



## Packaging | Q4 2022



### Key Topics

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

# Quarterly Review

# Market Insights

The final quarter of 2022 closed the year out on the same note as previous quarters, with a continued cooling of market activity. The total number of closed mergers and acquisitions (M&A) transactions dropped by approximately 11% compared to Q3 '22. In a similar manner, the total number of packaging transactions completed in Q4 '22 also dropped, marking a quarter-over-quarter decline of approximately 33%. While the latter half of this year showed a decline in the total number of completed transactions, we continue to see both private and public companies engage sell-side advisors to best position themselves for when uncertain market dynamics subside. Although difficult to predict exactly when that will happen, it is possible we will see a rebound of M&A market activity in the second half of 2023.

While economic uncertainty kept some parties from transacting this quarter, it did not stop others. Both financial and strategic players made notable investments across the flexible, label, rigid and paperboard verticals. Large strategic companies, such as Mayr-Melnhof (WBAG:MMK), Berlin Packaging (Oak Hill Capital / Canada Pension Plan Investment Board), Novvia Group (Kelso & Co.), Fedrigoni (Bain Capital), TricorBraun (Ares Management / OTPPB), Sonoco Products Company (NYSE:SON) and BEWI (FRA:5T0) all completed acquisitions throughout Q4 '22, with Novvia Group, Fedrigoni and TricorBraun completing more than one. Financial sponsors also made several key acquisitions throughout the quarter, with New Water Capital, Wynnchurch Capital, Stirling Square Capital Partners, Dunes Point Capital and Atlas Holdings all adding packaging companies to their portfolios. While the softening of markets had a clear impact on M&A activity, the performance of public packaging companies throughout Q4 '22 was largely better than that of Q3 '22. While the previous quarter saw a broad decline in valuation across all verticals, flexibles represents the only vertical to decline from last quarter (8.4x enterprise value / EBITDA to 8.1x). Label companies, at 10.5x, remained steady compared to the previous quarter. Paperboard saw a slight increase from 6.4x to 6.5x while rigid saw a larger increase from 8.1x to 8.6x. All verticals outperformed the market relative to the S&P 500, a testament to the resilience of packaging as a market.

Despite lingering uncertainty in markets, we are not seeing, nor do we expect a complete halt in M&A activity. A number of factors contribute to our outlook, including private equity hold period expirations, the availability of dry powder that must be spent in the near term and a continuous desire for "must-have assets" even in challenging market conditions. Furthermore, with fewer companies engaging in sell-side processes, we expect the demand for high-quality assets in sale processes to be stronger, driving competitive tensions that ultimately benefit sellers.

## Packaging Insights

**Sep-22: Albéa (PAI Partners)**, a leader in beauty, personal care and pharmaceutical packaging, plans to divest the company's Innovation Beauty Group unit in the near future

**Sep-22: Wendel SE** is exploring strategic alternatives for its Austrian packaging subsidiary, **Constantia Flexibles**, with a process expected to begin in Q2 of 2023

**Sep-22: Label, security and packaging services provider, CCL Industries (TSE:CCLA)**, is looking to continue with acquisitions in 2023, namely through the purchase of assets negatively impacted by the current economic environment

**Oct-22: Specialty paper solutions provider, Mitsubishi HiTec Paper Europe Gruppe (TYO:3894)**, is exploring a possible sale of its paper mill in Flensburg, Germany due to energy price hikes and related cost factors

**Oct-22: The Paper Excellence Group and Resolute Forest Products (NYSE:RFP)** intend to sell Resolute's Thunder Bay pulp and paper mill to accelerate the regulatory review process of the companies' announced merger

**Oct-22: Global manufacturer of flexible and protective packaging, Pregis (Warburg Pincus)**, will continue with its active acquisition strategy; **Warburg Pincus** is unlikely to engage in a sale process within the next two years

**Dec-22: Following Appvion's (Wynnchurch Capital) acquisition of Nekoosa Coated Products (Sentinel Capital Partners)**, Paul Charapata, former Chief Executive Officer of Nekoosa, was named Chief Executive Officer of the combined entity

**Dec-22: German industrial holding company, KAP AG (ETR:IUR)**, is preparing to carve-out and offload its flexible films business, **CaPlast**

**Dec-22: Finnish paper and pulp company, Stora Enso (HEL:STERV)**, reportedly initiated a divestiture of its consumer board production and forestry operations in China

**Dec-22: Berry Global**, a United States manufacturer of plastic packaging, is re-considering a sale of its jerrycan maker division, **Promens**, after pausing a prior sale process due to the COVID-19 pandemic

