



# PACKAGING SECTOR UPDATE

## M&A REPORT

Q1 2024

ALMA.advisors

# Q1 market and sector overview

Key players in the Greek packaging sector are modifying their operations to comply with the EU's Packaging and Packaging Waste Regulation

## Macroeconomic developments

- During its March meeting, the European Central Bank has decided to **keep the interest rates unchanged**
- Despite recent inflation data exceeding expectations, the ECB has **downgraded its inflation forecasts**, and anticipates that inflation will reach its 2% target in 2025 signaling its willingness to **lower rates during its June meeting**
  - Markets anticipate **4 rate cuts** in 2024
- Despite the ongoing weakness in German data, economic activity in the Eurozone is **showing signs of improvement**
  - **Consumer confidence is recovering slightly**, credit conditions are stabilizing, unemployment continues to **hit historic lows**, and the service sector is displaying some signs of recovery

## Greek containers & packaging sector trends

### Greece adapts to PPWR directive

- **Leading companies in the Greek packaging sector** are aligning with the PPWR directive by:
  - Forming partnerships to **enhance recycling efforts**
  - Adopting safe raw materials, free from harmful substances
  - Obtaining **recyclability certifications** for their products
  - Minimizing the use of plastic

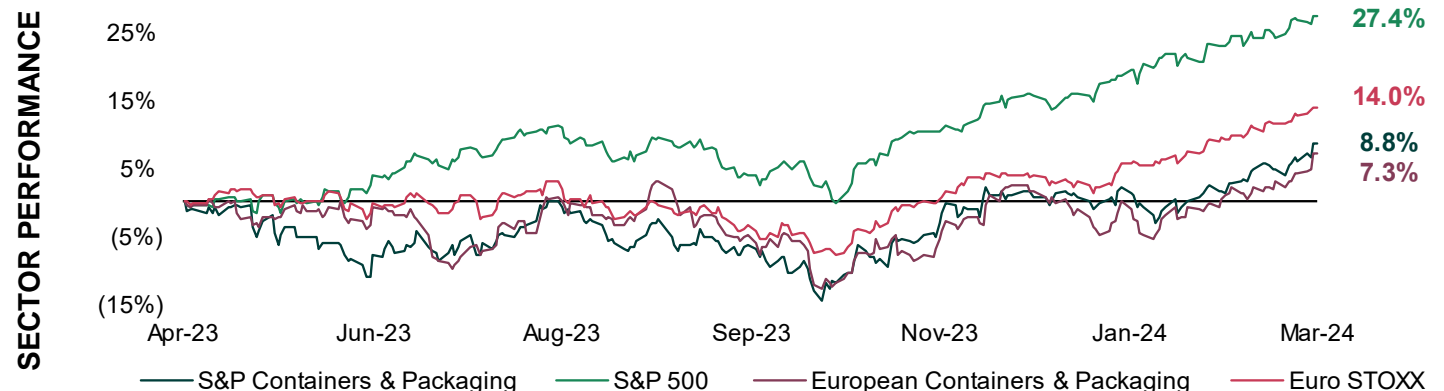
### Expanding eco-friendly offering

- Greek packaging companies maintain their commitment to sustainability by **expanding their portfolios of eco-friendly products** to:
  - Reduce their environmental impact
  - **Differentiate themselves** from both local and international competitors

### Demand for glass packaging is fading






- Demand for glass-packaged drinks is declining as **consumers opt for more affordable plastic and can packaging options**
  - Glass packaging is more expensive than plastic and metal
  - High interest rates have **limited buyers' purchasing power**
- Amid slow global demand, European glass manufacturer BA Glass is set to **close its facility in Greece**

