

PACKAGING M&A UPDATE

JULY 2023

Packaging Industry M&A Activity Tracking

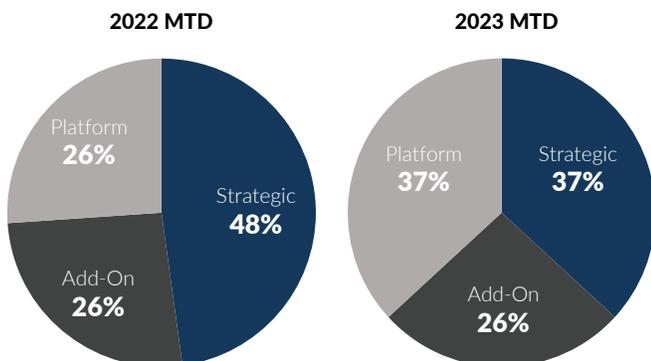
Global Packaging M&A posted 19 transactions in July, up one from June levels. Add-on transactions fell below the monthly average of eight deals, but an increase in private equity platform transactions more than offset this decline. Strategic buyers, on the other hand, posted their second-lowest month from a deal standpoint in July. Packaging M&A has primarily been driven by financial buyers and strong add-on activity while strategic buyers have generally pulled back from the market. PMCF will continue to monitor these trends as the year continues.

PACKAGING M&A BY SUBSECTOR

| Subsector | Month-to-Date | | | Year-to-Date | | |
|----------------------------|---------------|-----------|-----------|--------------|------------|------------|
| | 2022 | 2023 | Change | 2022 | 2023 | Change |
| Rigid Plastic | 4 | 4 | 0 | 34 | 32 | -2 |
| Flexible Plastic | 1 | 3 | 2 | 29 | 21 | -8 |
| Paper | 16 | 6 | -10 | 76 | 58 | -18 |
| Other | 2 | 6 | 4 | 20 | 26 | 6 |
| Total Packaging | 23 | 19 | -4 | 159 | 137 | -22 |
| Strategic | 48% | 37% | -11% | 50% | 43% | -7% |
| Financial Buyer - Add-on | 26% | 26% | 0% | 36% | 41% | 4% |
| Financial Buyer - Platform | 26% | 37% | 11% | 13% | 16% | 3% |

- Strategic buyers accounted for seven deals, or 37% of the deal volume in July. In the year-to-date period, strategic buyers have recorded 43% of all transaction activity, which would be their lowest mark since PMCF began tracking M&A activity in the industry
- Deals attributable to financial buyers rose by four transactions month-over-month. Platform private equity buyers recorded seven deals in July, which represents the most acquisitive month for platform buyers since November 2021
- The Other Packaging subsector continues to post strong monthly activity levels, recording six deals in July. The subsector is on pace to surpass 2022 volumes
- The Medical end market posted two transactions in July and 12 transactions in the year-to-date period. At current levels, the end market is on track to surpass 2022 levels and is on par with 2021 volumes

PACKAGING TRANSACTIONS BY BUYER TYPE



TOTAL PACKAGING M&A BY END MARKET

| End Market | Month-to-Date | | Year-to-Date | |
|-----------------|---------------|-----------|--------------|------------|
| | 2022 | 2023 | 2022 | 2023 |
| Food & Beverage | 2 | 5 | 47 | 37 |
| Industrial | 6 | 7 | 48 | 47 |
| Consumer | 14 | 5 | 48 | 41 |
| Other | 1 | 2 | 16 | 12 |
| Total | 23 | 19 | 159 | 137 |

Global Packaging M&A has experienced lower deal volumes in 2023. Weak M&A activity is due in part to core volumes declining across many sectors of packaging, macroeconomic uncertainty, and challenging credit markets. Despite lower activity levels, well-positioned packaging companies remain in demand and continue to draw interest from strategic and financial buyers. 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 posted bullish results in July, with each tracked index appreciating and four of the five indices outperforming the S&P 500. The Paper Packaging index posted the largest gain in the month, increasing by over 11%, pushing the index's year-to-date return to over 15%.

| Index | | % Change July MTD | | % Change July YTD |
|---|---|-------------------|---|-------------------|
| S&P 500 Index | ↑ | 3.1% | ↑ | 19.5% |
| PMCF Packaging Index ⁽¹⁾ | ↑ | 6.2% | ↑ | 8.3% |
| Rigid Plastic Packaging ⁽²⁾ | ↑ | 0.8% | ↓ | -9.9% |
| Flexible Plastic Packaging ⁽³⁾ | ↑ | 5.1% | ↓ | -8.3% |
| Other Packaging ⁽⁴⁾ | ↑ | 5.2% | ↑ | 27.1% |
| Paper Packaging ⁽⁵⁾ | ↑ | 11.2% | ↑ | 15.1% |

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

Major News

- The Hottest Food & Beverage Packages Right Now (Packaging Digest)
- Packaging 'Durability, Not Disposability' Focus of Senate Hearing (Plastics News)
- EPA Proposal to Cut Plastics, Chemical Plant Emissions Draws Intense Interest (Plastics News)
- How the U.S. Economy Is Sticking the Soft Landing (The Wall Street Journal)
- U.S. Economic Growth Accelerates, Defying Slowdown Expectations (The Wall Street Journal)

Notable M&A Activity

| Date | Acquirer | Target | Category |
|----------|--|-------------------------------------|--------------------|
| 07/31/23 | One Rock Capital Partners, LLC | Constantia Flexibles Group GmbH | Flexible Packaging |
| 07/27/23 | Carton Group GmbH | Europoligrafico S.p.A. | Folding Cartons |
| 07/17/23 | Platinum Equity, LLC | The HC Companies Inc. | Rigid Packaging |
| 07/14/23 | TPG Inc. (NasdaqGS:TPG) | Samhwa P&T Co.,Ltd. | Rigid Packaging |
| 07/13/23 | Mimir Invest AB | Billerud Managed Packaging Ab | Distribution |
| 07/11/23 | Resource Label Group, LLC | TQL Packaging Solutions | Labels |
| 07/07/23 | Imperial Dade Intermediate Holdings, LLC | Atlantis Packaging, Inc. | Distribution |
| 07/05/23 | Specialized Packaging Group, Inc. | Protective Packaging Solutions, LLC | Rigid Packaging |

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



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



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

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