

INDUSTRY OVERVIEW PACKAGING & LABELING JULY 2021



PACKAGING & LABELING INDUSTRY KEY TAKEAWAYS

□ Industry Demand Drivers

- **Consumer Spending:** Revenue for the Packaging and Labeling Services industry generally fluctuates in line with consumer spending trends, as industry operators earn most of their revenue from contract package and labeling services provided to fast-moving consumer goods (FMCG) and pharmaceutical product manufacturers. As US consumption has risen for the majority of the period, manufacturers have expanded their production, thereby increasing the number of products that need to be packaged and thus increasing demand for industry services.
- **Aging Population:** Growth in the number of adults aged 65 and older is also expected to drive growth for pharmaceutical products that will require packaging services.
- **Pharmaceutical Regulation:** Along with the growing aging population, as implementation of the Drug Chain Security Act (DSCSA) continues, this will drive demand for industry services as pharmaceutical manufacturers seek to become more operationally efficient in light of already-increasing costs.
- **E-Commerce Sales:** E-commerce sales represent a growing segment of total retail sales. In general, higher reliance on e-commerce tends to reduce the number of physical locations that companies maintain as they seek to compete for higher-margin online sales. As a result, these companies are more likely to outsource packaging and labeling services. In 2021, e-commerce sales are expected to increase, posing a potential opportunity for industry operators.

□ Global Packaging & Labeling Market

- **Outlook:** Over the next five years to 2025, IBISWorld anticipates that the industry will continue growing. As of writing, the declining economic climate due to the COVID-19 pandemic are expected to remain confined to 2020 and not extend past it. As disposable income and consumer spending growth returns, demand for industry services is anticipated to pick back up. Industry revenue is projected to increase at a CAGR of 1.9% to \$10.2 billion in 2025.
- **Industry Structure:** Larger, vertically integrated industry operators can benefit from economies of scale by maintaining package-manufacturing segments alongside actual packaging services. This integration aids in controlling input prices and enables industry operators to better meet clients' packaging preferences. For example, this has enabled industry operators to tailor their products to match current trends, such as the use of sustainable materials and package designs that are flexible and space efficient.

INDUSTRY AT A GLANCE

Key Statistics

\$9.6bn
Revenue

Annual Growth 2016–2021	Annual Growth 2021–2026
2.7%	2.5%



53,679
Employment

Annual Growth 2016–2021	Annual Growth 2021–2026
0.1%	1.2%



\$700.0m
Profit

Annual Growth 2016–2021
3.0%



\$2.2bn
Wages

Annual Growth 2016–2021	Annual Growth 2021–2026
0.2%	1.5%



7.3%
Profit Margin

Annual Growth 2016–2021
0.1pp

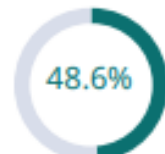


10,420
Businesses

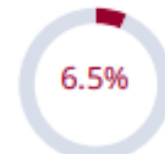
Annual Growth 2016–2021	Annual Growth 2021–2026
0.7%	1.3%



Products & Services Segmentation



Packaging services



Labeling services



Assembly and fulfillment services



Other

INDUSTRY AT A GLANCE

Industry Structure



POSITIVE IMPACT

Revenue Volatility

Low

Concentration

Low

Capital Intensity

Low

Industry Globalization

Low / Steady



MIXED IMPACT

Life Cycle

Mature

Technology Change

Medium

Regulation & Policy

Medium / Steady



NEGATIVE IMPACT

Industry Assistance

Low / Steady

Competition

High / Steady

Barriers to Entry

Low / Steady

SWOT

S

STRENGTHS

Low Volatility

Low Imports

High Profit vs. Sector Average

Low Customer Class Concentration

High Revenue per Employee

Low Capital Requirements

W

WEAKNESSES

Low & Steady Barriers to Entry

Low & Steady Level of Assistance

High Competition

High Product/Service Concentration

O

OPPORTUNITIES

High Revenue Growth (2016-2021)

High Revenue Growth (2021-2026)

High Performance Drivers

Demand from generic pharmaceutical manufacturing

T

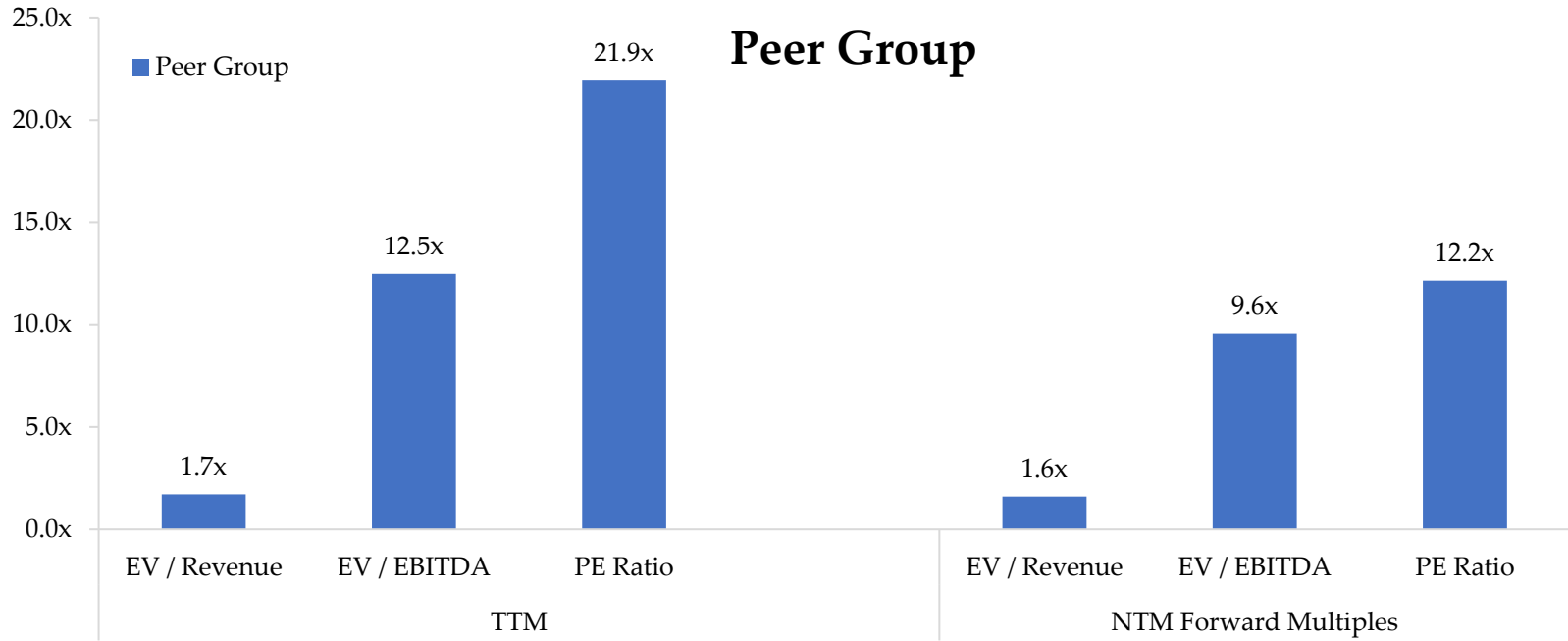
THREATS

Low Revenue Growth (2005-2021)

