



**Packaging M&A update**

Deloitte Corporate Finance LLC

First quarter 2016

## DCF announcement

Deloitte Corporate Finance is pleased to announce the addition of **Bill Kerkam**, managing director, to focus on advisory efforts in the packaging space. Bill joins Deloitte from WestRock (formerly MeadWestvaco), where he worked closely with senior management to lead acquisition and divestiture activities.

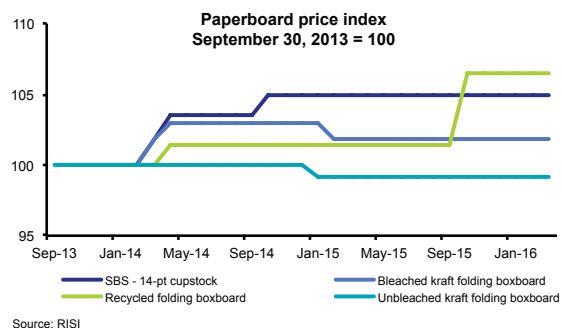
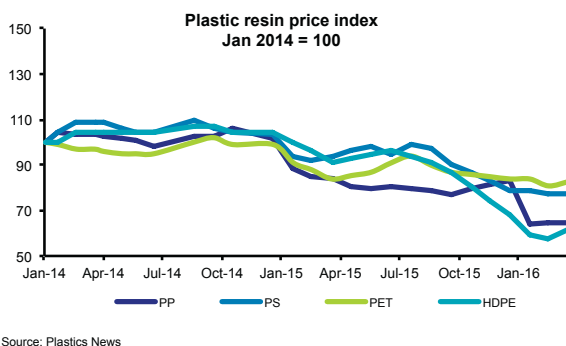
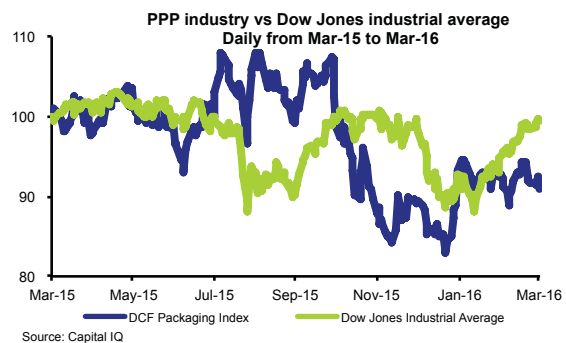
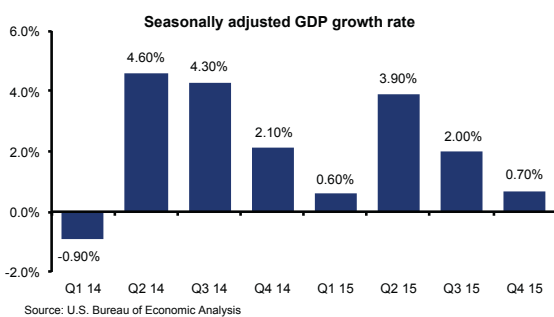
# Packaging industry trends

### M&A activity in Q1 2016 was primarily driven by strategic consolidation.

- Packaging M&A activity in Q1 2016 was dominated by strategic buyers looking to increase capacity, expand into adjacent markets, and diversify product offerings.
  - Transilwrap (Jordan Co.) agreed to acquire the specialty films business of Dow Chemical Co. in order to strengthen its global footprint and expand into the health care market. Since its acquisition by Jordan Co. in 2013, Transilwrap has successfully executed multiple acquisitions to broaden its offerings and capabilities and expand market coverage.
  - Bunzl plc acquired Earthwise Bag Company, a provider of reusable bags in an effort to add environmentally friendly products to its current product offerings for the grocery and retail sectors.
  - Graphic Packaging is expanding its folding carton converting business through the acquisitions of Walter G. Anderson, Inc. and the converting assets of Metro Packaging & Imaging, Inc.

