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Market Definition

This special report on the Packaging Industry by InterOcean Advisors LLC (“InterOcean” or “IOA”) provides an overview of key themes in the industry and highlights M&A and capital market trends impacting companies in the sector.

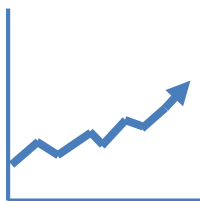
Packaging businesses are primarily converters of materials such as plastic resin, steel, aluminum, paperboard and corrugated paper into packaging materials and products. They are typically segmented by the underlying raw material utilized in the conversion process or by the resulting form of finished product. For our purposes, InterOcean segments the industry as follows (figures in parentheses indicate an estimate of the segment contribution to the industry):

- ▶ **Paperboard (30%):** Products typically manufactured from containerboard and used in the production of cardboard boxes, point-of-sale displays and paperboard or folding cartons.
- ▶ **Rigid Plastics (25%):** Products made of hard plastic (e.g. containers, caps, dispensing equipment and enclosures produced from several processes including injection molding and blow molding).
- ▶ **Flexible Packaging (25%):** Products converted from a variety of materials such as plastic resin, paper and/or foil into flexible forms, including bags, pouches, sheets or other laminations.
- ▶ **Glass & Metal (20%):** Metal (e.g. aluminum or steel) or glass used to manufacture products such as bottles and cans for food and beverage shipping and storage.

According to Smithers Pira, a market research and consulting firm focused on the packaging, paper and print industry supply chains, the global industry was estimated to have generated annual sales of approximately \$820 billion in 2014.

Key Themes

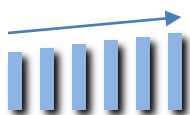
Valuations Steady Despite Mature Markets



The Packaging Industry is a stable, mature market operating in all developed countries. In the U.S., it has grown at or slightly above gross domestic product (GDP) and is expected to continue to do so in the foreseeable future, reflecting trends in consumer spending and in overall consumer confidence. Many global packaging companies are looking to developing countries for growth as larger countries like China and India are transitioning from export-driven to consumer-oriented economies. As these economies grow and develop, changes in household income translate to greater demand for consumer products and, by extension, product packaging.

Despite being a mature market, packaging is often viewed as a defensive industry, and stock market valuations frequently outperform broad market indices. Many packaging products are used in the sale of consumer staples, and, as a result, packaging companies that are associated with such necessities are often protected from significant market underperformance.

Growth Is Becoming More Challenging



Over the past five years, organic (i.e., non-acquisitive) growth has averaged in the single digits for most industry participants. The vast majority of the customers served by packagers are themselves mature businesses. While certain segments of the market (e.g., specific plastic, flexible and specialty packaging segments) are growing faster or enjoy greater profitability than others, it is still difficult for packagers to generate double digit (or even high single digit) organic growth.

Consolidation Remains A Core Strategy



With the merger of many raw material producers and consumer products companies in recent years, packaging companies are often sandwiched between large suppliers and customers. To counter the significant supplier and customer negotiating power within the industry supply chain, packagers seeking to build scale are increasingly looking to the M&A market. In 2014, 2015 and the first nine months of 2016, acquisitions of U.S. packaging companies accounted for 148, 141 and 87 transactions, respectively. Transaction activity is still very strong and is expected to continue. In addition, as developing economies grow, advance and encounter shifting preferences and demands, we would expect this consolidation trend to continue globally.

Industry Dynamics

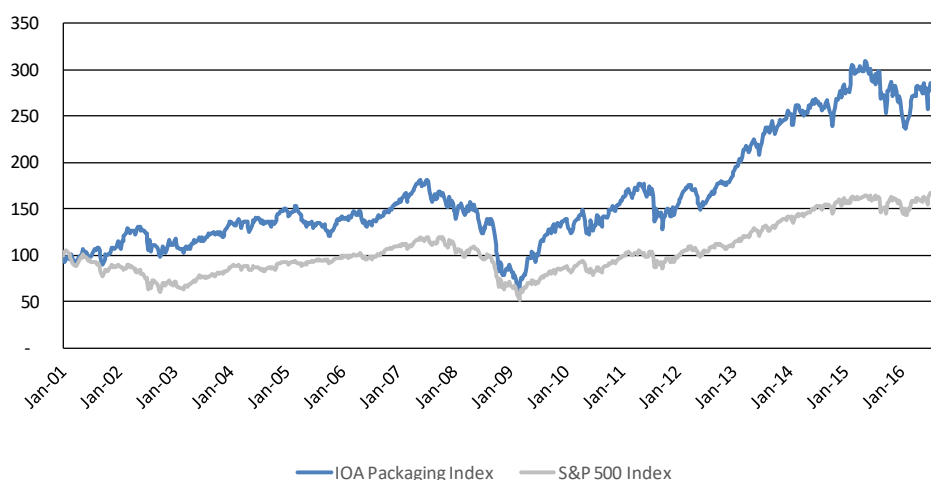
Mature Industry That Outperforms The Market

The InterOcean Packaging Index (the “Index”)* tracks a set of 27 publicly-traded companies in each of the four segments of the packaging industry discussed earlier in this report. Despite industry maturity, the Index

has outperformed the overall market over the past 15 years. Since 2001, the Index grew approximately 198%, while the S&P 500 Index grew approximately 66%.

