



**GLOBAL  
POUCH** FORUM

**POUCH CONVERTERS ARE HOT COMMODITIES —  
DRIVEN BY THE ACCELERATING GLOBAL INDUSTRY  
CONSOLIDATION**

May 30, 2024



**Blaigne**  
Industry  
Analytics



**Blaigne**  
& Company

Pure Focus. Premier Value.



# AGENDA

	SECTION
GLOBAL CONSOLIDATION TRENDS - THE “SCIENCE”	I
WHY ARE POUCH CONVERTERS HOT COMMODITIES	II
HOW TO BEST SELL YOUR POUCH CONVERTING BUSINESS - THE “ART”	III
RECOMMENDATIONS & CONCLUSIONS	IV
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## **I. GLOBAL CONSOLIDATION TRENDS – THE “SCIENCE”**

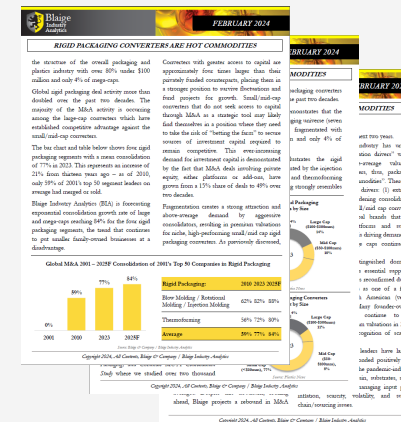
# I. GLOBAL M&A ACTIVITY



**GLOBAL PACKAGING M&A DEAL ACTIVITY INCREASED BY 2.3x SINCE 2001**

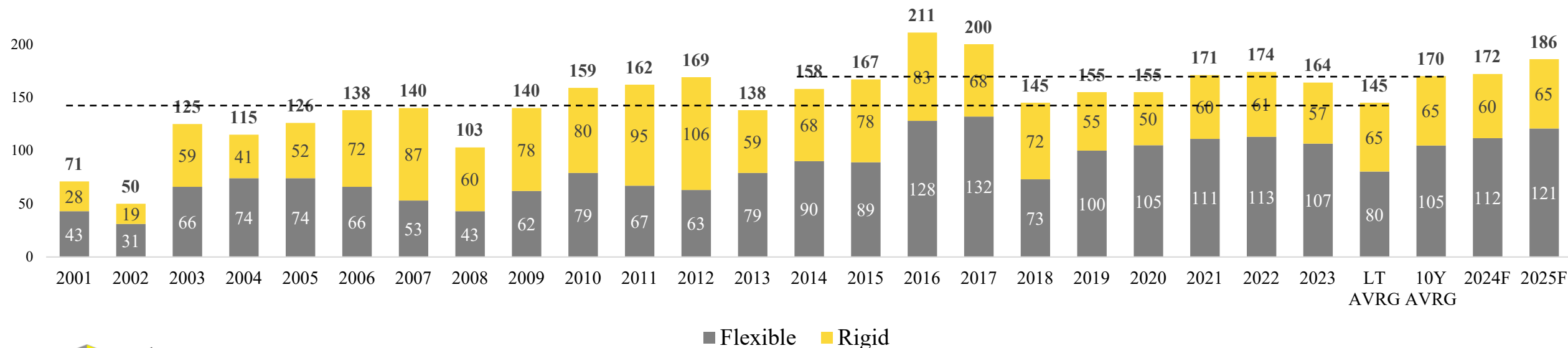


**FLEXIBLE PACKAGING BY 2.3x**



*BLAIGE SPECIAL RELEASE FOR THE GLOBAL POUCH FORUM: “Flexible Packaging Converters Are Hot Commodities” – Why Converters Are Seen As Hot Commodities And What Headwinds Are Threatening Small And Medium-Sized Businesses.*

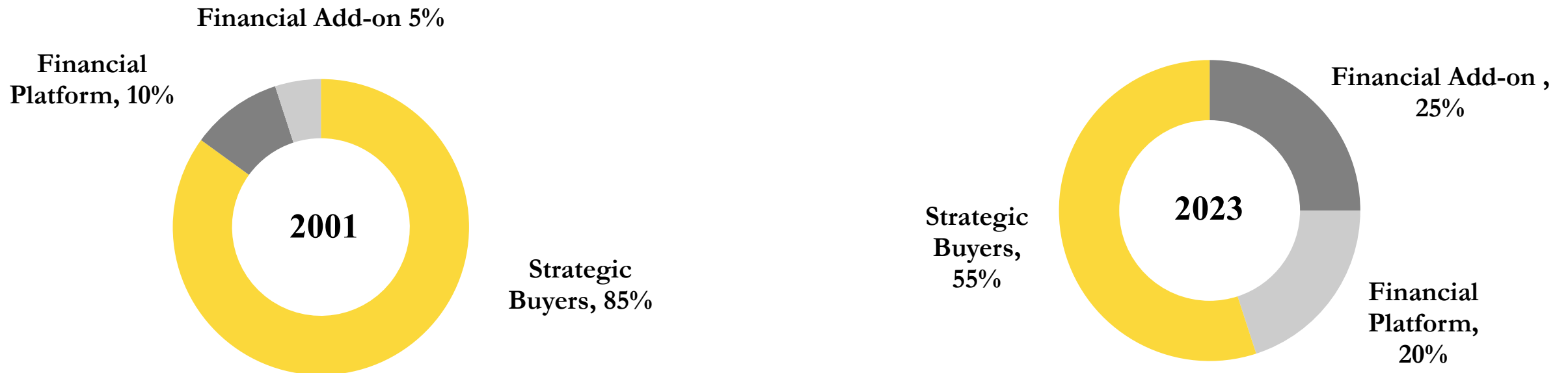
## GLOBAL PACKAGING M&A DEAL ACTIVITY 2001 – 2025F



# I. STRATEGIC MOTIVATIONS



**IN 2023, 80% OF ALL PACKAGING DEALS ARE STRATEGICALLY MOTIVATED, INCLUDING 55% STRATEGIC BUYERS AND 25% FINANCIAL ADD-ONS.**



