



PACKAGING SECTOR UPDATE

M&A REPORT

Q4 2023

ALMA.advisors

Q4 market and sector overview

EU puts forward a proposal for a regulation on packaging and packaging waste that will replace existing directive; Greek packaging companies continue their investments

Macroeconomic developments

- European Central Bank has decided to **keep the interest rates unchanged**, at 4.5% in its October and December meetings due to the gradual inflation decline
- According to the ECB, **inflation is expected to decrease** gradually over the next year and reach 2.7% in 2024
- The European Commission has **revised downwards the forecast for Eurozone's GDP growth for 2024**, due to the slowdown in industrial production
- According to the eurozone PMI report, manufacturers have witnessed a **significant decline in business activity** driven by the decrease in new orders
- Manufacturers' **destocking cycle remains robust** amid decreasing sales and cost-reduction initiatives

Greek containers & packaging sector trends

Soon to be finalized PPWR

- EU's Packaging and Packaging Waste Regulation is expected to be finalized **mid 2024**
- Packaging producers will have to:**
 - Review product portfolio and raw material sourcing process → use alternative, recycled materials
 - Invest in infrastructure for the collection and recycling of waste

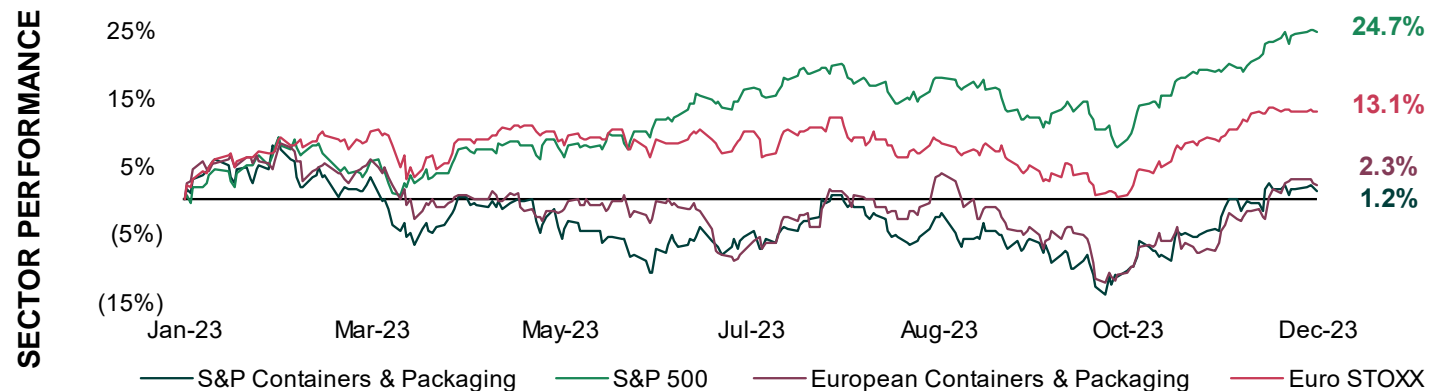
Sustainability initiatives

- Increasing awareness towards natural raw materials is **driving demand for sustainable packaging** in Greece
- Greek F&B companies are shifting away from non-biodegradable synthetic polymers, **looking for 100% sustainable** food packaging
 - New entries in the sustainable packaging space

Focus on increasing sales







- Greek industry players are investing to **increase production capacity** to drive revenues
 - Maintain focus on **eco-friendly product lines**, which continue to experience an increasing demand

