



CONTAINERS & PACKAGING
SECTOR UPDATE AND M&A TRENDS
Q2 2022

ALMA.advisors

Supply chain disruptions and deteriorating macroeconomic outlook has weighed on the sector's performance

Sector overview

Macroeconomic developments

- Central banks across the globe are **shifting away from accommodating monetary policies to curb elevated inflation**, increasing recessionary fears
- The ongoing **Russian invasion of Ukraine** and the **harsh "zero-Covid" policy** implemented by the Chinese government are exacerbating global supply chain disruptions
- High oil prices and cost-push inflationary pressures are **eroding the sector's profit margins**
- Recession fears fuelled by heightened inflation and hawkish central banks together with the ongoing geopolitical tensions have frightened investors → **driving valuation multiples lower**

Containers & packaging sector trends

Covid-19

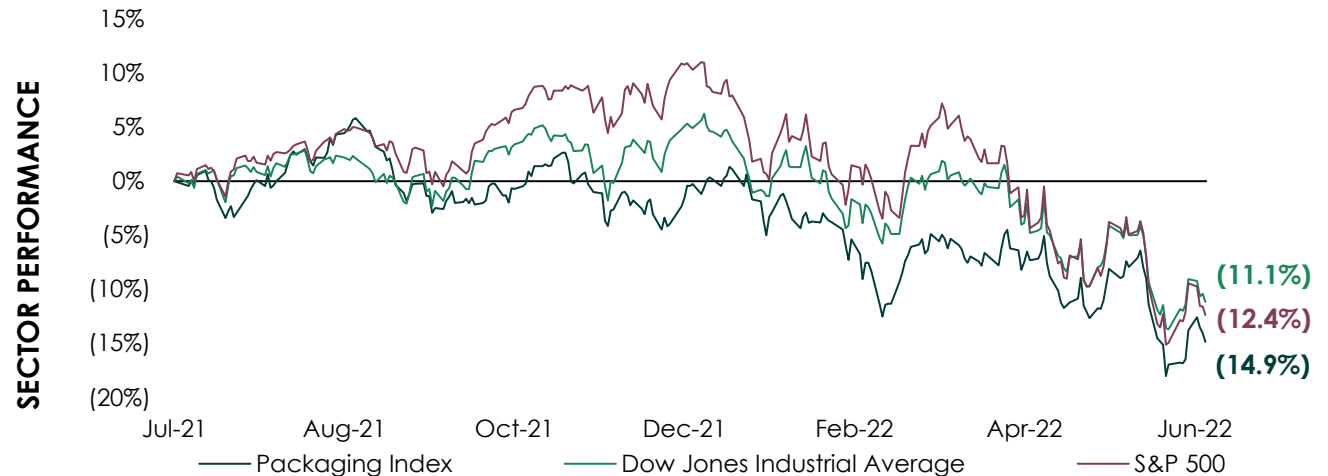
- Packaging demand grew exponentially during the pandemic, **accelerating the industry's long-term growth dynamics**
- **Consumer end market tailwinds** continue to drive demand

Supply chains bottlenecks

- Supply chain disruptions have caused an **increase in input prices and production volume constraints**
- The ongoing Russian invasion of Ukraine has intensified **global inflationary pressures**

New reality

- **Inflation pressures on manufacturing inputs are softening**
- Market is expected to **favor brands with:**
 - Eco-friendly profile
 - Secured client networks
 - Strong R&D capabilities



Containers & packaging sector has outperformed the broader market over the last six months

Sector performance



Notes: Data as of 30/06/2022
Sources: FactSet

Supply disruptions, inflation, and Euro depreciation are dragging down the sector's short-term outlook

Industry threats

Supply chain bottlenecks

- **Supply for many important industrial inputs remain constrained**; concerns over energy and food supplies are adding on market's nervousness about the outlook of the economy
- Supply chains are **edging closer to stability** as input lead times marked their lowest increase since early 2021

Elevated inflationary pressures

- The Russian invasion of Ukraine has **intensified global inflationary pressures** due to the decrease in Russian oil supply → **high energy costs are not expected to subside** even if supply normalizes, due to refinery capacity shortages
- Inflationary pressures **appear to be softening** as both input costs and output prices rose at a slower rate in June

