



Packaging | Q2 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

Over the last several months, the Coronavirus Disease 2019 (“COVID-19”) has greatly impacted the global economy and slowed down M&A activity in the middle market, particularly in April and May. While the initial shock of COVID-19 has since passed, the timeline to re-opening businesses varies across the globe. Within the U.S., the status of re-opening differs from state to state based on regulations from local authorities. Since initially shutting down non-essential businesses in mid-March, many states have begun allowing certain business, such as retailers, restaurants and salons, to re-open in limited capacities through a series of phases. For both newly opened businesses and essential businesses that have stayed open, employee safety remains a top priority. For many essential manufacturing businesses that have remained open, social distancing, masks, health checks and daily/weekly sanitization have become the “new normal.”

Overall, the packaging industry has performed well through COVID-19 but the effects have varied based primarily on end market exposure. Some end markets, including hygiene/personal care, household cleaning, select food and beverage (e.g., grocery) and various essential medical markets have remained stable or continued to grow through these

challenging times. Others, including retail, beauty, automotive and other industrial markets, have experienced a decline, with potential near-term stabilization as non-essential businesses open and consumer spending recovers. In addition, to help mitigate the effects of lower demand over the past several months, many packaging businesses continue to pivot into new markets and/or products with high demand due to COVID-19. Examples include several plastic packaging manufacturers beginning to produce plastic face shields, and various contract manufacturers utilizing excess demand to produce sanitizers.

Across the globe, the packaging M&A market slowed dramatically in Q2 2020. According to MergerMarket, 22 packaging products and systems acquisitions were announced in Q2 2020. This represents about one-third of the number of acquisitions announced during Q2 2019. We believe the packaging M&A market will stabilize and begin to recover as both strategic and financial investors begin to opportunistically look at acquisitions. We also expect the recent challenges from COVID-19 to create new M&A opportunities in the packaging market as private players seek additional liquidity and public players look to divest struggling or non-core assets.

Recent Lincoln International Transactions

enoflex
a portfolio company of

COBEPA
has acquired

Sparflex

Buy-Side



J.H. WHITNEY & CO.
J.H. WHITNEY CAPITAL PARTNERS, LLC

has sold

accupac

to

PALLADIUM
EQUITY PARTNERS

Sell-Side



KOHLBERG & COMPANY

Nelipak®
healthcare packaging

has acquired

Bemis®
Healthcare Packaging Europe

from

amcor

Buy-Side



WinCup®

has sold

StyroChem

to

PMG | **CAPITAL GROUP**

Sell-Side



MASON WELLS

has sold

Nelipak®
healthcare packaging

to

KOHLBERG & COMPANY

Sell-Side



CAMERON
Holdings

has sold

MULTI-PACK SOLUTIONS™
PVA Packaging Division

to

U.S. NONWOVENS
ingenious innovations CORP.

a portfolio company of

WIND POINT PARTNERS

Sell-Side



Market Intelligence

Apr-20: **Berlin Packaging**, a packaging services company, has appointed William J. Hayes as Chief Executive Officer and President

Apr-20: **Berry Global Group (NYSE:BERY)**, is facing pressure from activist investor, **Canyon Capital Advisors**, to reduce debt in part through divestitures and better address environmental, social and governance (ESG) trends

Apr-20: **Duraco Specialty Tapes (OpenGate Capital)**, a tapes and adhesives manufacturer, plans to continue growing its footprint and adding technologies via M&A following the purchase of **InfinityTapes** in early March

Apr-20: **O-I Glass (NYSE:OI)**, a manufacturer of glass packaging products, announced that it has officially suspended the sale process for its Australia and New Zealand business

Apr-20: **Packaging Corporation of America (NYSE:PKG)**, a manufacturer of containerboard and corrugated packaging, is said to be actively seeking M&A opportunities given their strong balance sheet and liquidity position

Apr-20: **Wipak (Wihuri Group)**, a manufacturer of flexible packaging solutions for food products and medical instruments and devices, is said to be seeking acquisitions to strengthen its medical packaging product range