# I. SIGNIFICANT INTERNATIONAL INVOLVEMENT



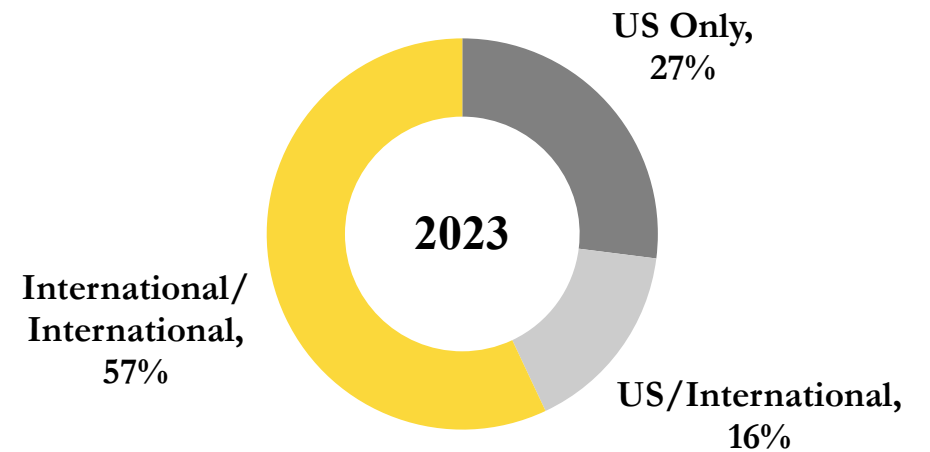
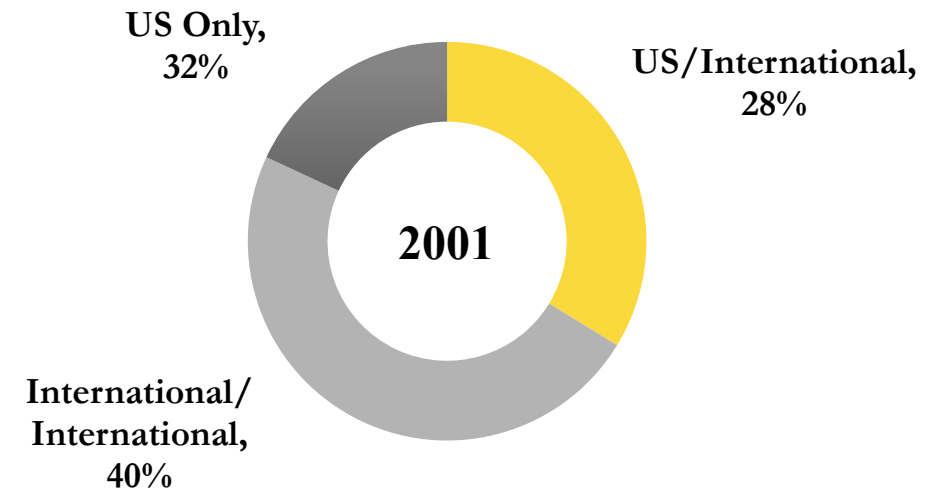
The fastest growth geographies are the BRIC geographies – Brazil, Russia, India, and China. This list can also include Africa.



73% of 2023 all Packaging M&A deals involved an international participant.



International-only deals have increased from 40% of deals in 2001 to 57% in 2023, reflecting an ongoing trend toward globalization in the past two decades.



# I. BIG GETTING BIGGER



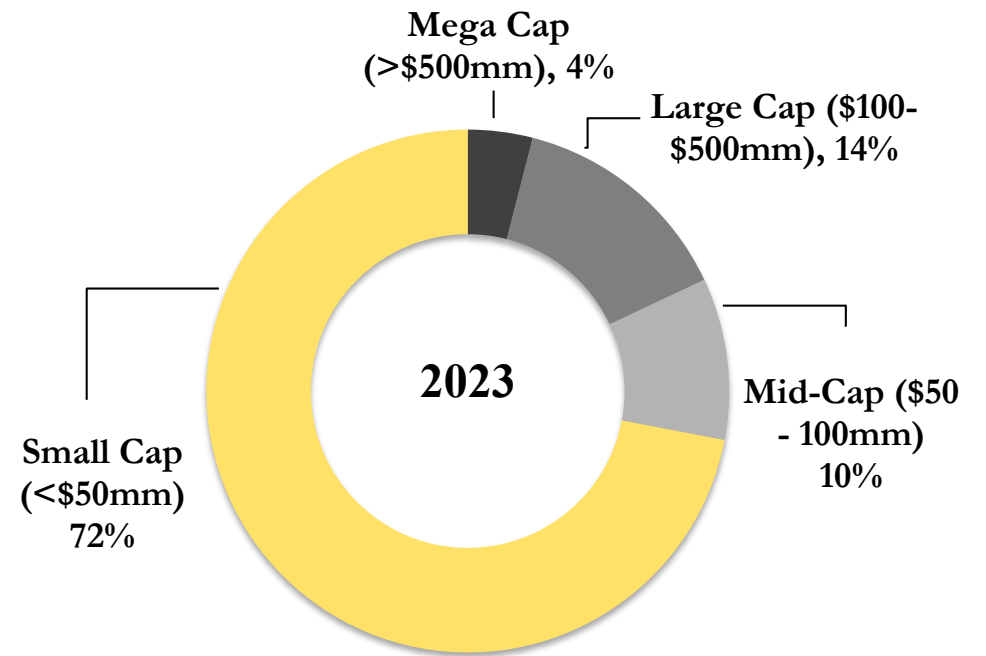
**72% of Companies Have Annual Sales Under \$50 Million.**



