

PACKAGING

Quarterly Review

Q3 2024



KEY TOPICS

- Sector Spotlight: Foodservice Packaging
- Market Insights
- Recent Lincoln International Transactions
- Select M&A Transactions
- Public Companies Operating Statistics and Valuation Parameters
- Global Packaging Valuations by Subsector

Sector Spotlight: Foodservice Packaging

Foodservice packaging has evolved in recent years to align with consumer preferences while maintaining sustainability throughout the manufacturing process. Consumer preferences have gravitated toward food packaging that reduces the risk of disease caused by bacteria, microorganisms and pathogens. Furthermore, with the negative publicity associated with micro-plastics, health-conscious consumers and governments alike are calling for more sustainable packaging that is less environmentally harmful and less dangerous to people. Creating a package that is both economically viable and environmentally sustainable is a goal to gaining market share within the modern packaging industry.

There are increasing concerns from consumers regarding plastics, specifically “micro-plastics,” leaching into food and drinks, which is known to lead to health issues. This has resulted in stricter government regulations, particularly targeting plastic packaging and non-biodegradable materials. Many states are introducing or expanding bans on polyfluoroalkyl substances (PFAS) in food packaging. PFAS are a group of man-made chemicals known for their durability and resistance to heat, water and oil. These chemicals are often called “forever chemicals” because they don’t easily break down in the environment or the human body, raising concerns about their long-term health effects. In packaging, PFAS have historically been used to coat materials like food wrappers, takeout containers and microwave popcorn bags to make them resistant to grease and moisture. This coating helps keep food fresh and containers durable by preventing oils and liquids from soaking through.

Several major corporations, including 3M and Dow, have faced high-profile lawsuits and settlements approaching \$20 billion related to PFAS contamination, with claims of environmental and health damages linked to the chemicals. These legal battles highlight the growing scrutiny around PFAS use and its broader impact. Illinois and Massachusetts will implement bans starting January 1, 2025, with New York and Maryland already enforcing such regulations. It may only be a matter of time until additional states incorporate similar measures.

In light of these events, the industry continues to move towards alternative packaging solutions, including biodegradable plastics, compostable packaging and the utilization of recycled materials that retain similar performance attributes to PFAS coatings, albeit at a lower level. Notable materials include cornstarch, vegetable-based plastics and bio-based polymers. A reputable, leading company in the eco-friendly packaging space is Kanbol. Founded in 2020, Kanbol discovered a unique pulping process that is both efficient and sustainable, relying on corn stover—a renewable resource derived from the corn plant. This process is more energy-efficient than traditional wood pulping techniques utilized throughout

the packaging industry. Kanbol already offers an assortment of products, including molded fiber bowls and lids, as well as microwave-safe, compostable meat packaging trays. In addition to Kanbol, PaperTech, a portfolio company of the Chicago-based private equity firm May River Capital, has emerged as a notable player in the eco-friendly packaging sector. Specializing in high-quality paper trays, PaperTech’s products are designed for various applications, including food service and retail, emphasizing sustainability and recyclability. Their commitment to using renewable resources aligns with the growing demand for environmentally friendly solutions in packaging.

Both Kanbol and PaperTech’s products are compliant with many upcoming regulations, addressing health and sustainability concerns that consumers prioritize. Moreover, large organizations are increasingly investing in scalable products that utilize renewable materials, further supporting the shift toward eco-friendly packaging solutions. For example, Amcor’s recent investment in several packaging startups is a signal that larger market share holders are attempting to hedge risks from new entrants to the market. Notably, Amcor has invested heavily in both Pulpac and ePac, which specialize in sustainable pulp-based rigid packaging and renewable flexible packaging, respectively.

With the rise of takeaway food since the pandemic, the foodservice market has undergone significant changes, especially as grocery store perimeters increasingly resemble restaurants, featuring hot bars and prepared meals that cater to consumers seeking convenience and quality. Concurrently, the surge in food delivery services, exemplified by platforms like DoorDash and Uber Eats, has transformed meal accessibility, necessitating a focus on packaging solutions that not only maintain food quality during transit but also align with sustainability goals. As the demand for takeaway options grows, the importance of high-performing, sustainable foodservice packaging becomes paramount, as it must effectively preserve temperature and freshness while reducing environmental impact.