May-20: **AptarGroup (NYSE:ATR)**, a packaging technologies provider, is looking for opportunities to buy smaller technology-rich companies that are struggling in the current environment

May-20: **Intertape Polymer Group (TSX:ITP)**, a manufacturer of tapes and films, announced that it is adjusting financial targets and putting its M&A strategy on pause until further notice

May-20: **Consolidated Label** is said to be in the final stages of a sale process

May-20: Private equity fund **Investindustrial** started its partial voluntary public offer on bottle closure company **Guala Closures** priced at €6.00 per share for 20% of the voting rights (corresponding to 22.6% of the economic rights)

May-20: **International Cosmetic Suppliers**, a manufacturer of beauty, skin care and cosmetic product packaging, is said to be looking for strategic acquisitions

May-20: **Waddell Packaging**, a European contract packaging manufacturer, recently opened an office in Pennsylvania and is looking to acquire pharmaceutical packaging companies in the United States within the next 18 months

Jun-20: **IPL Plastics (TSE:IPLP)**, a manufacturer of rigid plastics packaging, is said to be in negotiations with **Madison Dearborn** about a potential takeover

Jun-20: **Transcontinental (TSE:TCL.A)**, a provider of flexible packaging, printing and specialty media services, is said to be pursuing more acquisitions in the flexible packaging space

Selected M&A Transactions

(\$ in millions)

Date	Status	Target Company	Acquiring Company	Enterprise Value	EV / LTM Revenue	EV / LTM EBITDA
Jul-20	Announced	Arizona Natural Resources	CORE Industrial Partners	n/a	n/a	n/a
Jul-20	Announced	Personal Care Division of KIK Custom Products (Centerbridge Partners)	Voyant Beauty (Wind Point Partners)	n/a	n/a	n/a
May-20	Announced	BOPLA	ALPLA	n/a	n/a	n/a
May-20	Announced	Schoeneck Containers	Mason Wells	n/a	n/a	n/a
Mar-20	Announced	Brazilian Corrugated Packaging Division of International Paper	Klabin	n/a	n/a	n/a
Mar-20	Announced	Tubex	Ball Corporation	\$80.0	n/a	n/a
Jul-20	Closed	Packaging Facility of Teva-Takeda	Catalent	n/a	n/a	n/a
Jun-20	Closed	Honeymoon Paper Products	Southern Champion Tray	n/a	n/a	n/a
Jun-20	Closed	Genpak Flexible (The Jim Pattison Group)	C-P Flexible Packaging (First Atlantic Capital)	n/a	n/a	n/a
Jun-20	Closed	Label Impressions	Brook & Whittle (Snow Phipps Group)	n/a	n/a	n/a
Jun-20	Closed	Enviroplast	Transcontinental	n/a	n/a	n/a
Jun-20	Closed	Paradise Plastics	Portage Plastics	n/a	n/a	n/a
Jun-20	Closed	Excel Displays & Packaging	Welch Packaging Group	n/a	n/a	n/a
May-20	Closed	Belvika Trade & Packaging	Fulcrum Capital	n/a	n/a	n/a
May-20	Closed	Graphicsleader Packaging	Rafael Hinojosa	n/a	n/a	n/a
May-20	Closed	Veecor	The Coastal Group	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
May-20	Closed	CorrBoard	VPK Packaging Group	n/a	n/a	n/a
May-20	Closed	Klann Packaging (Mutares)	Accursia Capital	n/a	n/a	n/a
May-20	Closed	Grigg Box Company	Spell Capital Partners	n/a	n/a	n/a
May-20	Closed	Shepherd Thermoforming & Packaging	Good Natured Products	\$8.8	n/a	n/a
May-20	Closed	The Salford Valve Company	Beiersdorf Aktiengesellschaft	n/a	n/a	n/a
May-20	Closed	Ideon Packaging	Great Little Box Company	n/a	n/a	n/a
Apr-20	Closed	Planned Packaging Films	Wasdell Packaging	n/a	n/a	n/a
Apr-20	Closed	Shoreline Container	New-Indy (The Kraft Group; Schwarz Partners)	n/a	n/a	n/a
Apr-20	Closed	Sparflex	Enoplastic (Cobepa)	n/a	n/a	n/a
Apr-20	Closed	Consumer Packaging Business of Greif	Graphic Packaging	\$85.0	n/a	n/a