## European and US Container & Packaging indices vs the broader market



# Greek packaging companies' key updates

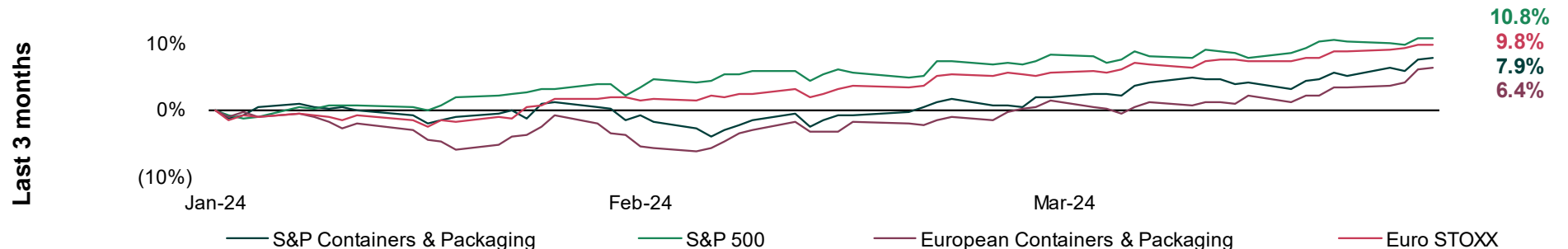
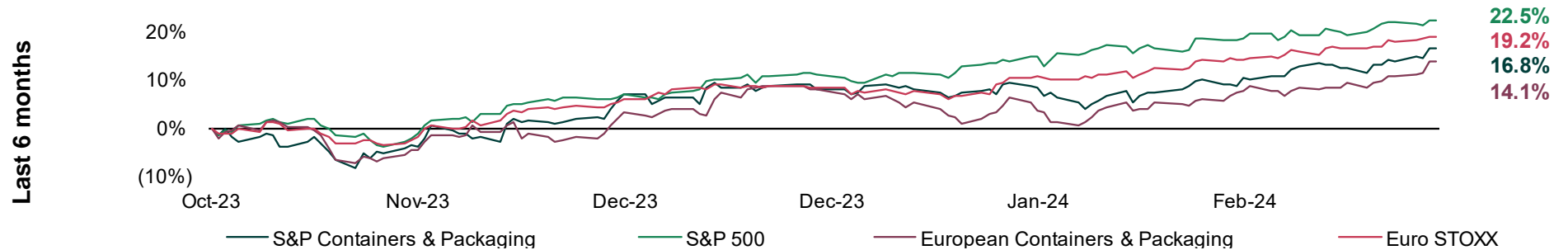
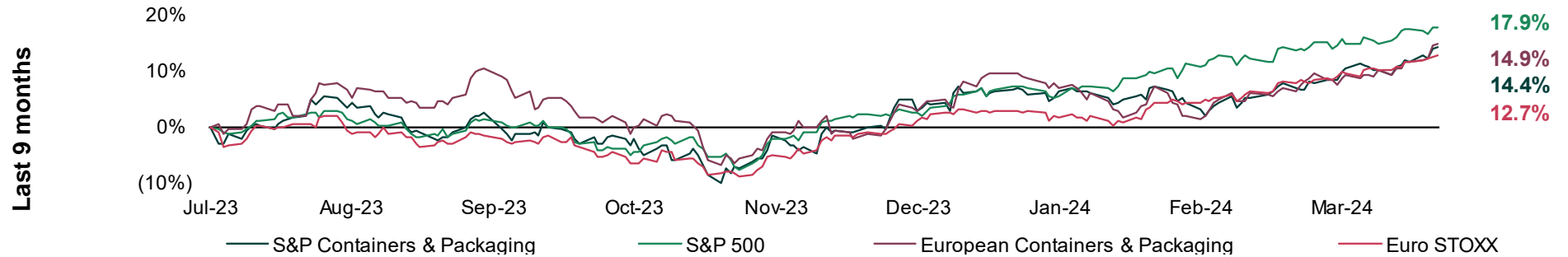
Greek packaging companies are expanding their eco-friendly offerings to set themselves apart from the competition