European and US Container & Packaging indices vs the broader market



Greek packaging companies' key updates

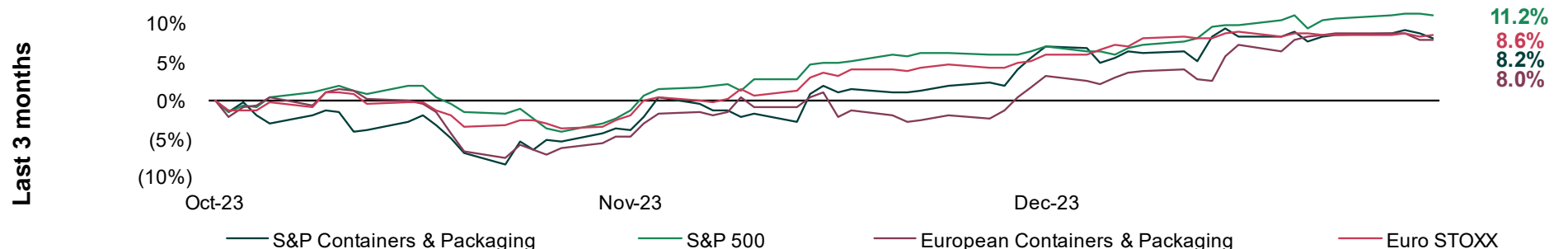
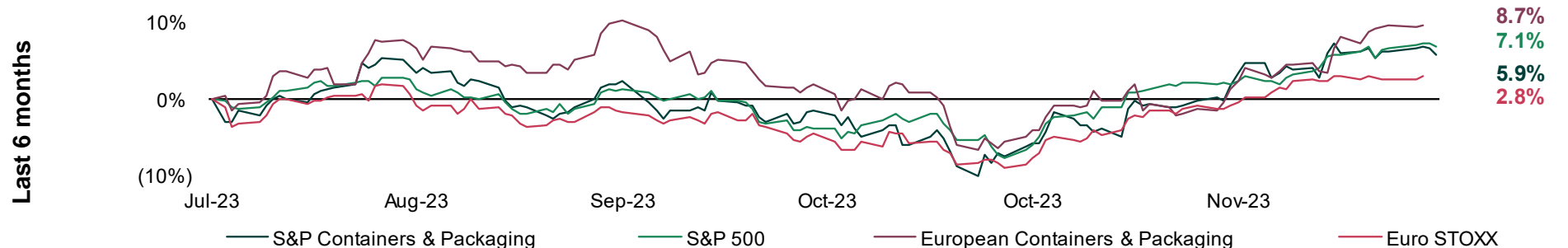
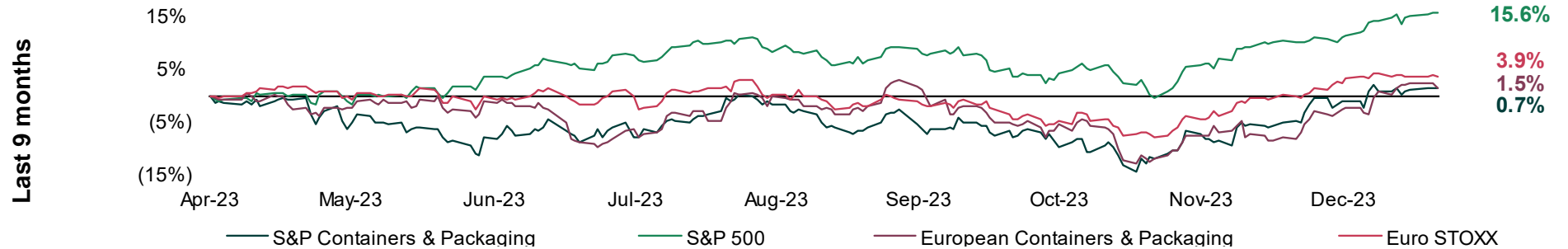
Greek packaging companies are increasingly investing to expand production capacity to drive sales

Company	Q4 2023 key updates
	<ul style="list-style-type: none"> ▪ Announced a €14m investment plan to: <ul style="list-style-type: none"> ○ Upgrade its industrial plant in Thebes, increasing production capacity ○ Modernize the production lines and processes of its industrial building in Crete, to streamline operations
	<ul style="list-style-type: none"> ▪ Announced a €50m investment plan to strengthen its product portfolio and expand its production line for paper fiber drink caps ▪ Signed new collaboration with MacDonal'd's, for which the company will add 7 more production lines to cover the increase in demand
	<ul style="list-style-type: none"> ▪ As part of its strategy to increase sales, the company is actively investing to further expand its paper factory production capacity
	<ul style="list-style-type: none"> ▪ Announced a c.€100m investment plan for the next 5-10 years, focusing on packaging materials innovation, to: <ul style="list-style-type: none"> ○ Reduce the use of plastic and aluminum ○ Minimize plastic waste and become more environmentally friendly
	<ul style="list-style-type: none"> ▪ Continued its investments in its existing production units in Greece to modernize the equipment, increase production capacity and minimize the waste of raw materials → part of its wider strategic plan to further develop in Eastern Europe
	<ul style="list-style-type: none"> ▪ The company has launched a new thermoforming IML cup for dairy products, that is made with 40% less plastic, highlighting the company's focus on sustainability ▪ Announced investments of €10m for new mechanical equipment that will increase production capacity: <ul style="list-style-type: none"> ○ Provide more efficient and direct service to its customers, by offering a more complete portfolio ○ Further expand exporting activity

