

# PACKAGING M&A UPDATE

JANUARY 2024

## Packaging Industry M&A Activity Tracking

Global Packaging M&A had a relatively strong start to the year, recording 30 deals in January, which represented a month-over-month increase of 11 deals. January is typically a more active month from a transaction volume perspective, as deals slated to close at the end of 2023 are carried over to the start of the new year. Despite the month-over-month increase in activity levels, January only surpassed average monthly deal volumes from H2 2023 by two deals. Overall, M&A activity in the packaging space has been far from consistent over the last eighteen months. The second half of 2023 exhibited moderately higher levels of deal activity, which was an encouraging sign for Packaging M&A going into 2024.

### PACKAGING M&A BY SUBSECTOR

| Subsector                | Month-to-Date |           |          |
|--------------------------|---------------|-----------|----------|
|                          | 2023          | 2024      | Change   |
| Rigid Packaging          | 6             | 7         | 1        |
| Flexible Plastic         | 5             | 4         | -1       |
| Paper                    | 12            | 6         | -6       |
| Printing & Labels        | 2             | 2         | 0        |
| Protective Packaging     | 1             | 1         | 0        |
| Machinery & Distribution | 2             | 10        | 8        |
| <b>Total</b>             | <b>28</b>     | <b>30</b> | <b>2</b> |

### PACKAGING M&A BY BUYER TYPE

| Type          | MTD | % of Total |
|---------------|-----|------------|
| Strategic     | 17  | 57%        |
| Add-On (PE)   | 9   | 30%        |
| Platform (PE) | 4   | 13%        |

### PACKAGING M&A BY GEOGRAPHY

| Type            | MTD | % of Total |
|-----------------|-----|------------|
| U.S.-to-U.S.    | 9   | 30%        |
| U.S.-to-Foreign | 5   | 17%        |
| Foreign-to-U.S. | 1   | 3%         |
| Foreign         | 15  | 50%        |

- Strategic buyers accounted for 57% of total deal volume in January, recording eight more deals than in December. January marks a continuation of elevated activity for strategic buyers, representing the fifth time in the last six months that the buyer type has recorded 12 or more deals
- Financial buyers recorded 13 deals in January, increasing three deals from the prior month. Despite the month-over-month increase in financial buyer activity, add-on acquisitions matched average monthly transaction volume from 2023
- In January, each packaging subsector generated deal volumes nearly in line with or above the monthly average for 2023. the Machinery & Distribution subsector displayed the largest increase over the prior year's average monthly volume, recording 10 deals, which represented an uptick of eight deals when compared to the subsector's deal volume in January of 2023
- The Food & Beverage end market recorded 12 deals in January and accounted for 40% of the total deal activity. In January, the Food & Beverage end market provided its second-highest percentage of the overall deal mix since May 2023

### PACKAGING M&A BY END MARKET

| End Market      | MTD | %   |
|-----------------|-----|-----|
| Food & Beverage | 12  | 40% |
| Industrial      | 15  | 50% |
| Consumer        | 2   | 7%  |
| Other           | 1   | 3%  |



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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.

## Packaging M&A Update – January 2024

### Industry Multiples and Trends

Flexible Plastic and Paper Packaging public entities are exhibiting lower valuation multiples than those of Other Packaging and Rigid Plastic packaging entities. Public Rigid Plastic companies had significantly higher EV/EBITDA multiples when compared to other packaging public entities, showing that these businesses remain in demand with investors

### Public Stock Performance

Packaging public entities started off the new year with minimal volatility, with all tracked subsectors remaining, on average, within three percent of year-end values. Rigid Plastic packaging companies were the only packaging public entities to produce meaningful gains, while the other three subsectors generated a loss or remained neutral.

