



CONTAINERS & PACKAGING
SECTOR UPDATE AND M&A TRENDS
Q3 2022

ALMA.advisors

Moderating demand and higher input costs continue to weigh on Containers & Packaging sector performance

Sector overview

Macroeconomic developments in the quarter

- A sharp slowdown in Eurozone's growth is considered imminent due to **sharp deterioration in the terms of trade primarily for energy** due to the ongoing war in Ukraine, which has **pushed inflation to record highs** and **consumer confidence to record lows**
- Following the 50bps rate hike in July, **the ECB increased interest rates by another 75bps in September** to combat surging inflation
- US economy has been far less affected by the war in Ukraine, allowing it to hike rates more aggressively → **Euro depreciates versus the US dollar**
- Half of imported goods in the EU are invoiced in US dollar → **higher input costs for EU companies**

Containers & packaging sector trends

Demand is moderating

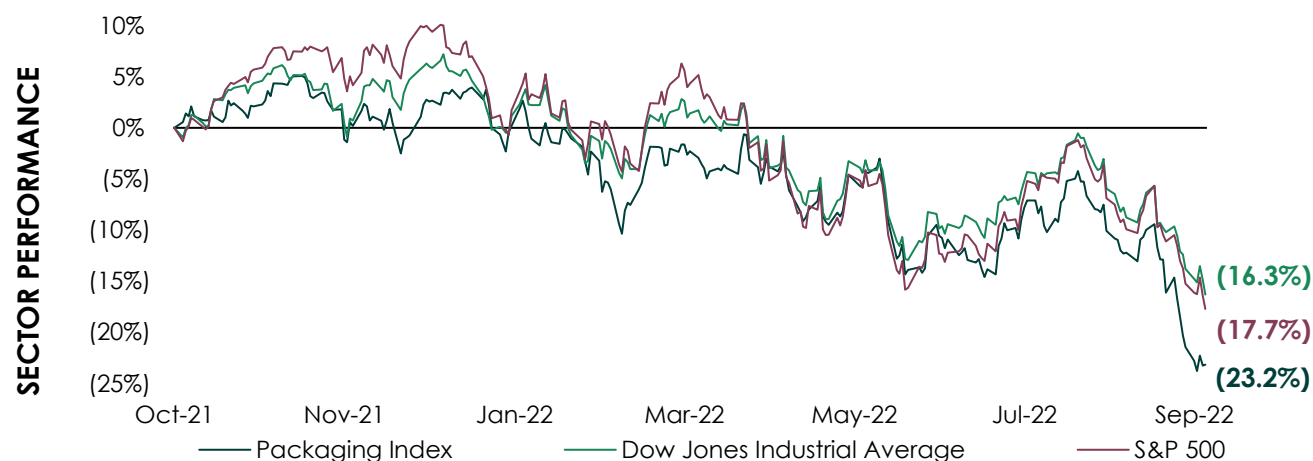
- Pent-up demand is fading out, which together with high energy prices is **moderating the demand from customers**
- European companies are **restocking inventories** as the rate of production surpasses demand

Input costs are increasing

- **Inflation is pushing higher input costs** in the containers & packaging sector
- Increasing raw material prices, supply chain bottlenecks and Euro depreciation are **pressuring margins**

