



Packaging M&A Update

Q3 2023

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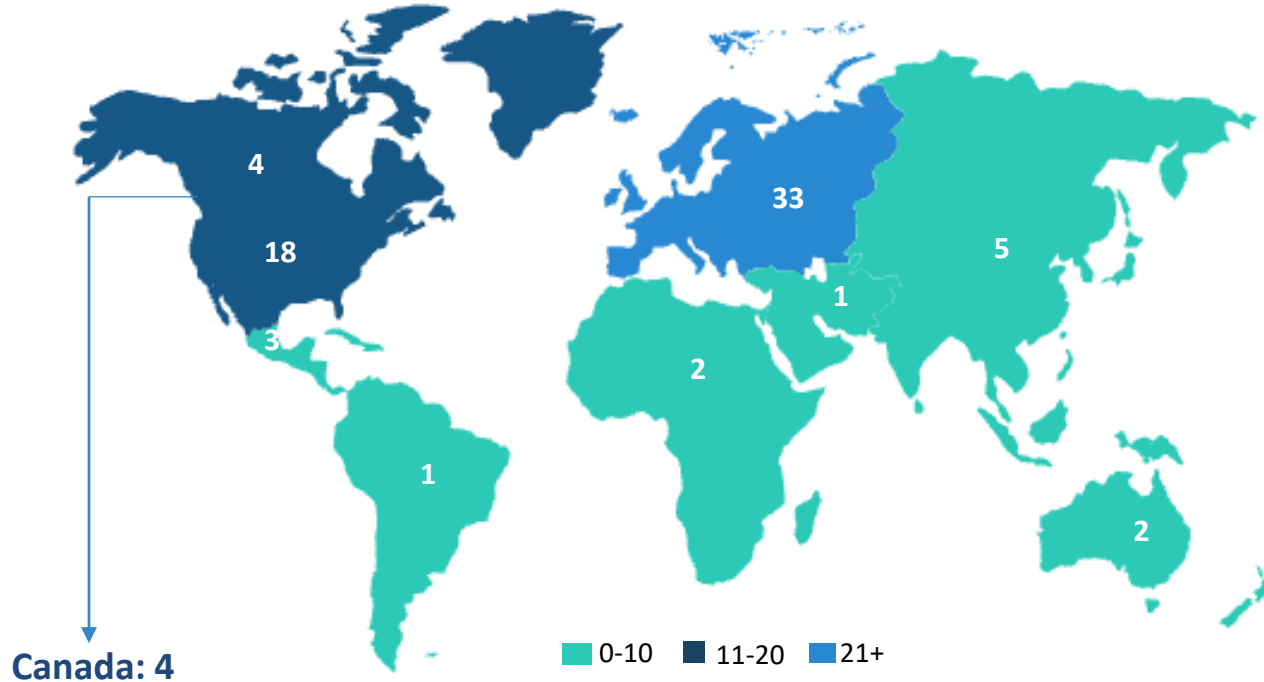
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REPORT HIGHLIGHTS

- In Q3, the Dow Jones Containers & Packaging Index declined 0.9% and outperformed the Dow Jones Industrial Average which decreased 2.6% over the same period.
- The median EV/EBITDA multiple for reported PE deals was 10.0x in YTD 2023, down from 11.2x in 2019 (the last year with reported multiples), but increased for strategic deals to 10.0x in YTD 2023 from 8.0x in 2022.
- M&A deal volume increased 27.8% in Q3 to 69 completed transactions from 54 in Q2, but decreased 6.8% from 74 deals in Q3 of the prior year.
- Total capital invested increased 785.7% to \$6.2 billion in Q3 from \$0.7 billion in Q2 and increased 17.0% from \$5.3 billion in Q3 of the prior year.
- Europe was the most active region in Q3 with 33 deals. Most notably into the European market was Tikehau Capital's \$108.1 million investment in Brandart in September 2023.

Global Deal Analytics

Of the 69 deals in Q3 2023, Europe was the most active market with 33. One of the most notable deals in the quarter in Europe (aside from the Brandart deal mentioned on the previous page) was Smurfit Kappa Group's \$18.8 million acquisition of Cartonajes Carrión, a Spanish manufacturer of cardboard boxes, cases, bag in boxes, and containers, in August 2023. North America was the second most active with 22 closed transactions. All other regions combined for a total of 14 completed transactions.



Canada: 4

United States Regions: 18

Great Lakes: 6

Southeast: 6

Mountain: 2

South: 2

Others: 2

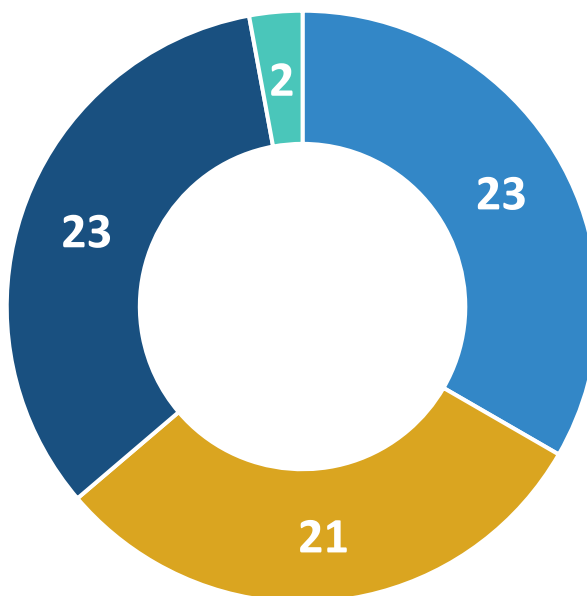
In the United States market, the Great Lakes and Southeast regions were the most active with 6 closed deals each. Most notably in the North American market was BA Glass and CVC Capital's \$793.0 million acquisition of Tampa-based Anchor Glass Container, a manufacturer of food and beverage glass containers, in August 2023. The Mountain and South regions each had 2 deals close. All other regions in the U.S. totaled 2 transactions in Q3.

Outside of the U.S. in the North American market, 4 transactions closed in Canada in Q3.

Global Deal Analytics

Of the 69 Packaging deals in Q3 2023, 23 closed in both the Plastic Packaging and Metal & Other subsectors, making them the most active subsectors in the industry from an M&A standpoint. Paper Packaging was the third most active with 21 deals and Wood was the least active subsector with 2 completed transactions.

