

Packaging Industry Report

2023 Review



Table of Contents	Page
M&A Update	3
Industry Overview	4
Performance Snapshot and SWOT	5
Credit Markets	6
M&A Transaction Summary	7
Stock & Index Performance	13
Packaging & Containers - Paper	15
Packaging & Containers - Other	17

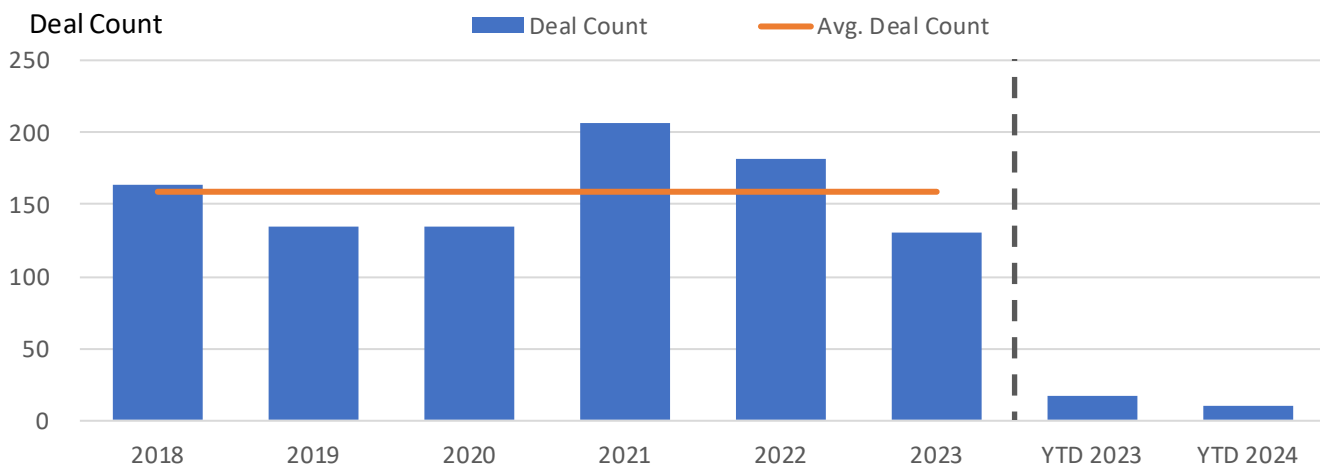
M&A Update

M&A Commentary: Despite the challenging economic environment, the packaging sector has demonstrated remarkable resilience. US activity was higher than expected in 2023, with annual activity pushing up to the 5-year average.

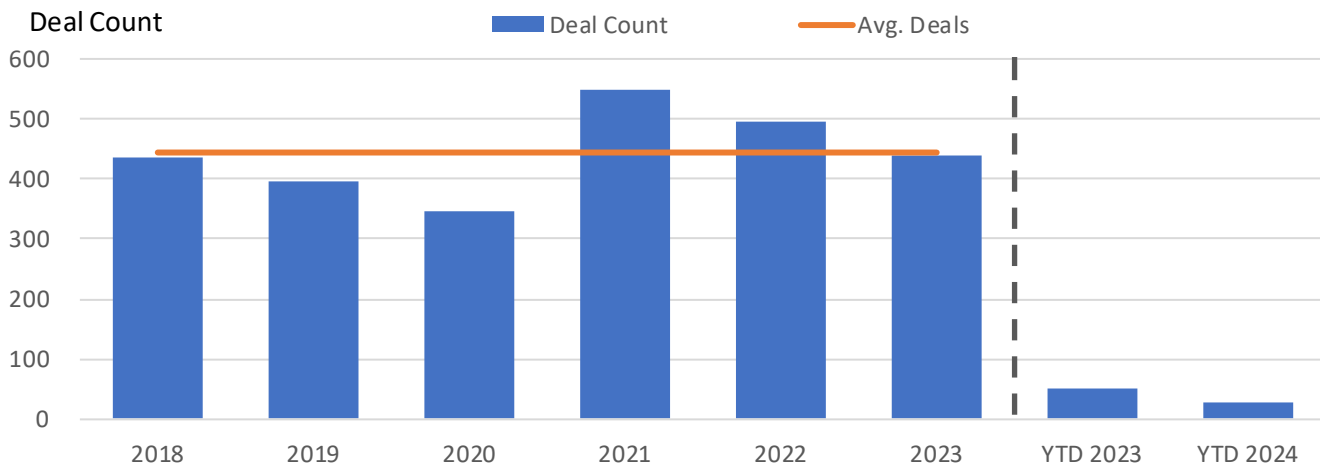
The resilience is highlighted by a transformation in value creation. The trend shifted from focusing on multiple expansion to revenue growth and margin expansion. Investors are now more concerned with improving fundamental activity than flipping businesses to pick up multiples.

Going forward, the M&A environment will continue to be appealing and dynamic, fueled primarily by active markets and established strategies. Additionally, we can anticipate an increase in multiple expansion as economic conditions improve.