Company	Q1 2024 key updates
	<ul style="list-style-type: none"><li>Launched 2 new environmentally-friendly products to enhance its product offering</li></ul>
	<ul style="list-style-type: none"><li>Announced a partnership with KTIS, a leading sugarcane cultivation company, for the production of plant-based packaging products and straws, expanding its portfolio of sustainable products</li><li>Installed manufacturing equipment to commence the production of FSC certified wood moulded fibre products, aligning with its strategy to transition to plastic-free alternatives</li></ul>
	<ul style="list-style-type: none"><li>Announced a c.€5m investment plan to build a highly automated logistics center with a capacity for 15,000 pallets, that will streamline operations</li></ul>
	<ul style="list-style-type: none"><li>Announced a new strategic plan to boost recycling efforts, in support of EU's Packaging and Packaging Waste Regulation<ul style="list-style-type: none"><li>Continuing its cooperation with LM ECO, the first specialized liquid food packaging paper recycling unit in Greece</li></ul></li></ul>
	<ul style="list-style-type: none"><li>European glass packaging manufacturer BA Glass is set to close its facility in Greece due to continuous decline in demand for glass packaging products</li></ul>

Key takeaways
<p><b>Packaging companies are investing to expand their eco-friendly offerings</b></p> <ul style="list-style-type: none"><li>Greek packaging companies are <b>expanding their portfolio of eco-friendly products</b> to:<ul style="list-style-type: none"><li>Meet rising demand for eco friendly products</li><li><b>Differentiate themselves from the competition</b></li></ul></li><li>At the same time, they are investing to <b>enhance recycling efforts</b>, in alignment with the EU's packaging regulation PPWR</li></ul>
<p><b>Increasing investments to streamline operations</b></p> <ul style="list-style-type: none"><li>Key players in the Greek packaging sector are investing in <b>modernizing and fully automating their existing facilities</b></li><li>Companies are prioritizing <b>streamlining operations and cost reduction initiatives</b> to improve profit margins</li></ul>

# Sector performance

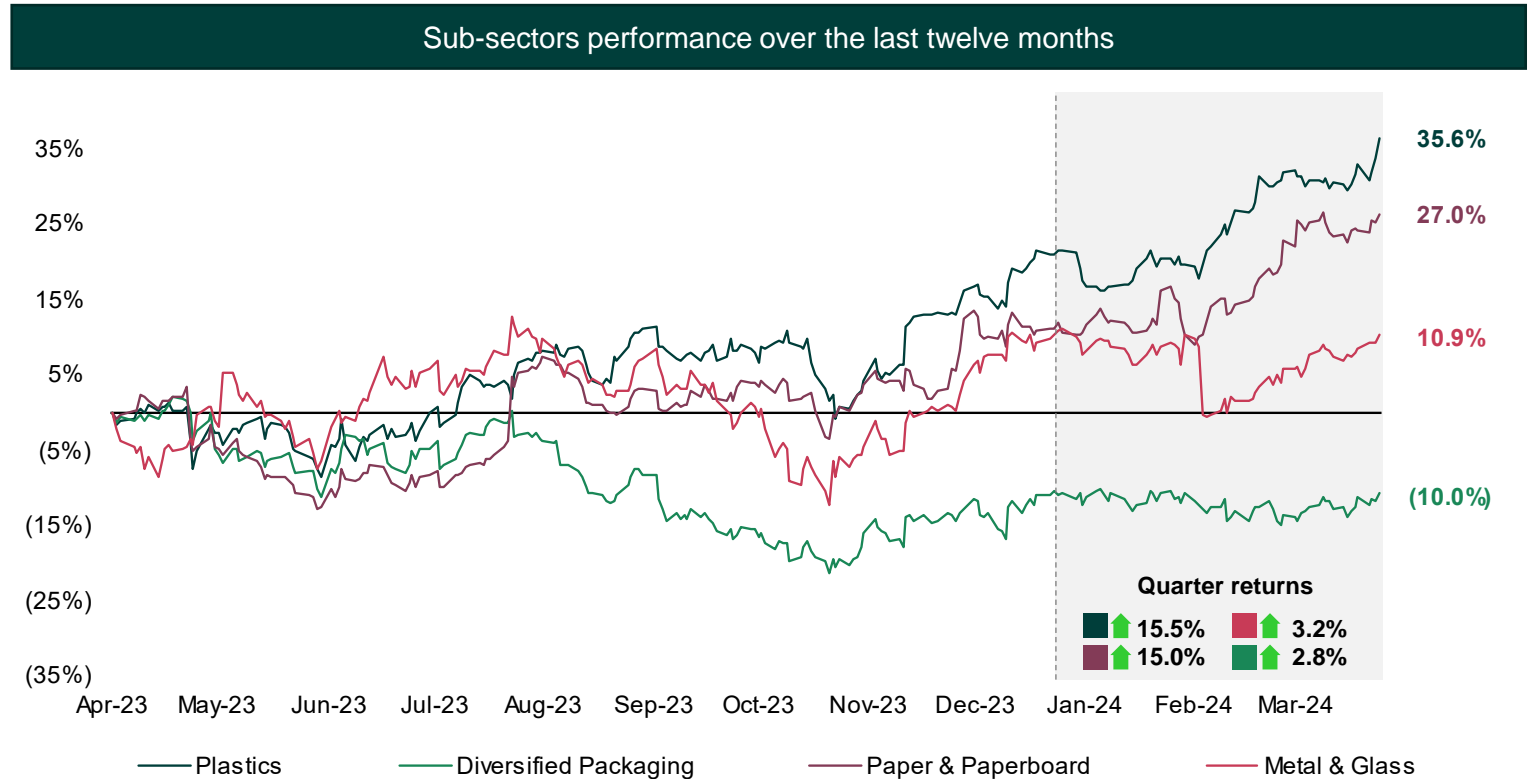
In Q1 2024, both the European and the US Containers & Packaging Indices have underperformed the broader market



