Harris Williams

Packaging Sector Brief

Q1 2025

Key Trends in Packaging

The packaging industry continues to be driven by increased focus on innovation

Happening in Packaging Right Now

Market Recovery and Outlook

Positive sentiment around volume growth and improving outlook on demand is driving optimism in the market

Smart and Interactive

Smart packaging is gaining traction, integrating technologies like sensors, RFID, and IoT – these advancements allow for real-time product tracking, authenticity verification, and enhanced consumer engagement through features like QR codes

Digital Design and Printing

Digital tools, including AI and machine learning, are revolutionizing packaging design, enabling customization, reducing waste, and supporting shorter production runs

Packaging Automation

Automation is streamlining packaging processes, with robotic systems and AI improving efficiency and reducing labor costs, while also ensuring consistent quality and faster production

M&A Momentum

There has been a notable uptick in M&A activity across strategic add-ons and sponsor new platform investments

Supply Chain Assurance

Evolving dynamics around tariffs are causing companies to evaluate their footprint and the strategic importance of domestic manufacturing

Perspectives on Packaging

Plastics

Select Participants

Key Trends

Continued focus on sustainability, with format breadth, unique performance characteristics, and broad applicability driving consistent investor interest

Paper

Select Participants

Key Trends

Lightweight paper products are gaining traction, fueled by its ability to service the e-commerce market

Healthcare

Select Participants

Key Trends

Increased integration of cutting-edge smart packaging technology due to a heightened emphasis on safety and transparency in medical logistics

Protective

Select Participants

Key Trends

Supported by accelerating e-commerce trends, with category leaders benefiting from razor-razorblade dynamics

Equipment

Select Participants

Key Trends

Packaging equipment landscape is buzzing with momentum, fueled by a surge in automation and intelligent systems that optimize speed and scalability

Services

Select Participants

Key Trends

Capacity constraints and labor uncertainty reinforce benefits of value-add services offered by distributors and co-packagers

Labels

Select Participants

Key Trends

Strong tailwinds energized by digital advancements and a growing appetite for interactive elements that deepen consumer connection and brand impact

What We’re Reading

How AI is Reshaping the Packaging Industry From Design to Distribution

Packaging Gateway – February 2025

Artificial intelligence is revolutionizing the packaging industry by enhancing design with predictive analytics, streamlining production through automation, and optimizing distribution with efficient logistics. From sustainable material choices to reduced waste and faster delivery, AI is driving a smarter, greener future for packaging.

Read the full article here

Packaging Execs Share How Tariffs Could Hurt or Boost Business

Packaging Dive – February 2025

Packaging industry leaders from Amcor, Ball, Crown, Graphic Packaging, and O-I recently discussed the potential impacts of proposed tariffs, revealing a mix of opportunities and concerns.

Read the full article here

Aluminum Tariffs May Push Coca-Cola to Use More PET Packaging

Food Business News – February 2025

Coca-Cola may shift toward more PET plastic packaging, as aluminum tariffs could raise costs for aluminum cans. The company has already increased PET use due to past tariffs and supply chain issues, with experts predicting further moves. This could reshape beverage packaging trends, balancing cost, consumer preference, and sustainability.

Read the full article here

Megatrends: What’s Delivering Big in Packaging for 2025?

Packaging Digest – January 2025

In 2025, packaging megatrends spotlight sustainability as brands race to meet eco-goals with innovative materials, while smart packaging gains traction for consumer engagement and striking retail displays aim to captivate shoppers in-store.

Read the full article here

New Technology Is Taking Package Tracking Past Scanning

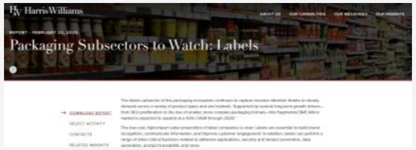
WSJ – December 2024

Cutting-edge tags that emit signals are revolutionizing package tracking, allowing carriers to pinpoint parcel locations with precision, much like a smartphone’s GPS. These advancements, tested by companies like UPS and FedEx, aim to streamline deliveries and boost customer satisfaction as online shopping surges.

