

# Packaging M&A Update – Q4 2023





# Packaging M&A Update

## Q4 2023

### CONTENTS

- 2 Global Deal Analytics
- 6 Valuation Multiples
- 8 Leading M&A Deals
- 13 Industry Outlook
- 14 Our Service Offerings
- 15 Selected Transactions
- 16 Our M&A Team

#### Trevor Hulett

Managing Director  
thulett@rlhulett.com

#### Ryan Hartman

Senior Analyst  
rhartman@rlhulett.com

#### Charlie Meier

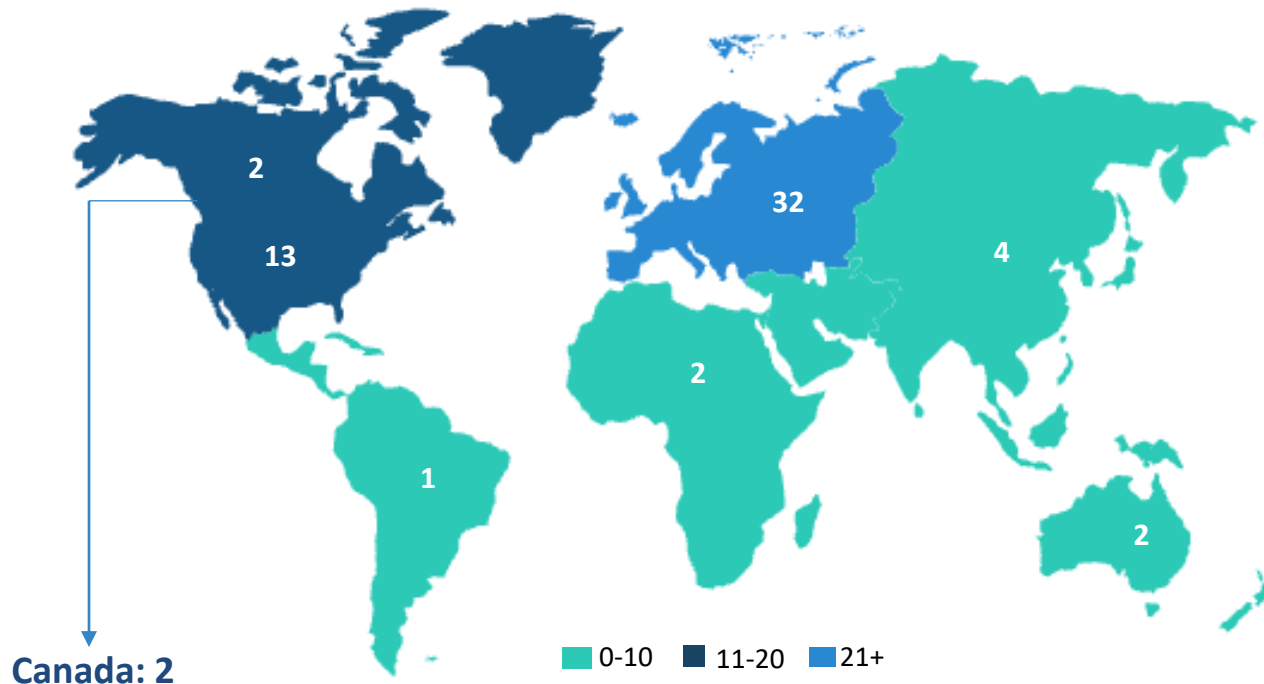
Analyst  
cmeier@rlhulett.com

### REPORT HIGHLIGHTS

- In Q4, the Dow Jones Containers & Packaging Index increased 9.3% and was outperformed by the Dow Jones Industrial Average which increased 12.7% over the same period.
- The median EV/EBITDA multiple for reported PE deals was 8.0x in 2023, down from 11.2x in 2021 (the last year with reported multiples), but increased for strategic deals to 10.0x in 2023 from 8.0x in 2022.
- M&A deal volume decreased 18.8% in Q4 to 56 completed transactions from 69 in both Q3 2023 and Q4 of the prior year.
- Total capital invested decreased 17.7% to \$5.1 billion in Q4 from \$6.2 billion in Q3, but increased 88.9% from \$2.7 billion in Q4 of the prior year.
- Europe was the most active region in Q4 with 32 deals. Most notably in the European market was Orora's \$1.4 billion acquisition of Saverglass, a French manufacturer of glass bottles, in December 2023.

# Global Deal Analytics

Of the 56 deals in Q4 2023, Europe was the most active market with 32. Another notable deal in the quarter in Europe (aside from the Saverglass deal mentioned on the previous page) was Brookfield Business Partners' \$302.8 million acquisition of Schoeller Allibert, a Netherlands-based manufacturer of plastic packaging products, in December 2023. North America was the second most active with 15 closed transactions. All other regions combined for a total of 9 completed transactions.



Canada: 2

## United States Regions: 13

---

**Great Lakes: 3**

---

**Southeast: 3**

---

**Mid-Atlantic: 3**

---

**New England: 2**

---

**Others: 2**

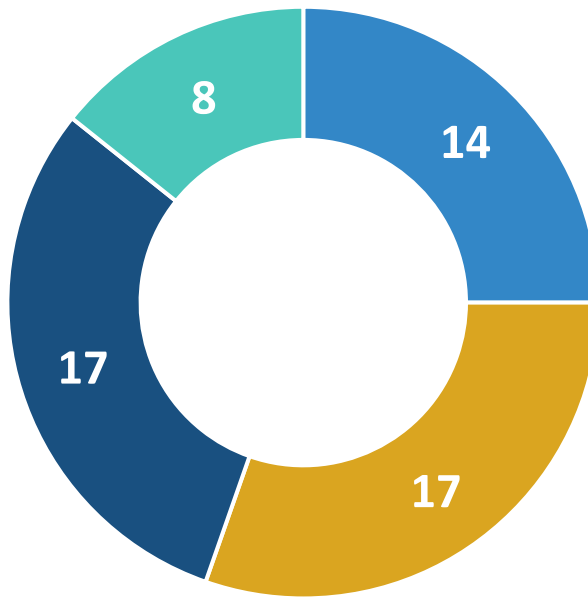
In the United States market, the Great Lakes, Southeast, and Mid-Atlantic regions were the most active with 3 closed deals each. Most notably in the North American market was Clayton, Dubilier & Rice's ("CD&R") \$2.6 billion acquisition of Georgia-based Veritiv, a B2B provider of packaging, publishing, and hygiene products, in November 2023. The New England region had 2 deals close and all other regions in the U.S. totaled 2 transactions in Q4.

Outside of the U.S. in the North American market, 2 transactions closed in Canada in Q4.

