



CONTAINERS & PACKAGING
SECTOR UPDATE AND M&A TRENDS
Q4 2022

ALMA.advisors

High raw materials and energy costs are hurting profitability in the sector

Q4 market and sector overview

Macroeconomic developments

- The European Central Bank has **increased interest rates to 2.5%** after two consecutive rate hikes of 75bps and 50bps, respectively in Q4
- **EU inflation for December 2022 edged lower to 9.2%**, with ECB expected to continue hiking rates to a more restrictive territory, ensuring a timely return to the 2% target
- European economic activity in the quarter continues to be sluggish amid the **ongoing energy crisis, weaker global economic activity and tighter financial conditions** → creating an explosive business environment
- The sustained rally of the US dollar compared to the Euro appeared to have come to an end, with the **Euro appreciating by 9.4%** in Q4 alleviating some input costs for EU manufacturers

Greek containers & packaging sector trends

Cost burdens

- Containers & packaging sector is still struggling with **increasing raw materials, energy and transportation costs**
- To navigate through the inflationary environment and the fears of decreasing demand, packaging companies **are shifting focus on cash balances**

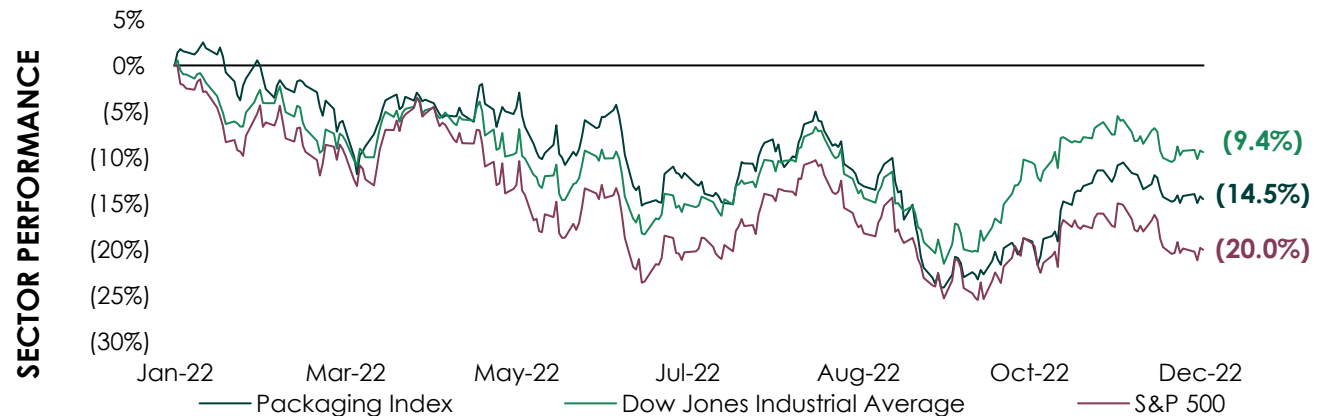
EU regulations

- Regulators have proposed a **revision of EU packaging legislation**
- Proposal includes **fixed % of products in reusable / refilled packaging** and **mandatory % of recycled content on plastic products**
- Proposed to **ban single used products consumed in restaurants** and **single-use pack for fruits and vegetables**

Sustainability on the forefront






- Demand for eco-friendly products is rising amid **increasing regulatory pressures and changing consumer attitude**
- Greek packaging companies are investing heavily to **increase their sustainable product offering** and **improve ESG metrics**

Packaging index vs the S&P 500 and Dow Jones



Greek packaging companies are investing to strengthen production capabilities and expand eco-friendly offering