Read the full article here

Recent Harris Williams Content

Packaging Subsectors to Watch: Labels



Link to Read

Medical Device CMOs: Improving Volume Trends at MD&M West

Link to Read

2025 Industry Outlook: Industrials

Link to Read

Select Recent Packaging M&A Transactions

Handgards Acquires Inno-Pak
Feb-25

Target: Inno-Pak — Buyer: Handgards

- Inno-Pak is a manufacturer of a diverse range of plastic products, such as clamshells, takeout containers, and more, designed to serve the food and beverage, and retail industries
- The acquisition empowers Handgards to expand into key markets while leveraging Inno-Pak's 170+ patents to meet growing demand for recyclable and compostable packaging

TricorBraun Acquires Veritiv Containers
Jan-25

Target: Veritiv (Containers Business) — Buyer: TricorBraun

- Veritiv Containers is a manufacturer and distributor of rigid packaging solutions such as glass bottles, jars, and plastic containers for a range of end markets
- Enhances TricorBraun's presence by adding seven locations, expanding its rigid packaging offerings, and deepening supply chain operations

Novvia Group Acquires Saxco International
Jan-25

Target: Saxco — Buyer: Novvia Group

- Saxco is a provider of rigid packaging solutions to the beverage and food industries
- Allows Novvia to strengthen its market position in the beverage and food sectors, enhance its supplier network, and expand service offerings by integrating Saxco's deep industry relationships and innovative packaging solutions

Amazon Acquires ~17% of Ranpak's Shares
Jan-25

Target: Ranpak — Buyer: Amazon

- Ranpak is a provider of protective packaging materials such as void fill, cushioning, and wrapping systems designed to safeguard products during shipping
- The partnership enables Ranpak to boost its market presence while supporting Amazon's vast fulfillment network

Toppan Announces Acquisition of Sonoco's Thermoformed and Flexible Packaging (TFP) Business
Dec-24

Target: Sonoco (Thermoformed & Flexible) — Buyer: Toppan

- Sonoco's TFP business is a provider of thermoformed and flexible packaging solutions
- Strengthens Toppan's market position in thermoformed and flexible packaging products and continues to scale its global packaging business

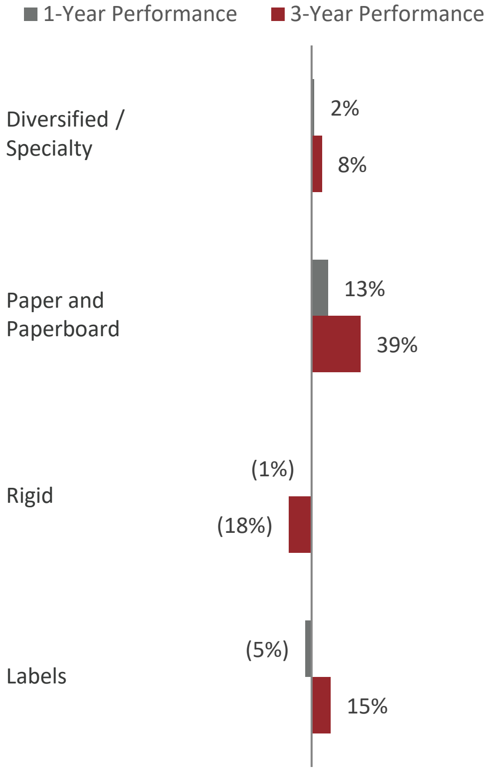
Novolex Announces Acquisition of Pactiv Evergreen
Dec-24