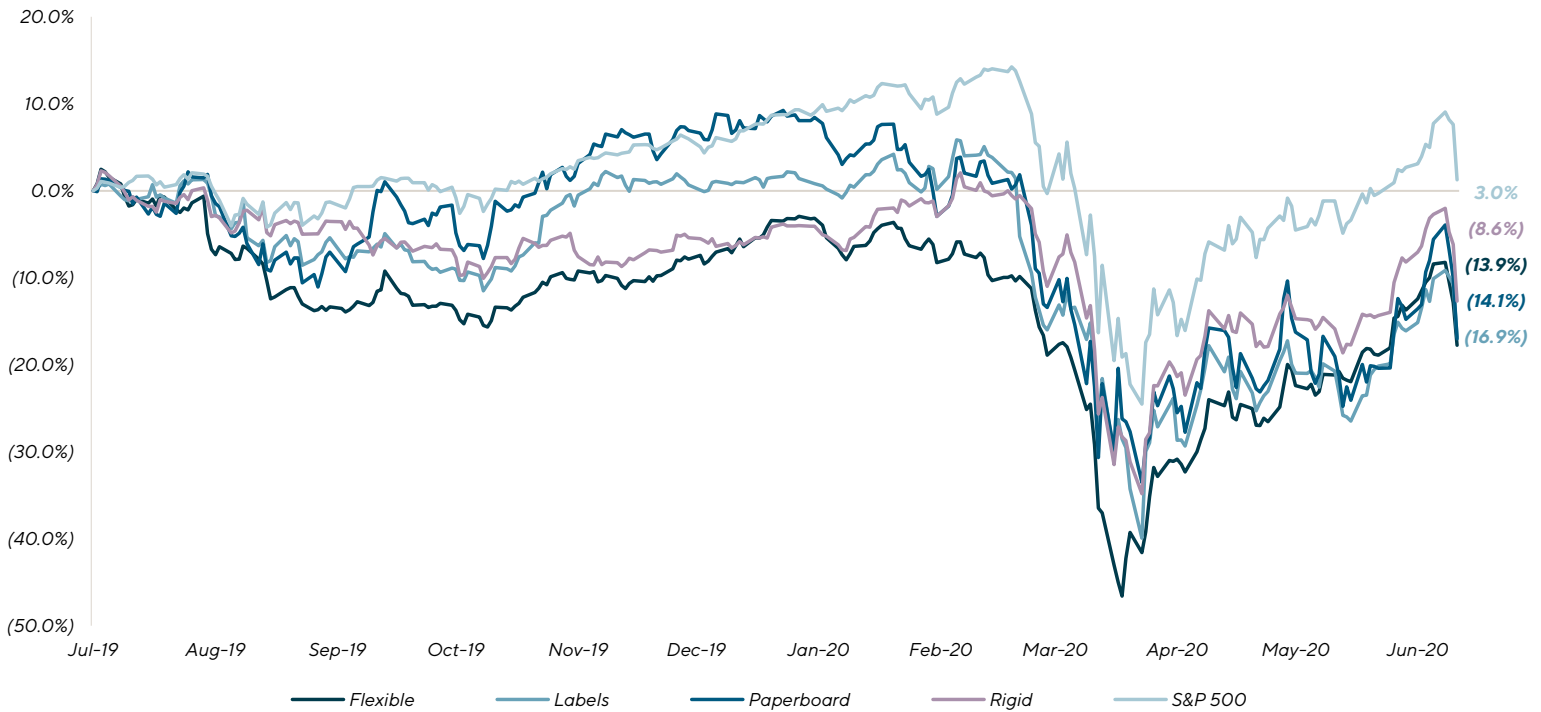
Public Companies Operating Statistics and Valuation Parameters

(\$ in millions)