Low Outlier Growth

E-commerce sales

PUBLIC COMPS

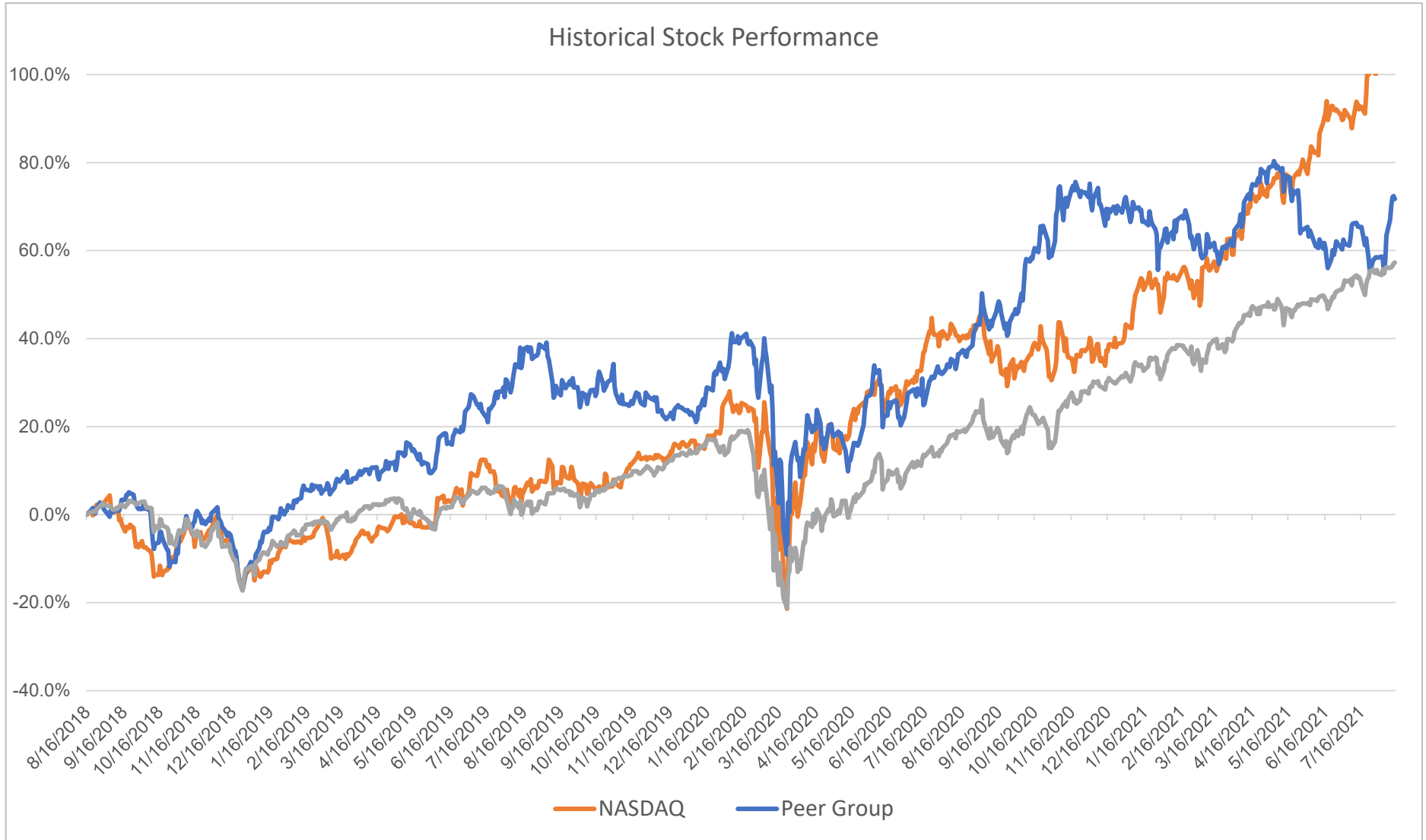


PUBLIC COMPARABLES

As of 08/16/2021

\$ in Millions	Ball Corporation	Crown Holdings, Inc	O-I Glass Inc	Packaging Corp of America	Westlake Chemical Corporation	Westrock Co	
Ticker	BLL	CCK	OI	PKG	WLK	WRK	
Total Revenue	\$12,779	\$12,552	\$6,273	\$7,095	\$9,079	\$17,547	
Gross Profit	2,648	2,680	1,093	1,531	1,952	3,086	
EBIT	1,342	1,534	740	943	1,369	-188	
Net Income	\$870.00	\$704.00	\$320.00	\$636.50	\$934.00	(\$713.00)	
EBITDA	2,011	1,862	1,121	1,350	2,158	1,270	
Total Debt	7,741	8,232	5,062	2,736	3,961	8,943	
EV	36,323	22,230	6,968	15,540	13,571	21,824	
Employees	21,500	33,000	25,000	15,200	9,220	49,300	
Ratio Analysis							Median
Revenue/Employee	\$594,372	\$380,364	\$250,920	\$466,770	\$984,707	\$355,925	\$423,567
EV/Revenue	2.84x	1.92x	1.11x	2.19x	1.49x	1.20x	1.71x
Debt/EBITDA	3.86x	4.49x	4.89x	2.03x	1.86x	7.60x	4.17x
EV/EBITDA (normalized)	17.80x	13.15x	7.79x	11.48x	6.02x	7.35x	9.64x
Market Cap/EBITDA	14.47x	8.48x	2.08x	10.28x	5.04x	9.69x	9.08x
Market Cap	29,091	14,102	2,334	13,877	10,886	13,679	
Close Price	89.07	107.35	14.84	146.09	84.95	51.23	
52 Week Low	75.00	71.92	9.10	95.55	56.58	28.15	
52 Week High	102.76	114.55	19.46	156.54	106.47	62.03	
Gross Margin	20.7%	21.4%	17.4%	21.6%	21.5%	17.6%	21.0%
EBIT	10.5%	12.2%	11.8%	13.3%	15.1%	-1.1%	12.0%
EBITDA	15.7%	14.8%	17.9%	19.0%	23.8%	7.2%	16.8%
Acct. Receivable Days	29	36	42	45	46	45	44
Inventory Days	50	62	60	53	46	53	53
Acct. Payable Days	117	92	71	33	27	42	56
Revenue Growth	13.5%	21.7%	-0.1%	5.6%	19.6%	-3.7%	9.5%

PACKAGING & LABELING SERVICES INDEX Vs. S&P 500



DCA Packaging & Labeling Services Index: BLL, CCK, OI, PKG, WLK, WRK

RECENT PRIVATE TRANSACTIONS

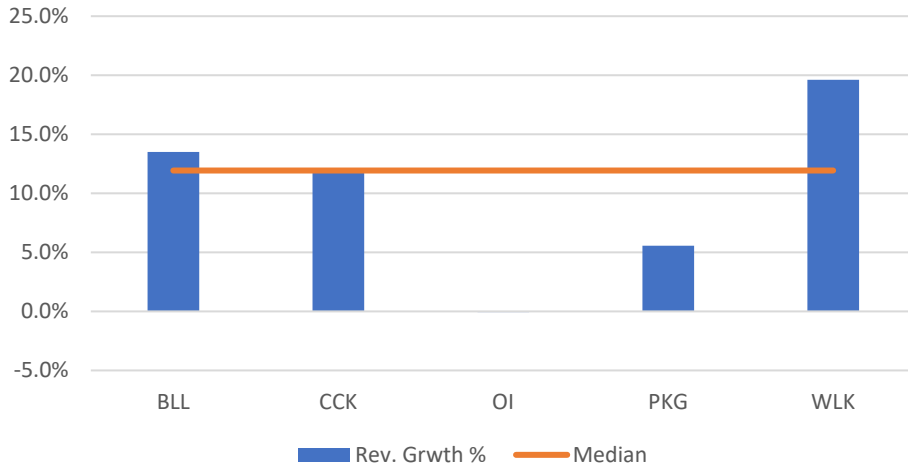
Date	Target Description	Deal Value	EBITDA	Revenue	DV/EBITDA	DV/Revenue	
29-May-2020	Packing and Shipping Business	\$200,000	\$51,026	\$455,705	3.9x	0.4x	
05-Dec-2019	Packing and Shipping Services	220,000	24,304	286,694	9.1x	0.8x	
20-Sep-2018	Label Manufacturing	1,452,209	392,259	1,101,400	3.7x	1.3x	
18-Oct-2017	Provides Packaging Services	579,452	82,742	8,577,930	7.0x	0.1x	
31-Jul-2017	Pack and Ship Store	175,000	32,023	1,315,644	5.5x	0.1x	
05-May-2017	Sorting, Labeling, and Repackaging	565,000	273,000	823,000	2.1x	0.7x	
				Low	\$ 286,694	2.1x	0.1x
				Median	\$ 962,200	4.7x	0.6x
				High	\$ 8,577,930	9.1x	1.3x