Chart 1: IOA Packaging Index (the “Index”) vs. S&P 500

The Index has consistently outperformed the S&P 500 with the gap becoming more pronounced in recent years

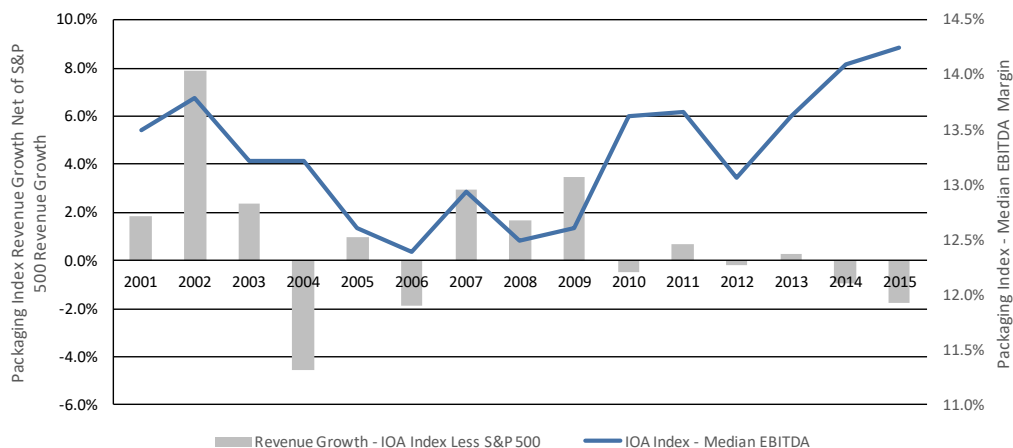


Source: S&P Capital IQ.

Index companies were able to establish their path of market outperformance from the beginning of the 15-year period. As Chart 2 below demonstrates, this relative outperformance was driven by strong revenue growth (compared to the S&P 500) from 2001 thru 2003. Revenue growth and profitability

declined from 2004 to 2006, although Index stock performance was resilient and remained fairly consistent with the overall market. Index performance relative to the S&P 500 then declined in 2008 as a result of the effect of the financial crisis on manufacturing and consumer spending.

* The InterOcean Packaging Index (the “Index”) includes the following companies: AEP Industries (NasdaqGS:AEPI), Amcor Limited (ASX:AMC), AptarGroup, Inc. (NYSE:ATR), Ball Corporation (NYSE:BLL), Bemis Company (NYSE:BMS), Berry Plastics Group, Inc. (NYSE:BERY), BillerudKorsnas Aktiebolag (OM:BLL), Cascades, Inc. (TSX:CAS), Crown Holdings Inc. (NYSE:CCK), DS Smith plc (LSE:SMDS), Essentra plc (LSE:ESNT), Graphic Packaging Holding Company (NYSE:GEF), Huhtamaki Oyj (HLSE:HUHH1V), International Paper Company (NYSE:IP), KapStone Paper and Packaging Corporation (NYSE:KS), Mondi plc (LSE:MNDI), ORG Packaging Co., Ltd. (SZSE:002701), Owens-Illinois (NYSE:OI), Packaging Corporation of America (NYSE:PKG), RPC Group plc (LSE:RPC), Sealed Air Corporation (NYSE:SEE), Silgan Holdings Inc. (NasdaqGS:SLGN), Smurfit Kappa Group plc (ISE:SK3), Sonoco Products Co. (NYSE:SON), WestRock Company (NYSE:WRK), Winpak Ltd. (TSX:WPK)

Chart 2: Index Revenue Growth (Net of S&P 500) and EBITDA Margin

Source: S&P Capital IQ.

Companies in the Index were quick to recover in 2009, with revenue growth exceeding the S&P by over 3.5% and profitability improving thru 2011 (as evidenced by the EBITDA margin increase). Performance slipped in 2012 with declining Index revenue and profitability.

Since 2013, however, the industry resumed its market outperformance despite little or negative annual revenue growth relative to the overall market. Improving industry profitability seems to be the current value driver as Index companies, at the median, are having a very difficult time growing their top line

relative to the overall market.

Industry profitability improved as participants focused on cost improvements through lean manufacturing initiatives, robotics and automation investments combined with workforce rationalization, capital equipment upgrades and, in some cases, reduced raw material costs.

Absent revenue growth opportunities, industry participants have turned to bottom line improvements and now enjoy all-time highs in profitability.

Overall Growth In Line With The Economy

The majority of packaging industry sales is driven by consumer purchases

As a mature industry, the market for packaging products typically grows in line with the overall economy. In addition, due to its need for both primary (end customer) and secondary (shipping) packaging, the consumer sector drives the majority of industry demand.

