

Packaging Quarterly Update

Q1 2022



DCF's Packaging Practice

Deloitte Corporate Finance LLC (DCF) is a leading global middle-market M&A adviser. Our professionals have extensive knowledge in the packaging space and use their experience to help clients enhance value.



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Firm Overview

#2 2020 Global M&A
Advisor by deals
completed ⁽¹⁾.

662 Completed deals
in the last 12
months.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has **2,400 Corporate Finance professionals** throughout the Deloitte Touche Tohmatsu Limited network of member firms in 60 countries that complement the North American team.
- **Top global middle-market financial advisor** in 2020 according to Mergermarket⁽¹⁾.



Sector Focus



Plastic



Diversified Packaging



Paper and Paperboard



Metal and Glass

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Case study

Midwest Paper Group

Deal Contacts

Will Frame, Bill Kerkam, Ali Bandeali



Midwest Paper Group

A portfolio company of



INDUSTRIAL
OPPORTUNITY
PARTNERS

has been acquired by



McKinley Paper Company

The undersigned acted as exclusive
financial advisor to Midwest Paper Group

Deloitte.

Deloitte Corporate Finance LLC

Client Overview

- Midwest Paper Group (Midwest or the Company) is an Appleton, WI based producer of paper products, specializing in recycled brown medium, liner, and bag grade products.
- Midwest's robust operational footprint represents a 1.2 million square foot paper mill, set on a 60-acre site, featuring three specialized paper machines capable of annually manufacturing over 400K tons of brown paper grades.
- Midwest, with stewardship under Industrial Opportunity Partners (IOP), successfully implemented a complete conversion from white paper production to recycled brown grades, while significantly increasing production capacity and profitability.

Situation Overview

- Having successfully implemented full conversion and continued development of the mill, IOP decided to take advantage of favorable market conditions and explore a liquidity event.
- IOP engaged Deloitte Corporate Finance LLC (DCF) due to its previous sale of Midwest, its experience in the industry, and established contacts and relationships with key strategic acquirors.

DCF's Role

- DCF added significant value throughout the sale process by:
 - Running a competitive, efficient, and targeted marketing process, leveraging relationships with key strategic acquirors.
 - Effectively negotiating over a 14% premium on purchase price from an initial Letter of Intent that also included favorable seller terms.
 - Conducted an efficient diligence process, requiring minimal involvement from the seller.

Deloitte thought leadership

Deloitte thought leadership

- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends helps enable Deloitte to demonstrate eminence in the packaging market by redefining the lens through which industry leaders operate.

Extensive knowledge network

DCF can leverage its expansive cross-business knowledge network, extensive consulting reports, and in-depth industry research to drive results and provide differentiated insights for our clients.



Be Empowered



Play It Forward

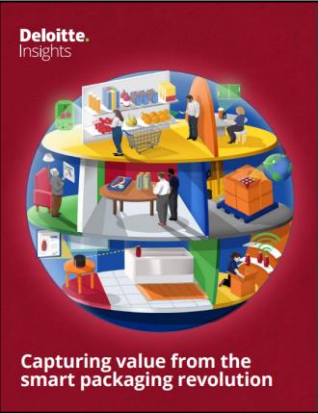
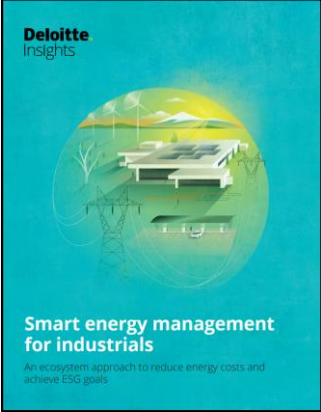