Annual U.S. Packaging M&A Activity



Annual Global Packaging M&A Activity



Sources: CapIQ, PitchBook, US BLS Data, FRED, IBIS

Industry Overview



External Drivers	Impact
Consumer Spending	Positive
Demand from Sack Food Production	Positive
Corporate Profit	Positive
E-commerce Sales	Positive
Demand from Cosmetic and Beauty Products Manufacturing	Positive
Demand from Generic Pharmaceutical Manufacturing	Positive

Companies	Revenue	Market Share
Cascades Inc.	\$2.4bn	19.1%
Hearthside Food Solutions, LLC	\$249.1m	2.0%
Sorin Group SpA	\$186.6m	1.5%
PCI Pharma Services	174.4.7m	1.4%
Other Companies	\$9.7bn	76.1%

- Growth in consumer-packaged goods consumption has increased demand
- The diverse range of markets the industry serves prevents one company from dominating





Services	Revenue	Market Share
Packaging Services	\$6.5bn	50.9%
Assembly and Fulfillment Services	\$2.2bn	17.3%
Labeling Services	\$790.0m	6.2%
Other	\$303.bn	25.6%

Sources: CapiQ, PitchBook, US BLS Data, FRED, IBIS

Performance Snapshot and SWOT

Revenue '18 – '23 4.3% \$12.7 bn '23 – '28 3.4%	Profit '18 – '23 5.8% \$968.4 m
Employees '18 – '23 2.1% 58,292 '23 – '28 2.9%	Profit Margin '18 – '23 0.5 pp 7.6%
Businesses '18 – '23 (0.5)% 10,719 '23 – '28 1.9%	Wages '18 – '23 4.1% \$2.9 bn '23 – '28 3.0%

Performance: COVID-19-related drug trials brought much-needed demand for packaging and labeling services. E-commerce sellers use contract packaging services as they seek to minimize costs. Rising e-commerce sales bolster demand for packaging and labeling services

Strengths	Weaknesses	Opportunities	Threats
			
<ul style="list-style-type: none"> - Low Imports - Low Customer Class - Concentration - High Revenue per Employee - Low Capital Requirements 	<ul style="list-style-type: none"> - Low Imports - Low Customer Class - Concentration - High Revenue per Employee - Low Capital Requirements 	<ul style="list-style-type: none"> - Low Imports - Low Customer Class - Concentration - High Revenue per Employee - Low Capital Requirements 	<ul style="list-style-type: none"> - Low Imports - Low Customer Class - Concentration - High Revenue per Employee - Low Capital Requirements

Sources: CapIQ, PitchBook, US BLS Data, FRED, IBIS

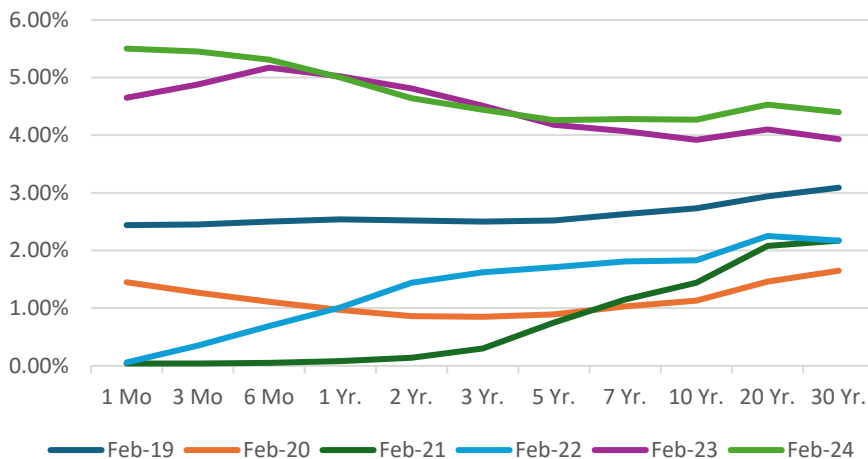
Credit Market Update

Overview: In 2024, there's renewed hope despite some loosening in leverage tolerances compared to Q4 '23. However, pricing is getting tighter. Credit spreads by about 50 basis points across the credit spectrum. This is mainly due to non-bank direct lending firms accumulating funds amid reduced deal opportunities. High interest rates, with SOFR at 5.31%, are significantly impacting M&A and refinancing activities since 2021. Competition for new assets is intense, with lenders still able to earn strong returns. The Fed indicates that interest rates will stay elevated, urging potential debt issuers in 2024 to act early when competition is less fierce.