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Sector Spotlight: Foodservice Packaging (Continued)

This creates a compelling opportunity for companies specializing in innovative, transportable packaging solutions, such as Karat Packaging, which offers products designed to meet the dual demands of performance and sustainability in an increasingly competitive landscape. Products include paper and bio-based takeout containers, cutlery and straws. Investors should note that this trend underscores the need for robust supply chains capable of supporting the evolving preferences of consumers.

With increasing demand and a growing array of alternatives, the foodservice packaging market continues to stay poised for consolidation. The major companies operating in the market such as Amcor, Sealed Air, Sonoco, Berry Global and Huhtamaki only account for ~40% of the foodservice market. This fragmented market leads to inefficiencies, and merging organizations can seize market share through streamlined operations and focused R&D within emerging technologies. The foodservice packaging industry is projected to grow with the continued popularity of food delivery. Recently, Better Earth, a manufacturer of sustainable foodservice packaging, acquired Betterbin, a SaaS platform which aims to optimize recycling and composting for end users. The transaction shows the heightened focus on sustainability within the foodservice packaging space, while also bringing a modern angle into the industry through implementation of cutting-edge software. Activity in the foodservice packaging M&A market is starting to heat up due to decreasing interest rates as well as innovative companies entering the market and potentially disrupting the industry. The sustainable advancements in the foodservice packaging industry position emerging organizations for disruption in the industry. Companies are looking for M&A opportunities to broaden capabilities and to further bolster their position as a sustainable supplier to the foodservice industry.



Market Insights

Jul-24: Berry Global (NYSE:BERY) announced its partnership with **Abel & Cole**, a food delivery company, to implement a more sustainable and lightweight solution for refillable milk containers. Early research suggests the switch has reduced Abel & Cole's carbon footprint by 4x.

Aug-24: Orora Limited (ASX:ORA) has announced that it currently plans to sell the **Orora Packaging Solutions** business to the recently taken private paper and packaging distributor, **Veritiv (CD&R)**.

Aug-24: American Forest & Paper Association has announced that total packaging & specialty paper shipments have risen 12% YoY as of August 2024, signaling a return to normalized levels after a 7% YoY increase in July.

Aug-24: Ardagh's (NYSE: AMBP) glass packaging division has announced its expansion into premium sustainable glass spirits bottles.

Aug-24: European based, **Fresh Inset**, has introduced its new food-preserving Vidre+ Complex to the US market, the product is able to extend the shelf life of perishables, such as fruits and vegetables.

Sep-24: Korozo Group recently unveiled their new portfolio of sustainable flexible packaging solutions at FachPack 2024, the "recycle-ready" solutions provide a plastic alternative with high-performance and full recyclability.

Sep-24: Amcor (NYSE:AMCR), a global packaging provider, recently announced the appointment of Peter Konieczny as CEO of the firm; Konieczny began as the interim CEO in April 2024.






Sep-24: Madison Dearborn Partners is in discussions with **Brookfield (NYSE:BN)** about the ongoing sale of MDP's international packaging solutions asset **IPL Plastics**, a manufacturer of sustainable and innovative packaging solutions.

Sep-24: Sonoco Products (NYSE:SON), has selected sell side advisors to help with the sale of its non-core thermoformed and flexible packaging assets; initial bids from interested parties were due at the end of September.

Sep-24: Iconex (Atlas Holdings), a manufacturer of printed products, is pursuing paper-product focused acquisitions following the sale of its label solutions business to **M2S (Wynnchurch)**.





Sep-24: Platinum Equity Group is in continued discussions with **Trivium Packaging (Ontario Teachers' Pension Plan, Ardagh Group)** to acquire the business after a strategic buyer exited the process.