**Dec-22: Nelipak Healthcare Packaging (Kohlberg & Co)**, a manufacturer of rigid and flexible packaging solutions, selected North Carolina for its first flexible packaging plant in North America

## Recent Lincoln International Transactions

 has sold  to  a portfolio company of  Sell-Side 	 has sold  to  Sell-Side 	 has sold  to  a portfolio company of  Sell-Side 	 has sold  to  a portfolio company of  Sell-Side  	 has sold  to  Sell-Side 	 has sold  to  Sell-Side 
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# Select M&A Transactions

Date	Status	Target Company	Acquiring Company
Nov-22	Announced	RTS Packaging (NYSE:WRK)	Sonoco Products Company (NYSE:SON)
Oct-22	Announced	Gläser und Flaschen	TricorBraun (Ares Management & OTPPB)
Oct-22	Announced	Guarro Casas	Fedrigoni (Bain Capital)
Dec-22	Closed	Bagwell Supply	New Water Capital
Dec-22	Closed	Bulk Lift International	New Water Capital
Dec-22	Closed	Decorative Films	Appvion (Wynnchurch Capital)
Dec-22	Closed	Folian	Walki Group (One Equity Partners)
Dec-22	Closed	NatureKool	Engineered Foam Packaging (JB Poindexter & Company)
Dec-22	Closed	Precision Label	I.D. Images (Sole Source Capital)
Dec-22	Closed	Rahway Steel Drum Company	Novvia Group (Kelso & Co)
Dec-22	Closed	Summit Labels	I.D. Images (Sole Source Capital)
Dec-22	Closed	Tapi (Wise)	Stirling Square Capital Partners
Dec-22	Closed	Titan Corrugated / All Boxed Up	UFP Packaging (NASDAQ:UFPI)
Dec-22	Closed	Tonutti Tecniche Grafiche	Alliance Etiquettes (Activa Capital)
Dec-22	Closed	Tru Blu Beverages	Refresco Group (KKR)
Nov-22	Closed	Aislenvas	BEWI (FRA:5T0)
Nov-22	Closed	Algas Packaging	Mereo Capital Partners / Hyperion Capital Partners
Nov-22	Closed	Alimac	Metrika
Nov-22	Closed	Alliabox	Sifa
Nov-22	Closed	Allied Glass (Sun European Partners)	Verallia (EPA:VRLA)
Nov-22	Closed	Alternapak Production	Greatview Aseptic Packaging
Nov-22	Closed	Auberst	Novvia Group (Kelso & Co)
Nov-22	Closed	Cartiere Modesto Cardella	Schumacher Packaging
Nov-22	Closed	Celtic Sales	Groupe Guillin (EPA:ALGIL)
Nov-22	Closed	Centro Grafico DG	All4labels (Triton)
Nov-22	Closed	Dunn Paper (n.k.a. BiOrigin Specialty Products )	Wynnchurch Capital / Arbour Lane Capital / Aegon Asset Management / Bayside Capital
Nov-22	Closed	Envaplaster	Stellum Growth
Nov-22	Closed	Four Label Factories of the Quirantes Family	Grupo Printeos
Nov-22	Closed	Hickman Label	I.D. Images (Sole Source Capital)
Nov-22	Closed	Innovative Container	Novvia Group (Kelso & Co)
Nov-22	Closed	Label Innovation	AWT Labels and Packaging (Morgan Stanley Private Equity)