Be Resourceful



Build Knowledge

Recent insights



Notable recent M&A transactions⁽¹⁾

<p>Cold Chain Technologies acquisition of Packaging Technology Group</p> <ul style="list-style-type: none"> • PTG manufactures kerbside-recyclable thermal shipping and packaging solutions for the bio-pharma and life sciences industries. • CCT is a provider of reusable and single-use thermal packaging solutions principally serving the life sciences supply chain. • The acquisition is part of Cold Chain Technologies' wider efforts to provide sustainable packaging solutions. 	<p>Close Date: March 2022 EV: N/A Rev: N/A EV/Rev: N/A EV/EBITDA: N/A</p>
<p>Odyssey Investment Partners, LLC acquisition of Pexco LLC</p> <ul style="list-style-type: none"> • Pexco is a North American leader in the design and fabrication of custom extruded plastics products. • Odyssey Investment Partners is a leading middle-market private equity firm with approximately \$2.5 billion under management. • Pexco will act as a platform for expansion through organic growth and strategic add-on acquisitions for Odyssey. 	<p>Close Date: March 2022 EV: N/A Rev: N/A EV/Rev: N/A EV/EBITDA: N/A</p>
<p>C-P Flexible Packaging, Inc. acquisition of Bass Flexible Packaging, Inc.</p> <ul style="list-style-type: none"> • Bass produces a variety of stand-up pouches, premade bags and shrink sleeves. • C-P Flexible Packaging is one of the top 20 flexible packaging suppliers in the US. • The acquisition should help C-P Flexible expand in high growth confectionary and health & beauty markets. 	<p>Close Date: March 2022 EV: N/A Rev: N/A EV/Rev: N/A EV/EBITDA: N/A</p>
<p>Foam Fabricators, Inc acquisition of Foam Concepts, Inc.</p> <ul style="list-style-type: none"> • Foam Concepts is a manufacturer of EPS foam products for the cold chain, protective packaging, and construction end-markets. • Foam Fabricators is a designer and manufacturer of custom molded protective foam solutions and OEM components. • Acquisition of Foam Concepts strengthens its position as a leading provider of packaging and componentry solutions. 	<p>Close Date: February 2022 EV: N/A Rev: N/A EV/Rev: N/A EV/EBITDA: N/A</p>
<p>Mubadala Capital; Entrepreneurial Equity Partners, L.P. acquisition of Mercer Foods, LLC.</p> <ul style="list-style-type: none"> • Mercer Foods is a provider of freeze-dried fruit and vegetable ingredients. • Mubadala Capital manages approximately \$9 billion in third-party capital vehicles on behalf of institutional investors. • The combination of the two businesses creates a North American market provider in freeze-dried products. 	<p>Close Date: January 2022 EV: N/A Rev: N/A EV/Rev: N/A EV/EBITDA: N/A</p>
<p>Advanced Web Technologies, Inc. acquisition of MacArthur Corporation</p> <ul style="list-style-type: none"> • MacArthur serves Global 500 customers and suppliers with custom-engineered products built for challenging environments. • AWT specializes in label and packaging solutions. • Acquisition of MacArthur should broaden the company's end-market knowledge, engineering expertise, and manufacturing capabilities. 	<p>Close Date: January 2022 EV: N/A Rev: N/A EV/Rev: N/A EV/EBITDA: N/A</p>

Notable recent M&A transactions

Oliver Inc. acquisition of A Specialty Box, LLC/Professional Image, Inc.

- Professional Image is a leading manufacturer of custom folding carton packaging and e-commerce provider of packaging accessories.
- Oliver is a manufacturer of value-added marketing collateral, packaging and POP displays.
- This acquisition should help accelerate Oliver's position as one of the nation's largest independent specialty packaging providers.

Close Date: January 2022

EV: N/A

Rev: N/A

EV/Rev: N/A

EV/EBITDA: N/A

Paper, plastics, and packaging trends

Sector trends ⁽⁴⁾

- Smart packaging is quickly gaining market share, using different technology such as QR codes, smart labels, RFID, and near field communication (NFC) chips. These cutting-edge solutions offer value-added benefits of security, authentication, and connectivity, making the product packaging a data carrier and digital tool.
- Plastic is the most used packaging material since the early 20th century. However, its slow decomposition rate causes widespread environmental problems. As consumers become more aware of its negative consequences, they are demanding more eco-friendly alternatives. Biodegradable packaging and films have since gained traction and are suitable replacements for traditional plastic packaging.
- Nanotechnology is the use of matter on atomic, molecular and supramolecular scale for industrial purposes. It impacts the food packaging industry by addressing the rising concern of food safety. Additionally, nanotechnology can be applied at various phases of the packaging supply chain including packaging material, product safety, authentication, and tracking.

