



Packaging | Q1 2020



- ## Key Topics
- Packaging Insights
 - Recent Lincoln International Transactions
 - Selected M&A Transaction Highlights
 - Public Companies Operating Statistics and Valuation Parameters
 - Global Packaging Valuations by Subsector

Packaging Insights

Since the beginning of 2020 and particularly over the last several weeks, the Coronavirus (COVID-19) has had widespread effects on the global economy and M&A activity in the middle market. Over the last few weeks, a majority of U.S. states have ordered the closure of nonessential businesses. While the exact definition varies by state, selected “essential” businesses include but are not limited to grocery stores, healthcare operations, hardware stores, gas stations, post offices and shipping businesses, transportation businesses and other businesses that allow essential services and supply chains to operate. For companies deemed as essential that continue to operate, employee health and wellness has become the top priority. For example, at most manufacturing businesses, social distancing practices have been put in place within facilities and personnel not essential to basic operations have typically been asked to work remotely. Many companies have also asked employees who believe they have or have been exposed to Coronavirus (COVID-19) to stay home, while still receiving pay and benefits.

Within the packaging industry, the effects of Coronavirus (COVID-19) have varied depending on the products and end markets each company serves. Certain end markets experiencing relatively negative effects for packaging products include retail, industrial and many manufacturing markets (e.g., automotive). On the other hand, certain product types (e.g., single-use packaging) have seen increased demand due to rapidly changing consumer priorities (e.g., sanitation) and there has been an uptick in certain end markets such as food and beverage. Moreover, other less affected end markets include household products, hygiene, pet food and many medical markets, although certain products used in non-essential or elective medical operations are declining rapidly

due to demand. In some situations, we have seen packaging companies find alternative use of their current excess capacity to meet the greater healthcare needs across the U.S. For example, Prent Corporation, a manufacturer of custom plastic thermoformed packaging for medical device, consumer and other applications, began manufacturing protective face masks following the news of a shortage at regional hospitals.

While the overall impact of Coronavirus (COVID-19) on the packaging industry has been moderate, the packaging M&A market is slowing down in real-time as companies focus attention on current operations. Q1 2020 began strong with 32, 25 and 25 packaging and plastics deals announced in January, February and March, respectively, according to MergerMarket. By volume, Q1 2020 was 5% higher than Q1 2019’s total of 78 deals. However, these numbers are expected to decrease over the next several months as the market realizes the initial effects of Coronavirus (COVID-19) over the last couple weeks. Within packaging and the market as a whole, M&A is expected to decline for several reasons, including 1) private equity groups, who are often buyers, are focusing efforts on current portfolio operations, 2) lenders have pulled back significantly, especially for debt related to new platform investments and 3) public companies are largely focused on internal operations and financials with increased scrutiny on updated forecasts and near term cash flow / liquidity projections. Going forward, the M&A market is expected to remain relatively quiet until the impacts of Coronavirus (COVID-19) have largely subsided and the capital markets begin to operate normally again. We believe the packaging industry will likely draw substantial interest from investors within the industrials sector due to its relative stability as shown both over the long term historically, and over the last few weeks during challenging economic times.

Recent Lincoln International Transactions

 <p>has sold</p> <p>accupac</p> <p>to</p>  <p>Sell-Side</p> 	 <p>has sold</p> <p>MULTI-PACK SOLUTIONS PVA Packaging Division</p> <p>to</p>  <p>a portfolio company of</p>  <p>Sell-Side</p> 	 <p>have acquired</p> <p>Nelipak healthcare packaging</p> <p>to</p> <p>Bemis Healthcare Packaging Europe</p> <p>from</p>  <p>Buy-Side</p> 	 <p>has sold</p> <p>StyroChem</p> <p>to</p>  <p>CAPITAL GROUP</p> <p>Sell-Side</p> 	 <p>has sold</p> <p>Nelipak healthcare packaging</p> <p>to</p>  <p>Sell-Side</p> 	 <p>has sold</p> <p>Lameplast</p> <p>to</p> <p>TEKNIPLEX CORPORATION</p> <p>a portfolio company of</p>  <p>Sell-Side</p> 
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Market Intelligence