### Sustained low resin prices continue to favorably impact the packaging industry.

- Low resin prices have driven down the costs of production for packaging processors and reduced prices for customers. The favorable economic environment has also led to some packaging processors expanding capacity for existing and new product lines, both organically as well as through acquisitions.
- In addition to lower raw material costs, the following trends have significantly impacted the packaging industry in 2015-2016:
  - Significant growth in sustainable packaging as consumer preferences shift towards environmentally friendly products.
  - Higher disposable income has resulted in a spike in demand for consumer packaged products.
  - The flexible packaging segment continues to outpace the paper and foil segments due to performance benefits such as barrier protection, increased shelf-life, light weight, easy-open features, high impact display, and convenient storage.



# Highlighted transactions

## Deals announced

**March 31, 2016** — Transilwrap Company, Inc. has agreed to acquire The Dow Chemical Company's global Specialty Films business. Transilwrap is a value-added manufacturer, converter and distributor of specialty film products used in a wide range of packaging applications serving the industrial, health care, and consumer markets. The acquisition is scheduled to close by the end of Q2 2016, subject to regulatory approvals.

**March 29, 2016** — Graphic Packaging Holding Company (NYSE: GPK) announced that its wholly owned subsidiary, Graphic Packaging International, Inc., has agreed to acquire the converting assets of Wayne, New Jersey based Metro Packaging & Imaging, Inc. (Metro Packaging), a printed folding carton producer primarily servicing the food and away-from-home end markets. Graphic Packaging is a leading global provider of packaging solutions to the food and beverage and other consumer end markets.

Graphic Packaging has also agreed to acquire 100% of the outstanding equity of Walter G. Anderson, Inc. (WG Anderson). WG Anderson is a leading folding carton manufacturer with a focus on store branded food and consumer products

markets. The company operates two leading sheet-fed folding carton converting facilities located in Hamel, Minnesota and Newton, Iowa.

**March 21, 2016** — Tekni-Plex, Inc. has agreed to acquire Sancap Liner Technology, Inc. Based in Alliance, Ohio, Sancap is a leading producer of heat-seal, pressure-sensitive and gasket-sealing liners for pharmaceutical and food applications. Sancap is now the third liner business Tekni-Plex has acquired in the last 18 months.

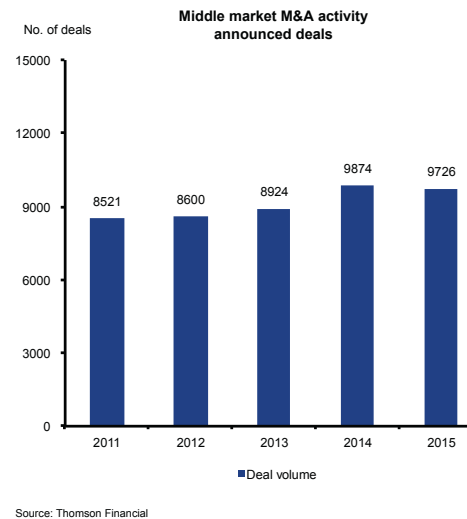
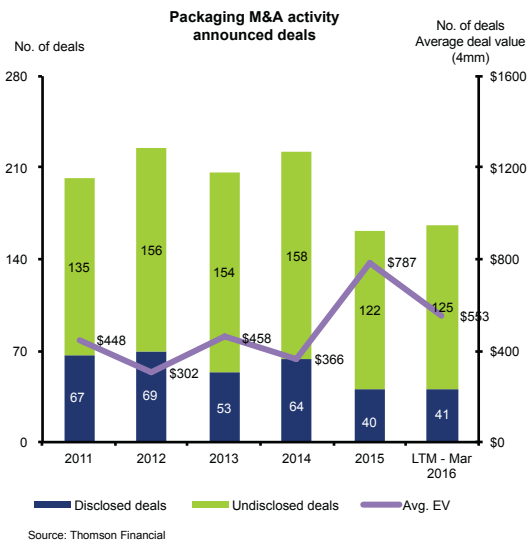
**March 7, 2016** — CCL Industries Inc. is acquiring Powerpress Rotulos & Etiquetas Adesivas LTDA of São Paulo, Brazil. Powerpress makes expanded content labels for agricultural, chemical, and pharmaceutical customers. The total consideration was \$10.25 million. Powerpress had 2015 sales of about \$6.5 million and adjusted earnings before interest, taxes, depreciation, and amortization of \$2.5 million.