Credit Market Updates

Deal Component	This Month Feb-24	Previous Issue Jan-24	Last Year Feb-23
Cash Flow Senior Debt (x EBITDA)	<ul style="list-style-type: none"> •<\$5.0MM EBITDA 1.50x-2.50x •>\$10.0MM EBITDA 2.00x-3.50x •>\$40.0MM EBITDA 3.00x-4.00x 	<ul style="list-style-type: none"> •<\$5.0MM EBITDA 1.50x-2.00x •>\$10.0MM EBITDA 2.00x-3.50x •>\$40.0MM EBITDA 3.00x-4.00x 	<ul style="list-style-type: none"> •<\$5.0MM EBITDA 1.50x-2.50x •>\$10.0MM EBITDA 2.50x-3.00x •>\$40.0MM EBITDA 3.00x-4.00x
Total Debt Limit (x EBITDA)	<ul style="list-style-type: none"> •<\$5.0MM EBITDA 2.50x-3.50x •>\$10.0MM EBITDA 3.50x-4.50x •>\$40.0MM EBITDA 4.00x-5.50x 	<ul style="list-style-type: none"> •<\$5.0MM EBITDA 2.50x-3.50x •>\$10.0MM EBITDA 3.50x-4.50x •>\$40.0MM EBITDA 4.00x-5.50x 	<ul style="list-style-type: none"> •<\$5.0MM EBITDA 3.00x-4.00x •>\$10.0MM EBITDA 3.50x-5.00x •>\$40.0MM EBITDA 4.00x-5.50x
Senior Cash Flow Pricing	<ul style="list-style-type: none"> •Bank: S+3.50%-5.00% •Non-Bank: <\$10.0MM EBITDA S+5.75%-8.00% •Non-Bank: >\$40.0MM EBITDA S+5.00%-6.00% 	<ul style="list-style-type: none"> •Bank: S+3.75%-5.00% •Non-Bank: <\$10.0MM EBITDA S+6.00%-8.00% •Non-Bank: >\$40.0MM EBITDA S+5.00%-6.00% 	<ul style="list-style-type: none"> •Bank: S+3.75%-5.00% •Non-Bank: <\$10.0MM EBITDA S+6.50%-8.00% •Non-Bank: >\$40.0MM EBITDA S+6.00%-7.50%
Unitranche & Second Lien Pricing	<ul style="list-style-type: none"> •<\$5.0MM EBITDA S+7.50%-9.50% •>\$10.0MM EBITDA S+5.75%-7.50% •>\$40.0MM EBITDA S+5.25%-7.00% 	<ul style="list-style-type: none"> •<\$5.0MM EBITDA S+7.50%-9.50% •>\$10.0MM EBITDA S+6.00%-7.50% •>\$40.0MM EBITDA S+5.75%-7.00% 	<ul style="list-style-type: none"> •<\$5.0MM EBITDA S+8.50%-11.00% •>\$10.0MM EBITDA S+6.50%-8.50% •>\$40.0MM EBITDA S+6.00%-8.00%
Subordinated Debt Pricing (Total Coupon: Cash + PIK)	<ul style="list-style-type: none"> •<\$5.0MM EBITDA 13.50%-16.00% •>\$10.0MM EBITDA 12.50%-14.50% •>\$40.0MM EBITDA 11.50%-13.00% 	<ul style="list-style-type: none"> •<\$5.0MM EBITDA 13.50%-16.00% •>\$10.0MM EBITDA 12.50%-14.50% •>\$40.0MM EBITDA 11.50%-13.00% 	<ul style="list-style-type: none"> •<\$5.0MM EBITDA 13.00%-15.00% •>\$10.0MM EBITDA 12.00%-14.00% •>\$40.0MM EBITDA 11.00%-13.00%

Treasury Par Value Yield Curve



Sources: CapIQ, PitchBook, US BLS Data, FRED, IBIS

Overview: The Fed met at the end of the month, announcing on February 1 that the federal funds target rate would stay at 5.25 percent to 5.50 percent. A more subtle shift in language in its official statement after the meeting sustained investors' expectations for rate cuts this year.

Compared with the last day of January 2023, Treasury yields increased in 10-, 20-, and 30-year maturities by 47, 56, and 57 basis points (bps), respectively, based on Pitchbook data, and the curve steepened. Treasury yields at 2-, 5-, and 7-year maturities were lower by 6, 28, and 36 bps, respectively.

M&A Transaction Summary

Deal Date	Company Name	Investors	Deal Size (\$M)
1/1/23	J.F. Shelton Company (Packaging Distribution Division)	Rhino Container	
1/1/23	Labelflex (Printing Services)	CCL Industries	500
1/1/23	Mr. Lid	MLNV	
1/1/23	YPV Distribution	Brady Industries	
1/3/23	Pulver	LPI	
1/5/23	Taylor Box Company	Andera Partners, Pusterla 1880	
1/5/23	William-Allen Company	Polymer Packaging Family of Companies	
1/6/23	Protective Lining	Ringmetall	
1/6/23	Yebo Group	Exeter Street Capital Partners, Harbert Credit Solutions, Independent Bankers Capital Funds	
1/9/23	John Rock	Freeman Spogli, Kamps Wood Containers & Packaging	
1/19/23	Fredman Bag Company	LongueVue Capital, Summit Plastics	
2/1/23	Preferred Packaging Products	Flexpak	
2/3/23	Pal-King	Freeman Spogli, Kamps Wood Containers & Packaging	
2/6/23	Keystone Paper & Box Company	Mill Rock Capital, Mill Rock Packaging Partners	
2/9/23	Partitions Plus	Bradford Group	
2/10/23	Mooney-General Paper	Envoy Solutions	
2/27/23	Twin City Pallet	Freeman Spogli, Kamps Wood Containers & Packaging	
2/28/23	Nashville Box	Welch Packaging	
3/1/23	Nefab	DS Smith	
3/2/23	Martin Pallet	Burlington Capital Partners, Farragut Capital Partners	
3/10/23	Swiss American	Lipari Foods, Littlejohn & Co.	
3/17/23	Hughes Tank Company	MAG Capital Partners	
3/20/23	Gen Z	Langer Juice Company	
3/20/23	Greenlane Holdings (Marijuana Packaging Business)	eBottles	
3/23/23	Impact Plastics	Aurora Capital Partners	
3/23/23	Pallets (Wood Containers)	Groupe Damabois	
4/3/23	Nursery Supplies	Gainline Capital Partners, Mill Point Capital	160
4/3/23	Whitefield Plastics	Aldine Capital Partners, Compass Group Equity Partners, Mearthane Products	
4/6/23	WrapCo Signs & Wraps	Minuteman Press	

