



CAPITAL
ALLIANCE

Mergers &
Acquisitions

Capital
Raise

Strategic
Advisory

Packaging Materials Market Monitor

An M&A Perspective
H1 2023 Review



Packaging Materials

Welcome to the H1 2023 review ... let's get straight to it; here's what you need to know ...

We're at the midpoint now – it's hard to believe we're in the back half of 2023 already. Middle-market M&A volume generally began trending lower about one year ago and softness continued into the first half of 2023. Many completed transactions in H1 2023 tended to be carryover, or backlog, from 2022 deals well underway.

Transaction volume in Packaging Materials was down approximately 25% in H1 2023 as compared to H1 2022. Not surprising and is representative of broader declines across various sectors of global economies. Even so, transaction activity was by no means decimated, rather more representative of levels seen pre-pandemic.

Packaging Materials valuations have remained consistent since the year-end 2022 market monitor issue. In review, valuation multiples have generally declined 1x – 2x 'turns' of EBITDA from the peaks reached in 2021 and more in-line with historical, post-Great Recession levels. That is to say, valuations for packaging converters remain attractive despite more expensive borrowing costs and endless predictions of U.S. recession.

Glass, Cans, and Labels have fared the best in terms of premium valuations vs. FRC and Paper substrates. However, business specific risks are under heightened scrutiny during buyer evaluation and diligence periods. Strategic and Financial buyers alike are indeed flush with cash, but in the face of economic choppiness and rising interest rates, all buyers, irrespective of type, raise the criteria bar when determining which businesses receive premium vs. discounted valuations.

For many packaging business owners, 2023 has been a stabilize and rebuild type of year coming off 2021's and 2022's pandemic induced highs. While full-year 2023 M&A volume is likely to be muted year-over-year, we are optimistic the back half of 2023 will pick up steam and carryover to 2024.

Enterprise Value / TTM EBITDA				
Category	Great Recession Average	Post-Recession Average	COVID Average	Current
FRC	6.7x	9.7x	9.9x	8.0x – 9.0x
Paper	5.5x	7.5x	7.3x	6.0x – 7.0x
Glass & Cans	6.7x	9.0x	11.1x	9.0x – 10.0x
Labels	7.0x	9.7x	12.0x	10.0x – 11.0x

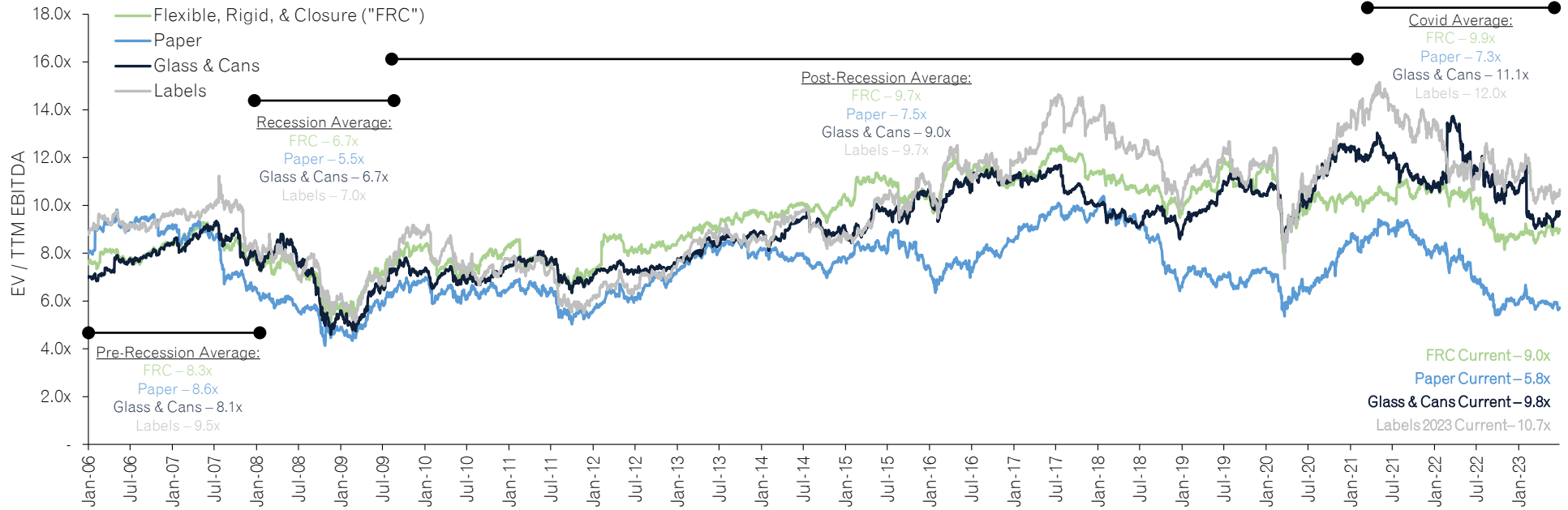
Transaction Count				
Region	2021	2022	H1 2022	H2 2023
NA	95	82	43	23
EMEA	89	78	46	47
RoW	9	7	3	-
Total	193	167	92	70