RECENT PUBLIC TRANSACTIONS

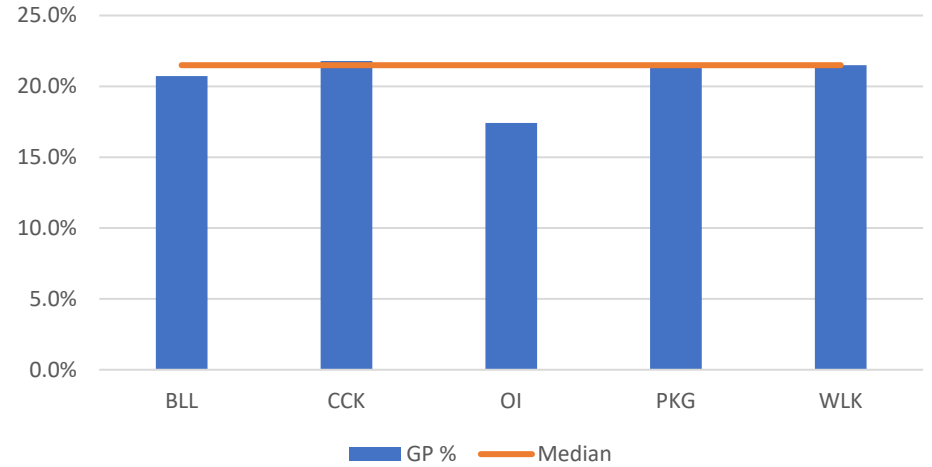
Deal Date	Seller	HQ Location	Acquiring Firm	Deal Size (\$mm)
27-Feb-2020	DS Smith Plastics	Romeoville, IL	Liqui-Box, Olympus Partners	585.00
01-Aug-2019	Automated Packaging Systems	Streetsboro, OH	Sealed Air (NYS: SEE)	510.00
10-Feb-2020	Verso (Specialty Paper Business)	WI	Lindsay Goldberg, Pixelle Specialty Solutions	400.00
17-Jun-2019	Amcor (Three Manufacturing Facilities)	Milwaukee, WI	Genstar Capital, Tekni-Plex	215.00
09-Aug-2019	Corenso Holdings America	Wisconsin Rapids, WI	Sonoco (NYS: SON)	110.55
02-May-2019	J&L Fiber Services	Waukesha, WI	Valmet (HEL: VALMT)	57.26
31-Jan-2020	Quad/Graphics (Folding Carton Business in Omaha)	Omaha, NE	Graphic Packaging (NYS: GPK)	42.00
23-Apr-2019	DaniMer Scientific	Bainbridge, GA		30.00
31-Dec-2019	Hoover Container Solutions	Houston, TX		20.76
22-Jan-2020	DaniMer Scientific	Bainbridge, GA		10.99
18-Mar-2019	DaniMer Scientific	Bainbridge, GA	Advantage Capital	6.50
14-Apr-2020	API Americas (Laminating and Coating Facility in Osgood, Indiana)	Osgood, IN	Case Paper	6.00
07-May-2019	Pier Mobile Storage	Corbin, KY	Pac-Van	1.72
04-Apr-2019	AC Packaging	Rochester, NY	Orcon Industries	
03-Feb-2020	AmeriGraph Packaging Group	Atlanta, GA	General Data	