Deals by Subsector



■ Plastic

■ Paper

■ Metal & Other

■ Wood



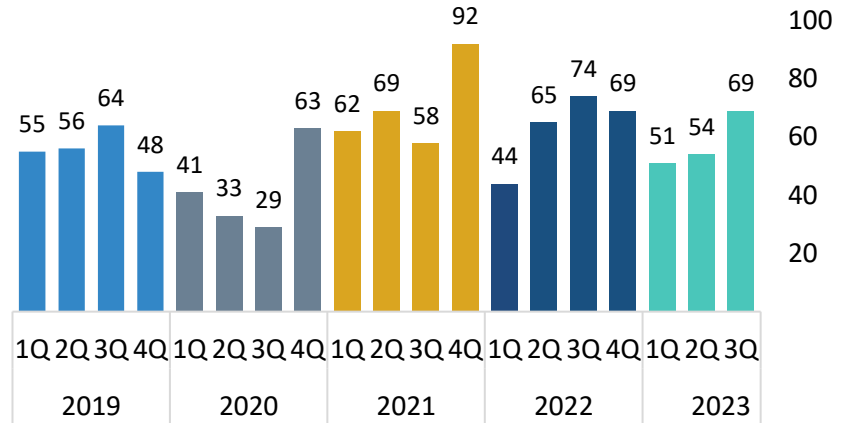
Global Deal Analytics

Deal volume in the Packaging sector increased 27.8% in Q3 2023 to 69 deals from 54 in Q2 2023, but decreased 6.8% from 74 deals in Q3 of the prior year.

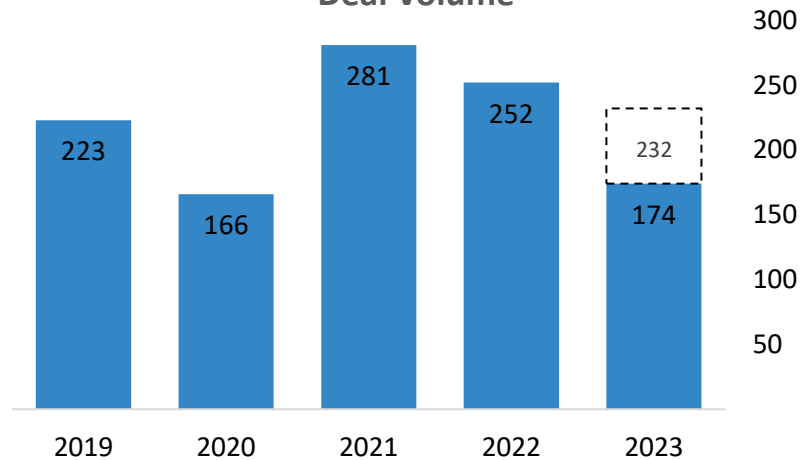
M&A deal volume is projected to see a 7.9% decline to 232 deals in 2023, down from 252 in 2022. We attribute this decline to more challenging market conditions from a dealmaking perspective, including increased interest rates/cost of capital. These adverse conditions are expected to persist due to the Fed’s decision to maintain elevated interest rates through 1H 2024.

Total capital invested in M&A deals in the Packaging sector increased 785.7% in Q3 to \$6.2B from \$0.7B in Q2 and increased 17.0% from \$5.3B in the same period of the prior year. These increases were primarily due to Brookfield Infrastructure Partners’ \$4.7B public-to-private LBO of Triton International in September 2023.

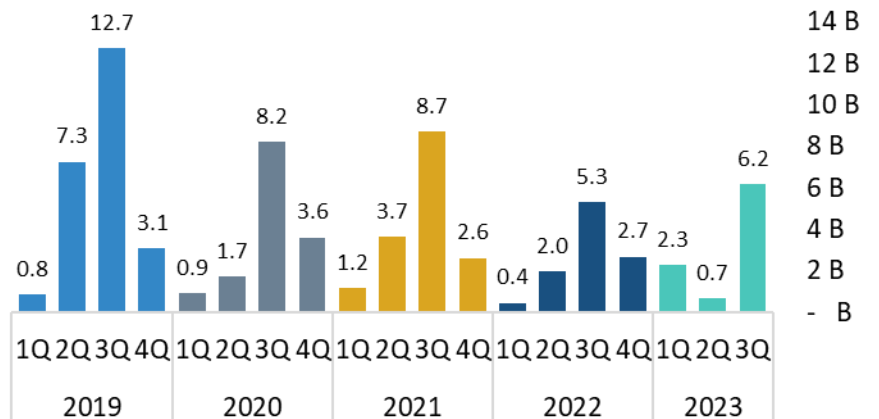
Deal Volume



Deal Volume



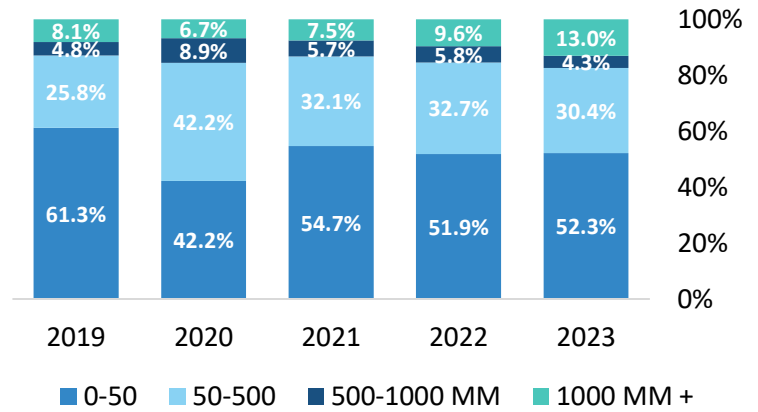
Total Capital Invested



Global Deal Analytics

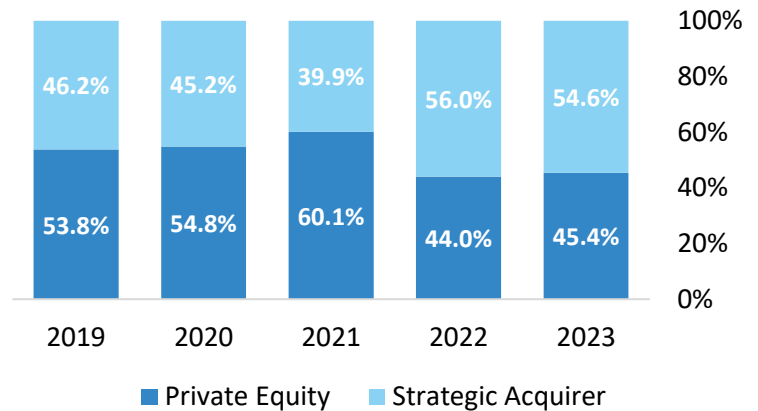
YTD through Q3 2023, we saw a shift away from middle market (\$50 - \$500 MM) deals to the large cap market (\$1000 MM+), which saw an increase to 13.0% from 9.6% in 2022. The upper middle (\$500 - \$1000 MM) and middle (\$50 - \$500 MM) tranches of the market saw decreases to 4.3% and 30.4% in YTD 2023 from 5.8% and 32.7%, respectively, in the prior year. The lower middle market (\$0 - \$50 MM) saw a slight increase to 52.3% in YTD 2023 from 51.9% in the prior year.

