

**Packaging Update**  
**Deloitte Corporate**  
**Finance LLC**



# Industry trends

## Packaging industry trends

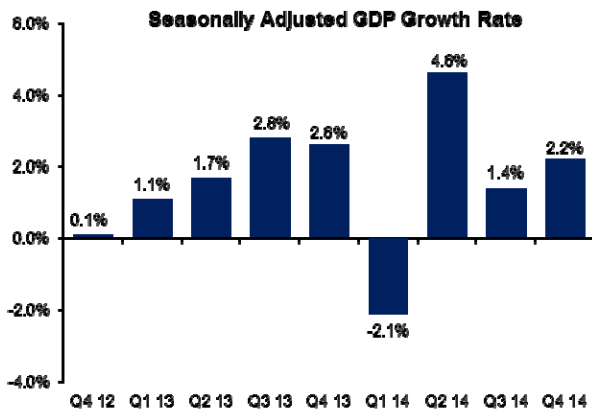
### Large-scale M&A packaging transactions made headlines in Q1 2015.

- Multinational corporations leveraged healthy balance sheets and favorable financing to announce M&A transactions that have shifted the packaging landscape. Examples of these transactions include the following:
  - MeadWestvaco's merger with RockTenn, creating a new \$15.7 billion packaging company that can compete with industry leader International Paper. The combined entity will feature two complementary businesses, where MWV is primarily focused on virgin grades of consumer packaging, and RKT is primarily focused on containerboard and recycled substrates. As a result, the combined entity should unlock value through enhanced sourcing opportunities and leveraging cost synergies.
  - Ball Corp's \$8.6 billion acquisition of Rexam, valued at 10.1x Rexam's 2015E EBITDA. Given significant overlap in geographic end-markets, Ball will be expected to divest some business units, providing competitors like Crown Holdings the opportunity to purchase manufacturing facilities from a motivated seller.

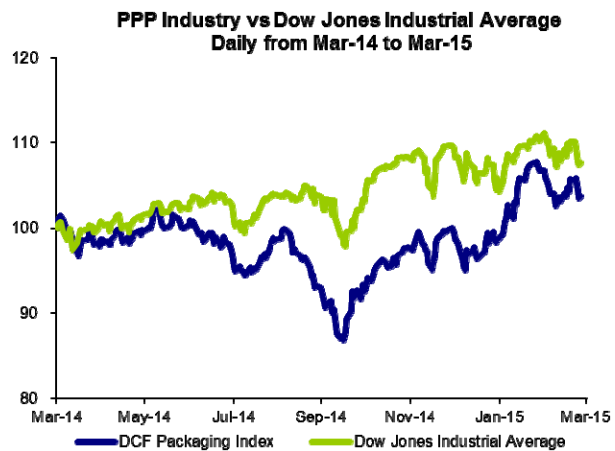
### Aluminum can makers are expected to realize less input cost pressure than originally anticipated.

- Aluminum can producers were expected to face higher aluminum input costs as a result of revised Load-In / Load-Out rules implemented at the London Metal Exchange. These rules were originally drafted to reduce aluminum premiums, but were subsequently scaled back to provide support for aluminum manufacturers. In practice, the revised rules have produced a relatively steady decline in the price of aluminum premiums, evidenced by an average of \$346 / ton in Q1 2015, which was down by 17% when compared to Q4 2014's average of \$418 / ton. This is expected to benefit Ball, Crown Holdings, and Rexam, as all companies experienced headwinds resulting from elevated aluminum premiums in 2014:
  - Rexam stated £34.0 million in elevated costs due to higher aluminum premiums and also carried the most exposure with an estimated 40% European market share of aluminum cans in 2014.
  - Crown experienced \$17.0 million of higher costs from strong aluminum premiums.
  - Ball reported \$17.3 million in elevated costs resulting from higher aluminum premiums.

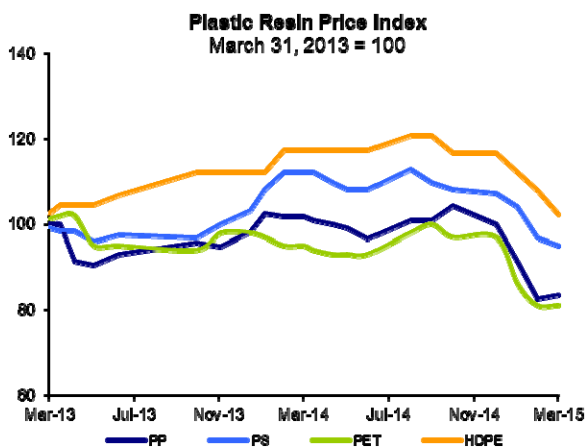
Sources: Capital IQ, RISI, and Analyst Reports