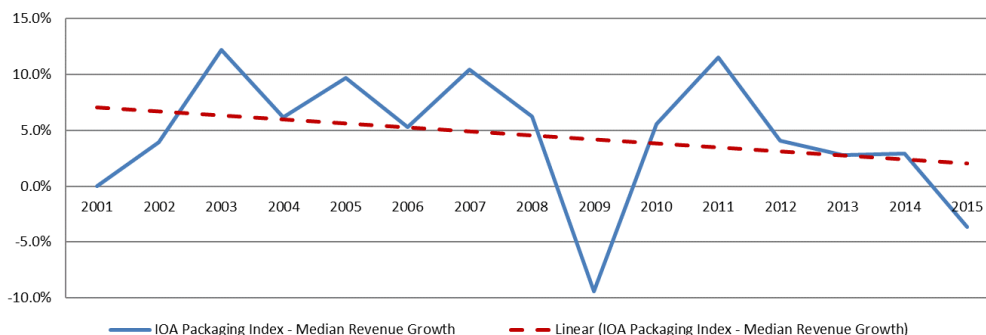
Chart 3 below displays the median growth rate for companies in the Index over the past 15 years. The median annual revenue growth for companies in the Index was 4.5% over this time period. In the early part of the new millennium, the Index showed strong growth, sometimes reaching double digits. However, as economic growth has slowed in recent years, the growth of companies in the Index has declined commensurately.

Despite this downward trending growth pattern, the industry enjoys some downside protection as, over

the 15-year time period, the median year-over-year revenue growth rate for Index companies reached negative territory only twice – compared to four times for the revenue growth of the S&P 500.

As noted above, this slow but steady growth history can be partially explained by the fact that over half of packaging industry sales is derived from the purchase of consumer necessities. Packaging customers include providers of food and beverage products, personal care items, over-the-counter medications and a variety of other consumer non-durable goods. These staples are purchased with relative consistency, and products that are used to transport, protect and merchandise them follow a similarly predictable, modest pattern.

Chart 3: Industry Revenue Growth: 2001 - 2015
IOA Packaging Index



Median annual revenue growth for Index companies was 4.5%, but the overall trend is declining

Source: S&P Capital IQ.

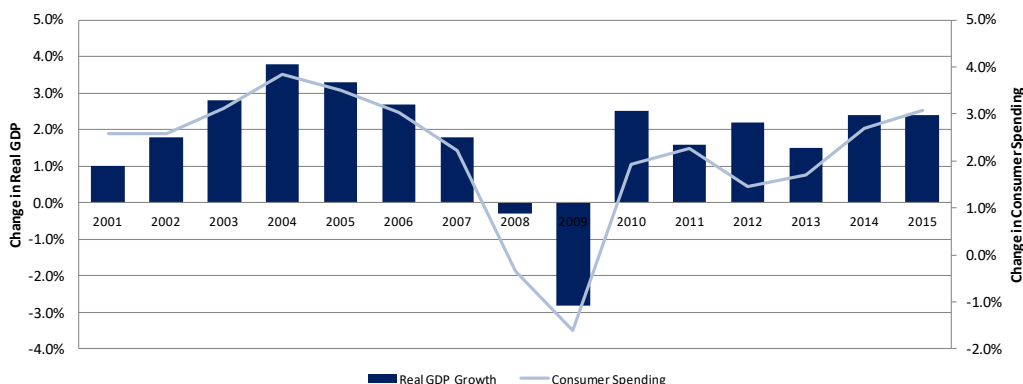
The general pattern in Index revenue growth tends to track the growth patterns of the overall economy (as measured by the change in real gross domestic product) and consumer spending. As GDP growth and consumer spending ramped up from 2001 thru 2004, packaging company revenue followed (see Chart 4 below). With the decline in GDP growth in 2005 and into the recession of 2008 and 2009, industry growth reached its lowest level and veered into negative territory. Since the recovery in 2010, the industry has stabilized, albeit with lower growth rates in recent years than those seen in the early 2000s.

Negative revenue growth occurred again in 2015, driven primarily by the impact of foreign exchange rates and declining prices from raw material pass-through mechanisms. Raw materials typically comprise over half of packaging company costs, and any changes in raw material pricing is

often passed through contractually to customers. The resulting highly variable cost structure often precludes the ability to enjoy full margin improvement from input price reductions. As prices for raw materials such as kraft paper, plastic resins, steel or aluminum fall as a result of market conditions, the majority of the cost reduction is typically passed on to the end customer in the form of lower purchase prices.

This difficulty in maintaining margin improvements through input cost reductions often leaves operating expenses as the primary cost lever for profitability improvement. Optimizing operating expenses frequently requires significant scale to spread the expenses over a larger operating footprint. As such, the pursuit of scale is one of the primary strategic imperatives in the industry today.

Chart 4: Annual Change in Real GDP and Consumer Spending



Source: Bureau of Economic Analysis; IBISWorld.