Deal Volume by Deal Size



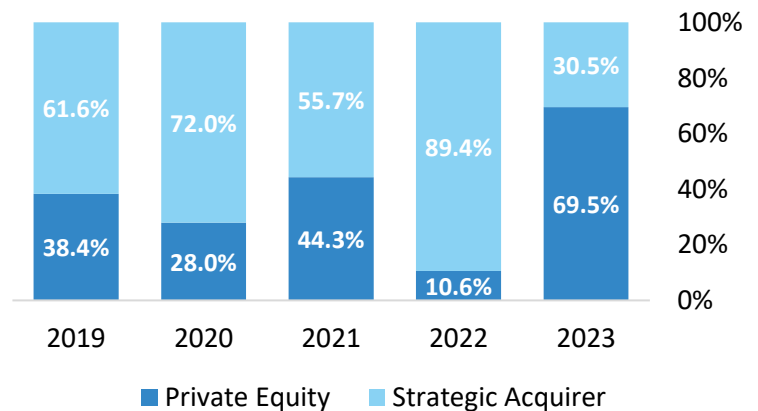
As a % of total deal volume, PE buyers trended slightly higher in 2023, representing 45.4% of deal volume in the sector, up from 44.0% in 2022. Despite this slight uptick, YTD 2023 marks the second lowest percentage of PE deal volume over the last 5 years. This lower level of PE activity is indicative of challenging market dynamics with increasing costs of capital and tightening liquidity from lenders.

Deal Volume by Acquirer



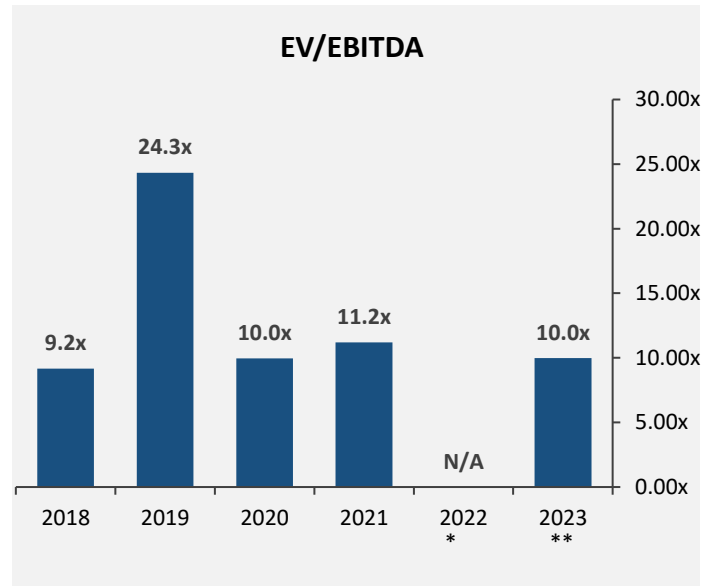
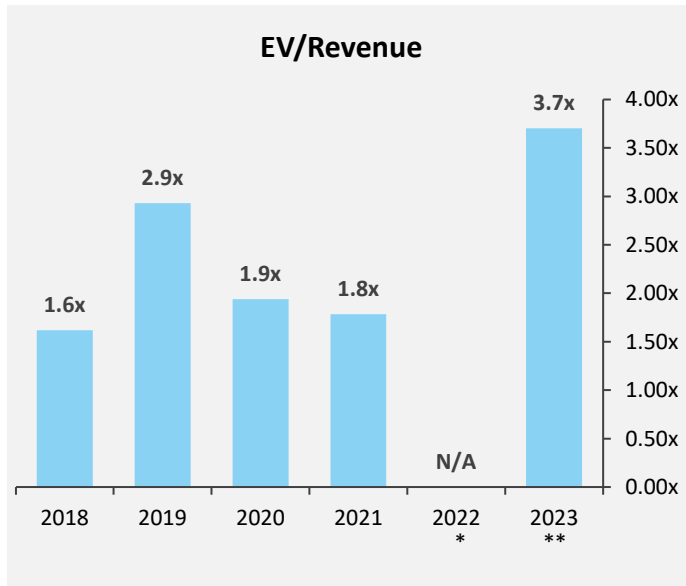
The total capital invested by PE investors increased significantly in YTD 2023 to 69.5% from 30.5% in 2022. This % spike in total capital invested by PE buyers is primarily a result of the Triton International deal mentioned on the previous page.

