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## Packaging Materials Market Monitor

*An M&A Perspective  
February 2023*



# Packaging Materials

Welcome to 2023 ... let's get straight to it; here's what you need to know ...

*A little bit of everything all at once* – can be used to describe industries across the U.S. economy. Some market sectors are clearly faring better than others as economies adjust to a post-pandemic era, higher interest rate environment, rotating consumer spend, and acute geopolitical tensions.

Not even a traditionally resilient packaging sector can withstand the pressure of constantly evolving demand/supply and price/cost dynamics. Across packaging substrates, valuation multiples have generally declined 1x – 2x 'turns' of EBITDA from the peaks reached in 2021.

That said, valuations are meaningfully higher than pre-Great Recession levels and in-line with post-Great Recession averages, as evidenced by decades of consolidation by both strategic and financial sponsor acquirers. The COVID induced 'valuation euphoria' that launched packaging multiples above post-Great Recession averages has now waned. Sellers and Buyers will need to continue re-calibrating expectations and valuations under a higher cost of capital environment.

The impact from public market valuation compression also extends to middle-market packaging businesses. Investors, and in particular, lenders are scrutinizing even the most prime packaging candidates with a cautious demeanor extending beyond just 2023 and looking forward into 2024 and 2025.

**Pace of Activity:** packaging M&A transactions through the first two months of 2023 is off relative to the same period in 2022. Overall packaging M&A activity in 2023 is anticipated to be flat to moderately lower than last year as middle-market businesses take a "wait & rebuild" approach before testing the institutional market.

As we always note – not all businesses are created equal. Competition is a reality; management aptitude differs; growth opportunities are incongruent; and end markets matter. Businesses compete in living, breathing ecosystems ... the answer to "How much is my business worth" is as dynamic as the businesses that management teams steer.

Enterprise Value / TTM EBITDA				
Category	Great Recession Average	Post-Recession Average	COVID Average	Current
FRC	6.7x	9.7x	10.0x	8.0x – 9.0x
Paper	5.5x	7.5x	7.5x	6.0x – 7.0x
Glass & Cans	6.7x	9.0x	11.3x	9.0x – 10.0x
Labels	7.0x	9.7x	12.2x	10.0x – 11.0x

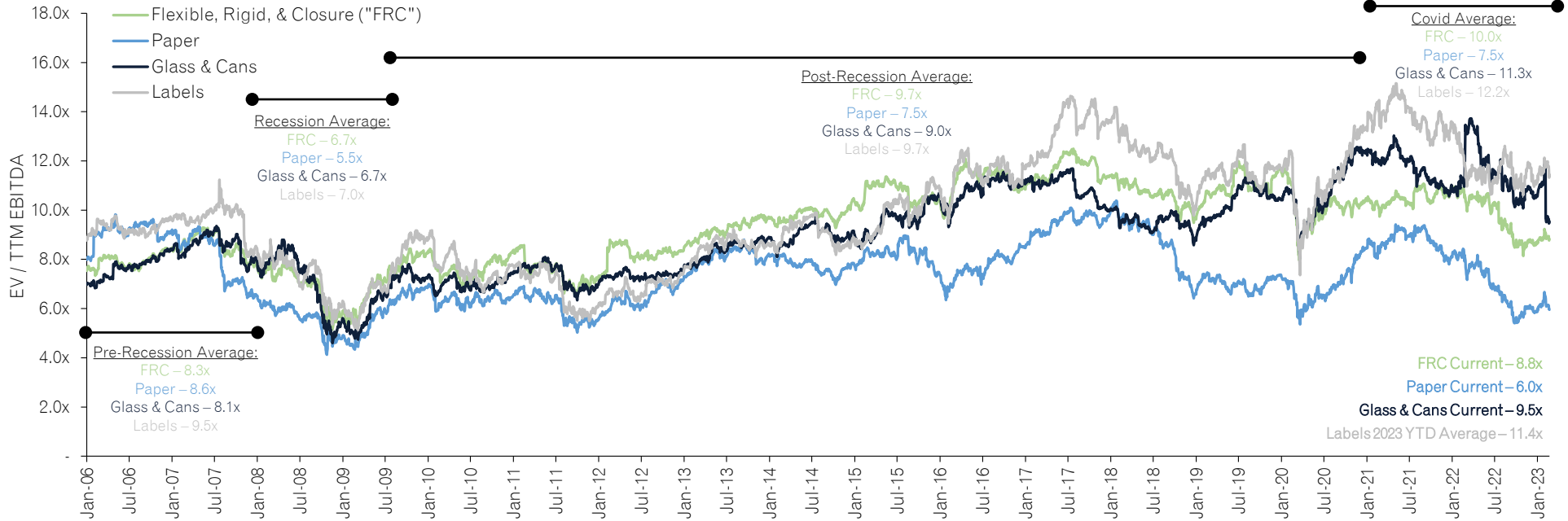
Transaction Count				
Region	2021	2022	YTD 2022	YTD 2023
NA	95	74	20	12
EMEA	89	70	30	9
RoW	9	7	2	-
<b>Total</b>	<b>193</b>	<b>151</b>	<b>52</b>	<b>21</b>

Source: HCA-subscribed research, databases and other tools.