Key takeaways
<p>Greek packaging companies are investing to enhance production capacity</p> <ul style="list-style-type: none"> ▪ Packaging companies in Greece are investing to increase production capacity by: <ul style="list-style-type: none"> ○ Upgrading and modernizing their existing facilities ○ Expanding their production lines ○ Investing in new mechanical equipment
<p>Increasing investments to cover the rising demand for sustainable products</p> <ul style="list-style-type: none"> ▪ As demand for eco-friendly products is rising, Greek packaging companies are investing to expand and improve their production lines for sustainable products ▪ At the same time, they are aiming to: <ul style="list-style-type: none"> ○ Prepare for the soon to be finalized EU PPWR regulation, minimizing their plastic use

Sector performance

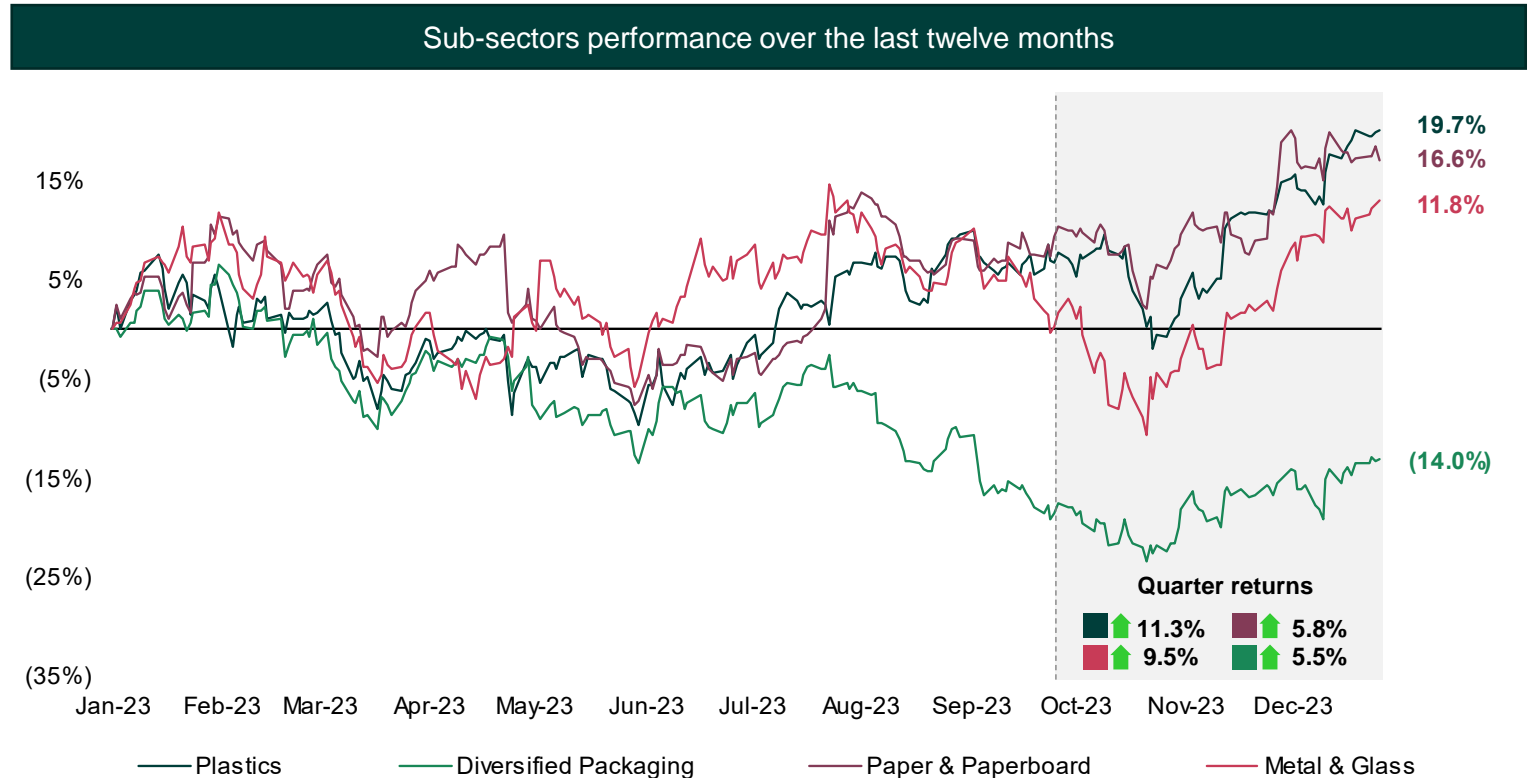
Both the European and the US Containers & Packaging Indices have underperformed the broader market in Q4 2023



