



Packaging M&A Update – Q2 2024



Packaging M&A Update

Q2 2024

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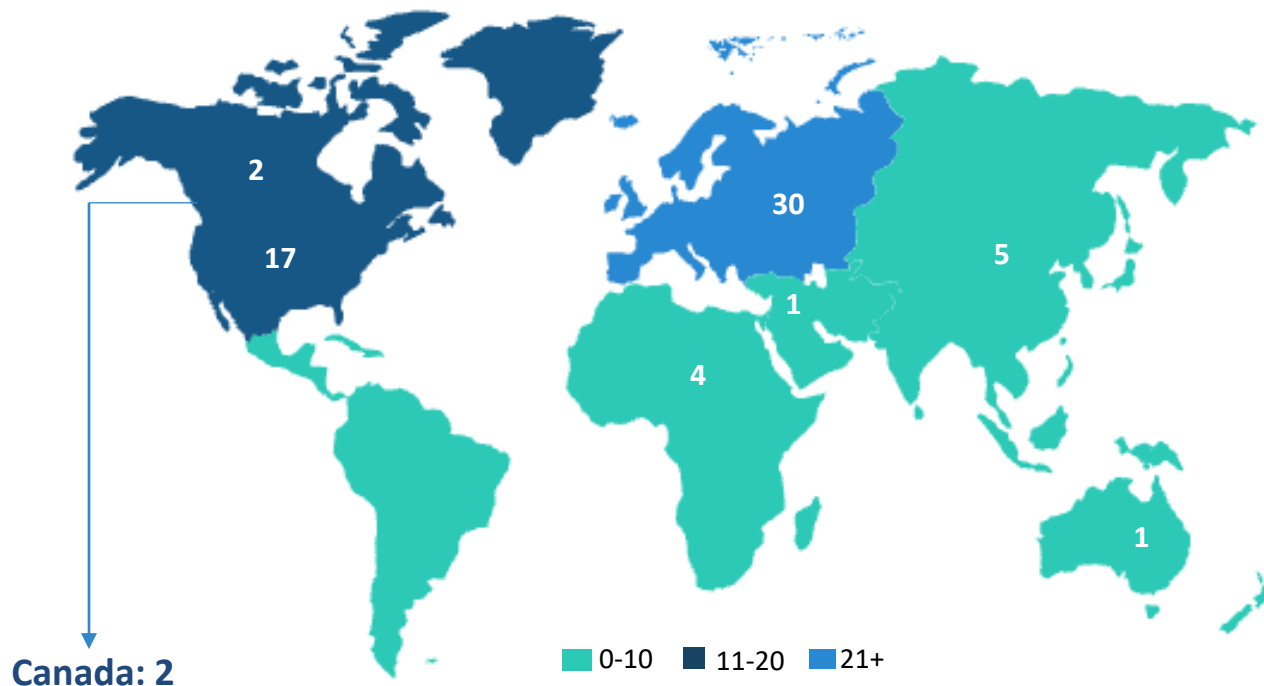
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REPORT HIGHLIGHTS

- In Q2, the Dow Jones Containers & Packaging Index decreased 2.1% and was outperformed the Dow Jones Industrial Average, which decreased 1.0% over the same period.
- The median EV/Revenue multiple for reported PE deals was 0.7x in 1H 2024, an increase from 0.4x in 2023, while reported EV/Revenue multiples on strategic buyer deals rose from 0.9x to 1.2x in the same period.
- M&A deal volume increased 9.1% in Q2 2024 to 60 deals from 55 in Q1, and increased 11.1% from 54 deals in Q2 of the prior year.
- Total capital invested in M&A deals in the Packaging sector decreased 85.0% in Q2 2024 to \$0.3B from \$2.0B in Q1, and decreased 57.1% from \$0.7B in the same period of the prior year.
- Europe was the most active region in Q2 with 30 deals. Most notably in the European market was C.P. Italia's \$3.9 million acquisition of V-Shapes, an Italian developer of unit dose packaging, in April 2024.

Global Deal Analytics

Of the 60 deals in Q2 2024, Europe was the most active market with 30. While no large deals were reported in Europe in Q2, the most notable transaction in Q1 in the European market was One Rock Capital Partners' \$1.2 billion acquisition of Constantia Flexibles, an Austrian manufacturer of flexible packaging, in January 2024. North America was the second most active with 19 closed transactions. All other regions combined for a total of 11 completed transactions.



Canada: 2

United States Regions: 17

Great Lakes:	6
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South:	4
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Mountain:	2
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Midwest:	1
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Others:	4
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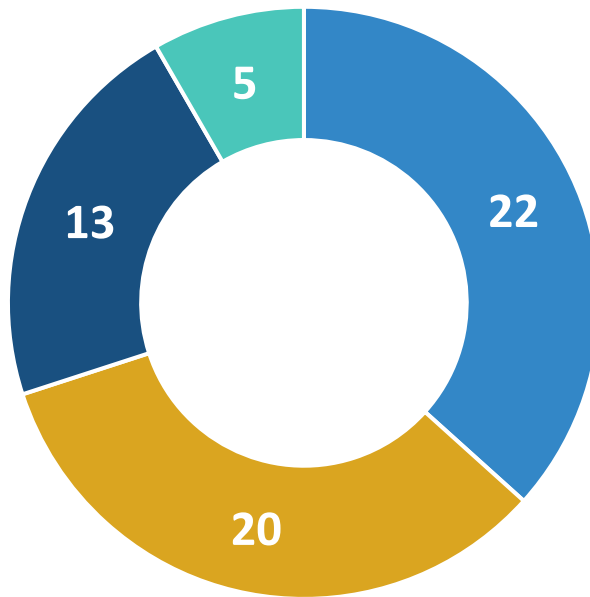
In the United States market, the Great Lakes region was the most active with 6 closed deals. The South and Mountain regions had 4 and 2 closed deals, respectively. The Midwest region saw 1 transaction and all other regions in the U.S. totaled 4 transactions in Q2.

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

Global Deal Analytics

Of the 60 Packaging deals in Q2 2024, 22 deals closed in the Plastic subsector, making it the most active subsector in the industry from an M&A standpoint. Paper Packaging was the second most active with 20 deals, followed by Metal and Other with 13. Wood was the least active subsector with 5 completed transactions.