CCL also announced that it has entered into a definitive merger agreement to acquire Checkpoint Systems, Inc. (NYSE:CKP) (Checkpoint) for \$10.15 per share (USD) in an all-cash transaction valued at approximately \$556 million, including net

cash. Checkpoint is a leading manufacturer of technology-driven loss prevention, inventory management, and labeling solutions, including RF and RFID-based, to the retail and apparel industry.

**March 3, 2016** — Coveris S.A. (Coveris), a leading global provider of packaging and coatings solutions, announced the acquisition of Supraplast. Supraplast is a shrink sleeve and adhesive label technologies company based in Guayaquil, Ecuador.

**March 1, 2016** — Orora Limited (ASX: ORA) announced it has acquired IntegraColor Ltd for \$77million USD (approximately A\$107M). The acquisition price represents a multiple of 6.9x historic EBITDA. IntegraColor is a provider of point of purchase retail display solutions and other visual communications services for long-term corporate customers across the consumer (food and beverage), health care/ education, and horticulture industries. IntegraColor offers customers a broad set of value-added services from brand concepts through to design, production, data management, fulfilment, and logistics complementing Orora's total packaging solutions capability.



# Highlighted transactions

## Deals announced (cont.)

**February 29, 2016** — Bunzl acquired California based Earthwise Bag Company, Inc., a supplier of reusable bags to supermarkets and other retailers in the US. Earthwise had revenues of \$18 million in 2015. The acquisition expands Bunzl's offering of environmentally friendly products to the grocery and retail sectors.

Bunzl has also agreed to acquire Bursa Pazarı İnşaat Sanayi ve Ticaret AS, an Istanbul, Turkey based provider of a variety of packaging and foodservice supplies and disposable gloves to wholesalers, retailers, and hospitals. Bursa covers the domestic market and also exports its products to a number of countries overseas.

**February, 29 2016** — Midland Plastics Inc., a plastic stock shape distributor and custom components manufacturer based in New Berlin, Wisconsin, has acquired Advanced Extrusions Inc. of Franklin, Wisconsin. Advanced Extrusions designs and manufacturers custom thermoplastic

shapes, profiles, rods, tubings, and flat stock for a wide range of applications, including agriculture, automotive, construction, housewares, point-of-purchase displays, sporting goods, and water treatment.

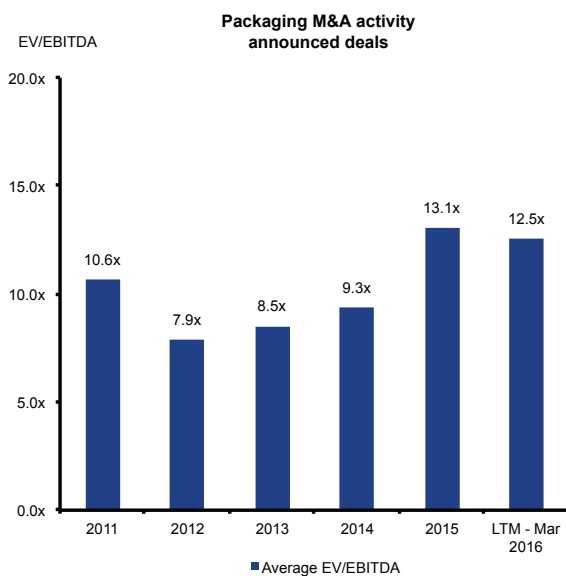
**February 9, 2016** — Sabert Corporation, a leading global manufacturer of food service packaging, announced that it has agreed to acquire Kalman Packaging Inc., a North Carolina based manufacturer of thermoformed plastic hinged food containers, focused on the bakery/ supermarket sector.

**February 3, 2016** — Leveraging its global footprint and focus on thermoplastic elastomer (TPE) innovation and design, PolyOne Corporation (NYSE: POL) has acquired certain assets and technologies from Kraton Performance Polymers, Inc. (NYSE: KRA). PolyOne and Kraton also entered into a supply agreement, whereby Kraton will provide PolyOne certain raw materials used in the acquired business.