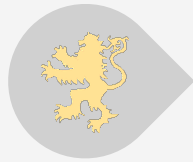
**82% of Companies Have Annual Sales Under \$100 Million.**



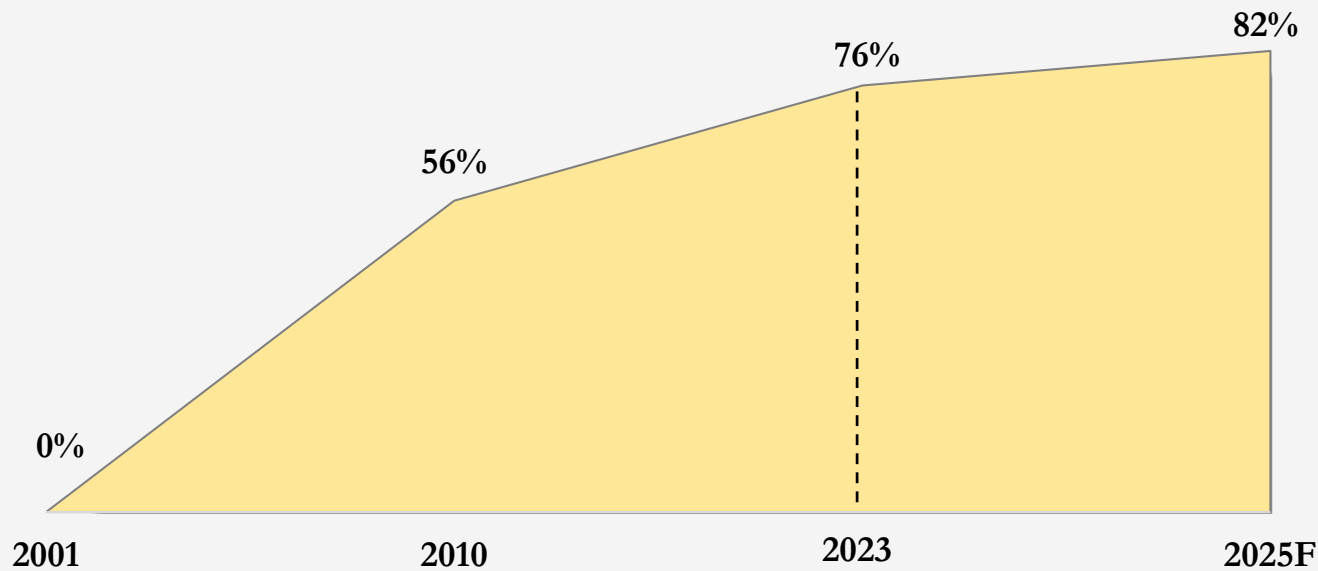
**Aggressive Consolidation Amongst Large Caps are Increasing Pressure on Small and Mid-Cap Processors/Converters.**