Target: Pactiv Evergreen — Buyer: Novolex

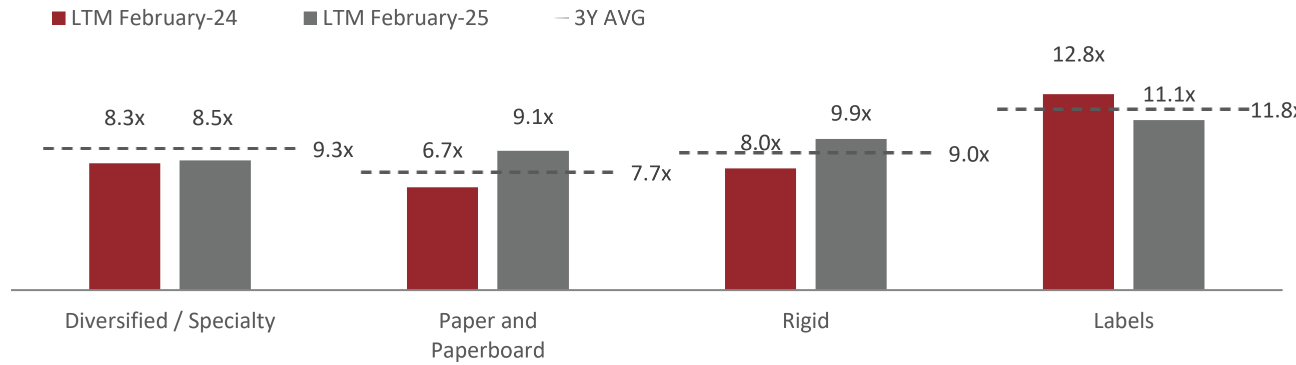
- Pactiv Evergreen is a manufacturer and distributor of fresh foodservice and food merchandising products and fresh beverage cartons
- Novolex's acquisition of Pactiv Evergreen enhances the Company's market position and offerings and provides greater scale to support growth

Public Packaging Companies – Valuation

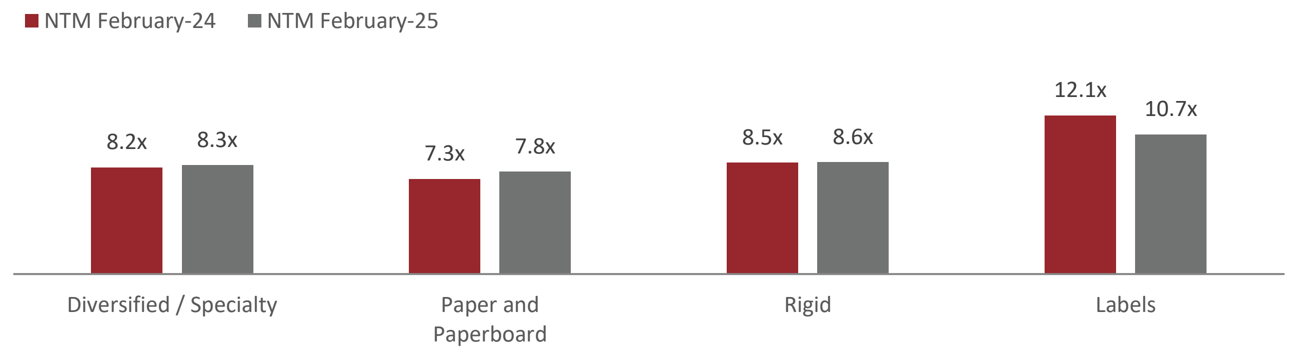
Total Shareholder Return (1- & 3-Year)[1]



LTM EBITDA Multiple Comparison: February 2024 vs. February 2025



NTM EBITDA Multiple Comparison: February 2024 vs. February 2025



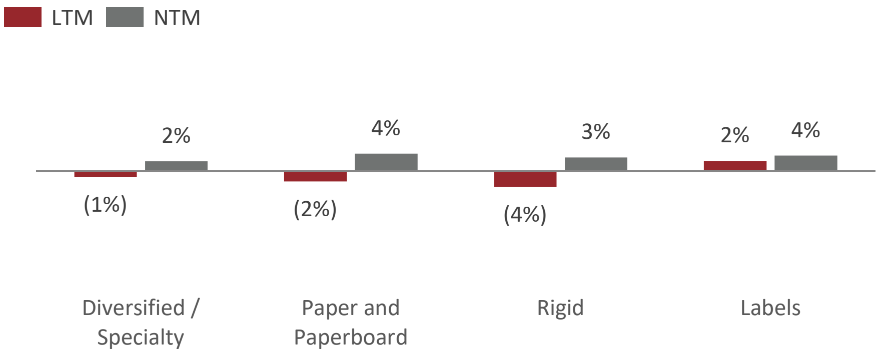
Diversified / Specialty	Paper and Paperboard	Rigid	Labels