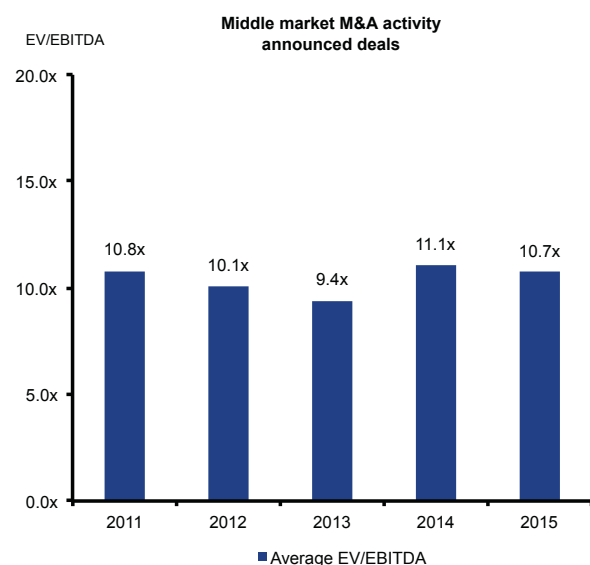
**January 20, 2016** — WestRock Company (NYSE:WRK) announced that it has completed the acquisition of Cenevo Packaging, a leading provider of value-add folded carton and litho-laminated display packaging solutions. Cenevo Packaging was a division of Cenevo, Inc. (NYSE:CVO). WestRock acquired seven facilities in North America as part of the transaction, with capabilities including MiraFoil®, cold foil, and low migration ink systems.

**January 3, 2016** — Amcor has acquired Deluxe Packages, a privately-owned flexible packaging business, for \$45 million. Deluxe Packages will form part of Amcor's Flexibles Americas business group. Deluxe operates a well-invested manufacturing facility with attractive technologies, capabilities, and highly skilled co-workers in Yuba City in Northern California.

Sources: Thomson Financial, PR Newswire, and company websites.