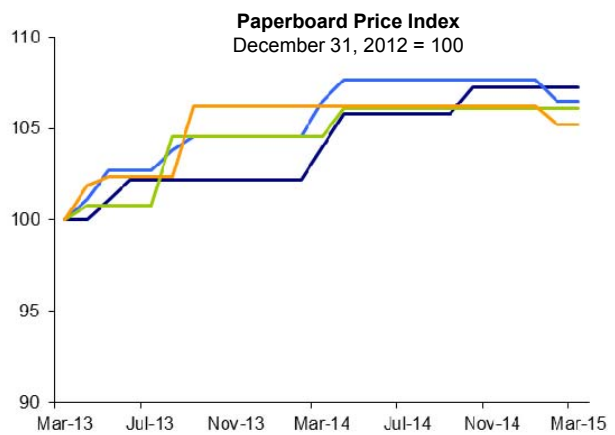
Source: U.S. Bureau of Economic Analysis



Source: Capital IQ



Source: Plastics News



Source: RISI

# Highlighted transactions

## Deals announced

**March 31, 2015** — MeadWestvaco agreed to acquire International Paper's Carolina coated bristols brand for an undisclosed amount. International Paper's decision to sell the Carolina brand was a result of its plans to convert the Riegelwood N.C., Mill to 100 percent fluff and softwood pulp production, thereby eliminating the manufacturing capability to produce the brand.

**March 17, 2015** — Cleveland-based lower middle market private equity firm MCM Capital Partners agreed to acquire Performance Plastics, a Cincinnati-based custom injection molding company for an undisclosed amount. The acquisition marks the second platform investment in MCM Capital Partners III LP, which held its first close in February.

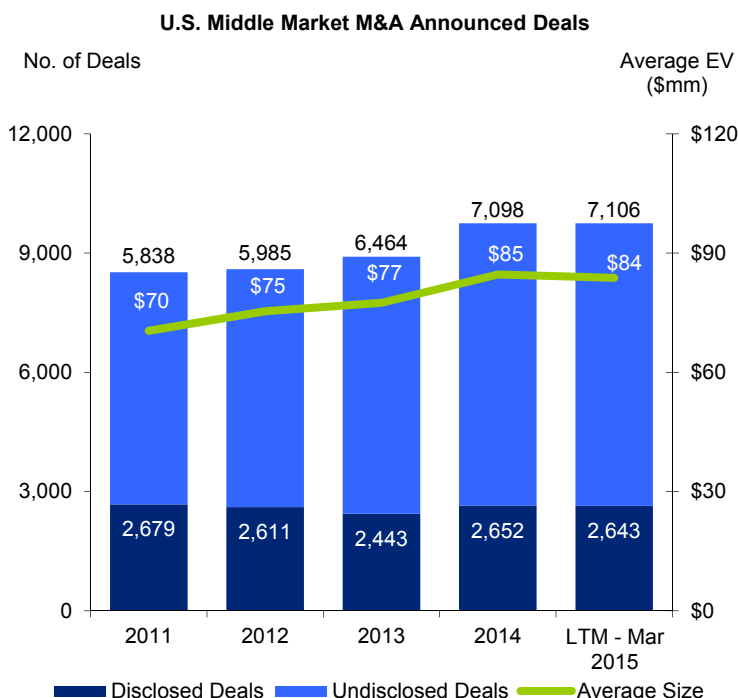
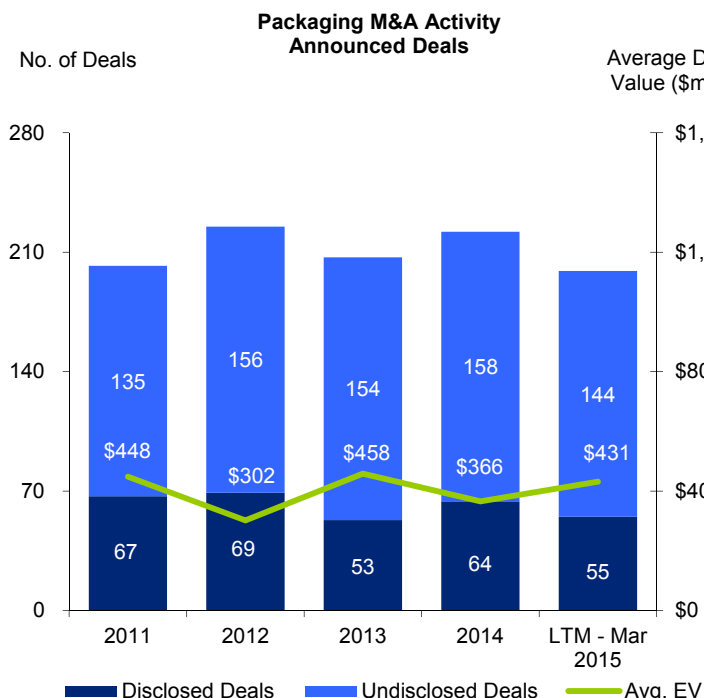
**March 16, 2015** — A. Schulman Inc. agreed to acquire Citadel Plastics for \$800 million, or 10.7x Citadel Plastics' LTM EBITDA of \$75 million. The deal is expected to close in the third quarter of 2015. A. Schulman believes that the transaction will help transition the company from a plastics compounder to a premier, differentiated specialty plastics manufacturer. The company anticipates approximately \$25 million in synergies within 18 months of closing, driven primarily by sourcing activities and plant efficiency actions.