# Publicly traded companies overview per sub-sector

Plastics continue to outperform the rest of the sub-sectors both over the LTM and in Q1 2024

- During Q1 2024, all sub-sectors recorded gains, as demand outlook is improving, prompting companies to rebuild their low inventory positions
- In Q1 2024, Plastics continued its upward trajectory, witnessing gains of 15.5%, fuelled by the:
  - Growing demand for flexible packaging
  - Strong demand for labelling of non-durable consumer goods, such as food and beverages, home and personal care products
- Despite recording losses over the LTM, Diversified Packaging has recorded gains of 2.8% in Q1 2024



# Median LTM EV/EBITDA multiples

Most packaging sub-sectors have witnessed an increase in multiples during Q1 2024

- In Q1 2024 Metal & glass was the only sub-sector to witness a decrease in multiples and to trade under its 12-month average
- Demand for glass-packaged drinks is declining as consumers opt for more affordable plastic and can packaging options
  - Persistent high interest rates have constrained buyers' purchasing power
- Paper & Paperboard multiples remain the lowest despite recording an increase of 0.7x, in Q1 2024



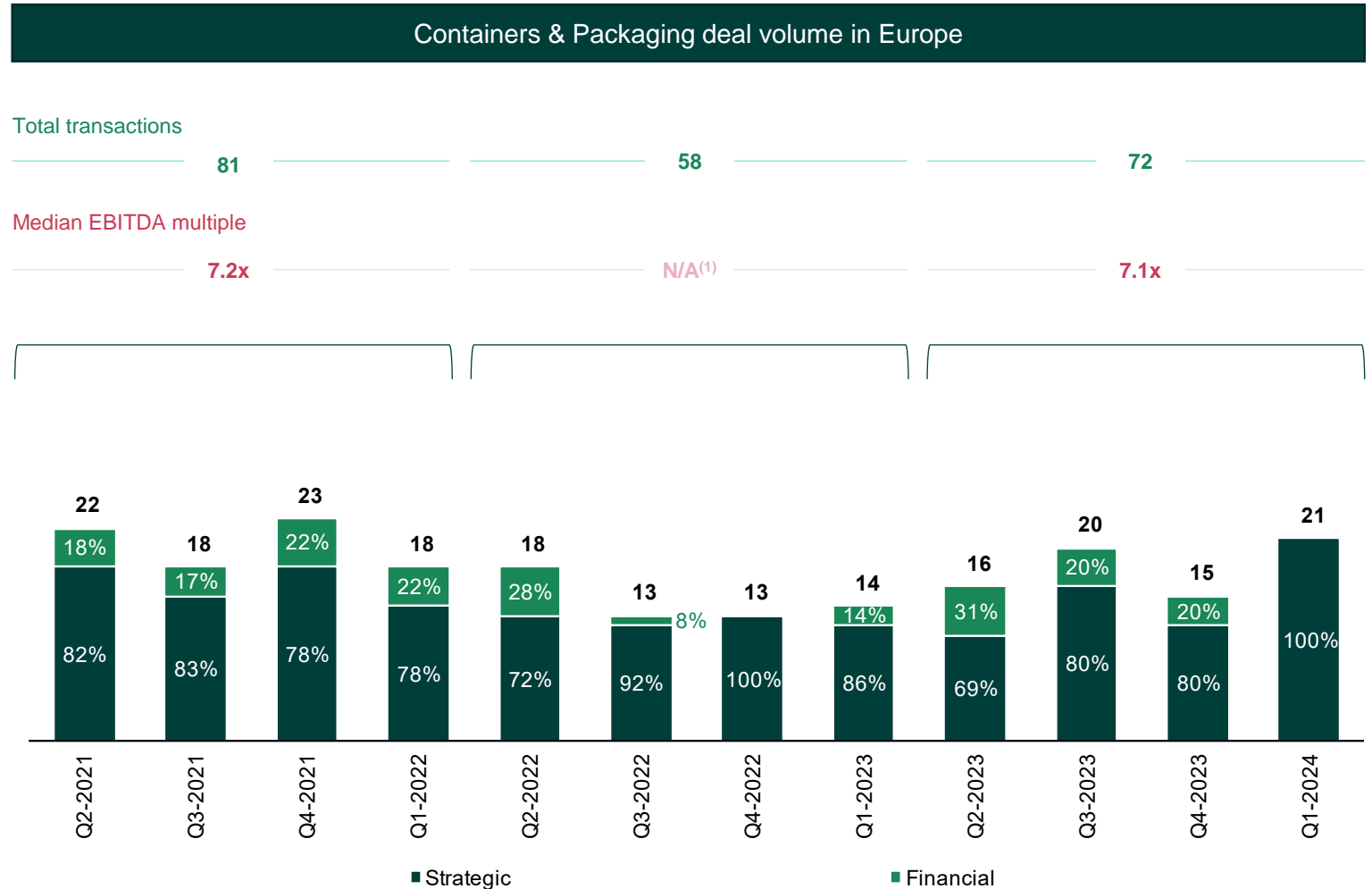
Notes: Sub-sector index constituents can be found on pages 8-9; some historic multiples may have deviations from previous reports due to restatements or differences between preliminary and final results published

Sources: FactSet

