



Packaging M&A Update

Q3 2024

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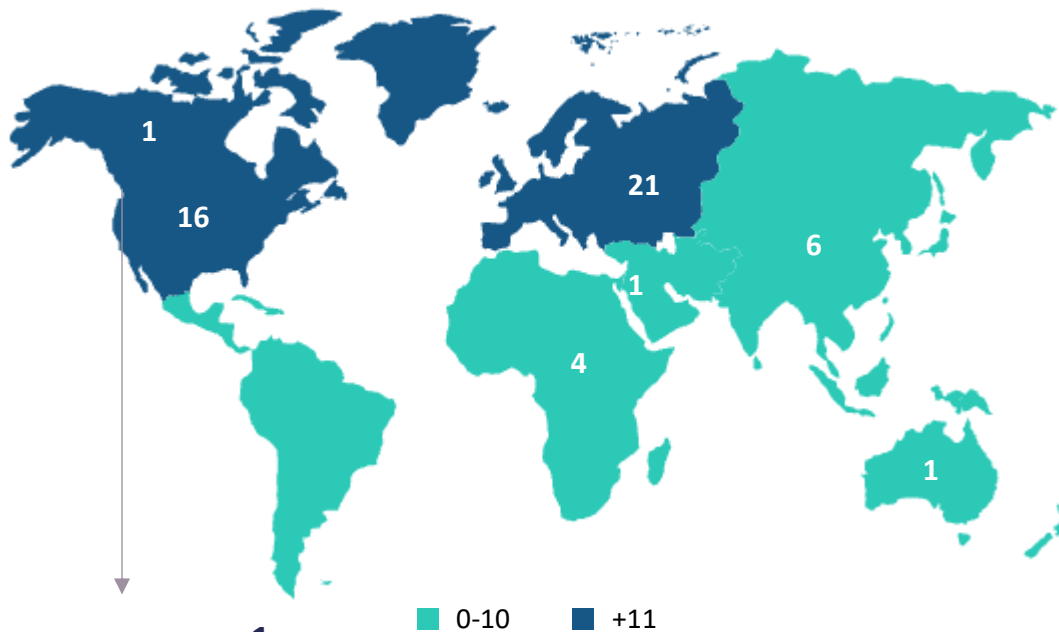
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REPORT HIGHLIGHTS

- In Q3, the Dow Jones Containers & Packaging Index increased by 13.9% and outperformed the S&P 500, which increased by 5.3% over the same period.
- The median EV/EBITDA multiple for reported private equity deals decreased to 5.8x in YTD Q3 from 8.0x in 2023, and decreased for strategic deals to 7.6x from 10.0x in the prior year.
- M&A deal volume in the Packaging sector decreased 16.7% in Q3 to 50 deals from 60 deals in Q2, and decreased 27.5% from 69 deals in Q3 of the prior year.
- As a % of total capital invested in M&A transactions, PE participation decreased substantially in YTD Q3 to 12.2% from 65.5% in 2023.
- Europe was the most active region in Q3 with 21 deals. Most notably in Europe was Verallia's \$247.3 million acquisition of Vidrala Italia, an Italian manufacturer of glass containers, in July 2024.



Of the 50 deals in the Packaging sector in Q3, Europe was the most active with 21. A notable European deal (in addition to the Vidrala Italia deal mentioned on the previous page) was Macfarlane Group’s \$20.7 million acquisition of Polyformes, a UK-based manufacturer of foam products, in July 2024. North America was the second most active with 17 transactions and all other regions combined for a total of 12 deals.



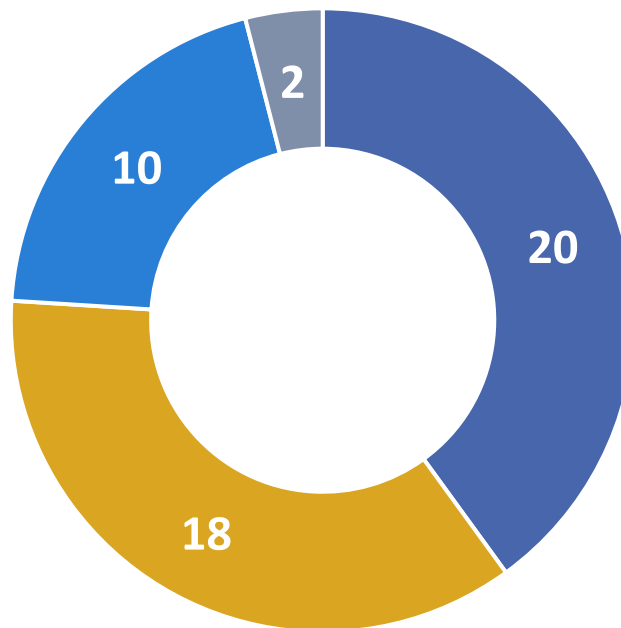
Canada:	1
United States:	16
Great Lakes:	5
Southeast:	5
Mid Atlantic:	2
South:	2
Others:	2

In the U.S. market, the Great Lakes and Southeast regions were the most active with 5 deals each. Most notably in North America was Smurfit Kappa Group’s \$11.0 billion acquisition of WestRock, an Atlanta-based manufacturer of corrugated and consumer packaging, in July 2024. The Mid Atlantic and South regions each saw 2 transactions and all other U.S. regions combined for a total of 2 completed deals.