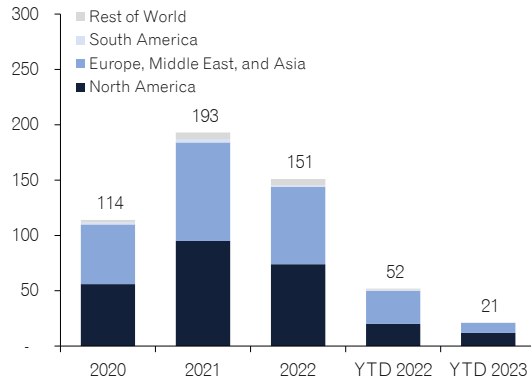
Note: Transactions are not always reported; count captures broad, meaningful cross section.

MARKET DATA

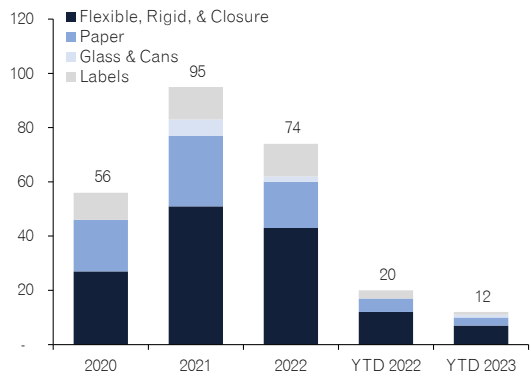
# Public Company Valuations and Transaction Activity



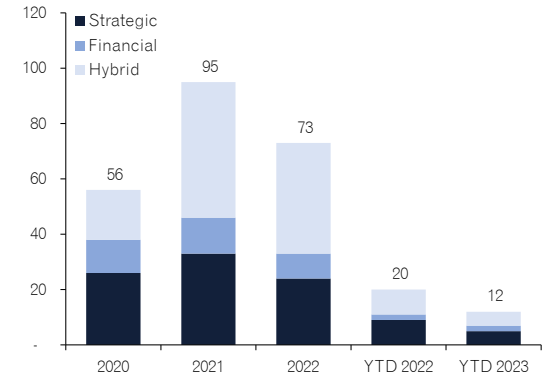
**Global M&A Volume by Region**



**N.A. M&A Volume by Substrate**



**N.A. M&A Volume by Buyer Type**



Source: CapitalIQ, company filings.

