

PACKAGING M&A UPDATE

FEBRUARY 2024

Packaging Industry M&A Activity Tracking

Global Packaging M&A pulled back in February, recording 25 deals, which was a five-deal decrease compared to January but equal to last year's volume. The decreased volume was attributable to lower levels of participation from strategic buyers. Although January activity levels were encouraging, Global Packaging M&A has recorded 25 or fewer deals in two of the last three months, which is correlated with less strategic buyer activity and a sign that volume may continue at the lower levels. The prospect of a rebound in Global Packaging M&A in 2024 is currently uncertain.

PACKAGING M&A BY SUBSECTOR

| Subsector | Month-to-Date | | | Year-to-Date | | |
|--------------------------|---------------|-----------|----------|--------------|-----------|----------|
| | 2023 | 2024 | Change | 2023 | 2024 | Change |
| Rigid Packaging | 6 | 3 | -3 | 12 | 10 | -2 |
| Flexible Plastic | 2 | 8 | 6 | 7 | 12 | 5 |
| Paper | 7 | 5 | -2 | 19 | 11 | -8 |
| Printing & Labels | 4 | 1 | -3 | 6 | 3 | -3 |
| Protective Packaging | 1 | 2 | 1 | 2 | 3 | 1 |
| Machinery & Distribution | 5 | 6 | 1 | 7 | 16 | 9 |
| Total | 25 | 25 | 0 | 53 | 55 | 2 |

PACKAGING M&A BY BUYER TYPE

| Type | MTD | % of Total | YTD | % of Total |
|---------------|-----|------------|-----|------------|
| Strategic | 12 | 48% | 29 | 53% |
| Add-On (PE) | 10 | 40% | 19 | 35% |
| Platform (PE) | 3 | 12% | 7 | 13% |

PACKAGING M&A BY GEOGRAPHY

| Type | MTD | % of Total | YTD | % of Total |
|-----------------|-----|------------|-----|------------|
| U.S.-to-U.S. | 8 | 32% | 17 | 31% |
| U.S.-to-Foreign | 2 | 8% | 7 | 13% |
| Foreign-to-U.S. | 0 | 0% | 1 | 2% |
| Foreign | 15 | 60% | 30 | 55% |

PACKAGING M&A BY END MARKET

| End Market | MTD | % | YTD | % |
|-----------------|-----|-----|-----|-----|
| Food & Beverage | 9 | 36% | 21 | 38% |
| Industrial | 10 | 40% | 25 | 45% |
| Consumer | 5 | 20% | 7 | 13% |
| Medical | 1 | 4% | 2 | 4% |

- Strategic buyers accounted for 12 deals, representing a decline of five deals from January levels. Strategic buyers have recorded ten or less deals in two of the last three months. In the second half of 2023, strategic buyers recorded fewer than ten deals in only two of the six months
- Financial buyers recorded 13 deals in February, matching volume from the prior month. Both add-on and platform acquisitions remain nearly in line with 2023 average monthly deal volumes
- The Flexible Plastic subsector has experienced a strong start to the year. The subsector met or exceeded the 2023 average monthly deal volume of four deals in both January and February
- The Paper subsector has had a slow start to the year when compared to 2023. Deals attributable to this subsector are down eight transactions from the prior year-to-date period, which is partly attributable to lower strategic buyer activity
- The Consumer end market recorded five deals in February and accounted for 20% of total deal activity. Notably, the Consumer end market has only accounted for 20% or more of the monthly deal mix in six of the last 12 months



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Packaging M&A Update – February 2024

Industry Multiples and Trends

Industry multiples remained relatively consistent month-over-month with only the average EV/LTM EBITDA multiple of Other Packaging public companies deviating materially from January levels. Overall, relative consistency in public valuation multiples of packaging companies is a welcome sign.

Public Stock Performance

Packaging public entities showed mixed signs in February, with two of the four tracked subsectors increasing on average. The Other Packaging subsector displayed strong performance as the average share price of these companies grew by 8.5% in the month.

