145.0 MM acquisition of Centurion Container in April 2023. If we remove the Gerresheimer deal, PE participation only accounted for 8.2% of total capital invested. The lower levels of PE participation, in terms of capital invested, seen in FY 2022 and 1H 2023 are emblematic of more challenging market conditions as well.

Total Capital Invested by Acquirer

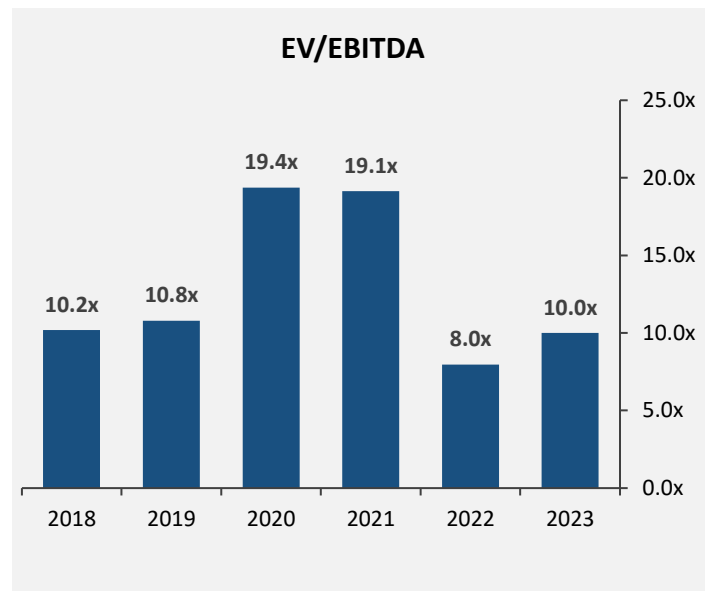
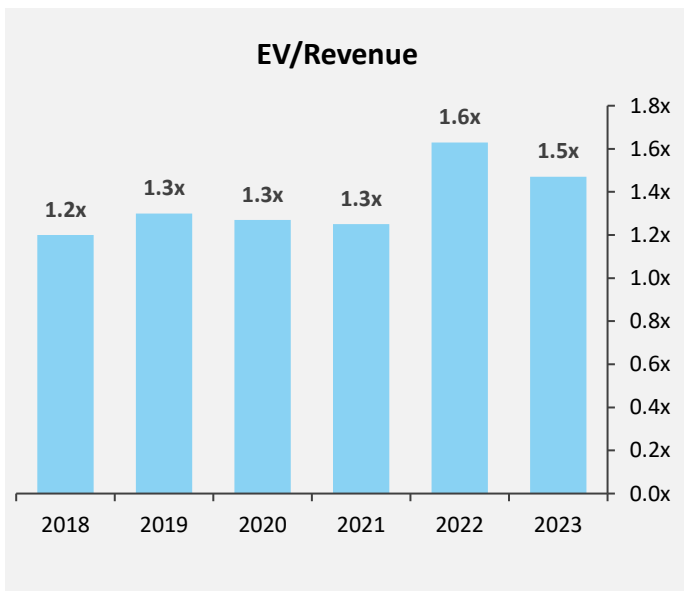


Valuation Multiples

Private Equity Multiples



Strategic Multiples



* No reported Private Equity EV/Revenue multiples were available in 2022 and no Private Equity EV/EBITDA multiples were reported in 2022 or 1H 2023.

** Only one Private Equity deal was reported in 2023 with an EV/Revenue multiple.

Largest Deals (Disclosed)

