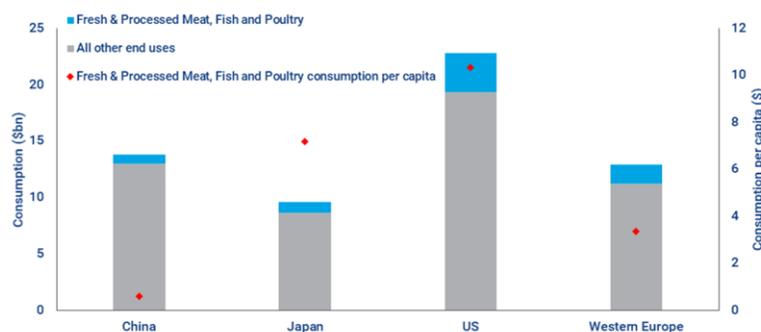


## TKO Miller Market Analysis

- The COVID-19 outbreak, thought to have started in a wholesale seafood and meat market in Wuhan, has drawn massive amounts of attention to China's food supply chain and health safety. Tighter regulations around meat handling and distribution practices are being considered by the Chinese government and have the potential to drive new demand for flexible packaging, which serves as a tool for protecting food from contamination.
- According to Wood Mackenzie, flexible packaging demand has slowed in China due to a sluggish regional economy, with the market growing at 4.8% in 2019 – down from 5.6% in 2018. Chinese per capita consumption of flexible packaging for fresh and processed meat and seafood is currently so low (see chart below) that a subtle shift in production to larger corporations could have an impact on growth.
- The long-term impact of COVID-19 on the U.S. and European flexible packaging markets remains to be seen. In the short term, however, demand for flexible packaging is expected to increase on an international scale as consumers attempt to mitigate contamination risks. TKO Miller's proprietary flexible packaging valuation index (see below) remained in line with its peak Q4 2019 level.
- While many businesses that offer final-demand consumer goods and services have seen a sharp decline, flexible packaging's end markets including grocery stores, drug stores, pharmaceuticals, and big-box retailers have prospered, in part from increased demand in packaged goods.

**Flexible packaging usage for fresh and processed meat, fish and poultry and national totals, 2019**



Source: Wood Mackenzie Chemicals

## Recent Flexible Packaging Transactions

### January 2020 – CVC Capital Partners Acquires Bosch Packaging Technology and Rebrands as Syntegon Technology

Syntegon Technology, a former subsidiary of Robert Bosch, was acquired by CVC Capital Partners and rebranded as Syntegon Processing and Packaging. Syntegon's business focus is on intelligent and sustainable technologies for the pharmaceutical and food industries. The Company employs 6,100 people at more than 30 locations worldwide and posted revenues of €1.3 billion in 2019.

### February 2020 – Liquibox Acquires DS Smith Plastics for £400M

Liquibox, a portfolio company of Olympus Partners, has acquired DS Smith plc's Plastics Division, which includes both the rigid and flexible packaging businesses. The acquisition of DS Smith's flexible packaging businesses provides a strong platform to further expand Liquibox's leading value proposition into emerging growth markets such as coffee, tea, water, and aseptic packaging. The combined entity will have 35 manufacturing facilities and a global workforce of nearly 3,000 employees.

### January 2020 – Sonoco (NYSE: SON) Acquires TEQ Thermoform Engineered Quality for \$187M

Sonoco has acquired TEQ Thermoform Engineered Quality, a global manufacturer of thermoformed packaging, serving healthcare, medical device, and consumer markets. TEQ operates three thermoforming facilities as well as one extrusion operation in the United States, a thermoforming operation in the United Kingdom, and a thermoforming and molded-fiber manufacturing facility in Poland.

### March 2020 – ProMach Strengthens Pharmaceutical Portfolio with Acquisition of Pharmaworks

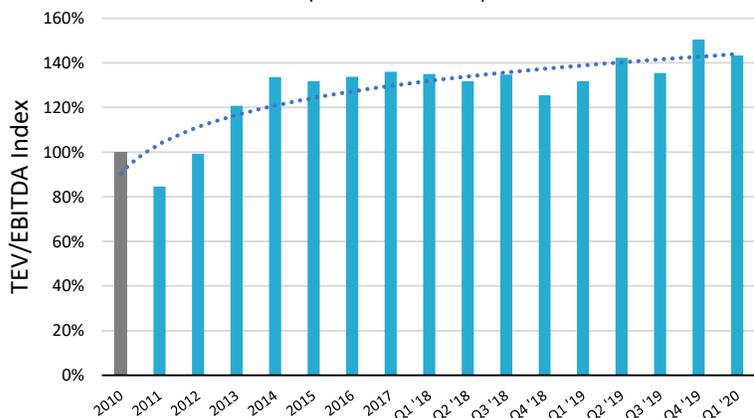
ProMach, a provider of packaging machinery solutions, announced the acquisition of Pharmaworks, a provider of blister packaging technology for the pharmaceutical, consumer goods, and contract packaging industries. The addition of Florida-based Pharmaworks expands ProMach's portfolio of pharmaceutical solutions and strengthens its integrated solutions capabilities for a broad range of applications.