# Global Deal Analytics

Of the 56 Packaging deals in Q4 2023, 17 closed in both the Paper and Metal & Other subsectors, making them the most active subsectors in the industry from an M&A standpoint. Plastic Packaging was the third most active with 14 deals and Wood was the least active subsector with 8 completed transactions.

### Deals by Subsector



■ Plastic

■ Paper

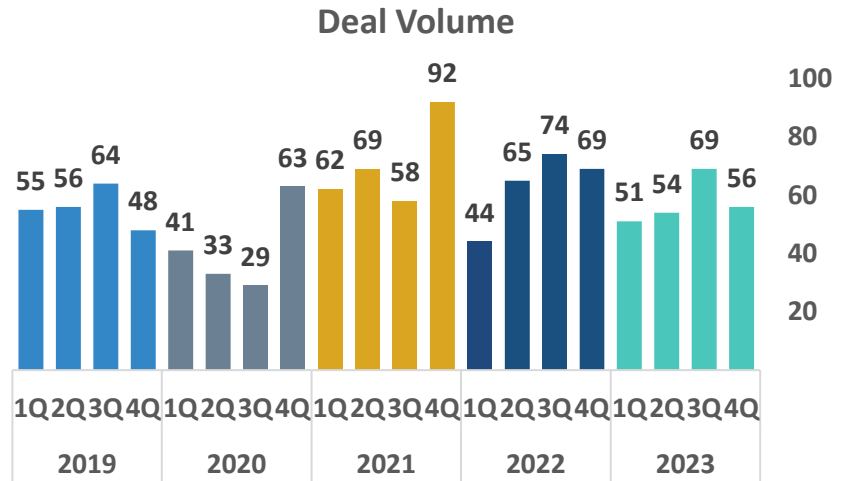
■ Metal & Other

■ Wood

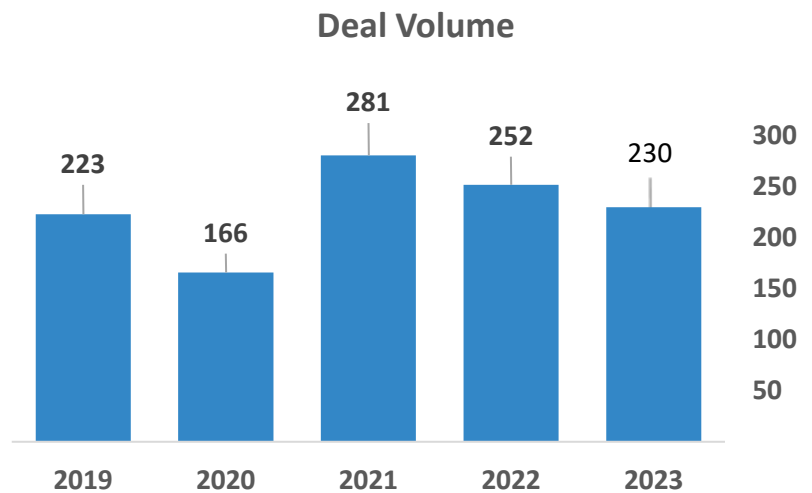


# Global Deal Analytics

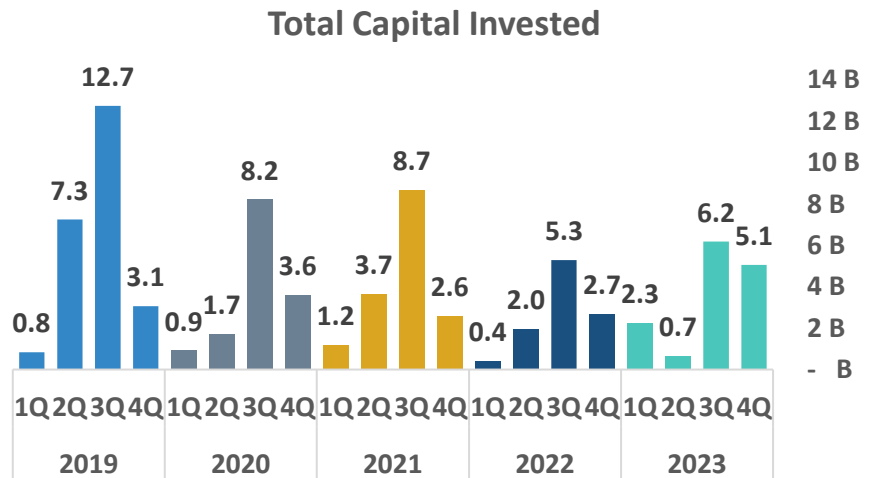
Deal volume in the Packaging sector decreased 18.8% in Q4 2023 to 56 deals from 69 in both Q3 2023 and Q4 of the prior year.



M&A deal volume saw an 8.7% decline to 230 deals in 2023, down from 252 in 2022. We attribute this decline to more challenging market conditions from a dealmaking perspective, including elevated interest rates/cost of capital. We anticipate market conditions loosening in Q1 as more of a prevailing consensus emerges around the fed easing rates in 2024 and much of the market uncertainty overhang from 2023 becomes largely in the rear view mirror.



Total capital invested in M&A deals in the Packaging sector decreased 17.7% in Q4 to \$5.1B from \$6.2B in Q3, but increased 88.9% from \$2.7B in the same period of the prior year. The decrease from Q3 is primarily due to a decrease in total deal volume, but was significantly offset by CD&R's \$2.6 billion acquisition of Veritiv in November 2023.



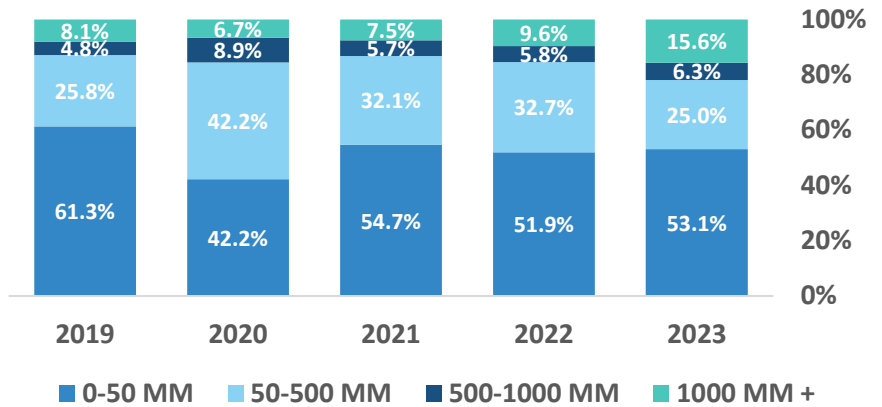
# Global Deal Analytics

In general, we saw a shift towards the large cap market (\$1000 MM+), which increased to 15.6% from 9.6% in the prior year. Deal volume in the middle market (\$50 - \$500 MM) declined to 25.0% from 32.7% in 2022. The lower middle (\$0 - \$50 MM) and upper middle (\$500 - \$1000 MM) tranches of the market both saw slight increases to 53.1% and 6.3% from 51.9% and 5.8%, respectively, in 2022.