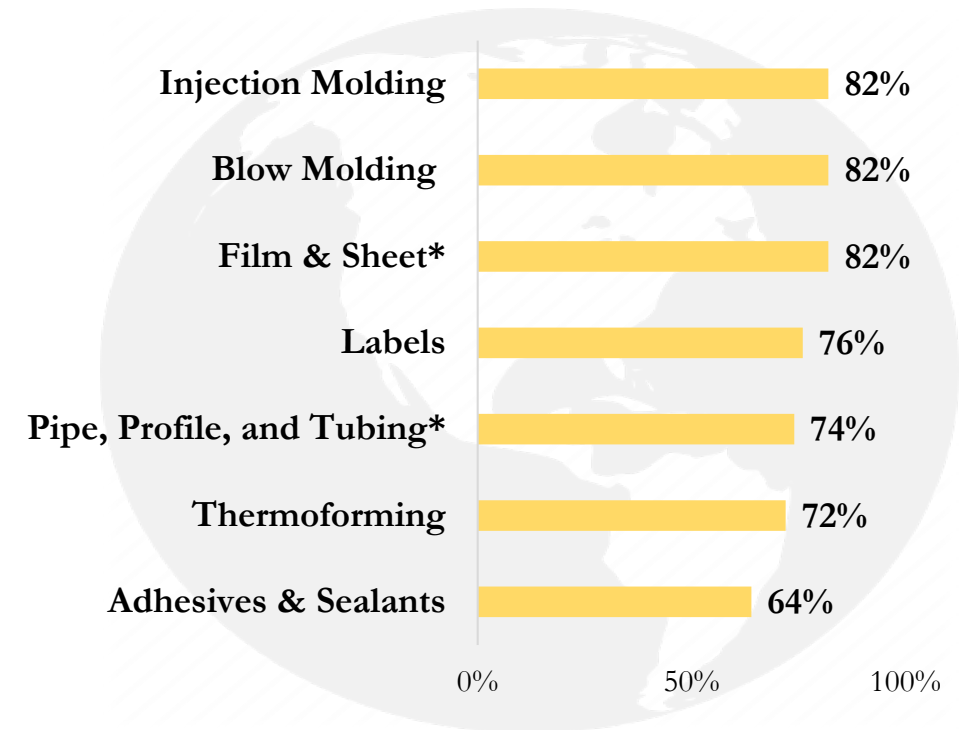
# I. GLOBAL CONSOLIDATION TRENDS



Approximately 76% of the top 50 packaging companies of were eliminated or changed ownership since 2001.



Global M&A 2001 – 2023  
Consolidation of 2001's Top 50 Companies





# I. GLOBAL CONSOLIDATION TRENDS – THE “SCIENCE”

Valuation Multiples at Record Levels

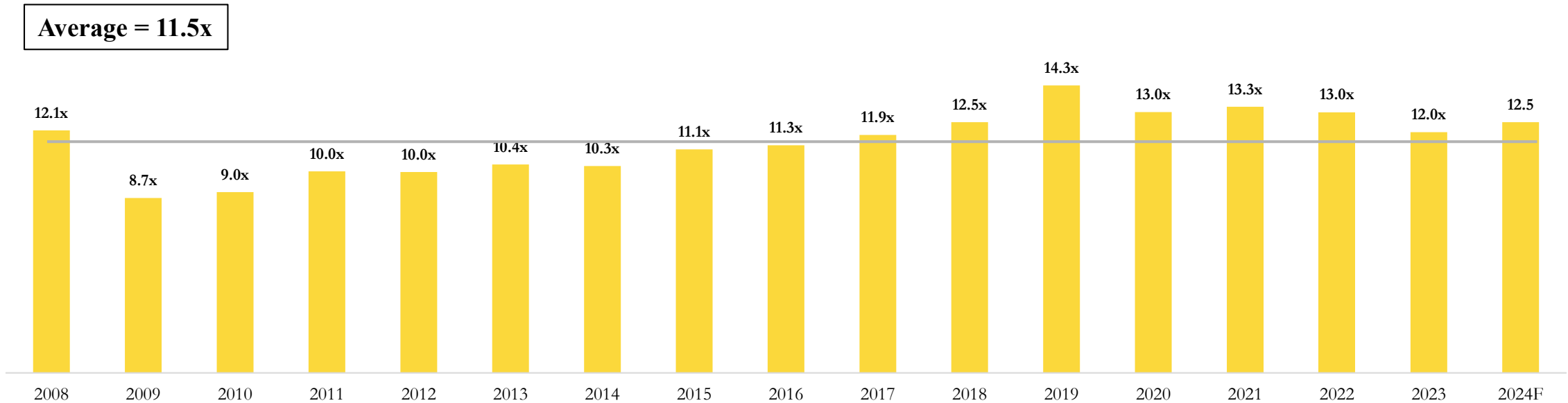


**SELLERS MARKET:** Valuation multiples are at record levels



**AVERAGE:** 11.5x EV/EBITDA

Median North America and Europe PE Middle-Market EV/EBITDA Multiples



# I. GLOBAL CONSOLIDATION TRENDS

## THE “SCIENCE”

### Why Sell Now? M&A Cycles (1895 – Present)



**Internal trends optimal:** have a company performance profile of consecutive growth and profitability which would take 5-7 years to replicate.



**External trends optimal:** peaking economy and M&A markets - 13 years is a record by far.



Given industrial orientation and customer concentration, the upcoming M&A/stock market correction could delay a sales for 5-7 years; and an exit for 7-10 years.

	Period		Duration (years)	M&A Wave Rationale
Cycle 1	1895	1904	9	Horizontal mergers, monopolies
Cycle 2	1925	1929	4	Vertical integration mergers, oligopolies
Cycle 3	1965	1970	5	Conglomeration
Cycle 4	1981	1987	6	Hostile takeovers, leveraged buyouts
Cycle 5	1992	2000	8	Strategic buyers, tech bubble
Cycle 6	2004	2007	3	Easy lending, financial buyers, recapitalizations
Cycle 7	2010	2022	12	Record economic expansion (peaking now), international consolidators, record private equity funding
<b>Average</b>			<b>7</b>	

*Source: Blaige Industry Analytics Proprietary Research*

*Seller approaching retirement may face up to a decade hold period before a true retirement can occur.*