M&A Transaction Summary

Deal Date	Company Name	Investors	Deal Size (\$M)
4/7/23	Lefco Worthington	Evergreen Cooperatives	
4/24/23	The Packaging Wholesalers	B O X Partners, Charlesbank Capital Partners	
4/26/23	Millennium Packaging	B2B Industrial Packaging, GenNx360 Capital Partners	
4/28/23	Team Packaging	Innovative Packaging Company, Shore Capital Partners	
5/1/23	FPC Distribution	Brady Industries	
5/1/23	GreenStreets USA	Advent International, Bain Capital	
5/1/23	Northern Container	Inmark, Kelso & Company	
5/10/23	Jade Road Design and Sourcing	Bansk Group, Charlesbank Capital Partners, Constitution Capital Partners, Illinois Growth and Innovation Fund, Voyant Beauty, Wind Point Partners	
5/15/23	La Fiesta Label & Packaging Systems	DRG Technologies	
5/16/23	Standard Multiwall Bag	Gelpac	
5/22/23	Strata-Tac	Duraco, OpenGate Capital	
5/25/23	Qfc Plastics	KB Components	
6/1/23	Kaplan Container	Basco	
6/1/23	Norwood Paper	Bulk Lift International, New Water Capital, Stone Arch Capital	
6/14/23	Managed Packaging Systems	Nassco	
6/15/23	Pharmaceutic Litho & Label	Ares Management	
6/21/23	Poly Flex Products	Nefab	
6/21/23	The Standard Group	Gamut Capital Management, PaperWorks	
6/23/23	Tripod Canning	Bevcraft	
7/1/23	Natech Plastics	Stratec	30
7/3/23	Powell Valley Millwork	Empresas CMPC	
7/3/23	TQL Packaging Solutions	Ares Management	
7/5/23	Protective Packaging Solutions	Altamont Capital Partners, Specialized Packaging Group	
7/12/23	Maverick Packaging	Ambassador Enterprises, SOLV Holdings	
7/24/23	Precision Concepts (Mooresville)	Biomerics, ONCAP	
7/25/23	Plastic Distributors And Fabricators	Altamira Material Solutions, Edgewater Capital Partners, Greyrock Capital Group	
7/25/23	Pure Trade	AGIC Group	

M&A Transaction Summary

Deal Date	Company Name	Investors	Deal Size (\$M)
7/27/23	Stretchtape	Adherex Group, Akoya Capital, Goldner Hawn, Tecum Capital	
8/1/23	Guardian Packaging Industries	Bluff Point Associates, Conner Industries, Mathers Associates	
8/1/23	Reclaimed Textiles	Greybull Stewardship	
8/1/23	Spectrum Plastics Group	DuPont de Nemours	1,750
8/1/23	The HC Companies	Platinum Equity	
8/3/23	SiO2 Materials Science	Oaktree Capital Management	430
8/4/23	Visalia Citrus Packing Group Packing Facilities and Operations	Kings River Packing	
8/29/23	Fomento Economico Mexicano (US Packaging and Food Services Business)	Kelso & Company, Warburg Pincus	5,000
8/31/23	JohnsByrne	GHK Capital Partners	
9/1/23	General Pallets	Hemingway Capital, Spring Capital Partners	
9/1/23	Katzke Packaging Co.	Flexpak	
9/5/23	Prime Paper	ACE & Company, Advent International, Bain Capital	
9/5/23	ProPack International	MEI Rigging & Crating, Olympus Partners	
9/8/23	RTS Packaging	Sonoco	330
9/13/23	Zume	Ara Partners, Coppermine Capital, Genera Energy	
9/26/23	Nor-Cal Beverage Company	Manna Beverages & Ventures, Manna Capital Partners	
10/4/23	Lofton Label & Packaging	Omnes Capital, ProMach	
10/10/23	Packaging Concepts		
10/16/23	Tristate Container	UniCorr	
10/23/23	Impact Fulfillment Services	Ryder System	
11/1/23	Highland Tank & Manufacturing	TerraVest Industries	78
11/1/23	VYCOM Plastics	Ares Capital Corporation BDC, Plaskolite, Pritzker Private Capital	
11/8/23	General Converting	CORE Industrial Partners	
11/14/23	NYP	Granite Creek Capital Partners	
12/1/23	Mativ (Engineered Papers Business)	Evergreen Hill Enterprise	620
12/4/23	Ocean State Packaging	Harvey & Company, Inmark, Kelso & Company	
12/19/23	Online Labels	Sentinel Capital Partners	
12/19/23	Republic Packaging	ATLAS PACKAGING, INC.	

M&A Transaction Summary

Deal Date	Company Name	Investors	Deal Size (\$M)
12/21/23	Westpack Holdings	CorrPak Group	
12/29/23	Rethceif Packaging	GED Integrated Solutions, MSouth Equity Partners	
1/5/24	Sumter Packaging	Hood Container	
1/9/24	Roberts Beauty	Fasten	
1/9/24	Thermosource Tooling and Manufacturing	AmerCareRoyal, HCI Equity Partners	
1/23/24	Fortiflex	Alpla	
1/30/24	Sonoco Protective Solutions	Black Diamond Capital Management	80