Euro depreciation

- The Euro depreciated by about 12% since the beginning of the year, **reaching parity against the US dollar for the first time in 20 years**
- Manufacturers buying raw materials in US dollars face significant cost challenges → **margins are getting thinner**

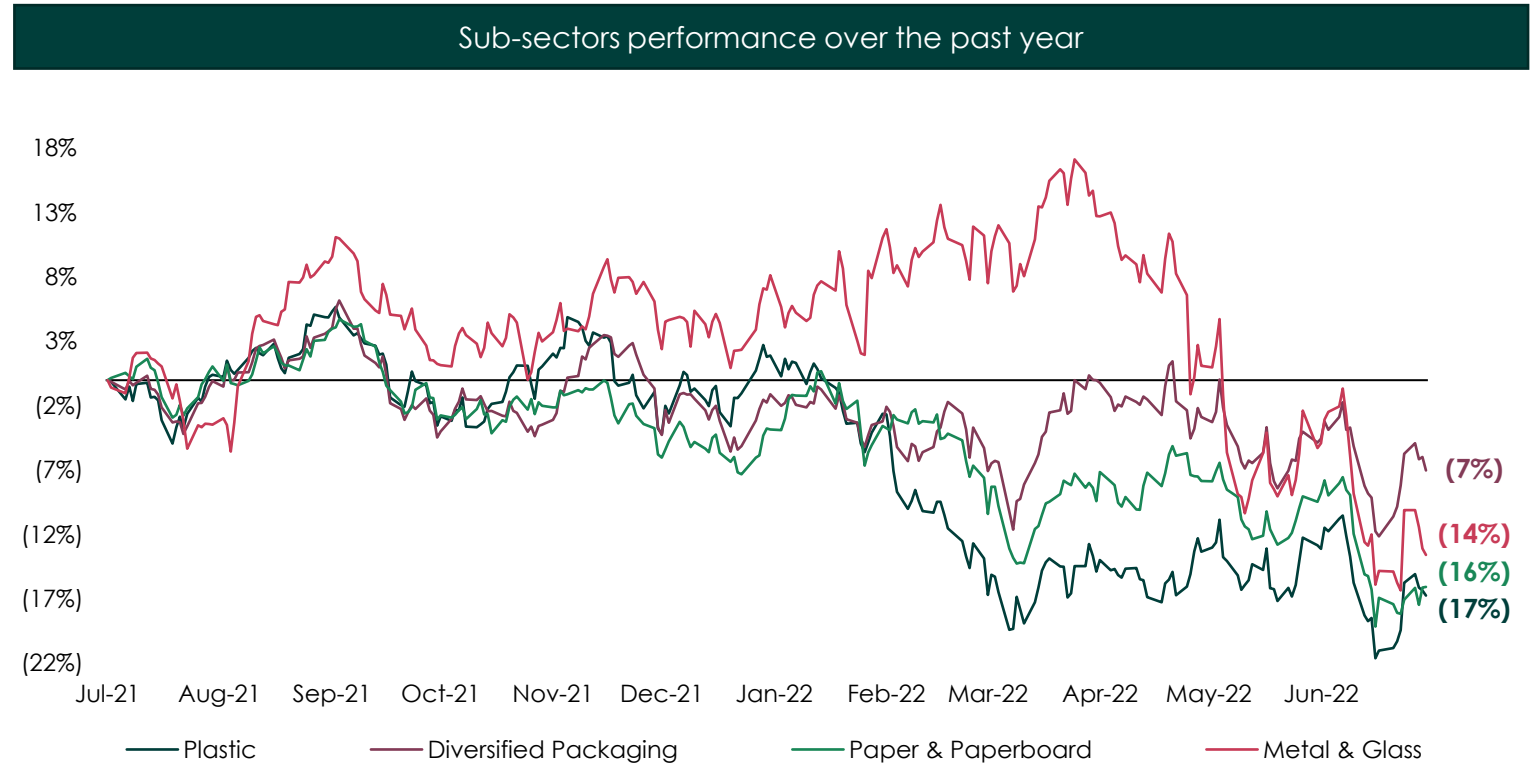
Decreasing demand

- Industry's clients are reluctant to buy at the current elevated prices → **eating-up stockpiles** and causing a **steep downturn in demand**
- Manufacturing production levels have decreased in June for the first time in two years; **falling demand has prompted companies to focus on unfilled orders**

