

# PEAKSTONE

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## **Packaging M&A Update**

### **September 2015**

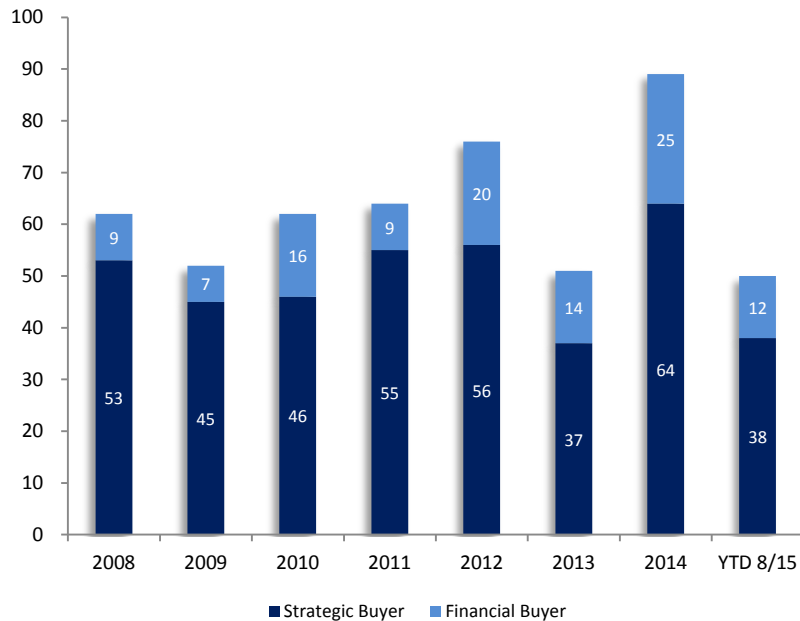
# Packaging M&A Update

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- Packaging M&A continues to see strong activity. Year-to-date 2015 transaction volume of 50 deals is just below pace of 2014 record levels.
- For the year-to-date 2015 period, strategic buyers accounted for 76% of the packaging M&A transactions with financial buyers making up the difference. During 2014, strategic buyers accounted for approximately 72% of the transactions.
- Peakstone equally weighted packaging index continues to outperform the S&P 500.
- Notable publicly announced 2015 transactions:
  - WestRock Company acquired SP Fiber for approximately \$290 million.
  - KapStone acquired Victory Packaging for \$640 million.
  - Jarden Corp. acquired WNA for approximately \$1.4 billion.
  - WestRock Company acquired MeadWestvaco Corporation for approximately \$11.6 billion.

# Packaging – M&A Market Overview

U.S. Packaging Transactions by Buyer Type

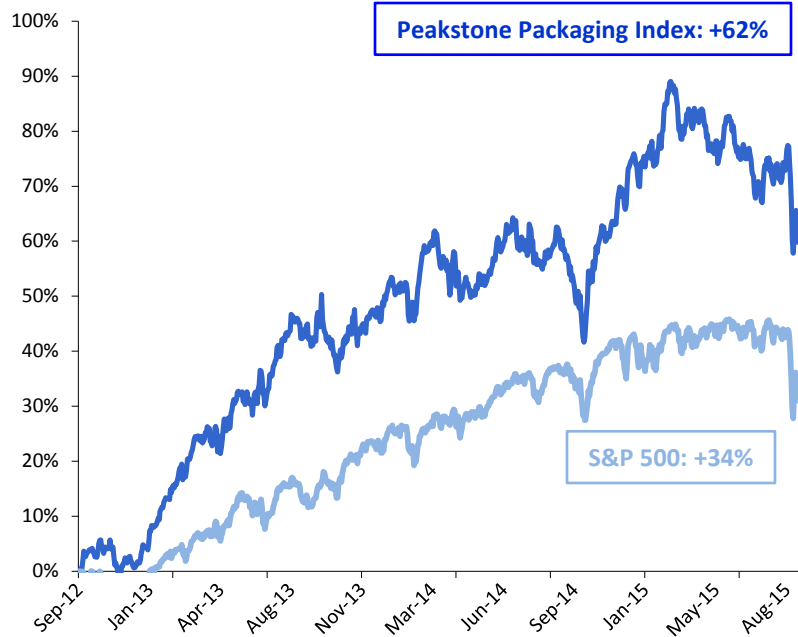


- Packaging M&A continues to see strong activity.
- Year-to-date 2015 transaction volume of 50 deals is just below pace of 2014 record levels.
- Strategic buyers continue to be the most active group of buyers.
- Many larger strategic players are seeking consolidation opportunities.
- Strategic buyers are often buying at higher multiples than financial buyers.