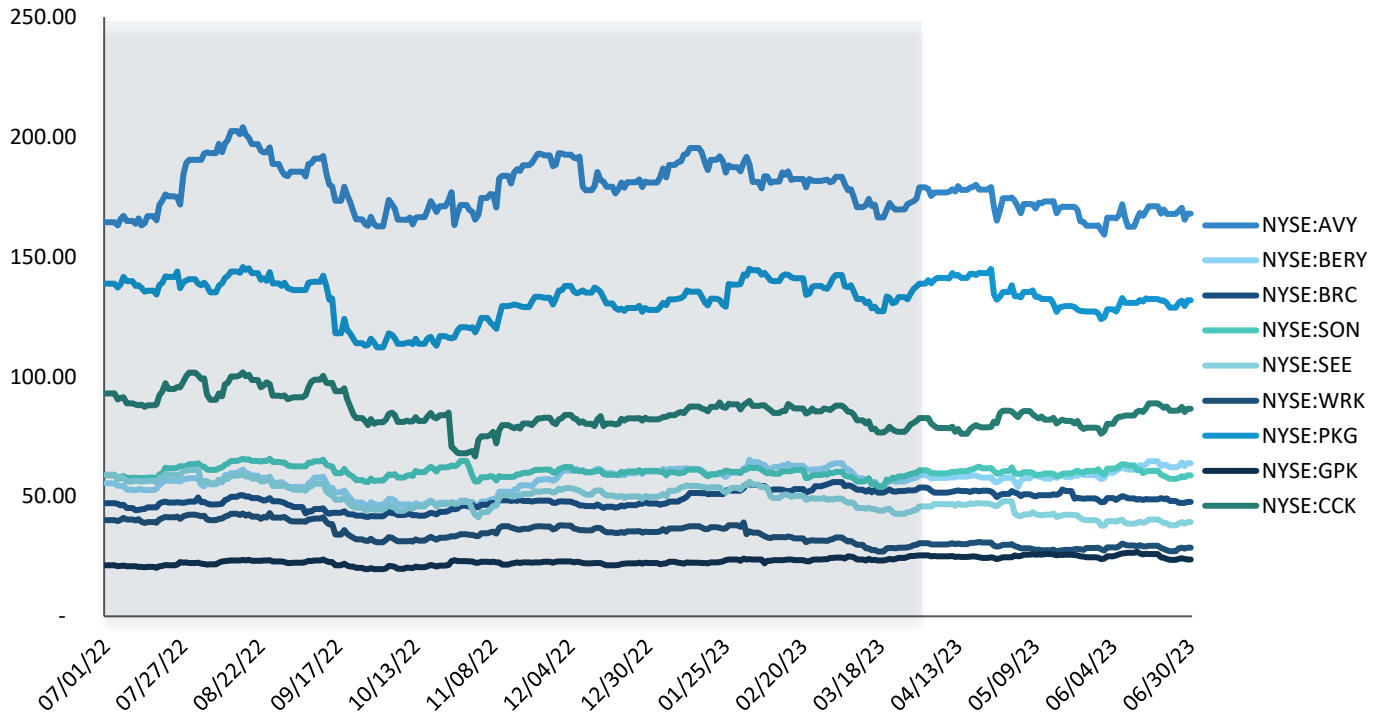
Deal Date	Company Name	Investor	Deal Type	Revenue (\$mm)	EBITDA (\$mm)	Deal Size (\$mm)	EV		Target Business Description
							Revenue	EBITDA	
22-Jun-2023	Pouch Partners	CCL Industries	Merger/Acquisition	\$ 78.5	\$ 4.3	\$ 44.0	0.56x	10.15x	Provider of pouch-based packaging services catering to companies in FMCG sectors.
21-Jun-2023	Good Natured Products	Not Reported	PIPE	72.0	(2.1)	3.7			Producer of a broad assortment of plant-based products.
07-Jun-2023	Drukpol.Flexo	Constantia Flexibles	Merger/Acquisition	30.8	2.3				Manufacturer of flexible packaging products .
23-May-2023	LAR Plásticos	GEF Capital Partners	PE Growth/Expansion		9.7				Manufacturer of plastic waste recycling and processing services.
10-May-2023	Printmax	PAWI Group	Merger/Acquisition	6.4	0.8				Manufacturer of solid board packaging boxes.
08-May-2023	Graf-Pak	SupremeX	Merger/Acquisition	5.1		4.4	0.86x		Manufacturer of folding cartons based in Pointe-Claire, Canada.
28-Apr-2023	Gottlieb Packaging Materials	Macfarlane Packaging	Merger/Acquisition			4.4			Provider of protective packaging business based in England, United Kingdom.
28-Apr-2023	MAGIC (Oleggio)	DeA Capital	Buyout/LBO	29.4	2.8				Designer of packaging products intended to produce absorbent materials.
27-Apr-2023	Esterform Packaging	Biffa	Corporate	107.8	7.6	58.8	0.55x	7.75x	Operator of a polyethylene terephthalate (PET) plastic recycling company intended to serve beverages, cosmetics and household goods.
21-Apr-2023	Lario Plast	AltoPartners	Buyout/LBO	17.9					Developer and supplier of HDPE and PET bottles intended to bring transformation in plastic materials in Italy.
20-Apr-2023	Nord Recyclage Service	PGS Group	Merger/Acquisition	10.3	0.4				Operator of a recycling service site intended for the reconditioning of pallets.
18-Apr-2023	A.A. Politiv	Kedma Capital	Buyout/LBO	166.5		37.4	0.11x		Manufacturer of polyethylene films and bags intended for various industries, including agriculture, construction, packaging and more.
18-Apr-2023	Gerresheimer	Not Reported	PIPE	1,985.8	368.9	295.7			Provider medicine packaging, drug delivery devices, and solutions with a product range for pharma, health, well-being, and biotech.
05-Apr-2023	Fortuner Packaging	Parksons Packaging	Buyout/LBO			4.2			Manufactures of folding cartons intended to serve pharmaceutical, home and personal care and automobile sector.
05-Apr-2023	iTEC Packaging	ALPLA	Merger/Acquisition	37.0	1.2				Manufacturer of plastic packaging products intended to protect and minimize environmental impact.
03-Apr-2023	Centurion Container	Greif	Merger/Acquisition			145.0			Distributor of industrial packaging products intended to offer containers and packaging products to small family owned businesses as well as large global corporations.
03-Apr-2023	Nursery Supplies	Mill Point Capital	Buyout/LBO	90.0		160.0			Manufacturer of plastic containers and trays intended for the nursery industry.
03-Apr-2023	Prime Packaging	BG Container Glass	Merger/Acquisition			16.9			Provider of packaging services catering to the industrial sector.
03-Apr-2023	Print and Packaging Farma	Gualapack	Merger/Acquisition	5.8	(0.4)				Manufacturer of printed aluminum packaging catering to pharmaceutical and nutraceuticals.
Mean				188.8	36.0	70.4	0.52x	8.95x	
Median				33.9	2.3	37.4	0.55x	8.95x	
High				1,985.8	368.9	295.7	0.86x	10.15x	
Low				5.1	(2.1)	3.7	0.11x	7.75x	