Total Capital Invested by Acquirer

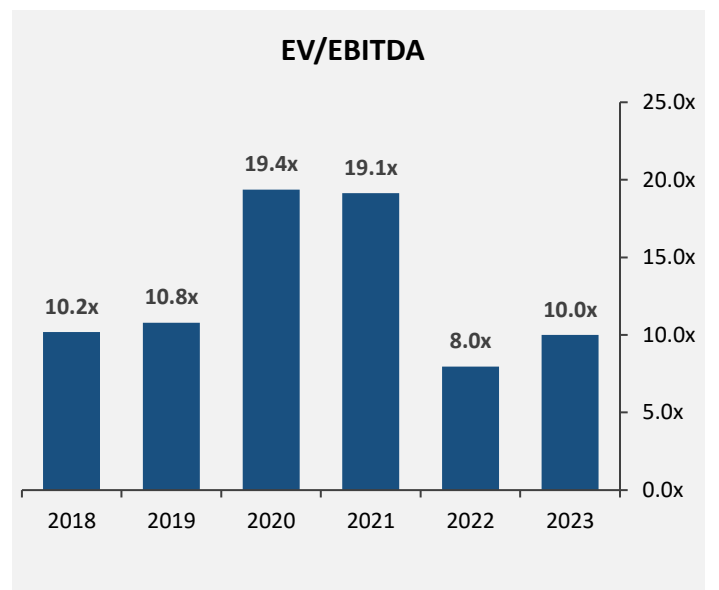
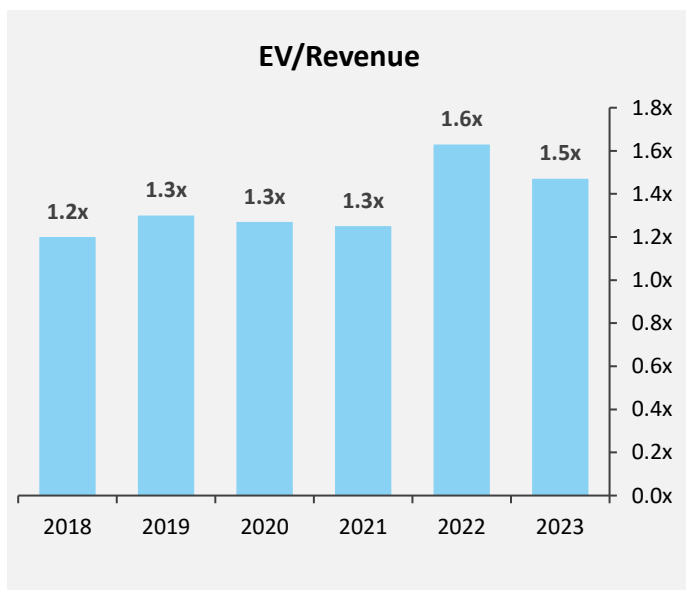


Valuation Multiples

Private Equity Multiples



Strategic Multiples



* No reported Private Equity EV/Revenue or EV/EBITDA multiples were available in 2022.

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

Largest Deals (Disclosed)

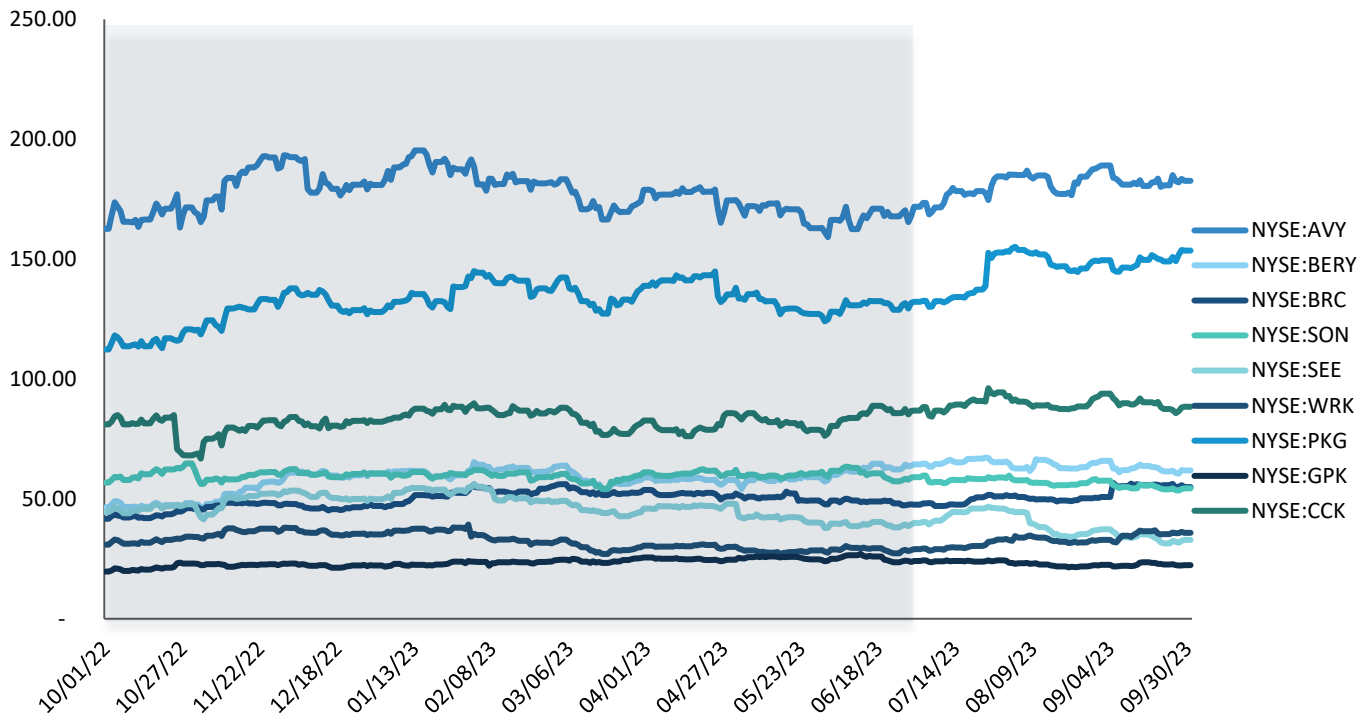
Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
28-Sep-2023	Triton International	Brookfield Infrastructure Partners	Buyout/LBO	\$ 4,700.0	7.29x	9.99x	Operator of a Bermuda-based lessor of intermodal containers.
27-Sep-2023	Gensini Societa A Responsabilita Limitata Siglabile Gensini	GioStyle	Merger/Acquisition				Manufacturer of plastic products based in Calenzano, Italy.
15-Sep-2023	Skymark Packaging	InterFlex Group	Merger/Acquisition				Designer and developer of packaging material products designed to offer forward-thinking recyclable packaging solutions.
13-Sep-2023	Brandart	Tikehau Capital	PE Growth/Expansion	108.1			Provider of package designing and merchandising procurement solutions intended to support brands across multiple industries.
13-Sep-2023	Envases Tendero	Autajon Group	Merger/Acquisition				Manufacturer and distributor of packaging materials based in Alicante, Spain.
08-Sep-2023	RTS Packaging	Sonoco	Merger/Acquisition	330.0			Operator of an integrated packaging company intended to serve the partition and pad inner packaging industry.
06-Sep-2023	VerticalBag	Envases Sopladados, GED Capital	Buyout/LBO				Manufacturer of flexible bags based in Guimaraes, Portugal.
31-Aug-2023	Australian Contour Packaging	Filton Packaging	Merger/Acquisition				Manufacturer of plastic packaging based in Dandenong South, Australia.
31-Aug-2023	Phoenix Flexibles	Amcor	Merger/Acquisition				Manufacturer of packaging products intended to offer packaging that protects food, pet food, home and personal care, pharma, industrial goods and many more.
30-Aug-2023	EverGreen Plastic Products Manufacturing	Emirates Reem Investments Company	Merger/Acquisition	12.0			Manufacturer of plastic packaging products catering to the food and beverage industries in the Middle East.
30-Aug-2023	Colepak	Greif	Merger/Acquisition				Manufacturer of interior packaging partitions catering to building and construction, chemical and metalworking.
25-Aug-2023	Pacapime	Industrias Celulosa Aragonesa	Corporate				Manufacturer of a corrugated board designed to create environmentally friendly packaging solution for the food sector.
24-Aug-2023	Anchor Glass Container	BA Glass, CVC Capital Partners	PE Growth/Expansion	793.0			Manufacturer of food and beverage glass containers intended for the specialty glass segments of the market including craft beer and liquor.
24-Aug-2023	Abeilles Busy Bees	Groupe AFFI	Merger/Acquisition				Provider of packaging services catering to the manufacturing and service industries based in Anjou, Quebec.
18-Aug-2023	GoPlasticPallets.com	Rotom	Buyout/LBO				Supplier of plastic pallets intended to serve across the retail, manufacturing, automotive, food and agriculture, pharmaceutical and waste management sectors.
17-Aug-2023	Laser	Offsetdruckerei Schwarzach Group	Merger/Acquisition				Manufacturer of packaging materials intended to offer packaging products for a wide range of industries.
16-Aug-2023	Pact Group Holdings	HRL Morrison & Co	Buyout/LBO	119.4			Operator of a crate pooling business based in Australia.
08-Aug-2023	Recycling Management	Genesis Capital	Buyout/LBO	109.0			Operator of a plastic bottle recycling company headquartered in Osan, South Korea.
03-Aug-2023	Cartonajes Carrión	Smurfit Kappa Group	Merger/Acquisition	18.8			Manufacturer of packaging products based in Alcolea, Spain.
Mean				773.8	7.29x	9.99x	
Median				114.2	7.29x	9.99x	
High				4,700.0	7.29x	9.99x	
Low				12.0	7.29x	9.99x	