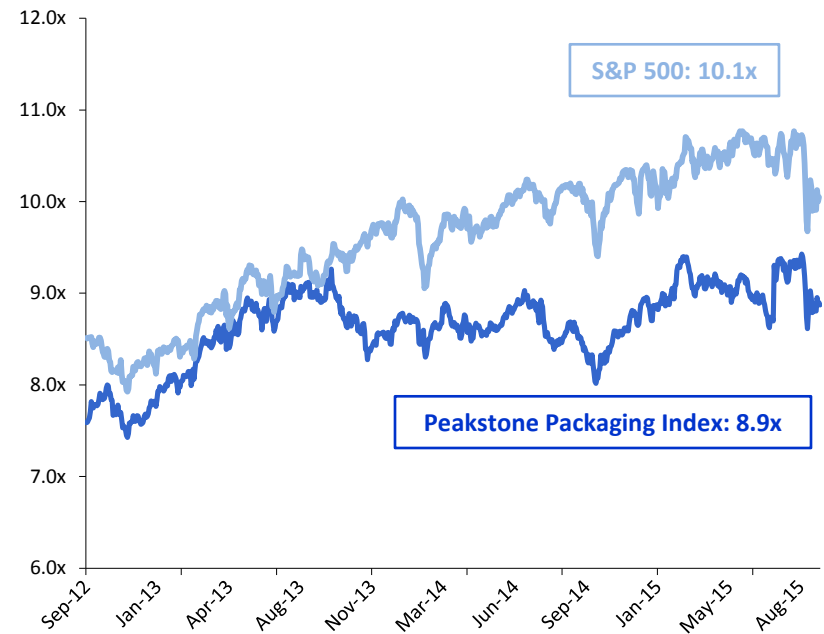
# Peakstone Packaging Index - Trading Statistics

The packaging stock index has outperformed the S&P 500 over the last 3 years, while valuation trends have continued to increase with the broader market