**March 9, 2015** – Sonoco agreed to acquire a majority interest in Graffo Paranaense de Embalagens S/A (Graffo), a closely held flexible packaging business located in Pinhais, Curitiba, Brazil. Founded in 2001, Graffo had sales of approximately \$35 million in 2014. It operates high-quality rotogravure printing presses, including a new 10-color press, as well as sophisticated lamination applications at its Pinhais facility. With approximately 230 employees, Graffo serves the confectionery, dairy, pharmaceutical, and industrial markets in Brazil.

**February 27, 2015**— CCL Industries agreed to acquire both pc/nametag and Meetings Direct, which are both privately owned companies with common shareholders, based near Madison, Wisconsin, supplying name badges and meeting registration supplies to professional meeting planners and distributors of promotional materials. CCL Industries acquired the companies for an undisclosed amount. The combined entities represented 2014 sales of \$36 million and adjusted EBITDA of \$6.3 million.

**February 23, 2015**— Pretium Packaging, a leading supplier of custom blow molded packaging solutions agreed to acquire Intertech Corporation, a privately owned manufacturer of high-quality stock, custom, and proprietary plastic bottles for an undisclosed amount. The acquisition provides Pretium with its first location in North Carolina, which management believes will help better serve its existing customers in the region.

Sources: Thomson Financial and company websites



# Highlighted transactions

## Deals announced (cont.)

**February 19, 2015** – Ball Corp agreed to acquire UK-based can maker Rexam for \$6.7 billion or 10.1x Rexam's LTM EBITDA. Ball's purchase would create one of the world's largest can makers and is expected to create over \$300 million in annual synergies. The combined company will have pro forma 2014 revenue of approximately \$15 billion and approximately 22,500 employees across five continents.

**February 16, 2015**— Ball Corporation agreed to acquire Sonoco's metal end and closure facilities based in Canton, Ohio for an undisclosed amount. The Canton plants, which employ approximately 100 people and produce multiple-sized closures for the food can market, will become part of Ball's global metal food and household products packaging division. Ball believes that the acquisition complements Ball's existing product portfolio and its US metal food can strategy.