Sources: CapIQ, PitchBook, US BLS Data, FRED, IBIS

M&A Transactions



Stock Market Overview

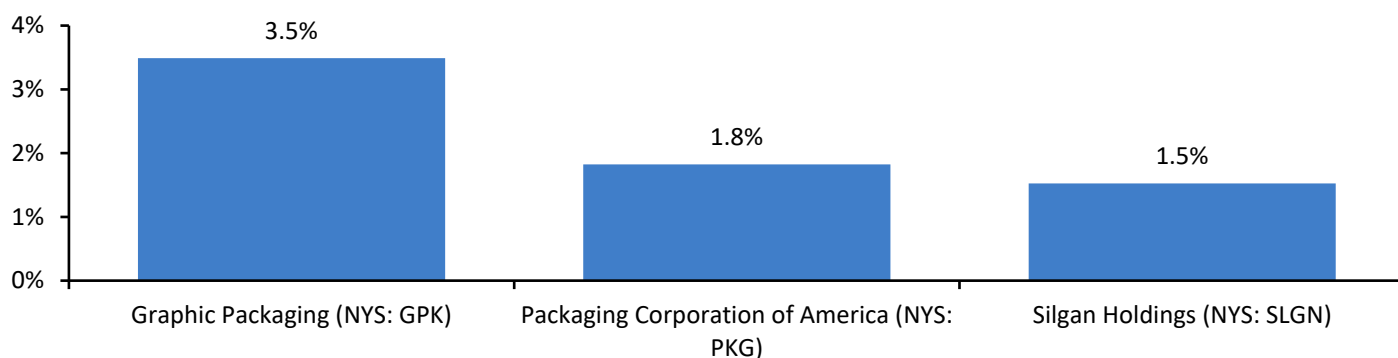
2023 Review

Stock Market Performance – February 2024

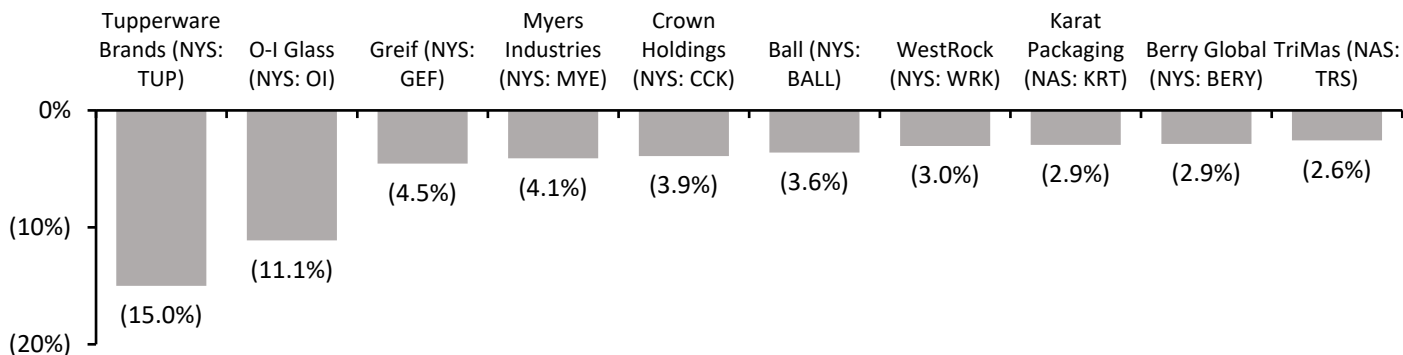
Recent Stock Performance

Index	1-Month % Change	3-Month % Change	6-Month % Change	1-Year % Change
S&P 500	1.6%	15.5%	5.6%	18.9%
Russell 2000	(3.9%)	17.1%	(2.8%)	0.8%
Packaging & Containers - Other	(4.9%)	6.6%	(10.0%)	(4.1%)
Packaging & Containers - Paper	(1.0%)	12.1%	4.5%	(0.2%)
Morningstar Global Packaging and Containers GR USD	(2.6%)	10.8%	(2.4%)	(4.2%)