## Select M&A Transactions (cont.)

Date	Status	Target Company	Acquiring Company
Nov-22	Closed	Lee Container Corporation	Greif (NYSE:GEF)
Nov-22	Closed	Liquibox	SEE (NYSE:SEE)
Nov-22	Closed	Lumson (FSI)	Moretti Family
Nov-22	Closed	Merlot Packaging	TricorBraun (Ares Management & OTPPB)
Nov-22	Closed	Monta Klebebandwerk (Findos Investor)	Seedamm Packaging
Nov-22	Closed	Nekoosa (Sentinel Capital Partners)	Appvion (Wynnchurch Capital)
Nov-22	Closed	Ondapack	Carton Pack (A&M Capital Europe)
Nov-22	Closed	Papeterie Zuber Rieder	Fedrigoni (Bain Capital)
Nov-22	Closed	Romprix Exim	All4labels (Triton V)
Nov-22	Closed	Scentisphere	Resource Label Group (Ares Management)
Nov-22	Closed	Suway (WSE:SUW)	Plast-Box
Nov-22	Closed	Theegarten-Pactec	Makrev Packaging (Theegarten-Pactec)
Nov-22	Closed	United Packaging Supply Co.	Envoy Solutions (BMV:FEMSAUBD)
Nov-22	Closed	Cartiere Modesto Cardella	Schumacher Packaging
Oct-22	Closed	Aranco	Tresmares Capital
Oct-22	Closed	Brazil Tissue Operations of Kimberly-Clark (NYSE:KMB)	Suzano (BVMF:SUZB3)
Oct-22	Closed	Crown Paper Group (Lindsay Goldberg)	Atlas Holdings
Oct-22	Closed	MedLit Solutions (CORE Industrial Partners)	Resource Label Group (Ares Management)
Oct-22	Closed	Pacific Pulp Molding	Specialized Packaging Group (Altamont Capital Partners)
Oct-22	Closed	SFS Paracin	GlobalGlass
Oct-22	Closed	Plastic Packaging Technologies (Mid Oak Investments)	PPC Flexible Packaging (GTCR)
Oct-22	Closed	Industrial Pack	ISEM Group (Peninsula Capital)
Oct-22	Closed	K-1 Packaging Group	Dunes Point Capital
Oct-22	Closed	Three Paper Mills from Sappi (JSE:SAP)	AURELIUS
Oct-22	Closed	Deco Flexible Packaging	Resource Label Group (Ares Management)
Oct-22	Closed	TPG Plastics	IPACKCHEM Group (SK Capital Partners)
Oct-22	Closed	Rios Containers	Novvia Group (Kelso & Co)
Oct-22	Closed	Cargopack group ag	Nefab AB
Oct-22	Closed	DISCO	Berlin Packaging (Oak Hill Capital / Canada Pension Plan Investment Board)
Oct-22	Closed	Essentra Packaging (LSE:ESNT)	Mayr-Melnhof (WBAG:MMK)

# Public Companies Operating Statistics and Valuation Parameters

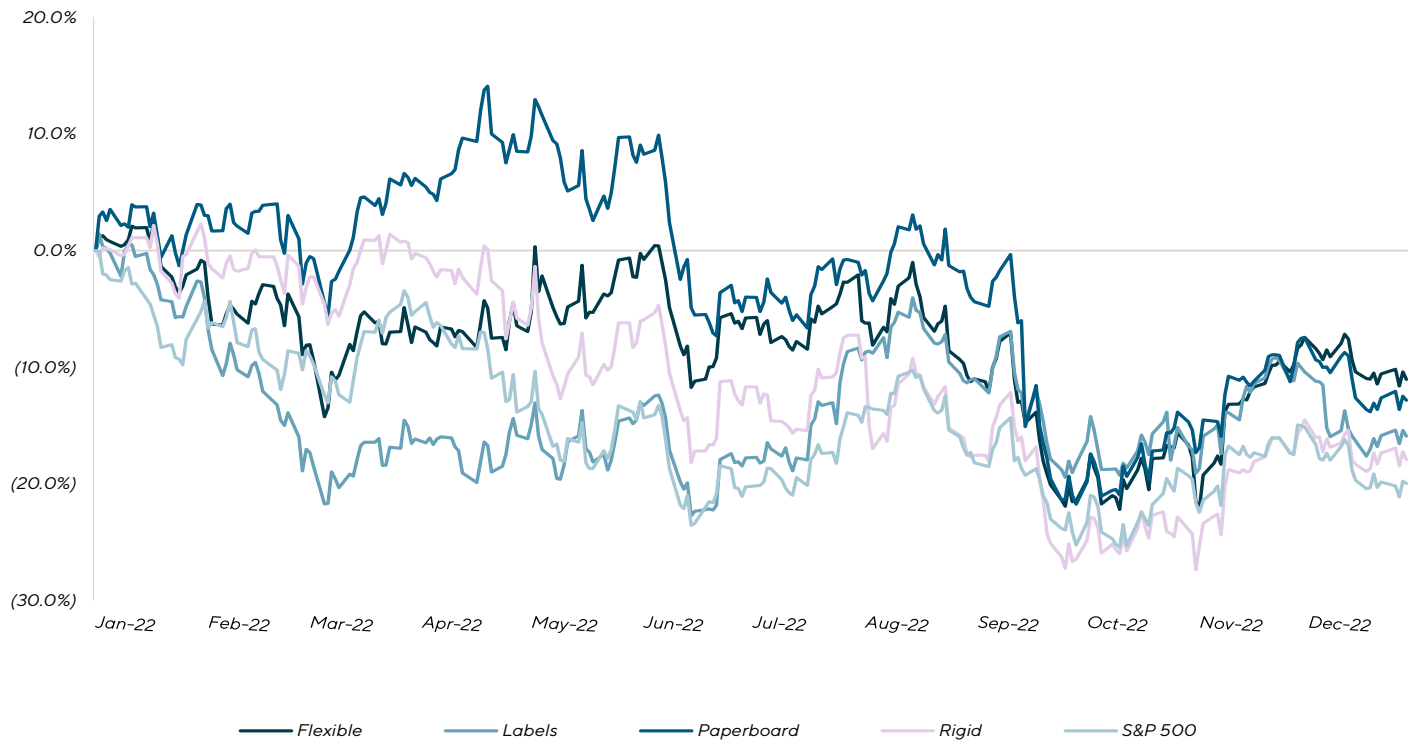
(\$ in millions, except for stock price)

