



# PAPER & PACKAGING *IQ*

**AmherstPartners**

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*Industry-Specific Overview of Recent M&A and Capital Markets Activity*

JULY 2023

# Recent Market Observations

Paper & Packaging Industry Update | July 2023

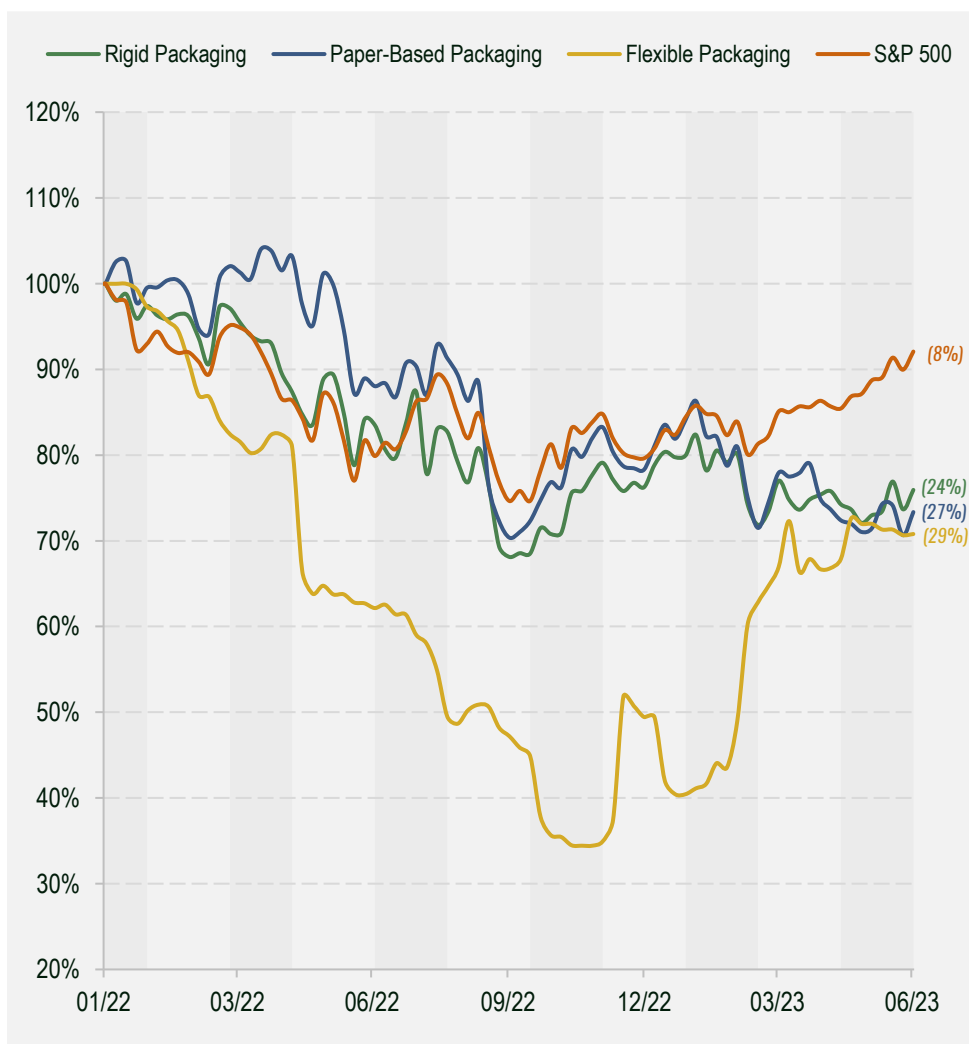
Declining raw material prices are one of the foremost bright spots for companies operating in the paper & packaging industry. The global pulp market is currently oversupplied through 2024 due to major mills adding capacity, cutting pulp prices by over 30% compared to last year. Polypropylene prices are down by 15.8% and Polyethylene is down by 7.9% over the last 12 months, making inputs for rigid and flexible packaging much more affordable. Paperboard has also declined after prices peaked in Q4 2022. While the reversal of raw material costs has been helpful to the financial performance of industry participants in the short-term, it has not been enough to offset the decline in revenue attributable to the fundamental lack of demand that is plaguing the industry.

Inflation-driven price increases for consumer staples in the consumer packaged goods (CPG) sector, and the food & beverage market more broadly, have resulted in declining orders for packaging products. Box sales volumes, for example, are down approximately 12% from year ago levels, and similar decreases are seen across other packaging substrates. Some industry participants, however, point to improving fundamentals and believe there is relief ahead. “We believe [destocking] will run its course through the second quarter, resulting in an improved demand environment in the second half of the year.” – Mark Sutton, CEO, International Paper, 04/27/2023 earnings call.