Outside of the U.S. in the North American market, 1 transaction closed in the Canadian market in Q3 2024.

Of the 50 Packaging deals in Q3, 20 deals were in the Plastic subsector, making it the most active from an M&A volume standpoint. The Paper and Metal & Other subsectors saw 18 and 10 deals close, respectively, followed by the Wood subsector with 2 transactions in the quarter.

Deal by Subsector



■ Plastic

■ Paper

■ Metal & Other

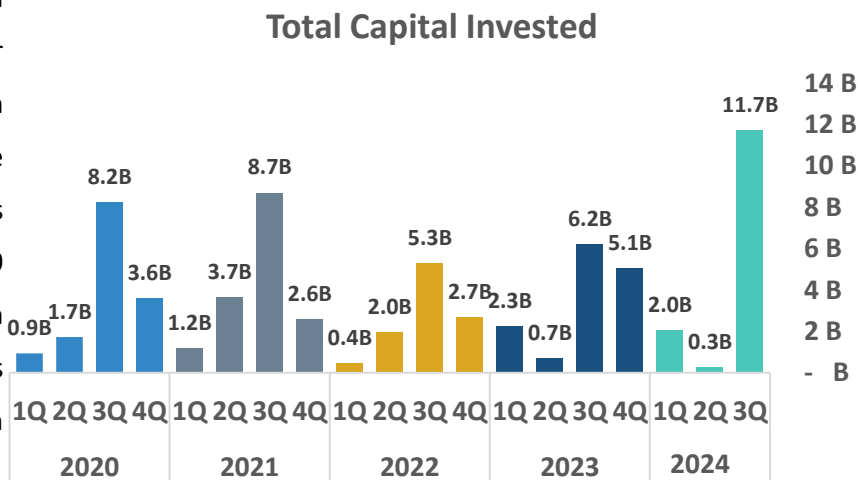
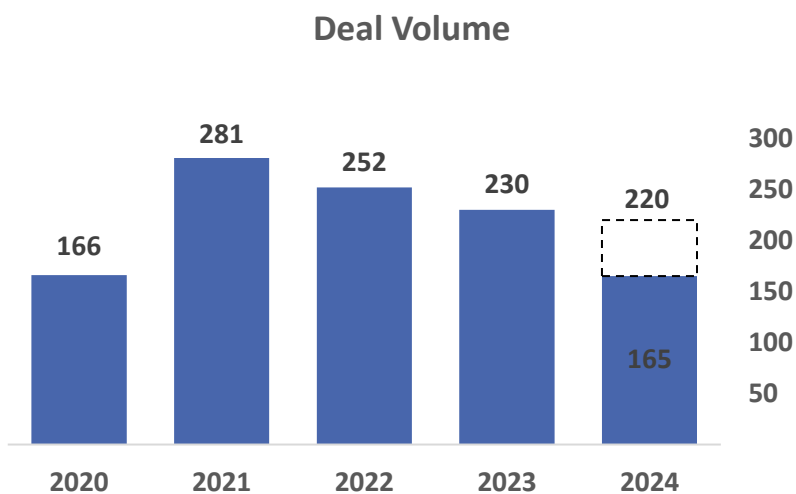
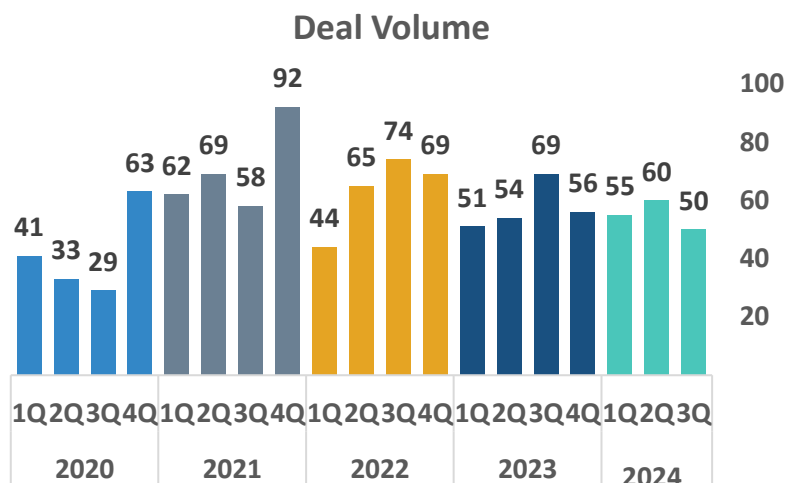
■ Wood



Deal volume in the Packaging sector decreased 16.7% in Q3 to 50 deals from 60 deals in Q2, and decreased 27.5% from 69 deals in Q3 of the prior year. Q3 represents the lowest level of deal volume seen since Q1 2022.

