

## PACKAGING M&A UPDATE

DECEMBER 2022

### Packaging Industry M&A Activity Tracking

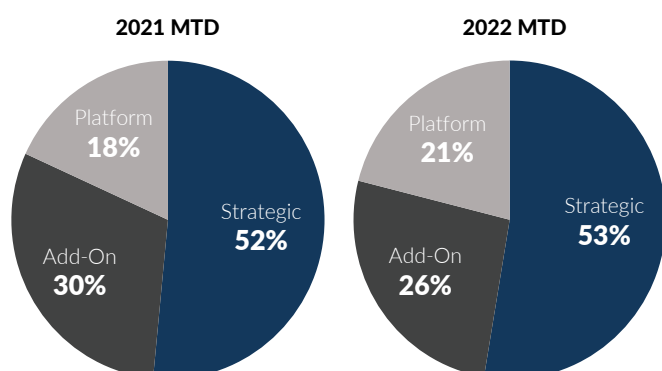
Global Packaging M&A activity recorded 19 transactions, down four deals from November activity levels and significantly below last December's levels. The decline in activity levels stemmed from less acquisitive private equity-backed strategic buyers, as add-on transactions accounted for four fewer deals month-over-month. Packaging M&A has varied throughout 2022, recording between 17 and 25 deals per month. Overall, 2022 was a down year for packaging M&A as transaction levels fell below pre-pandemic volumes.

#### PACKAGING M&A BY SUBSECTOR

Subsector	Month-to-Date			Year-to-Date		
	2021	2022	Change	2021	2022	Change
Rigid Plastic	7	3	-4	71	53	-18
Flexible Plastic	1	3	2	64	49	-15
Paper	20	10	-10	164	125	-39
Other	5	3	-2	60	36	-24
<b>Total Packaging</b>	<b>33</b>	<b>19</b>	<b>-14</b>	<b>359</b>	<b>263</b>	<b>-96</b>
Strategic	52%	53%	1%	50%	49%	-1%
Financial Buyer - Add-on	30%	26%	-4%	31%	38%	6%
Financial Buyer - Platform	18%	21%	3%	19%	14%	-6%

- Strategic buyers accounted for 53% of recorded transactions in December, which marked the seventh time in 2022 that strategic buyers have accounted for over 50% of transaction volumes
- Private equity platform transactions bounced back in December, posting four transactions, up three from the prior month. On average, three platform acquisitions were announced per month in 2022, which was consistent with December volumes
- Private equity add-on transactions pulled back from 2021 levels, but still had a strong year in 2022. Add-on transactions accounted for 99 transactions in 2022, which is 21 deals higher than the average four-year activity levels
- The Paper subsector recorded 10 deals for the second consecutive month and accounted for 53% of overall activity in December, which was the fifth time in 2022 that the Paper subsector has accounted for over 50% of the deal volume

#### PACKAGING TRANSACTIONS BY BUYER TYPE



#### TOTAL PACKAGING M&A BY END MARKET

End Market	Month-to-Date		Year-to-Date	
	2022	%	2022	%
Food & Beverage	3	15.8%	70	26.6%
Industrial	9	47.4%	93	35.4%
Consumer	7	36.8%	82	31.2%
Other	0	0.0%	18	6.8%
<b>TOTAL</b>	<b>19</b>	<b>100%</b>	<b>263</b>	<b>100%</b>

Global Packaging M&A experienced a pullback in transaction activity in December 2022, as financing challenges and macroeconomic uncertainty continued to suppress activity levels. Packaging deals continue to be completed at attractive multiples but at lower levels of activity. Recovery in packaging M&A volume in 2023 will largely be dependent on improvements in the macroeconomy and the credit markets. If you are a packaging company considering a merger, acquisition, sale or recapitalization in the short or longer term, please consider leveraging PMCF's transaction planning and execution expertise to best position your company in a transaction.

## Public Entity Performance

Packaging public entities closed the year on a bearish note, with all tracked packaging indices falling in December. The Paper Packaging Index posted the smallest pullback of all tracked indices, recording a loss of 1.2% in the month. All subsector packaging indices have outperformed the S&P 500 over the year-to-date period.

Index		% Change December MTD		% Change December YTD
S&P 500 Index	↓	-5.9%	↓	-19.4%
PMCF Packaging Index <sup>(1)</sup>	↓	-4.0%	↓	-16.9%
Rigid Plastic Packaging <sup>(2)</sup>	↓	-7.5%	↓	-19.4%
Flexible Plastic Packaging <sup>(3)</sup>	↓	-5.5%	↓	-16.1%
Other Packaging <sup>(4)</sup>	↓	-3.4%	↓	-14.3%
Paper Packaging <sup>(5)</sup>	↓	-1.2%	↓	-17.6%

(1) ATR, BERY, NPK, SLGN, SON, ESNT, AMC, HUH1V, SEE, TCLA, WPK, PTVE, CAS, SMDS, GPK, GEF, IP, PKG, SK3, WRK, KRT, AVY, BLL, CCLB, CCK, GXI, OI, 5901 (2) ATR, BERY, NPK, SLGN, SON, ESNT (3) AMC, HUH1V, SEE, TCLA, WPK, PTVE (4) AVY, BLL, CCLB, CCK, GXI, OI, 5901 (5) CAS, SMDS, GPK, GEF, IP, PKG, SK3, WRK, KRT