Industry growth patterns track overall economic indicators; recent growth has not matched levels seen over the past decade

Growth Is Challenging In All Segments

Industry participants can develop “sticky” customer relationships through specialized, local production

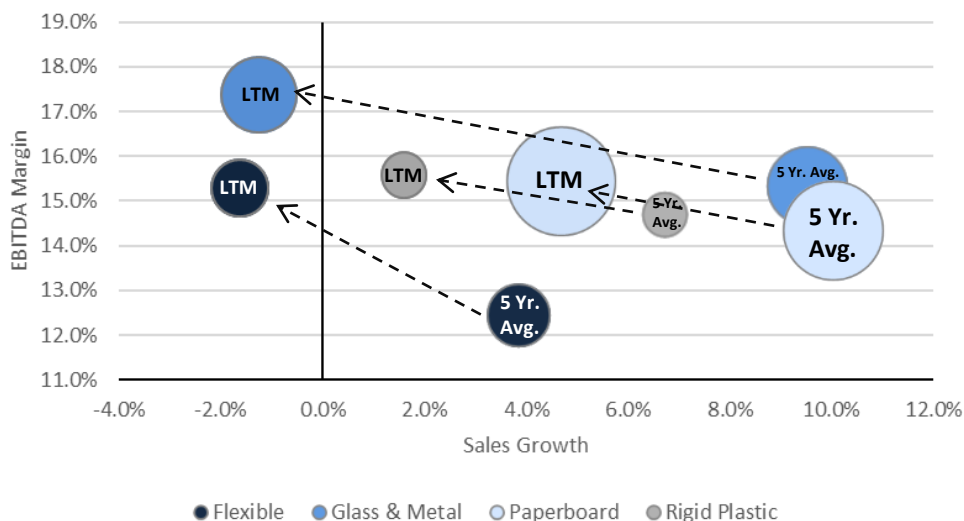
Each segment of the industry is impacted by varying levels of growth in customer markets, the scale of competitive operations and movements in underlying raw material prices. However, in all segments, particularly those involving more specialized manufacturing processes or providing more complex packaging solutions, most industry participants are required to customize their products and solutions to defined customer needs and specifications. Hence, a great deal of product specialization by customer can exist, which often enables packagers to enjoy “sticky” customer relationships with fairly high switching costs.

In addition, packaging operations tend to be localized. Transporting unfilled rigid packaging containers such as glass and plastic bottles requires shipping a fair amount of air. Even transporting folded corrugated boxes large distances can pressure profit margins if the packaged product is itself a commodity. Packagers benefit from the localized nature of their production with little threat from low-cost offshore manufacturing competitors. However, this proximity requirement tends to preclude the development of

centralized operations with a low cost global supply chain. Growth often requires taking share from another local competitor and/or investing in and developing a dispersed manufacturing network to be close to customer operations.

While the individual industry segments face different customer markets, growth prospects, cost structures and regulatory environments, we find that their growth and profitability performance has been remarkably similar. In an effort to gain a perspective on the overall growth and profitability trends in each industry segment, InterOcean reviewed the average sales growth and EBITDA margin for Index company segments over the past five years compared to the same data for the latest twelve months (“LTM”).

Chart 5 below displays the results of this analysis. Each bubble is sized based on the average sales of the companies in each segment, and each segment is represented by two bubbles: one representing performance over the past five years and one representing performance over the latest twelve months.

Chart 5: Operational Performance – Five-Year Average vs. Latest Twelve Months

= represents approximately \$5.0 billion in median Index company sales.

Source: S&P Capital IQ.

Industry segments have all behaved essentially the same – reduced growth at higher profitability

As can be seen above, despite differences in raw material inputs, manufacturing processes, product applications, customer bases and overall growth outlooks, all industry segments have essentially behaved the same – each has endured declining sales growth while generating improved profitability. While both the Paperboard and Rigid Plastic segments have managed to maintain positive sales growth, this growth has resulted from a minority of the companies in each segment and was, in many cases, the result of adding revenue from acquisitions.

Both the Flexible Packaging and Glass & Metal segments experienced negative sales growth over the LTM period. With respect to Flexible Packaging, we find this somewhat surprising. Flexible Packaging seems to be on a positive growth trajectory as it is at the forefront of the important packaging trends that favor utilizing thinner and lighter materials to reduce weight and improve overall environmental sustainability.

Valuations Have Held Up

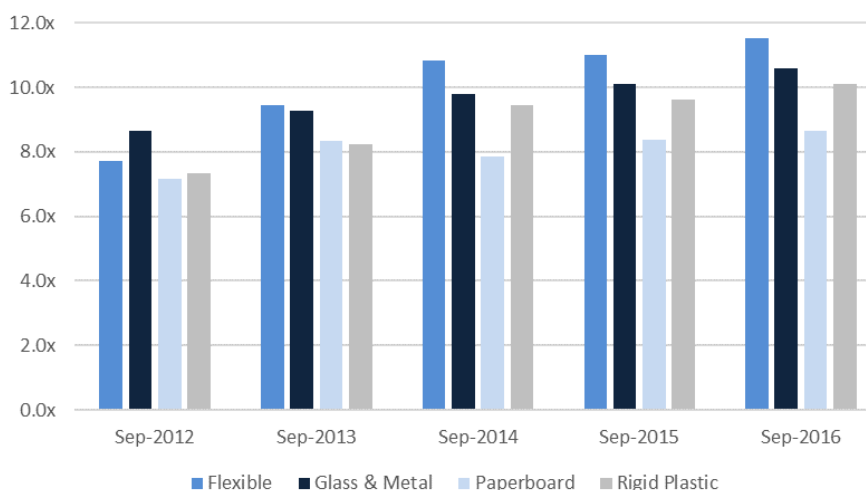
In order to review the market effect of the operational performance of each industry segment, we reviewed the historical and current Enterprise Value to EBITDA multiples for the industry segments over the past five years (see Chart 6 below).