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										
Amcor plc	\$12.03	93.0%	\$17,427	\$24,450	\$14,836	\$2,069	9.2%	13.9%	1.6x	11.0x
Berry Global Group, Inc.	60.43	80.9%	7,499	16,001	\$14,495	2,105	4.7%	14.5%	1.1x	7.6x
Huhtamäki Oyj	34.20	80.1%	3,569	5,324	4,375	591	22.4%	13.5%	1.1x	8.1x
Sealed Air Corporation	49.88	70.5%	7,216	10,680	5,768	1,179	4.2%	20.4%	1.9x	8.7x
Transcontinental Inc.	11.29	70.7%	978	1,827	2,956	404	11.8%	13.7%	0.8x	5.8x
Winpak Ltd.	31.08	87.4%	2,020	1,691	1,168	225	16.5%	19.2%	1.4x	7.5x
Mean		80.4%					11.5%	15.9%	1.3x	8.1x
Median		80.5%					10.5%	14.2%	1.3x	7.8x
Labels										
Avery Dennison Corporation	\$181.00	82.5%	\$14,655	\$17,630	\$9,197	\$1,382	11.9%	15.0%	1.9x	12.2x
Brady Corporation	47.10	85.6%	2,343	2,357	1,303	234	9.6%	18.0%	1.8x	9.4x
CCL Industries Inc.	42.74	83.4%	7,576	8,890	6,284	1,170	9.6%	18.6%	1.9x	9.8x
Mean		83.8%					10.4%	17.2%	1.9x	10.5x
Median		83.4%					9.6%	18.0%	1.9x	9.8x
Paperboard										
Cascades Inc.	\$6.25	59.5%	\$627	\$2,154	\$4,359	\$246	10.2%	5.6%	0.7x	9.2x
DS Smith Plc	3.87	79.5%	5,332	6,763	8,178	949	26.8%	11.6%	0.7x	5.5x
Graphic Packaging Holding Company	22.25	92.5%	6,833	12,248	9,042	1,448	26.4%	16.0%	1.4x	7.9x
International Paper Company	34.63	68.9%	12,317	17,580	21,114	2,901	9.0%	13.7%	0.8x	5.1x
Mondi plc	16.98	72.2%	8,237	9,978	8,945	1,883	15.8%	21.1%	1.1x	5.0x
Packaging Corporation of America	127.91	75.9%	11,752	13,738	8,543	1,996	10.5%	23.4%	1.6x	6.5x
Sonoco Products Company	60.71	90.5%	5,920	9,187	7,014	1,045	25.5%	14.9%	1.3x	8.1x
WestRock Company	35.16	64.2%	8,949	17,242	21,257	3,347	10.2%	15.7%	0.8x	4.6x
Sealed Air Corporation	49.88	70.5%	7,216	10,680	5,768	1,179	4.2%	20.4%	1.9x	8.7x
Mean		74.9%					15.4%	15.8%	1.1x	6.7x
Median		72.2%					9.6%	15.7%	1.1x	6.5x
Rigid										
Amcor plc	\$12.03	93.0%	\$17,427	\$24,450	\$14,836	\$2,069	9.2%	13.9%	1.6x	11.0x
AptarGroup, Inc.	109.98	88.6%	7,180	8,298	3,340	616	3.5%	18.5%	2.5x	12.7x
Berry Global Group, Inc.	60.43	80.9%	7,499	16,001	14,495	2,105	4.7%	14.5%	1.1x	7.6x
Crown Holdings, Inc.	82.21	63.0%	9,755	16,955	12,985	303	14.0%	2.3%	1.3x	n/a
Greif, Inc.	67.06	90.3%	3,418	5,494	6,350	926	14.3%	14.6%	0.9x	5.5x
O-I Glass, Inc.	16.57	92.4%	2,571	6,833	6,750	1,079	6.2%	16.0%	1.0x	5.6x
Silgan Holdings Inc.	51.84	95.0%	5,706	9,301	6,395	905	12.7%	14.2%	1.5x	9.4x
Sonoco Products Company	60.71	90.5%	5,920	9,187	7,014	1,045	25.5%	14.9%	1.3x	8.1x
Mean		8.6%					11.2%	13.6%	1.4x	8.6x
Median		90.4%					10.9%	14.6%	1.3x	8.1x