Regulatory constraints weigh on the plastic segment; diversified packaging outperforms the rest of the sector

Publicly traded companies overview per sub-sector

- *Regulatory push against one-use plastics are dragging plastic packaging manufacturers lower, notably, from July 2021 single-use plastic plates, cutlery and straws cannot be placed in the markets of EU member states*
- *Diversified packaging has managed to record a loss of only 7% LTM, beating the rest of the sector and the broader market → diversified offerings are highly appreciated*



Data as of 30/06/2022

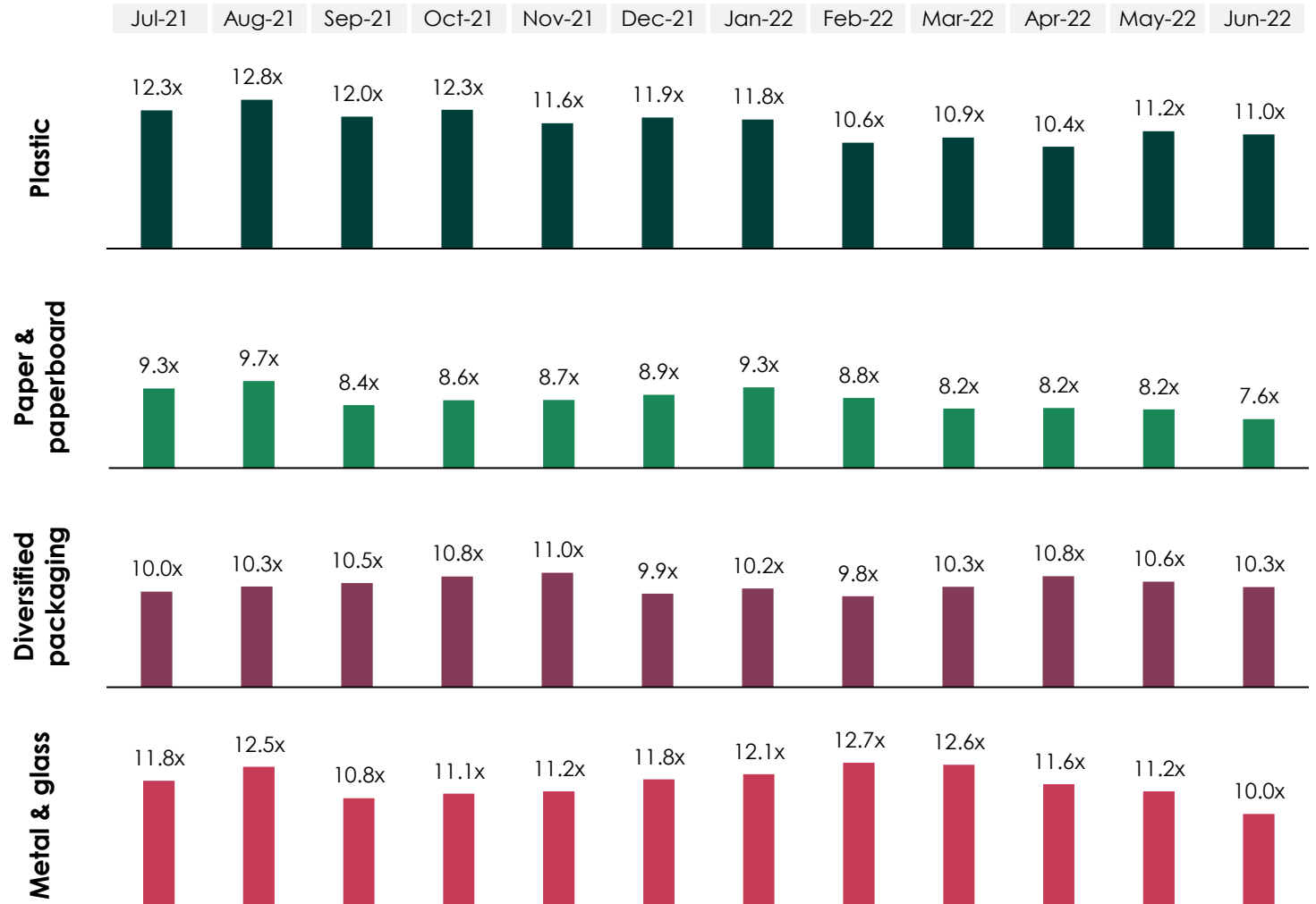
Notes: Trading comparable companies per segment were used to create four equally weighted indices

