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Packaging Materials Market Monitor:

An M&A Perspective
Year End 2023 Review

Packaging Materials

Welcome to the Year End 2023 review ... here's what you need to know ...

Packaging Materials M&A volume in 2023 was in one word, Muted. Another completed rotation around the sun and out from the remnants rises a new year of possibilities and opportunities. The general consensus is that 2023 was a rebuilding type of year as packaging business owners acclimated to the beginning of a new economic cycle. After realizing blistering paces of growth ascending from the short-lived, pandemic-induced recession of 2020, most packaging businesses, like plethora of sectors, are down materially compared to 2021 and 2022.

That said, do not misconstrue for distressed. Quite the contrary, the packaging universe and its participants remain one of the most investable by way of private equity and debt capital markets. Whether its resin producers-to-paper mills or film & paper converters – the current business climate is such that broad price increases have hit a ceiling; simply having access to supply is no longer the advantage it was several years ago. This forces the competitive battlefield for new business wins (and therefore organic growth) back to the fundamentals: innovations & solutions, quality, customer service.

While 2023 earnings may be suppressed compared to prior years, business sentiment optimism builds every week as interest rate hikes have peaked, jobs picture remains strong and (at least) anecdotal evidence a soft landing is possible – though we won't officially know until after the fact. Until then, business owners, including the institutionally-backed, are biding their time, resetting the go-to-market picture until an opportune moment arises to capitalize on a liquidity event.

Looking at the data – 2023 transaction volume in Packaging Materials was approximately one-half either of the two years prior but still managed to reach 2020 transaction activity levels. Not surprising as much of the would-be volume from financial sponsor-backed packaging companies sat on the sidelines in 2023.

Packaging Materials valuations have declined from the highs seen beginning from H2 2020 through H1 2022. That said, we are in a very different economic cycle from several years ago and valuations remain robust from a long-term historical perspective; currently in-line with post-Great Recession averages.

We anticipate a modest recovery in Packaging Materials transaction volume in 2024 as many business owners right-sized their organizations in 2023 and have now charted the path in anticipation of the next cycle of growth.

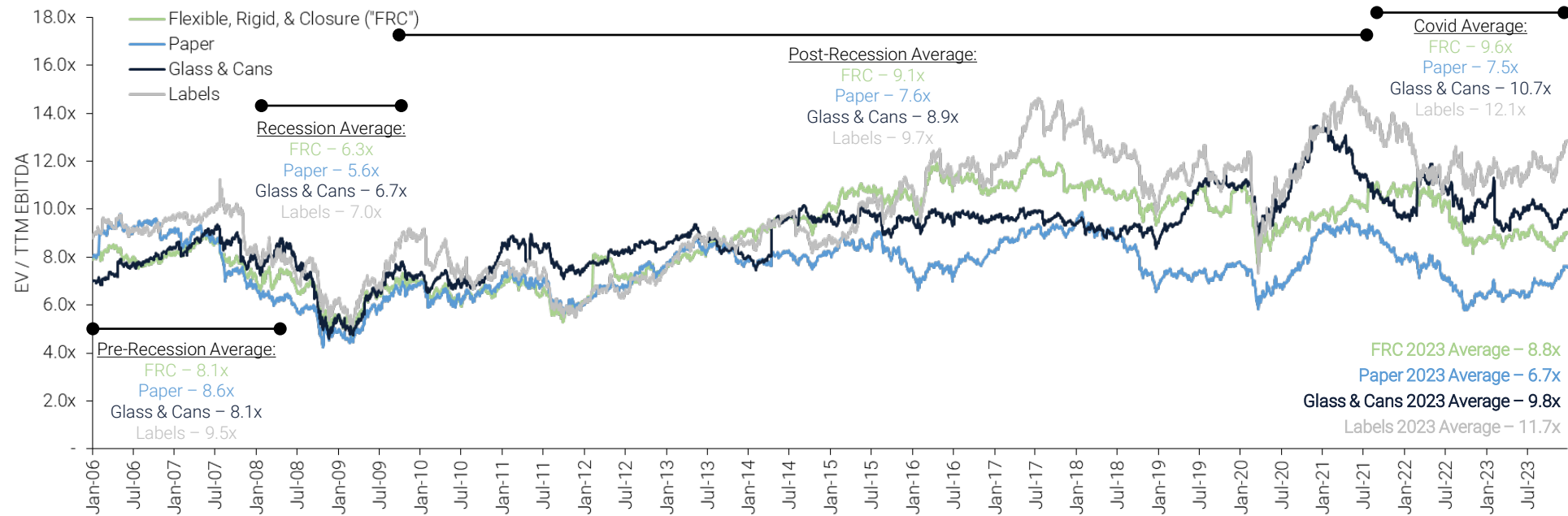
Enterprise Value / TTM EBITDA				
Category	Great Recession Average	Post-Recession Average	COVID Average	Current
FRC	6.3x	9.1x	9.6x	8.0x – 9.0x
Paper	5.6x	7.6x	7.5x	6.5x – 7.5x
Glass & Cans	6.7x	8.9x	10.7x	8.0x – 9.0x
Labels	7.0x	9.7x	12.1x	9.0x – 10.0x

