

PEAKSTONE

www.peakstone.com



Packaging
Industry Insight

September 2018

Upcoming Packaging Events

Event	Date	Location	Website
E-Pack*	September 18 th -19 th	Chicago, IL	ECommercePackSummit.com
Parcel Forum*	September 24 th -26 th	Shaumburg, IL	ParcelForum.com
LabelExpo*	September 25-27 th	Rosemont, IL	LabelExpo-Americas.com
PackExpo**	October 14 th -17 th	Chicago, IL	PackExpoInternational.com
Sial	October 21 st -25 th	Paris, France	SialParis.com
Global Pouch West	November 13 th -15 th	Phoenix, AZ	GlobalPouchWest.com
Automation Fair	November 14 th -15 th	Philadelphia, PA	AutomationFair.com
Contract Packaging Annual Meeting	February 20 th -24 th (2019)	Tampa, FL	ContractPackaging.org
ProFood Tech	March 26 th -28 th (2019)	Chicago, IL	ProFoodTech.org

*If you are attending E Pack, Parcel Forum, Label Expo, Pack Expo or Pro Food Tech, Peakstone would be happy to meet with you in its downtown Chicago offices.

**Additionally, Peakstone will be onsite daily at Pack Expo and would invite you to schedule a meeting there.

About Peakstone

Peakstone is an investment bank that specializes in mergers and acquisitions advisory and capital raising for middle market clients. Our team is comprised of senior investment banking professionals who have decades of experience and have executed hundreds of transactions totaling billions of dollars. For additional information, visit www.peakstone.com.