Publicly traded companies overview per sub-sector

Plastics has outperformed the rest of the sub-sectors both over the LTM and in Q4 2023

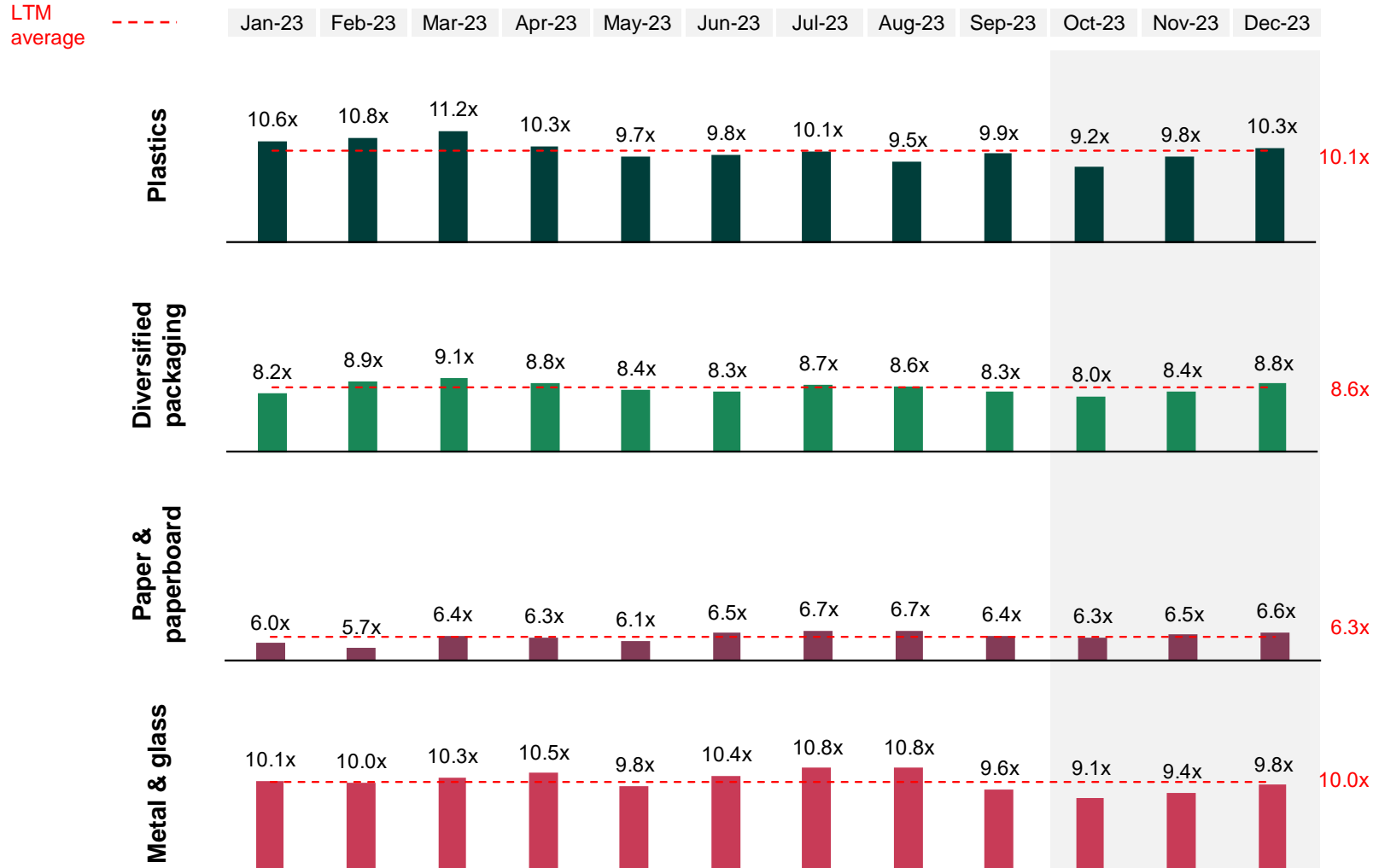
- Plastics has outperformed the rest of the sector both over the LTM and in Q4 2023 amid the rising demand for self-adhesive labels
- Self-adhesive labels market is experiencing an increase on demand, driven by the growing need for product identification and branding across industries
- Diversified packaging sub-sector is being heavily affected by the destocking cycle, recording losses of 14.0% over the LTM
- In Q4 2023, all sub-sector have recorded gains, with Plastics being the best performer, recording double-digit returns



