

# European Paper and Packaging Update

Welcome to Pöyry Capital's European Paper and Packaging newsletter. The sharper witted amongst you will have noticed that despite this being a 'quarterly update' the frequency is now semi-annual. The reason for the infrequency is that we have been extremely busy during the last two quarters of 2015.

## M&A ACTIVITY LEVELS – H2 2015

During the H2 2015, some 70 paper and packaging related transactions were announced in Europe, with an aggregate announced transaction value of approximately EUR 12.2 bn.

Overall in 2015, 142 transactions in the paper and packaging sector were announced in Europe with an aggregate transaction value of approximately EUR 27 bn.

Paper and packaging M&A represented approximately 3% of the overall European M&A market in 2015 and approximately 25% of the overall industrial M&A volume in Europe.

In this newsletter we will discuss some of the key M&A trends in the European Paper and Packaging sectors during the last twelve months.

## SPECIALTY PAPER AND TISSUE

There were relatively few specialty paper and tissue M&A transactions last year.

Tissue market participants were reluctant to put large amounts of capital at play in European M&A for two main reasons:

1. A number of publication and office paper manufacturers, including Norske Skog ASA and Portucel SA, have analysed the tissue market and reached the conclusion that tissue-making should form part of their future paper-making strategy. Incumbent tissue makers appear to be focusing on maintaining

profitability margins, marketing and product diversification strategies and appear willin to concede market share to the new tissue -making entrants; and

2. European tissue players such as Svenska Cellulosa AB and Sofidel SPA have looked outside Europe for inorganic growth and have deployed cash resources for overseas M&A moves.

In the specialty paper market, transactions were mostly focused on private individuals or small cap private equity funds for conversion into specialty paper or packaging grade machines.

## PUBLICATION AND OFFICE PAPER

The Publication and Office Paper M&A market in Europe in 2015 was driven by companies divesting non-core or unprofitable paper making machines/ mills to mostly small cap private equity funds for conversion into packaging or other specialty paper grades. No major consolidation transactions were announced in the year.

## CARTON BOARD

After the merger of Rock-Tenn and MeadWestvaco to create WestRock Co., M&A activity in the carton board packaging market for the remainder of 2015 was mostly focused on bolt-on acquisitions by the large carton packaging conglomerates in European and emerging markets.

Two transactions of note were Mayr-Melnhof Karton AG's expansion into France and the

pharmaceutical packaging sector through the acquisition of the folding carton operations of Illeos SA and the IPO of Multi Packaging Solutions Ltd. (previously Chesapeake and Multiple Packaging Solutions) on the NYSE. Multi Packaging Solutions is now one of the few listed, pure play, not vertically integrated, carton packaging converters in the Western European and North American market.

## CONTAINERBOARD AND SOLID BOARD

During the year, rumours abounded of major consolidation moves, but none materialised. The high trading multiples of the principal European listed containerboard companies and lack of material cross-Atlantic cost and revenue synergies may have been the cause of this inactivity.

However, during this period, DS Smith PLC was able to expand substantially its regional footprint and consolidate the market in Europe through acquisitions in South Eastern Europe, Spain and Turkey.



Cele Moncayo  
Managing Director

**RIGID PLASTIC PACKAGING**

M&A activity was high, with RPC Group PLC in particular continuing to consolidate the European rigid plastic packaging sector. The acquisitions of Promens Group AS and Global Closure Systems are evidence of RPC's ambition to become the leading European leader in rigid plastic packaging.

Another important transaction was the acquisition of Centor US Holding by Gerresheimer AG. Centor medical packaging provides Gerresheimer with a sizeable platform in the US and continued diversification away from glass packaging and into plastics.

**FLEXIBLE PLASTIC PACKAGING AND LABELS**

By volume the flexible plastic packaging and labels sector saw the most M&A activity in 2015. Important consolidators in these sectors have been North American and European packaging groups, notably Mondi PLC, Schur Flexibles Group and CCL Industries Inc.

We also saw two major North American companies in the flexible packaging sector materially reduce their presence in Europe, with Printpack Inc. and Sealed Air Corp selling substantial European assets.

**GLASS, METAL AND OTHER PACKAGING**

The two largest transactions announced in 2015 in Europe in the packaging sector were in glass and metal. The acquisition of Rexam PLC by Ball Corp. was the major consolidation move in the industry. The deal is expected to close in Q2 2016.