Source: Thomson Financial



Source: Thomson Financial

# Market snapshot

## \$U.S. in millions

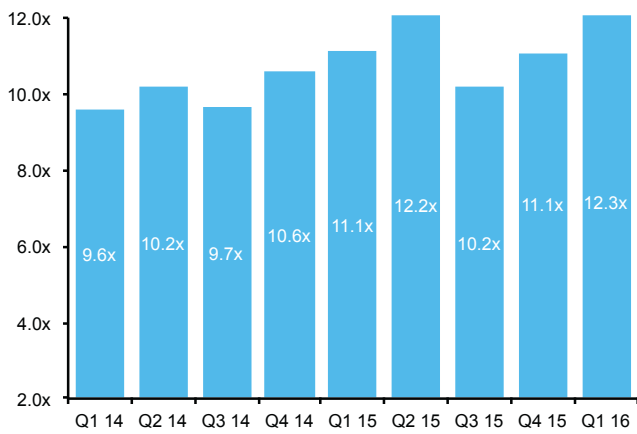
	Market cap	Enterprise value (EV)	EV to:		EBITDA margin	Reported P/E	Stock performance	
			Sales	EBITDA			Quarter	LTM
<b>Plastic</b>								
Amcor Limited	\$12,772	\$16,373	1.8x	12.4x	14.2%	19.6x	12.7%	3.0%
Avery Dennison Corporation	\$6,441	\$7,323	1.2x	10.7x	11.5%	23.9x	15.1%	36.3%
Bemis Company, Inc.	\$4,903	\$6,233	1.5x	10.8x	14.2%	20.7x	15.9%	11.8%
Berry Plastics Group, Inc.	\$4,356	\$10,269	1.9x	12.1x	16.1%	56.1x	(0.1%)	(0.1%)
Brady Corp.	\$1,348	\$1,481	1.3x	10.8x	12.1%	N.M.	16.8%	(5.1%)
CCL Industries Inc.	\$6,616	\$7,216	2.4x	11.9x	20.0%	22.4x	17.5%	68.9%
Intertape Polymer Group Inc.	\$840	\$975	1.2x	9.2x	13.6%	15.1x	6.5%	3.7%
RPC Group Plc	\$3,309	\$3,779	2.6x	20.1x	13.1%	55.9x	(11.0%)	27.0%
Sealed Air Corporation	\$9,409	\$13,642	1.9x	12.4x	15.6%	29.4x	7.6%	5.4%
Winpak Ltd.	\$2,507	\$2,361	3.0x	12.9x	23.0%	25.3x	17.5%	22.7%
<b>Average plastic</b>			<b>1.9x</b>	<b>12.3x</b>	<b>15.3%</b>	<b>29.8x</b>	<b>9.9%</b>	<b>17.3%</b>
<b>Diversified packaging</b>								
DS Smith Plc	\$5,551	\$6,518	1.7x	14.4x	11.9%	42.3x	0.4%	14.6%
Greif, Inc.	\$1,569	\$2,776	0.8x	6.7x	11.9%	51.0x	6.3%	(16.6%)
Huhtamaki Oyj	\$3,858	\$4,450	1.6x	13.4x	12.2%	26.0x	2.1%	19.5%
Orora Limited	\$2,290	\$2,883	0.8x	8.4x	9.4%	15.3x	17.3%	11.0%
Silgan Holdings Inc.	\$3,211	\$4,625	1.2x	9.7x	12.7%	18.8x	(1.0%)	(8.5%)
WestRock Company	\$9,817	\$15,557	1.2x	7.7x	16.2%	N.M.	(14.4%)	(39.5%)
<b>Average diversified packaging</b>			<b>1.2x</b>	<b>10.0x</b>	<b>12.4%</b>	<b>30.7x</b>	<b>1.8%</b>	<b>(3.3%)</b>
<b>Paper and paperboard</b>								
Bio-PAPPEL SAB de CV	\$324	\$7,684	0.5x	2.8x	16.0%	2.3x	23.2%	(20.1%)
Cascades, Inc.	\$630	\$2,448	0.6x	5.9x	10.8%	N.M.	(27.9%)	9.7%
Clearwater Paper Corporation	\$843	\$1,431	0.8x	6.7x	12.2%	16.3x	6.5%	(25.7%)
Domtar Corporation	\$2,538	\$3,672	0.7x	5.2x	13.4%	18.1x	9.6%	(12.4%)
Empresas CMPC S.A.	\$5,864	\$9,307	1.9x	12.2x	15.8%	N.M.	8.7%	(14.5%)
Graphic Packaging Holding Company	\$4,151	\$5,971	1.4x	8.2x	17.4%	18.4x	0.2%	(11.6%)
International Paper Company	\$16,874	\$31,452	1.4x	8.6x	16.4%	18.3x	8.9%	(26.0%)
KapStone Paper and Packaging Corporation	\$1,337	\$2,880	1.0x	7.3x	14.2%	12.5x	(38.7%)	(57.8%)
Mayr-Melnhof Karton AG	\$2,403	\$2,450	1.1x	8.6x	13.1%	17.0x	(3.4%)	16.5%
Mondi Limited	\$9,372	\$11,157	1.6x	8.7x	18.7%	15.6x	(2.8%)	1.1%
Nampak Limited	\$893	\$8,007	0.5x	3.1x	15.0%	0.6x	(9.8%)	(56.8%)
Neenah Paper, Inc.	\$1,065	\$1,290	1.5x	9.4x	15.4%	17.8x	2.0%	1.8%
Packaging Corporation of America	\$5,632	\$7,780	1.4x	7.0x	19.4%	13.5x	(4.2%)	(22.8%)
PH Glatfelter Co.	\$901	\$1,159	0.7x	8.3x	8.4%	13.9x	12.4%	(24.7%)
Sappi Limited	\$2,355	\$4,089	0.8x	6.1x	12.6%	10.7x	5.4%	10.3%
Smurfit Kappa Group plc	\$6,038	\$9,258	1.1x	8.2x	13.9%	14.9x	0.9%	(8.1%)
Sonoco Products Co.	\$4,906	\$5,878	1.2x	9.6x	12.4%	19.7x	18.8%	6.8%
Stora Enso Oyj	\$7,064	\$10,578	1.0x	7.7x	13.6%	8.8x	(1.7%)	(13.1%)
Svenska Cellulosa Aktiebolaget SCA (publ)	\$21,992	\$56,061	0.5x	3.1x	15.9%	3.1x	7.2%	35.9%
<b>Average paper and paperboard</b>			<b>1.0x</b>	<b>7.2x</b>	<b>14.4%</b>	<b>13.0x</b>	<b>0.8%</b>	<b>(11.1%)</b>
<b>Metal and glass</b>								
Ball Corporation	\$10,079	\$14,997	1.9x	13.8x	13.6%	34.8x	(2.0%)	0.9%
Compagnie de Saint-Gobain S.A.	\$25,136	\$30,297	0.8x	7.8x	9.8%	N.M.	1.9%	0.4%
Crown Holdings Inc.	\$6,914	\$12,006	1.4x	9.6x	14.3%	17.4x	(2.2%)	(8.2%)
Owens-Illinois, Inc.	\$2,569	\$7,851	1.3x	8.0x	16.0%	N.M.	(8.4%)	(31.6%)
Rexam PLC	\$6,428	\$7,736	2.0x	14.8x	13.4%	35.3x	2.4%	6.2%
<b>Average metal and glass</b>			<b>1.5x</b>	<b>10.8x</b>	<b>13.4%</b>	<b>29.2x</b>	<b>(1.6%)</b>	<b>(6.5%)</b>