Median LTM EV/EBITDA multiples

Over Q4 2023 all sub-sectors have witnessed an increase in multiples

- In Q4 2023, Diversified packaging has witnessed the biggest increase in EBITDA multiples, of 0.5x
- Paper & Paperboard multiples remain the lowest in Q4 2023 despite experiencing a multiple expansion of 0.2x
- All sub-sectors' multiples, except Metal & Glass, are trading well above their 12-month average



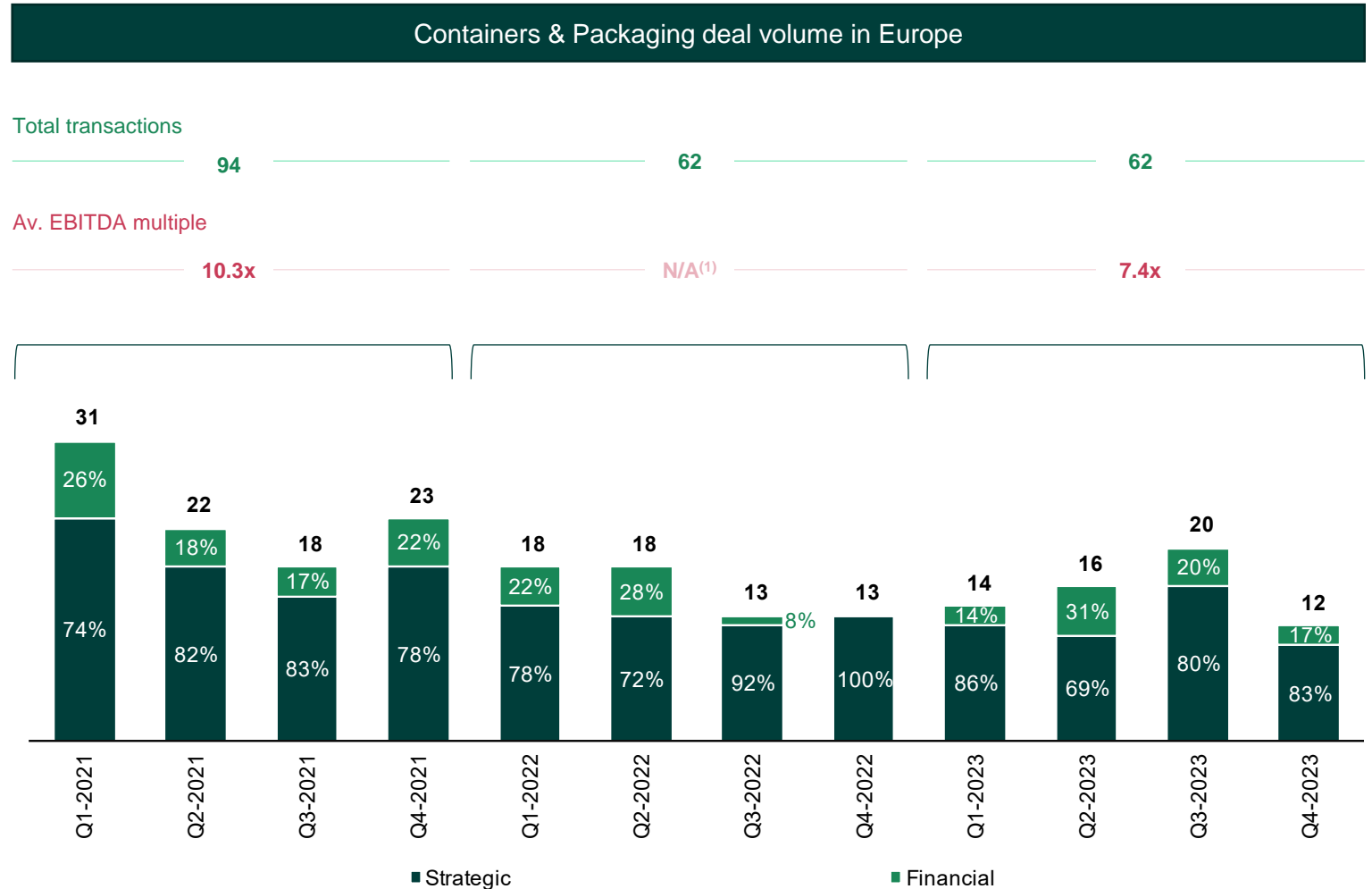
Notes: Sub-sector index constituents can be found on pages 8-9; some historic multiples may have deviations from previous reports due to restatements or differences between preliminary and final results published