European competition authorities have indicated that Rexam must divest 10 can body plants and 2 can end manufacturing facilities for the deal to be approved by the European Regulators.

Ball's European footprint in Europe before the merger consisted of 12 beverage cans production plants. Post-merger (after plan divestitures), Ball is expected to operate a very similar number of facilities, but a new competitor or a much stronger competitor will likely emerge within the European market. Potentially an asset swap might have been the better choice for Ball shareholders than a takeover (from a European market perspective).

The other large transaction in this sub sector was the merger of Coca-Cola Iberian Partners SA and Coca-Cola Erfrischungsgetränke AG to create the world's largest Coca-Cola bottler based on net revenues.

**DISTRIBUTORS**

No major transactions were announced but the bankruptcy of Paperlinx, a paper and packaging distribution company, in 2015 created material losses for some paper and packaging companies and made a bad year even worse.

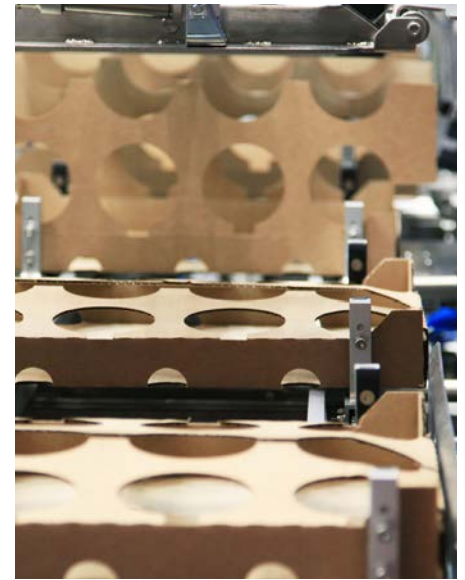
**PULP**

There were no major pulp transactions in Europe. Companies in the sector tend to focus on the acquisition of best-in-class pulp projects in emerging markets, bio-refining and securing the key raw material (wood) for their pulp mills.

During the year, pulp makers made material investments in their European manufacturing facilities to become more flexible and expand into Bio-refining.

**PACKAGING AND PAPER MACHINE MANUFACTURERS**

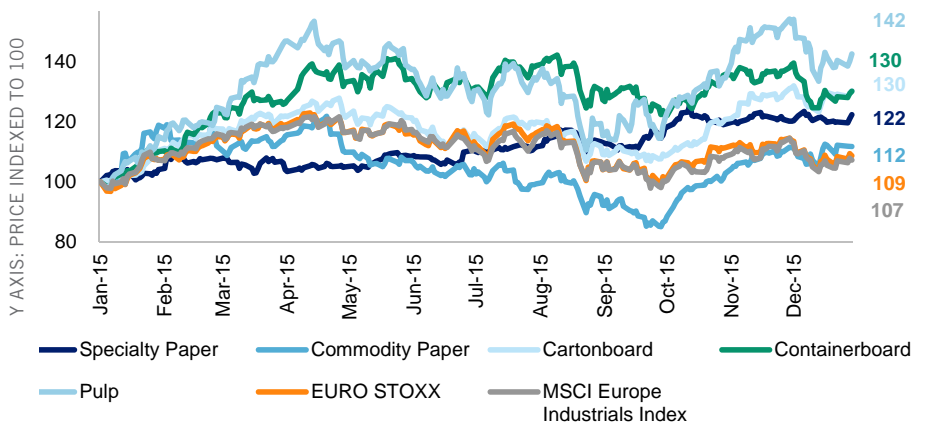
Two trends could be seen in 2015: Packaging machine manufacturers (particularly printers) were investing in digital printing machine manufacturers; while conventional paper makers were expanding into tissue-making through acquisitions.