| Company Name                     | Stock Performance<br>Month-to-Date | Enterprise Value / LTM <sup>1</sup> |               |
|----------------------------------|------------------------------------|-------------------------------------|---------------|
|                                  |                                    | Revenue                             | EBITDA        |
| <b>Rigid Plastic</b>             |                                    |                                     |               |
| AptarGroup, Inc.                 | 5.1%                               | 2.80x                               | 13.57x        |
| Berry Global Group, Inc.         | -2.9%                              | 1.27x                               | 8.11x         |
| Essentra plc                     | 2.0%                               | 1.56x                               | 23.63x        |
| Nampak Limited                   | 0.8%                               | 0.47x                               | 9.50x         |
| Silgan Holdings Inc.             | 1.5%                               | 1.28x                               | 8.80x         |
| Sonoco Products Company          | 1.8%                               | 1.30x                               | 7.85x         |
| <b>Mean</b>                      | <b>1.4%</b>                        | <b>1.45x</b>                        | <b>11.91x</b> |
| <b>Median</b>                    | <b>1.7%</b>                        | <b>1.29x</b>                        | <b>9.15x</b>  |
| <b>Flexible Plastic</b>          |                                    |                                     |               |
| Amcor plc                        | -2.2%                              | 1.44x                               | 10.10x        |
| Huhtamaki Oyj                    | -1.0%                              | 1.24x                               | 10.93x        |
| Pactiv Evergreen Inc.            | 6.5%                               | 1.10x                               | 5.11x         |
| Sealed Air Corporation           | -5.4%                              | 1.75x                               | 8.64x         |
| Transcontinental Inc.            | -1.2%                              | 0.73x                               | 5.12x         |
| Wipak Ltd.                       | 3.1%                               | 1.35x                               | 6.83x         |
| <b>Mean</b>                      | <b>0.0%</b>                        | <b>1.27x</b>                        | <b>7.79x</b>  |
| <b>Median</b>                    | <b>-1.1%</b>                       | <b>1.29x</b>                        | <b>7.74x</b>  |
| <b>Paper Packaging</b>           |                                    |                                     |               |
| Cascades Inc.                    | 15.6%                              | 0.78x                               | 6.51x         |
| DS Smith Plc                     | -8.0%                              | 0.80x                               | 5.39x         |
| Graphic Packaging Holding Co.    | 3.5%                               | 1.38x                               | 6.79x         |
| Greif, Inc.                      | -4.5%                              | 1.05x                               | 6.06x         |
| International Paper Company      | -0.9%                              | 0.89x                               | 6.64x         |
| Karat Packaging Inc.             | -2.9%                              | 1.27x                               | 8.11x         |
| Packaging Corporation of America | 1.8%                               | 2.15x                               | 10.72x        |
| Smurfit Kappa Group Plc          | -3.7%                              | 0.99x                               | 5.71x         |
| WestRock Company                 | -3.0%                              | 0.95x                               | 6.23x         |
| <b>Mean</b>                      | <b>-0.3%</b>                       | <b>1.14x</b>                        | <b>6.91x</b>  |
| <b>Median</b>                    | <b>-2.9%</b>                       | <b>0.99x</b>                        | <b>6.51x</b>  |
| <b>Other Packaging</b>           |                                    |                                     |               |
| Avery Dennison Corporation       | -1.3%                              | 2.28x                               | 15.13x        |
| Ball Corporation                 | -0.5%                              | 1.85x                               | 12.52x        |
| CCL Industries Inc.              | -3.4%                              | 1.83x                               | 9.23x         |
| Crown Holdings                   | -3.9%                              | 1.44x                               | 9.62x         |
| Gerresheimer AG                  | 0.6%                               | 2.16x                               | 10.63x        |
| O-I Glass, Inc.                  | -11.1%                             | 0.91x                               | 4.65x         |
| Toyo Seikan Group Holdings, Ltd. | 3.1%                               | 0.59x                               | 7.58x         |
| <b>Mean</b>                      | <b>-2.4%</b>                       | <b>1.58x</b>                        | <b>9.91x</b>  |
| <b>Median</b>                    | <b>-1.3%</b>                       | <b>1.83x</b>                        | <b>9.62x</b>  |

<sup>1</sup>LTM as of latest available financials

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

## Notable M&A Activity

| Date    | Acquirer                         | Target  | Category             |
|---------|----------------------------------|---|----------------------|
| 1/30/24 | Black Diamond Capital Management | Sonoco Protective Solutions                         | Protective Packaging |
| 1/29/24 | Container Services, Inc.         | Apex Plastics                                       | Bottles              |
| 1/25/24 | Pelliconi                        | Novembal USA Inc.                                   | Closures             |
| 1/23/24 | ALPLA                            | Fortiflex, Inc.                                     | Rigid Packaging      |
| 1/22/24 | Salem One, Inc.                  | Itek Graphics, L.L.C.                               | Printing & Labels    |
| 1/14/24 | TricorBraun, Inc.                | Plas-Pak  | Bottles              |
| 1/10/24 | SupplyOne                        | Crownhill Packaging                                 | Distribution         |
| 1/5/24  | Hood Container Corporation       | Corrugated Business of Sumter Packaging Corporation | Corrugated           |

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

## Major News & Insights

- Rising Packaging and Tissue Markets Lift Fiber Prices (Resource Recycling)
- Packaging vs. Climate Change: Industry's Fiber, AI and End-of-Life Management Plans for 2024 (Packaging Insights)
- Biden Administration Seeks Cuts in Single-Use Plastics Purchases (Plastics News)
- Cooler Inflation Keeps Door Open for Rate Cuts This Year (The Wall Street Journal)
- The Economy Just Keeps Going (The Wall Street Journal)

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## Recent PMCF Plastics & Packaging Transactions

|   |   |   |   |
|---|---|---|---|
|  <p>has been acquired by</p>  |  <p>has been acquired by</p>  |  <p>has been acquired by</p>  |  <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>a portfolio company of</p>  |
| CORRUGATED PACKAGING  | CORRUGATED PACKAGING  | PACKAGING DISTRIBUTION & BLOW MOLDED PACKAGING  | RECYCLING & FLEXIBLE PACKAGING  |



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