Leading M&A Deals

Deal	Deal Synopsis	Driver
 <p>Undisclosed Investors</p>	<p>Gerresheimer is a German-based provider of medication and drug delivery packaging. The company received \$295.7 million of development capital from undisclosed investors in April 2023. This investment will provide the company with the flexibility to further capture growth opportunities with a focus on high-value solutions and medical devices.</p>	<p>PIPE</p>
 <p>MILL POINT CAPITAL</p>	<p>Nursery Supplies is a Pennsylvania-based manufacturer of plastic containers and trays. The company was acquired by Mill Point Capital for \$160.0 million through an LBO in April 2023. This acquisition will enable Nursery Supplies to leverage Mill Point Capital's resources and industry expertise to expand their product offerings and market share.</p>	<p>LBO</p>
 <p>GREIF</p>	<p>Centurion Container, a Chicago-based distributor of industrial bulk containers (IBC's), was acquired by Greif (NYS: GEF) for \$145.0 million in April 2023. This acquisition extends Greif's distribution network and presence in the North American market.</p>	<p>Merger/ Acquisition</p>
 <p>KEDMA CAPITAL</p>	<p>A.A. Politiv is an Israel-based manufacturer of polyethylene films and bags. The company was acquired by Kedma Capital for \$37.4 million through an LBO in April 2023. This acquisition adds to Kedma's packaging portfolio and will allow A.A. Politiv to leverage Kedma's existing industry resources.</p>	<p>LBO</p>