# Europe M&A update

During the first quarter of 2024, European M&A activity has witnessed a significant increase

- M&A activity in Q1 2024 has witnessed an increase of 6 deals, compared to Q4 2023
- Deal count in Q1 2024 has increased by 33% compared to Q1 2023, recording 21 and 14 deals, respectively
- All transactions were made by strategic players, looking to enhance their product portfolio and expand their production capabilities
- The elevated cost of capital has discouraged financial sponsors from investing in the packaging sector
- M&A activity in 2024 is expected to further increase, influenced by the anticipated rate cut cycle around mid-2024



Data as of 31/03/2024

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		
					2023A	2024E			LTM	2024E	2025E	LTM	2024E	2025E
Avery Dennison	USA	16,645	19,534	8,211	21%	(10%)	1,332	16%	2.5x	2.4x	2.3x	16.7x	14.9x	13.8x
Amcor	GBR	12,727	19,230	13,006	20%	4%	1,833	14%	1.5x	1.5x	1.5x	10.7x	10.7x	10.2x
CCL Industries	CAN	8,431	9,458	4,801	21%	(2%)	974	20%	2.1x	2.0x	1.9x	10.4x	9.7x	9.3x
Berry Global Group	USA	6,490	14,532	11,705	16%	(13%)	1,946	17%	1.3x	1.3x	1.2x	7.7x	7.6x	7.4x
Brady Corporation	USA	2,653	2,588	1,265	22%	6%	254	20%	2.1x	2.1x	2.0x	10.4x	10.3x	9.5x
Winpak	CAN	1,803	1,355	1,069	33%	(6%)	213	20%	1.3x	1.3x	1.2x	6.4x	6.4x	6.0x
<b>Average</b>					<b>22%</b>	<b>(4%)</b>		<b>18%</b>	<b>1.8x</b>	<b>1.8x</b>	<b>1.7x</b>	<b>10.4x</b>	<b>9.9x</b>	<b>9.4x</b>
<b>Median</b>					<b>21%</b>	<b>(4%)</b>		<b>18%</b>	<b>1.8x</b>	<b>1.7x</b>	<b>1.7x</b>	<b>10.4x</b>	<b>10.0x</b>	<b>9.4x</b>