## **II. WHY ARE POUCH CONVERTERS HOT COMMODITIES**

## II. WHY ARE POUCH CONVERTERS HOT COMMODITIES



### UNIQUE CHARACTERISTICS AND VALUATION DRIVERS:

1. **Extreme fragmentation/consolidation opportunity creates strong attraction, resulting in premium valuations for high-performing small/mid-cap pouch converters.**
2. **Shift in historical consolidation trend from large-cap to small/mid-cap converters.**
3. **Market share shift favoring pouches versus alternative packaging solutions.**
4. **Sustainability advantages in source reduction up to 90% relative to traditional rigid packaging applications.**
5. **Superior food shelf life relative to rigid container alternatives.**
6. **Superior dispensing and serving applications including single serve stick packs and sachets.**
7. **Direct whole-package printing capability enhances promotional value.**

## II. WHY ARE POUCH CONVERTERS HOT COMMODITIES

### STRENGTHENING HEADWINDS FOR SMALL/MID-CAP POUCH CONVERTERS



1. **Customers Are Demanding Suppliers with the Scale** to Offer Multiple, Redundant Operations and Broader Capabilities and Processes, which are Often Beyond the Budget of Most Small/Mid-Cap Plastics Processors.
2. **Horizontal and Vertical Integration** Shifting Cost Structures and Tilting Competitive Landscape Against Small/Mid-Caps.
3. **Environmental, Social and Governance (ESG) Push** Making It Increasingly Costly and Difficult to Compete.
4. **Succession Crisis:** “Betting the Farm”. Younger Generations Seek Alternate Paths.

**HOW TO SECURE THE VALUE CREATED OVER PAST DECADES?**

**SECURING A STRATEGIC OR FINANCIAL PARTNER - THE BEST OPTION TO SAFEGUARD LEGACY INSTEAD OF “BETTING THE FARM”.**

### **III. HOW TO BEST SELL YOUR POUCH CONVERTING BUSINESS - THE “ART”**

# III. HOW TO BEST SELL YOUR POUCH CONVERTING BUSINESS - THE “ART”

## Prior to Transaction



### 1. BE PREPARED

**Don't Wait Until Retirement. Consult Professionals to Establish a Five-Year Plan:**

- ✓ Addbacks – Succession – Stay 2-5 Years Post-Closing



### 2. SHARPEN YOUR BUSINESS MODEL

**Implement Actions to Create the Most Appeal to Potential Investors:**

- ✓ Don't Milk but Make Investments 6 Months Prior
- ✓ Don't Max Out Capacity
- ✓ Invest in Tech
- ✓ Define Niche
- ✓ Minimize Customer Concentration
- ✓ Contracts



### 3. PICK LOW-HANGING FRUIT

**Capture Value Typically Realized by Buyers:**

- ✓ NWC – Real Estate – Marginal Operations – Debt – Add-Ons Warm

# III. HOW TO BEST SELL YOUR POUCH CONVERTING BUSINESS - THE “ART”

## During Transaction



### 1. Establish and Stick to a Strict Marketing Strategy:

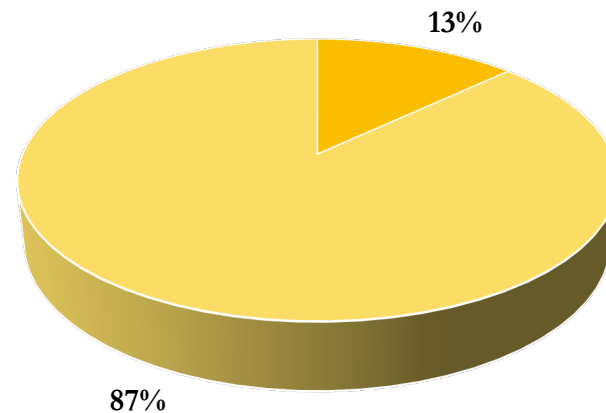
- ✓ Most Likely and Private Equity Bottom of Food Chain
- ✓ Focus on Adjacencies



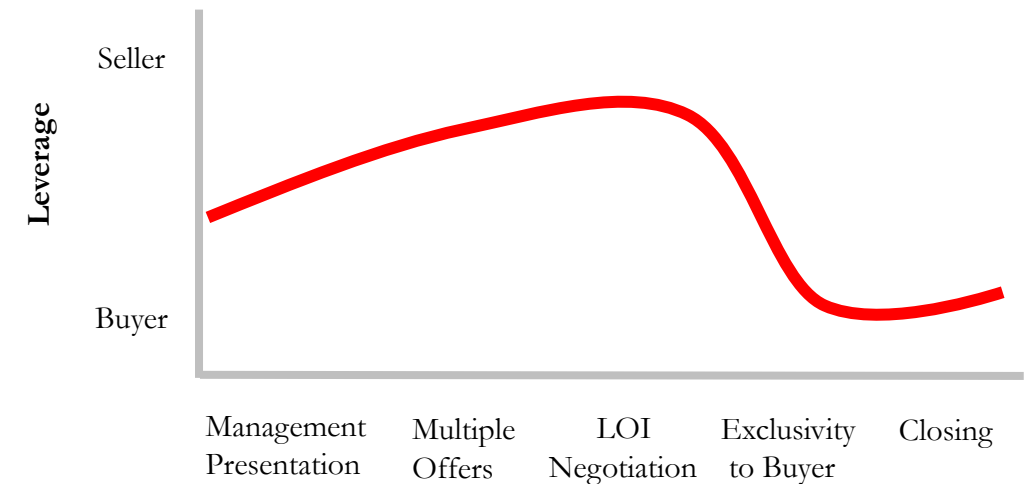
### 2. Create Competition Through a Highly Orchestrated Process – Negotiate Leverage:

- ✓ Select the Universe of Potential Buyers and Manage to Own Advantage – Proactive Versus Reactive.