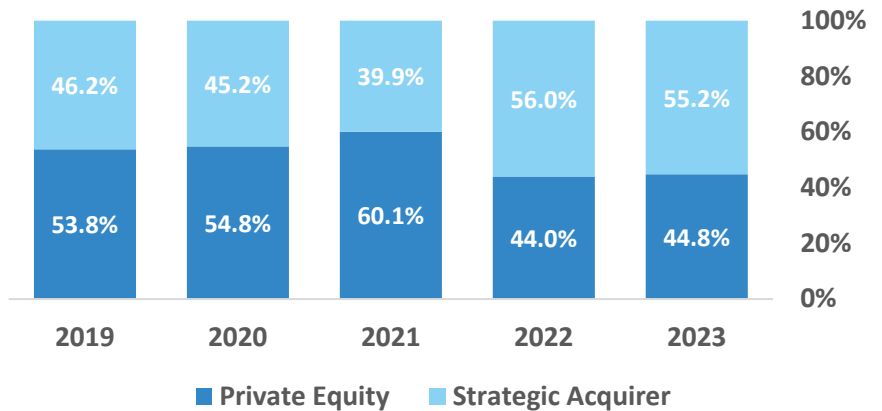
As a % of total deal volume, PE buyers trended slightly higher in 2023, representing 44.8% of deal volume in the sector, up from 44.0% in 2022. Despite this slight uptick, 2023 marks the second lowest percentage of PE deal volume over the last 5 years. This lower level of PE activity is indicative of challenging market dynamics with elevated costs of capital and tightening liquidity from lenders.

Total capital invested by PE investors (as a % of overall capital invested) increased significantly in 2023 to 65.5% from 10.6% in 2022. This increase is primarily due to Brookfield Infrastructure Partners' \$4.7B public-to-private LBO of Triton International in September 2023 and CD&R's \$2.6 billion acquisition of Veritiv in November 2023.

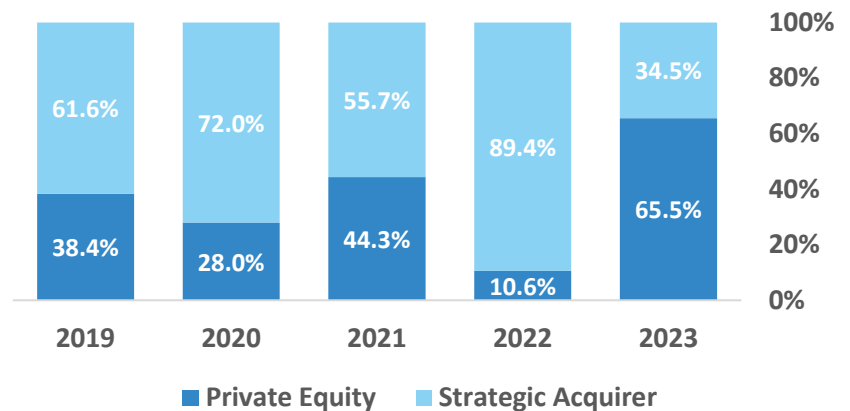
Deal Volume by Deal Size



Deal Volume by Acquirer

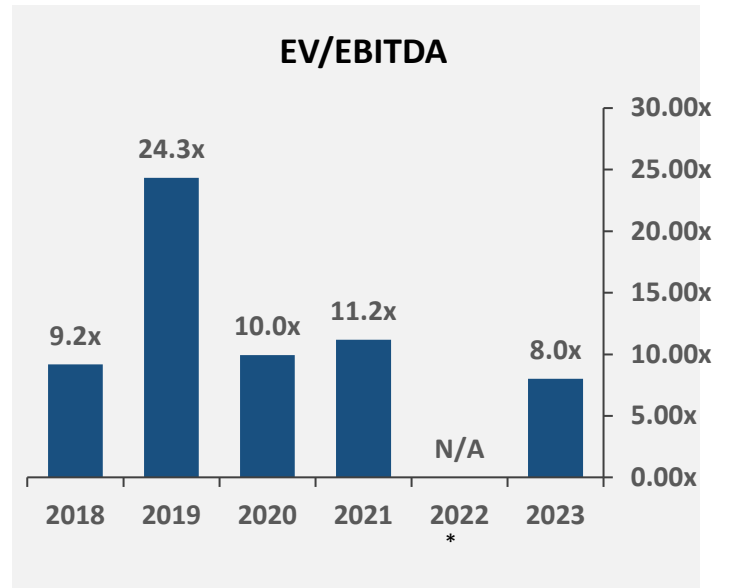
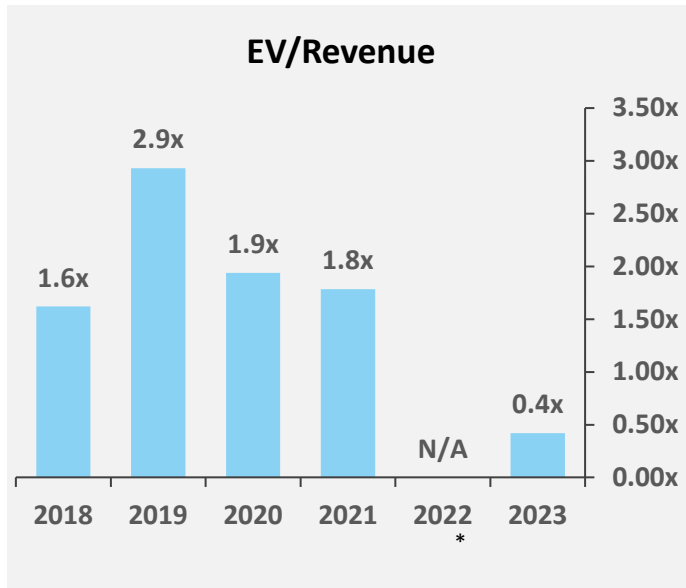