Relative Stock Performance <sup>(1)</sup>



Comparable Valuation Trends – Enterprise Value/EBITDA



**Peakstone Packaging Index:** AEPI, AVY, BMS, BERY, CAS, CCK, GPK, GEF, HUH1V, IP, KS, PKG, SON, WRK, WPK

<sup>(1)</sup> Equally weighted

## Selected Public Trading Comparables

### Peakstone Packaging Index

| Company Name                     | Market Cap | Enterprise Value | Enterprise Value/ |             |                |              | Forward P/E Ratio | Gross Margin % | EBITDA Margin % |
|----------------------------------|------------|------------------|-------------------|-------------|----------------|--------------|-------------------|----------------|-----------------|
|                                  |            |                  | Revenue           | EBITDA      | EBITDA - CapEx | EBIT         |                   |                |                 |
| International Paper Company      | \$17,336   | \$27,862         | 1.2x              | 7.4x        | 11.4x          | 11.7x        | 10.7x             | 31.2%          | 16.6%           |
| WestRock Company                 | \$15,601   | \$18,216         | 1.8x              | 11.2x       | 16.4x          | 17.7x        | 16.3x             | 19.9%          | 16.0%           |
| Crown Holdings Inc.              | \$6,746    | \$12,621         | 1.4x              | 10.4x       | 13.7x          | 12.7x        | 12.6x             | 17.8%          | 13.5%           |
| Packaging Corporation of America | \$6,433    | \$8,645          | 1.5x              | 8.0x        | 13.1x          | 11.6x        | 13.4x             | 20.7%          | 18.5%           |
| Berry Plastics Group, Inc.       | \$3,629    | \$7,291          | 1.5x              | 9.5x        | 12.2x          | 17.9x        | 16.8x             | 16.9%          | 15.4%           |
| Graphic Packaging Holding Co.    | \$4,569    | \$6,567          | 1.6x              | 9.2x        | 13.2x          | 14.8x        | 17.8x             | 18.8%          | 17.4%           |
| Avery Dennison Corp.             | \$5,366    | \$6,254          | 1.0x              | 9.1x        | 11.3x          | 11.9x        | 16.4x             | 26.8%          | 11.1%           |
| Bemis Company, Inc.              | \$4,053    | \$5,349          | 1.3x              | 9.3x        | 14.8x          | 12.7x        | 15.8x             | 20.6%          | 13.6%           |
| Sonoco Products Co.              | \$4,008    | \$5,085          | 1.0x              | 8.4x        | 12.1x          | 12.7x        | 14.9x             | 18.5%          | 11.9%           |
| Huhtamaki Oyj                    | \$3,226    | \$3,983          | 1.4x              | 12.9x       | 27.3x          | 19.7x        | 16.4x             | 16.3%          | 10.9%           |
| KapStone Paper & Packaging Corp. | \$1,872    | \$3,520          | 1.5x              | 8.4x        | 12.0x          | 12.6x        | 10.3x             | 32.0%          | 17.6%           |
| Greif, Inc.                      | \$1,924    | \$3,139          | 0.8x              | 7.4x        | 13.5x          | 11.0x        | 15.6x             | 18.8%          | 11.2%           |
| Cascades, Inc.                   | \$618      | \$1,980          | 0.7x              | 7.2x        | 15.3x          | 14.0x        | 7.8x              | 14.3%          | 9.6%            |
| Winpak Ltd.                      | \$1,897    | \$1,737          | 2.3x              | 10.8x       | 14.0x          | 13.3x        | 16.9x             | 30.9%          | 21.7%           |
| AEP Industries Inc.              | \$289      | \$494            | 0.4x              | 6.4x        | 7.9x           | 10.8x        | N/A               | 14.0%          | 6.5%            |
| <b>Median</b>                    |            |                  | <b>1.4x</b>       | <b>9.1x</b> | <b>13.2x</b>   | <b>12.7x</b> | <b>15.7x</b>      | <b>18.8%</b>   | <b>13.6%</b>    |