As would be expected given the innovation that has occurred in the segment, Flexible Packaging has seen the greatest multiple expansion over the past few years. Since 2012, the Enterprise Value to EBITDA multiple for Flexible Packaging has grown at an average annual rate of 11%, while the valuation multiple of the Glass & Metal, Paperboard and Rigid Plastics segments have grown, on average, 5%, 5% and 8%, respectively, per annum.

With the exception of Paperboard, which has historically had the lowest multiples in the industry, all segments have experienced positive multiple expansion each year since 2012. With less of an opportunity for product customization and differentiation, Paperboard packaging has become increasingly commoditized in recent years.

The outlook for Rigid Plastics is relatively more positive, as product innovation and specialized applications drive increased profitability. Glass & Metal packaging, while more concentrated and mature, enjoys entrenched relationships in customer segments where it remains the preferred choice for distribution (e.g., bottles for wine and spirits, cans for other beverages and food).

Chart 6: Market Performance – Enterprise Value / LTM EBITDA



Source: S&P Capital IQ.

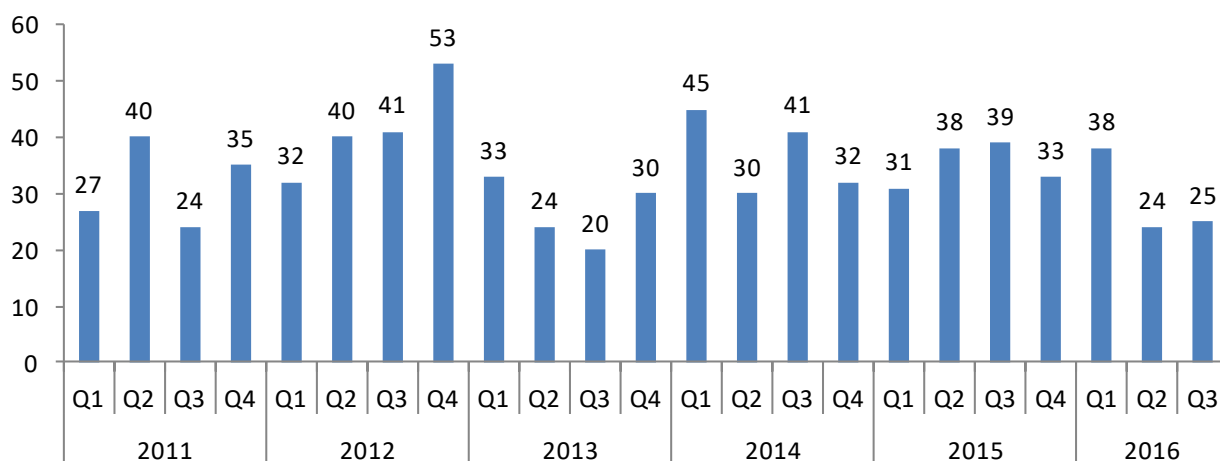
Mergers & Acquisitions Activity

Consolidation Remains a Core Strategy

Mergers and acquisitions are playing an increasingly important role in the growth strategies of industry participants. M&A opportunities offer a way to add customers, increase capacity and capabilities, provide geographic reach and enable greater operating efficiencies than could be attained organically. Many segments of the industry are still quite fragmented, and strategic acquirers can often remove unnecessary industry capacity and improve profitability over time as cost synergies are realized.

In addition, the relative size of packaging companies in their respective supply chains has decreased over the years as raw material suppliers and end customers have consolidated. Suppliers are often large, multi-national chemical or metals providers, and customers are often Fortune 500 consumer products companies. Thus, to retain some power in the supply chain, packagers often need to expand in size and scale commensurately.

Chart 7: Packaging M&A Transactions Closed with US Targets, 2011 – 3Q2016



Source: S&P Capital IQ.