Recent Lincoln International Packaging Transactions


 a portfolio company of

 has acquired

 from its founder
 and

 Buy-Side



 has refinanced

 Refinancing



 has sold
 Leader in Horticultural Containers
 to

 Sell-Side



 has been sold to

 a portfolio company of

 Sell-Side



 has acquired

 Acquisition Financing








 has sold

 to

 a portfolio company of

 Sell-Side



 has sold

 to

 Sell-Side



 has sold

 to

 Sell-Side


SELECT M&A TRANSACTIONS

Date	Status	Target Company	Acquiring Company
Sep-24	Closed	United Solutions	CREO Group (Mill Point Capital)
Sep-24	Closed	Cap City Container	Welch Packaging
Sep-24	Closed	International Cutting Die	Maxcess (Berwind)
Sep-24	Closed	ATL Corp.	Addev Materials
Sep-24	Closed	Expert Packaging	Beltline Capital
Sep-24	Closed	Liquid Bottles LLC	Novvia Group (Kelso & Company)
Sep-24	Announced	Orora Packaging Solutions	Veritiv (CD&R)
Sep-24	Closed	American Twisting	Novolex (Apollo)
Sep-24	Announced	US Display Group	Blower-Dempsey Corporation
Aug-24	Closed	Les Etiquettes Modernes	I.D. Images (Sole Source Capital)
Aug-24	Closed	Harbor Foam	Alleguard (Wynnchurch)
Aug-24	Closed	Inconex Labels (Atlas Holdings)	M2S Group (Wynnchurch)
Aug-24	Closed	AQF Medical	UFP Technologies (NASDAQ:UFPT)
Aug-24	Closed	T-Tek Material Handling	Durvant (Warburg Pincus, Carlyle)
Aug-24	Announced	Fischbach KG	Onex Partners
Aug-24	Announced	Lifoam Industries (Jadex)	Altor Solutions (Compass Diversified)
Aug-24	Closed	Trillium Health Care Products (New Water Capital)	Avista Healthcare Partners
Aug-24	Closed	HS Butyl	H.B. Fuller (NYSE:FUL)
Aug-24	Closed	Johnson Printing and Packaging Corporation	Meyers
Aug-24	Closed	Ampack (CVC Capital Partners)	Dubag Group
Aug-24	Closed	Osgood Industries (CVC Capital Partners)	Dubag Group
Aug-24	Closed	The Kennedy Group	Inovar Packaging Group (Kelso)
Jul-24	Announced	Weener Plastics Holdings B.V	Silgan Holdings Inc. (NYSE:SLGN)
Jul-24	Closed	Graftyp	UPM Raflatac (Finnish Paper and Pulp Group UPM)
Jul-24	Announced	Schumacher Packaging	Saica Group
Jul-24	Announced	Tissue Products Segment of Clearwater Paper (NYSE:CLW)	Sofidel America Corp (Sofidel S.p.A.)
Jul-24	Closed	Labelys Group	Florac, Unigrains and Cerea Partners
Jul-24	Announced	Dot2Dot (Abris Capital Partners)	Van Genechten Packaging
Jul-24	Announced	Quadpack Industries (ENXTPA:ALQP)	PSB Industries
Jul-24	Closed	Holland Packaging	Bunzl (LON:BNZL)
Jul-24	Closed	American Label Technologies	AWT Labels & Packaging (Morgan Stanley Capital Partners)
Jul-24	Closed	Norflex Inc	Revolution Sustainable Solutions LLC
Jul-24	Closed	Polyformes	Macfarlane Group (LON:MACF)
Jul-24	Closed	Rotor Print	SPGPrints