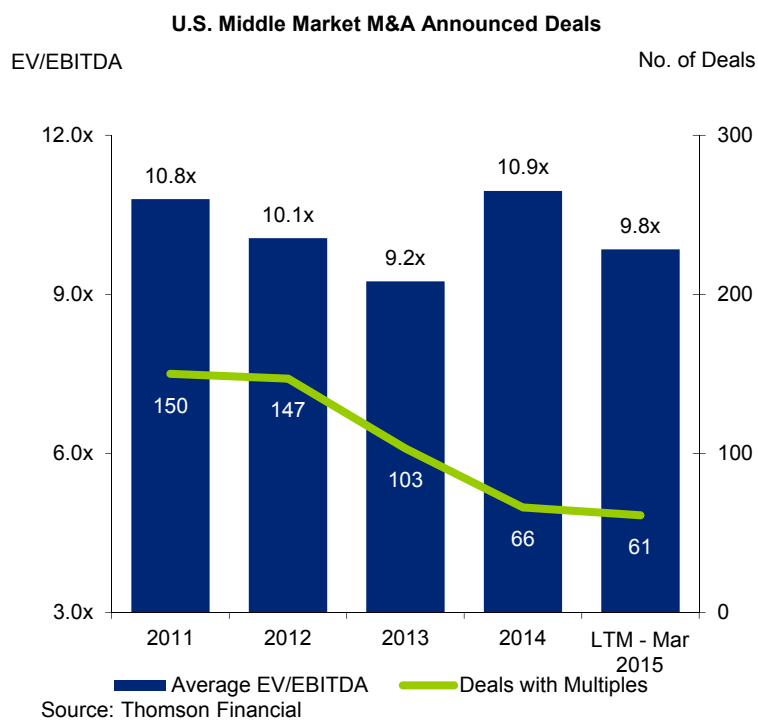
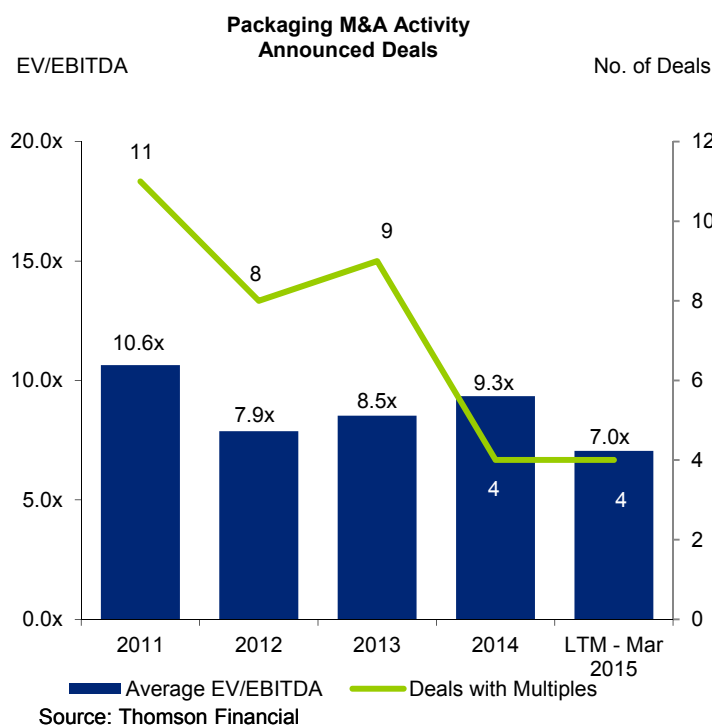
**February 2, 2015** — OpenGate Capital agreed to acquire DS Smith's Nantes Mill located in Nantes, France. The mill produces white top testliner made from 100% recycled fiber, with printability in a wide grammage and trim range. The business has approximately 70 employees and a production capacity of approximately 50 thousand tons per year.

**January 26, 2015** — Kimberley-Clark agreed to acquire the remaining 49.9% stake it did not already own in Hogla-Kimberley Diaper company, a joint-venture between Hadera Paper and Kimberley-Clark, for \$163 million. Hogla-Kimberly is the largest marketer of non-food, disposable consumer products in Israel.

**January 26, 2015** — RockTenn Co and MeadWestvaco Corp agreed to a merger, resulting in a combined entity worth \$16 billion. The merger will create the second-largest US packaging company behind International Paper, which has a market capitalization of nearly \$23 billion. The structure leaves MeadWestvaco investors with 50.1% of the new company and RockTenn shareholders with the remainder. In addition, the transaction is expected to create up to \$300 million in cost synergies within three years after the deal closes.

**January 7, 2015** — Shanghai Pret Composites Co ("Pret") agreed to acquire Johnsonville, South Carolina-based Wellman Plastics Recycling for \$70 million. Pret's management team believes that the acquisition will serve as a starting point into the US compounding market. Wellman's Engineering Resins division produces nylon, polyester, and polypropylene resin products for the automotive industry made from 100 percent post-consumer recycled materials.