Leading M&A Deals

Deal	Deal Synopsis	Driver
 	<p>Brandart, an Italian-based provider of package designing and merchandising procurement solutions, received \$108.1 million of development capital from Tikehau Capital in September 2023. The transaction values the company at EUR 100 million. Through this transaction, Tikehau will provide strategic support to further expedite the business growth of Brandart.</p>	<p>PE Growth/ Expansion</p>
 	<p>Anchor Glass Container (“AGC”) is a Tampa-based manufacturer of food and beverage glass containers intended for the specialty glass segments of the market. The company received \$793.0 million of development capital from BA Glass and CVC Capital Partners in August 2023. The combination of BA Glass’s manufacturing expertise and CVC’s global network will enable AGC to grow market share across their expanded footprint.</p>	<p>PE Growth/ Expansion</p>
 	<p>In September 2023, Sonoco acquired RTS Packaging, an Atlanta-based integrated provider of consumer packaging partitions and inner pads, for \$330.0 million. The acquisition furthers Sonoco's sustainable consumer packaging focus through RTS' recycled fiber-based packaging solutions to serve growing consumer wine, spirits, food, beauty, and healthcare markets.</p>	<p>Merger/ Acquisition</p>
 	<p>Pact Group Holdings (“PGH”), the largest rigid packaging plastics manufacturer in Australia and New Zealand, sold a 50% stake in PGH’s Crate Pooling Business, an Australian-based manufacturer of reusable plastic crates, to HRL Morrison & Co (“HRL”) through an estimated \$119.4 million LBO in August 2023. The strategic partnership between PGH and HRL will accelerate the growth of the business and offer an expanded range of products and services, with PGH sharing in the upside.</p>	<p>LBO</p>