Source: Capital IQ

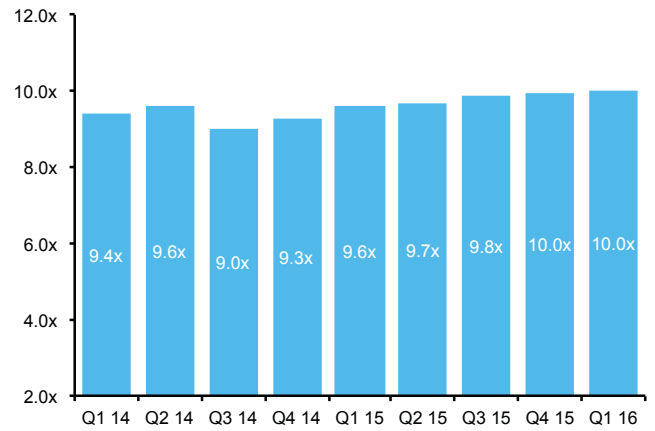
Note: Information based on stock prices as of 3-31-16

# Market snapshot

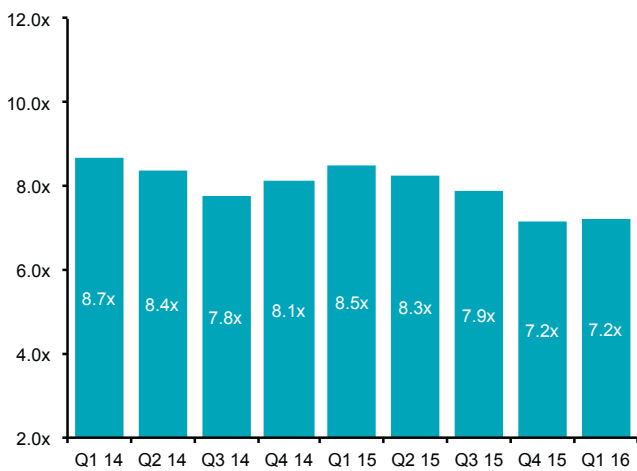
**Plastic multiples EV/EBITDA**



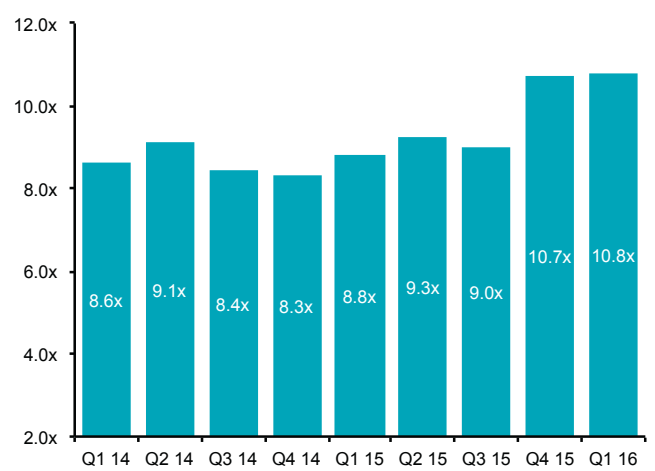
**Diversified packaging multiples EV/EBITDA**