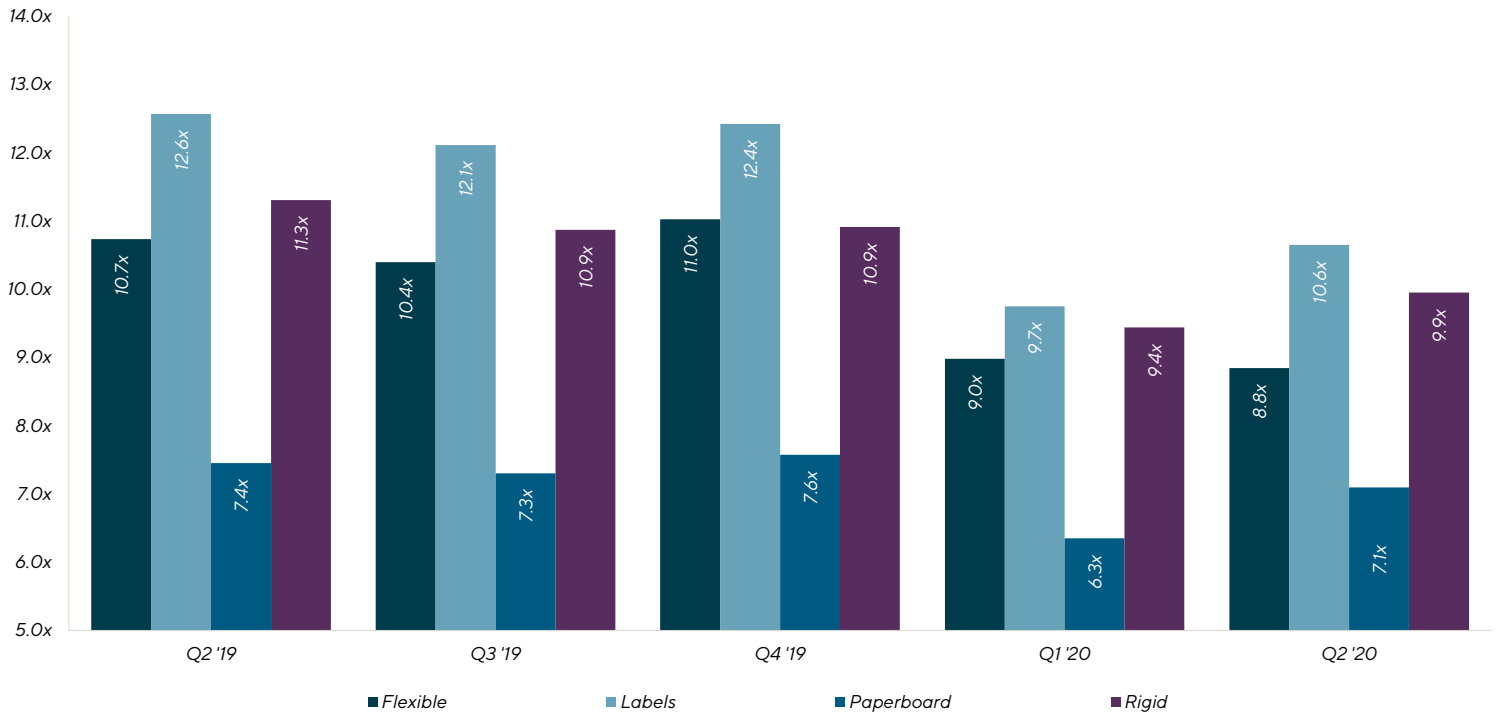
Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YOY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Flexible										
Amcor plc	\$10.00	86.5%	\$15,671	\$23,093	\$11,928	\$1,679	26.1%	14.1%	1.7x	11.4x
Berry Global Group, Inc.	44.32	80.2%	5,872	16,934	10,747	1,762	35.8%	16.4%	1.6x	9.3x
Huhtamäki Oyj	39.43	78.2%	4,115	5,330	3,442	437	5.5%	12.7%	1.4x	10.2x
Sealed Air Corporation	32.85	71.6%	5,114	8,797	4,852	900	2.8%	18.5%	1.8x	9.3x
Transcontinental Inc.	11.10	85.8%	965	1,793	2,851	460	(8.2%)	16.1%	0.9x	5.1x
Wipak Ltd.	30.58	79.0%	1,987	1,588	863	195	(2.6%)	22.6%	1.8x	7.9x
Mean		80.2%					9.9%	16.7%	1.5x	8.8x
Median		79.6%					4.2%	16.3%	1.6x	9.3x
Labels										
Avery Dennison Corporation	\$114.09	80.9%	\$9,508	\$11,557	\$7,053	\$993	(0.2%)	14.1%	1.6x	11.7x
Brady Corporation	46.82	79.2%	2,433	2,290	1,125	188	(3.3%)	16.8%	2.0x	11.1x
CCL Industries Inc.	32.26	64.1%	5,744	7,244	5,286	1,022	(1.3%)	19.3%	1.9x	9.2x
Mean		74.7%					(1.6%)	16.7%	1.8x	10.6x
Median		79.2%					(1.3%)	16.8%	1.9x	11.1x
Paperboard										
Cascades Inc.	\$10.87	98.2%	\$1,026	\$2,797	\$5,079	\$536	4.2%	10.6%	0.7x	6.5x
DS Smith Plc	4.06	82.5%	5,573	8,657	6,043	895	(2.1%)	14.8%	1.1x	7.3x
Graphic Packaging Holding Company	13.99	82.5%	3,908	7,823	6,253	867	2.6%	13.9%	1.3x	9.0x
International Paper Company	35.21	73.9%	13,839	23,254	22,085	3,581	(4.6%)	16.2%	1.1x	5.9x