OPERATING METRICS

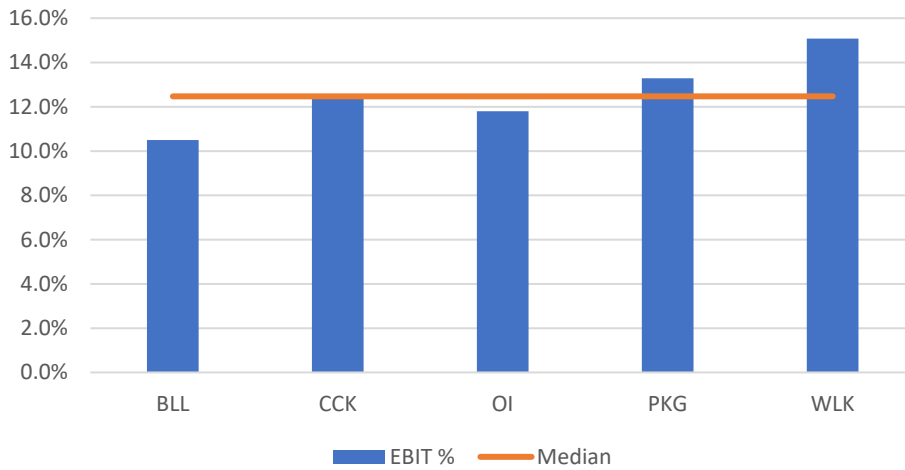
Revenue Growth



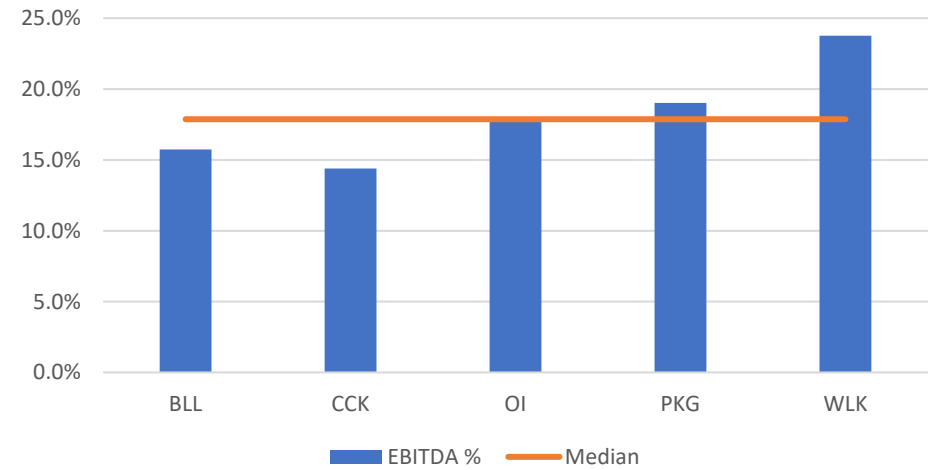
Gross Profit Margin



EBIT Margin

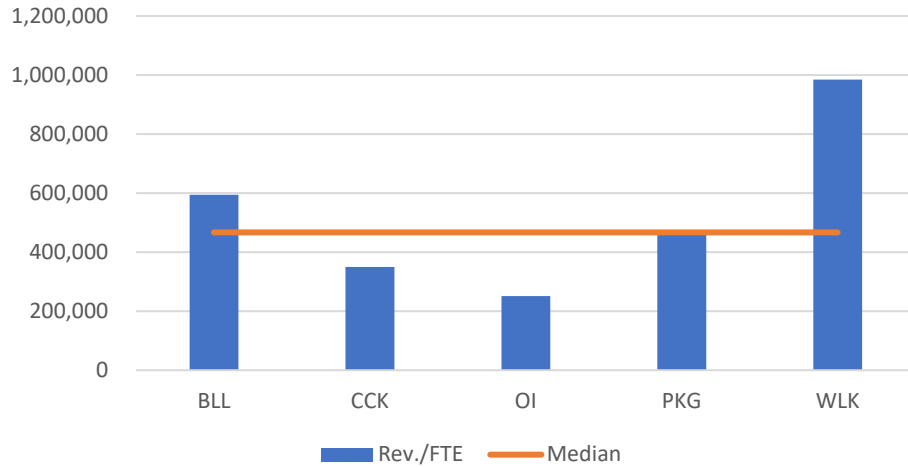


EBITDA Margin

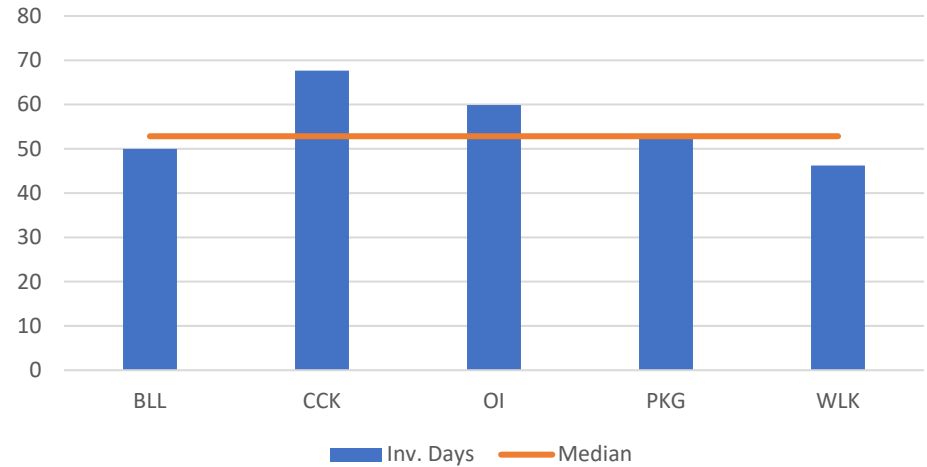


RATIO ANALYSIS

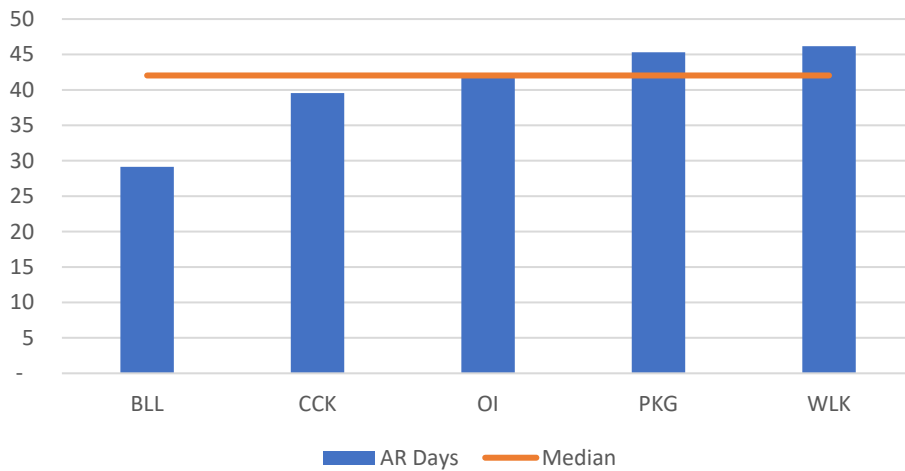
Revenue per Employee



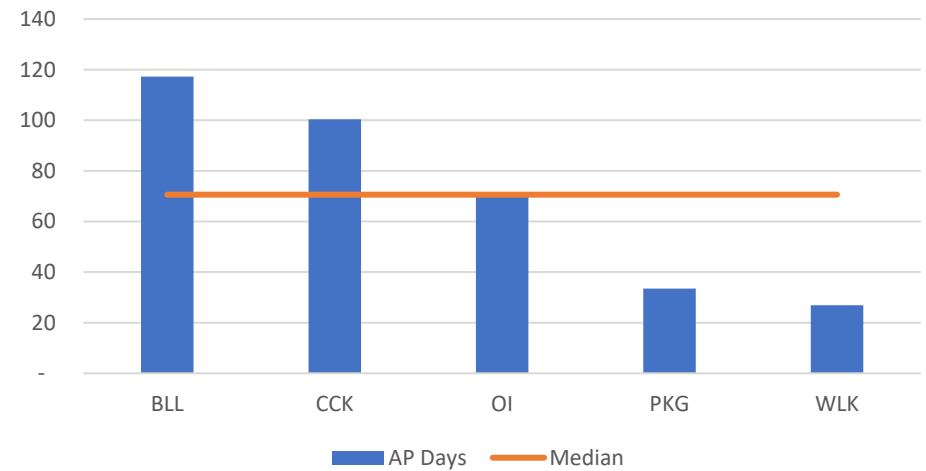
Inventory Days



AR Days



AP Days



VALUATION TRENDS

Ticker		Company		Fundamentals								
				TTM				NTM Estimates				
				Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
Peer Group												
BLL	Ball Corporation	88.68	28,963.80	36,195.80	12,779.00	2,011.00	2.66	14,190.00	2,307.50	3.88		
CCK	Crown Holdings, Inc.	108.27	14,223.19	22,351.19	11,549.00	1,663.00	5.28	11,614.50	1,900.75	7.55		
OI	O-I Glass Inc	14.79	2,326.24	6,960.24	6,273.00	1,121.00	2.04	6,360.50	1,114.00	1.84		
PKG	Packaging Corp of America	146.42	13,908.76	15,570.96	7,094.90	1,349.50	6.71	7,672.14	1,626.40	8.79		
WLK	Westlake Chemical Corporation	84.59	10,840.24	13,525.24	9,079.00	2,158.00	7.26	10,528.39		11.38		
WRK	Westrock Co	51.22	13,676.05	21,820.95	18,127.10	1,412.20	(2.53)	20,105.00	3,577.24	5.14		

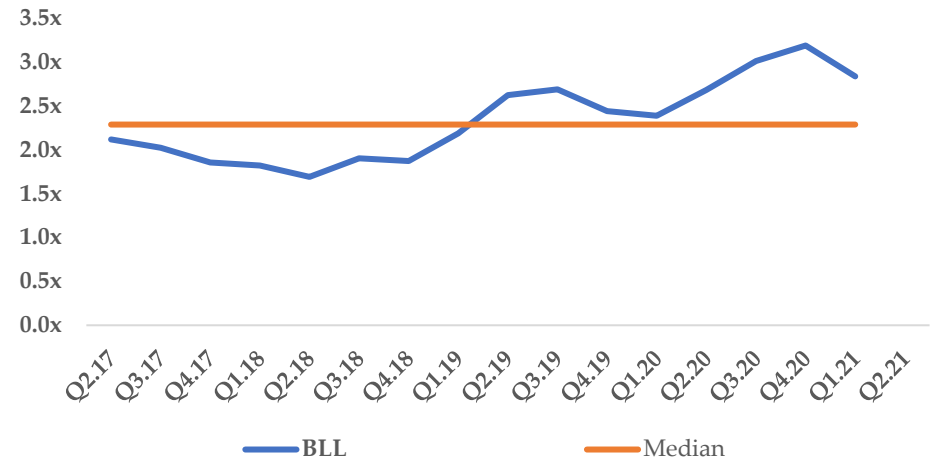
Ticker		Company		Multiples						
				TTM			NTM Forward Multiples			
				EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio	
Peer Group										
BLL	Ball Corporation	2.8x	18.0x	34.1x	2.6x	15.7x	22.9x			
CCK	Crown Holdings, Inc.	1.9x	13.4x	22.0x	1.9x	11.8x	14.3x			
OI	O-I Glass Inc	1.1x	6.2x	7.4x	1.1x	6.2x	8.1x			
PKG	Packaging Corp of America	2.2x	11.5x	21.9x	2.0x	9.6x	16.7x			
WLK	Westlake Chemical Corporation	1.5x	6.3x	11.7x	1.3x		7.4x			
WRK	Westrock Co	1.2x	15.5x		1.1x	6.1x	10.0x			