Jan-20: **Precision Products Group (Long Point Capital)**, a manufacturer of spiral-wound tubes and cores for industrial and commercial applications, is said to be going through a potential sale process

Jan-20: **Lindsay Goldberg** has halted the potential sale process for its portfolio company, **Schur Flexibles**, after final discussions with **Partners Group** were discontinued

Jan-20: After acquiring **HarperLove** in December 2019, **HBM Holdings** is seeking acquisitions in the corrugated packaging industry to grow the company's international presence

Jan-20: **Sun Capital Partners** is said to be exiting its investment in **Coveris** through a series of sale processes, Labels & Boards and Flexibles & Films

Jan-20: **Consolidated Container Company** has rebranded as **Altium Packaging**. In addition, **Tri State Distribution**, acquired by **CCC** in mid-2019, will be rebranded as **Altium Healthcare**

Feb-20: **Berry Global Group (NYSE:BERY)** is seeking to divest two assets, a PVC films business and a group of flexible packaging plants, to help with deleveraging

Feb-20: **Farmol (Green Arrow Capital)**, an outsourced manufacturer of personal care and household cleaning products, is said to have recently started a potential sale process

Feb-20: Effective February 2020, **Sonoco Products (NYSE:SON)** has appointed former SVP of its Paper/Industrial Converted Products segment, R. Howard Coker, as President and CEO

Feb-20: **Blue Sea Capital** is seeking add-on acquisitions for its newly acquired portfolio company, **Innovative FlexPak**, to add new personal care customers and expand its footprint

Feb-20: **KIK Custom Products (Centerbridge Partners)**, an outsourced manufacturer of consumer products, is said to be pursuing a potential sale process for its personal care division

Feb-20: **Mana Products**, an outsourced manufacturer of beauty products, is said to be exploring a potential sale process

Feb-20: Effective April 1, Andrew King, the former CFO of **Mondi (LON:MNDI)**, has taken over as CEO

Feb-20: **Mold-Rite Plastics (Irving Place Capital)**, a manufacturer of plastic caps and closures, is considering a potential sale process

Feb-20: **Morgan Stanley Capital Partners** is seeking add-on acquisitions for its portfolio company, **Comar**, to increase its healthcare packaging and molding capabilities

Feb-20: **Trojan Lithograph (Arbor Investments)**, a provider of printing and packaging solutions, is said to be in the middle of a potential sale process

Feb-20: **Maxcess International** and **Rotometrics**, providers of precision rotary cutting dies, have merged together. Both companies were acquired by **Berwind Corporation** in mid-2018

Mar-20: **Consolidated Label**, a provider of pressure sensitive digital and flexographic labels, is said to be in the late stages of a potential sale process

Mar-20: **Grupo Phoenix (One Equity Partners)**, a provider of rigid packaging for food and beverage applications, recently began a potential sale process

Mar-20: Following its recent acquisition by **Argand Partners**, **MidWest Can** is actively seeking acquisitions in the industrial and commercial packaging markets

Mar-20: **Transcontinental (TSX:TCL.A)** established a new Recycling Group focused on purchasing equipment for converting flexible plastics recovered from sorting facilities and other commercial, industrial and agricultural sources into recycled plastic granules

Mar-20: **Fabri-Kal**, a manufacturer of plastic foodservice and custom thermoformed packaging, is said to be exploring a potential sale process

Selected M&A Transactions

(\$ in millions)

Date	Status	Target Company	Acquiring Company	Enterprise Value	EV / LTM Revenue	EV / LTM EBITDA
Mar-20	Announced	Tubex	Ball Corporation	\$80.0	n/a	n/a
Feb-20	Announced	Consumer Packaging Business of Greif	Graphic Packaging International	\$85.0	n/a	n/a
Feb-20	Announced	ZOBELE	KDC/ONE (Cornell Capital & HarbourVest)	n/a	n/a	n/a
Feb-20	Announced	Fusion Packaging	AptarGroup	n/a	n/a	n/a
Jan-20	Announced	Sparflex	Enoplastic (Cobepa)	n/a	n/a	n/a
Mar-20	Closed	Laise Packaging	BGR	n/a	n/a	n/a
Mar-20	Closed	Boomerang Laboratories	Guy & O'Neill (Centre Partners)	n/a	n/a	n/a
Mar-20	Closed	Cosmetic Laboratories of America	KDC/ONE (Cornell Capital & HarbourVest)	n/a	n/a	n/a
Mar-20	Closed	Pharmaworks	ProMach (Leonard Green & Partners)	n/a	n/a	n/a
Mar-20	Closed	Freepak	Gertex Solutions	n/a	n/a	n/a