Sources: FactSet

Industry multiples have decrease over the past year as market turmoil continues

Median LTM EV/EBITDA multiples

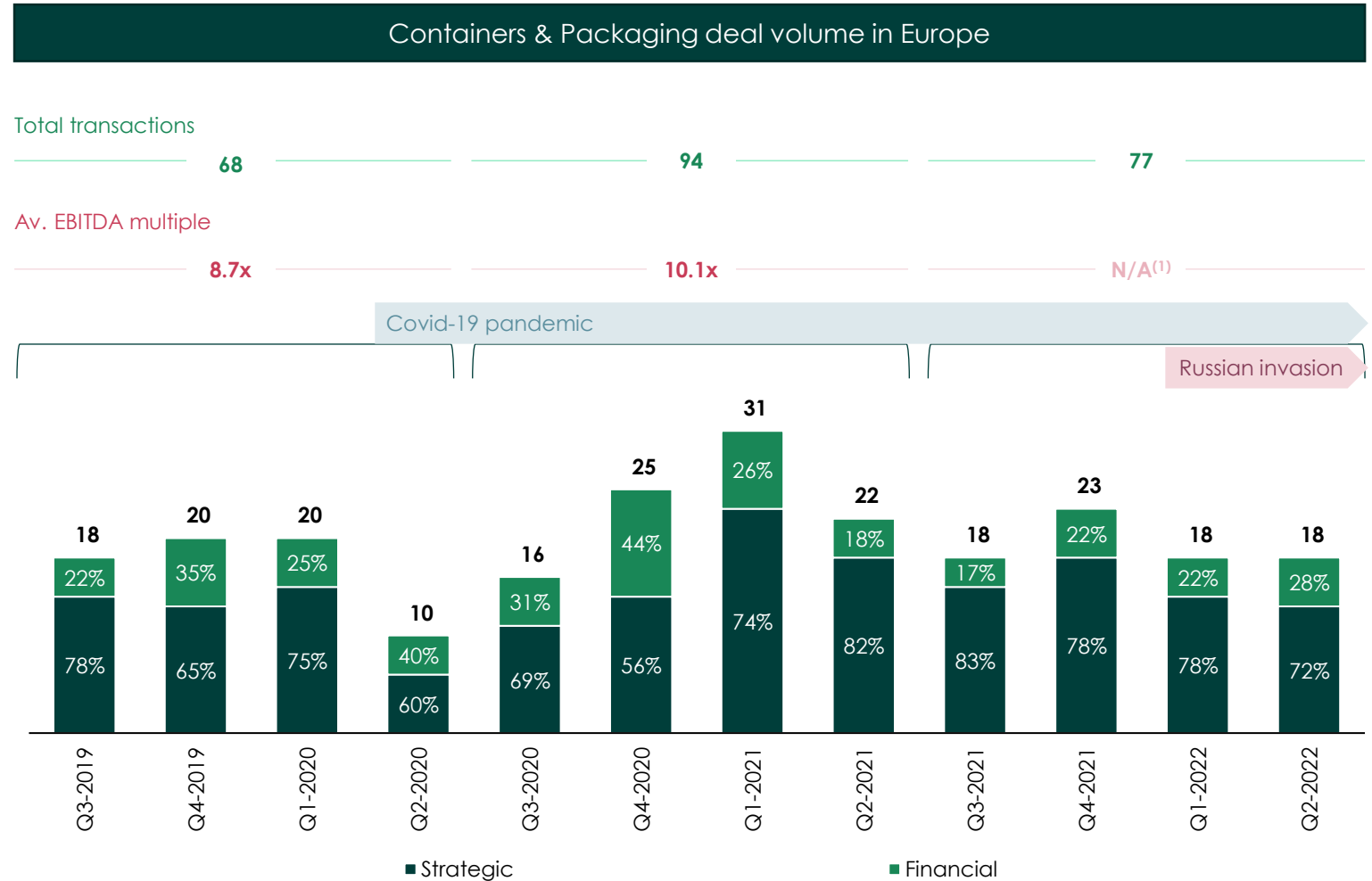
- *Diversified packaging multiples were the only ones across the industry that have witnessed a slight increase over the LTM*
- *The rest of the sector has witnessed a drop in their valuation multiples YoY*
- *Multiples are mostly in line across sectors, with the exemption of paper & paperboard segment → lower multiples due to thinner profit margins*