Sources: FactSet

Europe M&A update

M&A activity has witnessed a decrease during the fourth quarter of 2023

- M&A activity has witnessed a significant decrease in Q4 2023, recording 12 transactions compared to 20 in Q3 2023
- The ongoing unfavourable macroeconomic environment continues to negatively affect dealmaking
- Deal count in Q4 2023 was at the same level as Q4 2022, recording 12 and 13 deals, respectively
- We expect improved market conditions in 2024 driven by European and US central banks rate cut cycles which are anticipated to commence in mid-2024



Data as of 31/12/2023

Note: (1) Limited data on multiples to obtain a reasonable figure

Sources: FactSet

Trading comps (1/2)

PLASTICS

Company <i>(figures in €m)</i>	HQ	Market cap.	EV	Sales 2024E	Sales Growth		EBITDA 2024E	EBITDA margin 2024E	EV / Sales			EV / EBITDA		
					2023E	2024E			LTM	2024E	2025E	LTM	2024E	2025E
Avery Dennison	USA	14,738	17,637	8,219	21%	(10%)	1,317	16%	2.3x	2.2x	2.1x	16.4x	13.6x	12.6x
Amcor	GBR	12,613	19,319	13,257	20%	4%	1,840	14%	1.5x	1.5x	1.4x	10.6x	10.6x	10.2x
CCL Industries	CAN	7,270	8,983	4,784	21%	(2%)	948	20%	2.0x	1.9x	1.8x	10.2x	9.5x	9.1x
Berry Global Group	USA	7,046	14,997	11,754	16%	(13%)	1,946	17%	1.3x	1.3x	1.3x	7.8x	7.7x	7.4x
Brady Corporation	USA	2,568	2,478	1,282	22%	6%	257	20%	2.0x	2.0x	1.9x	10.4x	9.9x	9.4x
Winpak	CAN	1,825	1,374	1,085	33%	(5%)	224	21%	1.3x	1.3x	1.2x	6.5x	6.3x	5.8x
Average					22%	(3%)		18%	1.7x	1.7x	1.6x	10.3x	9.6x	9.1x
Median					21%	(4%)		18%	1.7x	1.7x	1.6x	10.3x	9.7x	9.2x