PUBLIC COMP

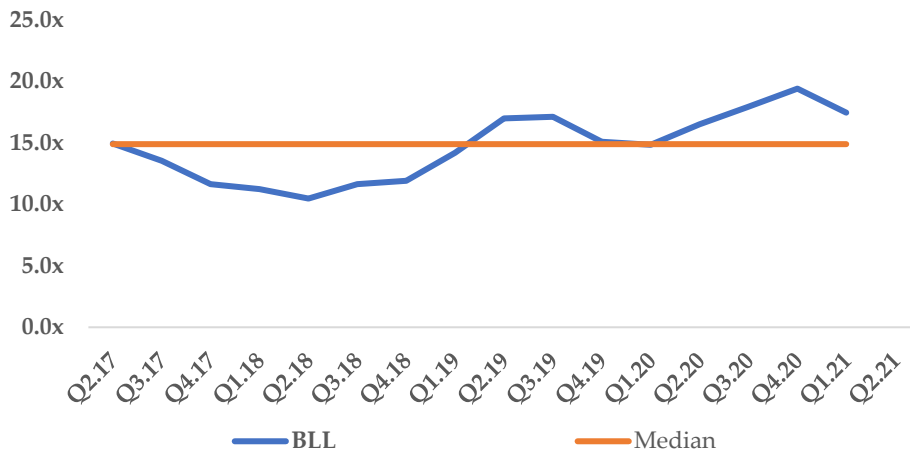
Ball Corporation (NYSE: BLL)

Ball Corporation is a supplier of metal packaging to the beverage, food, personal care and household products industries. The Company's packaging products are produced for a range of end uses and are manufactured in facilities around the world. Its segments include beverage packaging, North and Central America; beverage packaging, South America; beverage packaging, Europe; food and aerosol packaging; aerospace, and other. Its major product line is aluminum and steel beverage containers. It produces steel food, aerosol and extruded aluminum aerosol containers and aluminum slugs. Its aerospace business designs, develops and manufactures aerospace systems for civil, commercial and national cyber security aerospace markets. It produces spacecraft, instruments and sensors, radio frequency systems and components, data exploitation solutions and a range of aerospace technologies and products.

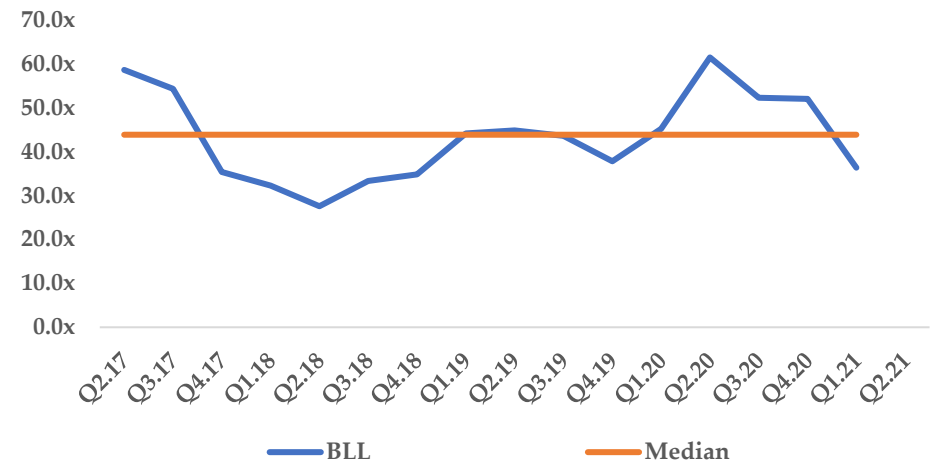
EV/Revenue Ball Corporation



EV/EBITDA Ball Corporation



P/E Ball Corporation

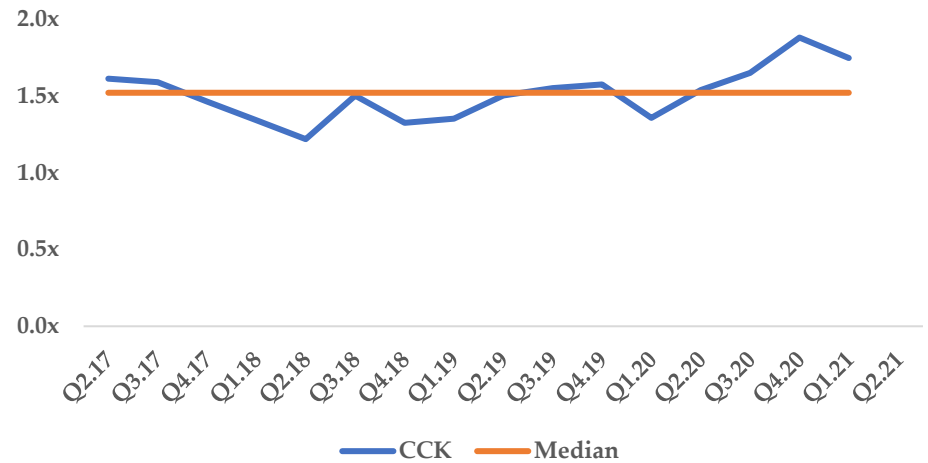


PUBLIC COMP

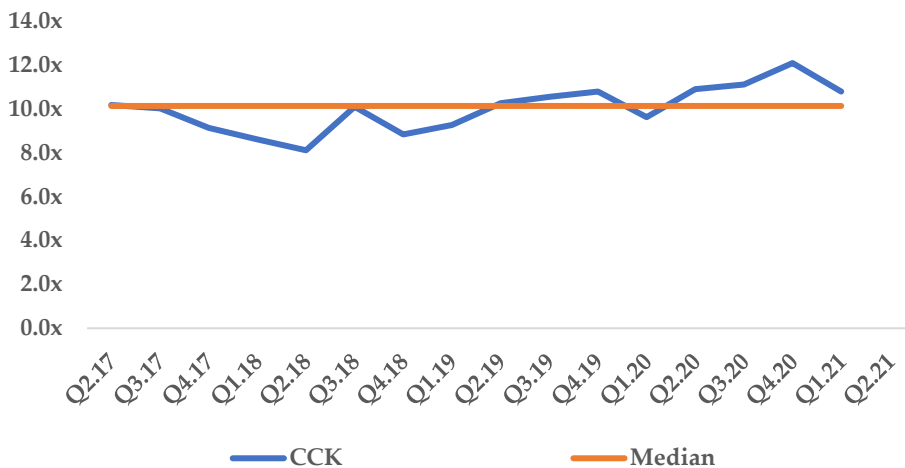
Crown Holdings (NYSE: CCK)

Crown Holdings, Inc. is engaged in the design, manufacture and sale of packaging products for consumer goods. The Company's business is organized within three divisions: Americas, Europe and Asia Pacific. Within each division, the Company is organized along product lines. The Company's segments within the Americas Division are Americas Beverage and North America Food. The Company's segments within the European Division are European Beverage and European Food. The Company's Asia Pacific Division segment consists of its beverage and non-beverage can operations. The Company is also engaged in European aerosol and specialty packaging business, its North American aerosol can business, and its tooling and equipment operations in the United States and the United Kingdom. As of December 31, 2016, the Company operated 146 plants along with sales and service facilities throughout 36 countries. It also has three can making and spare part operations in the United States and the United Kingdom.