Total Capital Invested by Acquirer

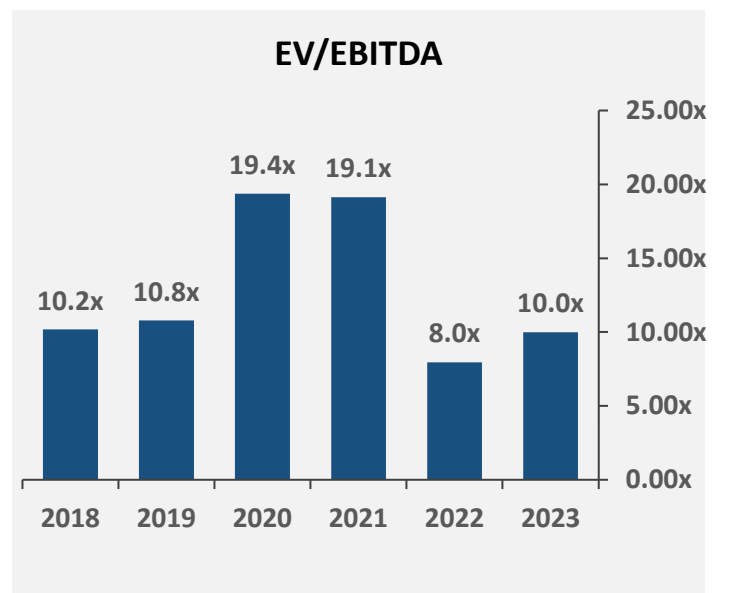
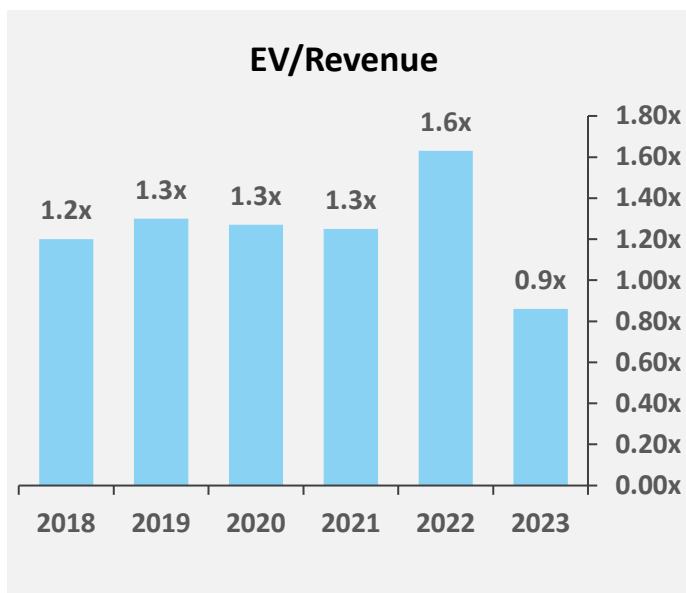


# Valuation Multiples

## Private Equity Multiples



## Strategic Multiples



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



# Largest Deals (Disclosed)

Deal Date	Company Name	Investors	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
21-Dec-2023	Alfatherm	HMA Capital	Buyout/ LBO				Manufacturer of polyvinyl chloride (PVC) films in the packaging, stationery and technical product industries.
29-Nov-2023	Albany Packaging	Emerald Lake Capital Management, Inno-Pak	Buyout/ LBO				Manufacturer of packaging boxes intended to serve the food industry.
21-Dec-2023	Integrated Aluminium Components	SACO	Merger/ Acquisition				Manufacturer of metal packaging materials intended to offer rack-anodized aluminum components for the pharmaceutical, personal care, and cosmetic industries.
14-Dec-2023	Canpac Trends	Investcorp, State Bank of India	PE Growth/ Expansion	46.8			Manufacturer of packaging products intended for fashion, retail, fast-moving consumer goods (FMCG), and industrial.
11-Dec-2023	Joint Venture (CartonCare / Van Genechten Packaging)	Van Genechten Group	Merger/ Acquisition				Provider of printing and packaging solutions and services.
07-Dec-2023	Schoeller Allibert	Brookfield Business Partners	PE Growth/ Expansion	302.8			Manufacturer of plastic packaging products designed for materials handling for the retail, agriculture, automotive, food, industrial manufacturing and beverages industries.
07-Dec-2023	Groupe Crete (Coring Box Production Unit)	K7 Corebox	Merger/ Acquisition				Manufacturer of core drilling boxes intended for the mining industry.
06-Dec-2023	BLP (Northern)	BKT	Merger/ Acquisition				Provider of printed packaging services intended for mailing services in England.
05-Dec-2023	Apifilm	L'artisan tisserin	Merger/ Acquisition				Manufacturer of organic food packaging products.
04-Dec-2023	Saverglass	Orora	Merger/ Acquisition	1,434.4			Manufacturer of glass bottles intended to primarily serve the European, Asia-Pacific, Caribbean, Central and North American markets.
04-Dec-2023	Ocean State Packaging	Harvey & Company, Inmark, Kelso Private Equity	Buyout/ LBO				Manufacturer of plastic packaging products intended to serve automotive, pharmaceutical, food and beverage, personal care, industrial and household sectors.
04-Dec-2023	Palsystems - Paletes E Embalagens	CoRe Capital, WAM Investments	Buyout/ LBO				Manufacturer of pallets and wooden packaging products based in Viseu, Portugal.
01-Dec-2023	Mativ's Engineered Papers Business	Evergreen Hill Enterprise	Merger/ Acquisition	620.0			Manufacturer of paper packaging products based in Alpharetta, Georgia.
30-Nov-2023	Veritiv	Clayton, Dubilier & Rice	Buyout/ LBO	2,600.0	0.42x	6.06x	B2B provider of packaging, publishing, and hygiene products.
30-Nov-2023	GZ Industries	Oppenheimer Partners	Buyout/ LBO				Manufacturer of aluminum beverage cans intended for soft drinks and alcoholic beverages.
08-Nov-2023	EB Packaging	Tomypak Holdings	Merger/ Acquisition	15.5			Manufacturer of plastic packaging material catering to food, electronics, industrial packaging and building materials industries.
01-Nov-2023	JacPak	IVE Group	Merger/ Acquisition	22.2	0.74x		Manufacturer of packaging products intended to serve food, freezer, dairy, cosmetics, pharmaceutical and pet care industries.
30-Oct-2023	Cartonnerie Moderne	NextStage AM	PE Growth/ Expansion	4.2			Manufacturer and distributor of customized cardboard packaging intended to serve the catering and logistics industries.
25-Oct-2023	Law Print & Packaging Management	SCG Packaging	Merger/ Acquisition	13.0			Provider packaging services intended to help start-ups and retailers lower costs, and risks and improve results.
Mean				562.1	0.58x	6.06x	
Median				46.8	0.58x	6.06x	
High				2,600.0	0.74x	6.06x	
Low				4.2	0.42x	6.06x	