M&A activity has remained resilient despite the deteriorating macroeconomic outlook

Europe M&A update

- Deal count has remained in line with Q1 2021 despite the deteriorating macroeconomic environment
- Financial buyers continue to utilize buy-and-build strategies to establish diversified offerings
- M&A activity is set to improve as strategic acquirers look to enhance their portfolio of products and expand to new verticals and geographies



Data as of 30/06/2022

Note: (1) Multiples observed within the period are outliers and hence not reasonable

Sources: FactSet

European containers and packaging M&A transactions (1/2)⁽¹⁾

2022



(Figures in €m)

Date	Target	Buyer	EV	EV/Revenue	EV/EBITDA
Jun-2022	Petainer UK Holdings	Ara Advisers	-	-	-
Jun-2022	Hammerl	KARL BACHL	-	-	-
Jun-2022	De Dozenhal	P. van de Velde	-	-	-
Jun-2022	Envirotainer	EQT Partners; Envirotainer	2,800.0	-	-
Jun-2022	Swanline Print	Zeus Packaging Group	25.0	-	-
Jun-2022	Verrerie du Comtat	Oak Hill Capital Man.; Berlin Packaging	-	-	-
Jun-2022	Jos Van Happen	REMONDIS Nederland	-	-	-
May-2022	Variotech Klein-Neerken	Gimv	-	-	-
May-2022	Munksjö	Ahlström Capital; Nidoco; Munksjo	-	-	-
May-2022	THIMM Packaging Systems	TRICOR Packaging & Logistics	-	-	-
May-2022	DiBro	TricorBraun	-	-	-
May-2022	Film & Foil Solutions	Coral Products	3.6	-	-
Apr-2022	Elkas	ORANIER Küchentechnik	-	-	-
Apr-2022	Stora Enso / 3 Corrugated Packaging Plants	Stora Enso / 3 Corrugated Packaging Plants	-	-	-
Apr-2022	Satucesa Europa	BAOBAG	-	-	-
Apr-2022	Trondhjems Eskefabrikk	Bewi	-	-	-
Apr-2022	Red Rose Packaging	Logson Group	-	-	-
Apr-2022	Dean Packaging	Paragon Group	-	-	-
Mar-2022	EGGER Druck + Medien	Pinsker Druck und Medien; ARCUS Capital	-	-	-
Mar-2022	Elba Bant Sanayii VE Ticaret	Mediterra Capital Management	-	-	-
Mar-2022	Eurofilms Extrusion	Trioplast Industrier; Altor Equity Partners	-	-	-
Mar-2022	Eurofilms Extrusion	Trioworld Industrier	-	-	-
Mar-2022	F.G. Curtis	Medica Packaging	22.9	-	-
Mar-2022	Carton Pack	A&M Capital Advisors	-	-	-

Notes: (1) Transactions also include non-EU European countries
Sources: FactSet

European containers and packaging M&A transactions (2/2)⁽¹⁾

2022



(Figures in €m)

Date	Target	Buyer	EV	EV/Revenue	EV/EBITDA
Mar-2022	Omeko Jan Dworzanski	Harbour Investment	-	-	-
Mar-2022	Stella Pack	Sarantis Polska	-	-	-
Feb-2022	Texplast	ALPLA Werke Alwin Lehner	-	-	-
Feb-2022	Nyco Flexible Packaging	FairCap	-	-	-
Feb-2022	RM2 International	ARC Group Worldwide	-	-	-
Feb-2022	PRP Creation / Flexible Packaging Activity	Texen	-	-	-
Jan-2022	Rhein - Plast	Ringmetall	-	-	-
Jan-2022	Cartonnages Gil Ste	Groupe Sprint	-	-	-
Jan-2022	Premi	Berlin Packaging	-	-	-
Jan-2022	Promosac - Mediprotec	Dzeta Conseil	-	-	-
Jan-2022	Rosewood Manufacturing Holdings	Tri-Wall	-	-	-
Jan-2022	Huhtamaki Smith Anderson	Huhtamäki	4.0	-	-

