

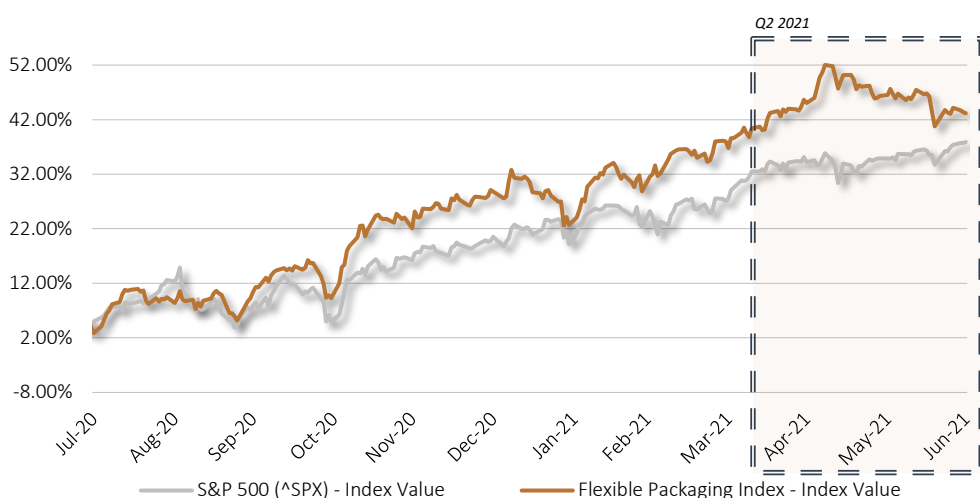
Flexible Packaging



Q2 2021

TKO Miller Market Analysis

Despite a dramatic increase in raw material prices and a shortage of qualified labor, the flexible packaging industry continues to prosper. As of the end of Q2-2021, TKO Miller's Flexible Packaging Index was up 43.1% compared to the end of Q2-2020. This compares favorably to the 37.9% growth in the S&P 500 index over the same period. The industry continues to see strong demand and shifting consumer preferences, creating growth in the industry as well as opportunities for innovative solutions. We tip our hat to all business owners trying to figure out the best path forward in developing packaging solutions that address eco-sustainability while maintaining product uniqueness, quality and durability, all the while battling significant raw material price increases, pandemic-related labor shortages, and other operational constraints.



Flexible packaging M&A activity has expanded its positive momentum during Q2-2021, building on the strong transaction activity experienced in Q1-2021. As expected, transaction volume is significantly higher than Q2-2020, the harshest months of COVID-19 lockdowns. According to Capital IQ, the number of closed global flexible packaging deals in Q2-2021 grew by 73% over Q2-2020. Public flexible packaging company valuations grew by 16% from Q2-2020 and 2% from Q1-2021. M&A markets remain extremely active, with surging activity expected into the second half of 2021 based on strong numbers of eager buyers motivated by record levels of dry powder and well-performing sellers propelled by potential tax reform.

Recent Flexible Packaging News

Growing Packaging Concerns in the Cannabis Industry

As the cannabis industry continues its rise to the forefront of the American marketplace, emerging regulations around what the products are packaged in is quickly becoming a point of concern. Data compiled by *MjBizDaily* showed the economic impact of marijuana is up 30 percent from 2020 and is expected to reach \$92 billion this year. The industry is forecasted to exceed \$160 billion in 2025. Concerns around clear labeling, childproofing, and sustainability are growing issues, while the big candy companies are complaining about packaging confusion. [\[LINK\]](#)

Amazon Rejects Plastics Plan as Groups Urge Reduced Virgin Plastic Use

Amazon shareholders have rejected an attempt by environment-focused investors to force it to detail the impact of its plastic packaging. The vote, however, may mark only a brief pause in an ongoing campaign by the activists to get 10 major public companies to dial back their use of virgin plastic. Amazon disclosed that about 64.5 percent of its shareholders voted against the resolution, which was viewed to be a fairly modest request asking the firm to report how much plastic gets into the environment from its massive e-commerce operations. Environmental investors are still requesting resolutions at nine other major retailers and consumer product makers to push them to use less virgin plastic. [\[LINK\]](#)

Value-chain Team Creates New High-Barrier Recyclable PE Food Pouch

Five different companies throughout the packaging supply chain have joined forces to create what they say is new, more sustainable flexible packaging for food. The companies — Dow, Syntegon, Comexi, Plastchim-T and Ticinoplast — say the high-barrier mono-material structured polyethylene pouch is not only functional but designed to enable recyclability in PE-streams. The solution created by the team in this project offers the necessary functionality provided by those multiple materials — for example, oxygen and water vapor barrier, printability, toughness, stiffness, excellent gloss and clarity — without compromising recyclability. [\[LINK\]](#)