Positive momentum supporting the growth in renewable packaging is also poised to continue, as concerns surrounding pollution, climate change, and geopolitical uncertainties related to the accessibility of oil and gas, drive the transition towards eco-friendly packaging solutions derived from paper and bioplastics. Notably, there have been remarkable advancements in innovative renewable packaging, with companies such as Amcor, Mondi, and Coveris pushing the limits of shelf life and functionality in paper-based packaging.

Amid weaker demand, many industry participants are looking to enact cost-cutting measures and long-term structural changes to boost efficiency, productivity, and profitability. As an example, Berry Global Group (NYSE: BERY) recently announced that it is seeking to drive performance improvement through consolidation and the spinoff of certain non-core assets. The company pointed specifically to the closure of 15 of its global facilities along with the divestiture of several business units.

## Recent Stock Price Performance – Paper & Packaging Indices



Source: Capital IQ

Paper and Packaging Universe – **Rigid Packaging:** AMBP, AMC, ATR, BALL, BERY, CCK, GEF, MYE, OI, PTVE, SLGN, TRS, UFPT

**Paper-Based Packaging:** CAS, GEF, IP, PACK, PKG, SON, WRK

**Flexible Packaging:** AMC, BERY, REYN, SEE, TCL.A, TG, WPK



# Public Market Trading Multiples

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(\$ in millions, other than stock price)		6/30/2023	Quarterly	Market	Total	LTM		Gross	EBITDA	Net Debt /	Enterprise Value / LTM	
Company		Stock Price	Price Δ	Cap.	EV <sup>(1)</sup>	Revenue	EBITDA	Margin	Margin	EBITDA	Revenue	EBITDA
Rigid Packaging	 Amcor plc	\$9.89	(12%)	\$14,324	\$21,375	\$14,930	\$1,960	19%	13%	3.3x	1.4x	10.9x
	 AptarGroup, Inc.	115.86	(2%)	7,591	8,721	3,337	610	35%	18%	1.7x	2.6x	14.3x
	 Ardagh Metal Packaging S.A.	3.76	(8%)	2,246	5,796	4,683	590	12%	13%	5.4x	1.2x	9.8x
	 Ball Corporation	58.21	6%	18,310	27,908	15,122	1,956	17%	13%	4.6x	1.8x	14.3x
	 Berry Global Group, Inc.	64.34	9%	7,669	17,080	13,495	2,054	17%	15%	4.6x	1.3x	8.3x
	 Crown Holdings, Inc.	86.87	5%	10,351	17,964	12,755	1,670	18%	13%	4.1x	1.4x	10.8x
	 Greif, Inc.	68.89	9%	3,403	5,930	5,698	882	21%	15%	2.6x	1.0x	6.7x
	 Myers Industries, Inc.	19.43	(9%)	714	812	890	101	32%	11%	0.9x	0.9x	8.0x
	 O-I Glass, Inc.	21.33	(6%)	3,312	7,599	6,995	1,159	20%	17%	3.5x	1.1x	6.6x
	 Pactiv Evergreen Inc.	7.57	(5%)	1,350	5,213	6,156	901	16%	15%	3.8x	0.8x	5.8x
	 Silgan Holdings Inc.	46.89	(13%)	5,170	8,824	6,388	952	16%	15%	3.5x	1.4x	9.3x
	 TriMas Corporation	27.49	(1%)	1,138	1,542	875	127	23%	14%	2.9x	1.8x	12.2x
	 UFP Technologies, Inc.	193.85	49%	1,476	1,544	380	65	27%	17%	1.0x	4.1x	23.9x
<b>Median</b>								<b>19%</b>	<b>15%</b>	<b>3.5x</b>	<b>1.4x</b>	<b>9.8x</b>
Paper Packaging	 Cascades Inc.	\$8.83	9%	\$888	\$2,498	\$3,372	\$279	33%	8%	4.8x	0.7x	9.0x
	 Greif, Inc.	68.89	9%	3,403	5,930	5,698	882	21%	15%	2.6x	1.0x	6.7x
	 International Paper Company	31.81	(12%)	11,040	16,671	20,944	2,864	29%	14%	1.8x	0.8x	5.8x
	 Packaging Corporation of America	132.16	(5%)	11,774	14,038	8,318	1,866	24%	22%	1.1x	1.7x	7.5x
	 Ranpak Holdings Corp.	4.52	(13%)	372	726	325	59	32%	18%	5.7x	2.2x	12.4x
	 Sonoco Products Company	59.02	(3%)	5,781	9,040	7,209	1,059	20%	15%	2.8x	1.3x	8.5x
	 WestRock Company	29.07	(5%)	7,446	17,318	21,123	3,152	19%	15%	2.8x	0.8x	5.5x
<b>Median</b>								<b>24%</b>	<b>15%</b>	<b>2.8x</b>	<b>1.0x</b>	<b>7.5x</b>
Flexible Packaging	 Amcor plc	\$9.89	(12%)	\$14,324	\$21,375	\$14,930	\$1,960	19%	13%	3.3x	1.4x	10.9x
	 Berry Global Group, Inc.	64.34	9%	7,669	17,080	13,495	2,054	17%	15%	4.6x	1.3x	8.3x
	 Reynolds Consumer Products Inc.	28.25	3%	5,933	8,010	3,846	505	20%	13%	3.9x	2.1x	15.9x
	 Sealed Air Corporation	40.00	(13%)	5,775	10,388	5,573	1,065	31%	19%	4.2x	1.9x	9.8x
	 Transcontinental Inc.	11.07	7%	953	1,855	2,215	298	15%	13%	2.8x	0.8x	6.2x
	 Tredegar Corporation	6.67	(27%)	224	378	893	46	13%	5%	3.2x	0.4x	8.2x
	 Winpak Ltd.	31.12	(2%)	2,023	1,646	1,210	226	28%	19%	NM	1.4x	7.3x
<b>Median</b>								<b>19%</b>	<b>13%</b>	<b>3.6x</b>	<b>1.4x</b>	<b>8.3x</b>