MARKET DATA

# Public Company Valuations

		2/23/23			TTM Data			NTM Est. Growth	EV Multiple	
Category	Company Name	Share Price	Market Cap	Enterprise Value	Sales	Gross Profit	Gross Margin	Sales	TTM Sales	TTM EBITDA
Flexibles, Rigid, & Closures	Amcor plc	\$11.31	\$16,466	\$23,161	\$14,971	\$2,855	19.1%	(0.5%)	1.55x	11.4x
	CCL Industries Inc.	47.29	8,346	9,469	4,716	1,267	26.9%	3.9%	2.01x	10.9x
	AptarGroup, Inc.	114.56	7,492	8,609	3,322	1,164	35.0%	3.9%	2.59x	14.1x
	Berry Global Group, Inc.	61.23	7,433	16,721	13,982	2,355	16.8%	(1.7%)	1.20x	8.0x
	Sealed Air Corporation	49.40	7,112	10,408	5,642	1,773	31.4%	6.0%	1.84x	9.1x
	Sonoco Products Company	58.83	5,737	8,982	7,251	1,440	19.9%	2.6%	1.24x	8.7x
	San Miguel Corporation	1.93	4,593	29,694	23,900	3,671	15.4%	NA	1.24x	9.4x
	Huhtamäki Oyj	34.61	3,612	5,271	4,787	783	16.4%	(1.0%)	1.10x	8.0x
	Winpak Ltd.	30.60	1,989	1,660	1,168	329	28.2%	5.3%	1.42x	7.4x
	Transcontinental Inc.	11.24	978	1,826	2,170	335	15.4%	2.7%	0.84x	6.2x
		Median		\$6,424	\$9,226	\$5,214	\$1,353	19.5%	2.7%	1.33x
	Average		\$6,376	\$11,580	\$8,191	\$1,597	22.4%	2.3%	1.50x	9.3x
Paper	International Paper Company	\$36.55	\$12,796	\$18,001	\$21,161	\$6,018	28.4%	(3.4%)	0.85x	6.0x
	Packaging Corporation of America	137.40	12,623	14,610	8,478	2,091	24.7%	(3.2%)	1.72x	7.8x
	Smurfit Kappa Group Plc	36.78	9,455	12,649	13,696	4,342	31.7%	(6.5%)	0.92x	5.4x
	Mondi plc	16.91	8,202	9,760	9,514	3,669	38.6%	NA	1.03x	5.0x
	WestRock Company	31.76	8,088	17,904	21,227	3,994	18.8%	(0.4%)	0.84x	5.5x
	Graphic Packaging Holding Company	23.56	7,236	12,590	9,440	1,837	19.5%	5.1%	1.33x	7.9x
	Sonoco Products Company	58.83	5,737	8,982	7,251	1,440	19.9%	2.6%	1.24x	8.7x
	DS Smith Plc	4.00	5,499	6,928	9,401	838	8.9%	5.5%	0.74x	6.4x
	San Miguel Corporation	1.93	4,593	29,694	23,900	3,671	15.4%	NA	1.24x	9.4x
	Greif, Inc.	70.45	3,574	5,650	6,350	1,285	20.2%	(5.7%)	0.89x	6.1x
	Mayr-Melnhof Karton AG	165.25	3,305	4,956	4,327	1,095	25.3%	4.9%	1.15x	7.6x
Cascades Inc.	7.77	780	2,271	3,300	311	9.4%	6.9%	0.69x	7.8x	
	Median		\$6,486	\$11,175	\$9,421	\$1,964	20.0%	1.1%	0.97x	7.0x
	Average		\$6,824	\$12,000	\$11,504	\$2,549	21.7%	0.6%	1.05x	6.9x
Glass & Cans	Ball Corporation	\$57.03	\$18,083	\$26,989	\$15,349	\$2,583	16.8%	1.8%	1.76x	13.8x
	Crown Holdings, Inc.	86.68	10,286	17,151	12,943	2,300	17.8%	2.6%	1.33x	12.5x
	CCL Industries Inc.	47.29	8,346	9,469	4,716	1,267	26.9%	3.9%	2.01x	10.9x
	San Miguel Corporation	1.93	4,593	29,694	23,900	3,671	15.4%	NA	1.24x	9.4x
	Greif, Inc.	70.45	3,574	5,650	6,350	1,285	20.2%	(5.7%)	0.89x	6.1x
	O-I Glass, Inc.	21.68	3,347	7,631	6,856	1,213	17.7%	5.3%	1.11x	7.6x
		Median		\$6,469	\$13,310	\$9,900	\$1,793	17.7%	2.6%	1.28x
	Average		\$8,038	\$16,097	\$11,685	\$2,053	19.1%	1.6%	1.39x	10.0x
Labels	Avery Dennison Corporation	\$181.74	\$14,689	\$17,749	\$9,039	\$2,404	26.6%	2.6%	1.96x	13.2x
	CCL Industries Inc.	47.29	8,346	9,469	4,716	1,267	26.9%	3.9%	2.01x	10.9x
	Ennis, Inc.	21.53	556	483	429	130	30.3%	(2.1%)	1.13x	6.2x
		Median		\$8,346	\$9,469	\$4,716	\$1,267	26.9%	2.6%	1.96x
	Average		\$7,864	\$9,234	\$4,728	\$1,267	27.9%	1.5%	1.70x	10.1x
Overall Paper, Plastic, and Packaging	Median		\$5,737	\$9,760	\$8,478	\$1,773	19.9%	2.6%	1.24x	7.9x
	Average		\$6,872	\$12,413	\$10,253	\$2,120	21.7%	1.1%	1.26x	8.2x

## OVERVIEW

# What We are About

## An Alliance With Our Clients

### Experienced Professionals

A 20-year firm with professionals that have 120 years of combined experience in middle-market mergers & acquisitions and corporate finance advisory services

### The Right Capital

Capital is a commodity ... the investor behind the capital is targeted based on our client's objectives

### Results Driven

Meticulously craft a transaction blueprint with steadfast commitment to achieve our client's goals

### Senior Banker Immersion

From engagement inception through post-closing transaction functions, our senior bankers lead the charge to achieve a successful outcome

### Objective Advice

We provide frank advice, backed with analysis and perspective, to map out and execute a process to reach our clients' transaction objectives

### Industry Expertise

Real-time pulse of sector activity, corporate and private equity participants and enterprise valuation metrics



# Services & Industries

With more than 300 completed transactions, HCA's investment bankers maintain relationships with key decision-makers among strategic buyers and investors and comprehensive coverage of relevant private equity groups and family offices

- Merger and Acquisition Advisory
- Equity and Debt Capital Placement
- Strategic Alternatives Assessment
- Exclusive Sales and Divestitures
- Strategic Planning
- Management Buy-outs
- Recapitalizations



# Proven Track Record of Successful Transactions




*K-1 Packaging Group, LLC & Everest Packaging Corp, LLC* have been acquired by *Dunes Point Capital*




a division of




has been acquired by



*Shields Bag & Printing Co.* has been acquired by *Novolex*




a portfolio company of *The Carlyle Group*





*Diablo Valley Packaging* acquired by *Berlin Packaging*




*Hoskin & Muir, Inc. d.b.a. HMI Cardinal* has been acquired by *The Riverside Company*



*Imperial Manufacturing Company* has been acquired by *The Middleby Corporation*



*Paradigm Holdings Group LLC d.b.a Zone 4 Systems Integration and Design* has been acquired by



*Reliable Glass* has been acquired by *Safelite Group, Inc.*



*Falmat, Inc.* has been acquired by *Winchester Interconnect*



**• A P T I V •**



*Flavor Infusion International, S.A.* has been acquired by *Archer-Daniels-Midland Company*



## Contact Us



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