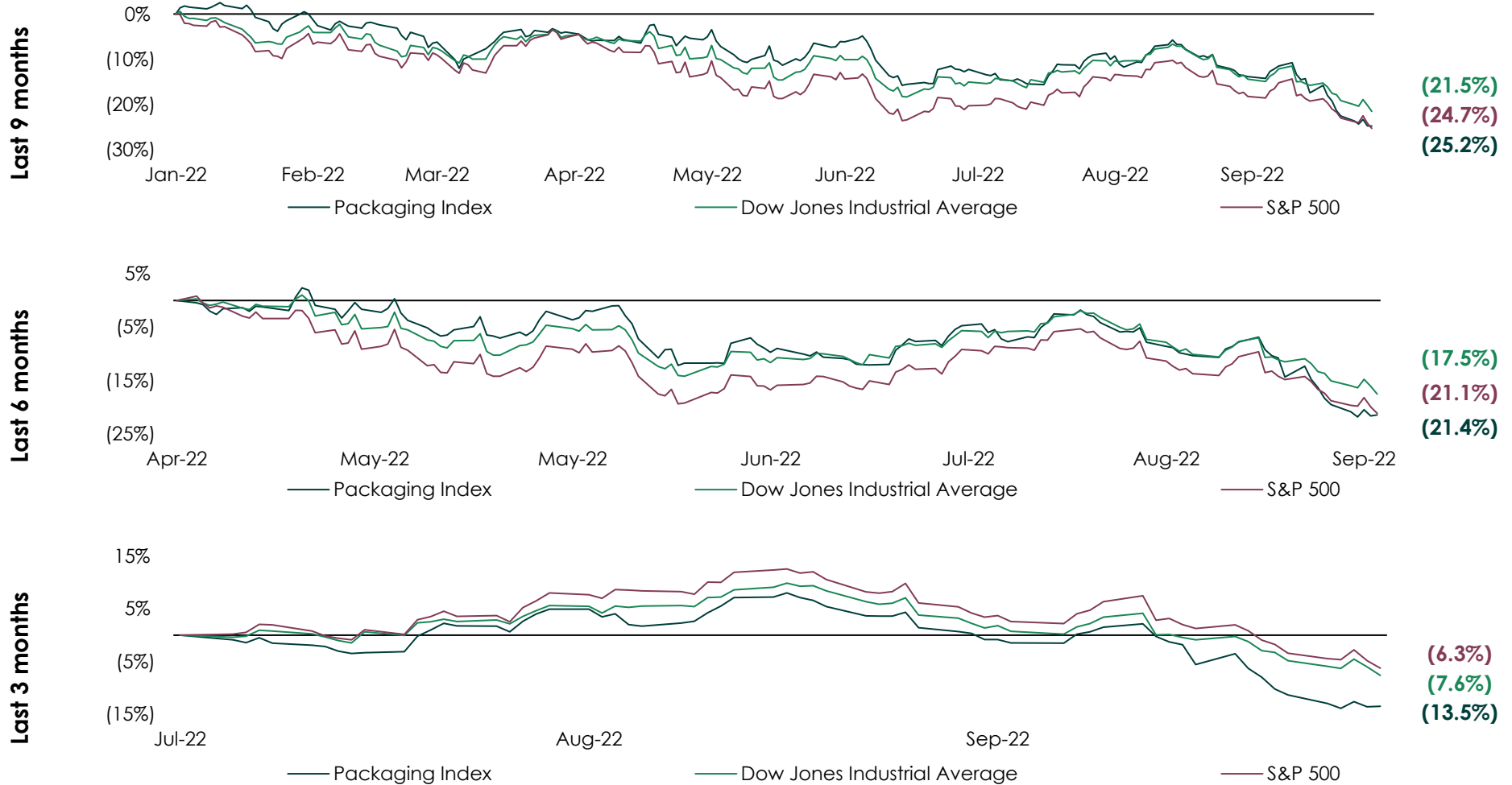
F&B packaging

- Resilience of the F&B sector **benefits packaging companies focusing on F&B**
- Market is expected to **favor brands with:**
 - Eco-friendly profile
 - Secured client networks
 - Strong R&D capabilities



Containers & packaging sector has significantly underperformed the broader market over the last quarter

Sector performance



Notes: Data as of 30/09/2022; Index constituents can be found on pages 11-12
Sources: FactSet