Source: Capital IQ

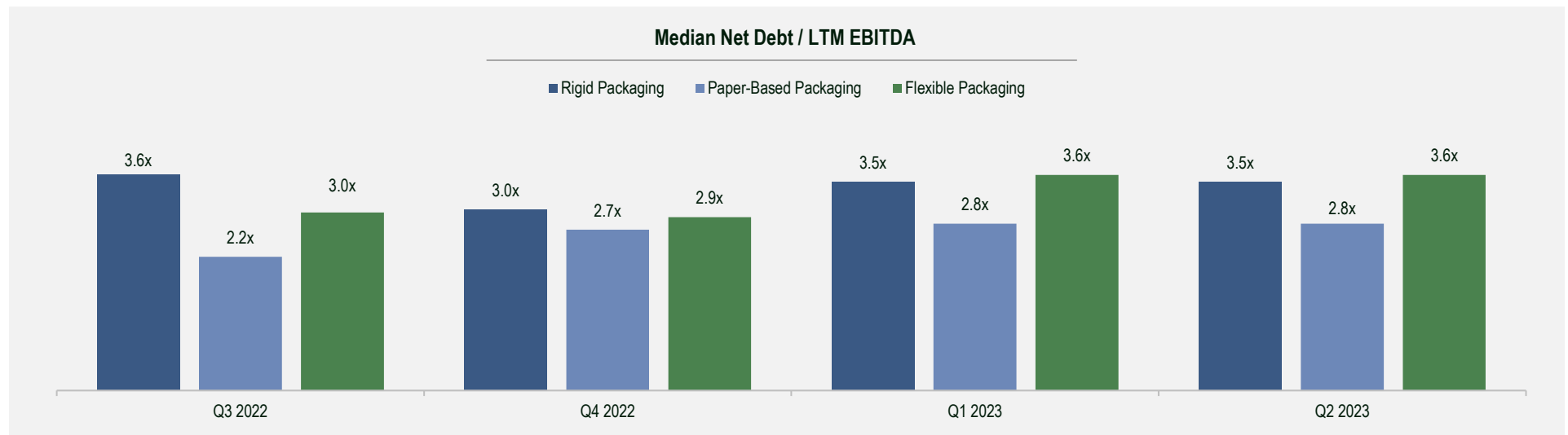
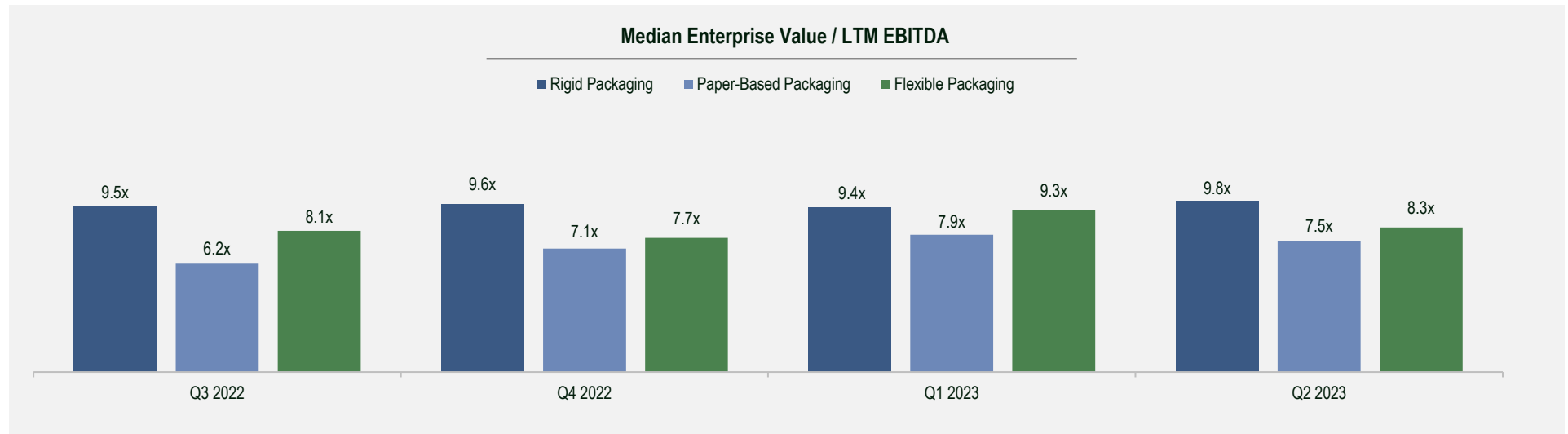
(1) EV ("Enterprise Value") is defined as market capitalization plus net debt, preferred equity and minority interest.