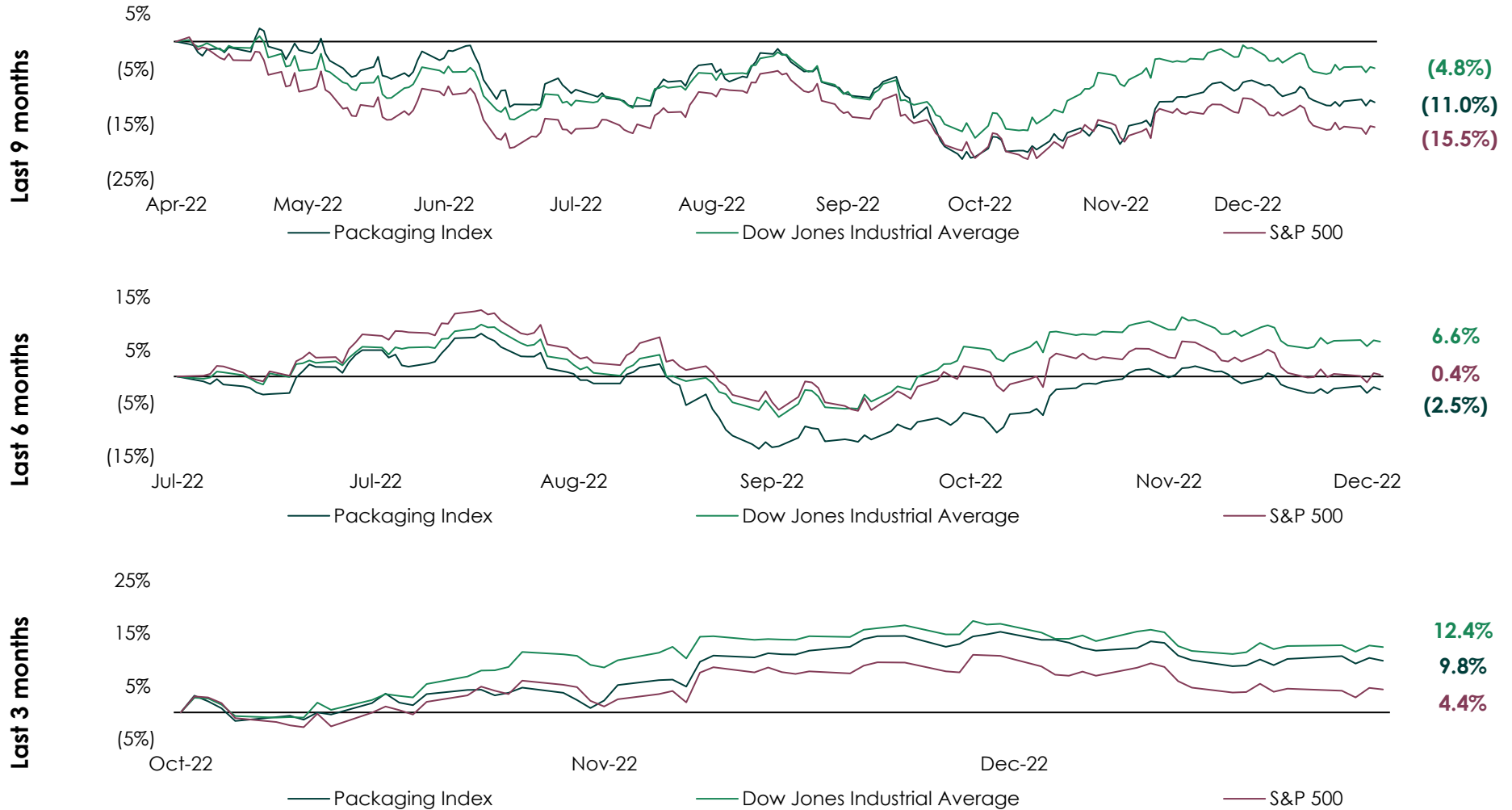
Greek packaging companies' key updates

Company	Key updates
	<ul style="list-style-type: none"> Announced a €16m investment plan to expand its flexible plastics manufacturing capabilities in Greece, out of these, the €8m will be funded by the Greek Recovery and Resilience fund
	<ul style="list-style-type: none"> During the company's presentation at Wood conference, Thrace Plastics announced that the group is looking to acquire companies to create cost synergies and enhance product offering
	<ul style="list-style-type: none"> The company has signed a collaboration with AB Vassilopoulos to use Halopack for its ready meals, an ecological packaging solution brought exclusively to Greece by Kapelis Packaging Acquired a second privately owned building to increase its storage capacity
	<ul style="list-style-type: none"> Megalplast's new industrial unit was inaugurated; the plant is expected to strengthen the company's manufacturing capacity and product portfolio with new innovative and sustainable offerings
	<ul style="list-style-type: none"> Matrix Pack revealed at the annual ExportUSA forum the addition of two new production facilities in the US to produce biodegradable and paper straws The company is also considering to expand its production capabilities into India to capitalize on the recent ban of single-use plastic straws

Key takeaways
<p>Speed up investment plans on the back of government incentives</p> <ul style="list-style-type: none"> Greek packaging companies are raising capital through government incentives to support expansion plans Investments to strengthen their manufacturing capabilities and product portfolios
<p>Transactions as a cost reduction mechanism</p> <ul style="list-style-type: none"> Well-established players are exploring the possibility of an acquisition to create cost synergies and diversify product offering
<p>Sustainable packaging is gaining traction</p> <ul style="list-style-type: none"> An increasing number of customers are shifting towards eco-friendly packaging Greek companies are enhancing their sustainable product offering through investments and commercial agreements