Select recent M&A activity ⁽¹⁾

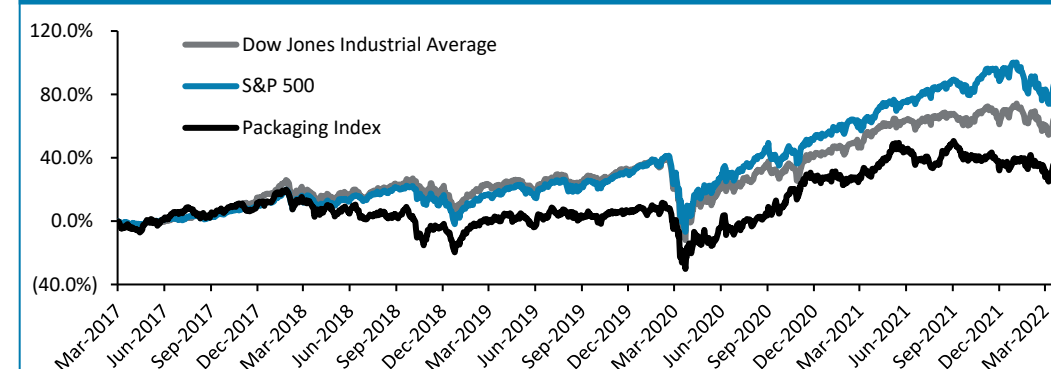
Close Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Pending	Neenah, Inc.	Schweitzer-Mauduit International, Inc. (NYSE:SWM)	\$1,169.3	9.9x
Pending	Scholle IPN Corporation	SIG Group AG (SWX:SIGN)	\$1,641.8	18.2x
February 2022	Midwest Paper Group	Durango McKinley Paper Company	\$4,200.0	N/A



Trading metrics ⁽²⁾

Sector	Median Enterprise Value (MM)	Last Twelve Months		NTM
		EV/Revenue	EV/EBITDA	EV/EBITDA
Plastic	\$9,163.5	1.7x	11.1x	9.0x
Diversified Packaging	7,830.9	1.3	10.3	8.9
Paper and Paperboard	8,361.8	1.1	8.6	6.3
Metal and Glass	21,650.9	1.8	16.8	9.8
Packaging Index	\$8,762.7	1.5x	10.7x	8.9x

Index performance ⁽³⁾



Comparable public companies

Plastic and diversified packaging companies⁽¹⁾

Company (Ticker)	% of 52 Week High	LTM Revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA Margin	Enterprise Value (EV)	Last Twelve Months		NTM
							EV/ Revenue	EV/ EBITDA	EV/ EBITDA
<i>(\$ in Millions)</i>									
Plastic									
Amtcor plc (ASX:AMC)	85.5%	\$14,089.0	15.0%	\$2,154.0	15.3%	\$23,937.8	1.7x	11.1x	11.6x
Avery Dennison Corporation (NYSE:AVY)	75.9	8,408.3	5.5	1,261.8	15.0	17,428.9	2.1	13.8	12.0
Berry Global Group, Inc. (NYSE:BERY)	77.6	14,287.0	21.0	2,140.0	15.0	17,629.0	1.2	8.2	7.7
Brady Corporation (NYSE:BRC)	74.9	1,241.2	1.9	205.8	16.6	2,360.3	1.9	11.5	9.7
CCL Industries Inc. (TSX:CCL.B)	75.0	4,530.1	3.6	891.3	19.7	9,163.5	2.0	10.3	9.0
Intertape Polymer Group Inc. (TSX:ITP)	100.0	1,531.5	13.3	213.0	13.9	2,436.4	1.6	11.4	8.8
Winpak Ltd. (TSX:WPK)	84.5	1,053.2	5.7	199.0	18.9	1,662.7	1.6	8.4	8.1
Median	77.6%				15.3%		1.7x	11.1x	9.0x
Mean	81.9%				16.3%		1.7x	10.7x	9.6x
Diversified Packaging									
DS Smith Plc (LSE:SMDS)	69.1%	\$8,826.0	2.8%	\$1,009.1	11.4%	\$8,029.3	0.9x	8.0x	6.2x
Greif, Inc. (NYSE:GEF)	90.4	5,973.9	15.6	824.1	13.8	5,685.5	1.0	6.9	6.4
Huhtamäki Oyj (HLSE:HUH1V)	68.8	4,246.3	6.3	526.0	12.4	5,439.3	1.3	10.3	8.9
Orora Limited (ASX:ORA)	94.8	2,699.4	(0.5)	241.0	8.9	2,872.6	1.1	11.9	9.8
Sealed Air Corporation (NYSE:SEE)	94.7	5,684.3	6.4	1,120.5	19.7	13,133.5	2.3	11.7	10.4
Silgan Holdings Inc. (NasdaqGS:SLGN)	98.4	5,880.9	9.6	862.3	14.7	8,507.5	1.4	9.9	8.8
Sonoco Products Company (NYSE:SON)	89.6	6,008.1	3.4	193.4	3.5	7,830.9	1.4	40.5	9.1
Median	90.4%				12.4%		1.3x	10.3x	8.9x
Mean	86.5%				12.1%		1.3x	14.2x	8.5x

Comparable public companies (Cont.)