Sources: Thomson Financial and company websites



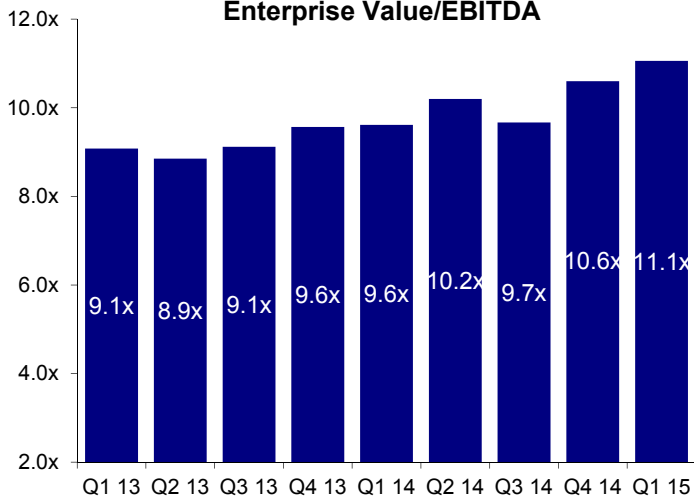
# Market snapshot

	Reported Date	Market Cap	Enterprise Value (EV)	EV to:		EBITDA Margin	Reported P/E	Stock Performance	
				Sales	EBITDA			Quarter	LTM
<i>\$U.S. in millions</i>									
<b>Plastic</b>									
Amcor Limited	12/31/14	\$12,868	\$16,035	1.8x	12.9x	14.0%	26.6x	(3.6%)	11.2%
Avery Dennison Corporation	01/03/15	\$4,787	\$5,692	0.9x	8.6x	10.4%	19.8x	2.0%	4.4%
Bemis Company, Inc.	12/31/14	\$4,512	\$5,813	1.3x	10.0x	13.3%	19.4x	2.4%	18.0%
Berry Plastics Group, Inc.	12/27/14	\$4,299	\$8,074	1.6x	11.4x	14.1%	N.M.	14.7%	56.3%
Brady Corp.	01/31/15	\$1,451	\$1,635	1.3x	10.3x	13.0%	N.M.	3.5%	4.2%
CCL Industries Inc.	12/31/14	\$3,872	\$4,250	1.9x	10.2x	18.6%	20.7x	3.5%	31.1%
Intertape Polymer Group Inc.	12/31/14	\$837	\$952	1.2x	9.9x	11.8%	23.5x	(13.8%)	22.8%
RPC Group plc	09/30/14	\$2,153	\$2,692	1.5x	11.4x	13.1%	20.1x	11.2%	(18.1%)
Sealed Air Corporation	12/31/14	\$9,574	\$13,666	1.8x	13.0x	13.5%	37.3x	7.4%	38.6%
Winpak Ltd.	12/28/14	\$2,043	\$1,916	2.4x	12.8x	19.1%	26.1x	8.7%	24.7%
<b>Average Plastic</b>				<b>1.6x</b>	<b>11.1x</b>	<b>14.1%</b>	<b>24.2x</b>	<b>3.6%</b>	<b>19.3%</b>
<b>Diversified Packaging</b>									
DS Smith Plc	10/31/14	\$4,796	\$5,928	0.9x	8.5x	11.2%	17.8x	2.2%	(5.2%)
Greif, Inc.	01/31/15	\$1,876	\$3,124	0.8x	7.0x	10.7%	20.6x	(16.9%)	(25.2%)
Huhtamaki Oyj	12/31/14	\$3,221	\$3,614	1.3x	11.9x	11.2%	20.7x	17.6%	13.4%
MeadWestvaco Corporation	12/31/14	\$8,350	\$11,034	2.0x	11.3x	17.3%	32.1x	12.3%	32.5%
Silgan Holdings Inc.	12/31/14	\$3,513	\$4,891	1.3x	9.3x	13.4%	20.2x	8.5%	17.4%
<b>Average Diversified Packaging</b>				<b>1.2x</b>	<b>9.6x</b>	<b>12.8%</b>	<b>22.3x</b>	<b>4.8%</b>	<b>6.6%</b>
<b>Paper &amp; Paperboard</b>									
Bio-PAPPEL SAB de CV	09/30/14	\$406	\$550	0.7x	4.7x	13.9%	13.0x	(18.9%)	(33.7%)
Cascades, Inc.	12/31/14	\$568	\$2,056	0.7x	7.2x	9.2%	N.M.	(0.6%)	(11.9%)
Clearwater Paper Corporation	12/31/14	\$1,250	\$1,772	0.9x	7.4x	12.1%	N.M.	(4.7%)	4.2%