Containers & packaging sector has outperformed the S&P 500 over the last quarter

Sector performance

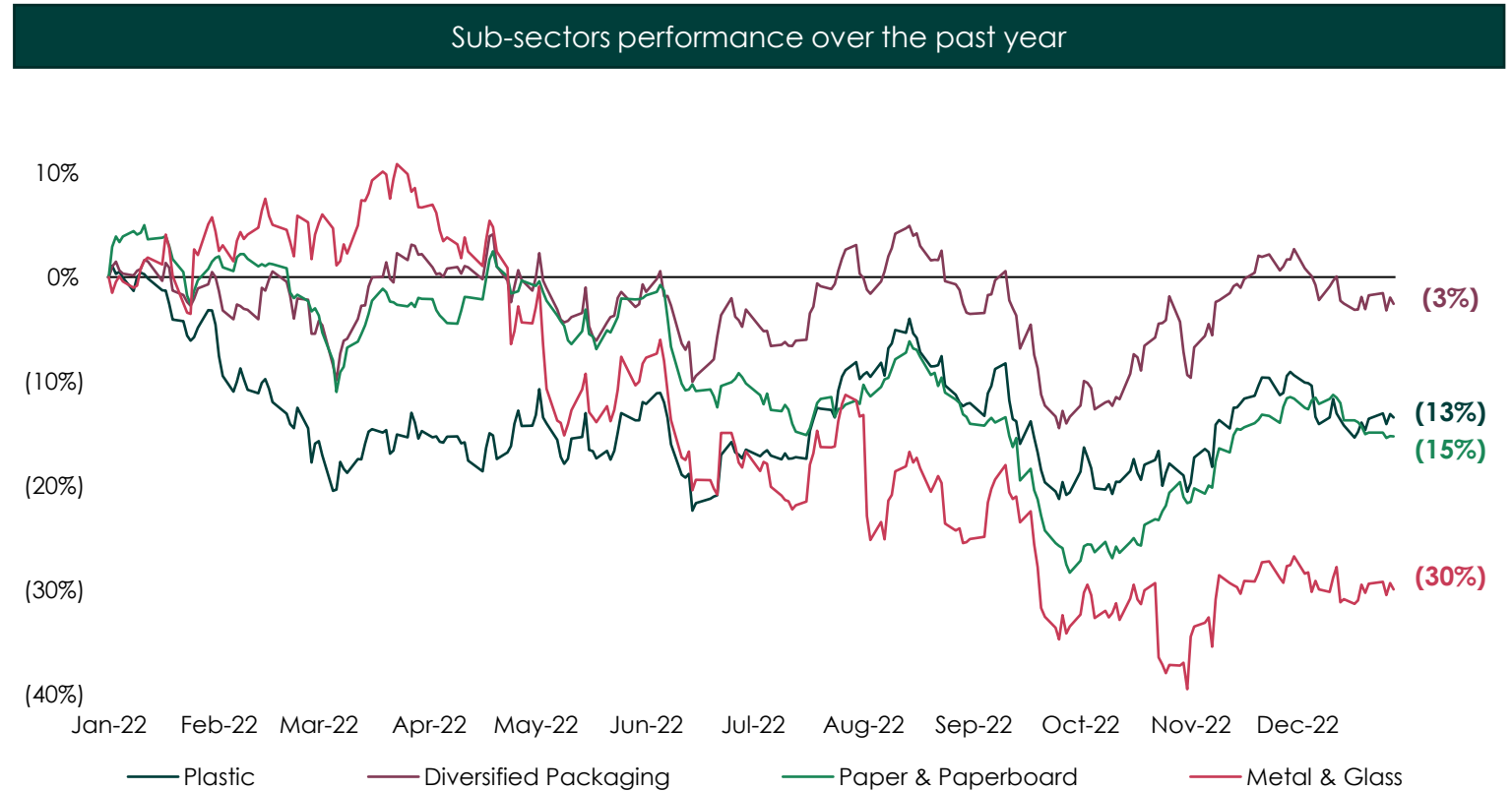


Notes: Data as of 31/12/2022; Index constituents can be found on pages 9-10
Sources: FactSet

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

Publicly traded companies overview per sub-sector

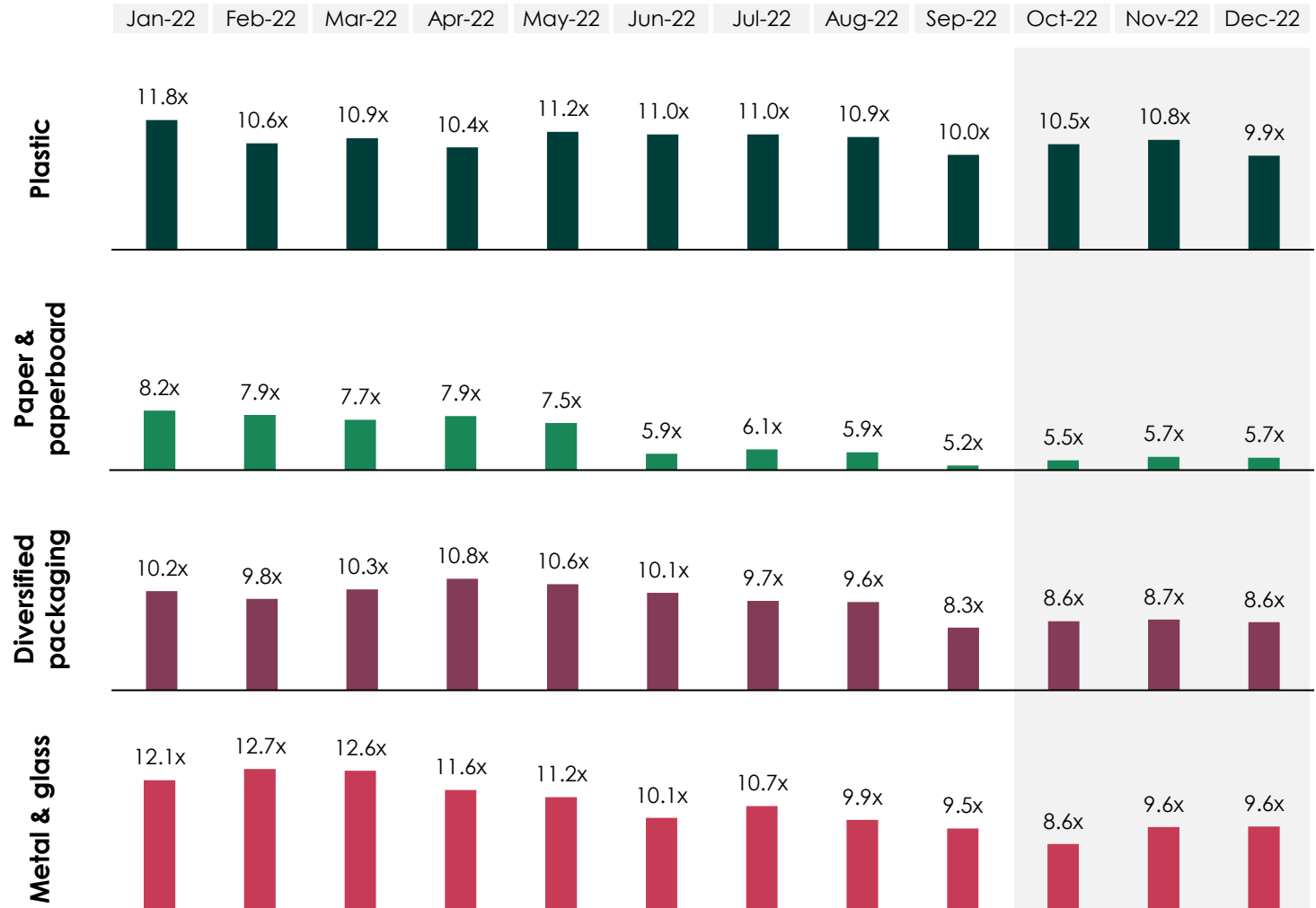
- Public markets have experienced increased volatility in 2022 driven by heightened macroeconomic and geopolitical risks
- Diversified packaging sub-sector was the best performer in 2022, recording minor losses of 3% → diversified offerings are highly appreciated by investors
- Metal & Glass sub-sector continues to significantly underperform the rest of the industry, with losses of 30% in 2022