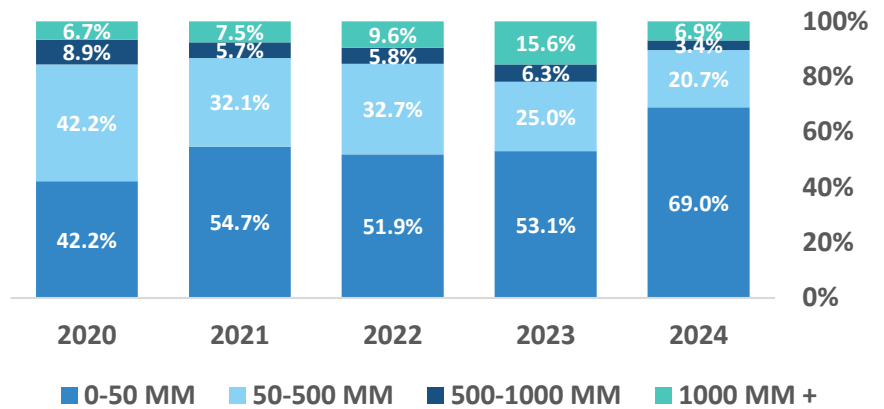
Based on activity through Q3, M&A deal volume is anticipated to decrease 4.3% to 220 deals in 2024 from 230 in 2023. We attribute this decline in deal volume to continuing challenges in market conditions including high interest rates and cost of capital along with tightened liquidity markets. However, we anticipate market conditions loosening in the coming quarters, with the Fed cuts in interest rates and the election moving to the rearview mirror.

Contrary to the decline in deal volume, total capital invested in M&A deals in the Packaging sector increased 3,800.0% in Q3 to \$11.7B from \$0.3B in Q2, and increased 88.7% from \$6.2B in Q3 of the prior year. The increase from last quarter's \$0.3B is primarily due to Smurfit Kappa Group's \$11.0 billion acquisition of WestRock in July 2024. In comparison, the largest transaction in Q2 was Industrial Opportunity Partners' \$114.0 million acquisition of Transcendia in May 2024.



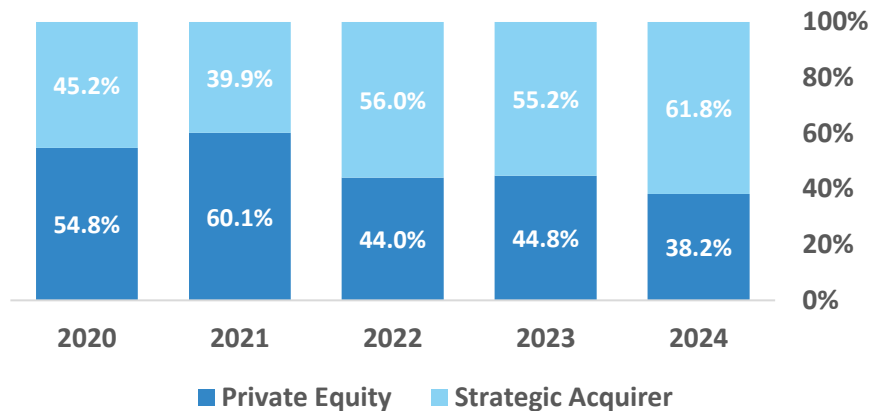
Deal Volume by Deal Size

YTD through Q3, we generally saw a shift in mix towards smaller-sized deals from the prior year, specifically in the lower middle market (\$0 - \$50 MM), which increased to 69.0% from 53.1% in 2023. The large cap (\$1000 MM+), upper middle (\$500 - \$1000 MM), and middle (\$50 - \$500 MM) tranches of the market saw decreases to 6.9%, 3.4%, and 20.7% from 15.6%, 6.3%, and 25.0%, respectively, in 2023.



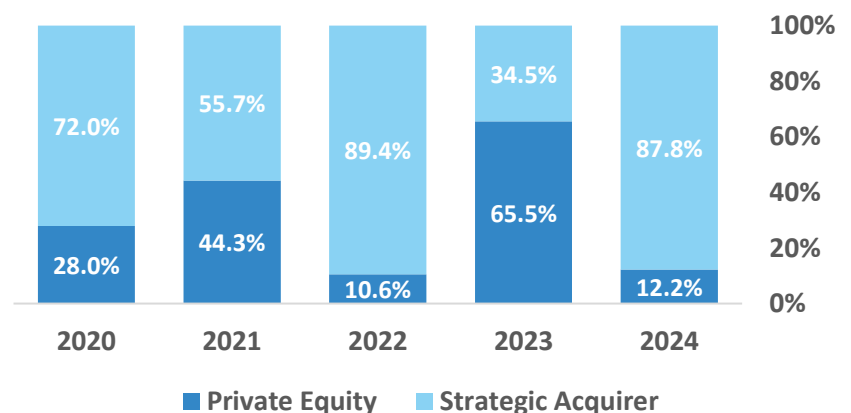
As a % of total deal volume, PE buyers have trended lower so far in 2024 relative to strategic buyers, representing 38.2% of deal volume in the sector and down from 44.8% in 2023. YTD Q3 2024 marks the lowest level of deal volume from PE buyers since 2020.

Deal Volume by Acquirer



Following the trend in deal volume, total capital invested by PE investors (as a % of overall capital invested) decreased in YTD 2024 to 12.2% from 65.5% in 2023. If we exclude Smurfit Kappa Group's \$11.0 billion acquisition of WestRock, PE investors represented 56.7% of capital invested.

