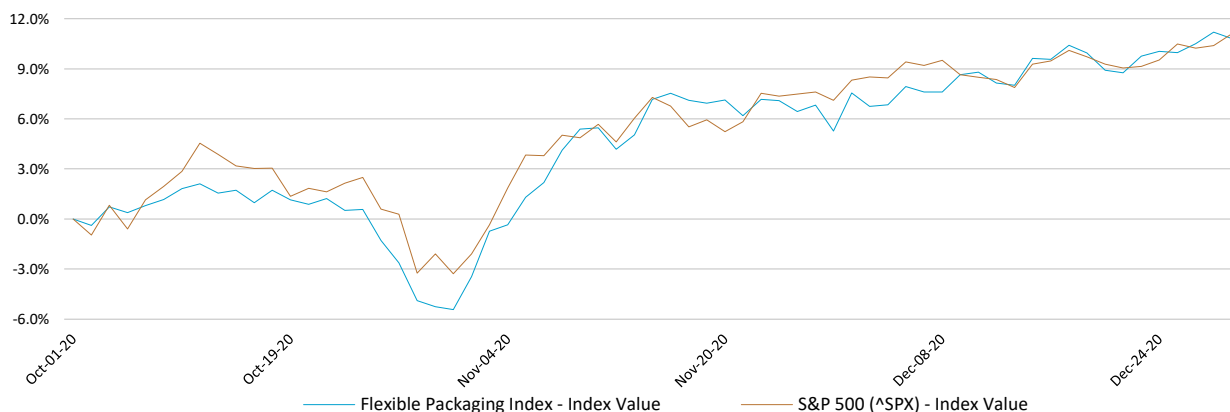




Flexible Packaging – Q4 2020

The flexible packaging industry proved resilient during Q4 2020, driven by continued strong performance in food & beverage, pharmaceutical, medical, and other consumer product markets throughout the COVID-19 pandemic. E-commerce, which often requires additional packaging materials compared to brick-and-mortar retail, also saw substantial growth throughout 2020, peaking during the holiday season. Additionally, flexible packaging continued to play an instrumental role in product sterility and shelf-stability, both trends that were exacerbated significantly by the pandemic. Overall, the flexible packaging sector has demonstrated its resiliency through the tumultuous year that was 2020 and enters 2021 better-positioned for growth and continued innovation compared to many other sectors that are still grappling with the uncertainty caused by COVID-19 and its related fallout.



As charted at left, TKO Miller's Proprietary Flexible Packaging Index has continued to perform in line with the S&P 500 Index during Q4. Looking back further, over the last six months, the Flexible Packaging Index outperformed the S&P by 4.08%, as the two indexes grew 24.63% and 20.55%, respectively, during the period.

Recent Flexible Packaging News

United States Retail E-commerce Sales Growth Strong in Q3, Poised for Strong Q4

According to the United States Census Bureau, United States retail e-commerce sales increased quarter-over-quarter (+12.0%) and year-over-year (+36.7%). E-commerce sales represented roughly 14.3% of total quarterly retail sales during Q3, a percentage that has grown steadily since 2011. Industry trends are expected to continue to gain momentum in Q4, based heavily on e-commerce holiday season spending and increased lockdown regulations as COVID-19 cases spike in some regions. [\[LINK\]](#)

Flexible Packaging Bends to COVID-19 Challenges

In the midst of the COVID-19 pandemic, the flexible packaging industry faces unprecedented challenges to innovate for surging hygiene-enhancing flexible packaging demand and an increasingly tricky supply chain process. Under this pressure, manufacturers face a struggle to remain committed to their environmental sustainability goals. [\[LINK\]](#)

Commitment to Sustainability Sees Both Gains and Challenges

Major consumer product companies continue to emphasize the recyclability and sustainability of their plastic packaging applications. Flexible packaging manufacturers are being forced to innovate, as evidenced in data showing declining growth in resin consumption and increased recycled content flowing through manufacturing facilities. While use of virgin plastic decreased by only 0.1% year-over-year, total plastics used increased by 0.6% during the same period, showing that while plastic packaging remains a growing industry, growth is not being fueled by virgin plastic consumption. [\[LINK\]](#)

Rising Polyethylene and Polypropylene Raw Material Prices

Shortages, shutdowns, and unpredictable demand have led to significant resin price inflation during the second half of 2020. Q4 trends aligned with that of Q3 and were capped off by increases in polyethylene and polypropylene by \$0.05/lb and \$0.14/lb, respectively, in December alone. Many flexible packaging companies have the pricing power to offset this inflation, but this creates its own challenges over the long term. [\[LINK\]](#)

