

Niche Manufacturing: Specialty Packaging

Q2 2024

2024 Outlook: Opportunity is growing as firms seek improvements, cost savings

Merger and Acquisition (M&A) activity in the specialty packaging industry has remained robust throughout 2023 and into 2024, continuing the momentum from previous years. Industry participants have shown resilience amid economic uncertainty due to their essential role in various supply chains and consumer markets. The increasing adoption of tech-enabled services paired with a growing backlog of recurring contracts have kept buyer interest high, supporting above-average valuations

Key Industry Drivers

- Surging input costs have increased focus by businesses on optimizing packaging solutions and ordering in bulk
- Increasing consumer and regulatory focus on sustainability has driven demand for eco-friendly packaging solutions. Companies are investing in biodegradable materials and recyclable packaging, and reducing plastic usage to meet these demands
- The continued growth of e-commerce has increased the demand for tech-enabled packaging solutions. Companies are looking for packaging that provides product protection, is cost-effective, influences point of purchase decision-making and enhances the unboxing experience for customers

Current M&A Trends

- Significant fragmentation exists in the industry, with both financial and strategic buyers showing a strong appetite for acquisitions
- The industry continues to see high levels of M&A activity as the many smaller regional companies serve to expand service offerings and geographic footprints of their acquirers
- Industry participants continue to see attractive EBITDA multiples with Griffin seeing a median valuation around 7x

Key Takeaways for M&A

- Industry is highly fragmented with rollup opportunities
- Buyers are capitalizing for vertical integration, to increase market share and expand geographies
- Attractive valuation multiples with industry medium at **7.0x**

Key Contacts



John A. Lee
Senior Managing Director
610.205.6106
John.Lee@griffinfinngroup.com



Andrew Rudner
Vice President
610.205.6102
Andrew.Rudner@griffinfinngroup.com

Select Private Market Transactions

Close Date	Target	Acquirer	Type of Buyer	Description of Target
24-Jul	Filtrona Tapes, Inc.	Fairmont Group	Private Equity	Manufacturer of tear tape, a narrow polymer strip used to secure, authenticate, or support packaging
24-Jun	Columbia Corrugated Box	SupplyOne	PE-Backed Strategic	Manufacturer of custom-designed packaging covering various product types, shapes, sizes, weights
24-Jun	Independent II	Hood Containers	Strategic Buyer	Manufacturer and provider of paper products specializing in corrugated and packaging solutions
24-May	SMC Packaging Group	Green Bay Packages	Strategic Buyer	Manufacturer of corrugated packaging, point-of-purchase displays, protective shipping cartons
24-Apr	Brown Paper Goods	Inteplast Group	Strategic Buyer	Manufacturer of specialty bags and sheets intended for food service industry
24-Mar	Allpack Packaging Supplies	Macfarlane Group	Strategic Buyer	Distributor of packaging products including tapes, bubble, foam, cartons, paper and postal products
24-Feb	PouchIt	Genstar Capital	Private Equity	Manufacturer of flexible packaging intended to serve cannabis, food and beverage, health and beauty
24-Jan	SupplyOne	Wellspring Capital Management	Private Equity	Manufacturer, distributor and converter of packaging products
23-Dec	Engineered Papers Business of Mativ Holdings, Inc.	Evergreen Hill Enterprise	Private Equity	Producer of specialized papers used in industrial applications
23-Dec	Burt Rigid Box, Inc.	Pusterla 1880 Spa	Strategic Buyer	Manufacturer of custom high-end rigid boxes for luxury goods
23-Dec	Republic Packaging of Florida, Inc.	Atlas Packaging, Inc.	Strategic Buyer	Provider of custom packaging solutions, including corrugated packaging
23-Dec	BSB Holdings, LLC	Novvia Group	PE-Backed Strategic	Provider of drums, containers, and industrial packaging products
23-Nov	TriState Container Corporation	Connecticut Container Corporation	Strategic Buyer	Manufacturer of custom boxes and packaging solutions that enhance product safety and branding
23-Nov	General Converting, Inc.	CORE Industrial Partners, LLC	Private Equity	Provider of custom packaging and converting services, focusing on creating innovative packaging solutions

	Purchase Price (\$mm)	Purchase Price / LTM Revenues	Purchase Price / LTM EBITDA
Low	\$ 3.7	0.22x	5.53x
High	5,200.0	1.61x	9.73x
Mean	618.7	1.03x	7.53x
Median	73.7	0.99x	7.05x