Transaction Count			
Region	2021	2022	2023
NA	95	82	52
EMEA	89	78	70
RoW	9	7	7
Total	193	167	129

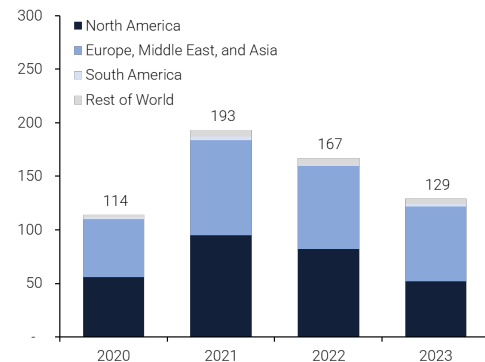
Source: HCA-subscribed research, databases and other tools.

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

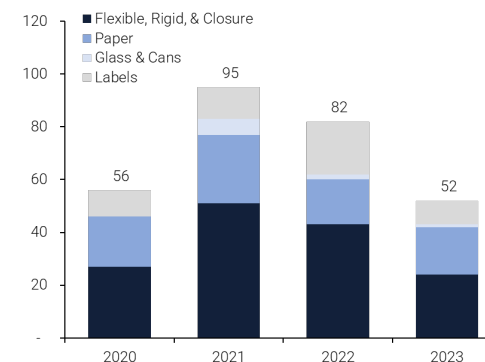
Public Company Valuations and Transaction Activity



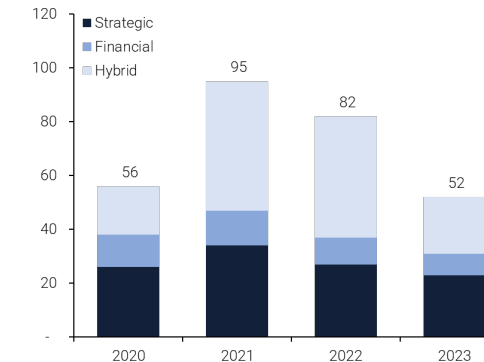
Global M&A Volume by Region



N.A. M&A Volume by Substrate



N.A. M&A Volume by Buyer Type



Source: CapitalIQ, company filings.