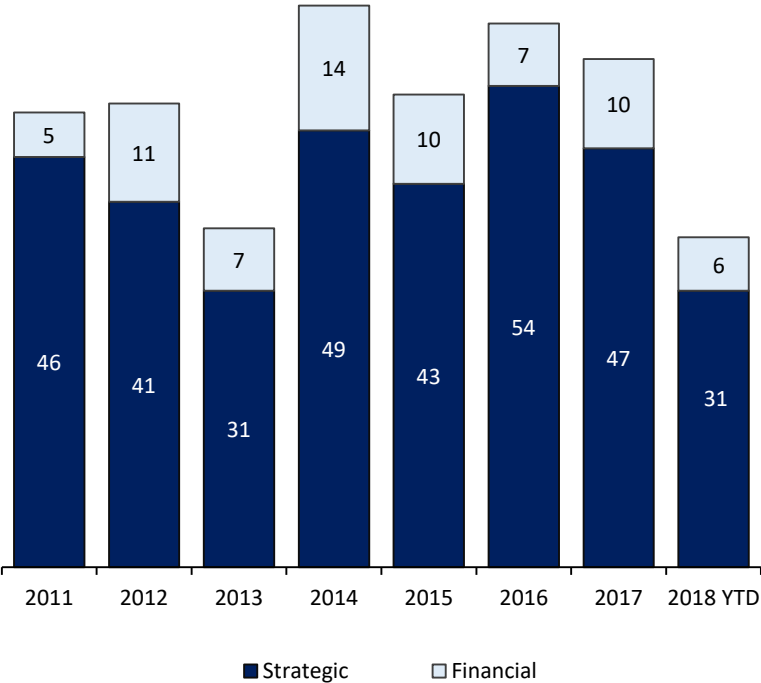
Contact

Nick Clementi
Managing Director
nclementi@peakstone.com
312-204-7300

Eric Dziejcz
Managing Director
eric@peakstone.com
312-346-7314

Packaging – M&A Market Overview

U.S. Number of Transactions by Buyer Type



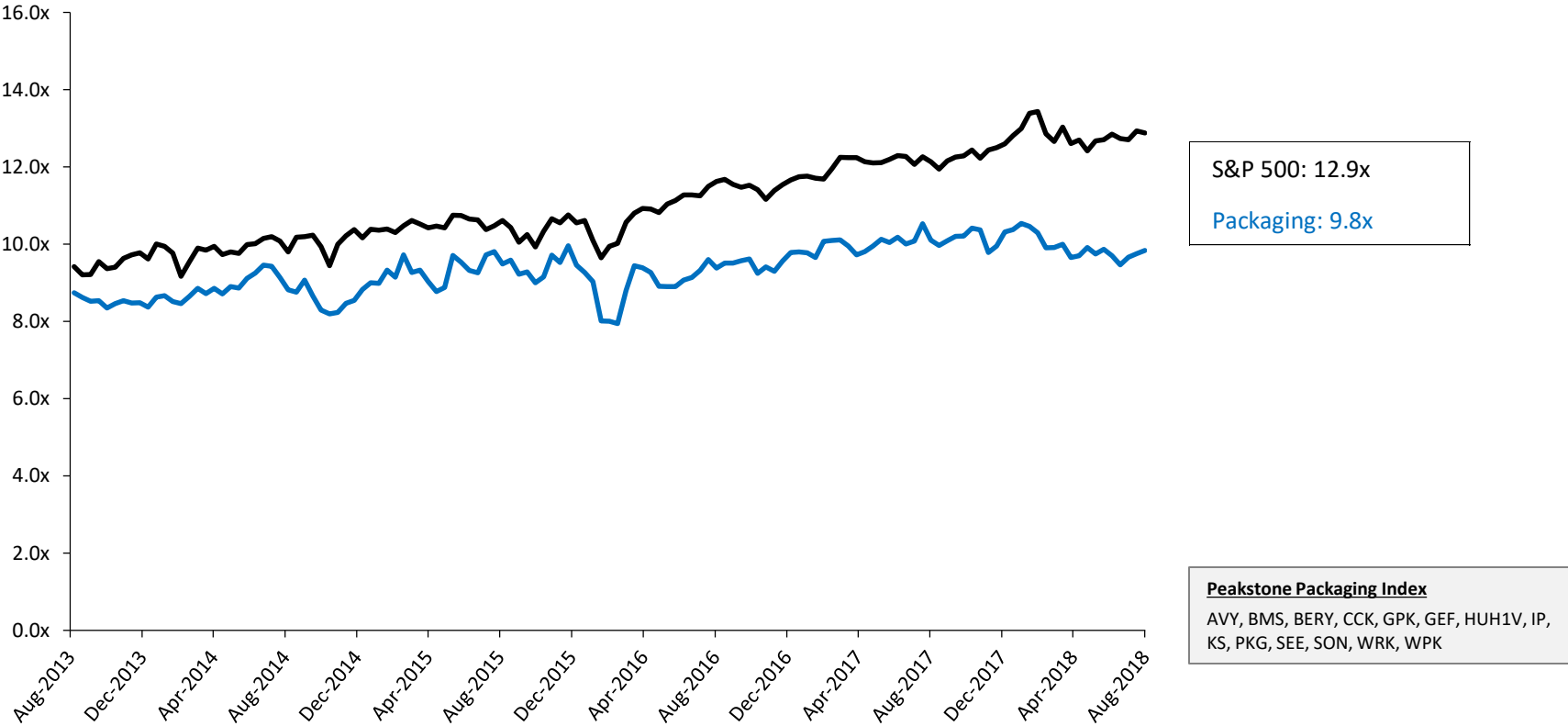
- Packaging M&A continues to see strong activity.
- 2018 YTD transaction volume of 37 is on pace with 2017 activity.
- Strategic buyers continue to be the most active group of buyers.
- Many larger strategic players are seeking consolidation opportunities.
- Strategic buyers are often buying at higher multiples than financial buyers.

Source: Capital IQ, data as of August, 2018.

Peakstone Packaging Index – Trading Statistics

The packaging stock index and valuation trends continue to increase with the broader market

Comparable Valuation Trends – Enterprise Value / EBITDA



Source: Capital IQ, data as of August, 2018.
Note: Peakstone indexes are equally weighted.