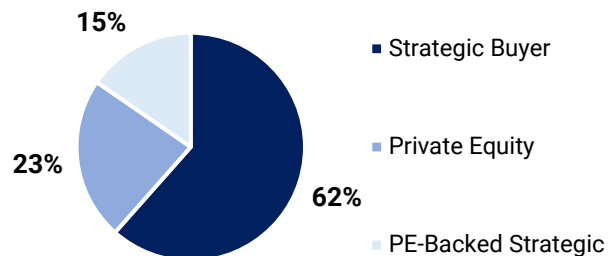
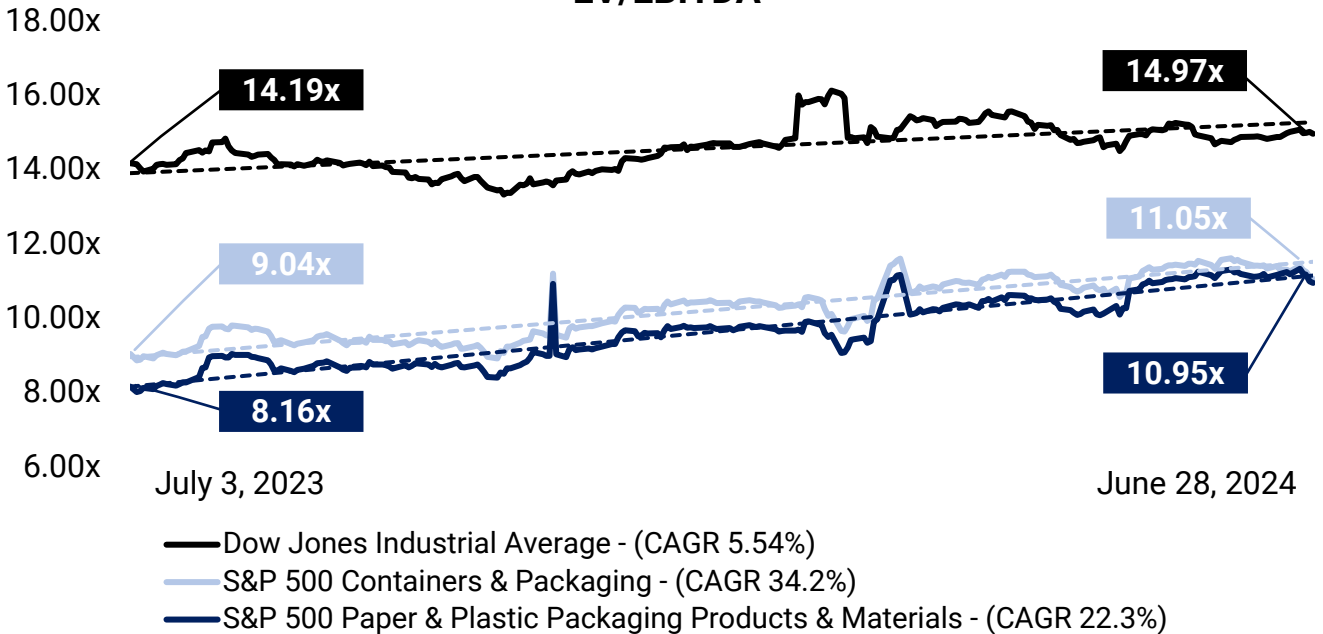


Table shows summary statistics for select relevant industry transactions as determined by Griffin Financial Group

*Red-dash lines represent transactions completed by Griffin Financial Group

Public Market Insights

EV/EBITDA



Company	Ticker	Market Cap (\$mm)	Enterprise Value (\$mm)	LTM Revenue (\$mm)	LTM EBITDA (\$mm)	EBITDA Margin (%)	EV / TTM Revenue	EV / TTM EBITDA
Plastic Metal and Glass Containers								
AptarGroup, Inc.	ATR	\$ 9,579	\$ 10,570	\$ 3,543	\$ 725	20.5%	3.0x	13.8x
Crown Holdings, Inc.	CCK	9,229	16,243	11,820	1,798	15.2%	1.4x	8.7x
Berry Global Group, Inc.	BERY	7,353	16,494	12,245	1,945	15.9%	1.3x	8.5x
Greif, Inc.	GEF	3,055	6,317	5,216	742	14.2%	1.2x	7.9x
Newell Brands Inc.	NWL	2,765	8,044	7,981	824	10.3%	1.0x	7.9x
O-I Glass, Inc.	OI	1,822	6,500	6,867	1,136	16.5%	0.9x	4.9x
Myers Industries, Inc.	MYE	548	959	804	85	10.6%	1.2x	10.1x
Tupperware Brands Corporation	TUP	67	786	1,142	77	6.8%	0.7x	7.2x
Paper Packaging								
Packaging Corporation of America	PKG	\$17,025	\$ 18,934	\$ 7,806	\$ 1,556	19.9%	2.4x	11.2x
Graphic Packaging Holding Company	GPK	8,586	14,137	9,249	1,827	19.8%	1.5x	7.2x
Sealed Air Corporation	SEE	5,360	9,759	5,470	1,081	19.8%	1.8x	8.7x
Sonoco Products Company	SON	5,040	8,297	6,689	1,008	15.1%	1.2x	7.4x
Paper Products								
Suzano S.A.	SWM	\$69,513	\$136,002	\$ 37,938	\$ 16,257	42.9%	3.6x	8.2x
Clearwater Paper Corporation	CLW	801	1,205	2,054	275	13.4%	0.6x	4.1x
Glatfelter Corporation	GLT	72	953	1,335	76	5.7%	0.7x	11.5x