Public Comps

Stock Price



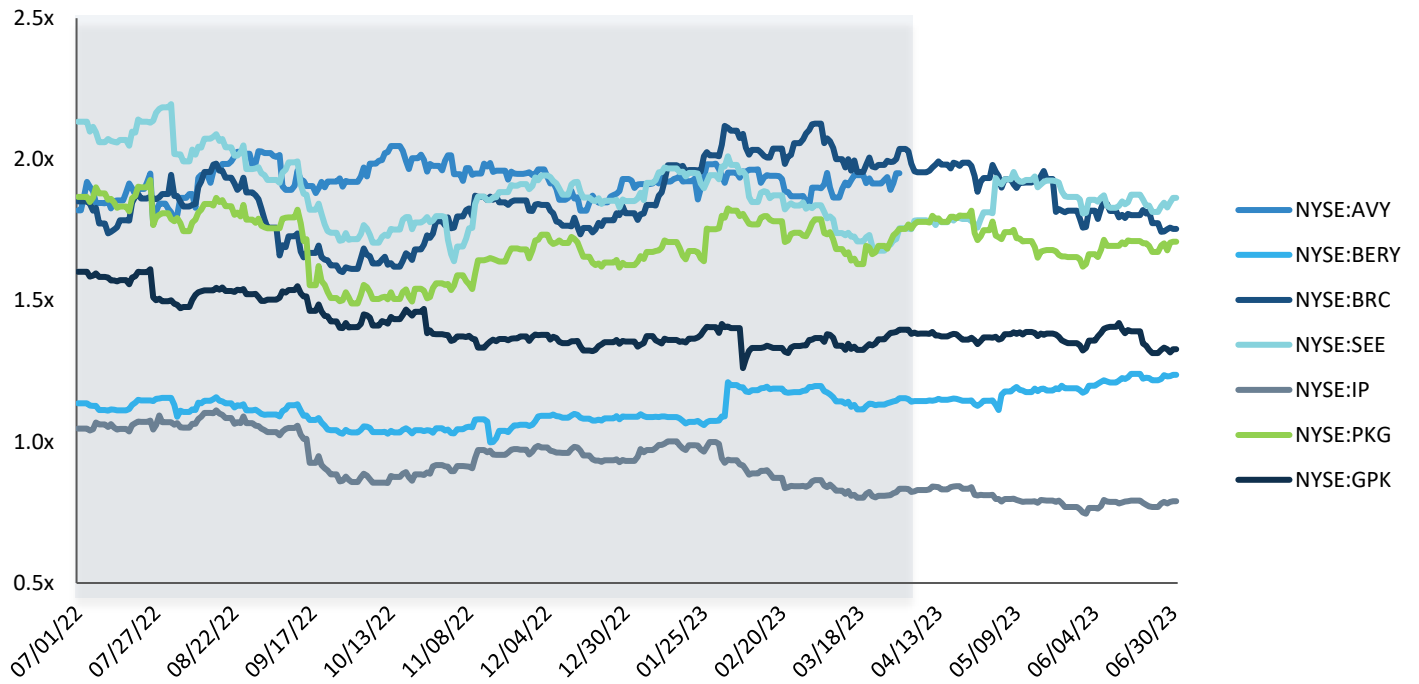
Financial & Valuation

\$MM	Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			EBITDA Margin		
						21A	22A	23F	21A	22A	23F	21A	22A	23F	21A	22A	23F
	Avery Dennison	NYSE:AVY	172	13,869	3,559	2.5x	1.9x	1.9x	16.1x	12.2x	11.8x	22%	12%	2%	16%	16%	17%
	Berry Global	NYSE:BERY	64	7,669	9,721	1.4x	1.1x	1.1x	9.0x	7.7x	7.5x	18%	5%	1%	15%	14%	16%
	Brady	NYSE:BRC	48	2,352	80	2.3x	1.8x	1.8x	13.6x	10.1x	N/A	11%	10%	4%	17%	18%	N/A
	Sonoco	NYSE:SON	59	5,781	3,409	1.3x	1.3x	1.2x	122.9x	9.8x	8.3x	7%	27%	2%	1%	13%	16%
	Sealed Air	NYSE:SEE	40	5,775	4,915	2.5x	1.9x	1.8x	13.4x	9.3x	8.4x	10%	8%	6%	19%	20%	22%
	International Paper	NYSE:IP	32	11,040	6,124	1.1x	0.9x	0.9x	7.1x	9.3x	7.0x	-2%	28%	-5%	14%	13%	11%
	WestRock	NYSE:WRK	29	7,446	9,506	1.0x	0.8x	0.8x	6.7x	5.5x	5.1x	7%	13%	-1%	16%	14%	13%
	Packaging Corporation of America	NYSE:PKG	132	11,885	2,784	2.0x	1.6x	1.6x	9.7x	7.1x	8.3x	11%	15%	-5%	20%	23%	18%
	Graphic Packaging	NYSE:GPK	24	7,381	5,520	1.5x	1.4x	1.3x	10.8x	9.6x	7.0x	6%	33%	4%	14%	14%	19%
	Crown Holdings	NYSE:CCK	87	10,433	7,564	1.8x	1.3x	1.3x	11.0x	54.3x	9.2x	42%	20%	2%	17%	2%	15%