Public Comps

Stock Price



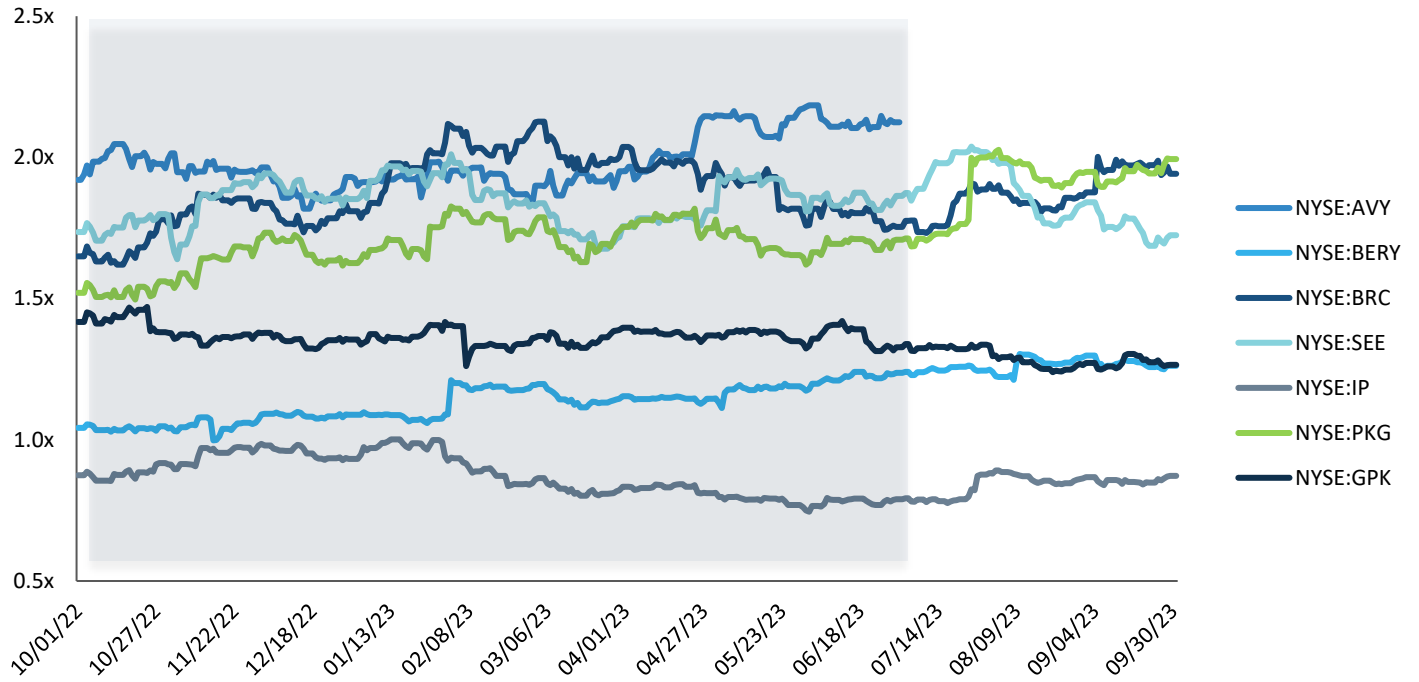
Financial & Valuation

\$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	183	14,720	3,546	2.5x	1.9x	1.9x	16.1x	12.2x	11.8x	22%	12%	8%	16%	16%	17%
	Berry Global	NYSE:BERY	62	7,312	9,724	1.4x	1.1x	1.1x	9.0x	7.7x	7.5x	18%	5%	0%	15%	14%	17%
	Brady Worldwide	NYSE:BRC	55	2,656	81	2.3x	1.8x	1.8x	13.6x	10.1x	N/A	11%	10%	5%	17%	18%	N/A
	Sonoco	NYSE:SON	54	5,324	3,396	1.3x	1.3x	1.2x	122.9x	9.8x	8.3x	7%	27%	2%	1%	13%	16%
	Sealed Air	NYSE:SEE	33	4,765	5,066	2.5x	1.9x	1.8x	13.4x	9.3x	8.4x	10%	8%	2%	19%	20%	20%
	International Paper	NYSE:IP	35	12,273	6,124	1.1x	0.9x	0.9x	7.1x	9.3x	7.0x	-2%	28%	-5%	14%	13%	9%
	WestRock	NYSE:WRK	36	9,179	9,027	1.0x	0.8x	0.8x	6.7x	5.5x	5.1x	7%	13%	-3%	16%	14%	14%
	Packaging Corporation of Am	NYSE:PKG	154	13,806	2,783	2.0x	1.6x	1.6x	9.7x	7.1x	8.3x	11%	15%	-2%	20%	23%	18%
	Graphic Packaging	NYSE:GPK	22	6,845	5,509	1.5x	1.4x	1.3x	10.8x	9.6x	7.0x	6%	33%	4%	14%	14%	19%
	Crown Holdings	NYSE:CCK	88	10,675	7,462	1.8x	1.3x	1.3x	11.0x	54.3x	9.2x	42%	20%	5%	17%	2%	15%

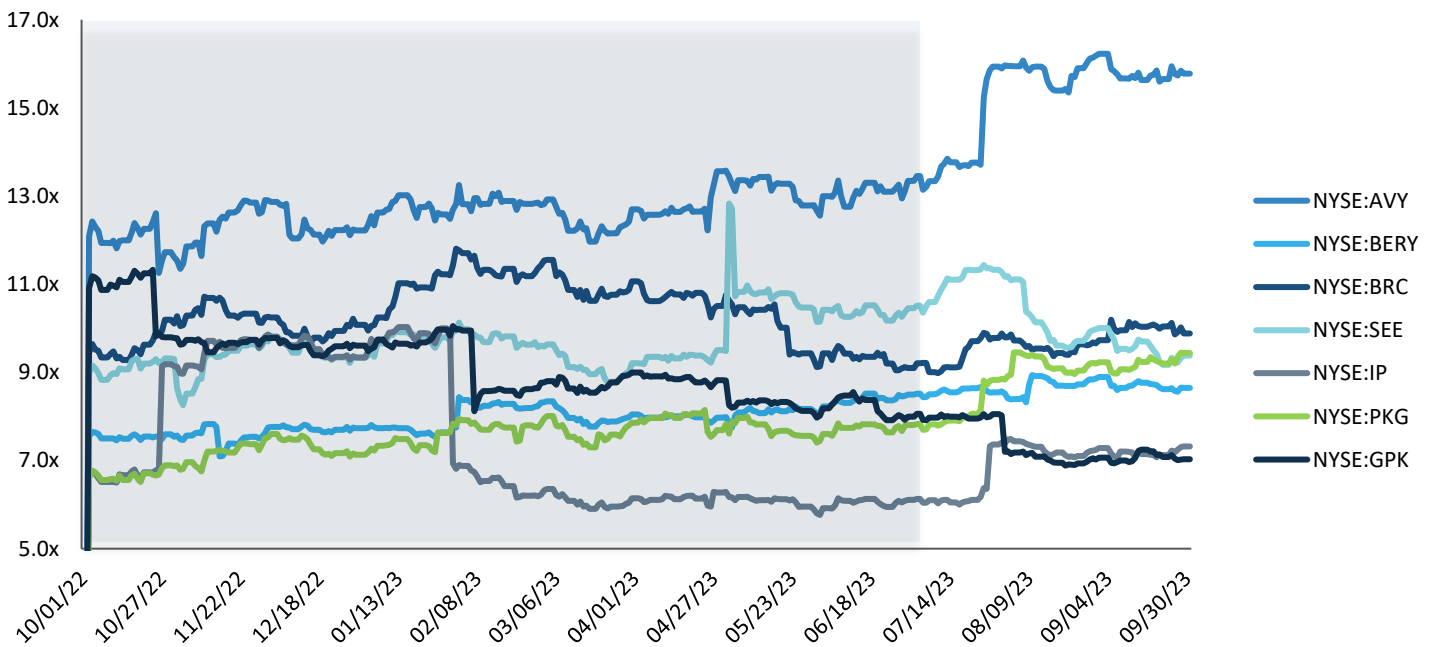
Mean						1.7x	1.4x	1.4x	22.0x	13.5x	8.1x	13.2%	17.1%	1.5%	14.9	14.7%	16.0%
Median						1.6x	1.3x	1.3x	10.9x	9.5x	8.3x	10.4%	14.4%	1.7%	15.7	14.2%	16.5%