Top 10 Monthly Price Gainers



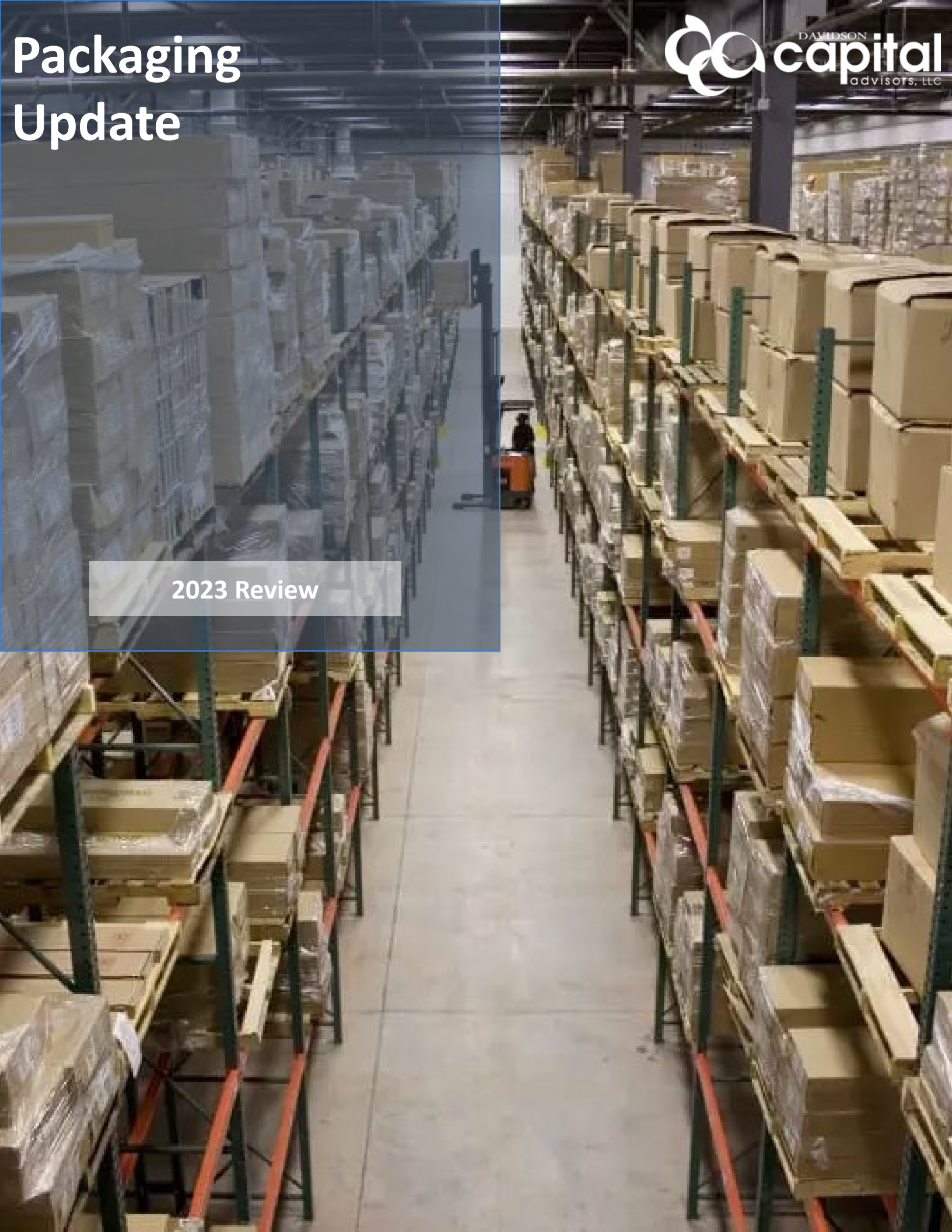
Top 10 Monthly Price Decliners



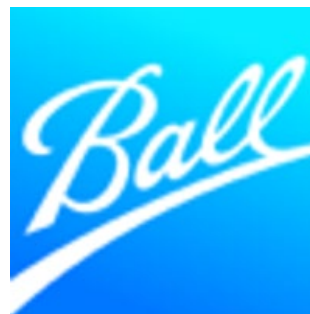
Sources: CapIQ, PitchBook, US BLS Data, FRED, IBIS

Packaging Update

2023 Review



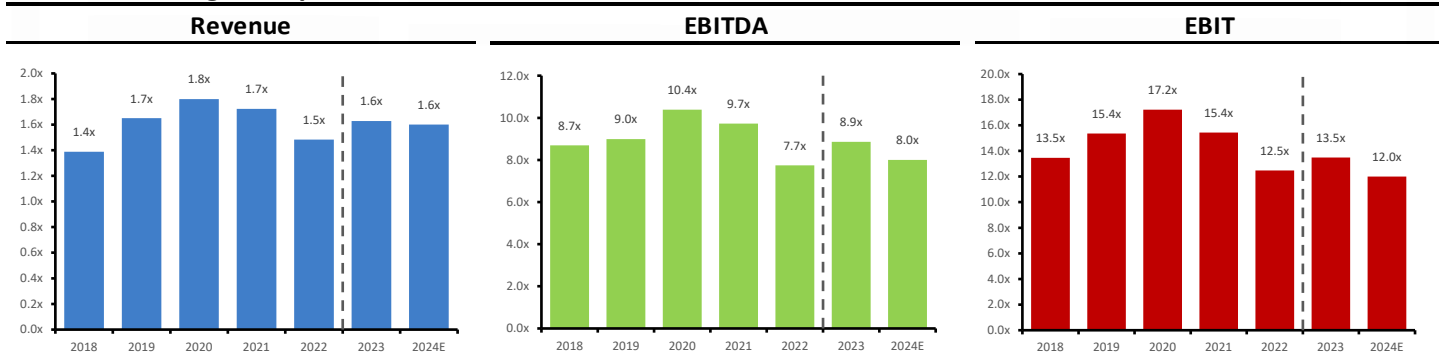
Paper Packaging & Containers



Company Name	(\$ in millions except per share data)			LTM						PE Ratio		LTM Valuation Multiples				
	Price Per Share	52 Wk High	% of 52 Week High	Enterprise Mkt Cap	Enterprise Value	Revenue Growth %	Gross Profit %	EBITDA Margin		EBIT Margin		2023E	2024E	EV/Rev	EV/EBITDA	EV/EBIT
								%	%	%	%					
Ball	64.02	64.50	99.3%	20,207	28,149	(8.6%)	19.0%	15.1%	9.1%	21.1x	18.2x	2.0x	14.4x	22.1x		
Avery Dennison	216.53	217.53	99.5%	17,433	20,462	(7.5%)	27.2%	15.1%	9.7%	23.2x	20.7x	2.4x	18.4x	25.1x		
Packaging Corporation of America	181.19	183.95	98.5%	16,239	18,271	(8.0%)	21.8%	20.6%	13.7%	21.2x	18.4x	2.3x	11.5x	17.1x		
International Paper	35.36	38.21	92.5%	12,247	17,039	(10.6%)	27.9%	12.2%	3.2%	16.1x	13.3x	0.9x	8.3x	27.8x		
WestRock	45.29	45.96	98.5%	11,638	19,865	(5.7%)	17.9%	14.5%	(6.8%)	22.0x	13.7x	1.0x	NM	NM		
Graphic Packaging	25.95	27.56	94.2%	7,942	13,405	(0.1%)	22.5%	19.9%	12.4%	9.5x	9.0x	1.4x	7.5x	11.4x		
Mean			97.1%			(6.8%)	22.7%	16.2%	6.9%	18.9x	15.6x	1.7x	12.0x	20.7x		
Median			98.5%			(7.7%)	22.1%	15.1%	9.4%	21.2x	15.9x	1.7x	11.5x	22.1x		