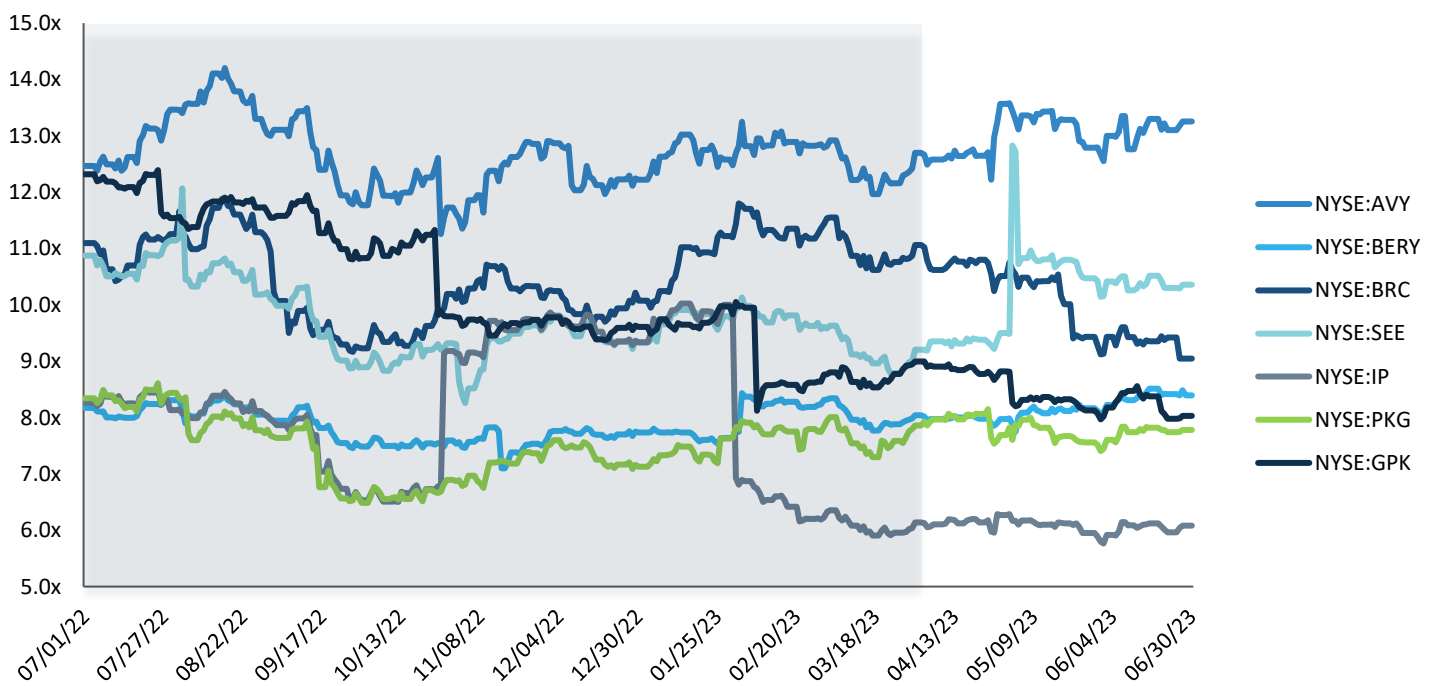
Mean						1.7x	1.4x	1.4x	22.0x	13.5x	8.1x	13.2%	17.1%	1.1%	14.9%	14.7%	16.3%
Median						1.6x	1.3x	1.3x	10.9x	9.5x	8.3x	10.4%	14.4%	2.3%	15.7%	14.2%	15.9%