*Do Most Likely Buyers Pay Top Price?*



*Lack of Competition = “Broken Deals” at Worst Times*





# III. HOW TO BEST SELL YOUR POUCH CONVERTING BUSINESS - THE “ART”

## During Transaction



### 3. Effective Positioning is Critical:

- ✓ Attractive and Sharp Confidential Memorandum
- ✓ Management Involvement
- ✓ Franchise Value Higher Than Financial Value

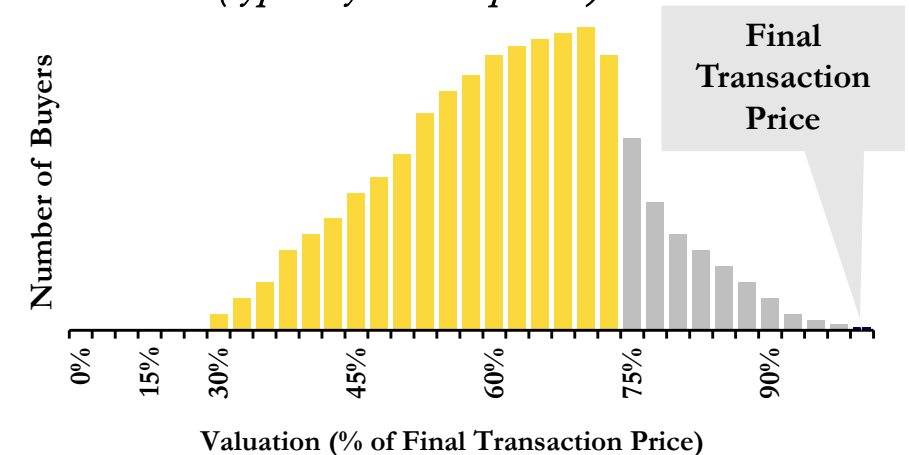


### 4. Do Not Establish an Asking Price (Bell Curve):

- ✓ Establish a Ceiling
- ✓ Complete Process Versus a Preemptive Offer (Lose 30% of Value)



*Serious Indications of Interest  
(typically 10 data points)*



# III. ENGAGING BLAIGE PROCESS DRIVES VALUATION PREMIUMS

## Three elements of the “Blaige Secret Sauce”:



**Positioning to Tell the Best Story**



**Politely Disregard Preemptive Inquiries**



**Create a Discrete but Highly Competitive Bidding Process**



The eight recent Blaige case studies show that preemptive offers significantly undervalued targets, and that the preemptive bidder is rarely the final buyer in a Blaige process.

- In **8** recent cases **49% premium** achieved over target / threshold value.
- Blaige obtained **59 IOIs in total for past 8 deals** (target 8+ competitive bids)
- **8/8** had preemptive interest pre BLAIGE process, but **1/8 Only Preemptive Buyer Prevailed Through the Blaige Process**

Blaige Case Studies	Preemptive Interest (Pre-Blaige)	Preemptive Buyer Closed the Deal	Premium Over Target/Threshold Value
CASE 1	Yes	Yes	89%
CASE 2	Yes	No	78%
CASE 3	Yes	No	58%
CASE 4	Yes	No	48%
CASE 5	Yes	No	42%
CASE 6	Yes	No	30%
CASE 7	Yes	No	25%
CASE 8	Yes	No	19%
<b>Average</b>			<b>49%</b>

