

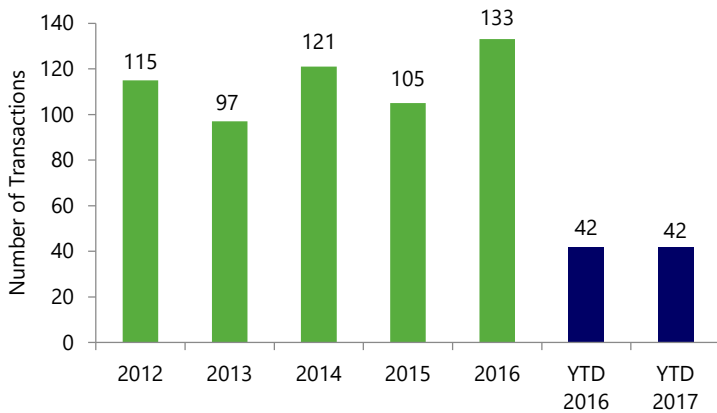


KEY M&A TAKEAWAYS

- ▶ One main takeaway so far in 2017 is the heightened level of M&A volume that the Packaging industry is experiencing. The level of deal volume is reminiscent of 2016, which saw a record number of deals announced or completed. Strategic and financial buyers are attracted by high levels of fragmentation, opportunities to add new product/service offerings and the prospect of entering new customer markets.
- ▶ Deal volume in 2017 differentiates from that in 2016 in two significant ways. First, the proportion of private equity buyers that have announced or closed acquisitions has more than doubled. In 2017, private equity buyers accounted for 35.7% of acquisitions compared to 13.5% in 2016. Second, the number of large transactions has increased substantially in 2017. The industry has seen four deals over \$500 million year-to-date (YTD), compared to three in 2016. In addition, the average disclosed deal value rose to \$540.7 million compared to \$242.2 million over the same time frame.

TRANSACTION VOLUME

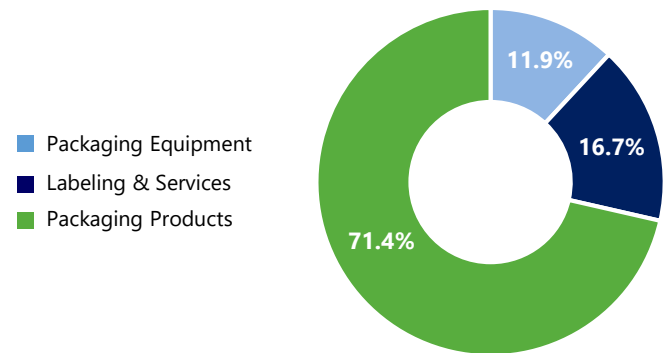
- ▶ Transaction volume in the Packaging industry has maintained high levels so far in 2017. At this pace, deal volume could possibly meet or exceed the record levels seen in 2016.



YTD ended May 1
 All sources: Capital IQ and Capstone Partners LLC Research

DEAL BREAKDOWN

- ▶ Packaging products, including both the interior protective materials and the exterior containers, accounted for the vast majority of deal volume YTD. This is a contrast to 2016 volume, which saw about 58.6% of deal volume attributed to packaging products.
- ▶ Comparatively, the percentage of equipment transactions has roughly stayed the same, while that of Labeling & Services deals has been cut in half.



NOTABLE TRANSACTIONS

- ▶ **WestRock announces acquisition of MPS in megadeal worth \$2.3 billion (January 2017)** – Packaging provider WestRock reached a deal to acquire Multi Packaging Solutions (MPS) for an implied enterprise value of almost \$2.3 billion at EBITDA and revenue multiples of 10.5x and 1.4x, respectively. After closing, the deal is expected to broaden WestRock's product capabilities, expand its end market presence, and provide \$85 million in run-rate synergies by the end of 2019. Marc Shore, CEO and founder of MPS, commented, "Becoming part of WestRock greatly enhances the portfolio of products we can offer our customers and provides additional scale, resources and capabilities."
- ▶ **Loews expands portfolio, announces acquisition of Consolidated Container for \$1.2 billion (April 2017)** – Loews, a hotel, energy and financial services conglomerate, recently announced the acquisition of Consolidated Container from private equity firm Bain Capital for \$1.2 billion. Consolidated Container provides rigid plastic packaging solutions for various consumer and industrial markets. Loews CEO James Tisch commented, "We have been analyzing the packaging industry for some time because it fits our key acquisition criteria. It is a fragmented industry that generates strong cash flows and we believe it is unlikely to be subject to major technological disruption."

OTHER NOTABLE TRANSACTIONS

Date	Target	Acquirer	Target Description	EV	EV / LTM	
					R	EBITDA
4/17	MOCON	AMETEK	Provides packaging analysis instruments.	\$179.2	2.8x	18.6x
4/17	Daiichi PA Packaging	Sharp	Provides pharma packaging services.	\$14.0	-	-
3/17	Grace Darex	Henkel	Offers sealants and coatings.	\$1,050.0	3.7x	-
2/17	Peninsula Packaging	Sonoco Plastics	Manufactures packaging solutions.	\$230.0	-	-
2/17	Letica	RPC	Offers custom packaging.	\$640.0	1.4x	11.2x
1/17	Independent Printing	Ennis	Offers print, finishing and packaging.	\$17.8	0.5x	-
12/16	Manchester Industries	Clearwater Paper	Supplies paperboard products.	\$68.3	-	-
12/16	Register Print Group	Integra Color	Provides printing services for retail.	\$47.0	1.1x	5.8x
12/16	Conwed Plastics	DelStar & SWM	Develops plastic netting.	\$335.0	2.4x	-