Deals by Subsector



■ Plastic

■ Paper

■ Metal & Other

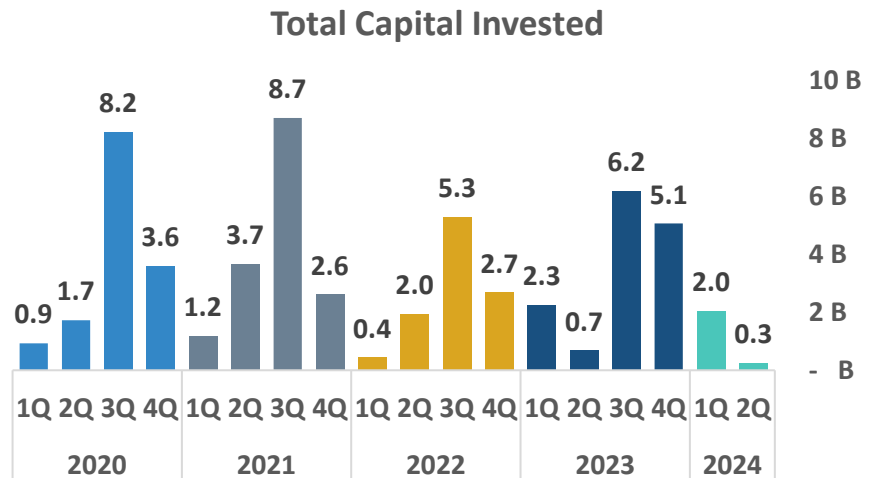
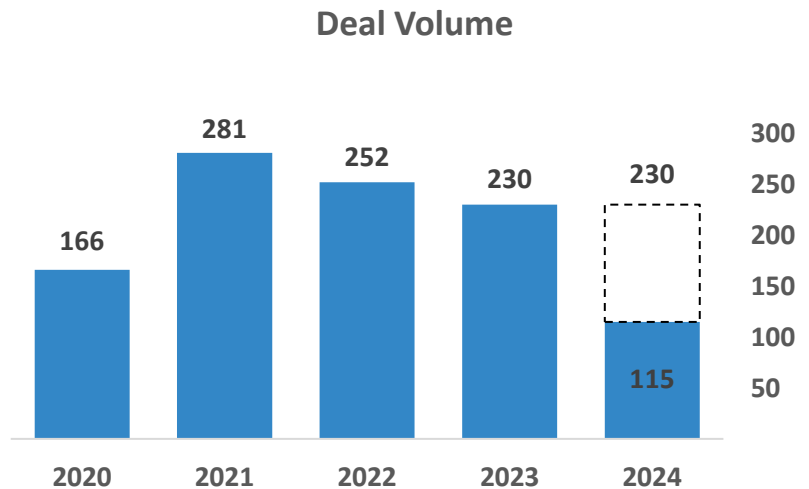
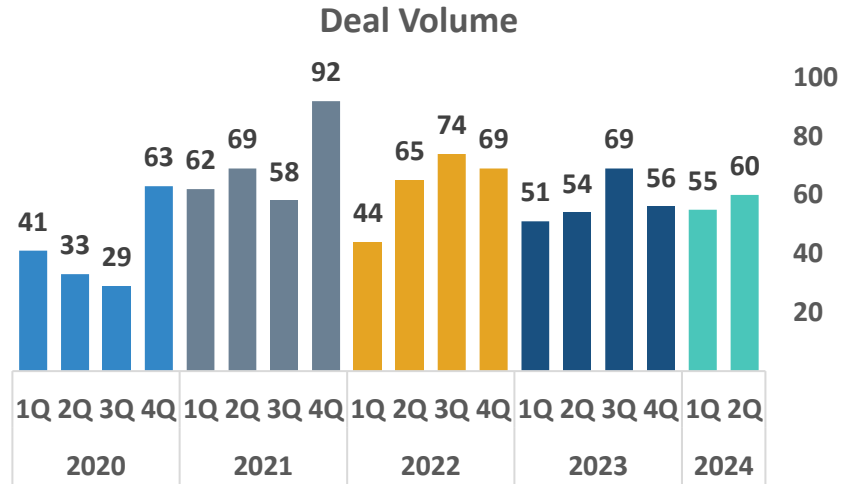
■ Wood



Global Deal Analytics

Deal volume in the Packaging sector increased 9.1% in Q2 2024 to 60 deals from 55 in Q1, and increased 11.1% from 54 deals in Q2 of the prior year. M&A deal volume is projected to remain steady at 230 in 2024 based on YTD activity through Q2. We attribute this historically low level of deal volume to more challenging market conditions from a dealmaking perspective, including elevated interest rates/cost of capital. We anticipate market conditions loosening in 1H 2025 as more of a prevailing consensus emerges around the Fed initiating one rate cut in 2024 and much of the market uncertainty overhang from 2023-2024 becomes largely in the rear view mirror.

Total capital invested in M&A deals in the Packaging sector decreased 85.0% in Q2 2024 to \$0.3B from \$2.0B in Q1, and decreased 57.1% from \$0.7B in the same period of the prior year. Q2 marks the lowest level of capital investment in M&A in four years and is illustrative of challenging capital markets and smaller deals, in spite of a slight increase in deal volume. The largest deal in Q2 was Industrial Opportunity Partners' \$114.0 million acquisition of Transcendia, in May 2024 compared to historical quarters where multi-billion dollar deals have been fairly common.



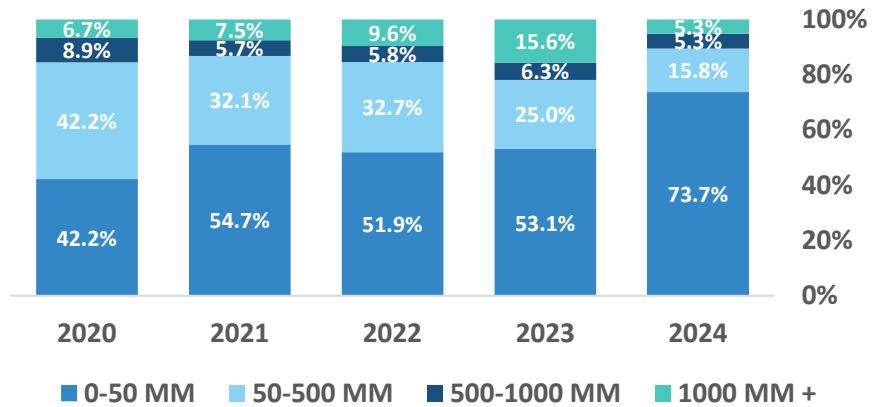
Global Deal Analytics

In general, we saw a shift towards smaller deals in 1H 2024, specifically in the lower middle market (\$0 - \$50 MM), which increased to 73.7% from 53.1% in the prior year. The large cap (\$1000 MM+) and middle (\$50 - \$500 MM) tranches of the market both saw significant decreases in 1H to 5.3% and 15.8% from 15.6% and 25.0%, respectively, in the prior year. Deal volume in the upper middle market (\$500 - \$1000 MM) saw a slight decline to 5.3% from 6.3% in 2023.