Public Comps

EV/Revenue



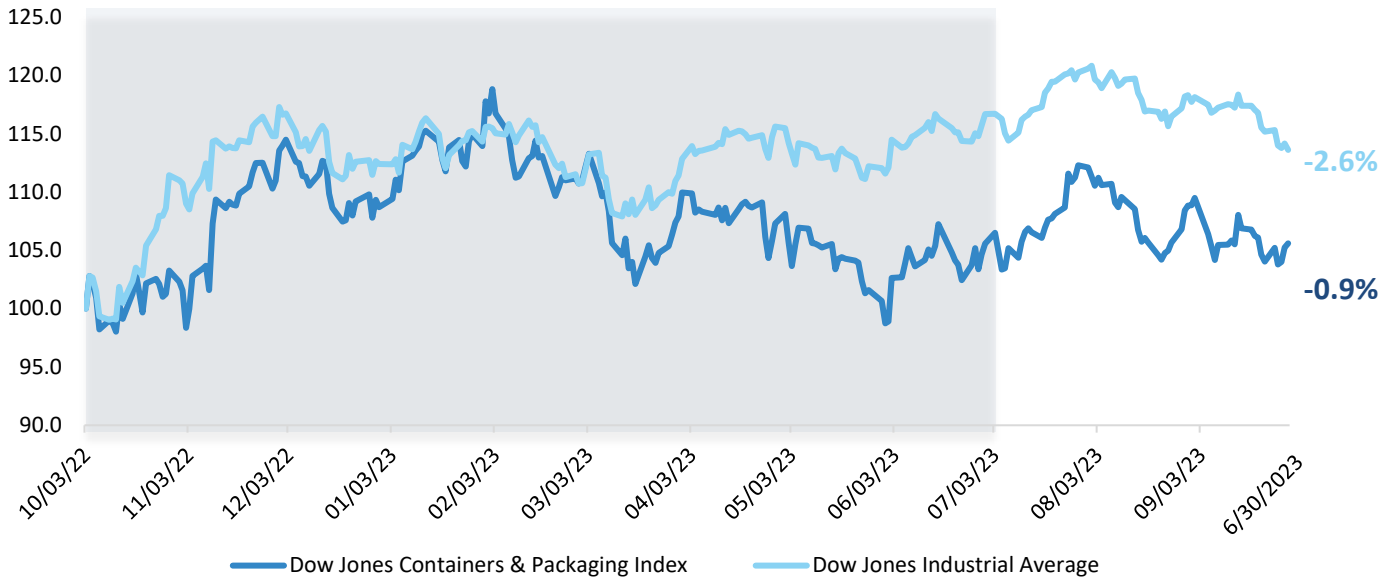
EV/EBITDA



Public Markets

Index Performance

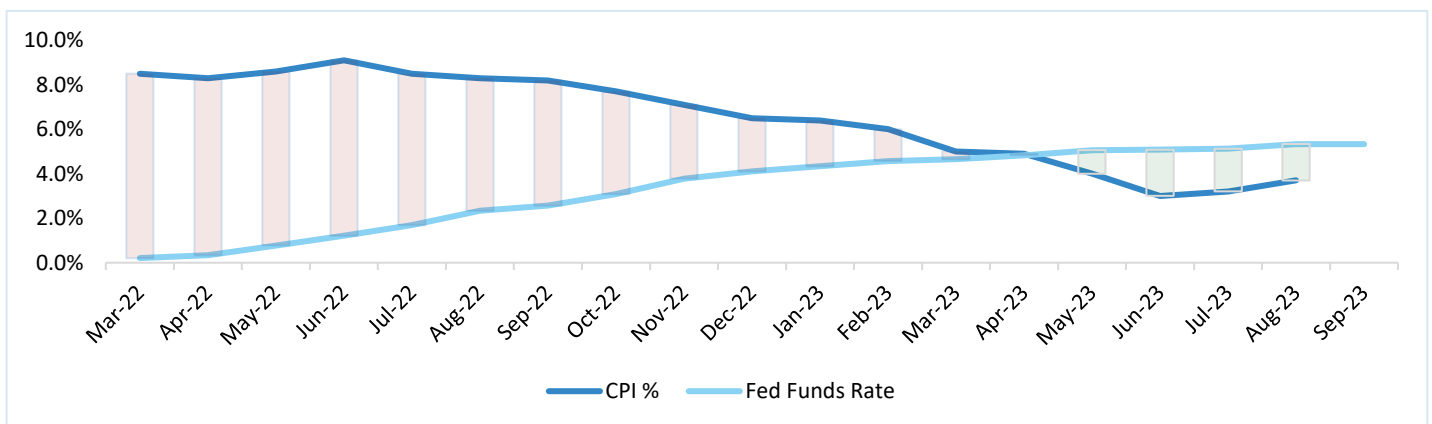
In Q3, the Dow Jones Containers & Packaging Index declined 0.9% and outperformed the Dow Jones Industrial Average which decreased 2.6% over the same period.



Key External Drivers

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

In September 2023, the Federal Reserve decided to keep the Federal Funds Rate stable at 5.3%, signaling a reversal in the trend of the Fed’s increasing rate hikes that we saw from March 2022 to August 2023. The Fed’s recent decision was likely a result of the CPI decreasing from a peak of 9.1% in June 2022 to 3.7% in August 2023. However, the CPI remains above the Fed’s 2% target and indicates we will see another rate hike in 2023, followed by a long pause at 5.4% in 1H 2024 due to concerns that inflation might not fall fast enough. The job market and the economy have remained robust despite these rate hikes as the Fed seeks to guide the economy towards a "soft landing" in an attempt to reduce inflation without causing a recession. An elevated Federal Funds Rate will lower consumer spending and result in lower revenues for the Packaging sector.



Industry Trends

Internet of Packaging

Traditional packaging is disrupted by the Internet of packaging

Smart packaging makes use of Near Field Communication (NFC) chips, smart labels, RFID, and QR codes. By enabling protection, authentication, and connection, these cutting-edge solutions provide value by converting product packaging into a data carrier and digital tool. This enables information about specific packages to be registered and updated in the cloud during the course of the product's lifespan.



Packaging Automation

Productivity, precision, and quality control

Automating packaging processes such as depanning, filling, packing, and palletizing through the use of robotic arms and grippers not only eliminates human errors but also ensures the safe handling of delicate products.



Biodegradable Packaging

Packaging from sugarcane, hemp, and cornstarch to replace plastic packaging

Despite the popularity of plastic as a packaging material, the slow decomposition rate causes widespread environmental problems. Increasing awareness from consumers of the negative consequences of single-use plastic packaging is driving demand for eco-friendly alternatives.