1) Total Shareholder Return is the total profit generated from all capital gains and dividends from a company's shares

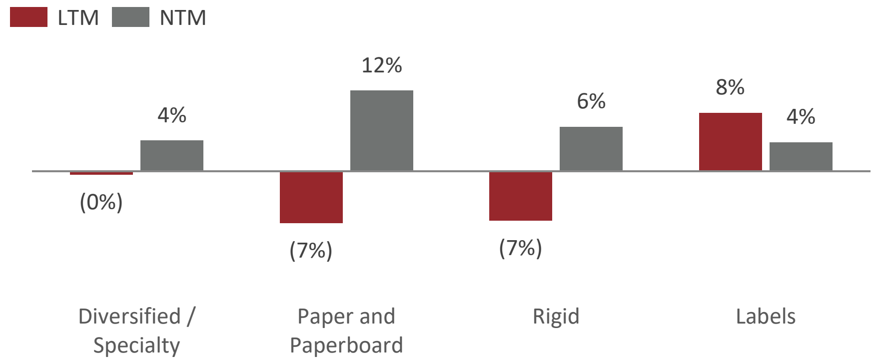
Source: Capital IQ, figures as of 2/26/25

Public Packaging Companies – Operating Metrics (Q4 ’24)

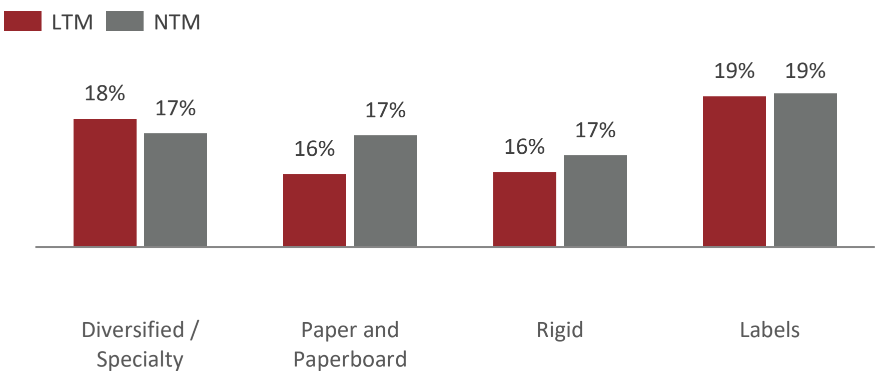
Revenue Growth



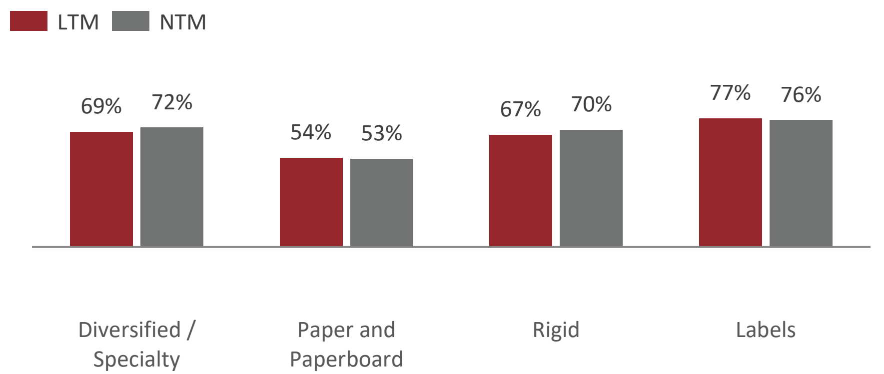
EBITDA Growth



EBITDA Margin



FCF Conversion[1]