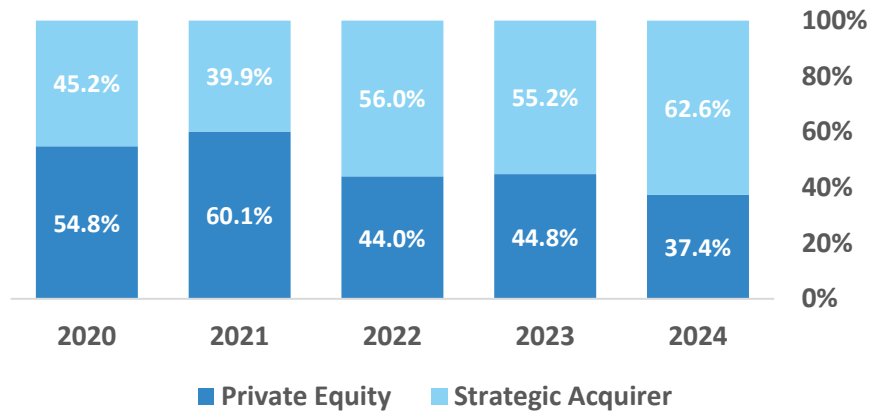
As a % of total deal volume, PE buyers trended lower in 1H 2024, representing 37.4% of deal volume in the sector, down from 44.8% in 2023. 1H 2024 marks the lowest percentage of PE deal volume over the last 5 years. This lower level of PE activity is indicative of challenging market dynamics with elevated costs of capital and tightening liquidity from lenders.

Total capital invested by PE investors (as a % of overall capital invested) increased in 1H 2024 to 68.5% from 65.5% in the prior year. This increase is primarily due to the Constantia Flexibles deal mentioned on the prior page.

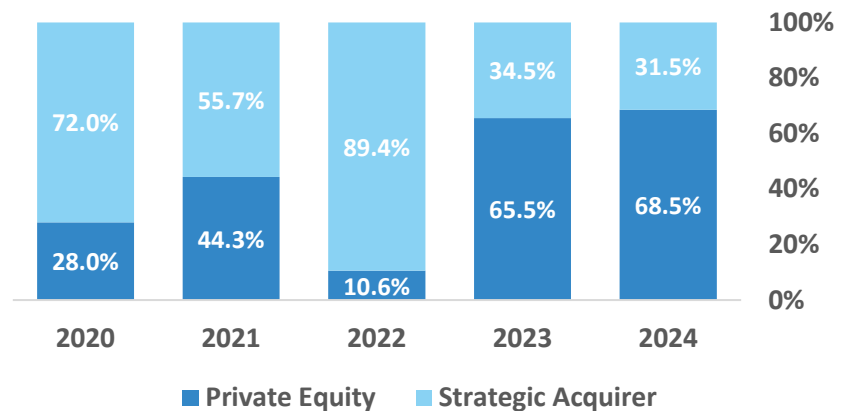
Deal Volume by Deal Size



Deal Volume by Acquirer

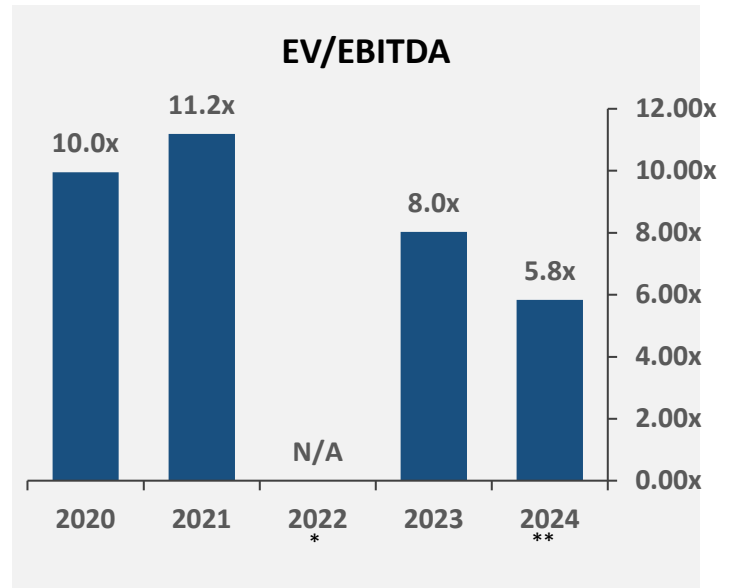
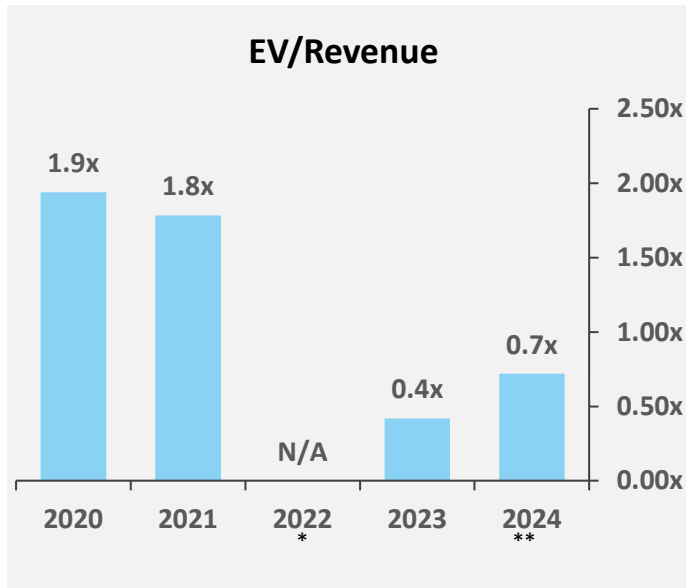