Selected M&A Transactions (cont'd)

(\$ in millions)

Date	Status	Target Company	Acquiring Company	Enterprise Value	EV / LTM Revenue	EV / LTM EBITDA
Mar-20	Closed	IBC Assets of Hoover Ferguson Group	Tank Holdings	n/a	n/a	n/a
Mar-20	Closed	Labelworx	Lux Global Label (Resilience Capital)	n/a	n/a	n/a
Mar-20	Closed	Vectorply (MSouth)	Neenah	\$155.0	n/a	n/a
Mar-20	Closed	Plasztik-Tranzit	Coveris (Sun Capital Partners)	n/a	n/a	n/a
Mar-20	Closed	Hub Folding Box Company	GPA Global (EQT Partners)	n/a	n/a	6.0x
Mar-20	Closed	Midwest Can Company (GenNx360)	Argand Partners	n/a	n/a	n/a
Feb-20	Closed	Pure Trade	Sparring Capital	n/a	n/a	n/a
Feb-20	Closed	Wilcox Paper	Lindenmeyr Munroe Corporation	n/a	n/a	n/a
Feb-20	Closed	Tekra & Trient (EIS)	SWM	\$155.0	n/a	n/a
Feb-20	Closed	Pax Corrugated Products (Georgia-Pacific)	Welch Packaging Group	n/a	n/a	n/a
Feb-20	Closed	Coastal Corrugated	Atlantic Corporation	n/a	n/a	n/a
Feb-20	Closed	Rapak (Liqui-Box / Olympus Partners)	TriMas	n/a	n/a	n/a
Feb-20	Closed	Pacur	Gryphon Investors	n/a	n/a	n/a
Feb-20	Closed	Bellwyck	PCI Pharma (Partners Group)	n/a	n/a	n/a
Feb-20	Closed	Nortech Packaging	Intertape Polymer Group	\$36.5	1.8x	6.6x
Feb-20	Closed	Beaver Paper And Graphic Media	Koehler Paper Group	n/a	n/a	n/a
Feb-20	Closed	Axiom Label & Packaging	Resource Label Group (First Atlantic Capital)	n/a	n/a	n/a
Feb-20	Closed	Cobra Plastics	Silgan	n/a	n/a	n/a
Feb-20	Closed	NanoCool	Pelican BioThermal	n/a	n/a	n/a
Feb-20	Closed	Tri-Lakes Container Corp.	Welch Packaging	n/a	n/a	n/a
Jan-20	Closed	Ibextex Etiquetaje Industrial	CCL Industries	n/a	n/a	n/a
Jan-20	Closed	Packaging plant of Quad/Graphics	Graphic Packaging Holding Company	\$40.0	0.5x	n/a
Jan-20	Closed	Balcan Plastics	BDT Capital Partners	n/a	n/a	n/a
Jan-20	Closed	iMARK Molding	Comar (Morgan Stanley Capital Partners)	n/a	n/a	n/a
Jan-20	Closed	Dispensing Business of Albea	Silgan	\$900.0	2.3x	11.7x
Jan-20	Closed	Accupac (J.H. Whitney)	Palladium Equity	n/a	n/a	n/a
Jan-20	Closed	HCT Group	KDC/ONE (Cornell Capital & HarbourVest)	n/a	n/a	n/a
Jan-20	Closed	Innovative FlexPak	Blue Sea Capital	n/a	n/a	n/a
Jan-20	Closed	ID&C and Identilam	CCL Industries	\$40.0	n/a	n/a
Jan-20	Closed	Pretium Packaging (Genstar Capital)	Clearlake Capital	n/a	n/a	n/a
Jan-20	Closed	Moorgreen Flexible Packaging	Vickers-Lee	n/a	n/a	n/a
Jan-20	Closed	Group Royer	Foresco Packaging	n/a	n/a	n/a
Jan-20	Closed	Midwest Paper	Industrial Opportunity Partners	n/a	n/a	n/a
Jan-20	Closed	Packaging Solutions	TricorBraun	n/a	n/a	n/a
Jan-20	Closed	Allied Glass	Sun European Partners	n/a	n/a	n/a
Jan-20	Closed	Amerigraph Packaging Group	General Data Company	n/a	n/a	n/a
Jan-20	Closed	TEQ (ESCO Technologies)	Sonoco	n/a	n/a	n/a