**Paper and paperboard multiples EV/EBITDA**



**Metal and glass multiples EV/EBITDA**

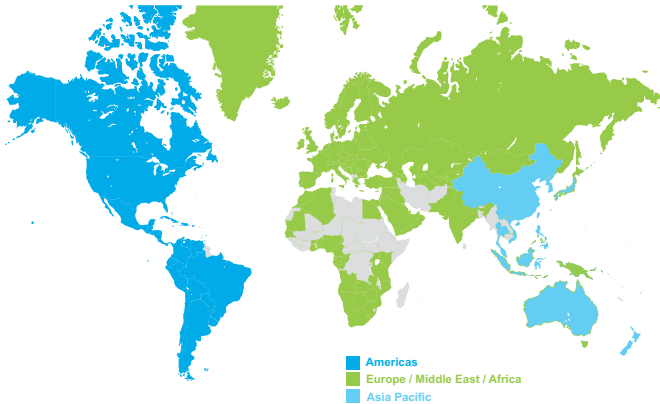


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## Nationwide coverage with global access and reach

**Worldwide: 1,900 professionals across 150 international locations**



## Service offerings

- Sell-side advisory and divestiture services
- Buy-side advisory services
- Capital advisory services
- Board and strategic advisory services
- Employee stock ownership plans (ESOP) corporate finance

## United States: 135 professionals based in nine cities

Atlanta      Charlotte      Chicago      Dallas      Detroit  
Houston      Los Angeles      New York      San Francisco



# Recent Deloitte packaging transactions



**IntegraColor**  
IntegraColor Ltd.  
has been acquired by



**ORORA**  
Orora Limited

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The undersigned acted as exclusive financial advisor to IntegraColor Ltd.



**Deloitte.**  
Deloitte Corporate Finance LLC



**EL DORADO PAPER BAG MFG. CO.**  
El Dorado Paper Bag Mfg. Co., Inc.  
has been acquired by



**I O P**  
INDUSTRIAL OPPORTUNITY PARTNERS  
Industrial Opportunity Partners, LLC

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The undersigned acted as exclusive financial advisor to El Dorado Paper Bag Mfg. Co., Inc.



**Deloitte.**  
Deloitte Corporate Finance LLC



**ASG**  
AGI-Shorewood Group  
a portfolio company of  
**ATLAS HOLDINGS**  
**Atlas Holdings LLC**  
has divested its North American and Asian print and packaging business to



**Multi Packaging Solutions**  
Multi Packaging Solutions

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The undersigned acted as exclusive financial advisor to AGI-Shorewood Group



**Deloitte.**  
Deloitte Corporate Finance LLC



**MWV**  
MeadWestvaco Corporation  
has sold its global media and entertainment packaging business to



**ATLAS HOLDINGS**  
Atlas Holdings LLC

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The undersigned acted as exclusive financial advisor to MeadWestvaco Corporation



**Deloitte.**  
Deloitte Corporate Finance LLC



**MWV**  
MEADWESTVACO  
MeadWestvaco Corporation  
has sold its European Beauty and Personal Care Folding Carton Operation to



**ASG**  
AGI-Shorewood Group  
AGI-Shorewood Group

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The undersigned acted as exclusive financial advisor to MeadWestvaco Corporation



**Deloitte.**  
Deloitte Corporate Finance LLC



**GMI GROUP**  
GMI Inc., Glenmark Industries, Inc., Foil Laminating, Inc., and Varipak, Inc. ("GMI Group")  
have been acquired by



**RockTenn**  
Rock-Tenn Company

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The undersigned acted as exclusive financial advisor to GMI Group



**Deloitte.**  
Deloitte Corporate Finance LLC



**Chesapeake**  
Chesapeake Corporation  
has sold its South African and Mauritian subsidiaries to



**PAMODZI**  
INVESTMENT HOLDINGS  
Pamodzi Investment Holdings

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The undersigned acted as financial advisor to Chesapeake Corporation



**Deloitte.**  
Deloitte Corporate Finance LLC

## Deloitte Corporate Finance LLC

DCF provides deal execution and lead financial advisory services to large corporate, middle market, private equity and venture capital firms. DCF and its affiliates maintain a presence in key US financial centers.

For additional information or to find out more about how DCF can assist the deal initiation and execution process, please contact one of our DCF Managing Directors:

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