Domtar Corporation	12/31/14	\$2,947	\$4,133	0.7x	5.4x	13.8%	6.9x	14.9%	(17.6%)
Empresas CMPC S.A.	12/31/14	\$6,855	\$10,287	2.1x	12.1x	17.5%	48.3x	9.7%	20.2%
Graphic Packaging Holding Company	12/31/14	\$4,755	\$6,648	1.6x	9.6x	16.4%	53.3x	6.8%	43.1%
International Paper Company	12/31/14	\$23,464	\$33,154	1.4x	8.5x	16.4%	41.8x	3.6%	20.9%
KapStone Paper and Packaging Corporation	12/31/14	\$3,155	\$4,173	1.8x	9.3x	19.5%	18.3x	12.0%	13.9%
Mayr-Melnhof Karton AG	09/30/14	\$2,063	\$2,055	0.8x	6.2x	13.1%	12.9x	(0.9%)	(17.6%)
Mondi Limited	06/30/14	\$9,256	\$11,976	1.5x	8.9x	17.4%	15.0x	16.9%	8.8%
Nampak Limited	09/30/14	\$2,113	\$2,635	1.5x	11.3x	13.2%	19.8x	(11.2%)	(1.8%)
Neenah Paper, Inc.	12/31/14	\$1,044	\$1,206	1.3x	9.7x	13.8%	15.3x	3.8%	20.9%
Packaging Corporation of America	12/31/14	\$7,691	\$9,946	1.7x	9.1x	18.6%	19.6x	0.2%	11.1%
PH Glatfelter Co.	12/31/14	\$1,186	\$1,491	0.8x	8.5x	9.7%	17.2x	7.7%	1.1%
Rock-Tenn Company	12/31/14	\$9,025	\$11,813	1.2x	7.6x	15.4%	18.6x	5.8%	22.2%
Sappi Limited	12/31/14	\$2,118	\$4,158	0.7x	7.7x	9.1%	15.0x	10.4%	14.7%
Smurfit Kappa Group plc	09/30/14	\$6,421	\$9,927	1.0x	7.4x	13.7%	18.5x	24.1%	15.8%
Sonoco Products Co.	12/31/14	\$4,583	\$5,691	1.1x	9.1x	12.4%	19.4x	4.0%	10.8%
Stora Enso Oyj	12/31/14	\$8,125	\$12,500	1.0x	9.5x	10.6%	N.M.	14.5%	(3.7%)
Svenska Cellulosa Aktiebolaget SCA (publ)	12/31/14	\$16,177	\$21,330	1.6x	10.0x	16.0%	19.2x	6.7%	(21.6%)
<b>Average Paper &amp; Paperboard</b>				<b>1.2x</b>	<b>8.5x</b>	<b>14.1%</b>	<b>21.9x</b>	<b>5.2%</b>	<b>5.0%</b>
<b>Metal and Glass</b>									
Ball Corporation	12/31/14	\$9,713	\$12,897	1.5x	10.7x	14.0%	20.8x	3.6%	28.9%
Compagnie de Saint-Gobain	06/30/14	\$24,622	\$36,775	0.7x	7.4x	10.1%	18.6x	3.0%	(27.3%)
Crown Holdings Inc.	12/31/14	\$7,519	\$12,081	1.3x	10.1x	13.1%	19.2x	6.1%	20.7%
Owens-Illinois, Inc.	12/31/14	\$3,830	\$6,895	1.0x	6.4x	15.9%	39.2x	(13.6%)	(31.1%)
Rexam plc	12/31/14	\$6,036	\$7,794	1.3x	9.2x	14.2%	15.2x	21.6%	(5.8%)
<b>Average Metal and Glass</b>				<b>1.2x</b>	<b>8.8x</b>	<b>13.4%</b>	<b>22.6x</b>	<b>4.2%</b>	<b>(2.9%)</b>

Source: Capital IQ

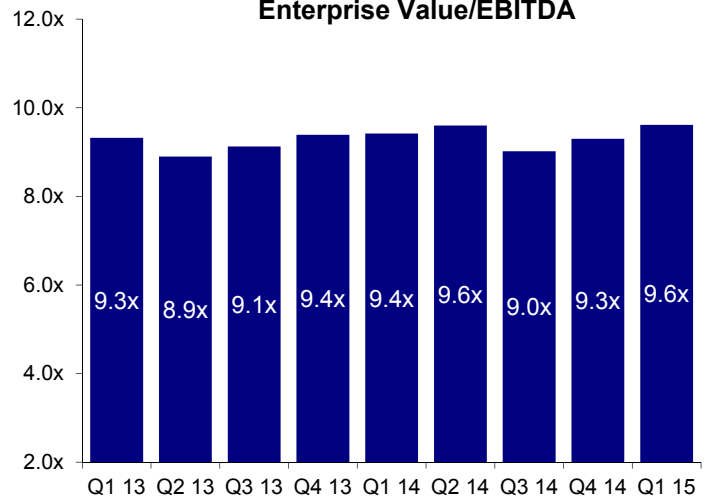
# Market snapshot

**Plastic Trading Multiples  
Enterprise Value/EBITDA**



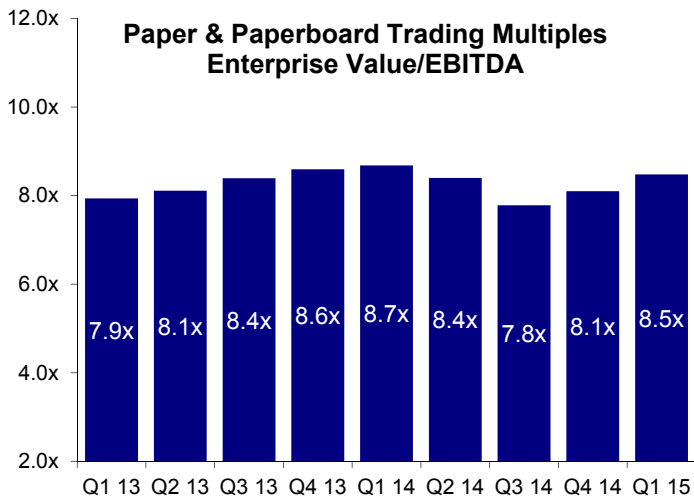
Source: Capital IQ

**Diversified Packaging Trading Multiples  
Enterprise Value/EBITDA**



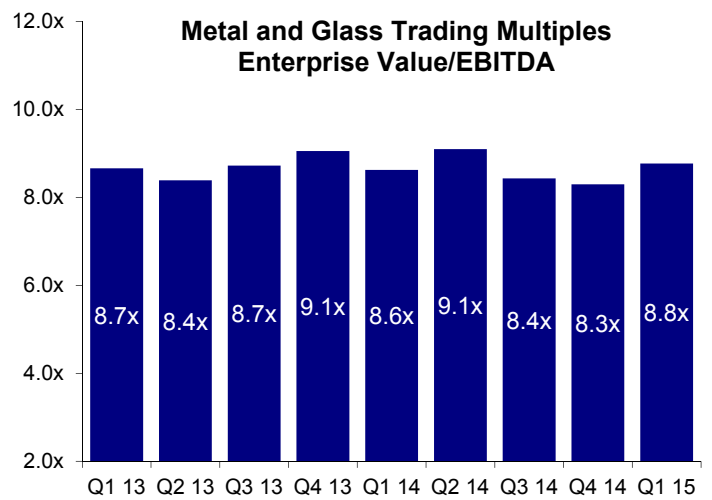
Source: Capital IQ

**Paper & Paperboard Trading Multiples  
Enterprise Value/EBITDA**



Source: Capital IQ

**Metal and Glass Trading Multiples  
Enterprise Value/EBITDA**



Source: Capital IQ



# Transaction highlight



a portfolio company of

## ATLAS | HOLDINGS

has divested its North American and Asian print and packaging business to




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

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**Deloitte Corporate Finance LLC**

**CHICAGO, December 4, 2014** – Deloitte Corporate Finance LLC (“DCF”) acted as exclusive financial advisor to AGI-Shorewood Group, a portfolio company of Atlas Holdings LLC (“Atlas”), in the sale of its North American and Asian Print businesses to Multi Packaging Solutions (“MPS”), a global leader in value-added print and packaging solutions for the branded consumer, healthcare and multi-media markets. The deal closed on Nov. 21, 2014.

AGI-Shorewood Group is a manufacturer of print and packaging solutions and consists of AGI Global Holdings Coöperatief U.A. and AGI-Shorewood Group US Holdings, LLC, (collectively “ASG”). ASG operates manufacturing facilities in the United States, Canada, Mexico, and China.

Mike Jackson, Chairman, stated, “We are pleased to announce this transaction, which will be beneficial to our customers and our associates throughout North America and Asia. We are proud of the high quality and innovative print packaging we have designed and delivered to leading home entertainment and packaged goods manufacturers in the United States, Canada, Mexico and China. And we believe that MPS will be an excellent home for our associates at our seven plants in these countries.”

“DCF’s relationship with ASG dates back to 2011 when we advised MeadWestvaco Corporation on the sale of AGI, its media and entertainment packaging business, to Atlas. This most recent deal highlights our experience advising on complex cross-border deals in the packaging sector,” said Matthew Seidner, managing director, DCF.

#### About AGI-Shorewood Group (“ASG”)

ASG is a specialized global packaging company that provides innovative, end-to-end packaging solutions for the world’s premier consumer brands. Key packaging segments ASG serves include health and beauty, pharmaceutical, home entertainment, consumer electronics, confectionery and specialty foods, spirits, and sporting goods. The company employs nearly 3,000 people worldwide, operating 18 manufacturing facilities in North America, Europe, Asia, and Latin America. It maintains eight creative services centers in the U.S., U.K., France, China and Australia.

#### About Multi Packaging Solutions

Multi Packaging Solutions (MPS) is a leading global provider of value-added packaging solutions to a diverse customer base across the healthcare, branded consumer, and multi-media markets. MPS provides customers with an extensive array of print-based specialty packaging, including premium folding cartons, labels, inserts/leaflets, and specialty packaging across a variety of substrates and finishes. The company has 53 manufacturing locations in the United States, Asia and Europe and employs over 7,600 people. MPS is a portfolio company of Carlyle Group and of Madison Dearborn Partners, LLC.

## Additional recent transactions



*has been acquired by*




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

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**Deloitte Corporate Finance LLC**



**MeadWestvaco Corporation**

has sold its European Beauty and Personal Care Folding Carton Operation

to




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The undersigned acted as exclusive financial advisor to MeadWestvaco Corporation

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**Deloitte Corporate Finance LLC**




**Dynapack Asia Pte Ltd has acquired**

A China-based manufacturer of blow-molded and injection molded plastic products

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The undersigned acted as exclusive financial advisor to Dynapack Asia Pte Ltd

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**Deloitte & Touche Corporate Finance Pte Ltd**

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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 U.S. 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:

## **Kevan Flanigan**

National Managing Director  
keflanigan@deloitte.com  
+1 213 688 6560

## **Phil Colaco**

philcolaco@deloitte.com  
+1 704 333 0533

## **Shingo Kayama**

shikayama@deloitte.com  
+1 212 653 3848

## **Matt Preece**

mpreece@deloitte.com  
+1 704 731 7186

## **Charlie Welch**

charliewelch@deloitte.com  
+1 704 731 7201

## **Tracy Albert**

talbert@deloitte.com  
+1 213 996 4939

## **John Deering**

jdeering@deloitte.com  
+1 704 333 0574

## **Jamie Lewin**

jlewin@deloitte.com  
+1 214 840 7057

## **Ron Rivera**

rorivera@deloitte.com  
+1 404 631 3710

## **Brad Winer**

bwiner@deloitte.com  
+1 704 333 0568

## **Eric Andreozzi**

eandreozzi@deloitte.com  
+1 704 333 0518

## **Lorin DeMordaunt**

ldemordaunt@deloitte.com  
+1 704 333 0591

## **Michael McArthur**

mimcarthur@deloitte.com  
+1 213 688 3257

## **Justin Silber**

jsilber@deloitte.com  
+1 404 942 6960

## **Robert Young**

robertyoung@deloitte.com  
+1 212 492 4024

## **Vin Batra**

vbatra@deloitte.com  
+1 212 492 4234

## **Sara Elinson**

selinson@deloitte.com  
+1 212 436 5665

## **Kevin McFarlane**

kemcfarlane@deloitte.com  
+1 213 553 1423

## **Thomas Sloop**

tsloop@deloitte.com  
+1 713 982 4450

## **Tony Blanchard**

anblanchard@deloitte.com  
+1 313 396 3738

## **Will Frame**

wframe@deloitte.com  
+1 312 486 4458

## **Matt Meyer**

mattmeyer@deloitte.com  
+1 213 892 6053

## **Tom Spivey**

tspivey@deloitte.com  
+1 214 840 7014

## **Hector Calzada**

hcalzada@deloitte.com  
+1 404 631 3015

## **Simon Gisby**

sgisby@deloitte.com  
+1 212 436 2495

## **Jonathan Ohm**

johm@deloitte.com  
+1 212 436 2287

## **Dave Vorhoff**

dvorhoff@deloitte.com  
+1 704 333 0519

## **Ellen Clark**

elclark@deloitte.com  
+1 313 396 2682

## **Sherry House**

shhouse@deloitte.com  
+1 312 486 4220

## **Lou Paone**

lpaone@deloitte.com  
+1 704 731 7202

## **Paul Warley**

pwarley@deloitte.com  
+1 404 220 1331

## **Deloitte Corporate Finance Business Development Group:**

### **Brad Heston**

Senior Vice President  
bheston@deloitte.com  
+1 404 631 3839

For additional information on members of the manufacturing team of Deloitte LLP and its affiliates, please contact::

### **Craig Giffi**

U.S. Consumer and Industrial Products Leader  
Deloitte LLP  
cgiffi@deloitte.com  
+1 216 830 6604

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