Total Capital Invested by Acquirer

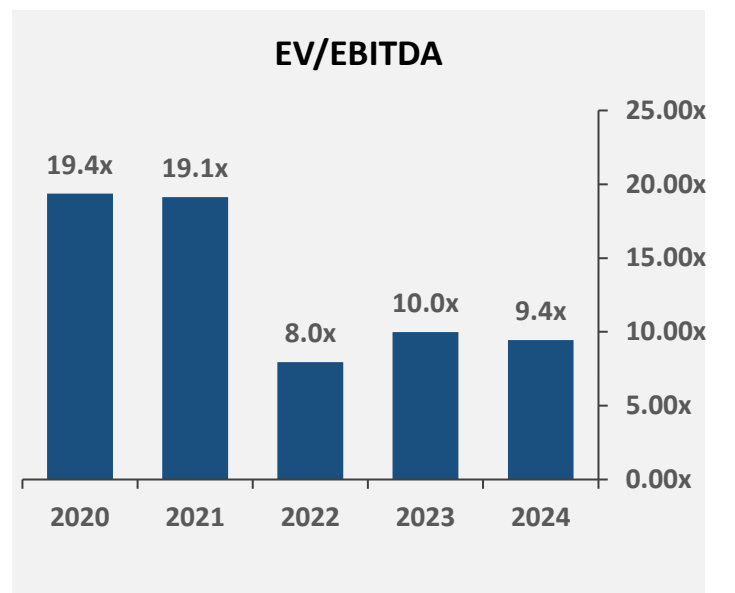
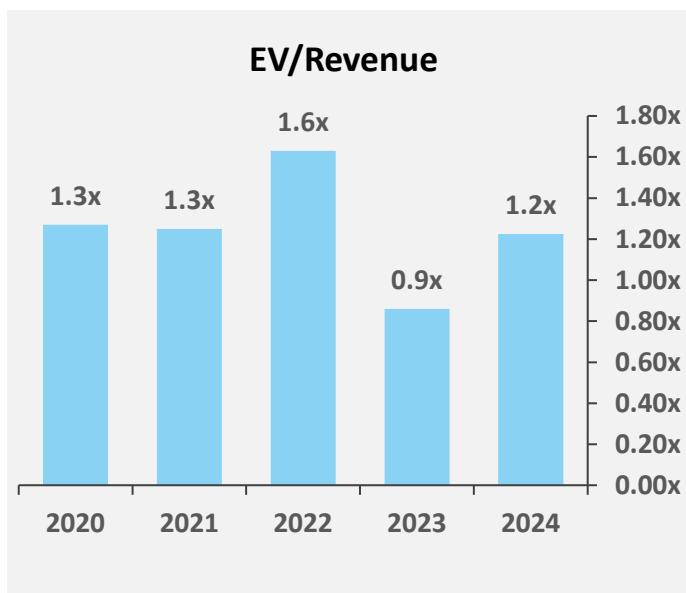


Valuation Multiples

Private Equity Multiples



Strategic Multiples





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

** Saudi Arabia's Public Investment Fund's acquisition of Middle East Paper was the only private equity deal with a multiple reported in 2024.

Largest Deals (Disclosed)

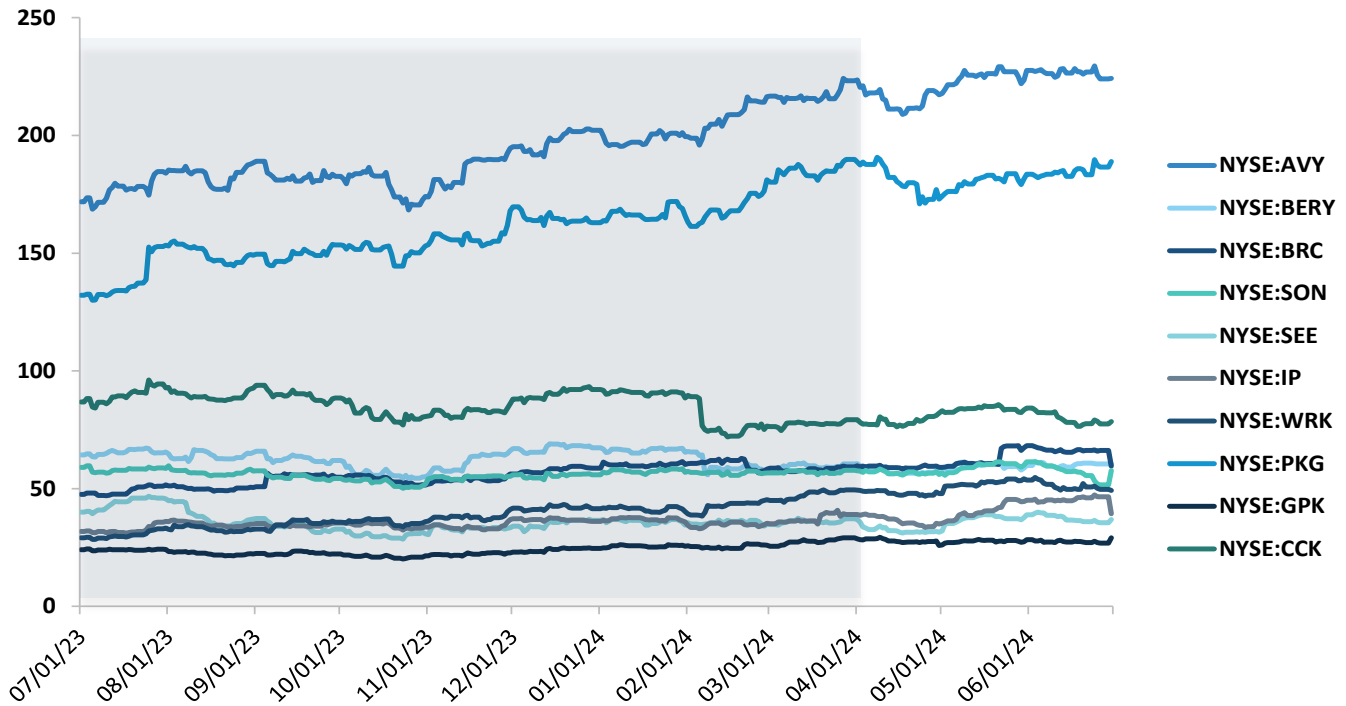
Deal Date	Company Name	Investors	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
24-Jun-2024	Valtenna	Amundi Private Equity Funds, Arca Fondi, BNP Paribas, Mosaiq Group	Buyout/ LBO				Manufacturer of corrugated paper and paperboard packaging, offering innovative packaging solutions.
21-Jun-2024	Good Natured Products	Undisclosed Investor	PIPE	0.7	0.01x		Provider of a broad assortment of plant-based products.
19-Jun-2024	A B Group Packaging	Undisclosed Investor	Merger/ Acquisition				Manufacturer of paper bags intended to serve retail and fashion, online, grocery, bakery and deli, commercial and industrial sectors.
18-Jun-2024	All Star Corrugated	Spell Capital Partners	Buyout/ LBO				Manufacturer and distributor of corrugated packaging boxes catering to different industries.
18-Jun-2024	Sisco Corporation	Berkley International	Merger/ Acquisition				Manufacturer of acrylonitrile butadiene styrene plastic enclosures based in Nashville, Illinois.
17-Jun-2024	Heinlein Plastik-Technik	Alpla	Merger/ Acquisition				Manufacturer of closures and dosing systems for liquid products catering to pharmaceutical, medical, and food and beverage industries.
15-May-2024	RePack	Oceansix	Merger/ Acquisition	1.8			Developer of a sustainable packaging system designed for reusable and returnable packaging services.
03-May-2024	Dune Packaging	Ascent Capital Africa	PE Growth/ Expansion	12.1			Manufacturer of paper packaging products intended to address environmentally friendly packaging needs.
02-May-2024	Transcendia	Industrial Opportunity Partners	Buyout/ LBO	114.0			Manufacturer of plastic films intended for healthcare, food and beverage, point of purchase, security and other sectors.
26-Apr-2024	CMB Plastique Maroc	Dislog Group	Merger/ Acquisition	31.7			Manufacturer of plastic packaging and caps based in Casablanca, Morocco.
25-Apr-2024	Helioflex	Aluflexpack	Merger/ Acquisition	6.1			Manufacturer of primary packaging products catering to the pharmaceutical industry.
23-Apr-2024	Blisspack	T&R Biofab	Merger/ Acquisition		0.01x		Manufacturer of packaging services and material intended for cosmetics and medicines.
10-Apr-2024	Nouvelle Mici Embaci	Injaro Investments	PE Growth/ Expansion				Manufacturer of packaging bags intended to serve local and multinational companies.
05-Apr-2024	Dansk Rotations Plastic	XANO Industri	Merger/ Acquisition	1.5			Manufacturer of rotational molded products intended for environmental technology, chemical, lighting, liesure and furniture industries.
03-Apr-2024	V-Shapes	C.P. Italia	Merger/ Acquisition	3.9			Developer of an innovative unit dose packaging.
02-Apr-2024	Signet Packaging	Spicers	Merger/ Acquisition	49.2	0.30x		Manufacturer of packaging products based out in Brisbane, Australia.
Mean				24.5	0.11x	0.00x	
Median				6.1	0.01x	0.00x	
High				114.0	0.30x	0.00x	
Low				0.7	0.01x	0.00x	