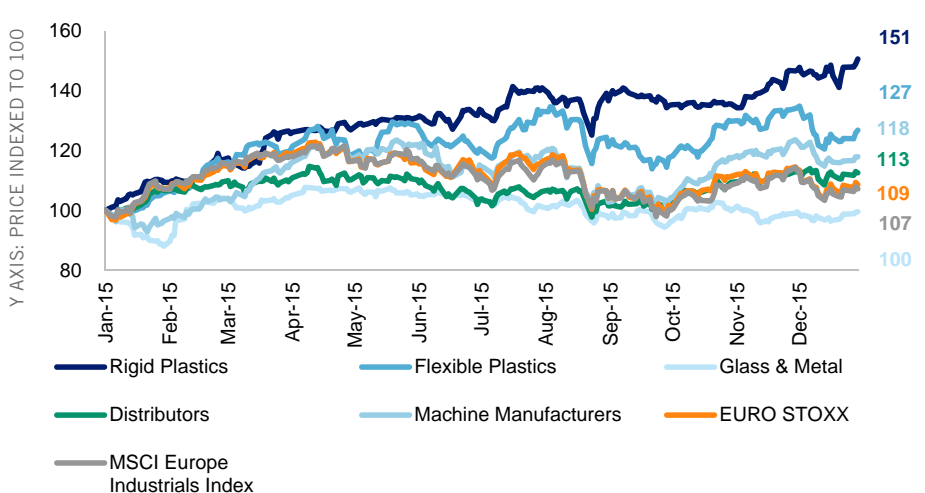
**EUROPEAN PAPER AND PACKAGING SHARE PRICE PERFORMANCE**

During 2015, on average, the share price of listed companies in the European paper sector increased between 7% and 51%. The share price performance of rigid plastics and cartonboard companies was extremely strong.

EUROPEAN PAPER & PACKAGING RELATIVE PERFORMANCE - PULP, PAPERS & FIBRE BASED PACKAGING



EUROPEAN PAPER & PACKAGING RELATIVE PERFORMANCE - NON FIBRE PACKAGING AND OTHERS



## TRANSACTION UPDATE – H2 2015

### SPECIALTY PAPER/ TISSUE

- 27th November: Abris Capital Partners agreed to acquire Paloma d.d.
- 11th September: Kajo Neukirchen agreed to acquire Neenah Lahnstein from Neenah Paper
- 4th September: Gomà-Camps and WEPA Group agreed to complete the GC&Wepa joint venture

### PUBLICATION AND OFFICE PAPER

- 17th November: LEIPA Georg Leinfelder and UPM signed an MoU for the sale of the Schwedt mill in Germany to LEIPA
- 23rd September: Erfurt & Sohn announced the acquisition of a 33.3% stake in Papierfabrik Schoellershammer
- 18th September: Groupe Autajon announced the acquisition of Imprenta Moderna from TF Artes Graficas
- 11th September: Stark Druck agreed to acquire a majority stake in Bosch-Druck
- 3rd September: the management of York Mailing announced the acquisition of a majority stake in York Mailing

### CARTON BOARD

- 24th November: Glossop Cartons acquired Contact Print and Packaging
- 11th September: Tourneville Securex Gestion announced the acquisition of Dupuis & Associes
- 27th July: Quantum Capital Partners agreed to acquire a Barcelona based mill of Stora Enso Oyj. Pöyry Capital acted as exclusive financial advisor to Stora Enso Oyj
- 16th July: Rapida BV announced the acquisition of Snel Industrie

### CONTAINER BOARD / SOLIDBOARD

- 16th December: Mosburger GmbH agreed to acquire Viokyt Packaging S.A.
- 3rd December: DS Smith Plc agreed to acquire the Milas packaging business of Dasa Milas Ambalaj
- 11th November: W. & R. Barnett Limited acquired a 60% stake in Logson Group
- 29th October: Heinzel Holding GmbH acquired Mondi Raubling GmbH paper mill, including Chiengau Recycling GmbH
- 19th October: Cepac Ltd acquired Woodhill Printers Ltd
- 14th October: DS Smith Plc acquired Cukurova Group

- 31st August: Van Genechten Packaging International announced the acquisition of the Hungarian Microflute operations of Stora Enso Oyj. Pöyry Capital acted as exclusive financial advisor to Stora Enso Oyj
- 17th July: Rafael Hinojosa announced the acquisition of an 80% stake in Industrias San Cayetano