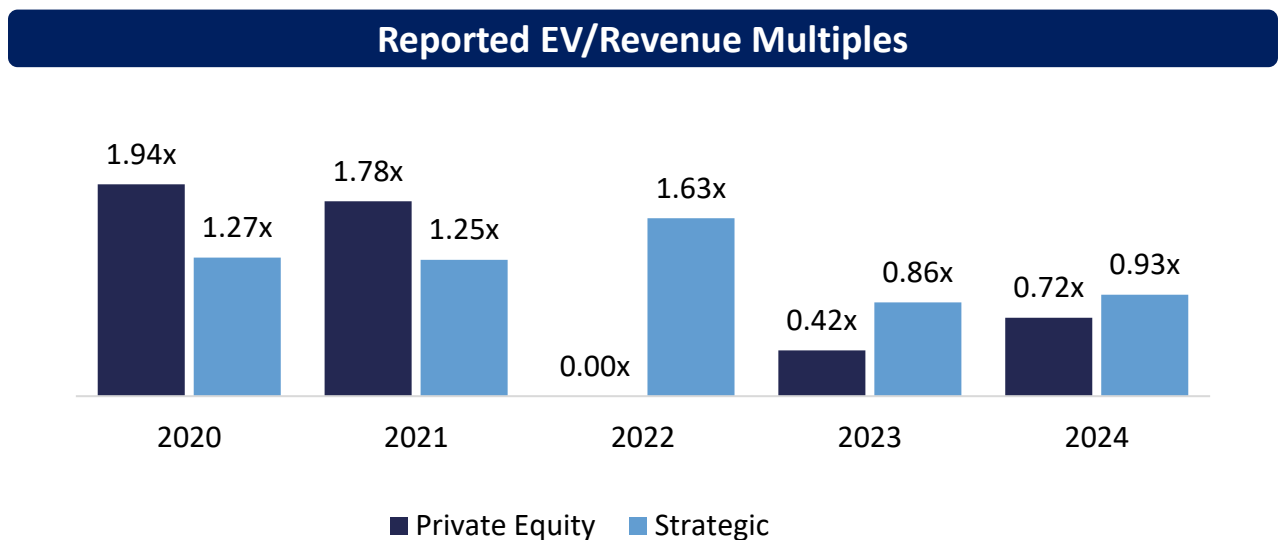
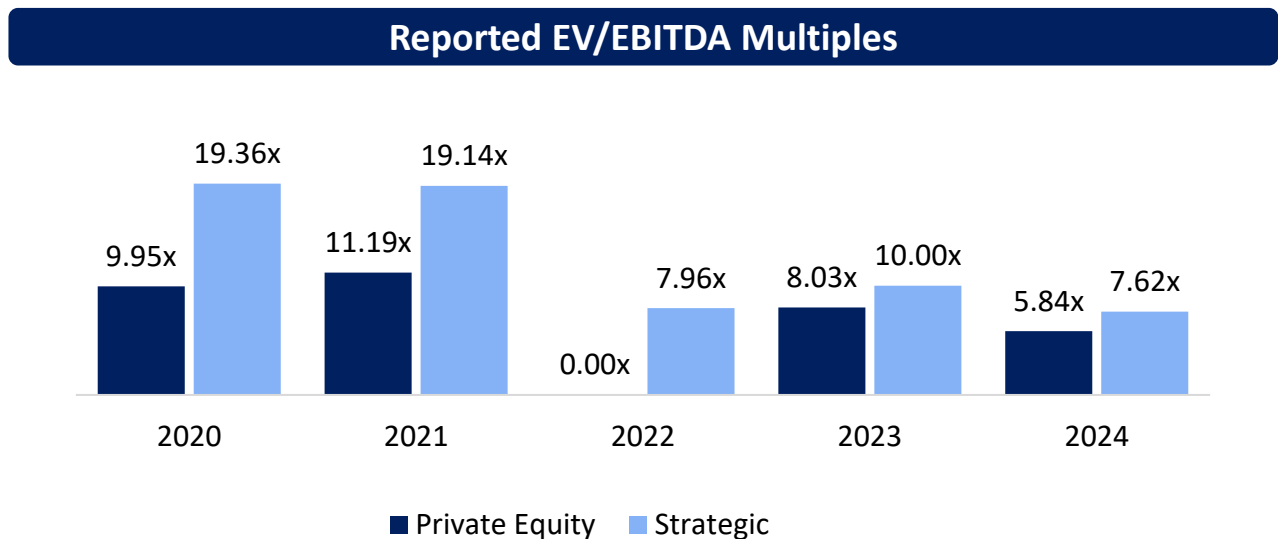
Total Capital Invested by Acquirer















The median EV/EBITDA multiple for reported private equity deals decreased to 5.84x in 2024 from 8.03x in 2023, and decreased for strategic deals to 7.62x from 10.00x in the prior year.

The median EV/Revenue multiple for reported private equity deals increased to 0.72x in 2024 from 0.42x in 2023, and increased for strategic deals to 0.93x from 0.86x in the prior year.







2024 marks the lowest median EV/EBITDA multiple for strategic buyers in the past five years.