PUBLIC COMPANIES OPERATING STATISTICS AND VALUATION PARAMETERS

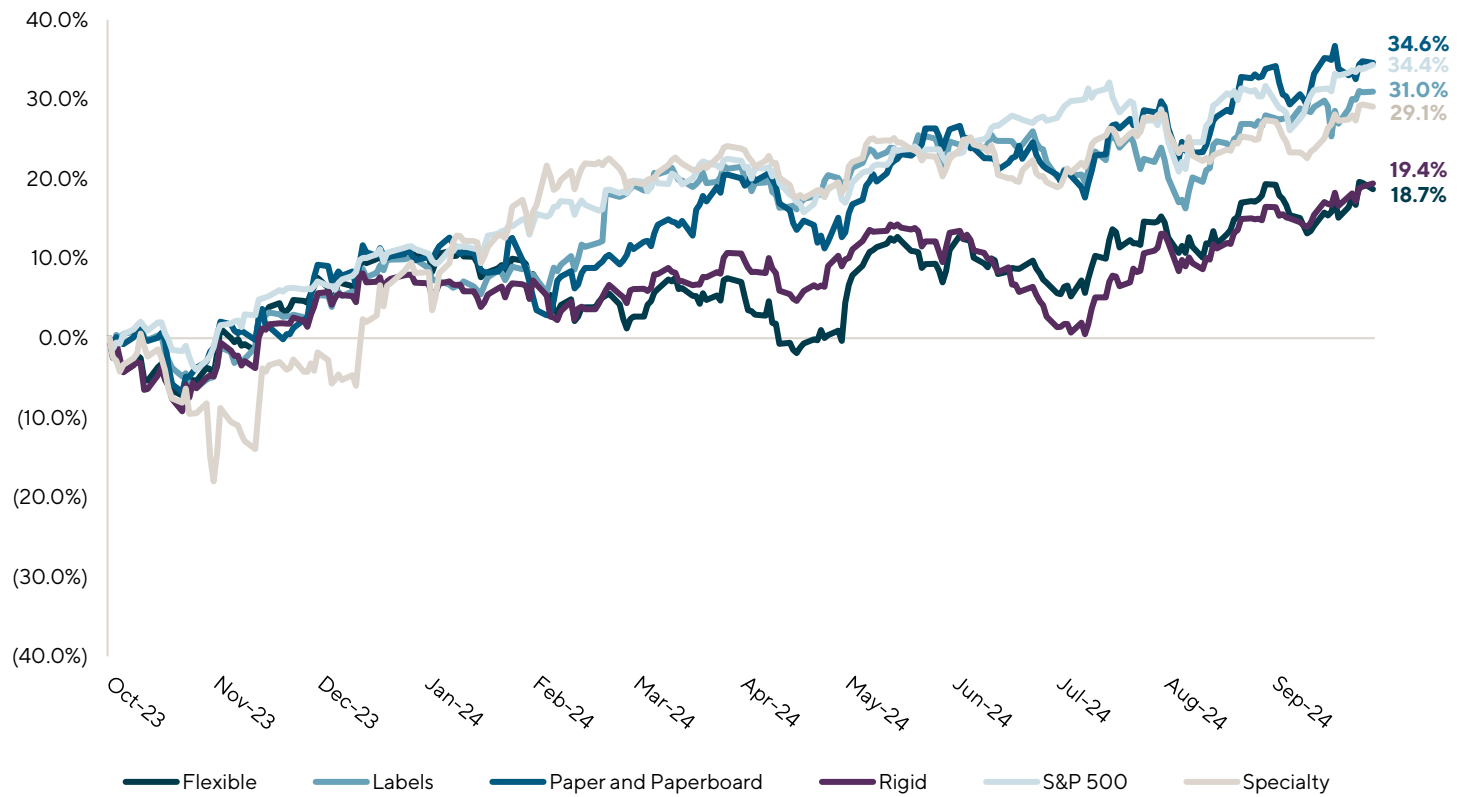
(\$ in millions, except for stock price)