## 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		
					2023A	2024E			LTM	2024E	2025E	LTM	2024E	2025E
DS Smith	GBR	6,392	8,696	8,436	11%	(13%)	1,242	15%	1.0x	1.1x	1.0x	6.7x	7.2x	6.9x
Sonoco Products	USA	5,255	8,196	6,429	46%	(9%)	999	16%	1.3x	1.3x	1.3x	8.0x	8.3x	7.8x
Sealed Air	USA	4,977	8,996	5,054	15%	(6%)	1,032	21%	1.8x	1.8x	1.8x	8.7x	8.9x	8.4x
Silgan Holdings	USA	4,789	7,520	5,702	22%	(6%)	868	15%	1.4x	1.3x	1.3x	9.1x	8.9x	8.6x
Huhtamaki	FIN	4,184	5,452	4,282	25%	(7%)	634	15%	1.3x	1.3x	1.2x	9.1x	8.6x	8.1x
Greif	USA	3,022	6,102	4,951	28%	(19%)	620	13%	1.3x	1.2x	1.2x	7.7x	10.0x	8.6x
Orora	AUS	2,207	3,449	2,800	19%	(4%)	369	14%	1.4x	1.2x	1.1x	13.7x	8.8x	7.0x
<b>Average</b>					<b>24%</b>	<b>(9%)</b>		<b>15%</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.3x</b>	<b>9.0x</b>	<b>8.7x</b>	<b>7.9x</b>
<b>Median</b>					<b>22%</b>	<b>(7%)</b>		<b>15%</b>	<b>1.3x</b>	<b>1.3x</b>	<b>1.2x</b>	<b>8.7x</b>	<b>8.8x</b>	<b>8.1x</b>



# 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		
					2023A	2024E			LTM	2024E	2025E	LTM	2024E	2025E
Packaging Corp	USA	15,749	17,588	7,421	23%	(11%)	1,516	20%	2.4x	2.4x	2.3x	11.5x	11.8x	10.9x
International Paper	USA	12,514	18,903	17,592	23%	(13%)	2,101	12%	1.1x	1.1x	1.1x	9.0x	9.1x	8.0x
WestRock Company	USA	11,766	19,822	18,374	25%	(4%)	2,487	14%	1.1x	1.1x	1.0x	7.5x	8.0x	6.9x
Smurfit Kappa	IRL	11,055	13,829	11,088	27%	(12%)	1,973	17%	1.2x	1.2x	1.2x	6.6x	7.2x	6.5x
Stora Enso	FIN	10,173	12,757	9,344	15%	(20%)	1,186	12%	1.4x	1.4x	1.3x	30.5x	11.2x	8.3x
Graphic Packaging	USA	8,269	13,215	8,934	48%	(3%)	1,724	19%	1.5x	1.5x	1.5x	7.2x	7.8x	7.5x
Empresas	CHL	4,699	9,130	7,859	39%	0%	1,438	18%	1.4x	1.1x	1.1x	8.3x	6.3x	5.8x
Mayr-Melnhof Karton	AUT	2,308	3,575	4,248	53%	(11%)	570	13%	0.9x	0.8x	0.8x	10.6x	6.3x	5.7x
Sappi	ZAF	1,481	2,572	4,933	53%	(19%)	618	13%	0.5x	0.5x	0.5x	3.6x	4.1x	3.6x
Cascades	CAN	681	2,002	3,185	22%	(3%)	352	11%	0.6x	0.6x	0.6x	5.2x	5.4x	4.9x
Clearwater Paper	USA	671	1,110	2,172	32%	(3%)	221	10%	0.6x	0.5x	0.5x	4.1x	5.1x	4.1x
Glatfelter	USA	84	818	N.A.	55%	(10%)	N.A.	-	0.7x	N.M.	N.M.	10.6x	N.M.	N.M.
<b>Average</b>					<b>35%</b>	<b>(9%)</b>		<b>15%</b>	<b>1.1x</b>	<b>1.1x</b>	<b>1.1x</b>	<b>9.6x</b>	<b>7.5x</b>	<b>6.6x</b>
<b>Median</b>					<b>29%</b>	<b>(10%)</b>		<b>13%</b>	<b>1.1x</b>	<b>1.1x</b>	<b>1.1x</b>	<b>7.9x</b>	<b>7.2x</b>	<b>6.5x</b>