## **IV. RECOMMENDATION & CONCLUSION**

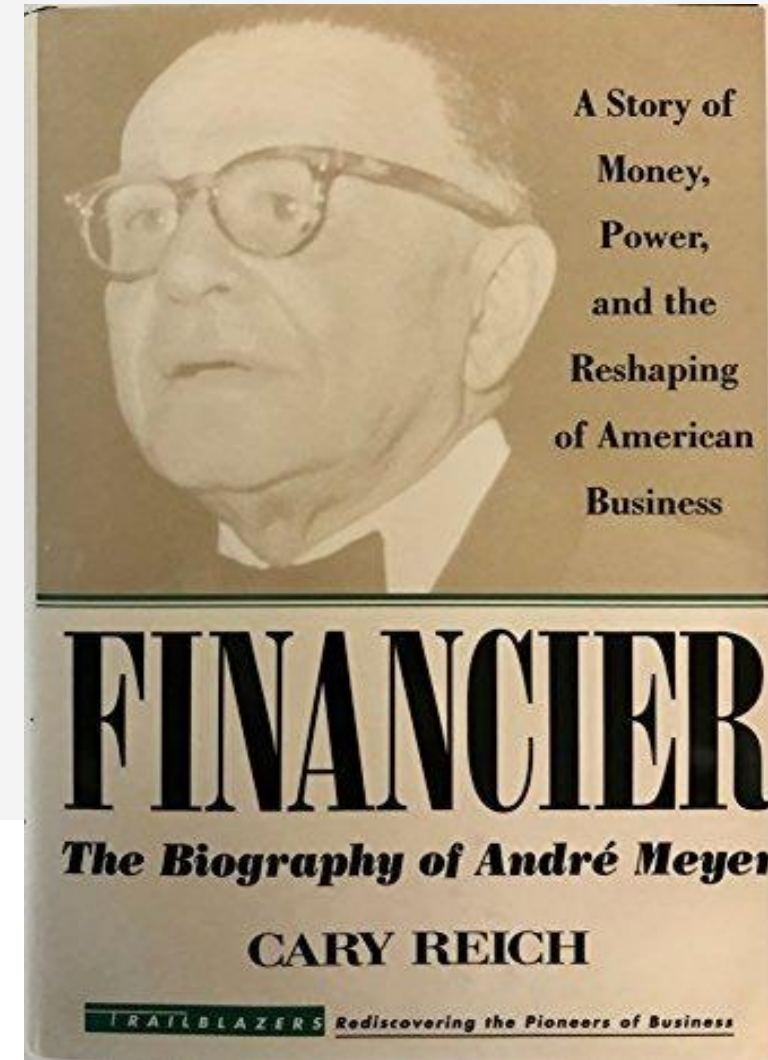
## IV. RECOMMENDATIONS AND CONCLUSIONS



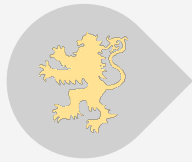
The “Art” Versus the “Science” of Deal –  
Per *Picasso* of Investment Banking

“*The merger business is 10%  
financial analysis and 90%  
psychoanalysis.*”

- *Financier: The Biography of André Meyer.*  
A Story of Money, Power, and the Reshaping of  
American Business



# IV. RECOMMENDATIONS & CONCLUSIONS



The “Art” Versus the “Science” of Deal Making – M&A is 10% Financial Analysis, 90% Psychoanalysis



Have a Succession Plan in Place



Pursue Niche Leadership / Differentiated Business Model



Family Funding May Require to Double or Triple Down to Stay Competitive



Vertical, Horizontal, Geographic Integration Trends May Affect Margins and Growth



Focus on “Glass Half Full” Buyers Who View Your Business as Complementary (to Expand, not to Take It Apart)



Allow Blaigne to Strengthen Your Brand and Articulate Your Story. Create Options and Select the Best Overall Fit

## V. QUESTIONS

## VI. APPENDIX

# BLAIGE & COMPANY

## Overview

**Blaige & Company**, with offices in Miami and Chicago, is an investment bank dedicated exclusively to the plastics, packaging, and chemical industries. The Blaige team has over 100 years of combined transaction experience, has completed over 200 transactions, and has visited **over 600** packaging, plastics, and chemical operations all over the world.

Blaige Industry Analytics (BIA) plastics and packaging M&A deal research division sets the industry standard. On average, BIA compiles and analyses **over 500** worldwide plastics, packaging, and chemical industry transactions annually.

Recently, London-based magazine Acquisition International named Mr. Blaige “Sector Focused C.E.O. of the Year”, and Blaige & Company “Sector Focused Investment Bank of the Year”.

*To our knowledge, Blaige & Company possesses more experience in its selected markets than any other investment banking firm.*



### Industry Experts

We excel in presenting a company’s business model and value proposition from a strategic standpoint for both buy-side and sell-side mandates. We like to get started early to learn the subtle differences in a company’s franchise, market presence, and competitive dynamics.

### Superior Market Knowledge

We don’t start with EBITDA nor accept “any deal” like our competition. We stick to our niche and use our strategic/operating and superior market knowledge, which we think would yield your investors an additional 10-20% in enterprise value on a sell-side assignment, and increased potential of establishing credibility with target sellers, and delivering one or more successful add-on acquisitions on buy-side assignments.



**Thomas E. Blaige**  
*Chairman & Chief Executive Officer*



Contact Information: [tblaige@blaige.com](mailto:tblaige@blaige.com)

Tom established Blaige & Company, an international investment banking firm dedicated exclusively to the plastics, packaging, and chemicals industries. He has over 30 years of transaction experience, has completed over 100 transactions, and has visited over 200 plastics, packaging, and chemicals operations in all parts of the world. Blaige Industry Analytics (BIA), the Blaige research division, tracks and analyzes over 500 plastics industry M&A transactions annually on a worldwide basis. Tom's transactions experience includes strategic combinations with large global consolidators, the sale, acquisition and recapitalization of family-owned companies and corporate divisions, corporate divestiture and spin off transactions, and private equity portfolio divestitures and acquisitions. Prior to founding Blaige & Company in 2003, he was a leading senior transaction professional with Lazard Middle Market, Lincoln International, and a middle market M&A unit of a Wall Street investment bank. He was also a private equity investor with Prudential Capital Group where he specialized in management buyouts and buildups of privately held businesses and corporate divisions and worked with several early pioneers in LBO finance.

Tom earned a Master of Management degree, with Distinction from the Kellogg Graduate School of Management at Northwestern University, where he was elected to Beta Gamma Sigma, and a Bachelor of Business Administration degree from Loyola University of Chicago. He has been certified as a FINRA Series 24 Securities Principal, and a Series 7 and 63 Registered Representative.

The U.K.-based magazine *Acquisition International* named Tom *2015 Sector Focused CEO of the Year*, and Blaige & Company - *Sector Focused Investment Bank of the Year in 2013, 2015, 2017, 2021-2023*.

Blaige & Company is a member of the Contract Packaging Association and the Western Plastics Association. Blaige Industry Analytics (BIA) is a member of the Flexible Packaging Association.