Most of the industry's sub-sectors have witnessed an increase in multiples in Q4 compared to Q3 of 2022

Median LTM EV/EBITDA multiples

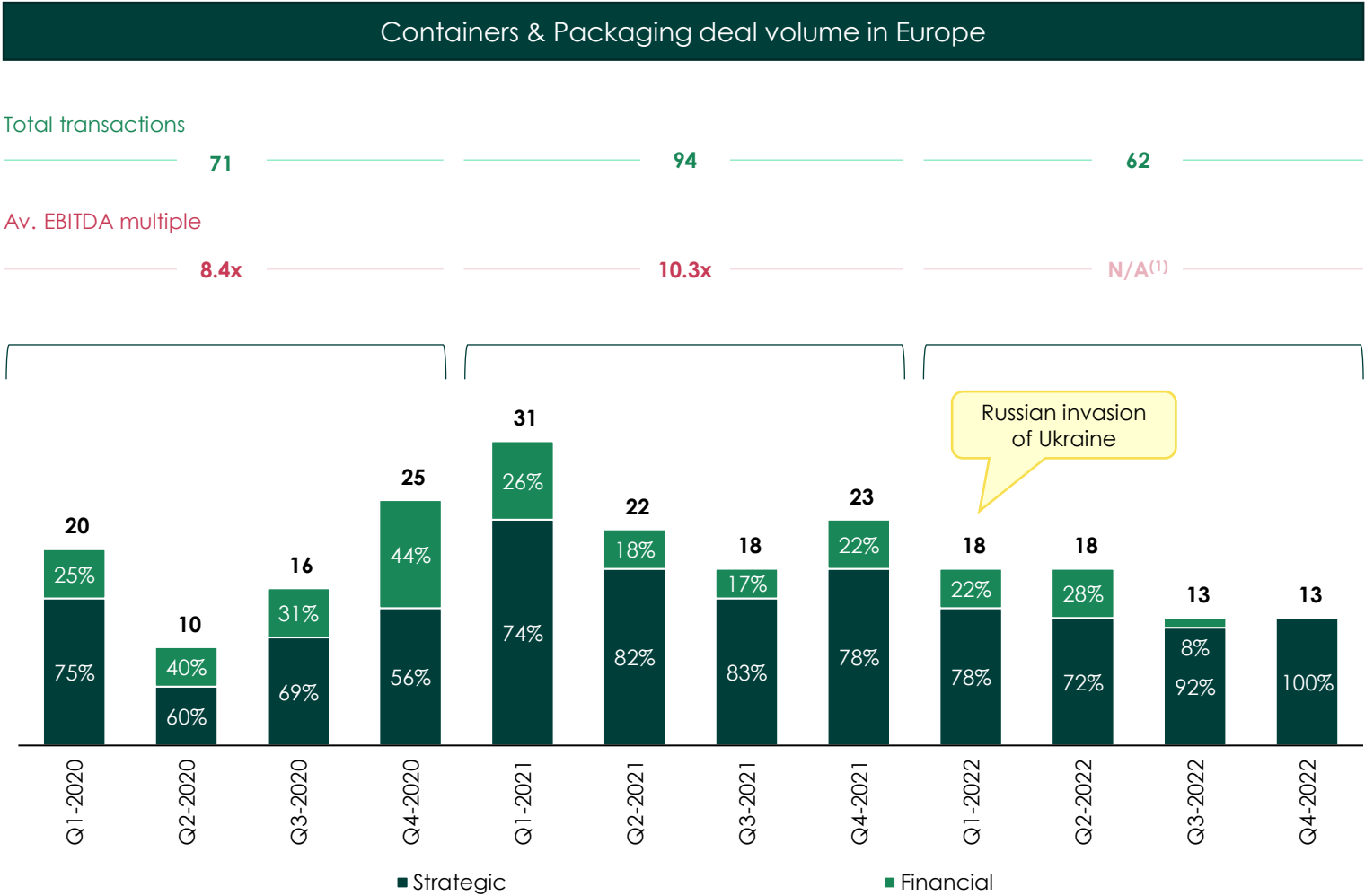
- Compared to Q3 2022, all the industry's sub-sectors except for plastics have witnessed an increase in Q4 multiples
- Plastics multiples remain the highest compared to the rest of the sector despite their marginal decrease from 10.0x to 9.9x in Q4
- Paper & paperboard multiples are still the lowest compared to the rest of the sector despite having increased by 9.6% in Q4 compared to Q3



M&A activity remained muted during the fourth quarter of 2022

Europe M&A update

- Deal count has remained muted in Q4 2022 amid the ongoing challenging economic environment and rising borrowing costs
- M&A deal volume has remained unchanged in Q4 compared to Q3 recording 13 transactions
- Deal count in Q4 2022 is 56.5% lower compared to Q4 2021