Chart 8: Select Packaging M&A Transactions: First Nine Months of 2016

Acquirer	Target	Target Description
Colton Packaging Limited	Case & Container Supply Company Ltd.	Manufactures and supplies corrugated cases and packaging materials
Millstein & Co., L.P.	Huntington Foam LLC	Manufactures molded foam packaging products and components
Neal Brothers (Leicester) Limited	Allport Packaging	Manufactures products including corrugated cases, ply wood cases and corrugated paper
Pregis Corporation	Easypack Limited	Manufactures packaging machinery and materials
CVC Capital Partners Limited	ÄR Packaging Group AB	Manufactures paperboard and plastic packaging products
Nippon Paper Industries Co., Ltd. (TSE:3863)	Weyerhaeuser NR Company, Liquid Packaging Board Business	Liquid Packaging Board Business comprises liquid packaging board manufacturing business
Packaging Corporation of America (NYSE:PKG)	Tim-Bar Corporation	Manufactures containerboard and corrugated packaging products in the United States
Arbor Private Investment Company	Dunn Paper, Inc.	Manufactures specialty papers for customers internationally
Salt Creek Capital II, LLC	Pacific Paper Trading Co., LLC	Converts and markets custom size sheets of various grades of paperboards to packaging manufacturers and commercial printers in Southern California
Stone Canyon Industries, LLC	BWAY Parent Company, Inc.	Engages in the manufacture and distribution of metal and rigid plastic containers that are used primarily by the manufacturers of industrial and consumer products for packaging
RPC Group Plc (LSE:RPC)	British Polythene Industries plc	Manufactures and supplies polythene and agricultural films
Pretium Packaging, LLC	Tri-Pack Enterprises, Inc.	Manufactures and sells plastic packaging materials, containers and parts
Flacon Corporation Inc.	Brookdale Plastics, Inc.	Engages in designing and manufacturing custom medical and packaging products
Rohrer Corporation	CardPak, Inc.	Manufactures and supplies paperboard packaging materials
Sabert Corporation	Mullinix Packages, Inc.	Manufactures and supplies packaging solutions to targeted markets in the United States
The Mondi Group plc	CJSC Uralplastic-N	Manufactures packaging products for food, non-food, and industrial packaging products
OpenGate Capital, LLC	ALFATHERM SpA.	Manufactures and distributes rigid, semirigid, and plasticized PVC foils
Transcontinental Inc. (TSX:TCL.A)	Robbie Manufacturing, Inc.	Provides packaging solutions for supermarkets, convenience stores, food service, consumer goods, and other markets
Ball Corporation	Rexam PLC	Manufactures and sells beverage cans
DS Smith	Creo Retail Marketing Limited	Designs and manufactures point of sale displays for retail sectors
Mondi Limited (JSE:MND); Mondi plc (LSE:MNDI)	KALENOBEL AMBALAJ SANAYI ve TICARET A.S.	Manufactures packaging products for food packaging and non-food packaging markets
Amcor Ltd.	Alusa S.A.	Manufactures plastic and paper packaging products including stand-up pouches
Huhtamaki Oyj (HLSE:HUH1V)	Delta Print And Packaging Limited	Manufactures printed folding carton packaging products
Amcor Ltd.	Plastic Moulders Limited	Manufactures containers and closures for the food and home / personal care markets in North America
Novolex	Heritage Bag Company	Manufactures and supplies commercial plastic bags and liners
Graphic Packaging	Colorpak Limited	Supplies folding cartons in Australia and New Zealand
MacFarlane Group plc (LSE:MAOF)	Colton Packaging (Teesside) Limited	Manufactures paper packaging products
Liberty Diversified International, Inc.	Omaha Box Company	Designs and manufactures corrugated packaging products
DS Smith Plc (LSE:SMDS)	TRM Packaging Ltd.	Manufactures and supplies printed packaging products to food, drink, and FMCG markets
Smurfit Kappa North America LLC	Scope Packaging Inc.	Designs and manufactures packaging and packaging solutions
Surepac Limited	Principal Packaging Ltd.	Manufactures and supplies packaging products and materials including corrugated and solid boards
Smyth Companies, LLC	Pure Pack Technologies, LLC	Manufactures custom and stock bags to the movie theater industry
Georgia-Pacific LLC	Excel Displays & Packaging	Manufactures point-of-purchase displays and high-graphic retail packaging
Graphic Packaging International, Inc.	Walter G. Anderson, Inc.	Manufactures folding cartons and paperboard packaging in the Midwest
Liberty Carton Company	Western Container Company, Packaging Business Assets	Packaging business assets of Western Container Company comprises corrugated cartons and boxes manufacturing business
Multi Packaging Solutions International Limited (NYSE:MPSX)	Chicago Paper Tube & Can Company, Inc.	Manufactures custom paperboard containers and industrial products

Source: S&P Capital IQ.