Notes: (1) Transactions also include non-EU European countries
Sources: FactSet

Notable containers and packaging M&A transactions in Greece

2019 to Q2 2022



(Figures in €m)

Date	Target	Buyer	EV	EV/Revenue	EV/EBITDA
Jun-2021	Elias Valavanis	Berlin Packaging	-	-	-
Dec-2020	Haitoglou Hartel	Industrial Development Company	-	-	-
Dec-2020	Paperpack	Orlando-Equity Holding	34.4	2.0x	8.3x
Jan-2020	Karatzis S.A. Industrial	Antkar	-	-	-
Jan-2019	Adam Pack	DECA Investments	-	-	-

Trading comps (1/2)

PLASTIC

Company <i>(figures in €m)</i>	Market cap.	EV	Sales 2022E	EBITDA 2022E	EV / Sales			EV / EBITDA		
					LTM	2022E	2023E	LTM	2022E	2023E
Amcor	17,998	24,021	14,038	2,064	1.8x	1.8x	1.8x	12.4x	12.1x	11.8x
Avery Dennison	12,652	15,429	9,135	1,405	1.9x	1.7x	1.7x	12.3x	11.3x	10.6x
Berry Global Group	6,810	15,417	14,598	2,098	1.1x	1.1x	1.1x	7.7x	7.8x	7.4x
Brady Corporation	2,270	2,276	1,282	218	1.9x	1.8x	1.8x	11.0x	10.8x	9.8x
CCL Industries	8,004	9,643	4,757	961	2.2x	2.1x	2.0x	11.1x	10.3x	9.7x
Winpak	2,120	1,802	1,172	228	1.7x	1.7x	1.6x	9.0x	8.5x	8.0x
Average					1.8x	1.7x	1.7x	10.6x	10.1x	9.5x
Median					1.8x	1.8x	1.7x	11.0x	10.5x	9.7x

DIVERSIFIED PACKAGING

Company <i>(figures in €m)</i>	Market cap.	EV	Sales 2022E	EBITDA 2022E	EV / Sales			EV / EBITDA		
					LTM	2022E	2023E	LTM	2022E	2023E
DS Smith	4,433	6,248	9,155	1,189	0.7x	0.7x	0.7x	5.9x	5.3x	5.1x
Greif	2,900	5,745	6,315	879	1.0x	0.9x	1.0x	6.3x	6.7x	7.0x
Huhtamaki	4,073	5,664	4,401	585	1.4x	1.3x	1.3x	11.0x	9.8x	9.4x
Orora	2,030	2,584	2,653	272	1.1x	1.0x	1.0x	11.6x	9.8x	9.1x
Sealed Air Corporation	8,065	11,201	5,771	1,207	2.1x	2.0x	1.9x	10.4x	9.6x	9.1x
Silgan Holdings	4,382	7,730	6,411	957	1.4x	1.3x	1.2x	10.2x	8.4x	8.2x
Sonoco Products Company	5,319	8,329	7,257	1,115	1.5x	1.2x	1.2x	10.3x	8.6x	8.6x
Average					1.3x	1.2x	1.2x	9.4x	8.3x	8.1x
Median					1.4x	1.2x	1.2x	10.3x	8.6x	8.6x

Trading comps (2/2)