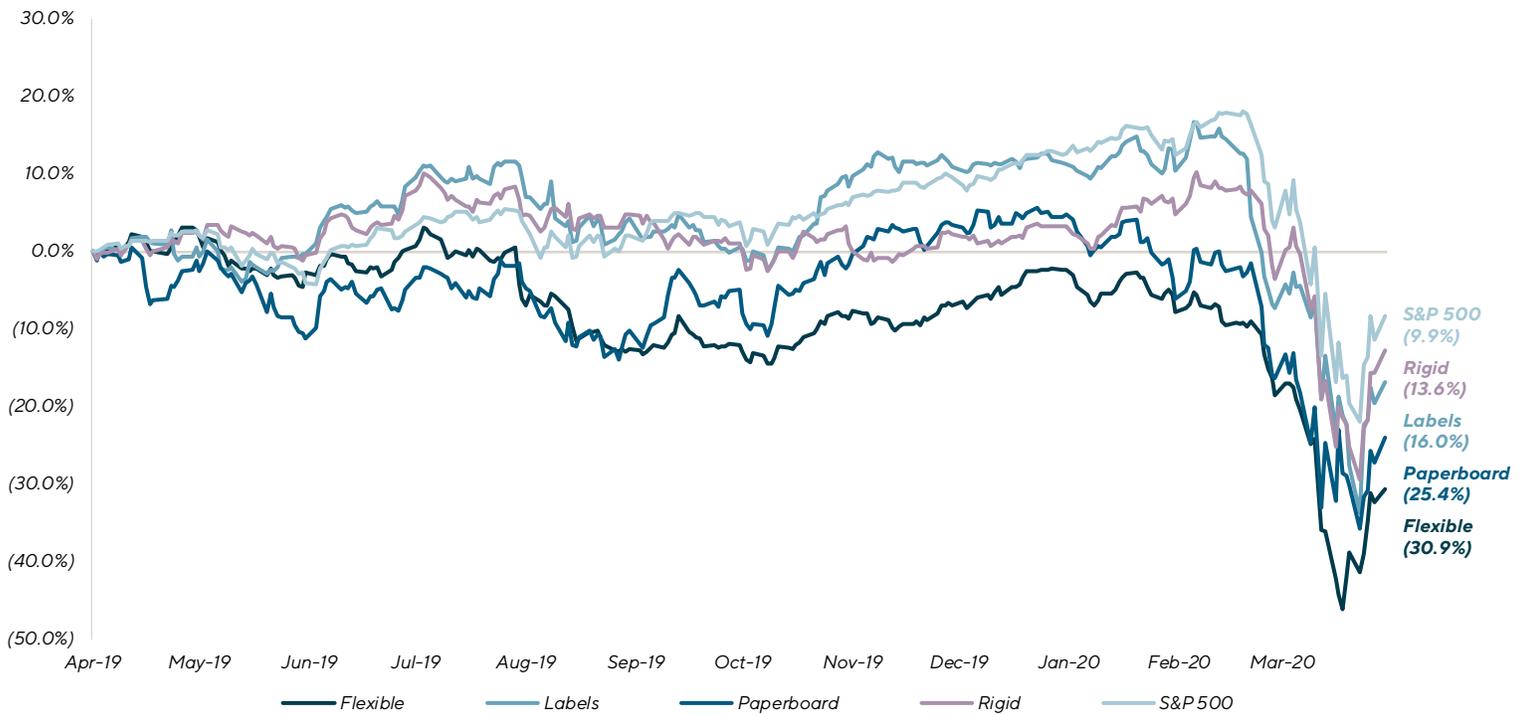
Public Companies Operating Statistics and Valuation Parameters