Price and Valuation as of February 31, 2024

Median Trading Multiples



Sources: CapIQ, PitchBook, US BLS Data, FRED, IBIS

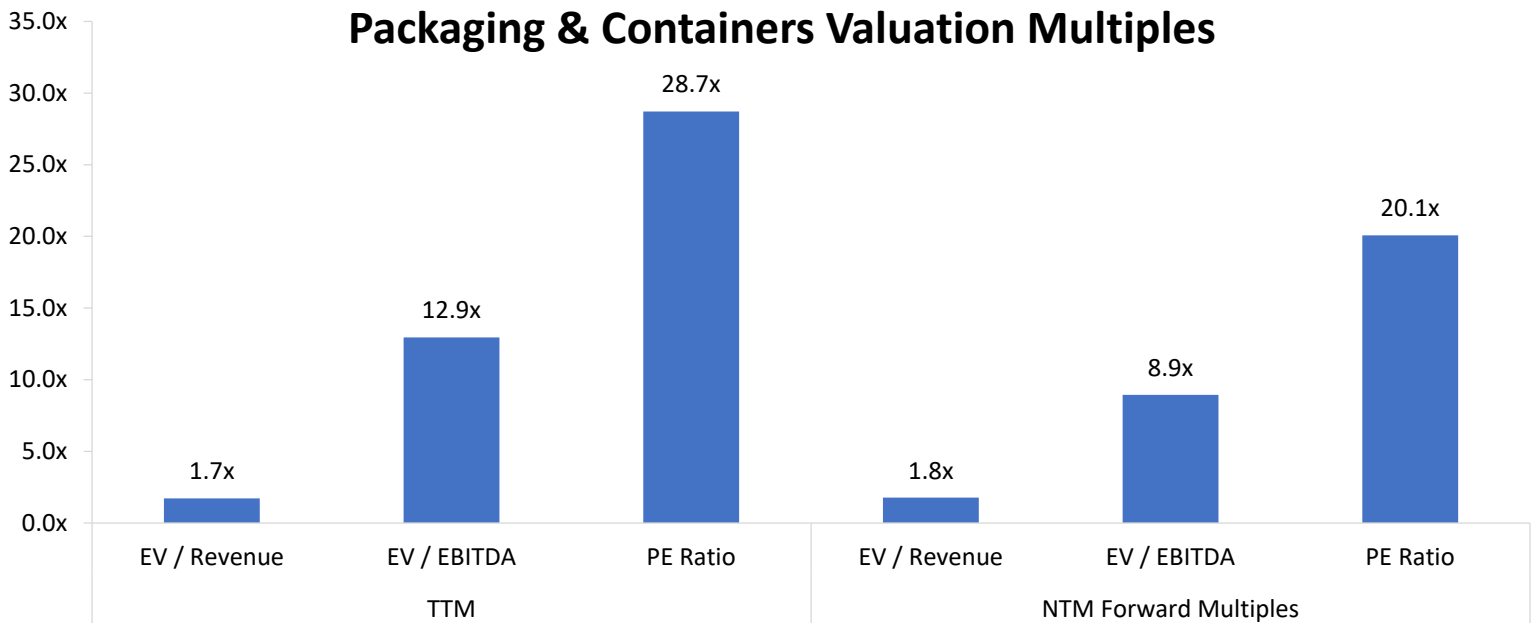
Paper Packaging & Containers Stock Performance

Paper Packaging & Containers has recovered 15% since September 2023 lows.

Stock Performance



Packaging & Containers Valuation Multiples



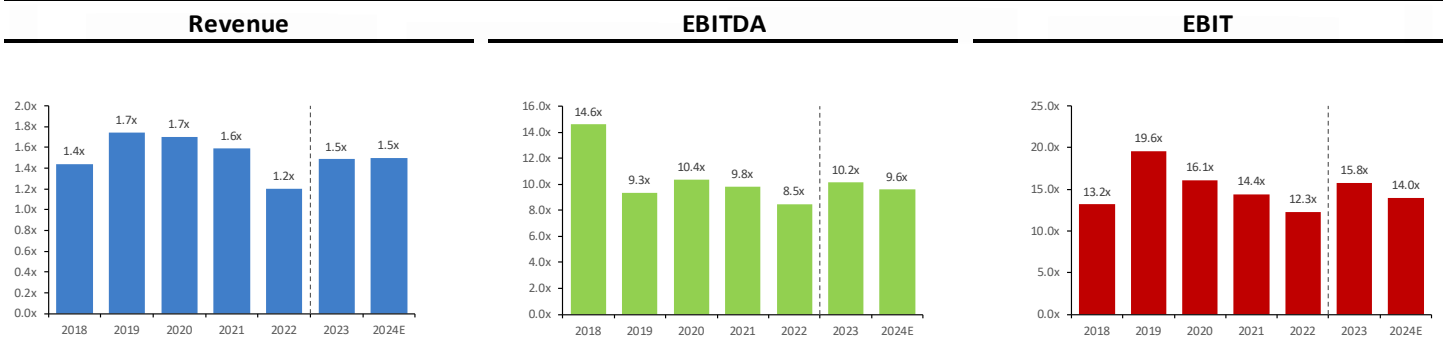
Sources: CapIQ, PitchBook, US BLS Data, FRED, IBIS