Public Comps

EV/Revenue



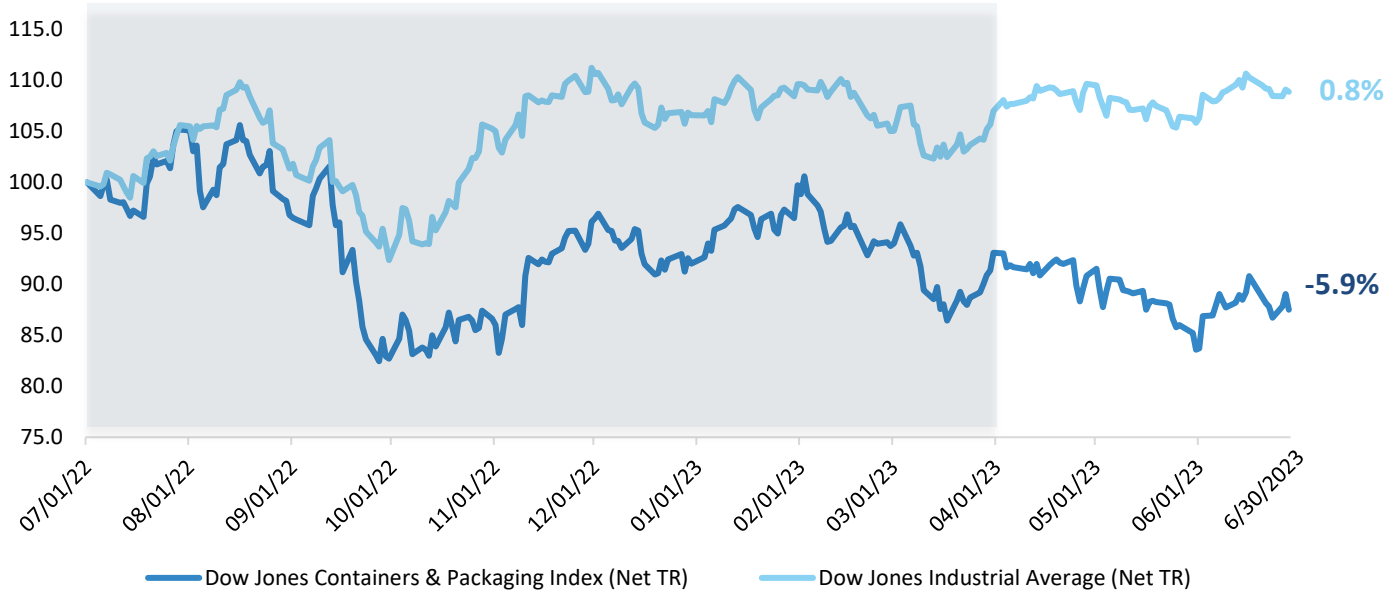
EV/EBITDA



Public Markets

Index Performance

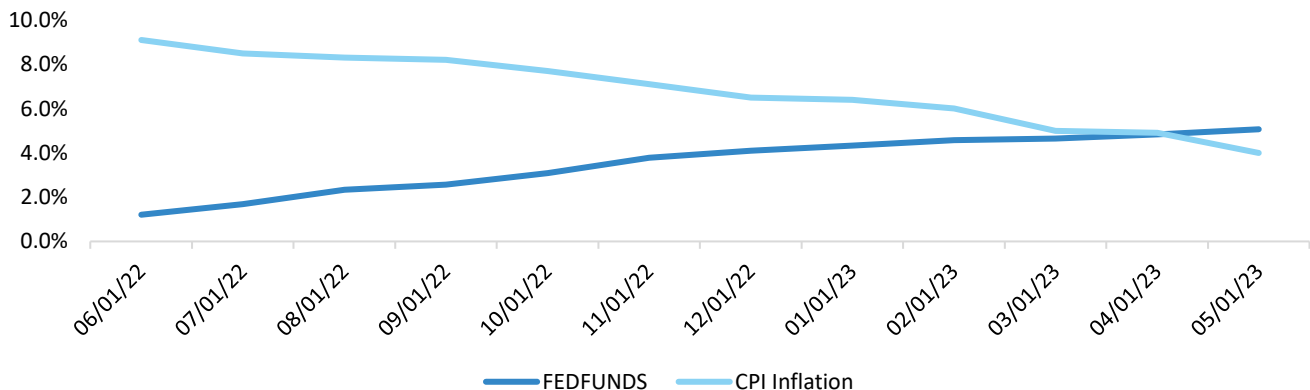
In Q2, the Dow Jones Containers & Packaging Index declined 5.9% and was outperformed by the Dow Jones Industrial Average which increased 0.8% over the same period.



Key External Drivers

Overall, the Packaging industry tends to be less stable and resistant to volatility in the broader economy than other industries.

To combat Inflation in the US, the Federal Reserve (“Fed”) began quantitative tightening in March 2022 in the form of 10 rate hikes to the Fed Funds Rate, to slow down consumer spending. As a result of the Fed’s rate hikes, May 2023 CPI inflation came out at 4.0% marking the eleventh consecutive month of declining inflation. While these rate hikes have caused inflation to slow down, the Chair of the Federal Reserve, Jerome Powell, stated they intend to raise rates two more times in 2023. Many economists do not believe the Fed will go through with the two 25 basis point hikes that Jerome Powell threatened. However, the stubborn inflation, a still-booming job market and a resilient economy indicate the Fed may raise rates to the highest levels seen over the last 2 decades. Continued rate hikes will lower consumer spending and result in lower revenues for the Packaging sector.



Industry Trends

E-Commerce Trends

The popularity of E-Commerce continues to expand

Over the past year, E-commerce sales have grown at a rate of 8.2%. As consumer preferences continue shifting towards online retail, E-commerce becomes an increasingly important driver of packaging solutions. This trend is expected to continue in the long run as internet penetration and accessibility increase.



Digital Printing

Brands look to digital printing as a form of differentiation

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. Just since the beginning of 2022, the digital printing market has grown by almost 13%. Digital printing has proved itself as a strong tool for allowing companies to further differentiate their brands in an increasingly competitive retail environment.



Renewable & Sustainable

Changing consumer behavior drives demand for sustainability

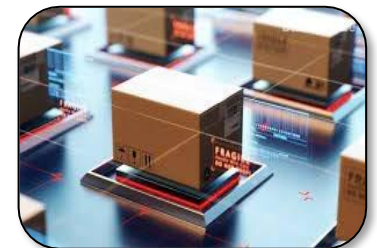
Increasingly, consumers are adjusting their behaviors by supporting brands that put an emphasis on sustainability. 66% of U.S. consumers currently say they're willing to pay more for a product if it's packaged sustainably. In response to these changes in consumer preferences, companies are seeking more environmentally conscious solutions for their packaging needs.