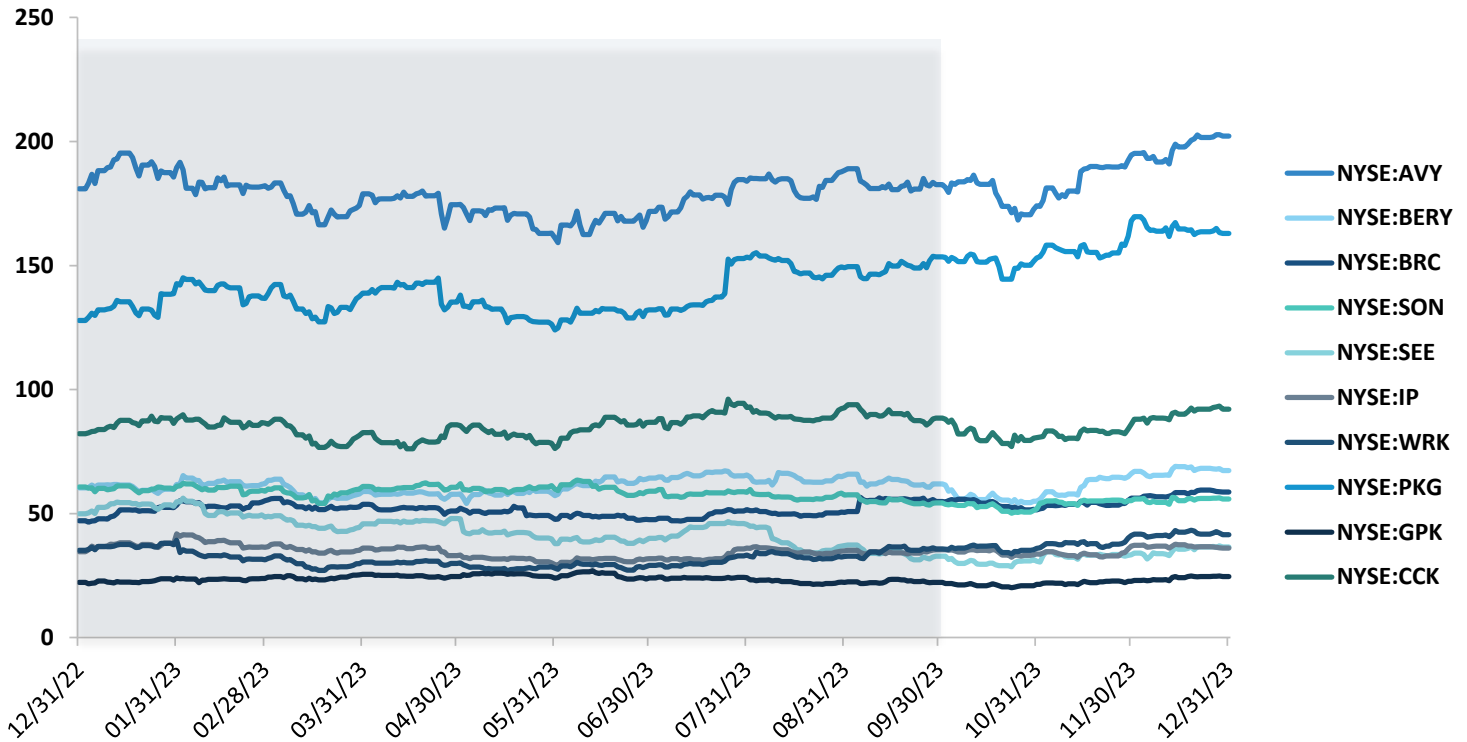


## Leading M&A Deals (Completed)

Deals	Deal Synopsis	Driver
 	<p>Veritiv, a Georgia-based distributor of packaging, facility solutions and print products, was acquired by CD&amp;R for \$2.6 billion in November 2023. CD&amp;R believes the financial and operational flexibility that Veritiv will now have as a private company will bolster its ability to continue enhancing innovative and sustainable solutions.</p>	<p><b>LBO</b></p>
 	<p>SaverGlass, a French manufacturer of glass bottles, was acquired by Orora for \$1.4 billion in December 2023. The acquisition will extend Orora's operating footprint and product capabilities in attractive offshore markets and further enhance its financial performance and growth prospects.</p>	<p><b>Merger/ Acquisition</b></p>
 	<p>Mativ, a Georgia-based manufacturer of packaging products, sold its Engineered Papers Business to Evergreen Hill Enterprises (“EHE”) for \$620.0 million in December 2023. The company will operate under the name SWM International (“SWM”). EHE will leverage SWM’s engineering expertise in botanicals and natural fibers to further advance innovation in the packaging sector.</p>	<p><b>Merger/ Acquisition</b></p>
 <p>Schoeller Allibert</p> 	<p>Schoeller Allibert (“SA”), a Netherlands-based manufacturer of plastic packaging products, was acquired by Brookfield Business Partners (“BBP”) through an LBO for \$302.8 million in December 2023. BBP’s operational expertise and geographic reach positions SA for meaningful growth in the returnable packaging sector.</p>	<p><b>LBO</b></p>