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Flexible										
Amcors plc	\$11.33	96.5%	\$16,364	\$23,241	\$13,640	\$1,857	(7.2%)	13.6%	1.7x	11.6x
Berry Global Group, Inc.	67.98	97.2%	7,791	16,717	\$12,177	1,973	(6.3%)	16.2%	1.4x	8.5x
Huhtamäki Oyj	38.90	86.9%	4,075	5,605	4,112	573	(6.1%)	13.9%	1.2x	8.4x
Sealed Air Corporation	36.30	88.2%	5,288	9,620	5,434	1,063	(1.8%)	19.6%	1.8x	8.7x
Transcontinental Inc.	13.30	99.9%	1,125	1,828	2,843	421	(4.0%)	14.8%	0.9x	5.6x
Winpak Ltd.	35.17	97.5%	2,217	1,767	1,110	226	(6.5%)	20.3%	1.6x	7.7x
Mean		94.4%					(5.3%)	16.4%	1.4x	8.4x
Median		96.8%					(6.2%)	15.5%	1.5x	8.4x
Labels										
Avery Dennison Corporation	\$220.76	94.6%	\$17,775	\$20,749	\$8,595	\$1,395	1.1%	16.2%	2.4x	14.1x
CCL Industries Inc.	61.03	99.4%	10,863	12,166	6,936	1,368	6.0%	19.7%	2.4x	11.4x
Mean		97.0%					3.6%	18.0%	2.4x	12.8x
Median		97.0%					3.6%	18.0%	2.4x	12.8x
Paper and Paperboard										
Cascades Inc.	\$7.72	69.5%	\$780	\$2,359	\$4,625	\$398	0.3%	8.6%	0.7x	6.7x
DS Smith Plc	6.19	95.3%	8,538	11,575	6,822	932	21.1%	13.7%	1.3x	8.6x
Graphic Packaging Holding Company	29.59	96.5%	8,880	14,013	9,094	1,777	(5.9%)	19.5%	1.5x	7.3x
International Paper Company	48.85	96.4%	16,969	21,958	18,567	2,070	(8.3%)	11.1%	1.2x	9.4x
Mondi plc	19.05	82.6%	8,396	10,745	7,188	886	(13.2%)	12.3%	1.3x	10.4x
Packaging Corporation of America	215.40	98.9%	19,206	21,194	7,929	1,547	(1.3%)	19.5%	2.7x	12.6x
Sonoco Products Company	54.63	88.5%	5,368	8,581	6,607	1,006	(5.6%)	15.2%	1.3x	7.7x
Mean		89.7%					(1.8%)	14.3%	1.4x	9.0x
Median		95.3%					(5.6%)	13.7%	1.3x	8.6x
Rigid										
Amcors plc	\$11.33	96.5%	\$16,364	\$23,241	\$13,640	\$1,857	(7.2%)	13.6%	1.7x	11.6x
AptarGroup, Inc.	160.19	99.2%	10,635	11,570	3,557	740	5.0%	20.8%	3.3x	14.8x
Berry Global Group, Inc.	67.98	97.2%	7,791	16,717	12,177	1,973	(6.3%)	16.2%	1.4x	8.5x
Crown Holdings, Inc.	95.88	99.1%	11,428	18,113	11,751	1,814	(4.9%)	15.4%	1.5x	9.7x
O-I Glass, Inc.	13.12	74.6%	2,038	6,515	6,706	1,064	(5.7%)	15.9%	1.0x	5.2x
Silgan Holdings Inc.	52.50	99.4%	5,606	9,232	5,842	858	(6.8%)	14.7%	1.6x	9.7x
Sonoco Products Company	54.63	88.5%	5,368	8,581	6,607	1,006	(5.6%)	15.2%	1.3x	7.7x
Mean		93.5%					(4.5%)	16.0%	1.7x	9.6x
Median		97.2%					(5.7%)	15.4%	1.5x	9.7x
Specialty										
Ranpak Holdings Corp.	\$6.53	72.2%	\$543	\$901	\$345	\$54	7.7%	15.5%	2.6x	14.9x
Macfarlane Group PLC	1.48	74.9%	235	292	269	28	(8.2%)	10.5%	0.8x	6.0x
Catalent, Inc.	60.57	99.0%	10,991	15,690	4,381	495	2.8%	11.3%	3.6x	28.7x
Krones AG	143.88	96.7%	4,546	4,358	5,007	513	9.2%	10.2%	0.8x	7.6x
Sealed Air Corporation	36.30	88.2%	5,288	9,620	5,434	1,063	(1.8%)	19.6%	1.8x	8.7x
Mean		86.2%					1.9%	13.4%	1.9x	13.2x
Median		88.2%					2.8%	11.3%	1.8x	8.7x

