

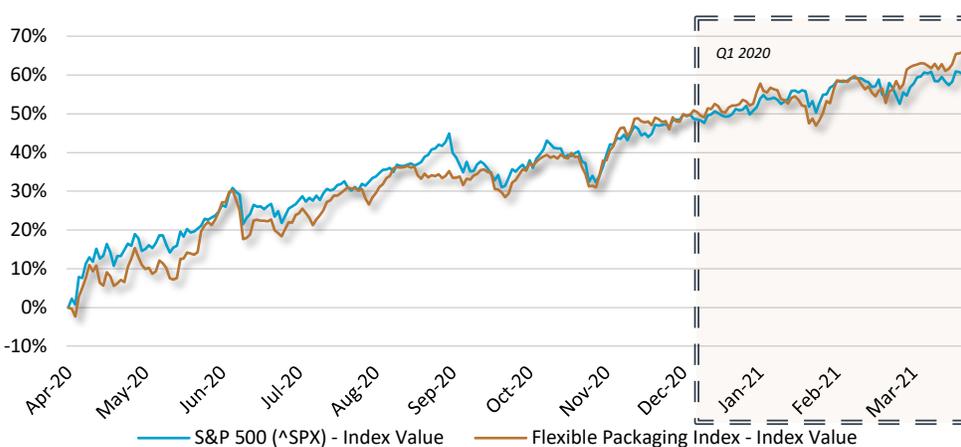
Flexible Packaging



Q1
2021

Flexible Packaging Trends

During the first quarter of 2021, accelerated COVID-19 vaccination efforts helped to create a much more optimistic view of the global economy. Consumer behavior, production levels, and eagerness towards strategic expansion are all trending upward, which bodes well for the flexible packaging industry and the economy at large. See below for TKO Miller's Proprietary Flexible Packaging Index charted against the S&P 500 Index over the last three months. Packaging demand remains strong as consumers continue to prefer e-commerce methods of shopping as well as product sterility and shelf-stability. In addition, polypropylene and polyethylene resin supply shortages continue to impact manufacturers'



bottom lines as raw material prices increase.

Flexible packaging M&A activity has picked up steam in Q1. Capital IQ reports that the number of closed global flexible packaging deals in Q1-2021 grew by 40% over Q1-2020 and 8% over Q4-2020. Public company valuations grew by 10% from Q1-2020 and stayed relatively flat from Q4-2020. General middle market valuation multiples rebounded late in the year ending the year on par with 2019, despite the COVID-19 pandemic. Early signs in 2021 suggest that the valuations for flexible packaging companies are holding strong and should be on par with or exceeding 2019 and 2020 levels.

Recent Flexible Packaging News

Texas Freeze Triggers Global Plastics Shortage

Numerous chemical plants were shut down as the state lost power last month. The shutdown led to a disruption in the global supply chain for consumer goods, causing a shortage of the raw materials needed for everything from medical face shields to smartphones. The U.S. Gulf Coast saw an explosion of petrochemical plants over the past two decades, after the fracking boom unlocked vast new amounts of domestic natural gas and other fossil-fuel byproducts that could be converted into chemicals and plastics. The boom helped make the U.S. one of the largest exporters of plastics and other petrochemical products in recent years. However, the winter storm highlighted key vulnerabilities to the dozens of chemical plants that stretch from Corpus Christi, Texas to New Orleans. As plants slowly restart, it will take months for inventories to recover, with prices likely only returning to normal levels in June. [\[LINK\]](#)

Mars Wrigley Partners with Danimer Scientific to Roll Out Compostable Packaging

Snack giant Mars Wrigley has announced a two-year partnership with Danimer Scientific to advance home-compostable packaging. Sourced from plant seeds such as canola and soy, Nodax PHA is produced through natural fermentation processes. Danimer Scientific and Mars Wrigley plan to introduce Nodax PHA into flexible and rigid packaging that reliably breaks down in both industrial composting facilities and backyard compost units. Mars Wrigley's first on-the-shelf offerings are tentatively targeted for late 2021 or early 2022, featuring its Skittles brand in the United States. [\[LINK\]](#)