Data as of 31/12/2022
 Note: (1) Limited data on multiples to obtain a reasonable figure
 Sources: FactSet

Trading comps (1/2)

PLASTIC

Company <i>(figures in €m)</i>	Market cap.	EV	Sales 2023E	Sales Growth		EBITDA 2023E	EBITDA margin 2023E	EV / Sales			EV / EBITDA		
				2022E	2023E			LTM	2023E	2024E	LTM	2023E	2024E
Amtcor	16,617	22,744	13,793	33%	(4%)	1,951	14%	1.6x	1.6x	1.6x	11.5x	11.3x	11.0x
Avery Dennison	13,732	16,482	8,582	16%	4%	1,303	16%	1.9x	1.9x	1.8x	12.9x	11.7x	11.0x
CCL Industries	7,091	8,403	4,658	15%	5%	922	20%	1.9x	1.8x	1.7x	9.9x	9.0x	8.7x
Berry Global Group	6,898	15,417	12,761	21%	(9%)	1,948	15%	1.2x	1.2x	1.2x	7.7x	7.8x	7.6x
Brady Corporation	2,195	2,209	1,218	37%	(7%)	222	18%	1.8x	1.8x	1.7x	10.0x	9.9x	9.3x
Winpak	1,891	1,543	1,159	31%	4%	224	19%	1.5x	1.3x	1.3x	7.8x	7.0x	6.7x
Average				25%	(1%)		17%	1.7x	1.6x	1.6x	10.0x	9.4x	9.1x
Median				26%	(0%)		17%	1.7x	1.7x	1.7x	9.9x	9.4x	9.0x