Packaging & Containers – Other



(\$ in millions except per share data)						LTM				PE Ratio		LTM Valuation Multiples		
Company Name	Price Per Share	52 Wk High	% of 52 Week High		Enterprise Mkt Cap Value	Revenue Growth %	Gross Profit %	EBITDA Margin %	EBIT Margin %	2023E	2024E	EV/Rev	EV/EBITDA	EV/EBIT
			Week	Mkt Cap										
Crown Holdings	76.62	96.35	79.5%	9,254	16,097	(7.2%)	20.5%	15.7%	9.8%	12.8x	11.4x	1.3x	9.6x	13.7x
SIG Group	19.91	29.75	66.9%	7,610	10,015	16.2%	23.6%	25.6%	13.3%	20.2x	18.4x	2.8x	10.6x	20.8x
Berry Global	58.21	69.94	83.2%	6,748	15,506	(10.9%)	18.2%	16.4%	7.9%	7.8x	6.9x	1.2x	8.5x	15.8x
Sealed Air	34.87	49.44	70.5%	5,038	9,479	(2.7%)	29.9%	20.7%	12.6%	12.0x	10.7x	1.7x	10.2x	13.7x
Silgan Holdings	43.91	54.92	80.0%	4,676	7,460	(6.6%)	16.6%	14.7%	9.9%	12.0x	11.0x	1.2x	8.7x	12.5x
Greif	64.46	76.00	84.8%	3,028	5,643	(14.9%)	21.7%	15.2%	9.7%	17.4x	12.8x	1.1x	7.7x	11.3x
O-I Glass	16.92	23.57	71.8%	2,600	6,768	3.6%	21.1%	20.8%	5.8%	7.0x	6.3x	1.0x	7.6x	16.5x
TriMas	23.50	30.31	77.5%	964	1,373	1.1%	22.5%	17.9%	7.4%	9.8x	NM	1.5x	11.1x	20.6x
Myers Industries	19.23	21.86	88.0%	708	781	(5.8%)	32.0%	11.8%	8.5%	14.1x	12.4x	0.9x	8.4x	11.0x
Karat Packaging	29.59	29.69	99.7%	591	623	(4.5%)	36.9%	15.3%	10.9%	14.3x	12.4x	1.5x	10.1x	14.2x
Tupperware Brands	1.32	5.91	22.3%	61	61	(18.5%)	64.0%	10.6%	2.6%	NM	NM	NM	NM	NM
Mean			76.6%			(0.6%)	20.8%	19.2%	10.3%	13.6x	12.2x	1.8x	9.6x	16.7x
Median			79.5%			(7.2%)	20.5%	16.4%	9.8%	12.8x	11.4x	1.3x	9.6x	15.8x

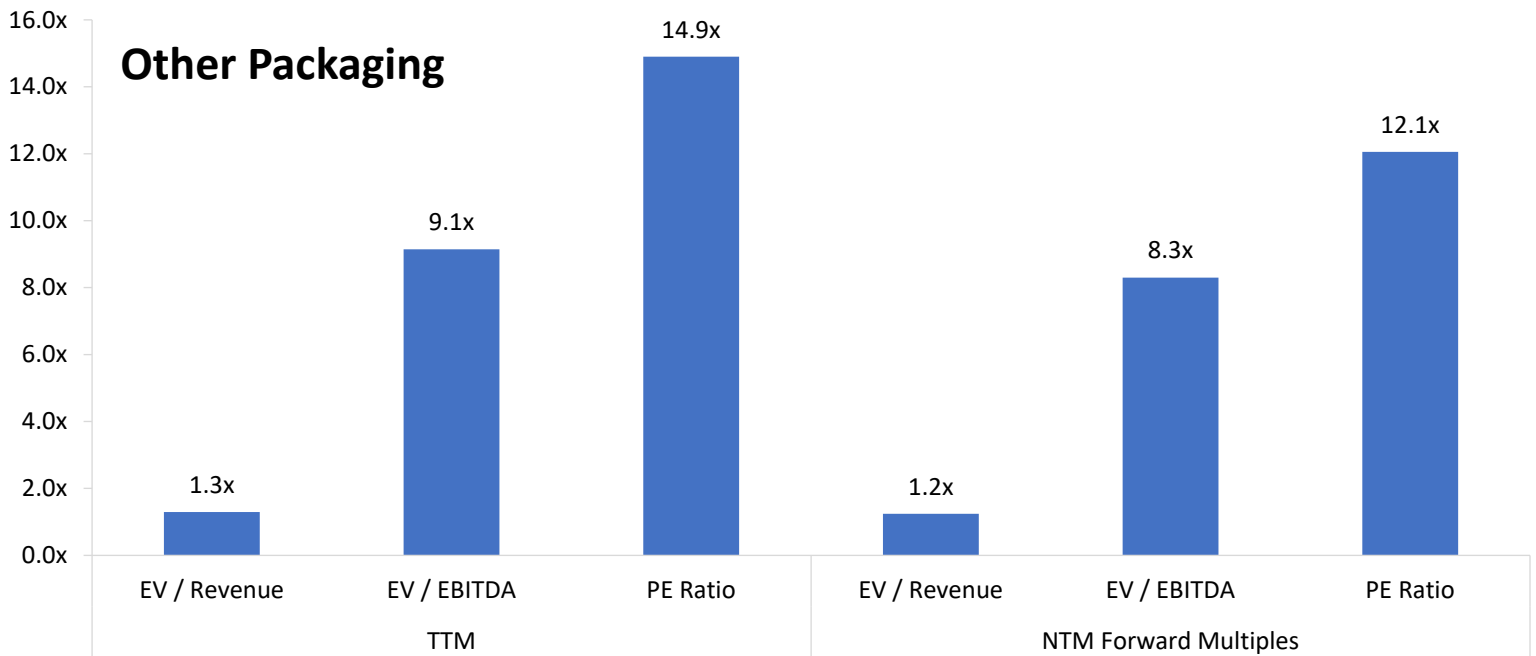
Median Trading Multiples



Sources: CapIQ, PitchBook, US BLS Data, FRED, IBIS

Other Packaging & Containers Stock Performance

Stock Performance



Sources: CapIQ, PitchBook, US BLS Data, FRED, IBIS