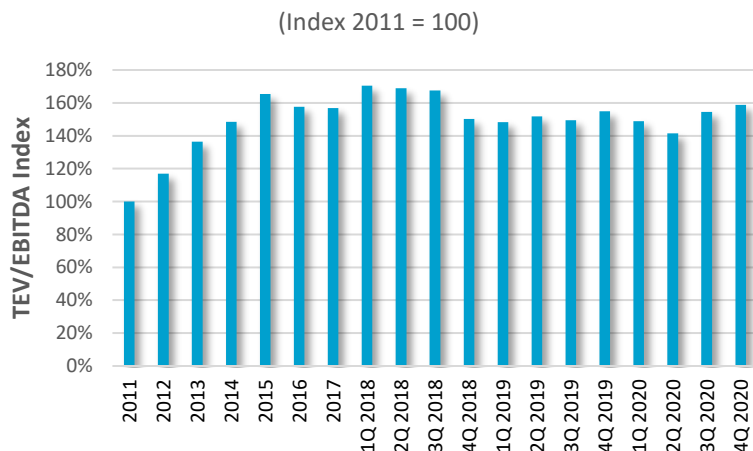
10 Best Beverage Packaging Breakthroughs of 2020

Technological innovation continues to serve as one of the strongest value drivers in the flexible packaging industry. Companies establish competitive advantage by developing unique packaging applications that align with larger industry preferences. Check out ten of the industry's most innovative technological breakthroughs during 2020. [\[LINK\]](#)

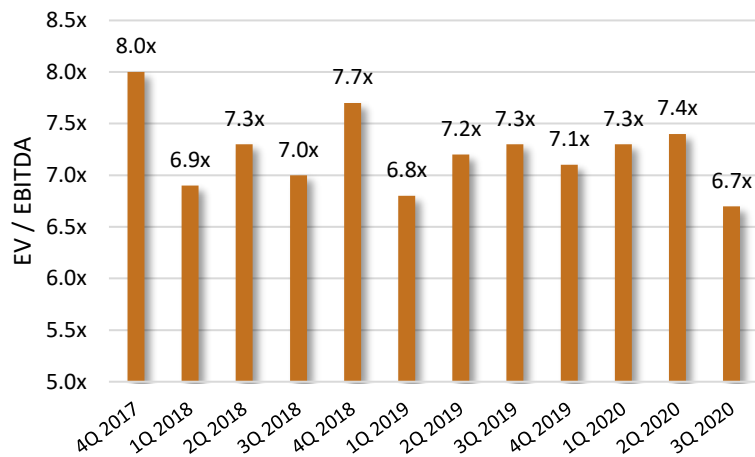


Flexible Packaging – Q4 2020

Flexible Packaging Valuation Index



Middle Market Valuation Multiples



Recent Flexible Packaging Transactions

October 2020 – Revolution Acquires Polar Plastics

Revolution, a Little Rock, AR-based manufacturer/supplier of closed-loop plastic bags and other packaging products, has acquired Polar Plastics, a producer of blown plastic films and bags based in Oakdale, MN. The acquisition grows Revolution’s current divisions in an environmentally-friendly manner, which is a hot topic in the industry.

December 2020 – PPC Flexible Packaging Acquires Custom Poly Bag

PPC Flexible Packaging, a Buffalo Grove, IL-based leader in flexographic printing and converting of flexible films, bags, and pouches, has acquired Custom Poly Bag, a plastic bag and film manufacturer based in Alliance, OH. The acquisition increases PPC’s size to eight manufacturing sites and over 1,000 employees and enhances their position in supplying mid-size products to market at quicker lead times.

November 2020 – Golden West Packaging Acquires Berry Pack and Progressive Packaging Group

Golden West Packaging, a City of Industry, CA-based manufacturer of packaging products, has acquired Berry Pack, a provider of branded, custom packaging systems and Progressive Packaging Group, an agricultural packaging company, both of which are based in Salinas, CA. The two acquired companies include many leading fresh produce packaging brands, a market in which Golden West is placing emphasis.

December 2020 – Resource Label Group Acquires Label West

Resource Label Group, a Franklin, TN-based full-service provider of pressure-sensitive label, shrink sleeve, and RFID/NFC technology, has acquired Labels West, a provider of flexographic and digital printing, content, sealants, and labels based in Woodinville, WA.

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.

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