Leading M&A Deals (Completed)

Deals	Deal Synopsis	Driver
  	<p>Transcendia, an Illinois-based manufacturer and converter of custom-engineered plastic films, was acquired by Industrial Opportunity Partners and Goldman Sachs Asset Management through a \$114.0 million LBO in May 2024. Following the acquisition, Transcendia will have access to additional capital and financial flexibility allowing the company to improve its cost structure and optimize its geographic footprint.</p>	<p>Buyout/LBO</p>
 	<p>Signet, an Australia-based subsidiary of Winson Group specializing in carton and box packaging, tapes, and adhesives, was acquired by Spicer Group for \$49.2 million in April 2024. Signet's national footprint, with production and warehouse facilities located across major Australian cities such as Sydney, Brisbane, and Melbourne, is expected to significantly expand Spicer Group's regional presence.</p>	<p>Merger/ Acquisition</p>
 	<p>In April 2024, Dislog Group, also known as H&S Invest Holding, acquired CMB Plastique Maroc ("CMB"), a Moroccan manufacturer of plastic packaging and caps, for \$31.7 million. The strategic transaction will reduce packaging costs for Dislog Group's portfolio company, Steripharma, a Moroccan manufacturer and wholesaler of pharmaceutical products.</p>	<p>Merger/ Acquisition</p>
 	<p>Dune Packaging ("Dune"), a Kenyan manufacturer of environmentally friendly paper packaging products, received \$12.1 million of development capital from Ascent Capital Africa ("ACA") in May 2024. ACA's investment will strengthen Dune's position in the packaging sector across the East African region and will bolster Dune's organic and non-organic growth.</p>	<p>PE Growth/ Expansion</p>