Public Company Valuations

\$ in millions, except per share data		12/31/23			TTM Data			NTM Est. Growth	EV Multiple			
		Share Price	Market Cap	Enterprise Value	Sales	Gross Profit	Gross Margin		TTM Sales	TTM Adj. EBITDA	NTM Sales	NTM EBITDA
Category	Company Name											
Flexibles, Rigid, & Closures	Amcor plc	\$9.69	\$13,923	\$21,117	\$14,425	\$2,702	18.7%	(0.2%)	1.46x	10.2x	1.47x	10.4x
	AptarGroup, Inc.	123.62	8,132	9,217	3,445	1,227	35.6%	3.9%	2.68x	13.0x	2.57x	12.4x
	CCL Industries Inc.	45.12	8,021	9,354	4,860	1,368	28.1%	7.1%	1.92x	9.5x	1.80x	9.0x
	Berry Global Group, Inc.	67.39	7,784	16,325	12,664	2,310	18.2%	(0.0%)	1.29x	8.2x	1.29x	7.8x
	Sonoco Products Company	55.87	5,473	8,793	6,822	1,415	20.7%	(1.0%)	1.29x	7.8x	1.30x	8.1x
	Sealed Air Corporation	36.52	5,275	9,958	5,517	1,660	30.1%	(1.7%)	1.80x	8.9x	1.84x	9.0x
	San Miguel Corporation	1.84	4,393	32,519	25,705	4,407	17.1%	NA	1.27x	11.3x	NA	NA
	Huhtamäki Oyj	40.60	4,244	5,830	4,487	767	17.1%	6.4%	1.30x	11.0x	1.22x	8.5x
	Winpak Ltd.	30.97	2,013	1,535	1,158	334	28.9%	0.0%	1.33x	6.6x	1.33x	6.5x
	Transcontinental Inc.	10.64	902	1,642	2,122	330	15.6%	4.5%	0.77x	5.2x	0.74x	4.9x
		Median	\$5,374	\$9,285	\$5,189	\$1,391	19.7%	0.0%	1.31x	9.2x	1.33x	8.5x
	Average	\$6,016	\$11,629	\$8,120	\$1,652	23.0%	2.1%	1.51x	9.2x	1.51x	8.5x	
Paper	Packaging Corporation of America	\$162.91	\$14,491	\$16,541	\$7,843	\$1,753	22.4%	(0.4%)	2.11x	9.3x	2.12x	10.6x
	International Paper Company	36.15	12,509	17,497	19,448	5,433	27.9%	(3.6%)	0.90x	6.7x	0.93x	8.1x
	WestRock Company*	41.52	10,650	19,560	20,310	3,580	17.6%	(1.2%)	0.96x	6.3x	0.97x	7.2x
	Smurfit Kappa Group Plc	39.66	10,261	13,785	13,392	4,385	32.7%	(7.5%)	1.03x	5.9x	1.11x	6.3x
	Mondi plc	19.58	9,498	11,262	9,037	3,379	37.4%	(9.6%)	1.25x	7.5x	1.38x	8.6x
	Graphic Packaging Holding Company	24.65	7,544	12,983	9,565	2,146	22.4%	0.9%	1.36x	6.7x	1.35x	6.9x
	Sonoco Products Company	55.87	5,473	8,793	6,822	1,415	20.7%	(1.0%)	1.29x	7.8x	1.30x	8.1x
	DS Smith Plc	3.91	5,388	7,968	9,017	980	10.9%	0.4%	0.88x	5.7x	0.88x	6.0x
	San Miguel Corporation	1.84	4,393	32,519	25,705	4,407	17.1%	NA	1.27x	11.3x	NA	NA
	Greif, Inc.	65.59	3,079	5,602	5,219	1,146	22.0%	1.8%	1.07x	6.2x	1.05x	8.4x
	Mayr-Melnhof Karton AG	139.94	2,799	4,583	4,687	1,131	24.1%	1.3%	0.98x	9.0x	0.97x	7.1x
	Cascades Inc.	9.64	971	2,584	3,426	1,212	35.4%	6.3%	0.75x	6.1x	0.71x	5.5x
		Median	\$6,509	\$12,123	\$9,027	\$1,950	22.4%	(0.4%)	1.05x	6.7x	1.05x	7.2x
		Average	\$7,255	\$12,806	\$11,206	\$2,581	24.2%	(1.1%)	1.15x	7.4x	1.16x	7.5x
Glass & Cans	Ball Corporation	\$57.52	\$18,136	\$26,900	\$14,174	\$2,489	17.6%	1.4%	1.90x	12.8x	1.87x	12.5x
	Crown Holdings, Inc.	92.09	11,024	17,991	12,164	2,354	19.4%	0.3%	1.48x	9.9x	1.47x	9.1x
	CCL Industries Inc.	45.12	8,021	9,354	4,860	1,368	28.1%	7.1%	1.92x	9.5x	1.80x	9.0x
	San Miguel Corporation	1.84	4,393	32,519	25,705	4,407	17.1%	NA	1.27x	11.3x	NA	NA
	Greif, Inc.	65.59	3,079	5,602	5,219	1,146	22.0%	1.8%	1.07x	6.2x	1.05x	8.4x
	O-I Glass, Inc.	16.38	2,534	6,782	7,157	1,524	21.3%	(1.1%)	0.95x	4.9x	0.96x	5.1x
		Median	\$6,207	\$13,672	\$9,661	\$1,939	20.3%	1.4%	1.37x	9.7x	1.47x	9.0x
		Average	\$7,865	\$16,525	\$11,546	\$2,215	20.9%	1.9%	1.43x	9.1x	1.43x	8.8x
Labels	Avery Dennison Corporation	\$202.16	\$16,280	\$19,350	\$8,280	\$2,182	26.3%	5.9%	2.34x	15.7x	2.21x	13.7x
	CCL Industries Inc.	45.12	8,021	9,354	4,860	1,368	28.1%	7.1%	1.92x	9.5x	1.80x	9.0x
	Ennis, Inc.	21.91	567	469	425	126	29.6%	(1.6%)	1.10x	6.1x	1.12x	6.1x
		Median	\$8,021	\$9,354	\$4,860	\$1,368	28.1%	5.9%	1.92x	9.5x	1.80x	9.0x
		Average	\$8,289	\$9,724	\$4,522	\$1,225	28.0%	3.8%	1.79x	10.4x	1.71x	9.6x
Overall Paper, Plastic, and Packaging		Median	\$5,473	\$9,354	\$7,157	\$1,524	22.0%	0.4%	1.29x	8.2x	1.30x	8.3x
		Average	\$7,073	\$12,848	\$9,630	\$2,079	23.6%	1.0%	1.38x	8.6x	1.38x	8.3x