Active Strategic Investors








Investor	YTD Packaging Inv.	Select Targets
	7	 Pamark Group  Holland Special Packaging e-commerce verzendverpakkingen  CLEAN SPOT INC. FACILITY SUPPLIES AND EQUIPMENT  NISBETS
	3	 Labtech  LINEALAB  RUWAG DIAGNOSTICS LIFE SCIENCE
	2	 Polyformes  Allpack Direct Packaging Supplies Direct To You

Active Private Equity Investors

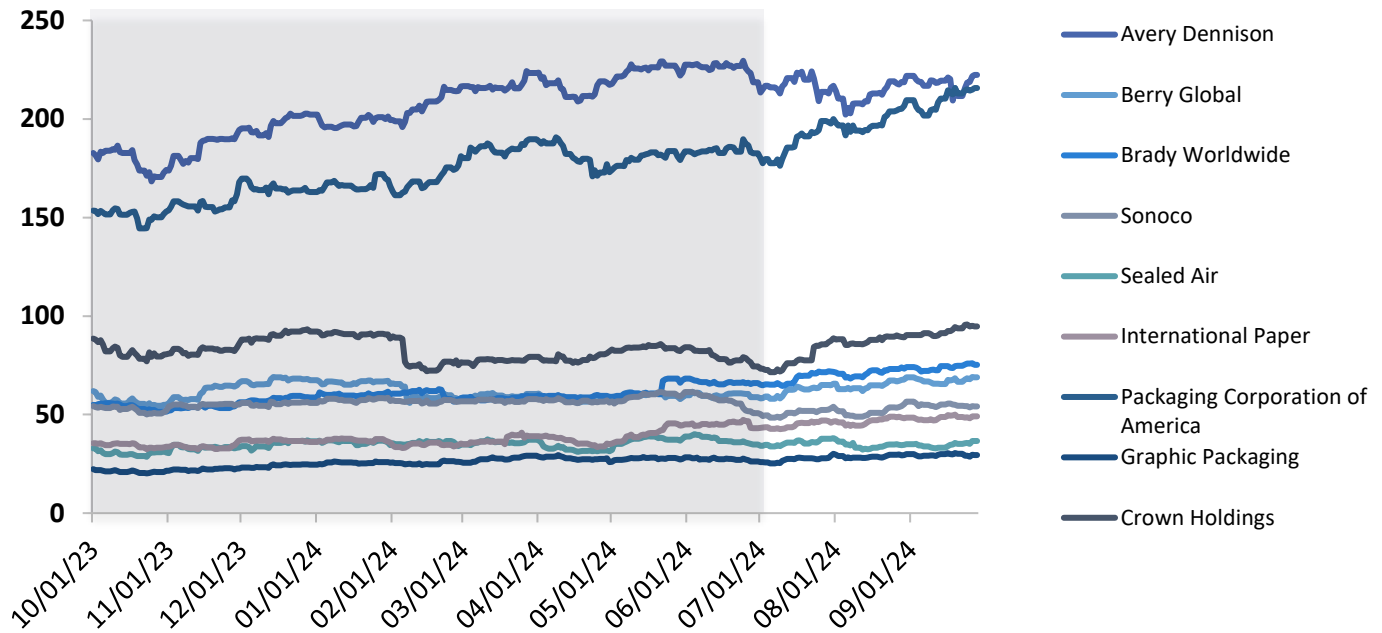
Investor	YTD Packaging Inv.	Select Targets
ACE & Company	3	 GRUPO ZAPATA  WOLFPACK PACKAGING INC. Eliptotime PTY
CAPZA	2	 GAINERIE91  SMITHPACK SERVICE BY DESIGN
ALTOR	2	 Bentsen Emballager uden for standard  Palamy

Largest Deals (Disclosed)