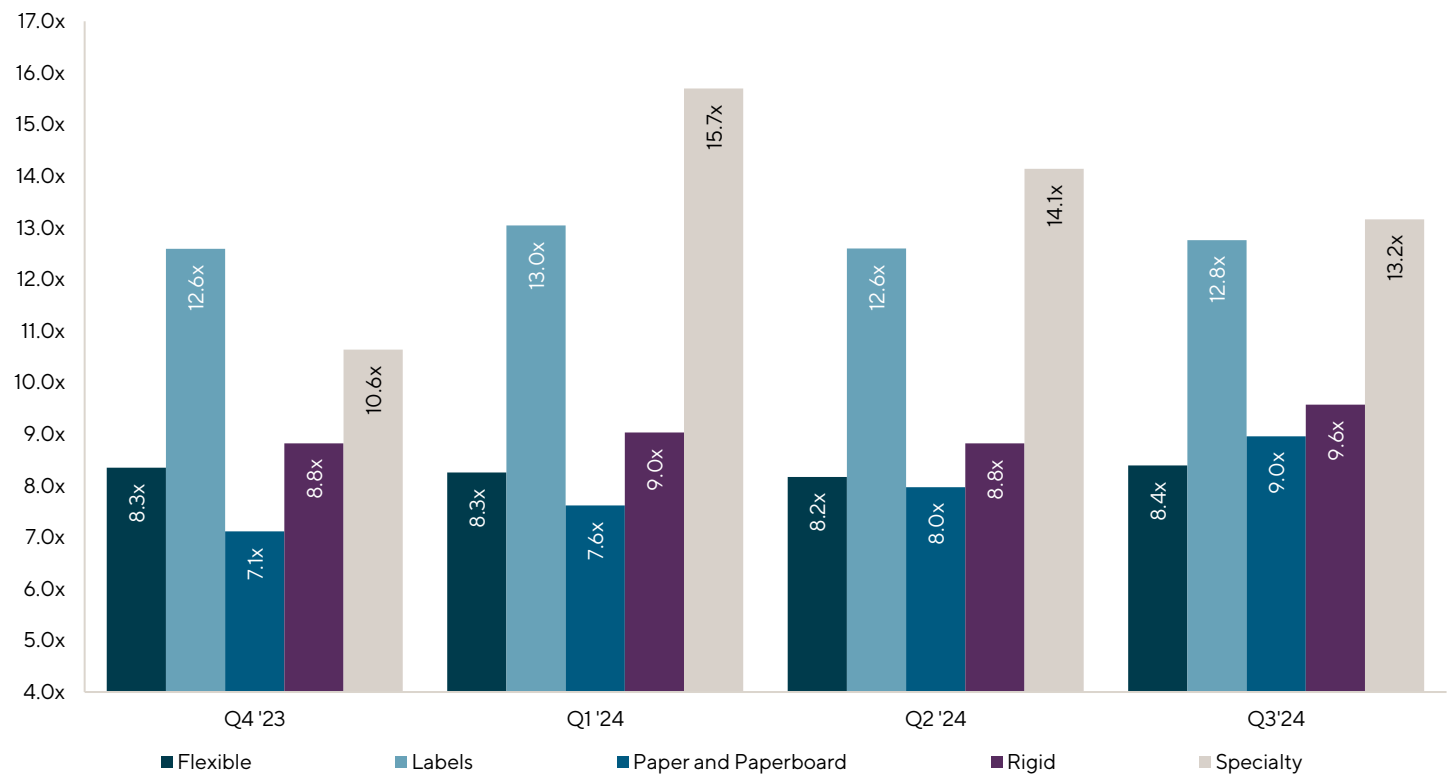
Source: Bloomberg, Capital IQ and company filings, as of September 30, 2024

Global Packaging Valuations by Subsector

LAST 12 MONTHS (LTM) RELATIVE STOCK PRICE PERFORMANCE



HISTORICAL ENTERPRISE VALUE / EBITDA VALUATION PERFORMANCE



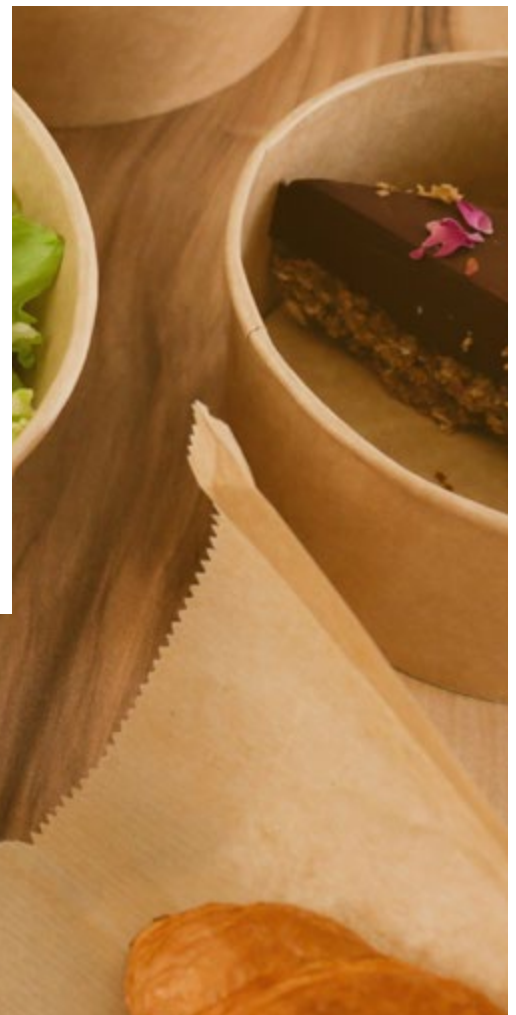
Source: Bloomberg, Capital IQ and company filings, as of September 30, 2024

About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory, and valuations and fairness opinions. As one tightly integrated team of more than 1,000 professionals in more than 20 offices in 15 countries, we offer an unobstructed perspective on the global private capital markets, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at www.lincolninternational.com.

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