As of September 15, 2015

Source: Capital IQ

## Selected Precedent M&A Transactions

| Date     | Target                     | Buyers/Investors   | Size (\$mm)            | EV/ EBITDA | Target Business Description  |
|----------|----------------------------|--|------------------------|------------|--|
| 9/1/15   | Ultra Flex Packaging Corp. | Transcontinental Inc. (TSX:TCLA)                                 | \$80                   | 6.7x       | Ultra Flex Packaging Corp. provides flexible packaging solutions. The company offers custom ploy bags, pouches, packets, and multi layer rollstock. It serves customers in coffee, bakery, snack foods, confectionary, dry mixes and powders, industrial, tobacco products, liquids and condiments, consumer goods, and textile markets worldwide.   |
| 8/11/15  | SP Fiber Holdings, Inc.    | WestRock Company (NYSE:WRK)                                      | \$289                  | N/A        | SP Fiber Holdings, Inc. produces recycled containerboard, kraft, and bag paper for end use in consumer and corrugated packaging.   |
| 7/23/15  | Ampac Holdings, LLC        | Prolamina Corporation  | Non Public Information |            | Ampac Holdings, LLC manufactures and supplies flexible packaging solutions, retail shopping bags, and security bags. Its flexible packaging solutions include coextruded films, laminated films, shaped pouches, stand-up pouches, paper shopping bags, plastic shopping bags, merchandise bags, lawn and leaf bags, deposit bags, vault bundle bags, coin bags, evidence bags, and pharmaceutical distribution bags. The company was founded in 1966 and is headquartered in Cincinnati, Ohio with manufacturing centers in North America, Europe, and Asia.              |
| 7/13/15  | WNA, Inc.                  | Jarden Corp. (NYSE:JAH)  | \$1,350                | N/A        | WNA, Inc. designs, manufactures, and markets plastic single-use tableware and packaging products. It offers single-use drinkware, dinnerware, servingware, cutlery, and custom packaging products. The company also provides products in various categories, such as cocktail plates, cutlery, deli containers, dessertware, lids, souvenir cups and serving bowls. WNA, Inc. was founded in 2000 and is based in Covington, Kentucky. It has manufacturing sites in North America.  |
| 5/5/15   | Victory Packaging, LP      | KapStone Kraft Paper Corporation; KapStone Charleston Kraft, LLC | \$640                  | 11.6x      | Victory Packaging, LP designs, manufactures, and delivers packaging solutions. The company offers packaging solutions for appliance dollies, cargo control products, furniture pads and padded covers, hand trucks, hardwood dollies, mattress moving equipment, office and installation carts, office and installation necessities, panel carts, plastic commercial crates, and ramps and dock plates. It also provides logistics solutions. The company is based in Houston, Texas with warehouses and distribution facilities in the United States, Canada, and Mexico. |
| 1/26/15  | MeadWestvaco Corporation   | WestRock Company (NYSE:WRK)                                      | \$11,638               | 11.5x      | MeadWestvaco Corporation provides packaging solutions to the healthcare, beauty and personal care, food, beverage, home and garden, tobacco, and agricultural industries worldwide. MeadWestvaco Corporation sells its products through sales force, and paperboard merchants and distributors. The company was founded in 1888 and is headquartered in Richmond, Virginia.  |
| 11/10/14 | Packaging Dynamics Corp.   | Hillex Poly Co. LLC (nka: NOVOLEX)                               | Non Public Information |            | Packaging Dynamics Corporation manufactures flexible packaging solutions. The company converts paper, film, and foil into various specialty food packaging products, including specialty bags, sheets, and wraps; interfolded tissues; and pan liners; It also provides printing, waxing, lamination, wax sheeting solutions; and paper bags   |
| 11/4/14  | PPC Industries, Inc.       | Kohlberg & Company   | Non Public Information |            | PPC Industries, Inc. designs and manufactures flexible packaging products. It extrudes and converts plastic films, bags, and tubing products. The company also provides medical tubing, medical packaging and components, bags/bags on a roll, barrier packaging, and controlled-atmosphere bags, as well as produce packaging, including films and bags.  |