DIVERSIFIED PACKAGING

Company <i>(figures in €m)</i>	Market cap.	EV	Sales 2023E	Sales Growth		EBITDA 2023E	EBITDA margin 2023E	EV / Sales			EV / EBITDA		
				2022E	2023E			LTM	2023E	2024E	LTM	2023E	2024E
Sealed Air	6,761	9,907	5,491	12%	5%	1,186	22%	1.9x	1.8x	1.7x	8.8x	8.4x	7.8x
Silgan Holdings	5,347	8,027	6,107	22%	4%	923	15%	1.3x	1.3x	1.3x	9.1x	8.4x	8.2x
Sonoco Products	5,547	8,588	6,949	43%	3%	1,052	15%	1.3x	1.2x	1.2x	8.6x	8.1x	8.0x
DS Smith	4,991	6,373	9,102	9%	(2%)	1,221	13%	0.7x	0.7x	0.7x	5.3x	5.2x	5.1x
Huhtamaki	3,448	4,981	4,465	25%	(0%)	611	14%	1.1x	1.1x	1.1x	9.1x	8.0x	7.7x
Greif	3,202	5,768	5,456	29%	(9%)	777	14%	0.9x	1.0x	1.0x	6.0x	7.2x	7.4x
Orora	1,552	2,108	2,754	27%	(2%)	276	10%	0.8x	0.7x	0.7x	8.2x	7.6x	7.4x
Average				24%	(0%)		15%	1.1x	1.1x	1.1x	7.9x	7.6x	7.4x
Median				25%	(0%)		14%	1.1x	1.1x	1.1x	8.6x	8.0x	7.7x

Trading comps (2/2)

PAPER & PAPERBOARD

Company <i>(figures in €m)</i>	Market cap.	EV	Sales 2023E	Sales Growth		EBITDA 2023E	EBITDA margin 2023E	EV / Sales			EV / EBITDA		
				2022E	2023E			LTM	2023E	2024E	LTM	2023E	2024E
International Paper	11,541	16,280	18,873	19%	(3%)	2,478	12%	0.8x	0.9x	0.8x	5.8x	7.1x	6.9x
Packaging Corporation	11,090	10,650	7,633	19%	(2%)	1,532	20%	1.3x	1.3x	1.3x	5.9x	6.6x	6.4x
Stora Enso	10,503	12,360	11,069	15%	(5%)	1,913	18%	1.1x	1.1x	1.1x	5.5x	6.2x	6.2x
Smurfit Kappa	8,966	11,935	12,496	27%	(2%)	2,049	16%	0.9x	0.9x	0.9x	5.2x	5.8x	5.5x
WestRock	8,383	17,586	19,378	33%	(7%)	2,888	15%	0.9x	0.9x	0.9x	5.8x	5.7x	5.7x
Graphic Packaging	6,403	11,419	9,212	46%	4%	1,675	18%	1.3x	1.3x	1.2x	7.5x	6.9x	6.7x
Empresas CMPC	3,893	7,990	7,255	35%	1%	1,563	22%	1.2x	1.1x	1.1x	4.1x	5.1x	5.4x
Mayr-Melnhof Karton	3,024	4,583	4,188	47%	(7%)	614	15%	1.0x	1.1x	1.1x	6.7x	7.5x	7.2x
Sappi	1,550	2,703	5,818	63%	(19%)	756	14%	0.4x	0.4x	0.5x	2.2x	3.0x	3.8x
Clearwater Paper	594	1,134	1,992	29%	3%	231	10%	0.6x	0.5x	0.5x	4.5x	5.4x	4.8x
Cascades	587	2,122	3,339	16%	8%	345	10%	0.7x	0.6x	0.6x	9.2x	5.8x	5.5x
Nampak	40	428	1,037	18%	12%	137	12%	0.4x	0.4x	0.4x	4.6x	3.5x	2.9x
Average				30%	(1%)		15%	0.9x	0.9x	0.9x	5.6x	5.7x	5.6x
Median				28%	(2%)		15%	0.9x	0.9x	0.9x	5.7x	5.8x	5.6x