# Public Comps

## Stock Price



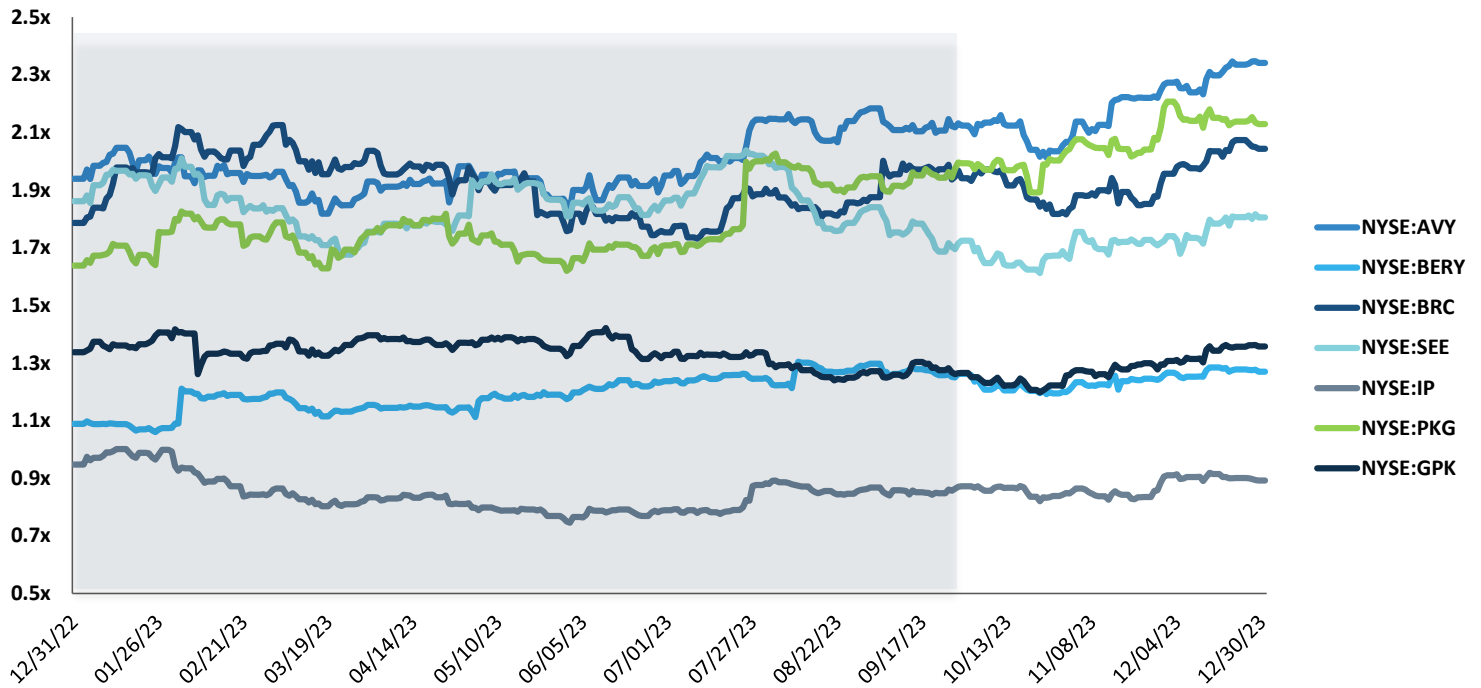
## Financial & Valuation

\$MM	Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			EBITDA Margin		
						21A	22A	23	21A	22A	23	21A	22A	23	21A	22A	23
	Avery Dennison	NYSE:AVY	202	16,280	3,314	2.5x	1.9x	1.9x	16.1x	12.2x	11.8x	22%	12%	7%	16%	16%	16%
	Berry Global	NYSE:BERY	67	7,784	9,505	1.4x	1.1x	1.1x	9.0x	7.7x	7.5x	18%	5%	0%	15%	14%	17%
	Brady Worldwide	NYSE:BRC	59	2,837	80	2.3x	1.8x	1.8x	13.6x	10.1x	N/A	11%	10%	4%	17%	18%	N/A
	Sonoco	NYSE:SON	56	5,473	3,517	1.3x	1.3x	1.2x	122.9x	9.8x	8.3x	7%	27%	1%	1%	13%	15%
	Sealed Air	NYSE:SEE	37	5,275	4,964	2.5x	1.9x	1.8x	13.4x	9.3x	8.4x	10%	8%	-1%	19%	20%	21%
	International Paper	NYSE:IP	36	12,509	5,986	1.1x	0.9x	0.9x	7.1x	9.3x	7.0x	-2%	28%	-5%	14%	13%	12%
	WestRock	NYSE:WRK	42	10,650	8,584	1.0x	0.8x	0.8x	6.7x	5.5x	5.1x	7%	13%	-1%	16%	14%	14%
	Packaging Corporation of A	NYSE:PKG	163	14,601	2,777	2.0x	1.6x	1.6x	9.7x	7.1x	8.3x	11%	15%	1%	20%	23%	22%
	Graphic Packaging	NYSE:GPK	25	7,544	5,583	1.5x	1.4x	1.3x	10.8x	9.6x	7.0x	6%	33%	1%	14%	14%	19%
	Crown Holdings	NYSE:CCK	92	11,110	7,287	1.8x	1.3x	1.3x	11.0x	54.3x	9.2x	42%	20%	2%	17%	2%	16%

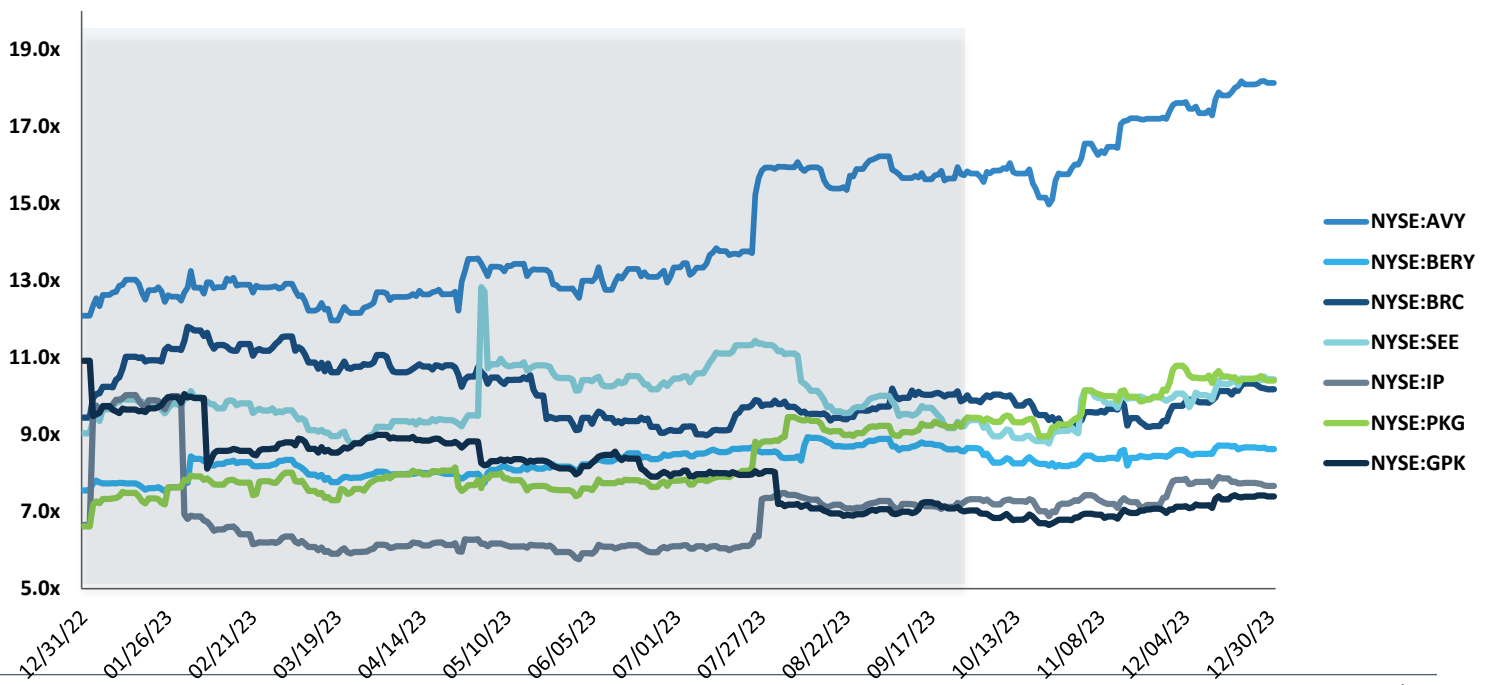
<b>Mean</b>						1.7x	1.4x	1.4x	22.0x	13.5x	8.1x	13.2%	17.1%	0.9%	14.9%	14.7%	16.8%
<b>Median</b>						1.6x	1.3x	1.3x	10.9x	9.5x	8.3x	10.4%	14.4%	0.8%	15.7%	14.2%	15.9%