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

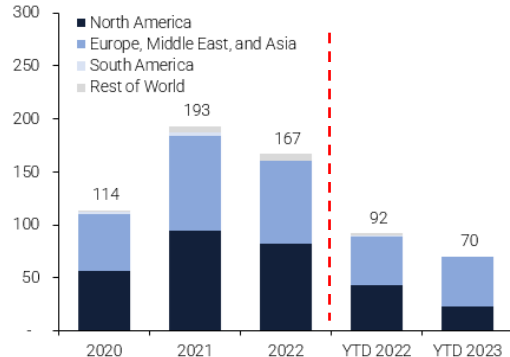
Note: Transactions are not always reported; count captures broad, meaningful cross section.

MARKET DATA

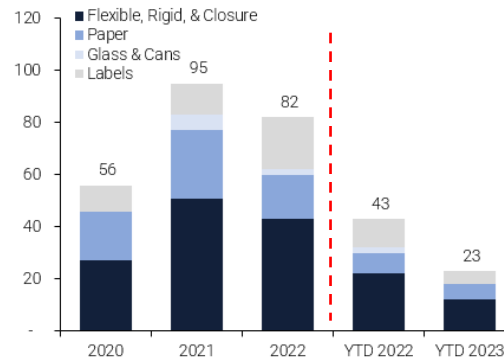
Public Company Valuations and Transaction Activity