Source: Capital IQ

## Selected Precedent M&A Transactions (continued)

| Date     | Target  | Buyers/Investors                     | Size (\$mm) | EV/ EBITDA             | Target Business Description   |
|----------|---|--------------------------------------|-------------|------------------------|---|
| 9/29/14  | Bates Container LLC                           | Smurfit Kappa Group plc              | \$158       | N/A                    | Bates Container LLC manufactures and supplies corrugated boxes and die-cuts in the United States. It also offers shipping and packaging supplies, such as poly bags and sheets, stretch wraps, tape and corner protectors, tape and stretch wrap equipment, chipboard pads, cold chain packaging products, and other non-corrugated items.  |
| 8/21/14  | Coroplast, Inc.                               | Interplast Group, Ltd.               |             | Non Public Information | Coroplast, Inc. manufactures corrugated plastic sheets for signs and re-usable packaging applications in North America. It serves graphic arts, packaging, agriculture, automotive, and industrial markets.   |
| 8/13/14  | Ranpak Corporation                            | Rhone Capital                        |             | Non Public Information | Ranpak Corporation produces and supplies paper packaging materials and systems. It offers a range of packaging materials for void fill, cushioning, blocking and bracing, and wrapping applications.  |
| 7/8/14   | Positive Packaging Industries                 | Huhtamaki                            | \$336       | N/A                    | Positive Packaging Industries Limited provides printed and laminated barrier-grade flexible packaging materials in India, Nigeria, and the United Arab Emirates. It manufactures multilayer barrier grade unprinted/printed films, laminates, and pouches for flexible packaging, and PVC and PVDC coated films for pharmaceutical packaging applications.  |
| 6/19/14  | SPG Holdings LLC                              | Georgia-Pacific Consumer Products LP |             | Non Public Information | SPG Holdings LLC manufactures and markets specialty paper products for the restaurant and foodservice distribution industries. The company offers napkins, sandwich wraps, carryout bags, and deli paper.   |
| 6/17/14  | Duro Bag Manufacturing Co. Inc.               | Hillex Poly Co. LLC (nka: NOVOLEX)   |             | Non Public Information | Duro Bag Manufacturing Co. Inc. manufactures, prints, and distributes paper bags in North America. It offers grocery bags, grocery sacks, handle bags, merchandise bags, and paper lawn and leaf bags; various specialty bags, including lunch bags, pharmacy bags, liquor bags, bread bags, food service bags, and more; advertising and heavy duty grocery bags; and machine-made paper shopping bags for retail, resale, restaurant/food service, and medical/pharmaceutical applications. |
| 5/1/14   | Pretium Packaging, LLC                        | Genstar Capital, LLC                 | \$498       | 15.2x                  | Pretium Packaging, LLC designs, manufactures, and sells rigid plastic bottles and containers for food, personal care, household products, healthcare, and pharmaceutical end markets in the United States and Canada.   |
| 4/22/14  | Pregis Corporation                            | Olympus Partners                     |             | Non Public Information | Pregis Corporation engages in the manufacture, marketing, and supply of protective and specialty packaging solutions. The company operates in two segments, Protective Packaging and Specialty Packaging. The Protective Packaging segment manufactures, markets, sells, and distributes protective packaging products.   |
| 4/14/14  | PAC Paper, Inc.                               | Packaging Dynamics Corporation       |             | Non Public Information | PAC Paper, Inc. manufactures paper products for food service, food processing and agricultural packaging, industrial packaging, and contract converting and printing grade markets. It serves national grocery chains, coffee vendors, food processors, agricultural packaging companies, and industrial manufacturers.   |
| 3/3/14   | Simpson Tacoma Kraft Company, LLC             | Rock-Tenn Company (NYSE:RKT)         | \$343       | 6.0x                   | Simpson Tacoma Kraft Company, LLC manufactures bleached and unbleached kraft pulp and linerboard. It recycles waste paper and boxes to produce packaging paper.   |
| 2/13/14  | Bemis Company, Inc., Paper Packaging Division | Hood Packaging Corporation           |             | Non Public Information | Bemis Company, Inc. manufactures and sells packaging products and pressure sensitive materials in North America, Latin America, Europe, and the Asia-Pacific. The company operates in three segments: U.S. Packaging, Global Packaging, and Pressure Sensitive Materials.   |
| 11/19/13 | Multi Packaging Solutions, Inc.               | Chesapeake Limited                   |             | Non Public Information | Multi Packaging Solutions, Inc. provides print, packaging, and label solutions for healthcare, entertainment, consumer, beverage, cosmetics, and media end markets worldwide.   |