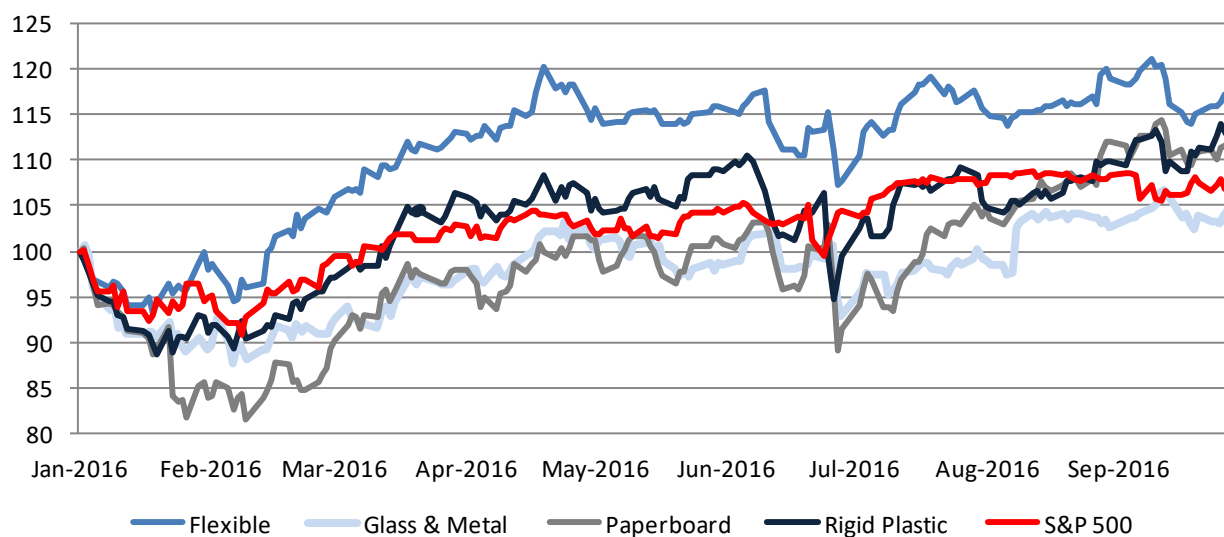
Public Company Data

Performance and Valuations By Segment

The InterOcean Packaging Index grew approximately 12% over the first nine months of 2016, outperforming the S&P 500 Index which grew at approximately 8% over the same time period. All segments did not perform equally as seen in Chart 10 below. The Flexible segment enjoyed the highest returns, growing at approximately 17%. Glass and Metal, a quite mature, consolidated segment with seemingly

less growth potential compared to the other segments, grew at approximately 5%. Rigid Plastics and Paperboard each grew at approximately 12% after both segments outperformed the S&P 500 over the month of September.

Chart 10: InterOcean Packaging Index by Segment vs. S&P Index
Trailing Nine Months through September 30, 2016



Source: S&P Capital IQ.

Chart 11: Select Packaging Public Company Data by Segment

(\$ in millions)	Current Market Data		LTM Company Performance			EV/EBITDA Multiple		
Company Name	Market Cap	Enterprise Value (EV)	Revenue	EBITDA		Current	1 Year Ago	% Change
				\$	%			
Flexible Packaging								
AEP Industries Inc.	\$ 559	\$ 707	\$ 1,089	\$ 107	9.8%	6.6x	6.7x	-2.1%
Amcor Limited	13,379	17,382	9,421	1,380	14.6%	12.1x	10.9x	10.8%
Bemis Company, Inc.	4,831	6,323	3,999	588	14.7%	10.9x	9.1x	20.8%
Huhtamaki Oyj	4,840	5,714	3,174	432	13.6%	13.4x	13.0x	3.3%
Sealed Air Corporation	9,013	13,332	6,788	1,083	15.9%	12.5x	12.5x	-0.2%
Winn-Dixie Stores Inc.	2,171	2,016	813	194	23.9%	10.7x	11.5x	-7.2%
Group Mean	\$ 5,799	\$ 7,579	\$ 4,214	\$ 631	15.4%	11.0x	10.6x	4.2%
Group Median	\$ 4,836	\$ 6,018	\$ 3,587	\$ 510	14.7%	11.5x	11.2x	1.6%
Glass & Metal								
Ball Corporation	\$ 14,278	\$ 19,341	\$ 8,405	\$ 1,243	14.8%	17.2x	10.7x	60.7%
Crown Holdings Inc.	7,974	13,193	8,388	1,329	15.8%	10.1x	10.3x	-1.9%
ORG Packaging Co.,Ltd.	3,539	4,404	1,036	299	28.8%	15.9x	14.7x	8.3%
Owens-Illinois, Inc.	2,981	8,611	6,686	1,160	17.3%	7.4x	7.1x	4.4%
Silgan Holdings Inc.	3,060	4,875	3,637	460	12.7%	10.6x	10.0x	6.2%
Group Mean	\$ 6,366	\$ 10,085	\$ 5,630	\$ 898	17.9%	12.2x	10.5x	15.5%
Group Median	\$ 3,539	\$ 8,611	\$ 6,686	\$ 1,160	15.8%	10.6x	10.3x	6.2%
Paperboard								
BillerudKorsnäs Aktiebolag (publ)	\$ 3,669	\$ 4,188	\$ 2,498	\$ 417	16.7%	10.3x	9.2x	12.8%
Cascades, Inc.	923	2,261	3,045	326	10.7%	6.0x	7.1x	-15.9%
DS Smith Plc	4,730	6,223	5,950	736	12.4%	9.5x	10.1x	-5.8%
Graphic Packaging Holding Company	4,464	6,700	4,266	738	17.3%	9.1x	8.8x	3.2%
International Paper Company	19,729	27,960	21,141	2,926	13.8%	8.7x	6.7x	30.4%
KapStone Paper and Packaging Corporation	1,827	3,372	3,064	361	11.8%	8.9x	8.1x	9.4%
Mondi plc	10,233	12,143	7,410	1,465	19.8%	8.5x	10.0x	-15.3%
Packaging Corporation of America	7,590	9,693	5,693	1,124	19.7%	8.6x	7.3x	17.6%
Smurfit Kappa Group plc	5,236	8,930	9,204	1,344	14.6%	6.7x	8.2x	-17.7%
WestRock Company	12,057	17,782	14,172	2,314	16.3%	7.4x	10.3x	-28.3%
Group Mean	\$ 7,046	\$ 9,925	\$ 7,644	\$ 1,175	16.0%	8.0x	8.8x	-1.0%
Group Median	\$ 4,983	\$ 7,815	\$ 5,822	\$ 931	15.5%	8.5x	8.2x	-1.3%
Rigid Plastic								
AptarGroup, Inc.	\$ 4,872	\$ 5,401	\$ 2,339	\$ 473	20.2%	11.6x	10.0x	16.1%
Berry Plastics Group, Inc.	5,337	11,050	6,067	1,045	17.2%	10.6x	9.7x	9.3%
Essentra plc	1,651	2,225	1,453	248	17.1%	9.1x	13.8x	-33.5%
Greif, Inc.	2,370	3,730	3,325	423	12.7%	8.8x	7.0x	25.0%
RPC Group Plc	4,129	5,139	2,366	324	13.7%	17.5x	13.3x	31.5%
Sonoco Products Co.	5,296	6,292	4,908	640	13.0%	9.7x	7.9x	21.8%
Group Mean	\$ 3,943	\$ 5,640	\$ 3,409	\$ 526	15.7%	11.2x	10.3x	11.7%
Group Median	\$ 4,501	\$ 5,270	\$ 2,845	\$ 448	15.4%	10.1x	9.8x	18.9%