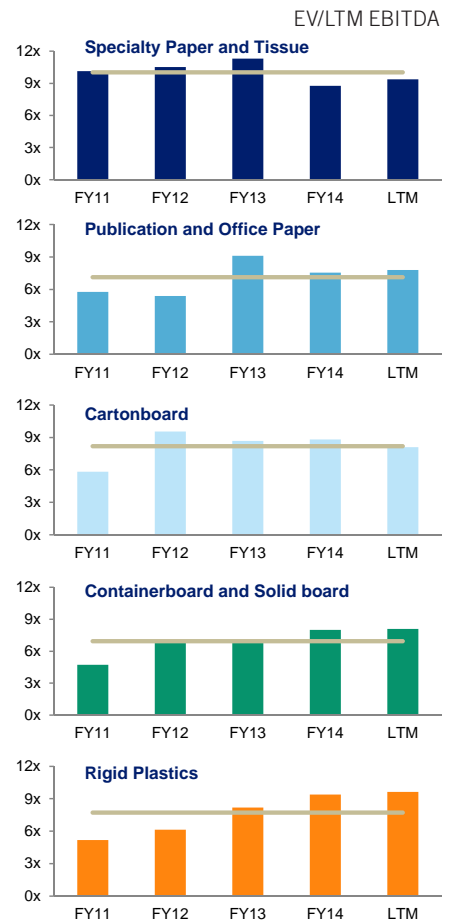
### RIGID PLASTICS

- 17th December: Union Chimique Participation, Provendis and the Entremont family jointly acquired a 34% stake in PSB Industries SA
- 14th December: RPC Group announced the acquisition of Global Closure Systems
- 29th October: BFG Packaging S.R.L. acquired British Foam Group S.R.L
- 1st October: Faerch Plast A/S agreed to acquire Europe-based food trays business of Sealed Air Corporation
- 6th August: PPS Midlands announced the acquisition of Alison Handling with the support of the Business Growth Fund
- 6th August: Rotational Moulding Group announced the acquisition of Francis Ward
- 3rd August: Addfinity Testa announced the acquisition of Spritzgusswerk KG from Hans-Jurgen Kewitz
- 28th July: Gerresheimer AG reached an agreement to acquire Centor from Montagu Private Equity
- 17th July: RPC Group announced the acquisition of Depicton
- 15th July: Mocap announced the acquisition of William Beckett Plastics
- 15th July: Linpac sold its Balkan businesses to Bomark
- 13th July: Jarden Corporation agreed to acquire The Waddington Group from Olympus Partners
- 8th July: Rosti Group agreed to acquire Bianor from Nimbus Investments
- 3rd July: Nypro announced the acquisition of Plasticos Castella

### FLEXIBLE PLASTICS AND LABELS

- 23rd December: Huhtamäki Oyj entered into an agreement to acquire FIOMO
- 26th November: Maxburg Capital Partners acquired an 11% stake in Constantia Flexibles Group
- 18th November : Americk Packaging acquired Adare Advantage Limited (Adare Advantage)
- 6th November: CCL Industries acquired Worldmark International Ltd

DURING H2 2015, THE VALUATIONS OF PACKAGING COMPANIES WERE RESILIENT. IN GENERAL, RELATIVE VALUATION MULTIPLES OF PACKAGING COMPANIES OVERALL GREW DESPITE AN ENVIRONMENT WHERE THE EUROPEAN EQUITY MARKETS DECLINED ON AVERAGE BY APPROXIMATELY 5%



Source: Mergermarket, Capital IQ, Company Information, Pöyry

## FLEXIBLE PLASTICS AND LABELS (CONT'D)

- 6th October: Marpol S.A. acquired PPHU Pabex Sp.J.
- 30th September: Cofresco announced the acquisition of Wrap Film Systems from Growth Capital Partners
- 22nd September: Maxburg Capital Partners acquired a minority stake in Constantia Flexibles from Wendel
- 18th September: Mondi announced the acquisition of Ascania from Schloss Neugattersleben Group
- 7th September: Suedpack agreed to acquire Bahpol
- 25th August: Trimco International Holdings announced the acquisition of A-TEX from Polaris Private Equity
- 17th August: Hansol Paper agreed to acquire R+S Group
- 7th August: Paragon Group UK announced the acquisition of Magnadata International
- 24th July: Polifilm announced the acquisition of Mondi Osterburken from Mondi
- 24th July: Aluflexpack agreed to acquire Eliopack
- 17th July: Nissha Printing agreed to acquire AR Metallizing from H.I.G. European Capital Partners
- 15th July: Tang Equity Fund announced the acquisition of a 35% stake in Adhesivas Ubis
- 6th July: CCL Industries announced the acquisition of Fritz Brunnhofer