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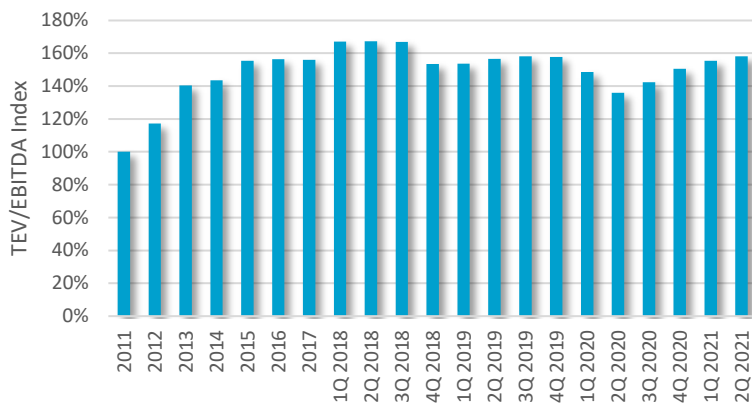


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Director

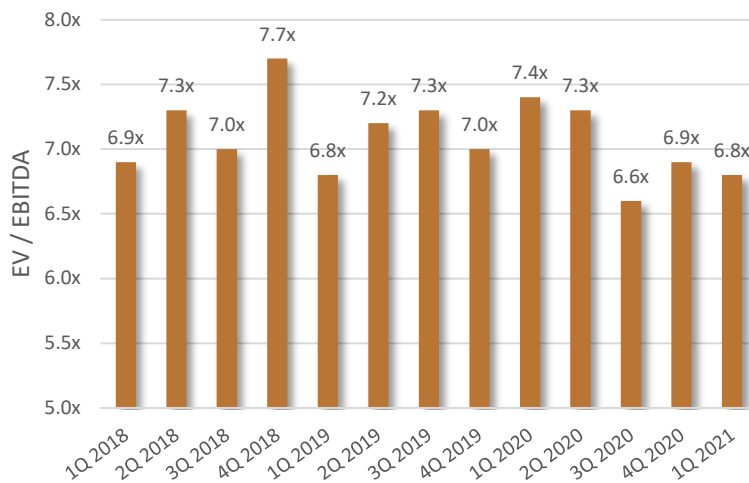
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Flexible Packaging Valuation Index



Source: TKO Miller's Proprietary Flexible Packaging Index

Middle Market Valuation Multiples



Q2 2021 TKO Miller Flexible Packaging Transaction

August 2021 – C.P. Converters, Inc. Acquires Prestige-Pak, Inc.

TKO Miller advised Prestige-Pak, Inc., a converter of printed flexible packaging materials for the consumer products industry, on its sale to C.P. Converters, Inc., a portfolio company of First Atlantic Capital based in New York, New York.

Founded in 1968, Prestige-Pak is a second-generation, family-owned business based in Fond du Lac, Wisconsin. The Company's current product portfolio includes printed mono and laminated rollstock used in the bakery, cheese, confectionary, dry goods, medical, pet food, and snack food industries.

C.P. Converters is an innovative flexible packaging company serving the stable food and consumer end markets mainly focused on snacks, baked goods, confections, and household chemicals. C.P. Converters provides printed film that is either converted or sold as rollstock, stretch and shrink sleeves, and pouches to blue-chip customers on a regional and national basis.

Additional Recent Flexible Packaging Transactions

April 2021 – ProAmpac Acquires El Dorado Packaging

ProAmpac, a leader in flexible packaging and material science has acquired El Dorado Packaging, a leading producer of consumer and industrial multi-wall packaging solutions. With this acquisition, ProAmpac expands its multi-wall bag product offering into flour and food ingredients markets, while strengthening its paper packaging capabilities in industrial markets.

June 2021 – Soteria Flexibles Acquires Redi-Bag, Inc.

Soteria Flexibles, a manufacturer of customized flexible plastic packaging has acquired Redi-Bag, Inc., a leading manufacturer of polyethylene film and plastic packaging in the Pacific Northwest. Headquartered in Tukwila, WA, Redi-Bag serves a diverse set of customers primarily in the seafood and produce packing markets. Redi-Bag represents the second acquisition by Soteria Flexibles, and this transaction represents a key milestone in Soteria's growth.

May 2021 – PPC Flexible Packaging Acquires Target Labels & Packaging

PPC Flexible Packaging, a leading provider of custom flexographic printing and converting of flexible films, bags, and pouches has acquired Target Labels & Packaging LLC, a premier manufacturer of flexographic and digitally printed, laminated, and converted packaging labels, rollstock, and pouches. The acquisition further enhances PPC's western region position of servicing mid-size customers.

July 2021 – Ares Management Acquires Resource Label Group

Resource Label Group, a full-service provider of pressure sensitive label, shrink sleeve, and RFID/NFC technology for the packaging industry announced the completion of a merger agreement with the private equity group of Ares Management Corporation. Resource Label Group was previously a portfolio company of First Atlantic Capital and TPG Growth and will continue to emphasize growth and building additional capabilities in the label and packaging sector.

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.