# Flexible Packaging – Q1 2020

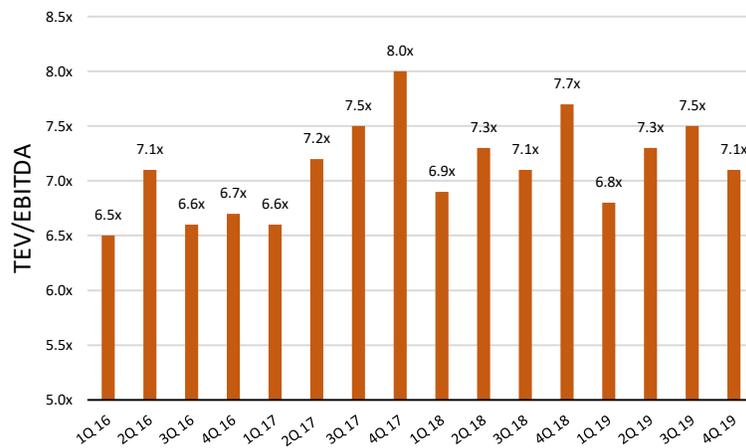
## Flexible Packaging Valuation Index

(Index 2010 = 100)



Source: TKO Miller's proprietary Flexible Packaging valuation index

## Middle Market Valuation Multiples



Source: GF Data

## Flexible Packaging News

### How COVID-19 Is Affecting Fast-Moving Consumer Goods Businesses

The S&P 500 index declined by 18.9% over February 21<sup>st</sup> – March 31<sup>st</sup>, with the largest declines concentrated in travel and transportation, banks, and some tech companies. In such context, consumer goods are a relative safe haven. Stock prices for fast-moving consumer goods companies like Unilever and Procter & Gamble dropped 11.2% and 3.4%, respectively, over the same time frame. [\[LINK\]](#)

### Packaging Industry Seeks Greater Clarity for What Essential Business Means

The Flexible Packaging Association (FPA) issued letters to the White House, all Governors, and Capitol Hill leadership regarding the need for essential packaging manufacturing during this time of uncertainty, particularly food insecurity and access to pharmaceutical and medical supplies. The FPA outlined the fundamental importance of manufacturing facilities staying open and functioning in order to supply the necessary packaging consumer product companies and retailers that supply goods to the public during this health crisis. [\[LINK\]](#)

### Ten Specs to Consider When Choosing Precision Rollers

At the heart of every web converting process lie precision rollers. Designed to carry the web, laminate or coat it, cool it, heat it, or treat it, these cylindrical objects must be engineered and constructed with an exact eye for detail in order to meet the unique demands of any given application and system. [\[LINK\]](#)

## About TKO Miller

TKO Miller, LLC is an independent, advisory-focused, middle-market investment bank. With over 130 years of collective transaction experience, TKO Miller provides merger and acquisition and financial advisory services for privately-held and private-equity owned businesses, with a special focus on family-and-founder-held businesses.

Flexible Packaging is one of TKO Miller's core industry focuses, along with Consumer Products, Industrial Services, Manufacturing, Business Services, and Health Care. After advising numerous flexible packaging and printing companies on M&A and financing transactions, TKO Miller's professionals have developed deep industry knowledge and a broad contact network that accompanies their transaction expertise with privately-held companies.

TKO Miller aims to bring value to clients by combining outstanding people with a results-oriented, flexible approach to transactions. Our services include company sales, recapitalizations, asset divestitures, and management buyouts. TKO Miller has a generalist focus and has served clients in a wide range of industries, including manufacturing, business services, consumer products, and industrial products and services. For more information, visit our website [www.tkomiller.com](http://www.tkomiller.com).

Joe Froehlich

Managing Director

[jfroehlich@tkomiller.com](mailto:jfroehlich@tkomiller.com)

Erik Eidem

Director

[eeidem@tkomiller.com](mailto:eeidem@tkomiller.com)

Jack Moran

Analyst

[jmoran@tkomiller.com](mailto:jmoran@tkomiller.com)