## GLASS, METAL AND OTHER PACKAGING

- 18th December: Carlyle Group entered into exclusive discussions for Saverglass
- 14th October: Zhejiang Haers Vacuum Containers Co., Ltd. signed an MoU to acquire SIGG Switzerland AG
- 6th August: Coca-Cola Iberian Partners and Coca-Cola Erfrischungsgetraenke AG have agreed to merge their operations and form a new company named Coca-Cola European Partners AG

- 30th July: Laminazione Sottile announced the acquisition of Ariflex Vima Holding
- 29th July: Cobega Invest announced the acquisition of a 13% stake in Coca-Cola Iberian Partners from the Aznar family, Sainz de Vicuna family, Domecq-Bohorquez family and Victor Urrutia
- 6th July: Gruppo Aedi agreed to acquire Comital
- 10th July: Dansk Traeemballage announced the acquisition of Aven Rabbalshede

## PAPER AND PACKAGING MACHINE MANUFACTURERS

- 20th November: Flint Group GmbH acquired Xeikon NV
- 3rd August: Sealed Air Corporation announced the acquisition of B+ Equipment
- 31st July: Valmet announced the acquisition of the tissue rewinder business of MC Paper Machinery from Massimiliano Corsini

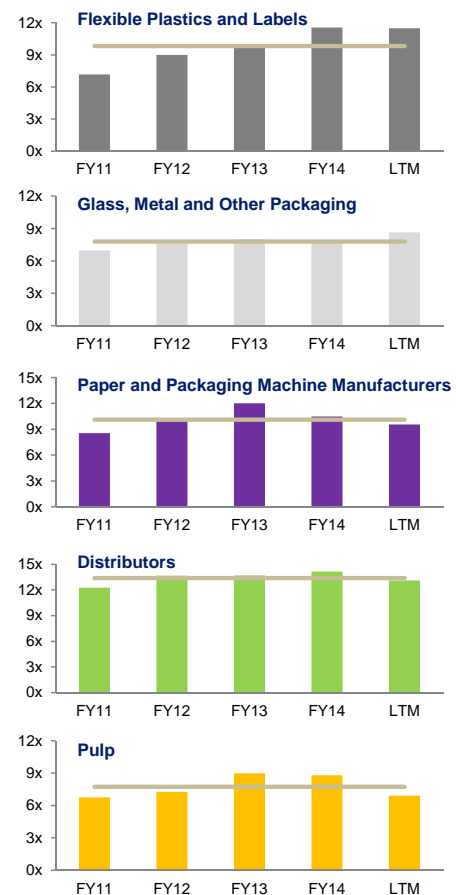
## DISTRIBUTORS

- 16th December: Bunzl Plc acquired Comatec SAS
- 14th December: Chequers Capital acquired Spandex AG
- 16th September: Papyrus announced the acquisition of Ospap
- 24th August: Bunzl, announced the acquisition of Meier Verpackungen
- 20th August: EuroPharma.DK announced the acquisition of Tabs'n Caps and New Neopharm from Patricio Aguirre
- 5th August: Macfarlane Group announced the acquisition of One Packaging
- 3rd July: GBP Holdings announced the acquisition of Greyhound Box & Packaging

## PULP

- 7th October: BPI France SA acquired 45% stake in Delion France

EV/LTM EBITDA



PÖYRY CAPITAL HAS LONGSTANDING EXPERIENCE ACROSS THE PAPER AND PACKAGING SECTORS

Specialty Paper and Tissue

ANDLINGER & COMPANY  
Has declared its offer to acquire CVG unconditional

**CROWN VAN GELDER**

**PÖYRY**  
Exclusive Financial Advisor to Crown Van Gelder  
March 2015

**CROWN VAN GELDER**

Pöyry Capital provided a fairness opinion in relation to Andlinger & Company's intended public offer for Crown Van Gelder

**PÖYRY**  
Exclusive Financial Advisor to the Supervisory Board and Management of Crown Van Gelder  
October 2014

Publication and Office Paper

Pöyry Capital acted as financial advisor to the lending banks of a leading French paper producer and distributor during the restructuring process