METAL & GLASS

Company <i>(figures in €m)</i>	Market cap.	EV	Sales 2023E	Sales Growth		EBITDA 2023E	EBITDA margin 2023E	EV / Sales			EV / EBITDA		
				2022E	2023E			LTM	2023E	2024E	LTM	2023E	2024E
Ball Corporation	15,042	23,033	14,441	19%	3%	1,996	14%	1.6x	1.6x	1.5x	12.6x	11.4x	10.7x
Crown Holdings	9,239	15,672	12,316	25%	2%	1,754	14%	1.3x	1.3x	1.2x	9.6x	8.9x	8.4x
O-I Glass	2,409	6,416	6,710	17%	7%	1,262	18%	1.0x	1.0x	1.0x	6.6x	5.6x	5.4x
Average				20%	4%		15%	1.3x	1.3x	1.2x	9.6x	8.6x	8.1x
Median				19%	3%		14%	1.3x	1.3x	1.2x	9.6x	8.9x	8.4x

Selected European containers and packaging M&A transactions (1)

Q4 and Q3 2022



(Figures in €m)

Date	Target	Buyer	EV	EV/Revenue	EV/EBITDA
Dec-2022	Heidrun Tapperi	Bev craft	1.0	-	-
Dec-2022	Agopag	Pagliari	-	-	-
Dec-2022	Amcor / 3 factories	Hs Investments	419.9	-	-
Dec-2022	Pyl Associates	Duraweld	-	-	-
Nov-2022	Papierindustrie Adriaan Dekker	Oerlemans Packaging	-	-	-
Nov-2022	Ondapack Sud	Carton Pack	-	-	-
Nov-2022	Pusa Pack	Smurfit Kappa Group	-	-	-
Nov-2022	Accolade Wines	Encirc	34.2	-	-
Nov-2022	Refour	Zotefoams	-	-	-
Nov-2022	Allied Glass Containers	Verallia	365.7	2.3	-
Nov-2022	folian	Walki Group; OEP Capital Advisors	-	-	-
Nov-2022	Cml Associates Bristol	WP Industrial	-	-	-
Oct-2022	Industrial Pack	ISEM	-	-	-
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	-	-	-

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

Notable containers and packaging M&A transactions in Greece

2019 to Q4 2022



(Figures in €m)

Date	Target	Buyer	EV	EV/Revenue	EV/EBITDA
Sep-2022	StyleGlass	Berlin Packaging	-	-	-
Jul-2022	MatrixPack	SouthBridge	-	-	-
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	-	-	-

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

Greece

15 Platia Filikis Eterias,
106 74, Athens Greece
Email: office@almaadvisors.com
Phone: +30 210 672 8868

Cyprus

17 Grigoriou Xenopoulou St.,
3106, Limassol Cyprus
Email: office@almaadvisors.com
Phone: +357 25 86 80 80




ALMA.advisors




ALMA.advisors




ALMA.advisors




ALMA.advisors




ALMA.advisors




ALMA.advisors




ALMA.advisors




ALMA.advisors




ALMA.advisors




ALMA.advisors