Artificial Intelligence

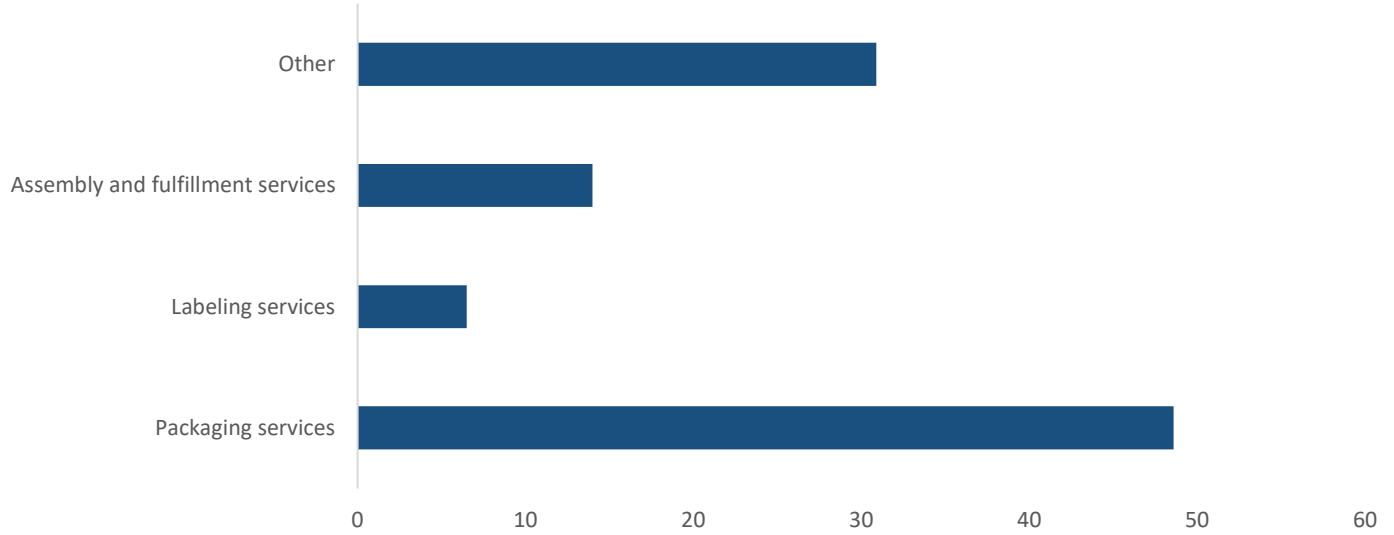
Use of Artificial intelligence expected to continue rising

The role of AI in the packaging industry continues to expand as companies discover new uses for advancing AI technologies in their business. A recent development in AI-assisted technology allows companies to use algorithms to determine the optimal size and type of packaging for their products. These technologies are helping to maximize the volume of products fitting in trailers and shipping containers, both reducing costs and the industry's environmental impact.

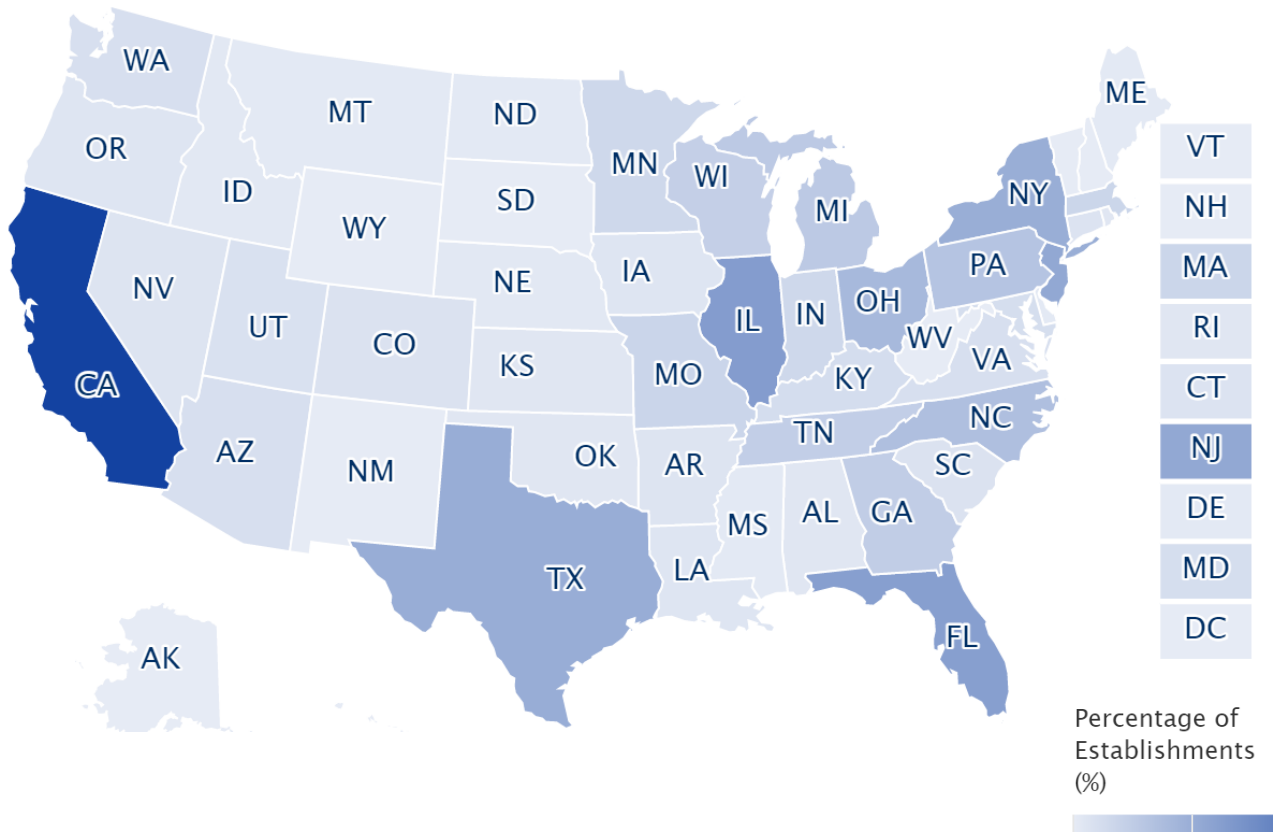


Industry Outlook

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.



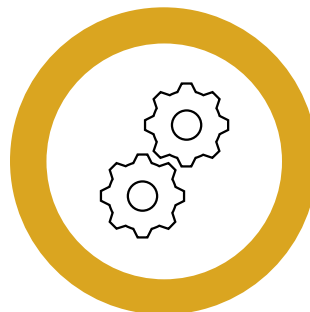
Buy-Side Advisory: Buy a business

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
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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.

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.



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



Ryan Hartman
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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
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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
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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, 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:



Flexible Packaging



Transportation & Logistics



Food & Beverage



Industrials



Tech-enabled Services



Healthcare

Disclaimer

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