Select Public Companies Summary

Min	\$ 67	\$ 786	\$ 804	\$ 76	5.7%	0.6x	4.1x
Max	69,513	136,002	37,938	16,257	42.9%	3.6x	13.8x
Mean	9,388	17,013	8,010	1,961	16.4%	1.5x	8.5x
Median	5,040	8,297	6,689	1,008	15.2%	1.2x	8.2x

Sources: S&P Capital IQ, IBISWorld, Pitchbook, Griffin Financial Group Research

Key M&A Players

Private Equity Backed

Adherex Group (Akoya Capital Partners)		Duraco (OpenGate Capital)	
AWT Labels and Packaging (Morgan Stanley Capital Partners)		Fortis Solutions Group (Harvest Partners)	
B2B Industrial Packaging (GenNx 360 Capital Partners)		ILC Dover (New Mountain Capital)	
Berlin Packaging (Oak Hill Capital)		Inovar Packaging Group (Altamont Capital Partners)	
BOX Partners (Charlesbank Capital Partners)		Pexco (Odyssey Investment Partners)	
Brook + Wittle (Genstar Capital)		Specialized Packaging Group (Altamont Capital Partners)	
Comar (Constitutional Capital Partners)		SupplyOne (Wellspring Capital Management)	
Sur-Seal (Heartwood Partners)		Traco Packaging (LongVue Capital)	

Strategic

Berry Global (NYS: Bery)		C-P Flexible Packaging	
Brady Worldwide (NYS: BRC)		Field Packaging Solutions	
CCL Industries (TSE: CCL)		Shurtape Technologies	

Niche Manufacturing

Griffin provides a wide range of investment banking services to niche middle-market manufacturing companies.

M&A
Advisory

Private
Placement

Board
Advisory

- ◆ Griffin Financial Group is a leading investment bank focused on the needs of middle market companies
- ◆ We provide M&A advisory, capital advisory and strategic consulting services to the business services, consumer, commercial and industrial, financial institutions, private equity, and technology sectors
- ◆ Part of The Stevens & Lee Companies, a multidisciplinary professional services Platform of 250+ professionals providing financial, legal, tax and consulting services
- ◆ We specialize in closely held private and small-cap public companies, with particular expertise regarding family-owned and owner-operated businesses

Select Transaction Experience

Fairmont Group, Inc.
A new private equity consortium funded by Zentoris, LLC, MainLine Investment Partners, LLC, and Red Hawk Ventures LLC

has acquired

Filtrona Tapes, Inc.

from


Filtrona Group Holdings Limited

July 2024

Fairmont Group, Inc.

was provided senior credit facilities by

 **Northwest Bank**
and raised preferred equity from


MAINLINE
INVESTMENT PARTNERS

for the acquisition of Filtrona Tapes, Inc. and ongoing working capital financing

July 2024

Niche Manufacturing/Specialty Packaging Case Study

- ◆ Filtrona Tapes, Inc. (“Filtrona Tapes” or the “Company”), a division of Filtrona Group Holdings Limited (“Filtrona Group”), has been an industry-leading manufacturer of high quality, niche product packaging solutions since its predecessor’s founding in 1911
- ◆ Filtrona Group was exploring a corporate carveout of its operationally distinct Virginia-based tapes division, Filtrona Tapes, as part of a broader strategy to divest of non-core assets and focus on its core business operations
- ◆ Fairmont Group, Inc., a Miami-based independent sponsor, engaged Griffin Financial Group as its buy-side advisor and exclusive investment banker to raise the necessary capital to fund the acquisition of Filtrona Tapes
- ◆ Griffin launched a competitive process approaching senior and subordinated debt lenders, as well as preferred equity investors, to partner with Fairmont