## 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		
					2023A	2024E			LTM	2024E	2025E	LTM	2024E	2025E
Ball Corporation	USA	19,687	27,272	12,123	23%	(11%)	1,889	16%	2.1x	2.3x	2.3x	13.8x	14.9x	14.6x
Crown Holdings	USA	8,864	14,978	11,350	27%	(9%)	1,738	15%	1.4x	1.4x	1.3x	8.4x	8.8x	8.4x
O-I Glass	USA	2,361	6,340	6,732	21%	1%	1,276	19%	1.0x	1.0x	0.9x	5.2x	5.1x	4.9x
<b>Average</b>					<b>24%</b>	<b>(6%)</b>		<b>17%</b>	<b>1.5x</b>	<b>1.6x</b>	<b>1.5x</b>	<b>9.1x</b>	<b>9.6x</b>	<b>9.3x</b>
<b>Median</b>					<b>23%</b>	<b>(9%)</b>		<b>16%</b>	<b>1.4x</b>	<b>1.4x</b>	<b>1.3x</b>	<b>8.4x</b>	<b>8.8x</b>	<b>8.4x</b>

# Selected European containers and packaging M&A transactions <sup>(1)</sup>

Q1 2024 and Q4 2023



*(Figures in €m)*

Date	Target	Buyer	Transaction value	Implied EV	EV/Revenue	EV/EBITDA
Mar-2024	lpackchem	AVG Capital Partners	-	-	-	-
Mar-2024	Cartotecnica Rigon	Alcedo; Green Sustainable Packaging	-	-	-	-
Mar-2024	DS Smith	International Paper	8368.1	8368.1	1.0x	6.4x
Mar-2024	Triflex Productions	Hovat	-	-	-	-
Mar-2024	Karibou	Prisma	9.0	9.0	-	-
Mar-2024	Nordfilm Packaging	SIT Group	-	-	-	-
Mar-2024	CP Italy	Control Print	0.0	0.0	-	-
Feb-2024	Corsico Vetro	Verallia	230.0	230.0	1.5x	6.0x
Feb-2024	Vidrala Italia	Verallia	230.0	230.0	1.8x	7.0x
Feb-2024	Luxenia Umbro Tiberina	Capital Dynamics; Entangled Capital	-	-	-	-
Feb-2024	S.I.C.A.T.E.F.	Capital Dynamics; Entangled Capital	-	-	-	-
Feb-2024	up packaging	Meinders & Elstermann	-	-	-	-
Feb-2024	Aluflexpack	Constantia Flexibles	498.4	498.4	1.3x	16.1x
Feb-2024	TPF	Antalis	-	-	-	-
Feb-2024	Tecnoprifaf	Antalis	-	-	-	-
Jan-2024	Challenge Packaging	Logson	-	-	-	-
Jan-2024	Pakella	Antalis	-	-	-	-
Jan-2024	Glenhaze	McLaren Packaging	-	-	-	-
Jan-2024	Cartonagem São Tiago	Atlantic Box	-	-	-	-
Jan-2024	lemme	VPK Group	-	-	-	-
Jan-2024	Glassland	VETROelite	-	-	-	-
Dec-2023	Bolsas Castresana	Chimiget	-	-	-	-
Dec-2023	Vescom	Gilde Equity Management	-	-	-	-
Dec-2023	Sibsteklo	RID Group	-	-	-	-
Dec-2023	Helvid	MULTIHOME	0.4	0.4	0.4x	-
Dec-2023	Heinz Plastics Böhm	Gramß	-	-	-	-

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

# Notable containers and packaging M&A transactions in Greece

2019 to Q1 2024



*(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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- Capital raising
- Debt advisory

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

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- Part of a global professional services group:



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