Diversified / Specialty

Paper and Paperboard

Rigid

Labels

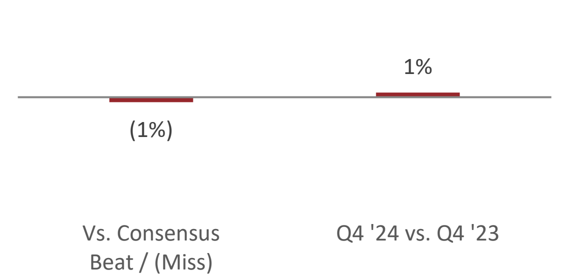
Note: Based on median values of respective peer groups

1) FCF conversion calculated as (EBITDA – Maintenance CAPEX) / EBITDA

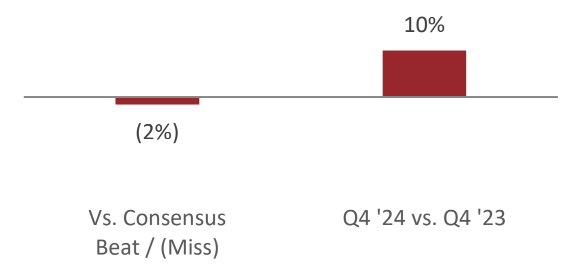
Source: Capital IQ, figures as of 2/26/24

Public Packaging Companies – Q4 ’24 Earnings and Commentary

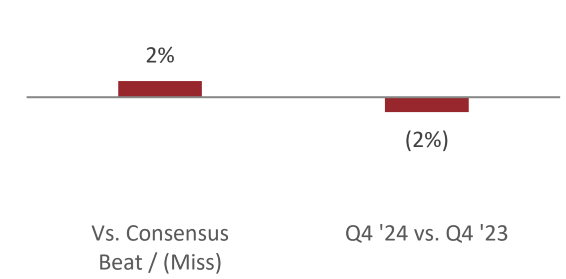
Revenue



EBITDA



EPS



Gradual Market Recovery

“On the last quarter, we had a positive volume development … So main drivers is volume in the quarter, clearly main driver.” — Huhtamaki

“Demand has stabilized in recent months, and our fourth quarter cost and operating performance were better than anticipated, reflecting actions taken. This stabilization gives us confidence as we move forward.” — O-I

“Yes, we were cycling over a bit of destocking that happened in Q4 of '24. But really, the demand level was very strong, and we think that targeted investment by our customers and promotional activity drove volume in the quarter.” — Silgan

Cost Optimization and Strategic Investments

“We continue to focus on driving efficiency in our operations and our plants, managing the labor pool and flexing that to the volume as needed. We continue to look at the shift patterns and managing over time. And we’ve also still got some residual benefits to come through from the restructuring programs that we had in places that we called out a couple of years ago.” — amcor

“We are also speeding up capital investment opportunities that we believe will deliver significant cost reduction. And to that extent, we have initiated a complete overhaul of our capital investment process to simplify and significantly reduce time from idea to execution.” — International Paper

“We also completed numerous high-return and efficiency improvement projects in our corrugated products plants that will allow us to better optimize our entire packaging business for the future and deliver profitable growth.” — PCA

Increasing Focus on M&A

“And so for 2025, we will continue with the same playbook. We can continue to pursue M&A that is strategic to us that we can acquire at attractive valuation.” — Avery Dennison

“From an M&A perspective, … we do regularly evaluate potential M&A candidates where we see strong strategic fit and accretion potential. … And that, again, more geared towards pharma.” — Graphic Packaging International

“Our combination (with Westrock) created the go-to sustainable packaging partner of choice with an unrivaled product portfolio expertise and scale … we developed a synergy program, which we are more than confident we're going to meet, if not exceed the $400 million, and this will be completed by the end of the current year.” — Smurfit Westrock