## Major News

- U.S. Inflation Slowed for Sixth Straight Month in December (The Wall Street Journal)
- U.S. Jobless Claims Tick Up, Economy Grows Faster Than Previously Thought (The Wall Street Journal)
- Lawmakers Urge Biden to Set 'Meaningful Standards' for Plastics Treaty (Plastics News)
- Los Angeles, San Diego Pass New Plastic Bans (Plastics News)
- Packaging Trends: Balancing Sustainability with Profits (Plastics Today)

## Notable M&A Activity

Date	Acquirer	Target	Category
12/30/22	Trioworld Group Ab	Malpack Limited	Flexible Packaging
12/15/22	Duraweld Limited	Prima Yorkshire Limited	Folding Cartons
12/15/22	Fortis Solutions Group (Harvest Partners)	Cinton, LLC (West Coast Labels)	Labels
12/13/22	Five V Capital	BioPak Pty Limited	Food Packaging
12/08/22	Novvia Group	Rahway Steel Drum Co. Inc.	Distribution
12/08/22	Shriji Polymers (India) Private Limited	Parekhplast India Limited	Rigid Packaging
12/06/22	UFP Packaging, affiliate of UFP Industries (Nasdaq: UFP)	Titan Corrugated and affiliate, All Boxed Up	Corrugated
12/02/22	Envoy Solutions	Pennsylvania Paper & Supply Company	Distribution

Sources: Capital IQ, PitchBook, Thomson Reuters, Company Reports, PMCF

## Use Our Expertise to Maximize Shareholder Value

Since our inception over 25 years ago, PMCF has offered robust transaction planning and preparation services to help business owners achieve the best possible outcome in a transaction whether it be in the short or long term. Our long track record of successful transactions is directly attributable to our focus on preparation and being proactive throughout the transaction process.

### STRATEGIC ASSESSMENT

- PMCF is frequently requested to complete an analysis of a company's strategic positioning within the plastics and packaging marketplace
- Our review may consider your operations, products, end markets, financial trends, growth opportunities, and management team
- We are available to brief your management team, ownership, or board with our thoughts on your current value in today's market
- PMCF can provide a benchmark comparison of your organization's strengths, weaknesses, and anticipated buyer viewpoints

### WORKING WITH PMCF

- PMCF is a licensed and FINRA-registered investment banking organization
- Confidentiality is of the highest importance and we welcome the execution of appropriate agreements prior to the exchange of data
- PMCF's senior bankers will respond to any inquiries and will be directly involved in all discussions
- If engaged, the majority of PMCF's costs are contingent on a successful transaction
- We insist on potential clients contacting our long list of references

## PMCF's Plastics & Packaging Group

PMCF's Plastics and Packaging investment bankers are dedicated solely to serving the needs of middle-market transactions within the plastics and packaging industries. Our exclusive focus on plastics and packaging sale, merger, and acquisition advisory provides significant advantages to our clients and the opportunity to maximize value in a transaction. PMCF's extensive coverage of these industries has provided us with specialized, in-depth knowledge of the sector dynamics and relationships with key strategic and financial industry players. Our firm has been serving the plastics and packaging industries for over 20 years and has a long track record of successful transactions involving specialty, niche players in these industries.

Rigid Packaging	Flexible Packaging	Engineered Products	Corrugated & Paper Packaging
Blow Molding	Injection Molding	Extrusion	Specialty Film
Color & Compounding	Printing & Labeling	Thermoforming	Packaging Machinery

Please let us know if you would like to set up a confidential call or meeting to discuss transaction planning and execution. You can reach John Hart, who leads PMCF's Plastics & Packaging Group at: (248) 223-3468 or john.hart@pmcf.com

## Recent PMCF Plastics & Packaging Transactions



has been acquired by



CORRUGATED PACKAGING



has been acquired by



HOOD CONTAINER CORPORATION

CORRUGATED PACKAGING



has been acquired by



PACKAGING DISTRIBUTION & BLOW MOLDED PACKAGING



a portfolio company of



has been acquired by



a portfolio company of



RECYCLING & FLEXIBLE PACKAGING



has been acquired by



a portfolio company of

THE JORDAN COMPANY

THERMOFORMED PACKAGING



has completed a recapitalization with



SPECIALTY EXTRUSION & FLEXIBLE PACKAGING



has been acquired by



a portfolio company of



INJECTION & BLOW MOLDED PACKAGING



has been acquired by



a portfolio company of



THERMOFORMED PACKAGING, FOLDING CARTONS



Two-time winner, Boutique Investment Banking Firm of the Year by M&A Advisor

Awarded, Cross Border Corporate and Strategic Acquisition of the Year by M&A Advisor

Awarded, Cross Border M&A Deal of the Year by M&A Advisor

Awarded, Deal of the Year by ACG Detroit

Awarded, Manufacturing Deal of the Year by MiBiz

Awarded, Plastic and Packaging Deal of the Year in 2020 and 2021 by the Global M&A Network

Awarded, Industrials M&A Investment Bank of the Year by the Global M&A Network

## Experienced Professionals. Trusted Advisors. Proven Results.

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