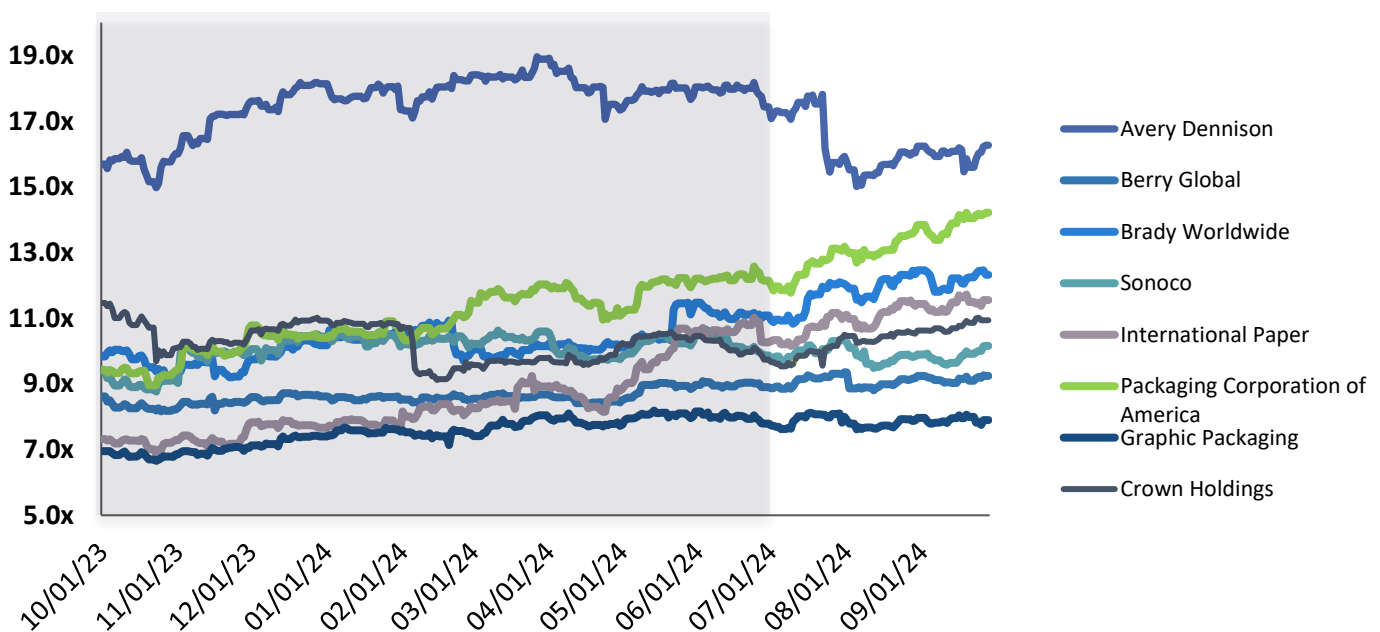
Deal Date	Company Name	Investors	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
30-Sep-2024	AAC Cyroma	Harper Bennett	Merger/ Acquisition	\$ 0.7			Manufacturer of industrial molding products catering to the automotive, construction, utilities and retail industry sectors.
20-Sep-2024	Zhongxin Environmental Protection	China Agricultural Industry Development Fund	IPO	95			Provider of research and development, production and sales of naturally degradable plant fiber molding products.
19-Sep-2024	Capitol City Container	Welch Packaging	Merger/ Acquisition				Manufacturer of corrugated boxes catering to Central Indiana.
12-Sep-2024	Liquid Bottles	Harvey & Company, Kelso & Company, Novvia Group	Buyout/ LBO				Manufacturer of liquid packaging containers intended for pharmaceutical, cosmetic, and food industries.
10-Sep-2024	CarryOut Supplies	NightFood Holdings	Merger/ Acquisition				Manufacturer and distributor of paper and plastic take-out supplies based in Walnut, California.
04-Sep-2024	American Twisting	Apollo Global Management	Buyout/ LBO				Manufacturer of paper cords and paper-covered wires catering to crafts enthusiasts and businesses.
04-Sep-2024	Bottles and Foamers	Area Distributors	Merger/ Acquisition				Suppliers of plastic containers and dispensing products to manufacturers throughout the United States.
03-Sep-2024	Nampak Liquid Cartons	Dlondlobala Capital	Buyout/ LBO	25			Manufacturer and supplier of paper products used to package liquid products catering to clients across South Africa.
27-Aug-2024	Middle East Glass Manufacturing	Glassworks	PIPE	14			Manufacturer of glass containers that are used for the packaging of food and beverage products.
22-Aug-2024	Better Bags	Hercules	Merger/ Acquisition				Manufacturer of plastic bags based in Houston, Texas.
13-Aug-2024	Bio Green Papers	Undisclosed Investor	PIPE	1			Manufacturer of paper packing products.
17-Jul-2024	Baron Rubber	Trelleborg Group	Merger/ Acquisition	300			Manufacturer of advanced silicone and rubber components designed to support medical device innovation and prototype development.
11-Jul-2024	PWR Pack	Coesia	Corporate	16			Provider of automated production and packaging solutions intended for food producers to improve the performance of their business.
08-Jul-2024	Polyformes	Macfarlane Group	Merger/ Acquisition	21			Manufacturer of foam products from polyethylene foam, based out of in Bedfordshire, England.
05-Jul-2024	WestRock	Smurfit Kappa	Merger/ Acquisition	11,000	0.54x	4.56x	Manufacturer of corrugated packaging and consumer packaging, such as folding cartons and paperboard.
04-Jul-2024	Vidrala Italia	Verallia	Merger/ Acquisition	247	1.32x	7.02x	Manufacturer of glass containers intended for the packaging of food products.
Mean				1,172	0.93x	5.79x	
Median				23	0.93x	5.79x	
High				11,000	1.32x	7.02x	
Low				1	0.54x	4.56x	

Target	Investor	Driver	Deal Synopsis
		Merger/ Acquisition	<p>WestRock, an Atlanta-based manufacturer of corrugated packaging and consumer packaging, was acquired by Smurfit Kappa Group for \$11.0 billion in July 2024. The combination will enhance Smurfit Kappa’s offerings by creating the global "Go-To" packaging partner of choice.</p>
		Merger/ Acquisition	<p>Vidrala Italia, an Italian manufacturer of glass containers for food packaging, was acquired by Verallia for approximately \$247.3 million in July 2024. With this acquisition, Verallia expands its capabilities in the Italian market, where the Group will now operate 7 production sites.</p>
		Merger/ Acquisition	<p>Baron Rubber, a manufacturer of silicone and rubber packaging with plants in China and Australia, was acquired by Trelleborg Group (“TG”) for \$300.0 million in July 2024. The acquisition fortifies the presence of TG in Asia and Australia and marks a significant milestone in TG’s ambition to build a comprehensive offering of healthcare packaging.</p>
		Buyout/ LBO	<p>Nampak Liquid Cartons (“NLC”), an African manufacturer and supplier of paper products used to package liquid, was acquired by Dlondlobala Capital for \$25.0 million in September 2024. The acquisition expands Dlondlobala Capital’s position in South Africa and provides exposure to NLC’s blue chip customer base.</p>