Public Comps

Stock Price



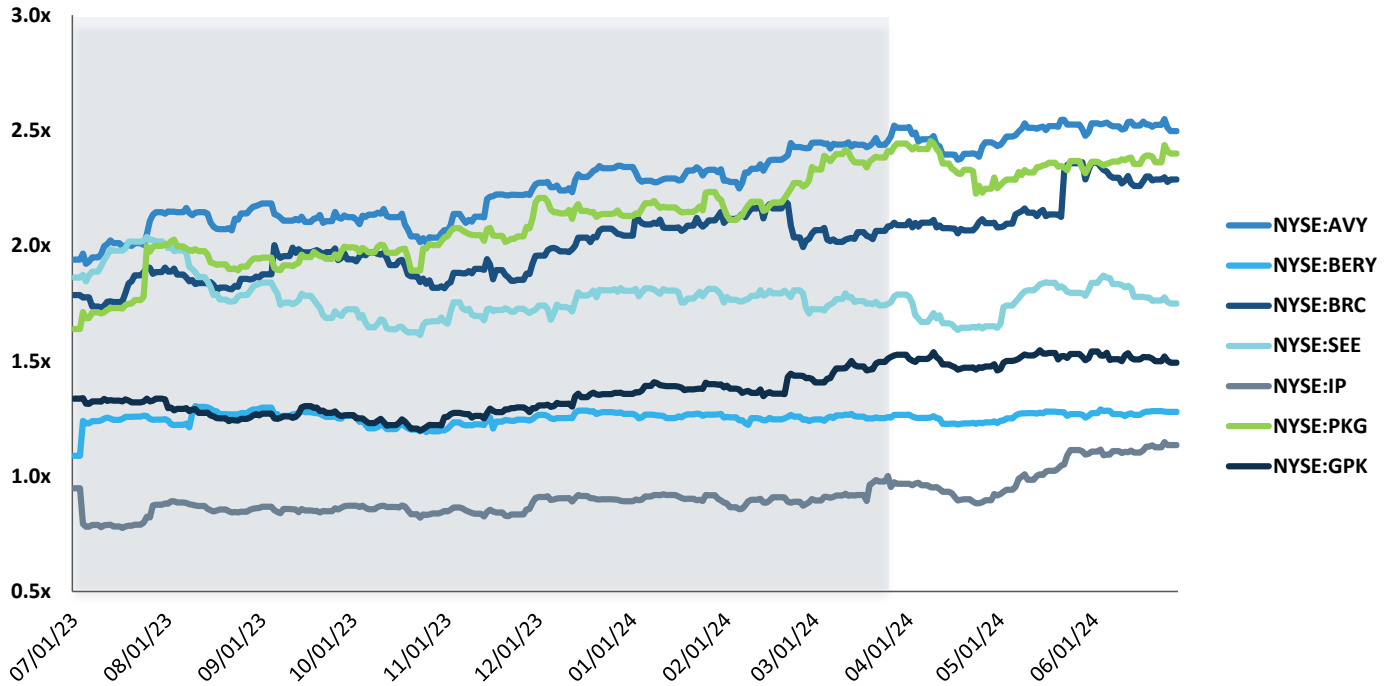
Financial & Valuation

\$MM	Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			EBITDA Margin		
						22A	23A	24F	22A	23A	24F	22A	23A	24F	22A	23A	24F
	Avery Dennison	NYSE:AVY	226	18,205	3,240	1.9x	2.3x	2.2x	12.2x	18.1x	13.6x	12%	-10%	3%	16%	13%	16%
	Berry Global	NYSE:BERY	61	6,962	9,235	1.1x	1.3x	1.3x	7.7x	8.6x	7.7x	5%	-13%	3%	14%	15%	17%
	Brady Worldwide	NYSE:BRC	66	3,137	92	1.8x	2.0x	2.0x	10.1x	10.2x		10%	3%	5%	18%	20%	
	Sonoco	NYSE:SON	56	5,548	3,367	1.3x	1.3x	1.3x	9.8x	8.3x	8.3x	27%	-3%	1%	13%	16%	
	Sealed Air	NYSE:SEE	36	5,235	4,752	1.9x	1.8x	1.8x	9.3x	10.4x	8.8x	8%	-4%	-1%	20%	17%	20%
	International Paper	NYSE:IP	47	16,168	5,898	0.9x	0.9x	0.9x	9.3x	7.7x	8.0x	28%	-8%	3%	13%	12%	12%
	WestRock	NYSE:WRK	52	13,479	9,036	0.8x	0.9x	0.9x	5.5x	75.7x	6.9x	13%	-4%	5%	14%	1%	15%
	Packaging Corporation of America	NYSE:PKG	185	16,653	3,163	1.6x	2.1x	2.1x	7.1x	10.4x	9.7x	15%	-8%	4%	23%	20%	21%
	Graphic Packaging	NYSE:GPK	27	8,411	5,686	1.4x	1.4x	1.3x	9.6x	7.4x	6.8x	33%	6%	-2%	14%	18%	20%
	Crown Holdings	NYSE:CCK	77	9,328	7,675	1.3x	1.5x	1.5x	54.3x	10.9x	9.4x	20%	-6%	0%	2%	14%	16%

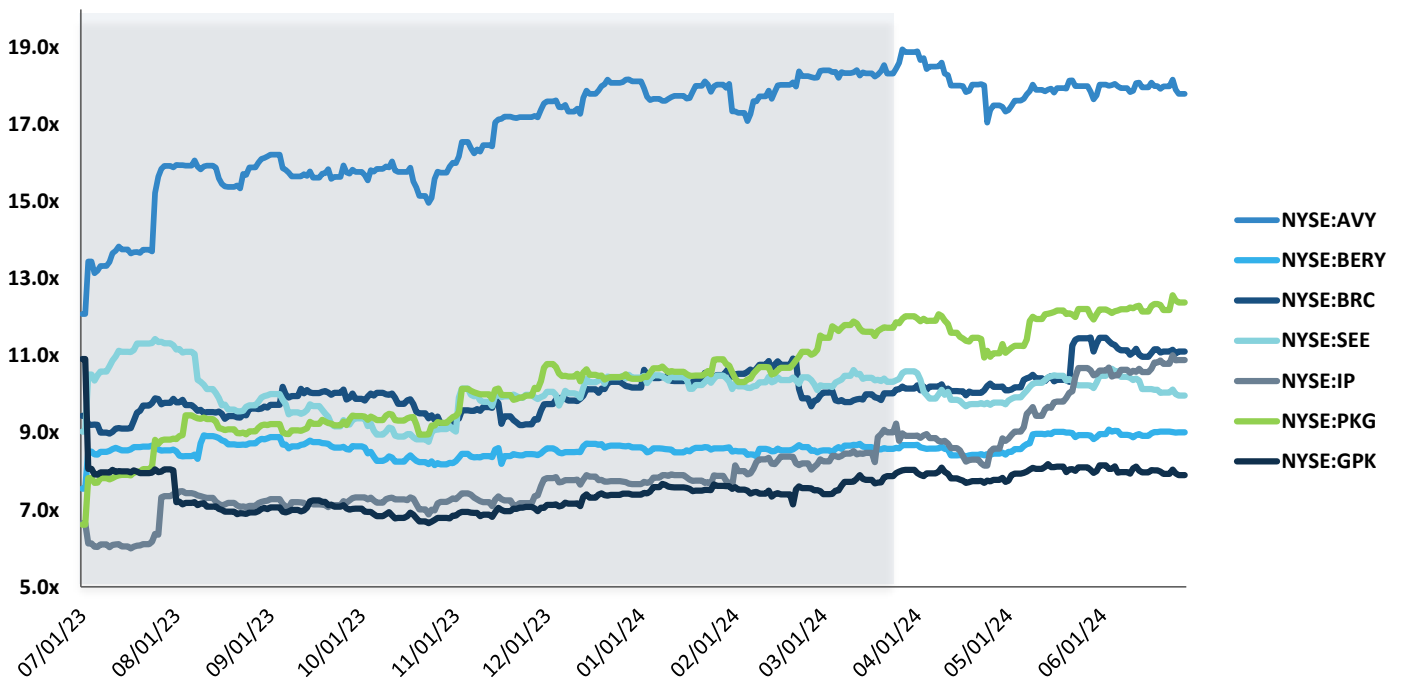
Mean						1.4x	1.6x	1.5x	13.5x	16.8x	8.8x	17.1%	-4.8%	2.1%	14.7%	14.6%	17.1%
Median						1.3x	1.4x	1.4x	9.5x	10.3x	8.3x	14.4%	-5.4%	3.0%	14.2%	15.1%	16.6%