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- Exclusive Sales and Divestitures
- Strategic Planning
- Management Buy-outs
- Recapitalizations



Proven Track Record of Performance Materials Transactions

WEST COAST
INSULATED
GLASS PRODUCTS

has been acquired by

AGNORA

a portfolio company of

KENSINGTON

Insulating Glass

K-1 PACKAGING GROUP

EVEREST
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have been acquired by

DUNES POINT CAPITAL

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Labels, Rigid**

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IPWS Your Bag & Packaging Source.
Manufacturing & Service CALIFORNIA & TENNESSEE

has been acquired by

TRICORBRAUN

Flexible Packaging

SHIELDS
BAG AND PRINTING CO.

has been acquired by

NOVOLEX

a portfolio company of

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Film & Flexible Packaging

dv **DIABLO VALLEY PACKAGING**

has been acquired by

berlin
PACKAGING

Glass Packaging

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has been acquired by

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Specialty Glass Enclosures

IMPERIAL

has been acquired by

MIDDLEBY

**Sheet Metal &
Commercial Equipment**

Zone 4
Systems Integration and Design
A Paradigm Holdings Group Company

has been acquired by

**HAMILTON
ROBINSON
CAPITAL
PARTNERS**

**Material Handling &
Systems Integrations**

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GLASS AUTO-HOME
First Class in Glass™

has been acquired by

Safelite
AutoGlass

Automotive Glass

FALMAT
CUSTOM CABLE TECHNOLOGIES

has been acquired by

Winchester
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Wire & Cable

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Andrew Suen
Managing Director
(949) 517-9428

asuen@hexagoncapitalalliance.com

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