Partnership Between Valvoline and Hammer Packaging Drives Flexible Packaging Innovation

Auto parts stores currently sell windshield washer fluid, motor oil, and gear oil in tall, rigid, cylindrical containers with a Yorker cap at the top. Valvoline found that this current design isn't suitable for applying gear oil in tight, awkward spaces around the vehicle, without spill and waste. The Company's solution was a flexible pouch. Valvoline began redesigning with several uncertainties and to help navigate the new technical challenges and logistics, Valvoline engaged Hammer Packaging. This packaging is proving to be a game-changer in the automotive products industry. [\[LINK\]](#)

Joe Froehlich

Managing Director

jfroehlich@tkomiller.com



Erik Eidem

Director

eeidem@tkomiller.com

Flexible Packaging



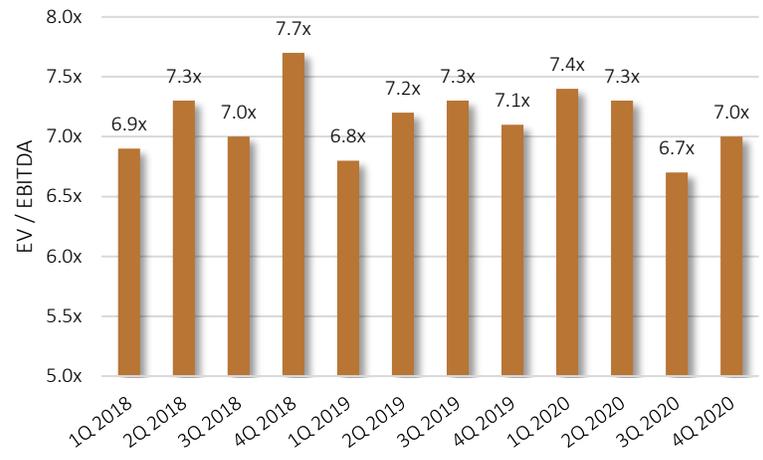
Q1
2021

Flexible Packaging Valuation Index



Source: TKO Miller's Proprietary Flexible Packaging Index

Middle Market Valuation Multiples



Source: GF Data

Recent Flexible Packaging Transactions

January 2021 – H.I.G. Capital Acquires and Merges Action Point and Signature Flexible Packaging

H.I.G. Capital has acquired and merged Action Point and Signature Flexible Packaging. The combined company will form a leading, full-service provider of flexible food and consumer packaging solutions primarily serving the snacks, meats, candies, and baked goods markets.

February 2021 – SÜDPACK Group to Acquire LPF

SÜDPACK Group has acquired LPF Flexible Packaging (LPF), a manufacturer of high barrier films for sensitive products, from the Clondalkin Group. LPF is a Netherlands-based specialist in the development and production of printed and unprinted duplex and triplex packaging laminates, which provide product protection and prolonged shelf life. The acquisition will further expand SÜDPACK's expertise in the development and production of high-performance laminates for various applications and tap into new markets.

January 2021 – ProAmpac Acquires Rapid Action Packaging

ProAmpac has acquired Rapid Action Packaging (RAP), a leading designer and manufacturer of sustainable packaging for freshly prepared foods sold at retail, including sandwiches, wraps, chicken tenders, and salads. With this acquisition, ProAmpac expands its manufacturing capabilities to produce primary packaging for ready-to-eat and freshly prepared foods, broadening its sustainable product offering for retail food markets.

March 2021 – ProAmpac Acquires IG Industries and Brayford Plastics

ProAmpac has acquired IG Industries and Brayford Plastics, two private businesses based in the United Kingdom that produce a broad portfolio of recyclable packaging products. The acquisition expands ProAmpac's product portfolio as well as its geographic footprint in the United Kingdom and the rest of Europe. The acquisition strengthens ProAmpac's push for sustainability, a hot topic in the industry for the foreseeable future.

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. 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 our 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.