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

Industry threats

Decreasing demand

- European manufacturers are **decreasing production volumes** amid fading demand
- Demand tanked in September as **high inflation and economic uncertainty** have reportedly squeezed client appetite
- Manufacturers are **downwardly adjusting their operating schedules** in line with lower order books

High energy prices

- Despite the **drop in supplier's delivery times** which are at their best shape in the last two years, the easing of inflation on that end has been **offset by high energy prices**
- The decrease in Russia oil and gas supplies are **exacerbating inflationary pressures**, driving input costs higher and reducing demand

Euro depreciation

- The Euro depreciated further by about 6% during the third quarter of 2022, **falling below parity against the US dollar**
- Manufacturers buying raw materials in US dollars face significant cost challenges → **margins are getting thinner**

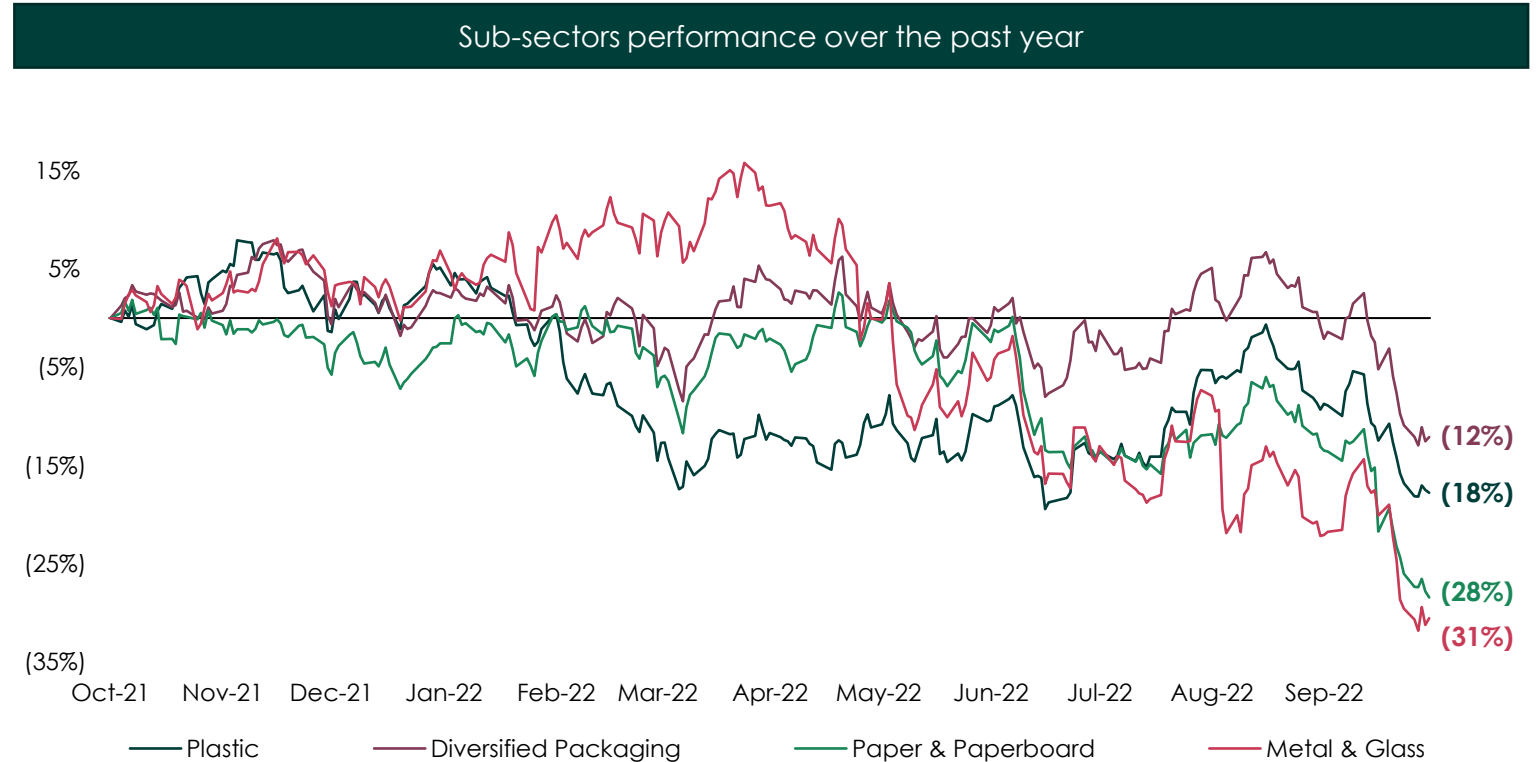
Interest rates increases

- Following the 50bps rate hike in June, the **ECB increased interest rates by another 75bps in September**
- Interest rate hikes are causing a **drain on growth** as the **cost of financing is getting more expensive** while companies with ongoing loans could witness an **increase on interest repayments**

Diversified packaging outperforms the rest of the sector; Metal & Glass sub-sector lags

Publicly traded companies overview per sub-sector

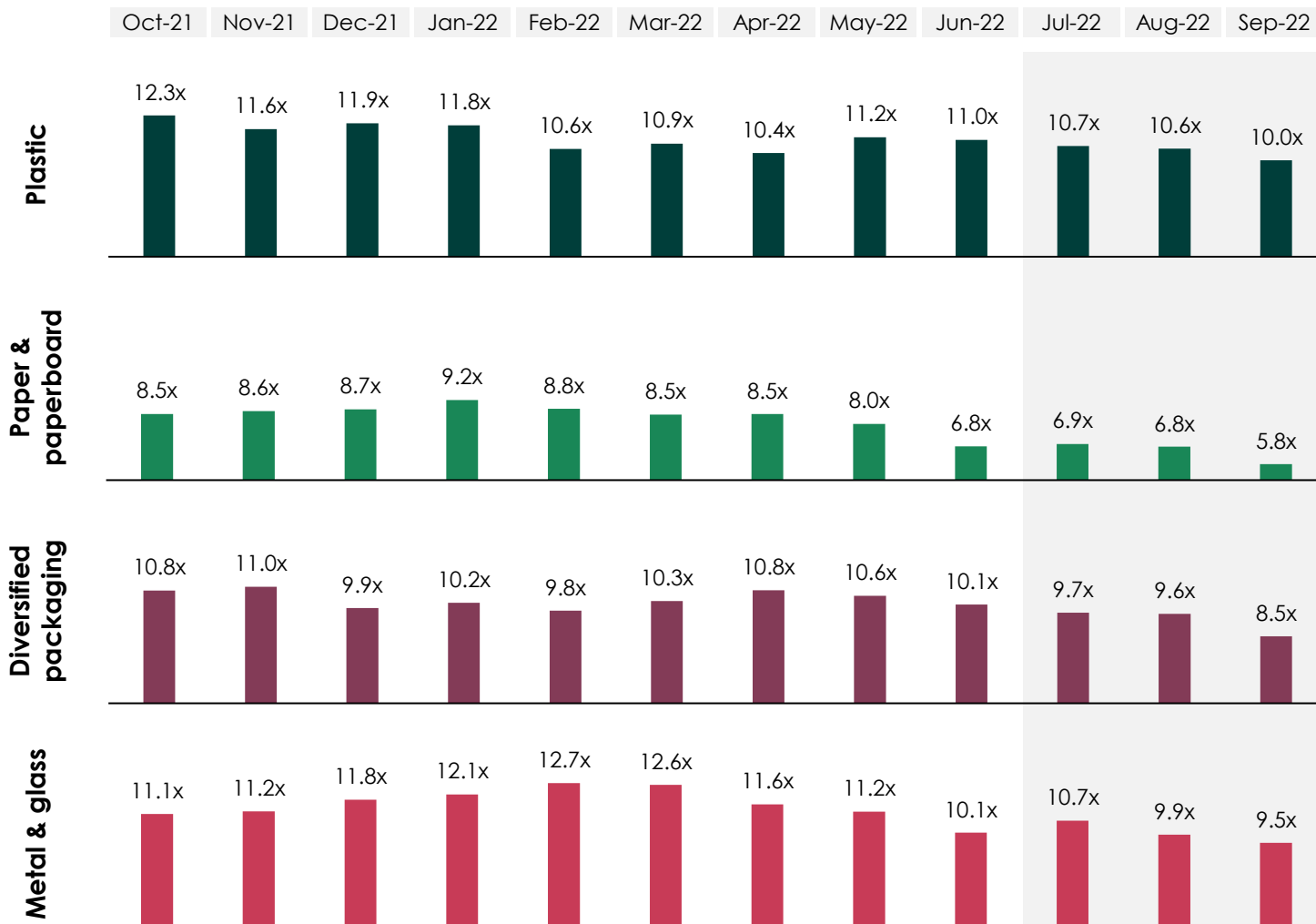
- *Diversified packaging has managed to record a loss of 12% LTM, beating the rest of the sector and the broader market → diversified offerings are highly appreciated by investors*
- *Paper & Paperboard and Metal & Glass sub-sectors have underperformed the rest of the industry, recording losses of 28% and 31%, respectively over the LTM*