# Public Comps

## EV/Revenue



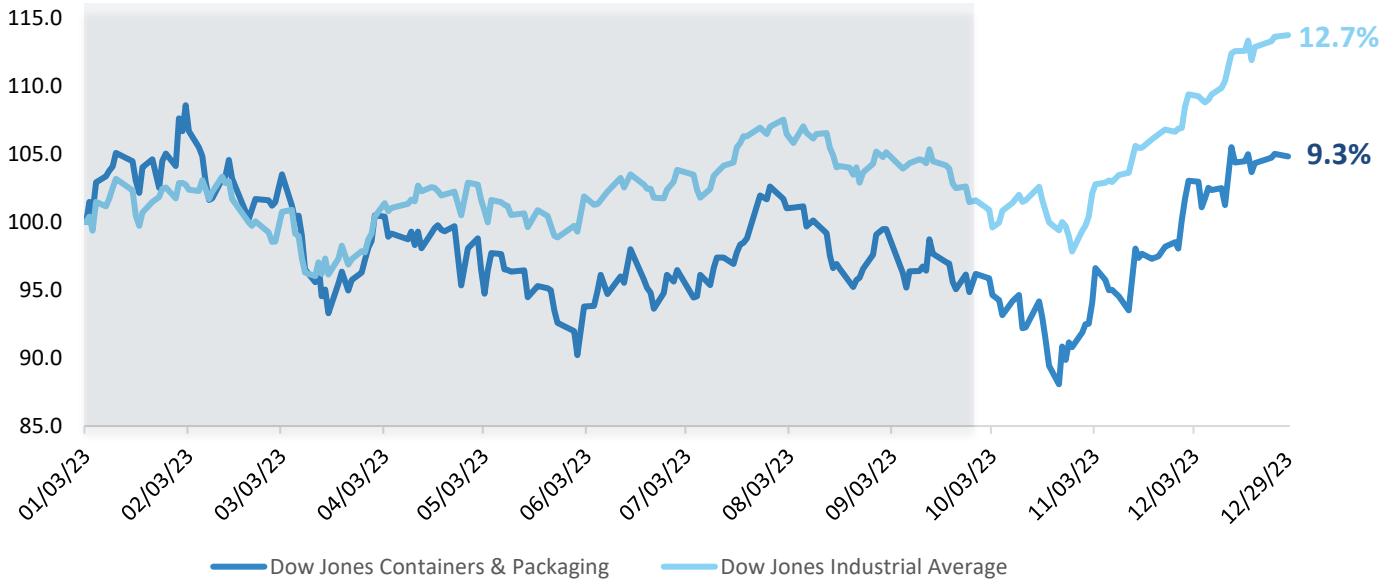
## EV/EBITDA



# Public Markets

## Index Performance

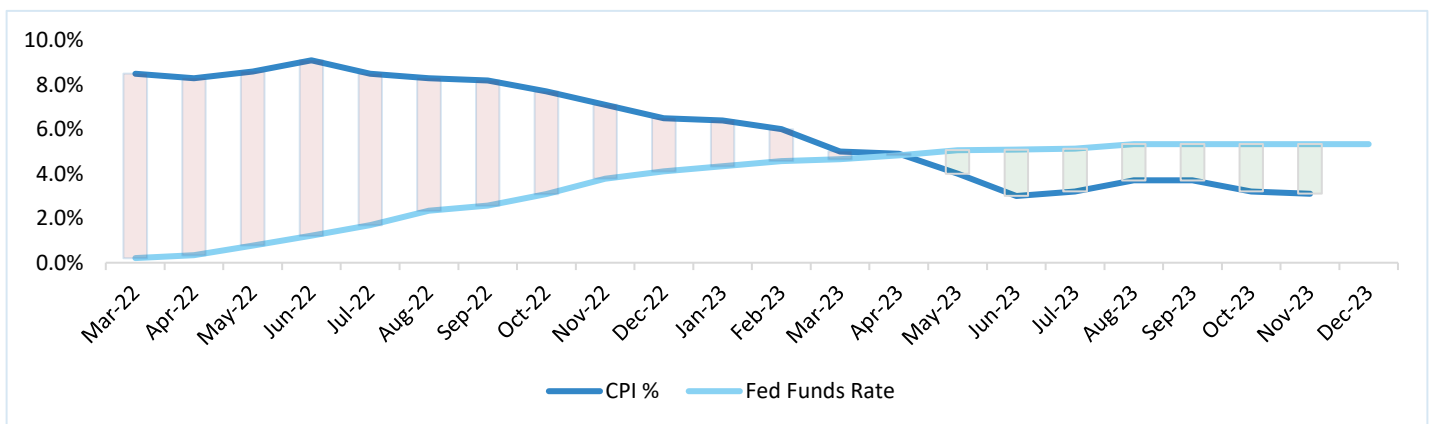
In Q4, the Dow Jones Containers & Packaging Index increased 9.3% and was outperformed by the Dow Jones Industrial Average which increased 12.7% over the same period.



## Key External Drivers

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

The Federal Reserve is anticipated to implement a series of rate cuts in 2024, with policymakers considering three cuts, reducing the fed funds rate from 5.25%-5.5% to 4.5%-4.75%. However, market expectations suggest the possibility of six quarter-point cuts, bringing the rate to 3.75%-4%. This projection has fueled a late 2023 stock market rally. Despite these anticipated cuts, the federal funds rate could still be restrictive in 2024. Additionally, the Federal Reserve plans to continue quantitative tightening by gradually reducing its holdings of Treasuries and mortgage-backed assets. Rate cuts will increase M&A activity in the packaging sector by lowering the cost of capital required to finance acquisitions. However, we do not anticipate M&A activity in the industry will return to its 5-year high of 281 seen in 2021 until 2025.





# Industry Trends

## E-commerce Influence

*Customized packaging for online sales*

E-commerce allows for more tailored packaging solutions. Companies are leveraging data insights to personalize packaging based on customer preferences, holidays, or even geographic locations. This personalization enhances customer satisfaction and brand loyalty.