(2) Median and mean values exclude all non-meaningful values.

# Valuation and Debt Multiples

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*Valuation multiples and debt levels in Paper and Packaging have remained relatively stable over the past four quarters, with Rigid Packaging being the only category experiencing improved valuation multiples in Q2 2023*



Source: Capital IQ

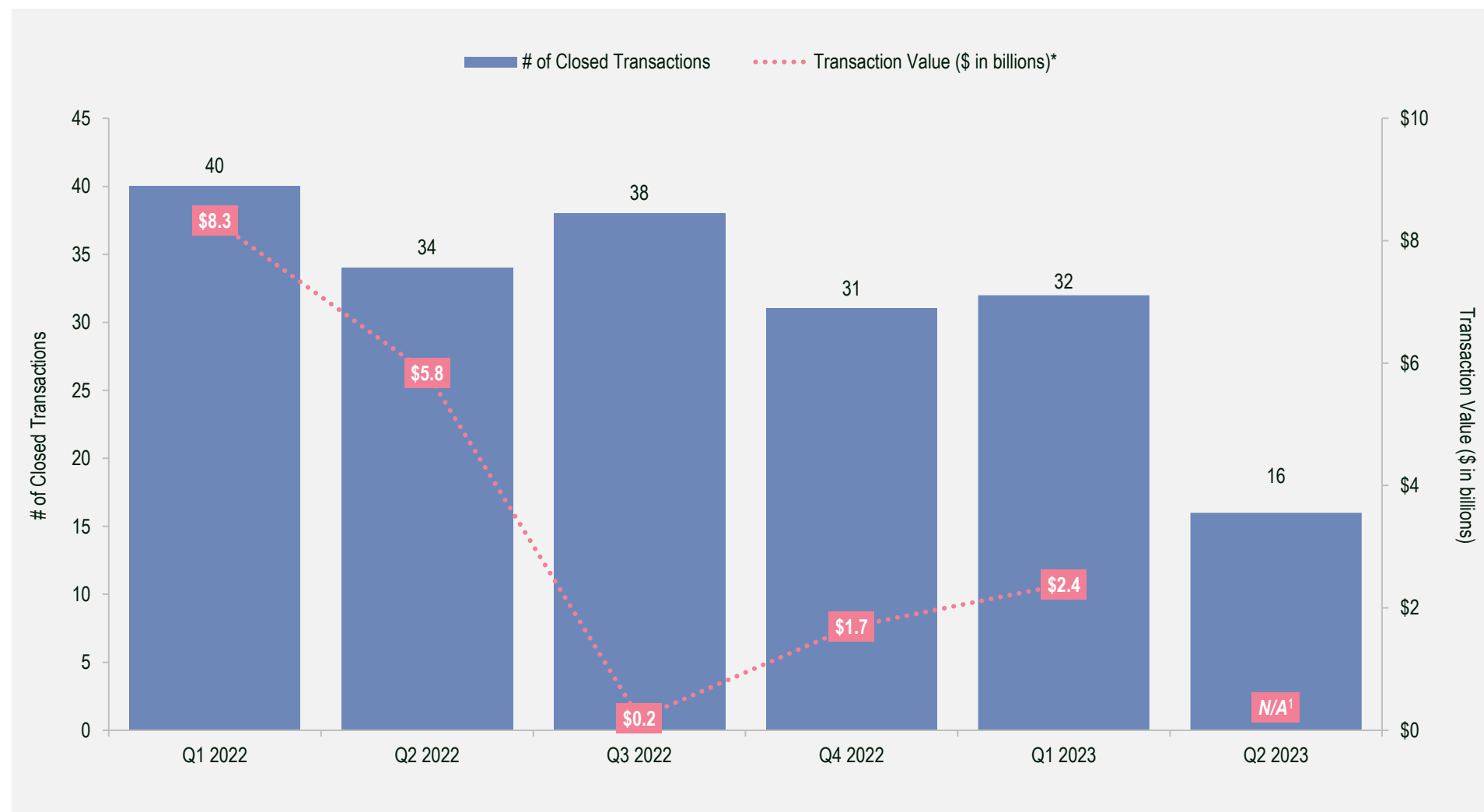
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(2) Median and mean values exclude all non-meaningful values.