Industry multiples have decreased over the past quarter as market turmoil continues

Median LTM EV/EBITDA multiples

- *Paper & Paperboard valuations have witnessed the largest drop and continue to be the lower versus the rest of the sector due to thinner profit margins*
- *Multiples are mostly in line across the rest of the containers & packaging industry with plastics continuing to maintain the highest multiples in September at 10.0x*

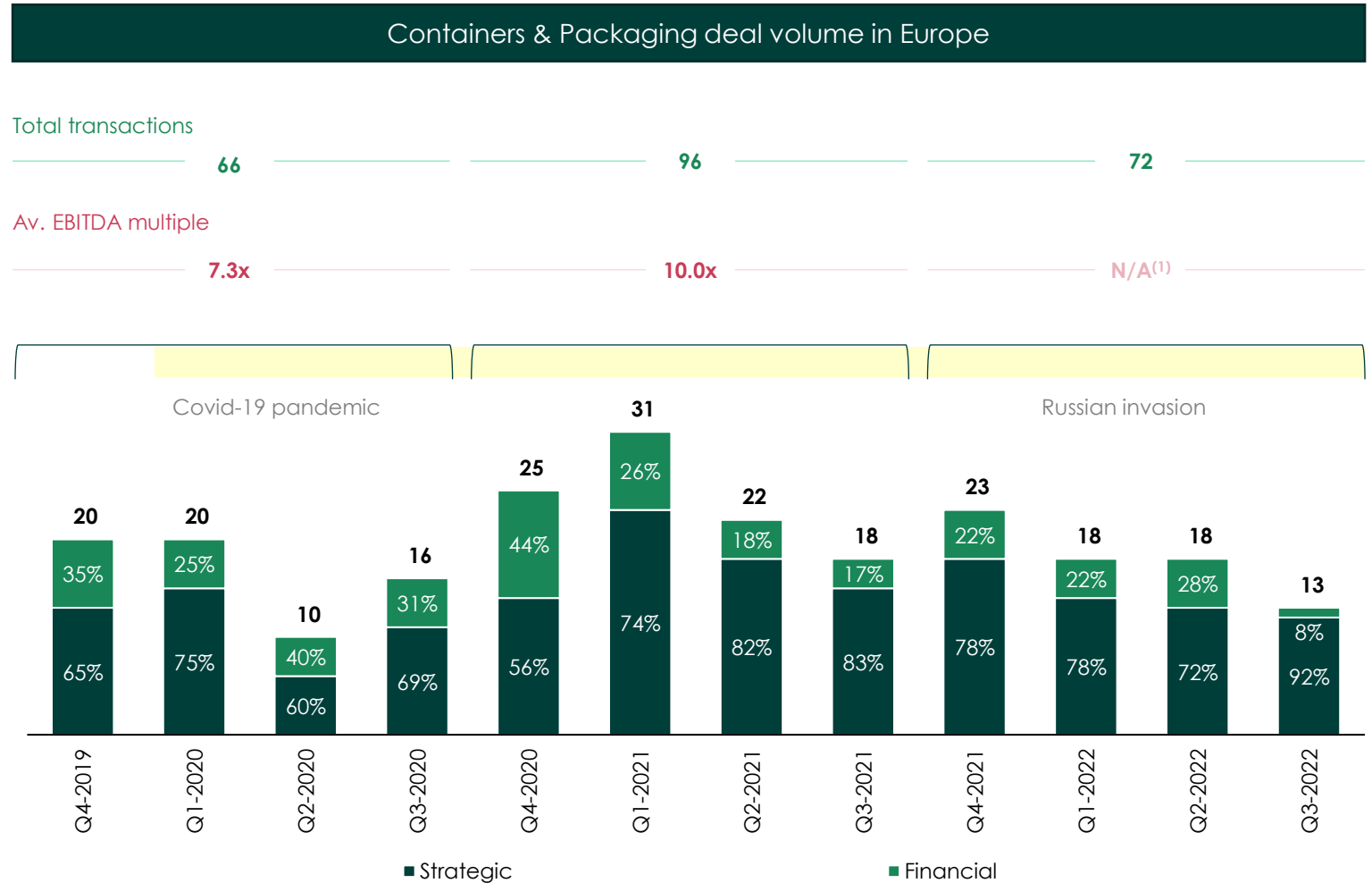


Notes: Sub-sector index constituents can be found on pages 11-12
Sources: FactSet

M&A activity edged lower as macroeconomic environment deteriorates

Europe M&A update

- Deal count has edged lower compared to Q2 2022 as global growth concerns increase
- 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 30/09/2022

Note: (1) Not enough multiples for the period to obtain a reasonable figure

Sources: FactSet

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

2022



(Figures in €m)

Date	Target	Buyer	EV	EV/Revenue	EV/EBITDA
Sep-2022	StyleGlass	Berlin Packaging	-	-	-
Sep-2022	Promateris	Paval Holding	44.9	-	-
Sep-2022	European Packaging Solutions	Berlin Packaging	-	-	-
Sep-2022	Ciesse Paper	Groupe Guillin	-	-	-
Sep-2022	De Jong Verpakking	Stora Enso	1065.0	-	-
Sep-2022	Quality Films	Trioworld Industrier	-	-	-
Aug-2022	Schur Flexibles	Apollo Capital Management	-	-	-
Aug-2022	Krüger & Sohn	Sinoseal	9.4	0.8	-
Aug-2022	Unipap	Van De Velde Packaging	-	-	-
Aug-2022	Westpak	Walki Group	-	-	-
Jul-2022	GKB Nederland	P. van de Velde	100.0	-	-
Jul-2022	Wellpappenfabrik	De Jong Packaging	-	-	-
Jul-2022	The Box	Dimensio Verpakkingen	-	-	-
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	2800.0	-	-
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	-	-	-

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
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	-	-	-
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	-	-	-

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

Notable containers and packaging M&A transactions in Greece

2019 to Q3 2022



(Figures in €m)