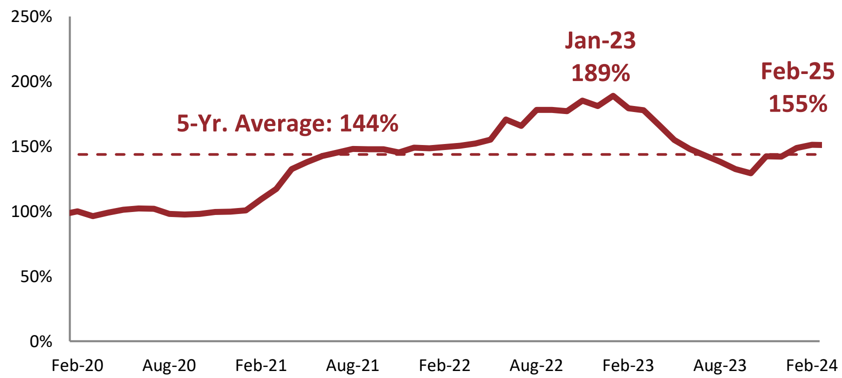
Note: Based on the median of the full comparable company set as defined on page 6
Source: Capital IQ, figures as of 2/26/25

Key Material Price Trends

Pulp, Paper, and Allied Products

(Indexed, Feb-20=100%)

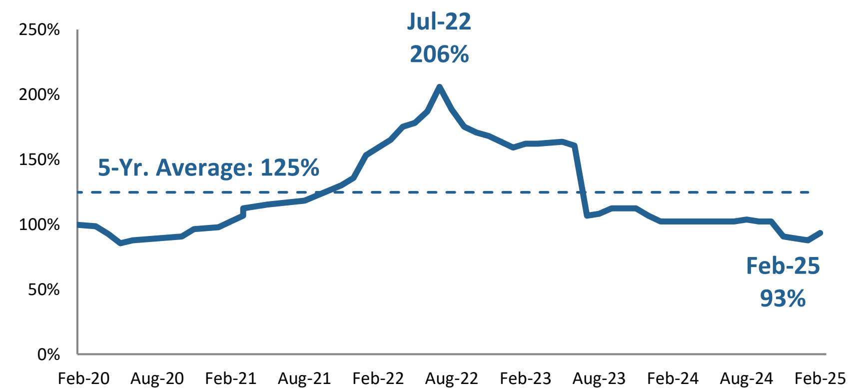
	30 Days	180 Days	1 Year
% Change	(3%)	(9%)	2%



Polyethylene Terephthalate (PET)

(Indexed, Feb-20=100%)

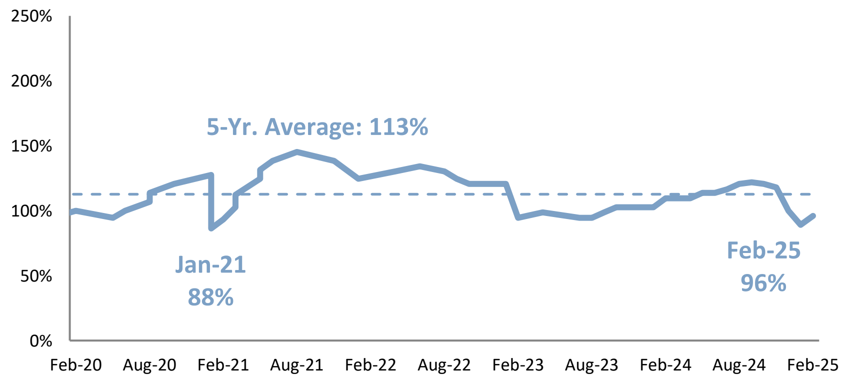
	30 Days	180 Days	1 Year
% Change	7%	(10%)	(9%)



Low-Density Polyethylene (LDPE)

(Indexed, Feb-20=100%)