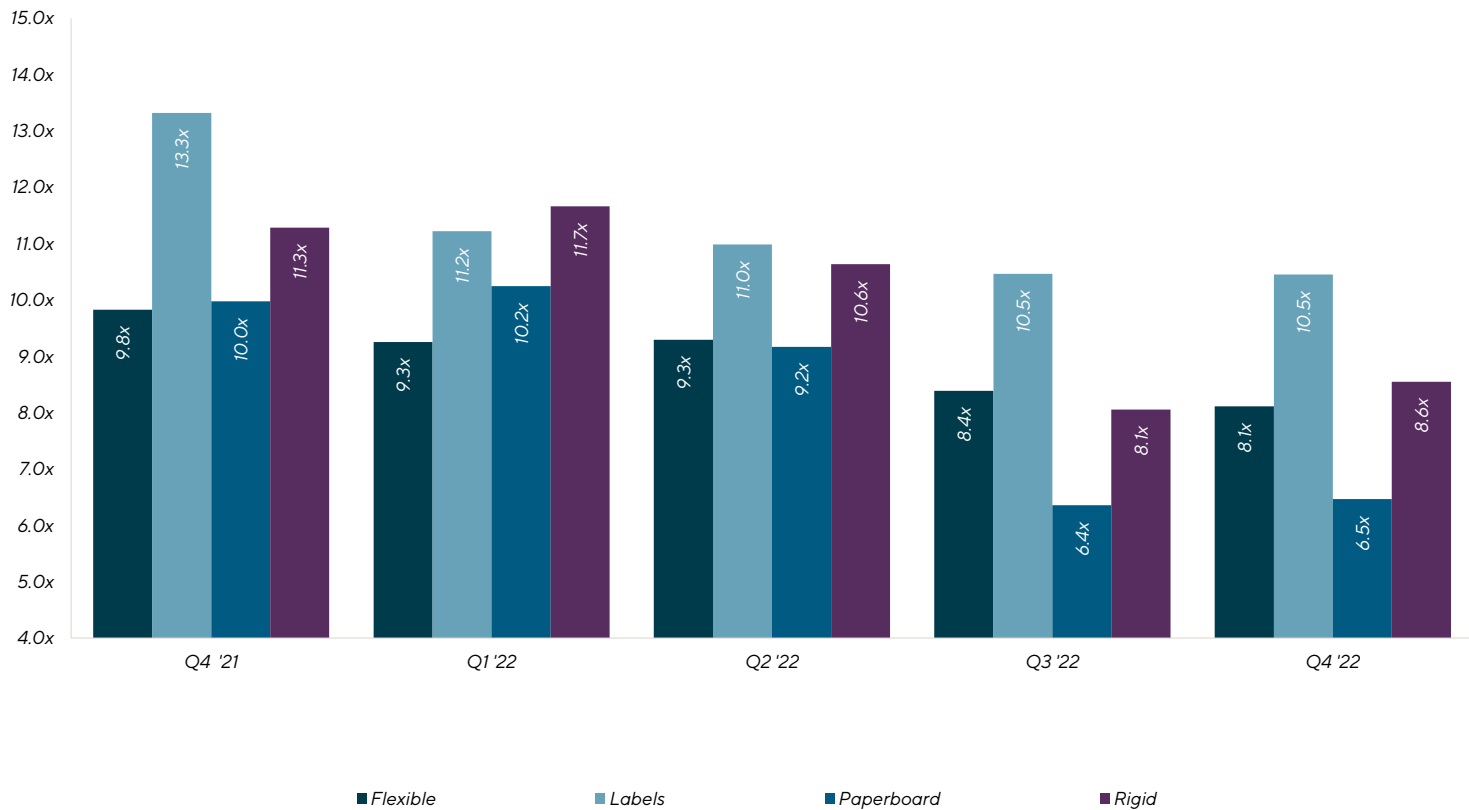
Source: Bloomberg, Capital IQ and company filings, as of December 31, 2022



# Last Twelve Months (LTM) Relative Stock Price Performance



# Historical Enterprise Value / EBITDA Valuation Performance



Source: Bloomberg, Capital IQ and company filings, as of December 31, 2022



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