Date	Target	Buyer	EV	EV/Revenue	EV/EBITDA
Sep-2022	StyleGlass	Berlin Packaging	-	-	-
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	16,309	22,400	14,358	2,088	1.5x	1.5x	1.5x	10.8x	10.6x	10.2x
Avery Dennison	13,495	16,399	9,355	1,468	1.8x	1.7x	1.7x	11.7x	11.1x	10.6x
Berry Global Group	5,942	15,043	14,800	2,145	1.0x	1.0x	1.0x	7.1x	7.1x	6.9x
Brady Corporation	2,126	2,141	1,310	228	1.6x	1.6x	1.6x	9.1x	9.2x	8.8x
CCL Industries	8,802	10,110	4,702	945	2.2x	2.1x	2.1x	11.4x	10.7x	10.0x
Winpak	2,170	1,822	1,202	225	1.6x	1.5x	1.4x	8.4x	7.7x	7.3x
Average					1.6x	1.6x	1.6x	9.8x	9.4x	9.0x
Median					1.6x	1.6x	1.6x	10.0x	9.9x	9.4x

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	4,030	5,843	9,150	1,201	0.7x	0.6x	0.6x	5.8x	5.0x	4.9x
Greif	2,923	5,761	6,474	912	0.9x	0.9x	0.9x	5.8x	6.2x	6.7x
Huhtamaki	3,519	5,050	4,521	615	1.2x	1.1x	1.1x	9.2x	8.5x	8.1x
Orora	1,664	2,220	2,804	276	0.8x	0.8x	0.8x	8.5x	8.4x	8.0x
Sealed Air Corporation	6,598	9,899	5,862	1,223	1.7x	1.7x	1.7x	8.5x	8.1x	7.8x
Silgan Holdings	4,730	8,401	6,394	974	1.4x	1.3x	1.3x	10.2x	8.7x	8.3x
Sonoco Products Company	5,646	8,767	7,434	1,145	1.3x	1.2x	1.2x	9.0x	7.8x	7.8x
Average					1.1x	1.1x	1.1x	8.1x	7.5x	7.4x
Median					1.2x	1.1x	1.1x	8.5x	8.1x	7.8x

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	602	1,909	3,282	289	0.6x	0.6x	0.5x	8.2x	6.5x	4.9x
Clearwater Paper	643	1,156	2,098	234	0.6x	0.6x	0.6x	5.1x	4.9x	5.8x
Empresas CMPC	3,924	7,644	7,589	2,130	1.3x	1.0x	1.0x	4.6x	3.5x	4.7x
Graphic Packaging	6,203	11,721	9,317	1,589	1.3x	1.2x	1.2x	7.9x	7.3x	6.8x
International Paper	11,714	18,488	21,630	3,173	0.9x	0.9x	0.9x	6.3x	5.8x	5.9x
Packaging Corporation	10,745	12,674	8,736	1,932	1.6x	1.4x	1.4x	7.2x	6.4x	6.6x
Glatfelter Corporation	142	848	1,550	116	0.6x	0.6x	0.5x	9.3x	7.6x	6.0x
Smurfit Kappa Group	7,656	10,885	12,759	2,194	0.9x	0.8x	0.8x	5.4x	4.9x	5.2x
Stora Enso	10,466	12,678	11,673	2,531	1.1x	1.1x	1.1x	5.1x	5.2x	6.3x
WestRock Company	8,018	16,112	21,435	3,512	0.8x	0.8x	0.7x	4.9x	4.7x	4.6x
Average					1.0x	0.9x	0.9x	6.4x	5.7x	5.7x
Median					0.9x	0.9x	0.8x	5.8x	5.5x	5.9x

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	15,503	24,220	15,743	2,091	1.6x	1.5x	1.5x	12.9x	11.6x	11.0x
Crown Holdings	10,022	17,053	13,159	1,793	1.3x	1.2x	1.2x	9.5x	8.8x	8.2x
O-I Glass Inc	2,058	5,834	6,747	1,194	0.9x	0.9x	0.9x	6.0x	5.1x	4.9x
Average					1.3x	1.2x	1.2x	9.5x	8.5x	8.1x
Median					1.3x	1.2x	1.2x	9.5x	8.8x	8.2x

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