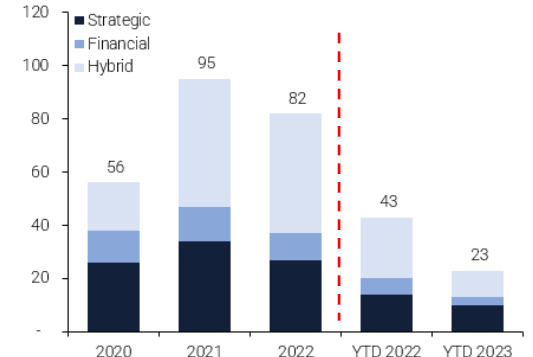
Global M&A Volume by Region



N.A. M&A Volume by Substrate



N.A. M&A Volume by Buyer Type



Public Company Valuations

\$ in millions, except per share data		6/30/23			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	Amcort plc	\$9.89	\$14,324	\$21,375	\$14,930	\$2,797	18.7%	(1.1%)	1.43x	10.9x
	CCL Industries Inc.	49.18	8,729	9,926	4,813	1,312	27.3%	5.9%	2.06x	11.1x
	Berry Global Group, Inc.	64.34	7,669	17,080	13,495	2,340	17.3%	(0.9%)	1.27x	8.3x
	AptarGroup, Inc.	115.86	7,591	8,721	3,337	1,164	34.9%	7.2%	2.61x	14.3x
	Sealed Air Corporation	40.00	5,775	10,388	5,573	1,701	30.5%	7.3%	1.86x	9.8x
	Sonoco Products Company	59.02	5,781	9,040	7,209	1,451	20.1%	3.5%	1.25x	8.5x
	San Miguel Corporation	1.91	4,544	30,761	28,297	4,036	14.3%	NA	1.09x	11.3x
	Huhtamäki Oyj	32.82	3,431	5,112	4,864	805	16.6%	(0.8%)	1.05x	8.7x
	Wipac Ltd.	31.12	2,023	1,646	1,210	338	27.9%	1.9%	1.36x	7.3x
	Transcontinental Inc.	10.62	953	1,855	2,215	337	15.2%	2.9%	0.84x	6.2x
	Median		\$5,778	\$9,483	\$5,218	\$1,381	19.4%	2.9%	1.31x	9.3x
	Average		\$6,082	\$11,590	\$8,594	\$1,628	22.3%	2.9%	1.48x	9.6x
Paper	Packaging Corporation of America	\$132.16	\$11,774	\$14,038	\$8,318	\$2,001	24.1%	(4.6%)	1.69x	7.5x
	International Paper Company	31.81	11,040	16,671	20,944	5,998	28.6%	(7.1%)	0.80x	5.8x
	Smurfit Kappa Group Plc	33.33	8,579	11,872	13,696	4,342	31.7%	(6.7%)	0.87x	5.1x
	WestRock Company	29.07	7,446	17,318	21,123	3,916	18.5%	(0.9%)	0.82x	5.5x
	Mondi plc	15.24	7,390	9,040	9,514	3,669	38.6%	(9.4%)	0.95x	5.1x
	Graphic Packaging Holding Company	24.03	7,381	12,790	9,633	2,008	20.8%	4.7%	1.33x	7.4x
	Sonoco Products Company	59.02	5,781	9,040	7,209	1,451	20.1%	3.5%	1.25x	8.5x
	DS Smith Plc	3.45	4,754	6,883	10,335	1,082	10.5%	(7.1%)	0.67x	4.7x
	San Miguel Corporation	1.91	4,544	30,761	28,297	4,036	14.3%	NA	1.09x	11.3x
	Greif, Inc.	68.89	3,403	5,930	5,698	1,220	21.4%	(5.4%)	1.04x	6.7x
	Mayr-Melnhof Karton AG	146.51	2,930	4,613	5,154	1,221	23.7%	(10.3%)	0.90x	6.2x
	Cascades Inc.	8.83	888	2,498	3,372	1,117	33.1%	7.0%	0.74x	9.0x
	Median		\$6,581	\$10,456	\$9,573	\$2,004	22.6%	(5.4%)	0.92x	6.5x
	Average		\$6,326	\$11,788	\$11,941	\$2,672	23.8%	(3.3%)	1.01x	6.9x
Glass & Cans	Ball Corporation	\$57.53	\$18,310	\$27,908	\$15,122	\$2,527	16.7%	2.2%	1.85x	14.3x
	Crown Holdings, Inc.	86.87	10,351	17,964	12,755	2,248	17.6%	3.9%	1.41x	13.1x
	CCL Industries Inc.	49.18	8,729	9,926	4,813	1,312	27.3%	5.9%	2.06x	11.1x
	San Miguel Corporation	1.91	4,544	30,761	28,297	4,036	14.3%	NA	1.09x	11.3x
	Greif, Inc.	68.89	3,403	5,930	5,698	1,220	21.4%	(5.4%)	1.04x	6.7x
	O-I Glass, Inc.	21.33	3,312	7,599	6,995	1,393	19.9%	3.6%	1.09x	6.6x
	Median		\$6,636	\$13,945	\$9,875	\$1,821	18.8%	3.6%	1.25x	11.2x
	Average		\$8,108	\$16,681	\$12,280	\$2,123	19.5%	2.0%	1.42x	10.5x
Labels	Avery Dennison Corporation	\$171.80	\$13,869	\$17,042	\$8,755	\$2,305	26.3%	5.6%	1.95x	13.4x
	CCL Industries Inc.	49.18	8,729	9,926	4,813	1,312	27.3%	5.9%	2.06x	11.1x
	Ennis, Inc.	20.38	527	429	435	131	30.1%	NA	0.99x	5.6x
	Median		\$8,729	\$9,926	\$4,813	\$1,312	27.3%	5.7%	1.95x	11.1x
	Average		\$7,708	\$9,132	\$4,668	\$1,250	27.9%	5.7%	1.66x	10.0x
Overall Paper, Plastic, and Packaging		Median	\$5,781	\$9,926	\$8,318	\$1,701	20.8%	(0.8%)	1.09x	8.3x
		Average	\$6,502	\$12,370	\$10,678	\$2,193	22.7%	(0.2%)	1.24x	8.4x

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



have been acquired by

DUNES POINT CAPITAL

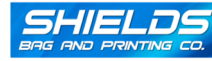


a division of



has been acquired by

TRICORBRAUN



has been acquired by



a portfolio company of

THE CARLYLE GROUP



has been acquired by



has been acquired by



IMPERIAL

has been acquired by



has been acquired by



has been acquired by



has been acquired by



has been acquired by



— Contact Us



Andrew Suen
Managing Director
(949) 517-9428

asuen@hexagoncapitalalliance.com

The material appearing in this presentation is for informational purposes only and should not be construed as advice of any kind, including, without limitation, legal, accounting, or investment advice. This information is not intended to create, and receipt does not constitute, a legal relationship, including, but not limited to, an accountant-client relationship. Although this information may have been prepared by professionals, it should not be used as a substitute for professional services. If legal, accounting, investment, or other professional advice is required, the services of a professional should be sought.

www.hexagoncapitalalliance.com