Source: S&P Capital IQ, as of September 30, 2016.

Near-term Outlook

Over the next six to twelve months, we expect that growth challenges will remain the norm as macro-economic growth continues to be sluggish. In particular, Plastics and Flexible Packaging producers will benefit if consumer trends remain consistent and if oil prices (and resin inputs) remain at historically low levels. Plastic packagers now have much more leeway and opportunity to respond to current “on trend” product features such as: accessible, “on the go” packaging; line of sight product transparency; extended shelf life refrigeration protection; security enhancements; or other innovations such as hot fill capabilities, aseptic packaging or barrier technologies. In addition, plastic packaging companies will likely be able to command higher pricing with customized packaging solutions targeted to specific customers.

We anticipate that flexible packaging providers will also continue to benefit as concern for the environment continues to expand. Flexible packaging is often seen as the most environmentally friendly packaging solution in the market, as it uses less material to accomplish its objective relative to

other packaging forms. The product-to-packaging ratio is often the highest for flexible packaging compared to other solutions, and overall carbon emissions throughout the product lifecycle are much lower.

Consolidation will continue to be the primary growth vehicle as industry participants look to: (i) spread fixed costs over a larger operating footprint; (ii) expand customer relationships into new geographies; (iii) either add capacity where needed or, in more mature markets, remove excess production from the market; and (iv) build and maintain scale commensurate with suppliers and customers. The Flexible segment is still quite fragmented, and opportunities exist for both strategic and financial buyers. In more mature segments (e.g. certain commodity paper suppliers), consolidation may be the necessary next step to regain some pricing power and restore market equilibrium.

Companies in all segments of the market should be prepared to take advantage of consolidation opportunities regardless of whether they are buyers or sellers.

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Position Paper, Market Trends and Developments, April 2008

Middle Market Investment Bank

InterOcean Advisors LLC is one of North America's leading specialty investment banks focused exclusively on the manufacturing sector. InterOcean advises corporations, private business owners, private equity groups and management teams, offering the following services:

- Mergers & Acquisitions
- Private Capital Sourcing (Debt and Equity)
- Sale / Divestiture Advisory
- Financial Advisory

Global Reach

InterOcean is the sole U.S. member of the Terra Corporate Finance Alliance, a growing international alliance of investment banks with operations in North America, South America, Europe, the Middle East, Africa and Asia. Through this network, InterOcean has a platform for offering enhanced identification of, and access to, potential transaction parties around the globe.



Plastics & Packaging Focus

InterOcean works with companies that manufacture Plastics & Packaging products. Our M&A and capital sourcing efforts involve assisting providers of packaging products, solutions and equipment in all segments of the industry including paperboard, rigid plastic, flexible and glass and metal. Our plastics clients manufacture plastic products through a number of processes including thermoforming, sheet and film extrusion, injection molding, blow molding, and rotational molding.

For additional information on this newsletter or InterOcean's plastics and packaging services, please contact:

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