Source: Capital IQ

## Selected Precedent M&A Transactions (continued)

| Date     | Target   | Buyers/Investors   | Size (\$mm)            | EV/ EBITDA | Target Business Description   |
|----------|--|--|------------------------|------------|---|
| 9/16/13  | Boise Inc. (NYSE:BZ)   | Packaging Corporation of America (NYSE:PKG)  | \$2,066                | 6.8x       | Boise Inc., together with its subsidiaries, engages in the manufacture and sale of packaging and paper products in the United States, Europe, Mexico, and Canada.   |
| 9/10/13  | Graphic Management Specialty Products, Inc.  | Hoffmaster Group, Inc.   | Non Public Information |            | GMSP provides a full range of commercial print and contract manufacturing services, including pizza labels, placemats, napkins, tray covers, placemats  |
| 7/8/13   | Multi Packaging Solutions, Inc.  | Madison Dearborn Partners, LLC   | Non Public Information |            | Multi Packaging Solutions, Inc. provides print, packaging, and label solutions for healthcare, entertainment, consumer, beverage, cosmetics, and media end markets worldwide.   |
| 6/10/13  | Longview Fibre Paper and Packaging, Inc.   | KapStone Kraft Paper Corporation   | \$1,508                | 10.5x      | Longview Fibre Paper and Packaging, Inc. manufactures and supplies kraft papers, containerboards, and corrugated boxes to customers in the United States and internationally.   |
| 5/2/13   | Exopack Holdings   | Britton Group and PACCOR International GmbH and Kobusch UK Ltd and Paragon Print and Packaging Ltd | Non Public Information |            | Britton Group Limited manufactures plain, printed, and converted polyethylene films. PACCOR International GmbH manufactures and markets rigid packaging solutions for food and non-food applications including plastic and paper cups, containers, lids, trays, and mono and coextruded sheets. Kobusch UK Ltd. manufactures and supplies thermoformed plastic packaging products for the food industry in Europe. Paragon Print and Packaging Limited manufactures food packaging and non-food packaging products. |
| 4/15/13  | Caraustar Industries, Inc.   | H.I.G. Capital, LLC  | \$519                  | 5.8x       | Caraustar Industries, Inc. manufactures and markets recycled paperboard and converted paperboard products to customers in various industries in North America.  |
| 3/21/13  | Wausau Paper Corp., Specialty Paper Business (nka:Expera Specialty Solutions, LLC) | KPS Capital Partners   | Non Public Information |            | Expera Specialty Solutions, LLC manufactures specialty paper products for the food packaging, industrial, and pressure-sensitive release liner segments. The company was founded in 2013 and is based in Wisconsin. Expera Specialty Solutions, LLC is a former subsidiary of Wausau Paper Corp.  |
| 1/14/13  | Saint-Gobain Containers, Inc.  | Ardagh Group S.A.  | \$1,694                | 6.5x       | Saint-Gobain Containers, Inc. designs and manufactures glass bottles and jars for wine, beer, beverage, spirit, and food container markets in the United States. It provides food jars and bottles, glass spirits bottles, glass wine bottles, and glass beer bottles.  |
| 12/3/12  | Ropak Corporation  | BWAY Corporation   | \$265                  | N/A        | Ropak Corporation engages in the design, manufacture, and marketing of rigid plastic shipping containers and packaging solutions for consumer food, consumer non-food, food service, construction, dairy, fishing, hazardous materials, and petroleum markets in the United States, Canada, Mexico, and Europe.   |
| 11/30/12 | De Luxe Group Inc.   | Packaging Dynamics Corporation   | \$107                  | N/A        | De Luxe Group Inc. engages in manufacturing and converting paper, foil, and plastic packaging products in Canada and the United States.   |
| 11/26/12 | Eco-Products, Inc.   | WNA, Inc.  | Non Public Information |            | Eco-Products, Inc., a food service supplier, manufactures foodservice packaging and paper products made from renewable resources and recycled content. It offers hot and cold cups, paper food containers, plates and bowls, utensils, lids, and other stuff; and custom printed products.  |
| 11/16/12 | Contego Packaging Holdings Limited   | Graphic Packaging Holding Company (NYSE:GPK)   | \$128                  | 6.6x       | Contego Packaging Holdings Limited manufactures and markets paperboard and plastics packaging products for the healthcare, and food and consumer markets.   |
| 10/3/12  | WNA, Inc.  | Olympus Partners   | Non Public Information |            | WNA, Inc. designs and manufactures plastic disposable tableware and packaging products. It offers dinnerware, servingware, drinkware, stemware, cutlery, miniware, plates, wine glasses, and other products for the food service industry, as well as retail packaging solutions, such as private label and custom design packaging solutions.  |