DIVERSIFIED PACKAGING

Company <i>(figures in €m)</i>	HQ	Market cap.	EV	Sales 2024E	Sales Growth		EBITDA 2024E	EBITDA margin 2024E	EV / Sales			EV / EBITDA		
					2023E	2024E			LTM	2024E	2025E	LTM	2024E	2025E
Sonoco Products	USA	4,954	8,091	6,402	46%	(9%)	1,019	16%	1.3x	1.3x	1.3x	8.0x	8.1x	8.1x
DS Smith	GBR	4,885	7,194	8,609	11%	(11%)	1,245	15%	0.8x	0.9x	0.8x	5.6x	5.9x	5.7x
Sealed Air	USA	4,775	9,198	5,073	15%	(6%)	1,052	21%	1.8x	1.8x	1.8x	8.8x	8.8x	8.4x
Silgan Holdings	USA	4,363	8,049	5,651	22%	(5%)	875	15%	1.4x	1.4x	1.4x	9.8x	9.3x	8.9x
Huhtamaki	FIN	3,958	5,274	4,321	25%	(7%)	629	14%	1.2x	1.2x	1.2x	9.3x	8.4x	7.9x
Greif	USA	2,787	5,800	4,955	28%	(19%)	635	13%	1.2x	1.2x	1.1x	7.2x	9.4x	8.0x
Orora	AUS	2,158	2,762	3,052	19%	(4%)	390	13%	1.0x	0.9x	0.8x	10.9x	7.0x	5.7x
Average					24%	(9%)		15%	1.3x	1.2x	1.2x	8.5x	8.1x	7.5x
Median					22%	(7%)		15%	1.2x	1.2x	1.2x	8.8x	8.4x	8.0x

Trading comps (2/2)

PAPER & PAPERBOARD

Company <i>(figures in €m)</i>	HQ	Market cap.	EV	Sales 2024E	Sales Growth		EBITDA 2024E	EBITDA margin 2024E	EV / Sales			EV / EBITDA		
					2023E	2024E			LTM	2024E	2025E	LTM	2024E	2025E
Packaging Corp	USA	13,217	12,126	7,334	23%	(11%)	1,506	19%	1.7x	1.7x	1.7x	8.2x	8.8x	7.8x
International Paper	USA	11,324	18,030	17,455	23%	(13%)	2,137	11%	1.0x	1.1x	1.0x	8.0x	9.2x	8.1x
Stora Enso	FIN	9,864	13,030	9,459	15%	(19%)	1,344	14%	1.3x	1.4x	1.3x	10.1x	9.4x	7.5x
WestRock Company	USA	9,641	17,242	18,472	25%	(4%)	2,635	14%	0.9x	0.9x	0.9x	6.3x	6.9x	6.1x
Smurfit Kappa	IRL	9,374	12,503	11,071	27%	(11%)	1,966	18%	1.0x	1.1x	1.1x	5.7x	6.4x	6.0x
Graphic Packaging	USA	6,829	11,967	9,032	48%	(1%)	1,720	19%	1.4x	1.3x	1.3x	6.8x	6.9x	6.8x
Empresas	CHL	4,406	8,829	7,552	39%	0%	1,385	18%	1.2x	1.2x	1.2x	6.4x	6.6x	6.3x
Mayr-Melnhof Karton	AUT	2,532	4,146	4,355	53%	(10%)	653	15%	0.9x	1.0x	0.9x	10.0x	6.3x	5.8x
Sappi	ZAF	1,231	2,248	5,149	53%	(19%)	617	12%	0.4x	0.5x	0.4x	2.8x	3.7x	3.2x
Cascades	CAN	880	2,368	3,343	22%	(1%)	429	12%	0.7x	0.7x	0.7x	6.2x	5.8x	5.7x
Clearwater Paper	USA	542	986	1,861	32%	(3%)	222	12%	0.5x	0.5x	0.5x	4.3x	4.6x	4.5x
Nampak	ZAF	78	387	828	26%	(17%)	78	9%	0.5x	0.5x	0.7x	10.8x	4.9x	6.2x
Average					32%	(9%)			1.0x	1.0x	1.0x	7.1x	6.6x	6.2x
Median					26%	(10%)			1.0x	1.0x	1.0x	6.6x	6.5x	6.1x