Artificial Intelligence

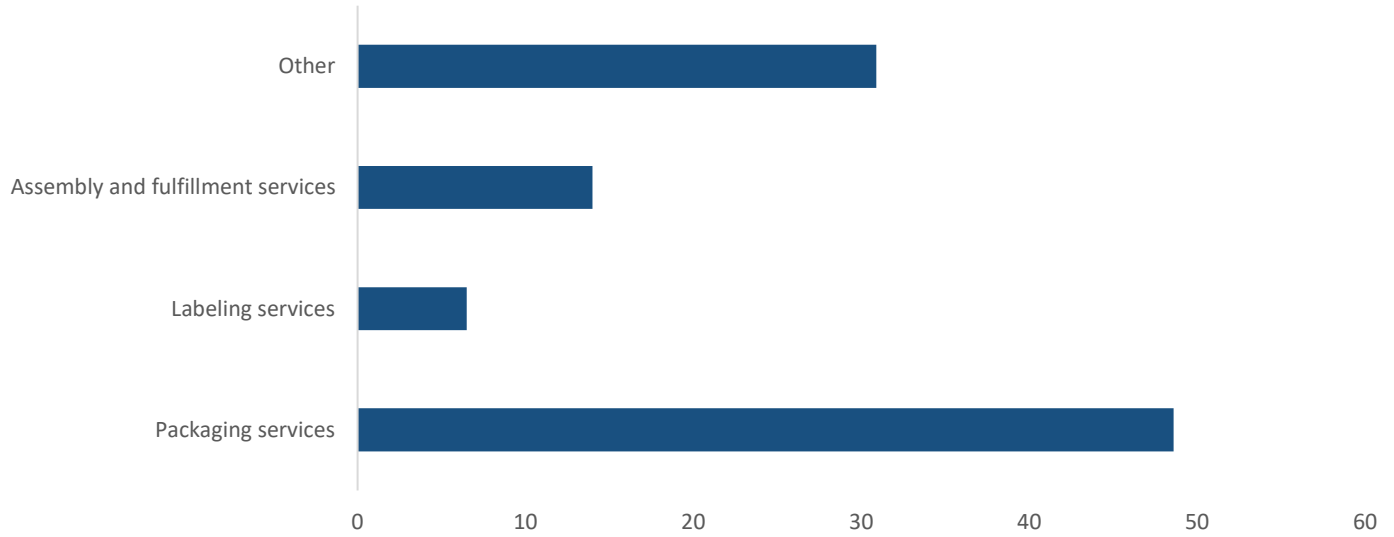
Usage of Artificial intelligence expected to continue rising

The role of AI in the packaging industry continues to expand as companies discover new uses for advancing AI technologies. A recent development in AI-assisted technology allows companies to use algorithms to determine what size and type of packaging is optimal. Overall, this means more products fit in every shipment, both reducing costs and the industry's environmental impact.