PAPER & PAPERBOARD

Company <i>(figures in €m)</i>	Market cap.	EV	Sales 2022E	EBITDA 2022E	EV / Sales			EV / EBITDA		
					LTM	2022E	2023E	LTM	2022E	2023E
Cascades	757	1,904	3,404	318	0.6x	0.6x	0.5x	8.1x	6.2x	4.9x
Clearwater Paper	543	1,081	1,971	216	0.6x	0.6x	0.6x	6.4x	5.3x	5.5x
Empresas CMPC	3,893	6,853	6,666	1,677	1.2x	1.0x	1.0x	4.6x	4.0x	4.8x
Graphic Packaging	6,046	11,485	8,844	1,496	1.4x	1.3x	1.3x	9.3x	7.9x	7.3x
International Paper	14,829	20,882	21,085	3,251	1.0x	1.0x	1.0x	7.6x	6.7x	6.4x
Mayr-Melnhof Karton	3,240	4,310	3,838	492	1.4x	1.2x	1.1x	12.8x	8.8x	8.3x
Neenah	548	976	1,127	134	1.0x	0.9x	0.9x	12.5x	7.7x	6.1x
Packaging Corporation	12,324	14,165	8,446	1,918	1.9x	1.7x	1.7x	8.6x	7.7x	7.5x
Glatfelter Corporation	294	947	1,511	119	0.8x	0.7x	0.6x	10.0x	7.9x	5.7x
Sappi	1,794	3,388	7,188	1,174	0.6x	0.5x	0.5x	4.1x	3.0x	4.1x
Smurfit Kappa Group	8,331	11,165	12,044	2,035	1.1x	0.9x	0.9x	6.9x	5.4x	5.3x
Stora Enso	11,852	14,424	11,491	2,492	1.3x	1.3x	1.3x	6.0x	5.9x	7.1x
WestRock Company	9,712	17,565	20,929	3,457	0.9x	0.9x	0.9x	6.0x	5.3x	5.0x
Average					1.1x	1.0x	0.9x	7.9x	6.3x	6.0x
Median					1.0x	0.9x	0.9x	7.6x	6.2x	5.7x

METAL & GLASS

Company <i>(figures in €m)</i>	Market cap.	EV	Sales 2022E	EBITDA 2022E	EV / Sales			EV / EBITDA		
					LTM	2022E	2023E	LTM	2022E	2023E
Ball Corporation	21,036	28,780	15,349	2,281	2.1x	1.9x	1.8x	15.3x	13.0x	11.9x
Crown Holdings	10,839	17,037	13,098	1,852	1.4x	1.3x	1.3x	10.0x	9.1x	8.5x
O-I Glass Inc	2,092	5,970	6,553	1,150	1.0x	1.0x	0.9x	6.6x	5.5x	5.4x
Average					1.5x	1.4x	1.4x	10.6x	9.2x	8.6x
Median					1.4x	1.3x	1.3x	10.0x	9.1x	8.5x

Tailored corporate finance services for the European mid-market

Our firm

Alma Advisors is an independent financial services firm serving the European mid-market. We offer corporate finance solutions to corporates, family businesses and entrepreneurs.



Nikolas Evangelou, CFA

Partner

Nikolas@almaadvisors.com

+357 99 135 137

+30 69 8687 7720

Pure Corporate Finance

- Sell-side M&A
- Buy-side M&A
- Capital raising
- Debt advisory

Mid-market focus

- Mid-market technology and traditional sectors
- Greece, Cyprus and rest of Europe

Well connected

- Private equity funds
- Venture capital funds
- Family offices
- Investment holdings
- Corporates

Global capabilities

- Part of a global professional services group:



E&G ECONOMIDES LLC

P.G. Economides & Co Ltd
CHARTERED CERTIFIED ACCOUNTANTS



Panagiotis Georgiou, ACA

Partner

Panagiotis@almaadvisors.com

+357 99 310 705

Cyprus

17 Grigoriou Xenopoulou St.,

3106, Limassol Cyprus

Email: office@almaadvisors.com

Phone: +357 25 86 80 80

Greece

15 Platia Filikis Eterias,

106 74, Athens Greece

Email: office@almaadvisors.com

Phone: +30 210 672 8868

Capital raising

ALMA.advisors

Undisclosed

ALMA.advisors

Undisclosed

ALMA.advisors

Undisclosed

ALMA.advisors

Capital raising

ALMA.advisors

Undisclosed

ALMA.advisors

Undisclosed

ALMA.advisors

Capital raising

ALMA.advisors

Capital raising

ALMA.advisors

Capital raising

ALMA.advisors