Stock Price

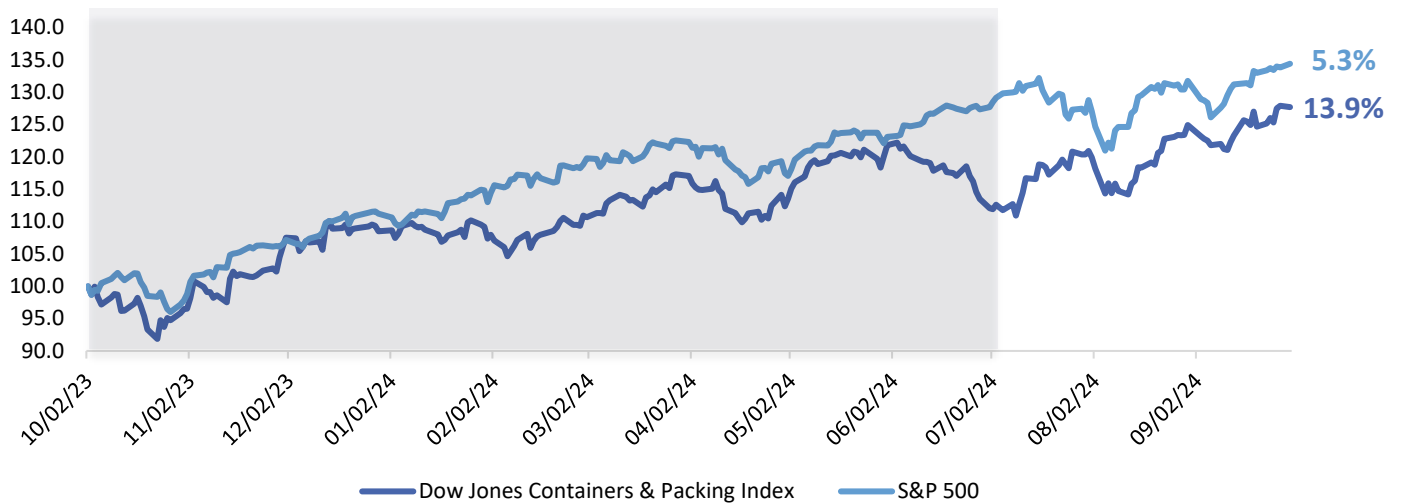


EV/EBITDA



Index Performance

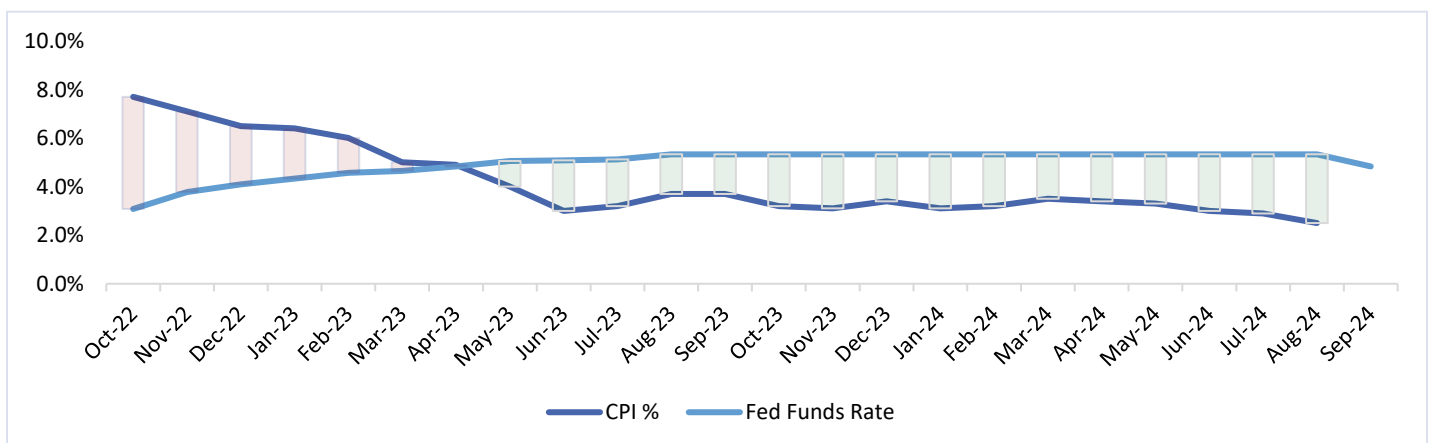
The Dow Jones Containers & Packaging Index increased by 13.9% and outperformed the S&P 500, which increased by 5.3% over the same period.



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 implemented its first interest rate cut in more than four years following a mid-September meeting, lowering the federal funds rate by 0.50%. This marks the start of what many economists predict will be a series of cuts over the next 1-2 years. The decision comes after a year of holding rates steady in the 5.25% to 5.50% range, following 11 rate hikes between March 2022 and July 2023 aimed at combating record inflation. With inflation now closer to the Fed’s 2% target, many experts anticipate further rate cuts through 2025. This move could ease borrowing costs, potentially narrowing the gap between seller expectations and buyer offers in M&A transactions, which may lead to increased deal volume.