(\$ in millions)

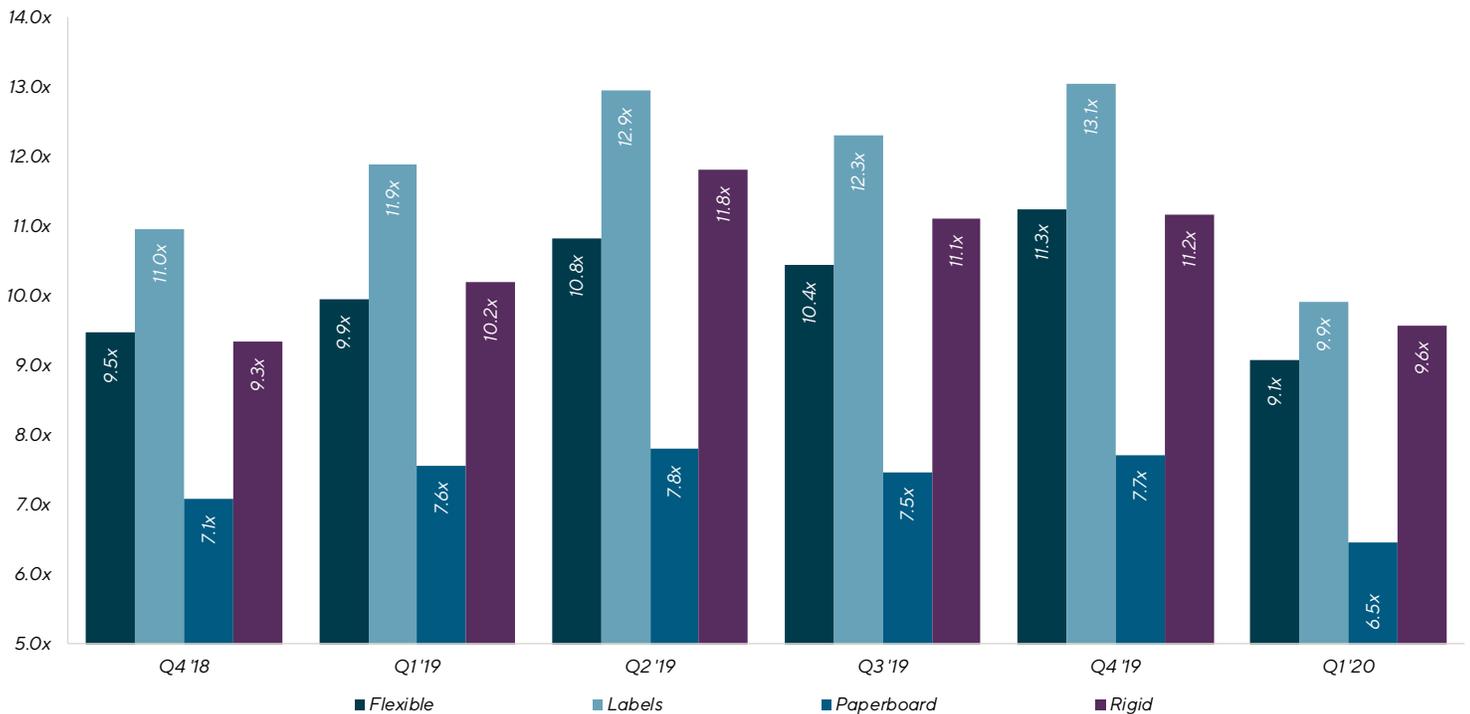
Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YOY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Flexible										
Amcorg plc	\$8.00	77.9%	\$12,712	\$18,104	\$11,096	\$1,487	18.5%	13.4%	1.9x	13.3x
Berry Global Group, Inc.	33.71	57.0%	4,463	15,741	9,722	1,565	20.8%	16.1%	1.6x	10.1x
Huhtamäki Oyj	46.42	65.2%	3,346	4,456	3,399	414	6.9%	12.2%	1.2x	9.2x
Sealed Air Corporation	24.71	52.4%	3,822	7,466	4,791	850	1.6%	17.7%	1.6x	8.4x
Transcontinental Inc.	8.81	71.0%	757	1,531	2,993	473	4.2%	15.8%	0.7x	4.5x
Winpak Ltd.	30.69	87.3%	1,995	1,661	874	199	(2.0%)	22.7%	2.1x	9.0x
Mean		68.5%					8.3%	16.3%	1.5x	9.1x
Median		68.1%					5.5%	15.9%	1.6x	9.1x
Labels										
Avery Dennison Corporation	\$101.87	72.2%	\$8,485	\$10,281	\$7,070	\$975	(0.7%)	13.8%	1.5x	9.9x
Brady Corporation	45.13	76.3%	2,408	2,219	1,149	191	(2.0%)	16.7%	1.9x	11.0x
CCL Industries Inc.	30.19	62.5%	5,387	6,616	5,321	1,019	1.0%	19.2%	1.8x	8.8x
Mean		70.3%					(0.6%)	16.5%	1.7x	9.9x
Median		72.2%					(0.7%)	16.7%	1.8x	9.9x
Paperboard										
Cascades Inc.	\$8.87	93.5%	\$836	\$2,348	\$4,996	\$497	4.5%	9.9%	0.7x	6.1x
DS Smith Plc	3.43	69.2%	4,702	7,803	6,286	879	3.9%	14.0%	1.0x	6.8x
Graphic Packaging Holding Company	12.20	72.0%	3,542	7,248	6,160	977	1.8%	15.9%	1.2x	6.8x
International Paper Company	31.13	64.9%	12,207	21,904	22,376	3,695	(4.1%)	16.5%	1.0x	5.2x
Mondi plc	17.19	74.2%	8,333	11,046	7,268	1,578	(3.1%)	21.7%	1.4x	6.5x