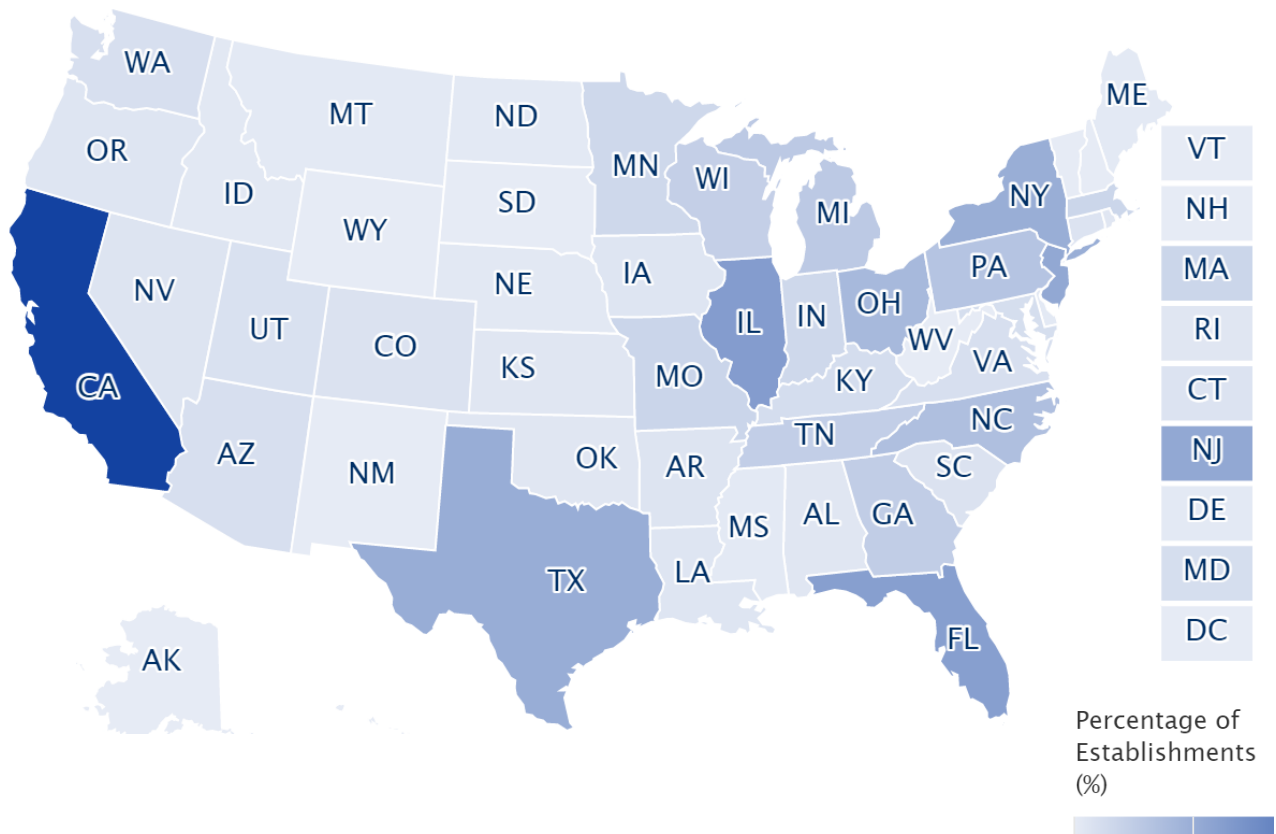


Industry Outlook

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.



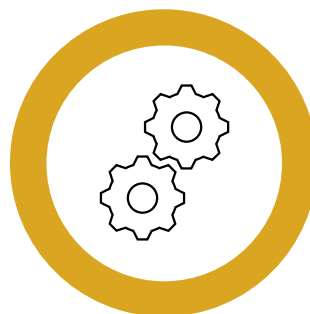
Buy-Side Advisory: Buy a business

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



have been acquired by



a portfolio company of



Has sold substantially all of its assets to



Has been acquired by



Has sold substantially all of its assets to



Has been acquired by




Has been acquired by




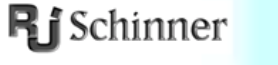
Has sold substantially all of its assets to



Has sold substantially all of its assets to



Has been acquired by



Our M&A Deal Leaders



R. Trevor Hulett, CPA
Managing Director
(314) 721-0607 x112
thulett@rlhulett.com

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
(314) 721-0607 x134
rlhulett@rlhulett.com

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.

Our M&A Deal Leaders



Ron Litton
Director
(816) 810-0799
rlitton@rlhulett.com

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.



David T. Vass
Director
(314) 721-0607 x115
dvass@rlhulett.com

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



Ryan Hartman
Senior Analyst
(314) 721-8027
rhartman@rlhulett.com

Ryan provides analytical support for senior-level deal managers and, as a senior analyst, supervises the preparation of confidential memorandums, financial models and industry research reports. Ryan graduated with a Bachelor of Science degree 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.



Charlie Meier
Analyst
(314) 721-8027
cmeier@rlhulett.com

Charlie provides transaction support for senior-level deal managers including financial modeling, valuations, industry research, offering memorandums and a variety of presentations. He graduated with a Bachelor of Science in Business Administration Degree with a major in finance and banking from the Trulaske College of Business, University of Missouri. Prior to joining the firm, Charlie worked as an investment analyst for the University of Missouri's Investment Fund Management Program. During his time at University of Missouri, Charlie was elected as Recruitment Chairman for the Phi Delta Theta Fraternity and took extensive courses in Banking.



Lynda Hulett
Marketing
(314) 721-0607 x 104
lhulett@rlhulett.com

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, providing M&A and financial advisory services to middle-market companies. Since its founding in 1981, the firm has advised in over 275 transactions in a variety of industries including industrials, food & beverage, packaging, business services, transportation & logistics, healthcare and software/tech-enabled services. 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 & Logistics



Food & Beverage



Industrials



Tech-enabled Services



Healthcare

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