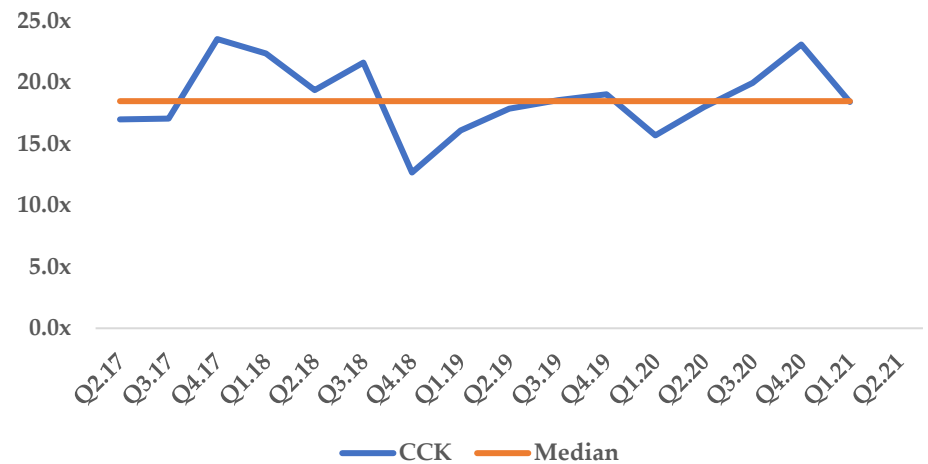
EV/Revenue Crown Holdings, Inc



EV/EBITDA Crown Holdings, Inc



P/E Crown Holdings, Inc

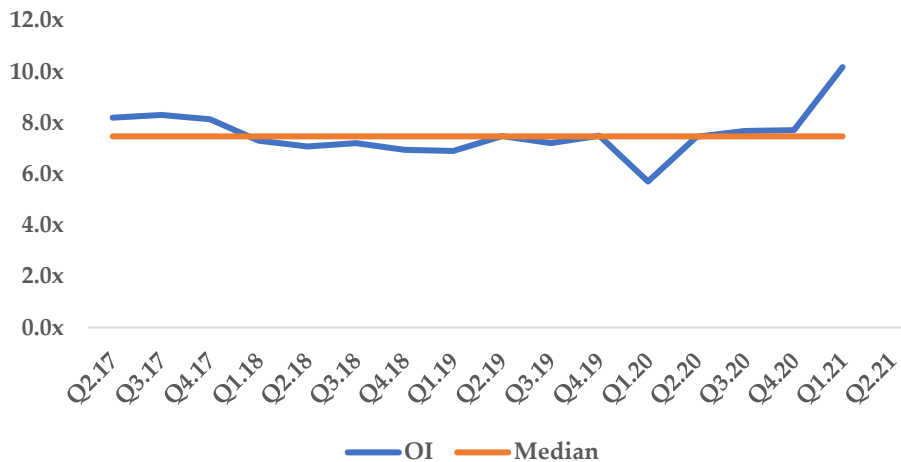


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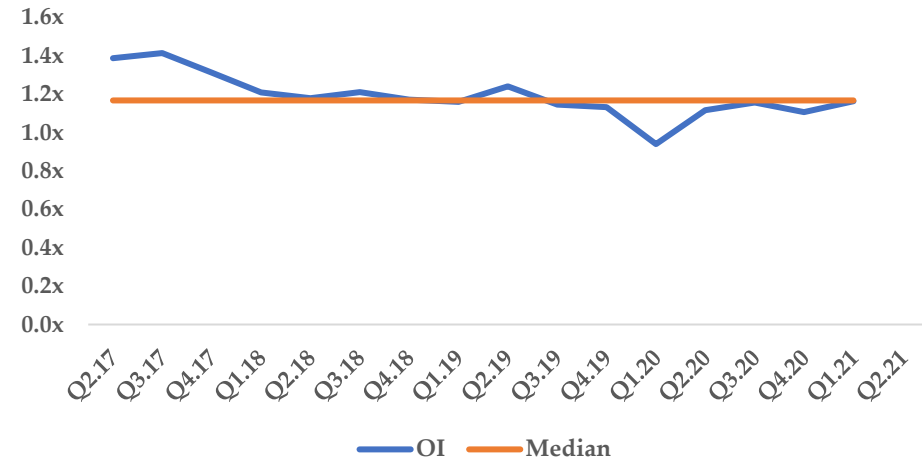
Owens-Illinois (NYSE: OI)

O-I Glass, Inc. is a manufacturer of glass container products. The Company's principal product lines are glass containers for the food and beverage industries. The Company's segments include Europe, Americas and Asia Pacific. The Company produces glass containers for alcoholic beverages, including beer, flavored malt beverages, spirits and wine. The Company also produces glass packaging for a range of food items, soft drinks, teas, juices and pharmaceuticals. The Company manufactures glass containers in a range of sizes, shapes and colors. The Company also provides engineering support for its glass manufacturing operations through facilities located in the United States, France, Poland, Colombia and Peru. The Company has approximately 72 glass manufacturing plants in 20 countries. The Company has a distribution facility used to import glass containers from its business in Mexico.

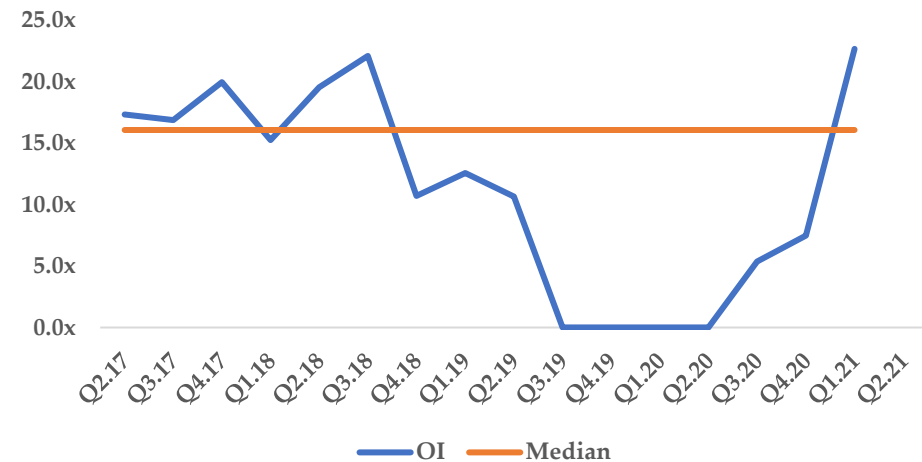
EV/EBITDA O-I Glass Inc



EV/Revenue O-I Glass Inc



P/E O-I Glass Inc

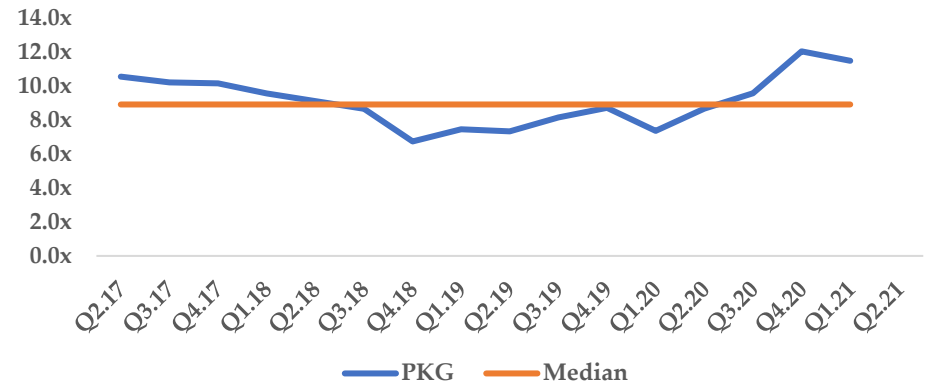


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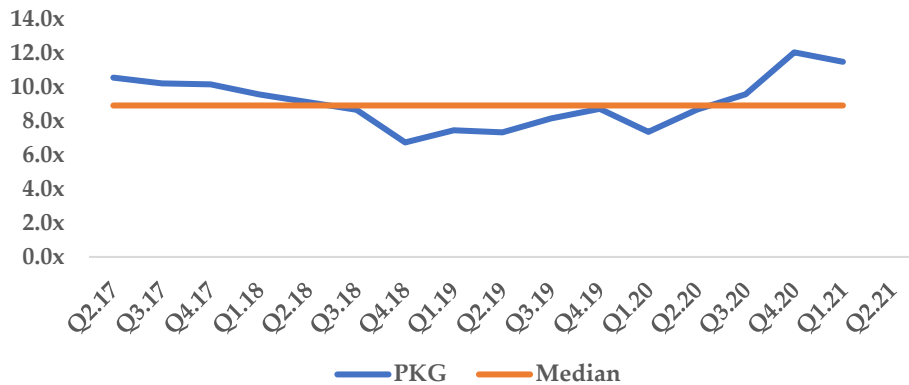
Package Corporation (NYSE: PKG)