Public Comps

EV/Revenue



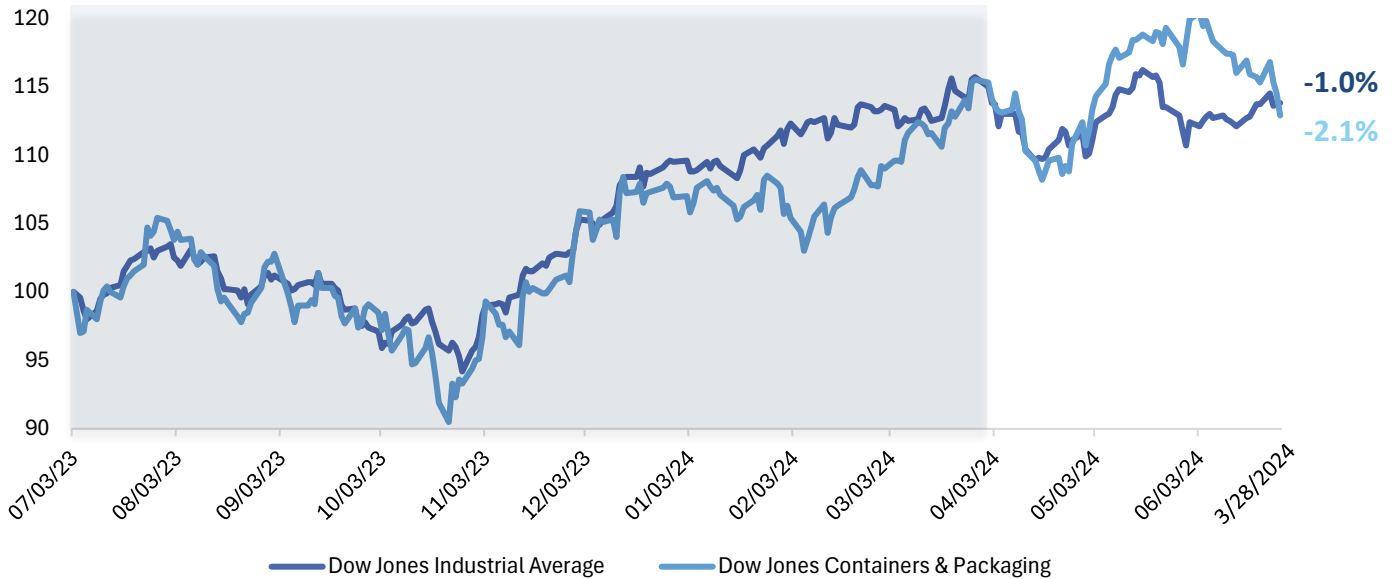
EV/EBITDA



Public Markets

Index Performance

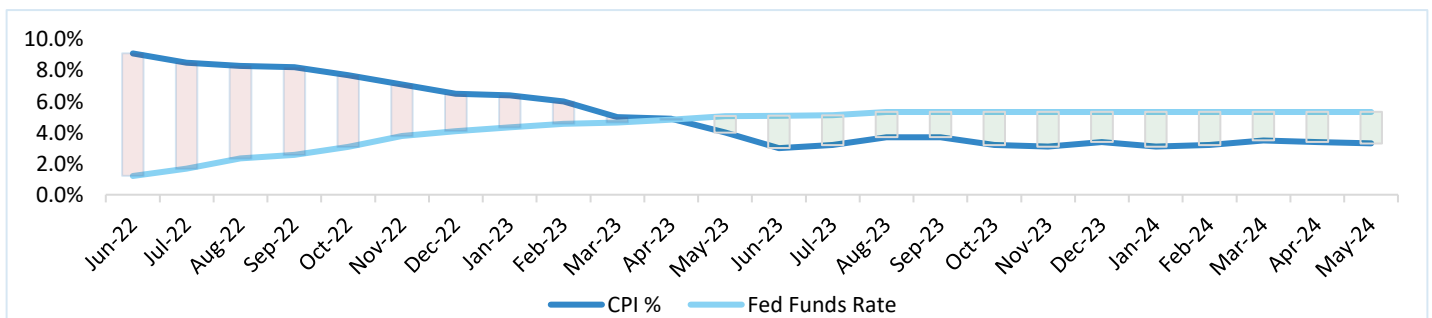
In Q2, the Dow Jones Containers & Packaging Index decreased 2.1% and was outperformed the Dow Jones Industrial Average, which decreased 1.0% over the same period.



Key External Drivers

Due to a burgeoning Direct-to-Consumer e-commerce market fueled in large part by the growth of Amazon and parcel delivery driving demand for packaging, the sector is tied to consumer spending but does tend to be more stable and resistant to volatility in the broader economy than other industries.

The Federal Reserve is anticipated to keep interest rates elevated after a higher-than-expected jobs report from May showing 272.0K jobs were added to the U.S. labor market. A strong jobs report indicates that consumers will have more disposable income, causing higher consumer spending that can elevate inflation. As a result of the strong jobs data, many economists have adjusted their forecasts from 3 rate cuts in 2024 to only 1 by the end of the year with a possibility of the first cut arriving as early as September. The May consumer price index (“CPI”) consensus for the upcoming June Federal Reserve meeting estimates a year-over-year increase of 3.4%, matching April’s gain. Along with their prediction that interest rates will not be cut in June, economists also claim that a rate hike would be too risky and would rock the markets. If the Federal Reserve cuts rates in 2024, the impact of lower borrowing costs may narrow the gap between the price sellers are willing to accept and the proposed purchase price offered by buyers in M&A transactions. Although we anticipate the Fed’s rate cuts to have a positive impact on M&A volume in the sector, uncertainty surrounding the Fed’s decision will likely have a dampening effect on deal volume over the next quarter.



Source: IBISWorld, Federal Reserve Economic Data | FRED | St. Louis Fed

Industry Trends

'Paperization' of Packaging

Increasing demand for paper packaging

Fiber is expanding into areas traditionally dominated by plastics, such as pouches, blister packs, and candy bar wrappers. Consumers and legislators often prefer paper over plastic due to its recyclability and lesser contribution to ocean debris, influencing new policies favoring fiber-based packaging. Fiber-based alternatives are likely to continue growing if they meet performance targets.



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 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.



Ocean-based Materials

Seaweed redefines biobased packaging'

Seaweed is becoming a key material for packaging, particularly bioplastics, due to its global availability, rapid growth, and sustainable harvesting. Notable developments include Notpla's seaweed packaging, which won the 2022 Earthshot Prize, and EcoEnclose's collaboration with Sway to create seaweed-based carton windows. Additionally, chitin from crustacean shells is emerging as another ocean-sourced material for packaging, presenting versatile alternatives to fossil-fuel-based plastics.