Selected Precedent M&A Transactions

Selected Packaging Transactions

Date	Target / Issuer	Buyers / Investors	Transaction Comments
08/16/2018	Paragon Label	Resource Label Group / TPG Growth	Resource Label Group, a full-service provider of pressure sensitive label, shrink sleeve and RFID/NFC technology for the packaging industry has acquired Paragon Label, a leading supplier of labeling solutions for the premium wine segment for an undisclosed amount on August 16, 2018.
08/06/2018	Bemis Company, Inc. (NYSE:BMS)	Amcort Limited (ASX:AMC)	Amcort Limited (ASX:AMC) ('Amcor') entered into a definitive agreement to acquire Bemis Company, Inc. (NYSE:BMS) ('Bemis') for \$5.3 billion on August 6, 2018.
07/18/2018	Polyair Inter Pack Inc.	Intertape Polymer Group Inc. (TSX:ITP)	Intertape Polymer Group Inc. (TSX:ITP) entered into a definitive agreement to acquire Polyair Inter Pack Inc. for approximately \$150 million on July 18, 2018.
06/21/2018	U.S. Steel Food and Aerosol Packaging Manufacturing Assets of Ball Corporation	Platinum Equity, LLC	Platinum Equity, LLC entered into a definitive agreement to acquire 51% stake in U.S. steel food and aerosol packaging manufacturing assets from Ball Corporation (NYSE:BLL) for an enterprise value of approximately \$680 million on June 21, 2018.
06/19/2018	Free-Flow Packaging International, Inc.	Pregis Corporation	Pregis Corporation entered into a definitive agreement to acquire Free-Flow Packaging International, Inc. on June 19, 2018. Free-Flow Packaging International, Inc. professionals will join the Pregis team.
06/06/2018	Poly Pak America, Inc.	Sigma Plastics Group, Inc.	Sigma Plastics Group, Inc. acquired Poly Pak America, Inc. on June 6, 2018. Poly Pak America becomes the Poly Pak Packaging division of Mercury Plastics, which is part of Sigma Plastics.
05/04/2018	The Waddington Group Inc.	Novolex Holdings, Inc.	Novolex Holdings, Inc. signed a definitive agreement to acquire The Waddington Group Inc. from Newell Brands Inc. (NYSE:NWL) for \$2.3 billion on May 4, 2018.
03/31/2018	World Wide Packaging LLC	Bain Capital Private Equity, LP	Bain Capital Private Equity, LP acquired World Wide Packaging LLC from ShoreView Industries and others in March, 2018.

Source: Capital IQ.

Growing, Stable US Packaging Industry

Industry Trends

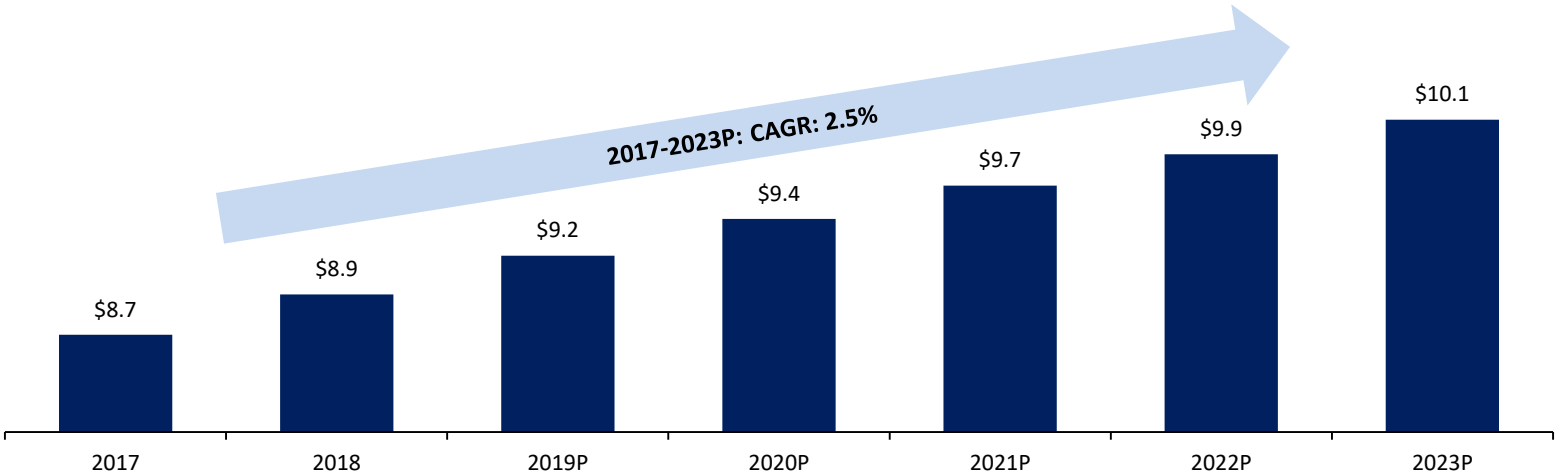
- Strong consumer spending expectations will continue to grow demand for packaging
- The increasingly competitive food and beverage space is also expected to be a source of packaging growth
- The continuing boom of e-commerce is creating a growing need for more specialized packaging and shipping packages
- Personal care products and pharmaceuticals are also sources of packaging industry growth