Emerging trends in the Packaging M&A space:



Internet of Packaging

Internet of packaging transforms conventional packaging

The IOT enhances brand-consumer interaction with QR codes, RFID, and NFC. This smart packaging serves not just as a container but as a data conduit and digital interface, offering security, authenticity, and connectivity. Augmented reality in packaging deepens customer engagement by unlocking exclusive content, discounts, and tutorials. Moreover, IoT advancements enable packaging to include diagnostic and indicator features, keeping consumers informed about the real-time condition of their products.



Biodegradable Packaging

Shift away from traditional plastic

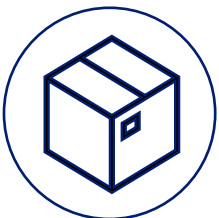
Use of plastic alternatives is accelerating due to the environmental drawbacks and slow decomposition of traditional plastic packaging materials. Growing consumer awareness of the detrimental impacts of single-use plastics is fueling the demand for eco-friendly alternatives. Substitutes such as starch, cellulose, PLA, PHB, PHA, and other biopolymers, as well as plant-based materials from sugarcane, coconut, hemp, and cornstarch, are making significant inroads in replacing conventional plastics.



Increased Prices

Influenced by inflation, some packaging companies increase prices

Inflation heavily influences both consumer purchasing and packaging companies' business decisions. In late 2023 and early 2024, fiber packaging companies including International Paper, Packaging Corporation of America, and WestRock announced they were increasing prices for corrugated packaging products. And Sonoco will implement at least a 6% price hike on all converted paperboard products. These companies' price hikes represent their first price increase in years for corrugated packaging products.



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.



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Investment Bankers for the Middle Market

About

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 280 transactions in a variety of industries including Packaging, Food & Consumer, Industrials, 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.

Our Clients

\$10 - 250MM
Revenue

\$2 - 20MM
EBITDA

Middle Market
Privately Owned

Industries Served



Plastics & Packaging



Healthcare



Tech-Enabled Services



Industrials



Transportation & Logistics



Food & Consumer





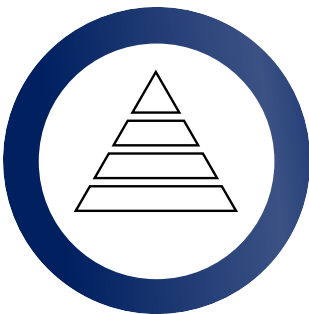
Sell-Side Advisory: Sell your business

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.



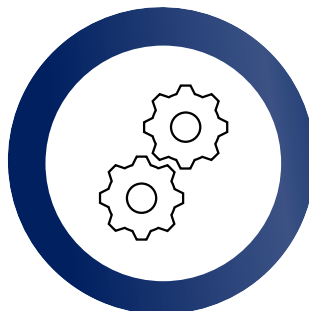
Buy-Side Advisory: Buy a business

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.

Below are two recent transactions facilitated by R.L. Hulett, showcasing our expertise in the Packaging Industry. Each transaction exemplifies our commitment to delivering exceptional value and strategic growth for our clients.



have been acquired by



a portfolio company of



The Seller: Based in St. Louis, Missouri and Hong Kong with additional warehouse locations in California and Virginia, Team Three is a leading global distributor of paper, packaging and disposable plastic products to the foodservice industry. Co-founded by Bob Hubbard and Roy Van in 2009 to create a global platform for companies seeking to expand their sourcing options, Team Three has organically grown revenue and income every year since inception and was awarded a global sourcing role with one of the largest foodservice distributors in the U.S.

The Buyer: Headquartered in Exton, PA, AmerCareRoyal (“ACR”) is a single stream resource for over 6,000 disposable products used in the foodservice, janitorial, sanitation, industrial, hospitality and medical industries. With multiple shipping points across North America, ACR’s family of companies service national level customers with outstanding customer service and an ever-growing product line.

Transaction Rationale: With the acquisition of Team Three, ACR is positioned as a leader in their market while also creating a better value proposition for customers.



DEDICATED CONVERTING
GROUP

has sold substantially all
of its assets to



The Seller: Dedicated Converting Group, Inc. is a Midwest-based converter of coverboard panels, foam padded panels, and other specialty paperboard products. The Company differentiates itself by its rapid response time, extensive product offering, and innovative features. With two manufacturing facilities in the Midwest, the Company is uniquely positioned to leverage its proximity to both customers and suppliers.

The Buyer: Vidya is the investment vehicle for the Patel family. The principals of Vidya have a long track record of investing in packaging and printing related businesses. Vidya’s principals were formerly the owners and operators of Flexo Converters, Inc., which was acquired by Novolex in July 2021.

Transaction Rationale: Vidya Holdings acquired Dedicated Converting Group (DCG) to expand its investment in the packaging industry.

Over the years, R.L. Hulett has completed hundreds of transactions in a wide variety of industries. Below are several relevant transactions in the Packaging sector. Please note that this list is not comprehensive.




have been acquired by





a portfolio company of






has sold substantially all of its assets to







has partnered with



a portfolio company of


has sold substantially all of its assets to





has sold substantially all of its assets to





has been acquired by






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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.



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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.



Ron Litton
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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.



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.



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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.



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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.



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