Marketing Through Packaging

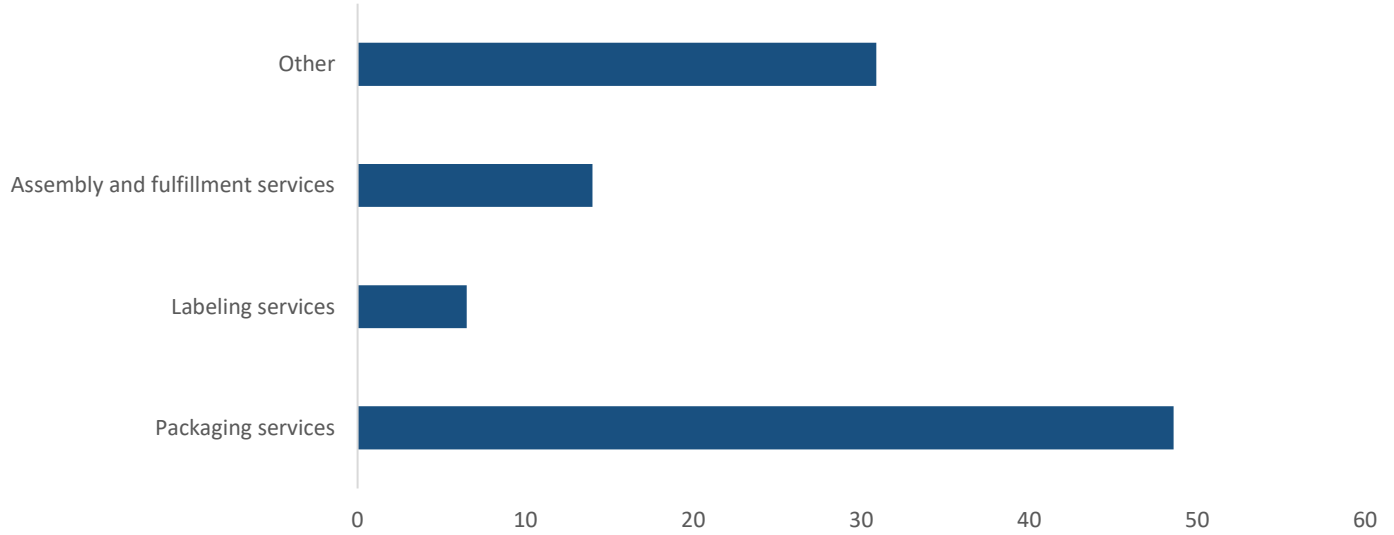
Personalizing packaging to establish customer connections

Heightened competition within the retail industry is elevating the need for tailored marketing strategies aimed at specific customer segments. One popular marketing medium that producers have adopted is packaging. By offering customizable packaging options and limited-edition designs, brands seek to differentiate their products and attain customer loyalty.

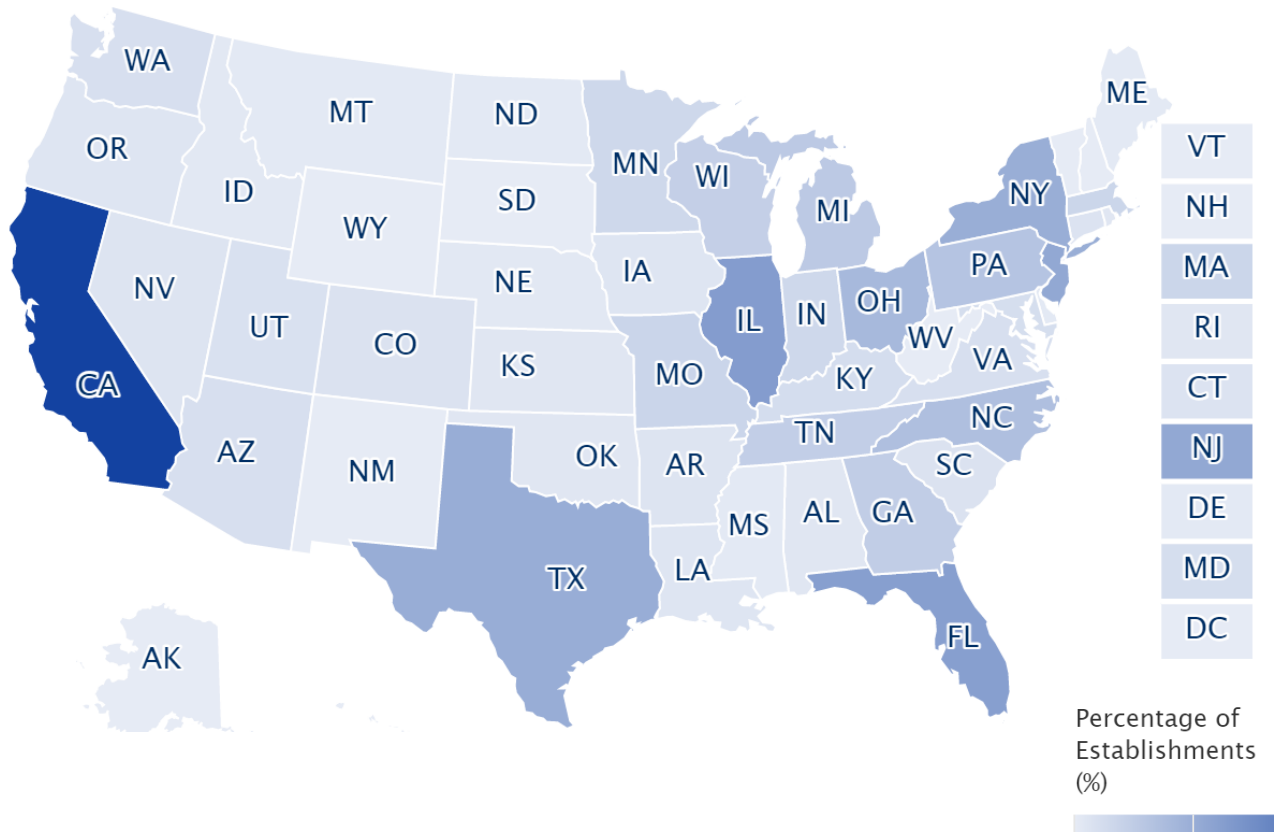


Industry Outlook

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.



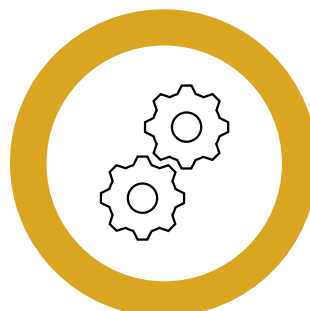
Buy-Side Advisory: Buy a business

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



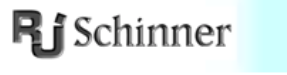



Has sold substantially all of its assets to





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
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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:



Packaging



Transportation & Logistics



Food & Beverage



Industrials



Tech-enabled Services



Healthcare

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