Industry at a Glance

Revenue \$8.9 billion	Profit \$633.8 million	Businesses 10,777 thousand
---------------------------------	----------------------------------	--------------------------------------

Businesses are increasingly turning to contract packaging and manufacturing, fueling packaging demand

Revenue (\$ in billions)



Source: IBIS World

Trends Driving Packaging

Macro Trends

- Consumer confidence is elevated and consumption remains strong
- Consumer spending is expected to remain strong and grow 2% annually through 2023
- Growth in e-commerce creates increased demand for packaging materials and specialized contract packaging
- The growing number of people over the age of 65 are expected to increase contract pharmaceutical packaging demand

Household Products

- Household products include detergents, cleaners, disinfectants, etc. and their increasing demand due to the adoption of healthier lifestyle by consumers and awareness about the benefits of cleanliness and sanitation will propel the global packaging industry
- Molded fiber is gaining increased acceptance as a more eco friendly form of packaging for consumer goods
- Rising demand for personal care products will also have a positive impact on the packing materials market growth

Source: IBIS World, Industry Research

Food & Beverage

- High growth in the global food & beverage industry will propel packaging materials demand moving forward
- The global food & beverage industry is expected to grow by a CAGR of around 4% in the next five years
- Alcoholic and non-alcoholic beverages packed in glass, metal as well as rigid plastic bottles are expected to drive demand for those materials
- The enormous size of the global food & beverage industry coupled with a steady growth rate in the next few years will be a major factor behind future packaging materials market growth

Overall Consumer Trends

- Increase in demand from healthcare, cosmetics & toiletries, food & beverages, household products, sporting goods and other agricultural products industries will drive global flexible packaging market growth
- Shift in trends towards convenient packaging due to lightweight characteristic and ease of use may propel market growth
- Compostable, biodegradable, sustainable and other eco friendly packaging are seeing increased excitement and growth

Packaging Material Trends Driven by Downstream Industries

Packaging Materials Experiencing Largest Growth

Food & Beverage



- Manufacturers are moving towards flexible packaging as it creates less waste due to lower utilization of crude materials, requires less storage room along with easy transport
- Flexible packaging accounted for over 20% of the industry revenue share in 2015
- Increasing food and beverage industry packaging demand is utilizing film for its superior barrier against moisture

Source: IBIS World, Interpack

E-Commerce



- Continued growth in e-commerce is driving growth in corrugated packaging
- As e-commerce shipments and returns continue to make up a larger percentage of consumer purchases, corrugated packaging will continue to grow
- E-commerce industry expansion particularly in emerging markets such as China and India are drivers as well

Peakstone Select Recent Packaging Transactions

M&A Advisor
PEAKSTONE

M&A Advisor
PEAKSTONE

M&A Advisor
PEAKSTONE

M&A Advisor
PEAKSTONE

M&A Advisor
PEAKSTONE

M&A Advisor
PEAKSTONE

M&A Advisor
PEAKSTONE

Project BRILLIANT

Flexible Packaging

Pending

M&A Advisor
PEAKSTONE

Peakstone Momentum

  M&A Advisor PEAKSTONE	 Strategic Investor Financial Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	   M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE
  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 Financial Advisor PEAKSTONE	  Financial Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE
  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 Financial Advisor PEAKSTONE	  M&A Advisor PEAKSTONE
  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	   M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE