



CALABASAS CAPITAL

Packaging Industry M&A Outlook Q3 2017

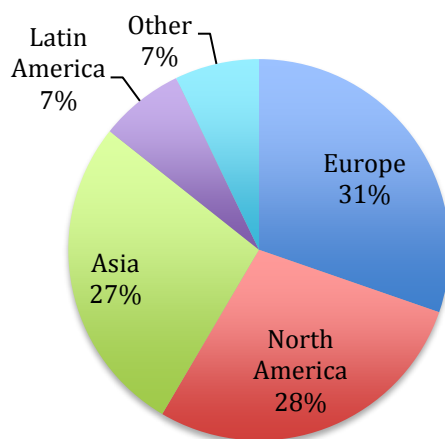
About Us

Calabasas Capital is a boutique investment banking firm focused on serving lower middle-market privately-held companies. We specialize in representing and advising businesses on sell-side and buy-side mergers and acquisitions and we raise private equity and debt capital.

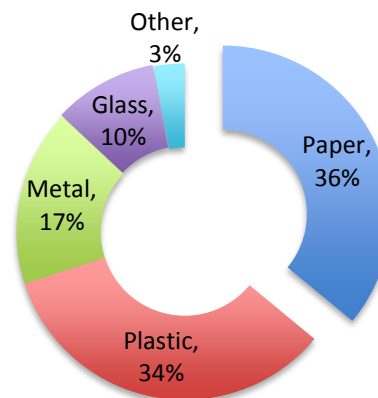
Industry Breakdown

- The global packaging industry is worth over \$400B and is growing at a CAGR of over 3.5%. Three continents dominate 85% of the market led by Europe, North America and Asia.
- Packaging materials include paper and paperboard, plastic, metal and glass. The Cardboard Box Industry is a leader in the paper and paperboard sub-sector making it the largest paper-converting industry in the United States.

Packaging By Material



Market Share By Geography

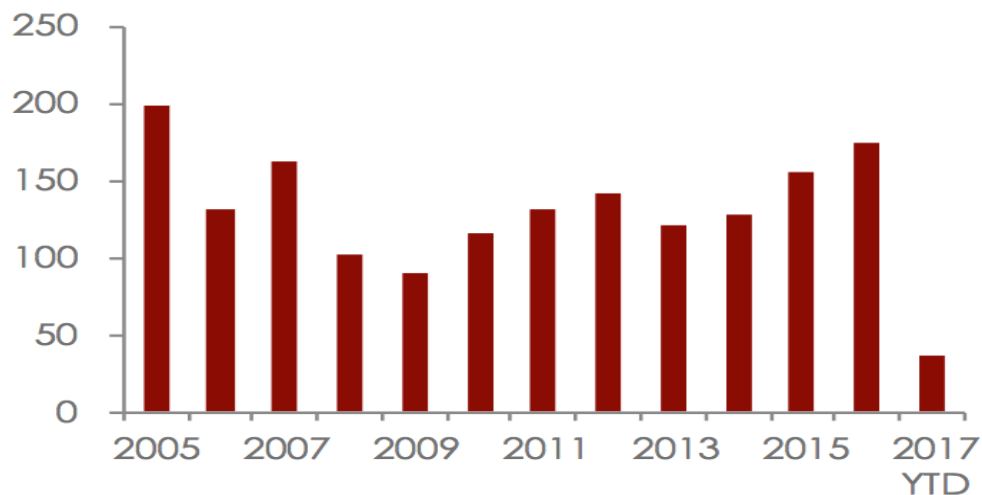


Source: PDA Chain

Market Overview

- Strong M&A activity has continued through the first quarter of 2017. 182 M&A deals have been announced in Q1 of 2017, up from the 141 for the prior year LTM period. Deal value has more than doubled from \$9.5B to \$22.1B on the same LTM basis of the first quarters of 2016 and 2017.
- The industry is flourishing globally, with 47% of M&A activity coming from Western Europe and another 28% from North America.

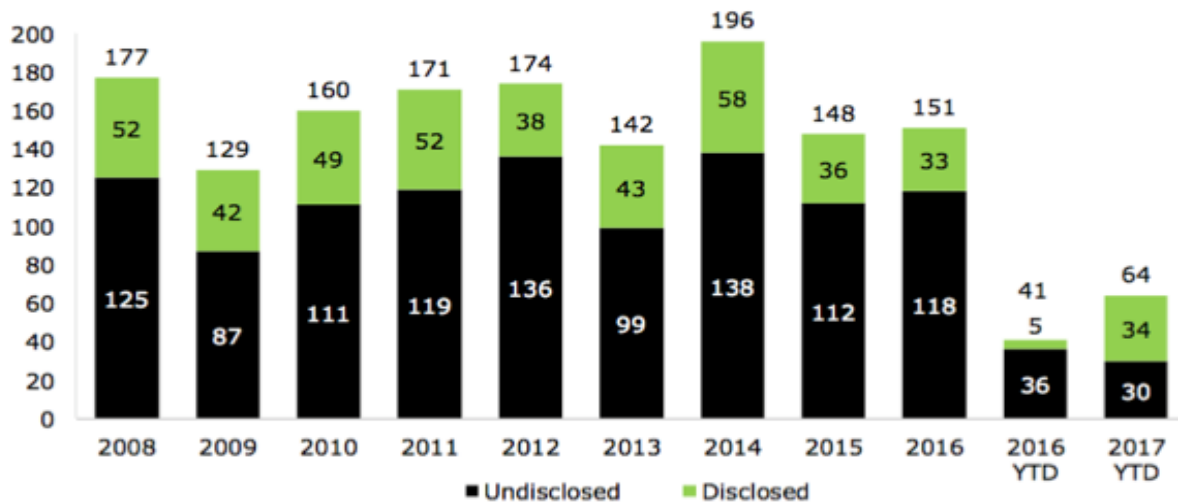
Global Packaging M&A Volume (announced deals)



Source: Harris Williams & Company

- LTM EBITDA multiples for packaging companies remain consistent across diversified/specialty, paper/paperboard and rigid at 11.2x.
- 3-Year EBITDA CAGR from 2014-2017E seems to be moderate for paper and paperboard companies at 2.2% while rigid packaging expects the highest growth at a 17.1% CAGR.

Annual Packaging M&A Transactions Volume



Source: Deloitte Packaging Quarterly Update

Packaging Industry Trends

Current Trends

- **Consolidation:** M&A is a growing trend in the packaging space in an attempt to gain market share and improve profits. Companies have also been boosting margins by increasing automation and investing in multiple labor-saving techniques
- **Standardization:** E-commerce continues to dominate the retail space, which will force standardized packaging containers to handle shipping more efficiently
- **Increased shelf life:** Demand for healthier foods with less preservatives challenges packaging companies to maintain quality and freshness. Therefore high-quality manufacturing and innovative products can realize significant growth
- **Going green:** Consumers becoming more environmentally conscious emphasize clearly labeled packaging disposal options. Lightweighting and the use of recyclable materials also continue to be important social issues

Future Growth Opportunities

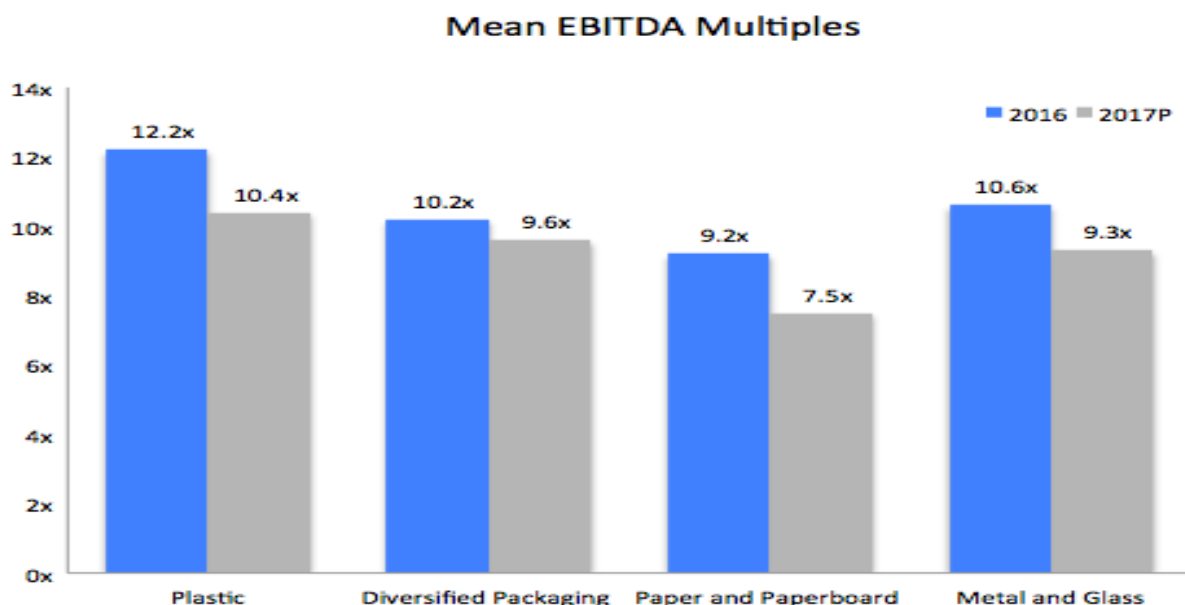
- How E-commerce is Changing the Packaging Landscape
 - Roughly 7% or \$1.5T of the retail space is dominated by e-commerce. That number is expected to double by 2020 caused by improved internet access.

- Packaging must be able to adapt and be durable enough to sift through the intricate networks of evolving packaging centers. The demand for stronger packaging is expected to surge.
 - Companies are also delivering brand value through packaging so keeping the product safe and undamaged is a climbing priority.
- The Rise of Intelligent Packaging
- Rising consumer engagement and improving technology create a high-growth potential for “smarter” packaging.
 - Traditionally intelligent packaging monitors an attribute of a product and relays this information to either users or distributors. As the technology develops, temperature and freshness indicators can become widespread.
 - The demand for this type of packaging is projected to be \$1.5B by 2019, an annual growth of 10.8% since 2014.

Valuation and Recent Transactions

Valuation

- Analyzing public company comparables reveals the mean EBITDA is projected to take a slight decline in 2017.
- Despite the dip transaction volume is at a record pace through 2017.



Select Recent Transactions

Announce Date	Target	Acquirer	Sub-Sector
March-17	Nippon Paper Industries USA Co., Ltd.	Durango Mckinley Paper Company	Paper Packaging
March-17	Medallion Plastics Incorporated	Patrick Industries, Inc.	Rigid Plastic
March-17	Miller Container Corporation	Liberty Diversified International, Inc.	Paper Packaging
March-17	Mercury Packaging Limited	CPS Flexible Ltd.	Paper Packaging
March-17	TRAlucap S.r.l.	Constantia Flexibles Group GmbH	Metal and Glass Packaging
February-17	Mauser Group N.V	Stone Canyon Industries, LLC	Metal and Glass Packaging
February-17	Peninsula Packaging, LLC	Sonoco Plastics, Inc.	Metal and Glass Packaging
February-17	Letica Corporation	RPC Group Plc	Paper Packaging
February-17	Excelsior Technologies Ltd.	Mondi plc	Paper Packaging
February-17	Fisher Container Corp.	Morgan Stanley Private Equity	Paper Packaging
January-17	Multi Packaging Solutions International Ltd.	WestRock Company	Paper Packaging
January-17	Packaging Film Sales, Inc.	Bunzl plc	Paper Packaging
January-17	WestRock Company; Specialty Closures and Dispensing Systems	Silgan Holdings Inc.	Paper Packaging
January-17	Newell Brands Inc., Rubbermaid Consumer Storage Totes Business	United Solutions, Inc.	Rigid Plastic
January-17	Xcentric Mold & Engineering Inc.	The Riverside Company	Rigid Plastic
December-16	Unipack AD-Pavlikeni	Fort OOD	Paper Packaging
December-16	Werthan Packaging, Inc.	Gateway Packaging Company LLC	Paper Packaging
December-16	Register Print Group Inc.	IntegraColor, LLC	Paper Packaging
December-16	PolyCine GmbH	Armira Partners GmbH & Co KG	Paper Packaging
November-16	TricorBraun	AEA Investors	Rigid Packaging
November-16	Hoffmaster Group	Wellspring Capital Management	Paper Packaging
November-16	ProAmpac	The Pritzker Group	Other
November-16	Anchor Glass Container Corp.	CVC Capital Partners / BA Glass	Glass Packaging
October-16	Vitex Packaging Group	ProAmpac	Other
October-16	Bruni Glass	Berlin Packaging	Glass Packaging

Calabasas Capital

Our comprehensive services include:

- Sell-Side and Buy-Side Mergers & Acquisitions Advisory
- Private Equity & Debt Capital Raising
- Acquisition Financing
- Financial Restructuring
- Sales of non-core assets/divisions of larger public and private companies

Contact Us

- David Bonrouhi, Managing Director, david@calabasascapital.com
- Brandt Blanken, Managing Director & Principal, blanken@calabasascapital.com
- Laura Azzalina, Vice President, laura@calabasascapital.com

For more information, please visit our website at www.calabasascapital.com.

Calabasas Capital
26610 Agoura Road, Suite 120
Calabasas, CA 91302

Securities offered through Fallbrook Capital Securities Corp. Member FINRA - SIPC

This should not be considered in any way an offer to buy or sell a security. This is for informational purposes only. Buying or selling a security involves substantial risk. Investment may be worth more or less than the original investment. An investment in securities products involves a high degree of risk and there can be no assurance that the investment objectives will be attained.

This message is for the named person only. It contains confidential, proprietary or legally privileged information. No confidentiality or privilege is waived or lost by any mis-transmission. If you receive this message in error, immediately delete it and all electronic copies, destroy any hard copies of it and notify the sender. You must not, directly or indirectly, use, disclose, distribute, print, or copy any part of this message without Senders authorization. This communication is not an intention by the sender or the sender's client or principal to conduct a transaction or make any agreement by electronic means. Nothing contained in this message or in any attachment shall satisfy the requirements for a writing, and nothing contained herein shall constitute a contract or electronic signature under the Electronic Signatures in Global and National Commerce Act, any version of the Uniform Electronic Transactions Act or any other statute.