Packaging Corporation of America	86.83	75.6%	8,157	10,124	6,964	1,455	(1.3%)	20.9%	1.5x	6.5x
Sonoco Products Company	46.35	69.6%	4,651	6,508	5,374	750	(1.2%)	14.0%	1.2x	7.5x
WestRock Company	28.26	63.7%	7,304	18,132	18,385	2,933	6.1%	16.0%	1.0x	6.2x
Mean		72.8%					0.8%	16.1%	1.1x	6.5x
Median		70.8%					0.3%	15.9%	1.1x	6.5x
Rigid										
Amcorg plc	\$8.00	77.9%	\$12,712	\$18,104	\$11,096	\$1,487	18.5%	13.4%	1.9x	13.3x
AptarGroup, Inc.	99.54	78.9%	6,475	7,501	2,860	591	1.9%	20.7%	2.6x	12.0x
Ball Corporation	64.66	78.1%	21,065	27,393	11,474	1,854	(1.4%)	16.2%	2.4x	14.2x
Berry Global Group, Inc.	33.71	57.0%	4,463	15,741	9,722	1,565	20.8%	16.1%	1.6x	10.1x
Crown Holdings, Inc.	58.04	72.0%	7,754	15,701	11,665	1,670	(0.4%)	14.3%	1.3x	9.1x
Greif, Inc.	31.09	61.7%	1,698	4,881	4,810	703	24.5%	14.6%	1.0x	6.9x
O-I Glass, Inc.	7.11	35.4%	1,109	6,417	6,691	1,054	(1.3%)	15.8%	1.0x	5.3x
Silgan Holdings Inc.	29.02	88.5%	3,215	5,451	4,490	624	0.6%	13.9%	1.2x	7.8x
Sonoco Products Company	46.35	69.6%	4,651	6,508	5,374	750	(1.2%)	14.0%	1.2x	7.5x
Mean		68.8%					6.9%	15.4%	1.6x	9.6x
Median		72.0%					0.6%	14.6%	1.3x	9.1x

Source: Bloomberg, Capital IQ and company filings, as of March 31, 2020

LTM Relative Stock Price Performance



Historical Enterprise Value / EBITDA Valuation Performance





Contributors

Luke Webb

Managing Director
lwebb@lincolninternational.com
+1 (312) 506-2747

Brian Goodwin

Director
bgoodwin@lincolninternational.com
+1 (312) 506-1953



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