Paper and paperboard, and metal and glass companies⁽¹⁾

Company (Ticker)	% of 52 Week High	LTM Revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA Margin	Enterprise Value (EV)	Last Twelve Months		NTM
							EV/Revenue	EV/EBITDA	EV/EBITDA
<i>(\$ in Millions)</i>									
Paper and Paperboard									
Cascades Inc. (TSX:CAS)	77.9%	\$3,126.1	(5.2)%	\$249.7	8.0%	\$2,155.2	0.7x	8.6x	5.5x
Clearwater Paper Corporation (NYSE:CLW)	62.7	1,834.9	2.3	172.4	9.4	1,140.7	0.6	6.6	5.4
Empresas CMPC S.A. (SNSE:CMPC)	61.3	6,323.0	0.3	1,317.0	20.8	8,361.8	1.3	6.3	4.8
Graphic Packaging Holding Company (NYSE:GPK)	92.1	7,752.0	8.6	1,152.0	14.9	12,044.4	1.6	10.5	7.8
International Paper Company (NYSE:IP)	70.7	20,007.0	(5.0)	2,830.0	14.1	21,708.1	1.1	7.7	6.3
Mayr-Melnhof Karton AG (WBAG:MMK)	83.5	3,875.6	13.5	470.2	12.1	4,765.3	1.2	10.1	8.4
Nampak Limited (JSE:NPK)	75.9	930.4	(4.4)	100.5	10.8	533.6	0.6	5.3	0.0
Neenah, Inc. (NYSE:NP)	69.3	1,086.3	2.5	104.5	9.6	1,123.6	1.0	10.8	7.6
Packaging Corporation of America (NYSE:PKG)	98.5	8,059.5	4.5	1,845.5	22.9	16,493.9	2.0	8.9	8.5
Glatfelter Corporation (NYSE:GLT)	66.1	1,240.7	12.0	68.0	5.5	1,253.0	1.0	18.4	6.8
Sappi Limited (JSE:SAP)	99.5	5,799.0	(0.5)	644.0	11.1	4,280.3	0.7	6.6	5.1
Smurfit Kappa Group Plc (ISE:SK3)	80.2	11,494.4	4.2	1,725.2	15.0	14,838.5	1.3	8.6	6.3
Stora Enso Oyj (HLSE:STERV)	93.4	11,870.7	0.5	2,014.0	17.0	18,286.1	1.5	9.1	7.3
Svenska Cellulosa Aktiebolaget SCA (publ) (OM:SCA B)	97.6	2,290.2	0.4	883.4	38.6	14,762.0	6.4	16.7	12.8
WestRock Company (NYSE:WRK)	75.8	20,241.1	5.3	3,135.6	15.5	21,049.8	1.0	6.7	5.7
Median	77.9%				14.1%		1.1x	8.6x	6.3x
Mean	80.3%				15.0%		1.5x	9.4x	6.6x
Metal and Glass									
Ball Corporation (NYSE:BLL)	91.8%	\$14,402.0	7.4%	\$2,172.0	15.1%	\$36,561.1	2.5x	16.8x	12.9x
Crown Holdings, Inc. (NYSE:CCK)	95.9	11,992.0	0.8	298.0	2.5	21,650.9	1.8	72.7	9.8
O-I Glass, Inc. (NYSE:OI)	67.7	6,549.0	(1.1)	1,058.0	16.2	6,381.0	1.0	6.0	5.6
Median	91.8%				15.1%		1.8x	16.8x	9.8x
Mean	85.1%				11.2%		1.8x	31.8x	9.4x

Appendix

Sources Cited

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1. Global & Regional League Tables 2021.
 1. [Mergermarket](#). Accessed May 5, 2022. Data as of December 31, 2021.

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1. Relevant transactions announced in Q1, 2022.
 - a. [S&P Capital IQ](#). Accessed May 5, 2022. Data as of March 31, 2022.

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2. Trading Metrics set in Q1, 2022.
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3. Index Performance set in Q1, 2022.
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4. Sector trends.
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1. Select public comparables set in Q1, 2022.
 - a. [S&P Capital IQ](#). Accessed May 5, 2022. Data as of March 31, 2022.

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