Packaging Corporation of America (PCA) is a producer of containerboard products and uncoated freesheet. The Company operates through three segments: Packaging, Paper, and Corporate and Other. The Packaging segment produces a range of corrugated packaging products. The Paper segment manufactures and sells a range of papers, including communication-based papers and pressure sensitive papers. The Company's containerboard mills produces linerboard and semi-chemical corrugating medium, which are papers primarily used in the production of corrugated products. The Company's corrugated products manufacturing plants produce a range of corrugated packaging products, including conventional shipping containers used to protect and transport manufactured goods, multi-color boxes and displays.

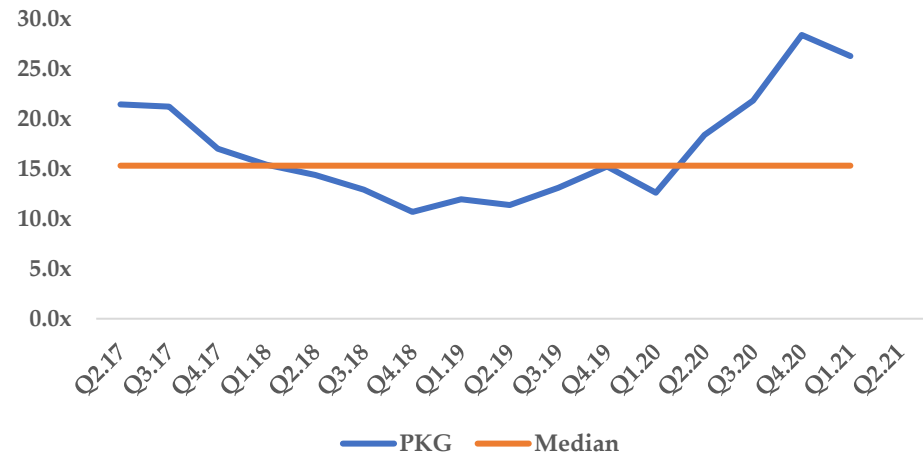
EV/EBITDA Packaging Corp of America



EV/EBITDA Packaging Corp of America



P/E Packaging Corp of America

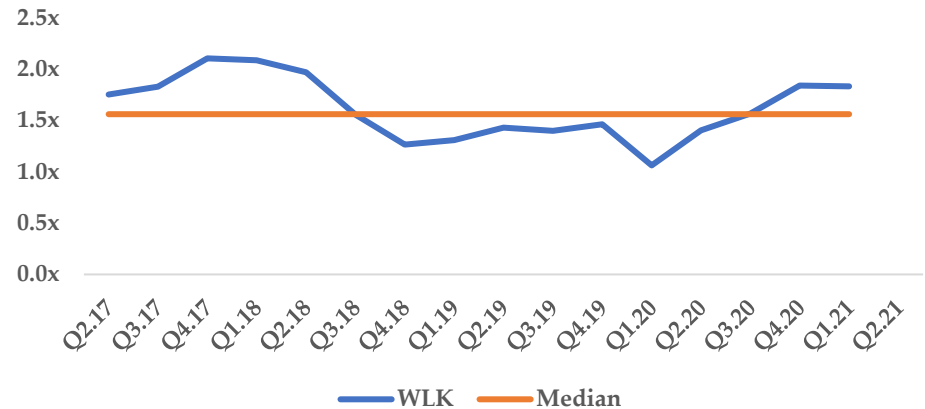


PUBLIC COMP

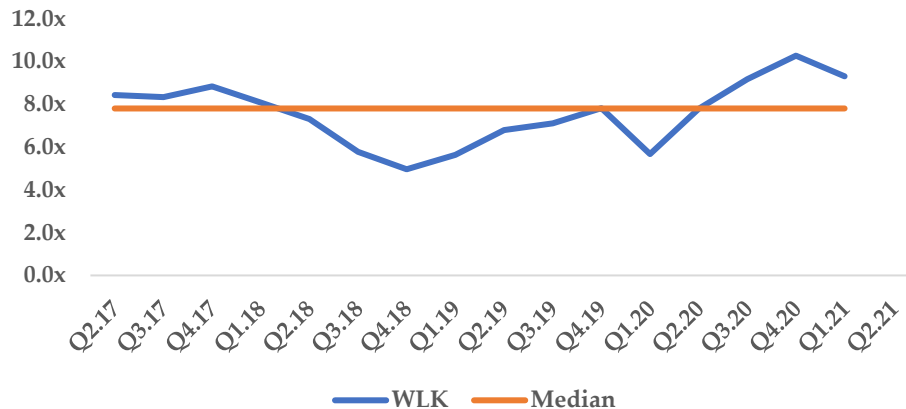
Westlake Chemical (NYSE: WLK)

Westlake Chemical Corporation is a global manufacturer and marketer of basic chemicals, vinyls, polymers and building products. The Company's products include a range of chemicals, which are fundamental to various consumer and industrial markets, including flexible and rigid packaging, automotive products, coatings, water treatment, refrigerants, residential and commercial construction, as well as other durable and non-durable goods. Its segments include Olefins and Vinyls. It manufactures ethylene (through Westlake Chemical OpCo LP (OpCo)), polyethylene, styrene and associated co-products at its manufacturing facility in Lake Charles and polyethylene at its Longview facility. The Company's products in its Vinyls segment include polyvinyl chloride (PVC), vinyl chloride monomer (VCM), ethylene dichloride (EDC), chlor-alkali (chlorine and caustic soda) and chlorinated derivative products and, through OpCo, ethylene.

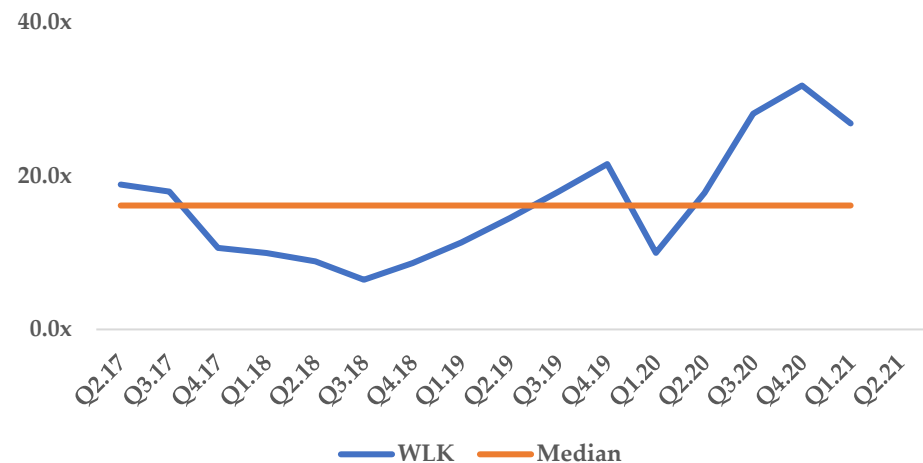
EV/Revenue Westlake Chemical Corporation