Source: Capital IQ



## Selected Precedent M&A Transactions (continued)

| Date     | Target                             | Buyers/Investors                            | Size (\$mm)            | EV/EBITDA | Target Business Description   |
|----------|------------------------------------|---|------------------------|-----------|---|
| 10/2/12  | BWAY Parent Company, Inc.          | Platinum Equity, LLC                        | \$2,051                | 13.1x     | BWAY Parent Company, Inc., through its subsidiaries, engages in the manufacture and distribution of metal and rigid plastic containers that are used primarily by the manufacturers of industrial and consumer products for packaging. The company operates in two segments, Metal Packaging and Plastic Packaging.   |
| 9/24/12  | Orange County Container Group LLC  | Smurfit Kappa Group plc (ISE:SK3)           | \$340                  | N/A       | Orange County Container Group LLC manufactures industrial point-of-purchase paperboard and paper-based packaging solutions. It offers recycled containerboard and graphics corrugated containers, folding carton containers, and point-of-purchase displays.  |
| 6/25/12  | Mid South Packaging, LLC           | Rock-Tenn Company (NYSE:RKT)                | \$33                   | N/A       | As of June 25, 2012, Mid South Packaging, LLC was acquired by Rock-Tenn Co. Mid South Packaging, LLC engages in designs and manufactures packaging solutions.   |
| 5/30/12  | Consolidated Container Company LLC | Bain Capital Private Equity                 | \$800                  | N/A       | Consolidated Container Company LLC develops and manufactures rigid plastic packaging solutions. It offers packaging solutions of various plastic materials, and serves dairy, water, beverage, food, household chemical, specialty chemical, automotive, juice, and distributor industries.   |
| 4/4/12   | The Mason Box Company, Inc.        | International Packaging Corporation         | Non Public Information |           | The Mason Box Company, Inc. manufactures rigid mailing boxes. The company also provides boxes with PVC covers, cardboard boxes, organza pouches, paper boxes, velour boxes, and velvet boxes.   |
| 1/10/12  | Colorado Container Corporation     | Packaging Corporation of America (NYSE:PKG) | \$22                   | N/A       | Colorado Container Corporation designs and manufactures standard and customized corrugated packaging and display products.  |
| 10/27/11 | GMI Group                          | Rock-Tenn Company (NYSE:RKT)                | \$86                   | N/A       | GMI Group, through its subsidiaries Corpak, Inc., Foil Laminating, Inc. and Varipak, Inc., manufactures corrugated pizza boxes including micro flute clamshells, lids, film, and foil laminates.  |
| 10/10/11 | Tegrant Corporation                | Sonoco Products Co. (NYSE:SON)              | \$550                  | N/A       | Tegrant Corporation manufactures and markets protective, thermal, and consumer packaging products and materials. The company's business units include Protexic Brands, a manufacturer of engineered foam molded components, custom packaging, and building products; ThermoSafe Brands, that offers insulated shipping and thermal packaging solutions; and Alloyd Brands, a manufacturer of printed cards, thermoformed packaging, and sealing machines.                 |
| 10/3/11  | Hexacomb Corporation               | Boise Paper Holdings, L.L.C.                | \$125                  | 9.5x      | Hexacomb Corporation is a supplier of paper-based protective packaging and serves key industries which value product protection coupled with environmental sustainability.  |
| 9/22/11  | U.S. Corrugated Inc.               | KapStone Kraft Paper Corporation            | \$330                  | N/A       | U.S. Corrugated Inc., now KapStone Kraft Paper Corporation, manufactures corrugated packaging solutions in the eastern and midwestern U.S. It offers corrugated industrial packaging, and graphics and retail packaging solutions.  |
| 6/13/11  | Graham Packaging Company Inc.      | Reynolds Group Holdings Ltd.                | \$4,595                | 8.8x      | Graham Packaging Company Inc. designs, manufactures, and distributes custom blow molded plastic containers for consumer product companies in North America, Europe, South America, and Asia. The company's products include smooth-wall panel-less bottles, multilayer bottles, and ultra lightweight bottles. It provides plastic containers for various product categories, including food and beverage, household, personal care/specialty, and automotive lubricants. |
| 6/6/11   | Temple-Inland Inc.                 | International Paper Company (NYSE:IP)       | \$4,433                | 10.1x     | Temple-Inland Inc., through its subsidiaries, manufactures and sells corrugated packaging and building products in the United States and Mexico.  |

Source: Capital IQ

## Peakstone Select Recent Packaging Transactions



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