**PÖYRY**  
Financial Advisor to the lending banks  
Q1 2014

**MYLLYKOSKI** and **RHEIN PAPIER**  
has been acquired by **UPM**

**PÖYRY**  
Financial Advisor to the lending banks of Myllykoski  
August 2011

**STORAENSO** have divested Stora Enso North America Inc to **NewPage**

**PÖYRY**  
Financial Advisor to Stora Enso  
September 2007

Cartonboard

**storaenso**  
has divested Stora Enso Barcelona, S.A. to **Quantum**

**PÖYRY**  
Exclusive Financial Advisor to Stora Enso Oyj  
October 2015

**GRAPHIC PACKAGING**  
acquired **Bensongroup**

**PÖYRY**  
Exclusive Financial Advisor to Graphic Packaging  
February 2014

**GRAPHIC PACKAGING**  
acquired **ARCARTON**  
Beer and Beverage Packaging Business

**PÖYRY**  
Exclusive Financial Advisor to Graphic Packaging  
December 2012

Containerboard and Solid board

**storaenso**  
has divested Stora Enso Hungary to **Van Groenou Packaging**

**PÖYRY**  
Exclusive Financial Advisor to Stora Enso Oyj  
October 2015

**AURELIUS**  
has agreed to acquire the Solidboard and Graphicboard operations in the Netherlands, Belgium and UK from **Smurfit Kappa**

**PÖYRY**  
Exclusive Financial Advisor to Aurelius  
April 2015

**H2 Equity Partners** sold **Eska Graphic Board**

**PÖYRY**  
Exclusive Financial Advisor to H2 Equity Partner  
October 2013

Rigid Plastics

**IRVING PLACE CAPITAL** and **OAKTREE**  
have sold **Chesapeake Specialty Chemical Packaging**

**PÖYRY**  
Exclusive Financial Advisor to Irving Place Capital and Oaktree Capital Management  
January 2014

**SUN CAPITAL PARTNERS, INC.**  
has agreed to acquire **HUHTAMAKI**  
European Rigid Plastic Consumer Goods

**PÖYRY**  
Financial Advisor to Sun European Partners LLP  
December 2010

**REXAM**  
has divested **Petainer** to **Next Wave Ventures**  
Independent private equity

**PÖYRY**  
Financial Advisor to Rexam PLC  
November 2009

Flexible Plastics and Labels

**Middle Eastern Packaging Company**  
Pöyry Capital conducted a rigorous target search for global flexible packaging targets

**PÖYRY**  
Exclusive Financial Advisor  
Q1 2014

**UPM-Kymmene Oyj** have sold **ROSENLEW** to **Investor Group led by 3i Group**

**PÖYRY**  
Exclusive Financial Advisor to UPM-Kymmene Oyj

Distributors

**ALTOR** has acquired **PAPYRUS** from **STORAENSO**

**PÖYRY**  
Exclusive Financial Advisor to Altor  
March 2008

**PAPYRUS** have acquired **France** from **International Paper**

**PÖYRY**  
Exclusive Financial Advisor to Papyrus AB  
April 2005

**PAPYRUS** have acquired **Private Shareholders** from **Private Shareholders**

**PÖYRY**  
Exclusive Financial Advisor to Papyrus AB  
September 2005

Pulp

**ENCE**  
Energía y Celulosa  
Has sold its Uruguayan Operations to **a U.S. institutional fund with forestry operations in Latin America**

**PÖYRY**  
Exclusive Financial Advisor to ENCE Energía y Celulosa  
March 2013

**STORAENSO** have divested **Celulosa Balsa Industrial (Colbi) SA** to **altri**

**PÖYRY**  
Exclusive Financial Advisor to Stora Enso Oyj  
August 2006

**Československá obchodní banka, a.s. P.I.F. a.s – 1. Privatizační investiční fond** have sold 93.6% of the shares of **TARPA Securities B.V. Triton Development Fund** represented by **Quorum Pro, a.s.** to **Heinzel, Bunzl Beteiligungs- und Liegenschaftsverwaltungs GmbH**

**PÖYRY**  
Exclusive Financial Advisor to the Investor Group  
March 2007

**Cele Moncayo**

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