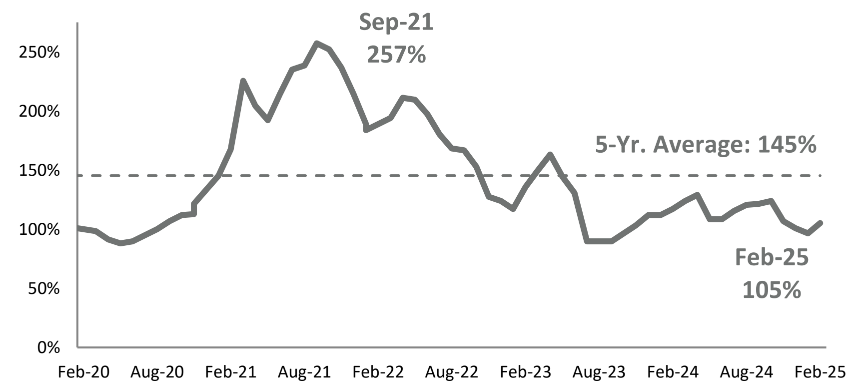
	30 Days	180 Days	1 Year
% Change	8%	(20%)	(13%)



Polypropylene (PP)

(Indexed, Feb-20=100%)

	30 Days	180 Days	1 Year
% Change	9%	(13%)	(10%)



Source: FRED, Plastics News

Packaging Landscape – Select Participants

To view full market landscape, please contact PackagingInsights@harriswilliams.com

Plastics

Paper

Labels

Equipment

Protective

Services

Healthcare

Harris Williams Packaging Sector Overview

Harris Williams Packaging Contacts

Jason Bass	Tim Webb	Ty Denoncourt	Florian Ripperger	Chuck Walter
Co-Head of Industrials	*Co-Head of Industrials*	*Managing Director*	*Director*	*Director*
jbass@harriswilliams.com	twebb@harriswilliams.com	tdenoncourt@harriswilliams.com	fripperger@harriswilliams.com	cwalter@harriswilliams.com
+1 804-915-0132	+1 804-915-0128	+1 804-887-6136	+49 69-3650638-15	+1 804-887-6099

Plastics
- Flexible
- Rigid
- Thermoformers

Paper
- Consumable
- Specialty
- Corrugated

Healthcare
- Cold Chain
- Medical Devices
- Medical Plastics

Protective
- Consumer
- Industrial
- Product Securing

Equipment
- Pure Equipment
- Razor / Razorblade

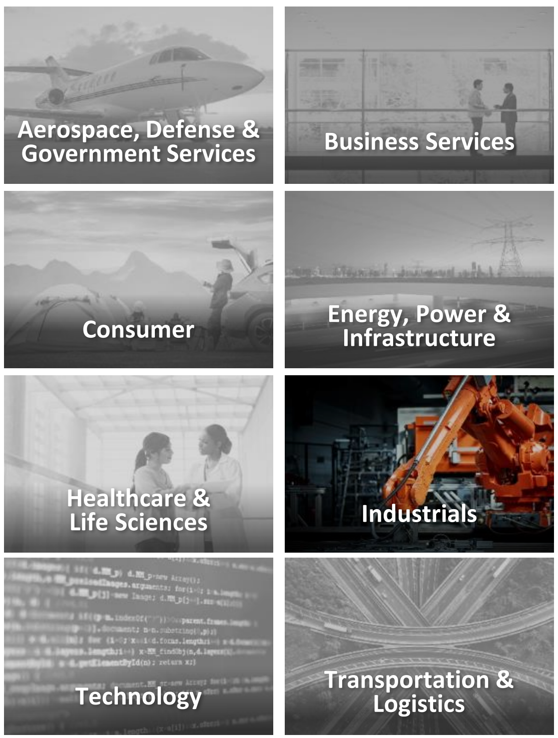
Services
- Co-Manufacturing
- Distribution
- Software

Labels
- Active Packaging
- Labels
- RFID

Harris Williams / GLOBAL INVESTMENT BANK

Harris Williams is a global investment bank specializing in M&A and private capital advisory services. Clients worldwide rely on us to help unlock value in their business and turn ambitious goals into reality. We approach every engagement with boundless collaboration, pooling expertise and relationships across industries, service offerings, and geographies.

Deep Industry Experience



Proven Expertise

MERGERS & ACQUISITIONS

PRIVATE CAPITAL SOLUTIONS

PRIMARY FUND PLACEMENT

Core Values That Drive Success

75% Revenue from repeat clients

87% Managing Directors promoted from within

30+ Year history

Harris Williams

Disclosures and Disclaimers