EV/EBITDA Westlake Chemical Corporation



P/E Westlake Chemical Corporation

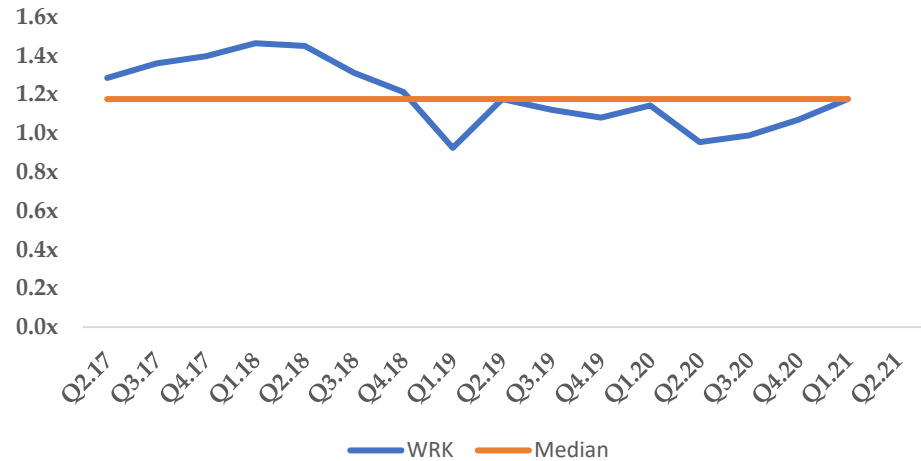


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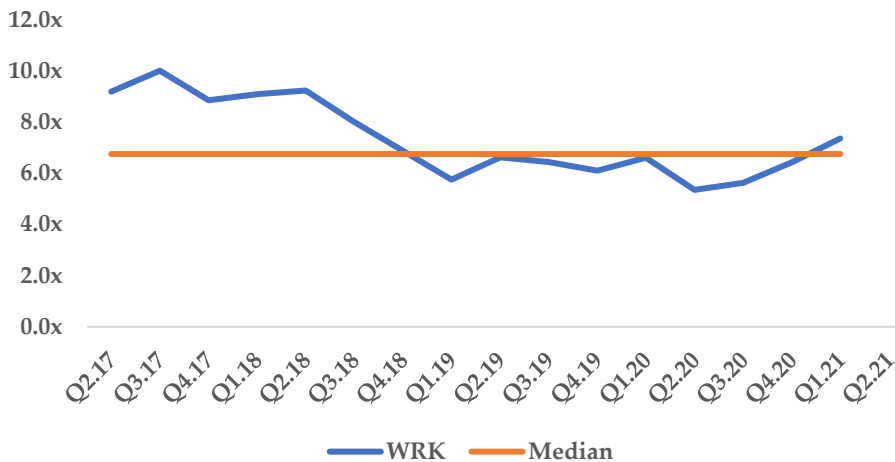
WestRock (NYSE: WRK)

WestRock Company is a multinational provider of paper and packaging solutions for consumer and corrugated packaging markets. The Company also develops real estate in the Charleston, South Carolina region. The Company's segments include Corrugated Packaging, Consumer Packaging, and Land and Development. The Corrugated Packaging segment consists of its containerboard mill and corrugated packaging operations, as well as its recycling operations. The Consumer Packaging segment consists of consumer mills, folding carton, beverage, merchandising displays, and partition operations. The Land and Development segment is engaged in the development and sale of real estate primarily in Charleston, South Carolina.

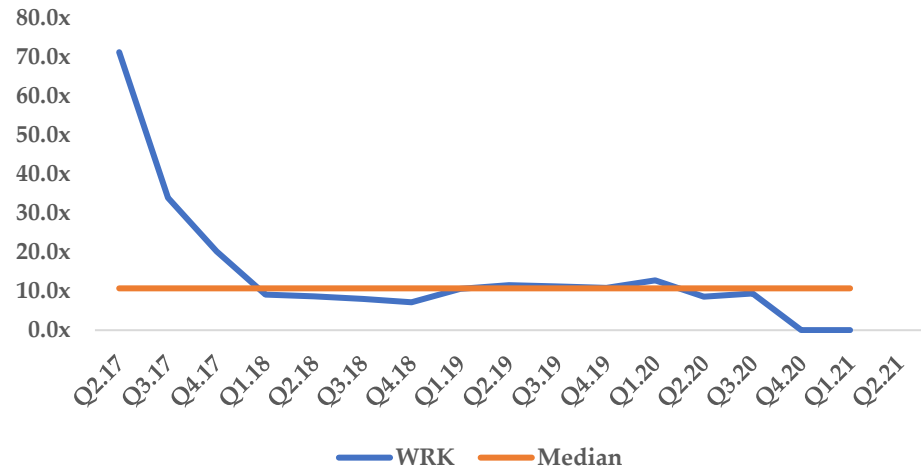
EV/Revenue Westrock Co



EV/EBITDA Westrock Co



P/E Westrock Co



DAVIDSON CAPITAL ADVISORS PROFESSIONALS

Robert S. Cashion **Managing Director, Investment Banking and Advisory Services**

Prior to joining Davidson Capital Advisors, Mr. Cashion spent over 20 years in the financial services industry. He manages the firm's overall corporate finance and consulting practice where he oversees and executes the firm's investment banking, advisory and capital raising engagements.

Mr. Cashion worked with several financial institutions and consulting firms delivering investment banking, leveraged finance, consulting and restructuring services. He worked with Bank of America Merrill Lynch and its predecessor firms in the High Grade Capital Markets, Corporate Finance and the Special Situations group.

Mr. Cashion has been involved in industry sectors including general industrial, distribution, business services, retail, technology and healthcare. Mr. Cashion holds B.A. Education, B.S. Accounting, and an MBA from the University of North Carolina. He is a Certified Public Accountant and holds FINRA 7, 63 and 79 securities licenses.



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DAVIDSON CAPITAL ADVISORS PROFESSIONALS

Elizabeth Folger **Managing Director, Institutional Client Coverage**

Prior to joining Davidson Capital Advisors, Ms. Folger spent 16 years in the financial services industry in a variety of functions, most recently with Bank of America Merrill Lynch and its predecessor firms. She manages the sales and auction processes for the firm's sell side M&A and capital raising engagements. Her deep experience in the sales and trading has resulted in excellent execution for our client's projects.

She worked in the Loan Syndication Sales Group, headquartered in Charlotte, with her primary responsibilities for sales and distribution of syndicated loans for middle market and large corporate credits. Also, Ms. Folger worked on the Corporate Bond Trading desk where she managed and traded risk positions of \$50-\$100 million of intermediate term bank and finance paper.

Ms. Folger has been involved in a variety of sectors including general industrial, distribution, business services, retail, technology and healthcare. She holds a Bachelor of Arts from Hollins University.



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DAVIDSON CAPITAL ADVISORS ANALYST TEAM

Maxwell Purdy

Corporate Finance Coverage

Prior to joining Davidson Capital Advisors in 2021, Mr. Purdy interned with Graycliff Partners, a private equity located in New York, NY. He graduated from University of North Carolina Chapel Hill in 2021 with a BS in Political Science and a minor in Economics and Entrepreneurship.

Maxwell assists in leading the firm's corporate finance client coverage as well as private equity coverage.

Jake Hall

Analyst, Investment Banking

Prior to joining Davidson Capital Advisors, Mr. Hall interned with Churchill Terry, a private equity firm located in Dallas, TX. He graduated from Southern Methodist University in 2021 with an MBA in Finance and Strategy.

Samuel Fernandez

Analyst, Investment Banking

Prior to joining Davidson Capital Advisors. Mr. Fernandez served as a board member for Radio Nueva Vida, a radio network chain operating in the Southeast. He graduated from the University of North Carolina at Charlotte with a BS in Finance.

Luke Habecker

Analyst, Investment Banking

Prior to joining Davidson Capital Advisors, Mr. Habecker worked in Brokerage and Business development with Odyssey Specialized Logistics, a logistics firm located in Chicago, IL. He graduated from the University of North Carolina at Charlotte with a BS in Finance.