METAL & GLASS

Company <i>(figures in €m)</i>	HQ	Market cap.	EV	Sales 2024E	Sales Growth		EBITDA 2024E	EBITDA margin 2024E	EV / Sales			EV / EBITDA		
					2023E	2024E			LTM	2024E	2025E	LTM	2024E	2025E
Ball Corporation	USA	16,418	24,704	13,124	23%	(10%)	2,001	15%	1.9x	1.9x	1.8x	13.3x	12.2x	12.0x
Crown Holdings	USA	10,058	16,548	11,477	27%	(9%)	1,829	16%	1.5x	1.5x	1.4x	9.8x	9.0x	8.5x
O-I Glass	USA	2,294	6,307	6,581	21%	1%	1,285	20%	0.9x	1.0x	0.9x	5.2x	4.8x	4.7x
Average					24%	(6%)			1.4x	1.4x	1.4x	9.5x	8.7x	8.4x
Median					23%	(9%)			1.5x	1.5x	1.4x	9.8x	9.0x	8.5x

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

Q4 2023 and Q3 2023



(Figures in €m)

Date	Target	Buyer	Transaction value	Implied EV	EV/Revenue	EV/EBITDA
Dec-2023	Helvid	MULTIHOME	0.4	0.4	0.4x	-
Dec-2023	Heinz Plastics Böhm	Gramß	-	-	-	-
Nov-2023	Camvac	Camvac	-	-	-	-
Nov-2023	Marchante	Hivest Capital Partners	-	-	-	-
Nov-2023	Slite	Axiom Packaging	-	-	-	-
Oct-2023	Ipackchem Group	Greif International	506.6	506.6	2.3x	9.4x
Oct-2023	Zetacarton	VPK Group	-	-	-	-
Oct-2023	Wrapology International	Carton Group	-	-	-	-
Oct-2023	Brødrene Hartmann	Thornico Food & Food Technology Group	33.9	378.3	-	-
Oct-2023	Exeltainer	Aurora Management Partners	-	-	-	-
Oct-2023	Bergen Plastics	Skanem	-	-	-	-
Oct-2023	Scatolificio De.Le.S.	Relife Paper Packaging	-	-	-	-
Sep-2023	Newcy	Re-uz France	-	-	-	-
Sep-2023	Kefla-Glas	Lifco	-	-	-	-
Sep-2023	Eco Pack Technologies	Eco Pack Technologies	-	-	-	-
Sep-2023	Yellow2Rail	Medlog	-	-	-	-
Sep-2023	Envases Tendero	Autajon Services	-	-	-	-
Sep-2023	Toneleria Vasyma	The Macallan Distillers	-	-	-	-
Aug-2023	Saverglass	Orora	1290.0	1290.0	-	-
Aug-2023	Vemo Trade	Accession Capital Partners; ALFI	-	-	-	-
Aug-2023	Packaging R Us	Regal Food Products Group	-	-	-	-
Aug-2023	Helvetia Packaging	Crown Holdings	-	-	-	-
Aug-2023	Bosis	DS Smith	-	-	-	-
Jul-2023	Constantia Flexibles Group	One Rock Capital Partners	1097.0	1097.0	-	-
Jul-2023	Europoligrafico	Waterland Private Equity Investments	-	-	-	-
Jul-2023	Ahlstrom Munksjo Oyj /Stenay Plant/	Accursia Capital	-	-	-	-

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

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Notable containers and packaging M&A transactions in Greece

2019 to Q4 2023



(Figures in €m)

Date	Target	Buyer	Transaction value	Implied EV	EV/Revenue	EV/EBITDA
Jul-2023	Coropoulos Packaging	Berlin Packaging	-	-	-	-
Sep-2022	StyleGlass	Berlin Packaging	-	-	-	-
Jul-2022	MatrixPack	SouthBridge	-	-	-	-
Jun-2021	Elias Valavanis	Berlin Packaging	-	-	-	-
Dec-2020	Haitoglou Hartel	Industrial Development Company	24.8	-	-	-
Dec-2020	Paperpack	Orlando-Equity Holding	23.7	34.4	2.0x	8.3x
Jan-2020	Karatzis S.A. Industrial	Antkar	70.1	-	-	-
Jan-2019	Adam Pack	DECA Investments	-	-	-	-

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