| Company Name | Stock Performance Year-to-Date | Stock Performance Month-to-Date | Enterprise Value / LTM ¹ | |
|----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|---------------|
| | | | Revenue | EBITDA |
| <i>Rigid Plastic</i> | | | | |
| AptarGroup, Inc. | 13.6% | 8.1% | 2.95x | 13.84x |
| Berry Global Group, Inc. | -14.5% | -12.0% | 1.27x | 8.05x |
| Essentra plc | -2.5% | -4.4% | 1.49x | 22.60x |
| Nampak Limited | -6.7% | -7.4% | 0.46x | 9.36x |
| Silgan Holdings Inc. | -2.8% | -4.2% | 1.25x | 8.56x |
| Sonoco Products Company | 1.2% | -0.6% | 1.30x | 7.69x |
| Mean | -1.9% | -3.4% | 1.45x | 11.68x |
| Median | -2.6% | -4.3% | 1.28x | 8.96x |
| <i>Flexible Plastic</i> | | | | |
| Amcor plc | -8.0% | -5.9% | 1.43x | 10.28x |
| Huhtamaki Oyj | -1.9% | -0.9% | 1.24x | 9.37x |
| Pactiv Evergreen Inc. | 5.5% | -0.9% | 1.09x | 5.10x |
| Sealed Air Corporation | -6.7% | -1.4% | 1.71x | 8.48x |
| Transcontinental Inc. | 6.9% | 8.3% | 0.76x | 5.35x |
| Wipak Ltd. | 4.7% | 1.6% | 1.41x | 7.06x |
| Mean | 0.1% | 0.1% | 1.27x | 7.61x |
| Median | 1.4% | -0.9% | 1.33x | 7.77x |
| <i>Paper Packaging</i> | | | | |
| Cascades Inc. | -19.1% | -30.0% | 0.64x | 5.44x |
| DS Smith Plc | 3.6% | 12.7% | 0.86x | 5.84x |
| Graphic Packaging Holding Co. | 5.8% | 2.2% | 1.43x | 6.72x |
| Greif, Inc. | -7.1% | -2.6% | 1.06x | 6.30x |
| International Paper Company | -4.2% | -3.4% | 0.90x | 7.01x |
| Karat Packaging Inc. | 13.6% | 17.0% | 1.48x | 9.40x |
| Packaging Corporation of America | 8.3% | 6.3% | 2.27x | 11.32x |
| Smurfit Kappa Group Plc | 9.0% | 13.2% | 1.15x | 6.42x |
| WestRock Company | 8.5% | 11.8% | 1.02x | 6.51x |
| Mean | 2.0% | 3.0% | 1.20x | 7.22x |
| Median | 5.8% | 6.3% | 1.06x | 6.51x |
| <i>Other Packaging</i> | | | | |
| Avery Dennison Corporation | 5.9% | 7.4% | 2.44x | 15.20x |
| Ball Corporation | 11.0% | 11.5% | 2.01x | 12.47x |
| CCL Industries Inc. | 17.3% | 21.5% | 2.10x | 10.42x |
| Crown Holdings | -18.4% | -15.1% | 1.32x | 8.36x |
| Gerresheimer AG | 13.9% | 13.3% | 2.34x | 11.61x |
| O-I Glass, Inc. | 0.9% | 13.5% | 0.98x | 4.77x |
| Toyo Seikan Group Holdings, Ltd. | 11.0% | 7.7% | 0.63x | 7.27x |
| Mean | 5.9% | 8.5% | 1.69x | 10.02x |
| Median | 11.0% | 11.5% | 2.01x | 10.42x |

¹LTM as of latest available financials

Sources: S&P Capital IQ, Company Websites, Pitchbook, Company Reports, PMCF\

Notable M&A Activity

| Date | Acquirer | Target | Category |
|---------|-----------------------------------|--|--------------------|
| 2/24/24 | Welch Packaging Group | Innovative Packaging Solutions | Corrugated |
| 2/22/24 | Veritiv | Vivabox Solutions | Folding Cartons |
| 2/19/24 | Jamestown Container | Midwest Box | Corrugated |
| 2/16/24 | Constantia Flexibles GmbH | Aluflexpack AG (SWX:AFP) | Flexible Packaging |
| 2/13/24 | Coveris Management GmbH | S&K LABEL spol. s r.o. | Printing & Labels |
| 2/8/24 | SupplyOne | Bacon & Graham | Distribution |
| 2/7/24 | Glatfelter Corporation (NYSE:GLT) | Berry Global Group (Health, Hygiene and Specialties Business Unit) | Flexible Plastic |
| 2/6/24 | Krones (ETR: KRN) | Netstal Maschinen | Machinery |

Sources: S&P Capital IQ, Company Websites, Pitchbook, Company Reports, PMCF

Major News & Insights

- What Does the EU MDR Extension Mean for Packaging? (Packaging Digest)
- EPA Sets PFAS Test for HDPE Containers, Faces New Suit in Inhance Case (Plastics News)
- Jobs Growth of 353,000 Blasts Past Expectations as Labor Market Stays Hot (The Wall Street Journal)
- Europe's New Packaging Waste Regulation: Are Special Rules for Plastic Illegal? (Packaging Insights)
- Fed Minutes Show Unease Over Premature Cuts (The Wall Street Journal)

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- 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

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