Mondi plc	18.70	81.2%	9,064	11,763	7,268	1,578	(3.4%)	21.7%	1.5x	7.0x
Packaging Corporation of America	99.80	86.9%	9,375	11,254	6,939	1,400	(1.6%)	20.2%	1.6x	7.5x
Sonoco Products Company	52.29	78.5%	5,246	7,070	5,326	770	(2.0%)	14.5%	1.3x	7.9x
WestRock Company	28.26	63.7%	7,327	18,299	18,213	2,949	1.9%	16.2%	1.0x	5.6x
Mean		80.9%					(0.6%)	16.0%	1.2x	7.1x
Median		81.8%					(1.8%)	15.5%	1.2x	7.2x
Rigid										
Amcor plc	\$10.00	86.5%	\$15,671	\$23,093	\$11,928	\$1,679	26.1%	14.1%	1.7x	11.4x
AptarGroup, Inc.	111.98	88.9%	7,188	8,187	2,837	582	(0.0%)	20.5%	2.9x	13.4x
Ball Corporation	69.49	83.9%	22,654	30,174	11,474	1,888	(0.7%)	16.5%	2.6x	15.5x
Berry Global Group, Inc.	44.32	80.2%	5,872	16,934	10,747	1,762	35.8%	16.4%	1.6x	9.3x
Crown Holdings, Inc.	65.13	80.8%	8,639	17,285	11,667	1,607	(0.3%)	13.8%	1.5x	10.4x
Greif, Inc.	34.41	68.3%	1,830	4,893	4,755	718	15.7%	15.1%	1.0x	6.0x
O-I Glass, Inc.	8.98	50.3%	1,406	7,006	6,614	1,027	(2.2%)	15.5%	1.1x	6.4x
Silgan Holdings Inc.	32.39	90.1%	3,591	6,005	4,493	638	(0.1%)	14.2%	1.3x	9.4x
Sonoco Products Company	52.29	78.5%	5,246	7,070	5,326	770	(2.0%)	14.5%	1.3x	7.9x
Mean		78.6%					8.0%	15.6%	1.7x	9.9x
Median		80.8%					(0.1%)	15.1%	1.5x	9.4x

Source: Bloomberg, Capital IQ and company filings, as of June 30, 2020

LTM Relative Stock Price Performance



Historical Enterprise Value / EBITDA Valuation Performance





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