## 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.



## 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

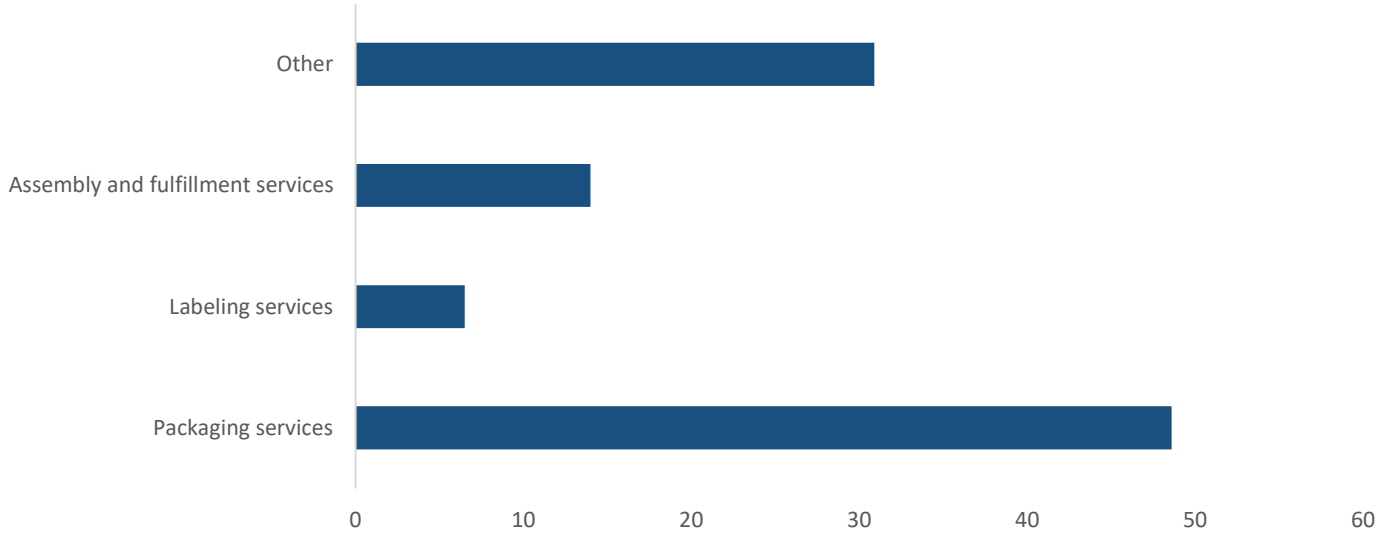
*Use of artificial intelligence expected to continue rising*

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.

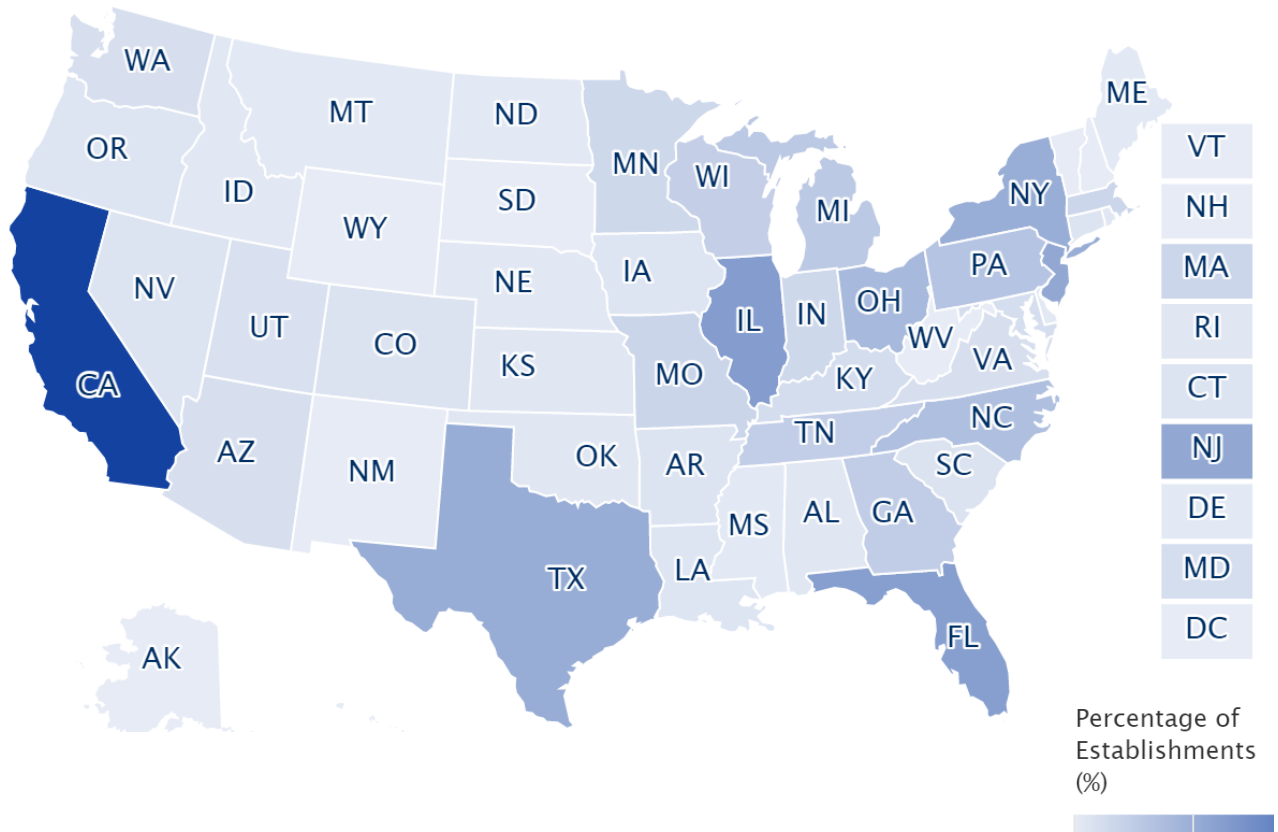


# Industry Outlook

## 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.



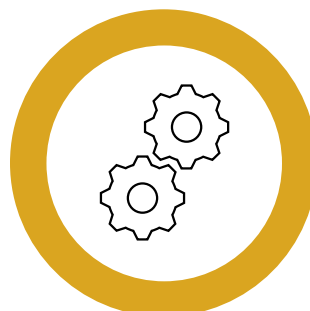
## Buy-Side Advisory: Buy a business

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  
(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**

### Disclaimer

The data in this document has been derived from PitchBook Data and has been compiled by R.L. Hulett. This document is strictly for illustrative purposes only. The data presented in this document is not comprehensive and should not be used for benchmarking, valuation, or for any other decision making. R.L. Hulett accepts no responsibility for loss or damage caused by dependence on the information in this document.