# U.S. M&A Activity

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*Aggregate value of deals announced through June 2023 declined by ~\$12 billion compared to the same period last year. Deal volume also declined with 16 Packaging reported deals in Q2 2023 as compared to 34 in Q2 2022*













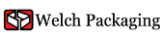























Source: Capital IQ

\*Transaction Value represents publicly announced deal terms.

(1) There were no transaction values publicly disclosed during this quarter.

# Recent Transaction Activity

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Date	Target	Acquiror	Enterprise Value (\$M)	Target Description
06/21/23	 THE STANDARD GROUP		Undisclosed	Manufactures and converts custom printed paperboard packaging products for food, personal care, private label, liquor, household goods, pharmaceutical, and promotional markets
05/04/23			\$88	Manufactures plastic packaging products
04/28/23			Undisclosed	Provides business printing solutions in the form of computer checks and forms, serving businesses, medical facilities, schools, retailers, restaurants, and government services
04/04/23			Undisclosed	Manufactures and assembles automated product identification solutions for industrial and retail markets
03/20/23			Undisclosed	Develops and distributes cannabis accessories, vape solutions, and lifestyle products in the United States, Canada, and Europe
03/08/23			Undisclosed	Nash - Manufactures corrugated packaging products, including corrugated boxes, brown boxes, high-end graphic retail packaging products, and displays
03/01/23			Undisclosed	Engages in label printing and production activities
02/28/23			Undisclosed	Manufacturer of wood pallets, crates, lumber, and wood packaging materials with custom production capabilities for pallets and crates, custom crates, recycled pallets, and wood packaging design
02/13/23			Undisclosed	Designer and manufacturer of paper and cardboard containers and packaging for health and medical, beverage, food product, and consumer products
02/11/23			Undisclosed	Delivers cargo securement and damage prevention packaging products intended for the railway industry
02/08/23			Undisclosed	Manufactures and distributes corrugated products and packaging supplies
02/01/23			\$38	Manufactures plastic injection moldings and plastic bottles, offering packaging and packaging components for cosmetics, utilities and disposables
02/01/23			Undisclosed	Engages in the distribution of industrial packaging products, including corrugated, custom foam, poly bags, wood crating, bubble, stretch wrap, tapes, and labels
02/01/23			Undisclosed	Develops, manufactures, and supplies precision engineered modified atmosphere and modified humidity fresh produce packaging
02/01/23			Undisclosed	Experts in extended text labeling, operating pre-press department and printing services
01/31/23			\$1,150	Manufactures flexible liquid packaging solutions for applications in a variety of industries, including fillers, urn-liners, bottles, dispensers, and more
01/19/23			Undisclosed	Manufactures packaging solutions for the consumer goods industry, specializing in folding cartons

Source: Capital IQ

# The Amherst Partners Team

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*With a track record spanning over 25 years, Amherst Partners is a boutique investment banking firm focused on providing M&A advisory and capital raising services primarily for closely-held businesses*

*Boutique investment bank with significant  
Wall Street experience*

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Advisors

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MACQUARIE



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Partner



**Donald Luciani**  
Partner



**Fahad Siddiqui**  
Director



**John Wendzinski**  
Senior Associate



**Sam Jabara**  
Associate



**Emily Pachla**  
Controller

Operations Advisory



**Jon B. Cotton**  
CEO, Apex Health, Former President,  
Meridian Health Plan of Michigan



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Owner, Venetian Associates



**S. Evan Weiner**  
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