# BLAIGE & COMPANY



**H.S. CROCKER**  
Dedication • Desire • Determination

has been acquired by

**tc • TRANSCONTINENTAL**

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Exclusive representation of  
H.S.Crocker Co., Inc.  
by Blaige & Company

**CRAWFORD INDUSTRIES**

has been acquired by

**SPARTECH**

a portfolio company of  
**THE JORDAN COMPANY**

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Exclusive representation of  
Crawford Industries, LLC  
by Blaige & Company

**FRUTH**  
CUSTOM PACKAGING  
and  
**CFB**  
CLEANROOM FILM  
AND BAGS

have been acquired by

**Flexible Packaging**

a portfolio company of  
**FIRST ATLANTIC CAPITAL**

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Exclusive representation of  
Fruth Custom Packaging and  
Cleanroom Film and Bags  
by Blaige & Company

**Action Packaging**  
and  
**SUPERIOR ENTERPRISE**

have been acquired by

**H I G**  
CAPITAL

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Exclusive representation of  
Action Packaging, Signature Flexible Packaging,  
and Superior Enterprise  
by Blaige & Company

**M&M Printed bag inc.**  
Flex Printing • Custom

has established partnership with

**CPG** COLUMBIA  
PACKAGING  
GROUP

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Exclusive representation of  
M&M Printed Bag  
by Blaige & Company

**InTouch**  
LABELS & PACKAGING

has been acquired by

**CCL**

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Exclusive representation of  
InTouch Labels and Packaging  
by Blaige & Company

**Plastic Packaging Technologies, LLC**  
(a Plastic Packaging Solutions Company)

a portfolio company of  
**Stonehenge Opportunity Fund**

has been recapitalized by

**Mid Oaks**  
INVESTMENTS LLC

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Exclusive representation of  
Plastic Packaging Technologies, LLC  
by Blaige & Company

**Sigma**  
Sigma Plastics Group

has formed a strategic partnership with

**ISO**  
Poly Films, Inc.

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Exclusive representation of  
ISO Poly Films, Inc.  
by Blaige & Company

**WIND POINT PARTNERS**

has acquired

**PARAGON FILMS**

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Exclusive representation of  
Paragon Films, Inc.  
by Blaige & Company

**INTEPLAST GROUP**  
World of Plastics

has acquired

**SPECT-GARD®**  
Medical Products

a division of S. Walter Packaging Corporation,  
a portfolio company of

**Brynwood Partners**

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Exclusive representation of  
S. Walter Packaging Corporation and  
Brynwood Partners  
by Blaige & Company

**BEMIS**

has acquired

**Shield Packco**  
PROFESSIONAL PROTECTIVE PACKAGING

a portfolio company of

**Pegasus Capital**  
and  
**TUCKERMAN CAPITAL**

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Exclusive representation of  
Shield Pack, LLC  
by Blaige & Company

**FLOETER**  
FLEXIBLE PACKAGING GROUP  
(Germany)

has been acquired by

**ampac**  
the art of great packaging™

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Exclusive representation of  
Floeter Flexible Packaging Group  
by Blaige & Company



# BLAIGE & COMPANY

Pure Focus: Extensive Market Presence



Blaige & Company and Blaige Industry Analytics maintain strategic partnerships and collaborations with the following prominent organizations in the plastics and packaging industry:



# BLAIGE & COMPANY

## Testimonials



**“We were seeking the perfect strategic partner with which to grow Crawford for another 20+ years. Our team began working with the Blaige team over 2 decades ago, brainstorming the best path to follow to build strategic value. Their ability to position Crawford’s strengths and then use their industry network to expose us to the best potential partners definitely led to both a maximization of the certainly to close and to exceeding our value expectations.”**

Kendall Faulstich, Co-CEO of Crawford Industries, LLC

**“Entering the M&A market in pandemic environment posed incremental challenges to achieving a successful result. We are proud that our M&A advisor provided the guidance and expertise to help up chart a course and navigate to reach our goal.”**

David Sullivan, Co-CEO of Crawford Industries, LLC

**“We went with Blaige & Company given their deeper understanding and experience with higher value packaging companies in the food, pharmaceutical and related industries. The Blaige process resulted in the achievement of a premium value which significantly exceeded our expectations.”**

Ron Giordano, Chairman and CEO of H.S. Crocker Co., Inc.

**“The Blaige team utilized its deep industry knowledge to present my businesses as clear leaders in the value-added cleanroom packaging space, resulting in a successful partnership with C-P Flexible Packaging.”**

James Fruth, CEO of Fruth Custom Packaging and Cleanroom Film & Bags

**“After entertaining what appeared to be a fair preemptive strategic offer on our own, our team elected to engage Blaige & Company to create a business model/strategic plan and orchestrate a selective and confidential but robust competitive process. The process resulted in a multitude of offers at much higher valuations such that in the end the preemptive bidder was not considered. In addition to maximizing valuation, certainty of closing was also maximized which was especially critical during COVID-19.”**

Adrián Backer, CEO/Owner, Signature Flexible Packaging

**“The date we closed was the best day of my entire business life. It was the culmination of what has been a wonderful journey, with an even brighter future for our Companies. The Blaige Team greatly exceeded my expectations.”**

Howard Applebaum, former Chairman/Owner of Action Packaging, Superior Bag; Owner of Signature Flexible Packaging

**“The Blaige Team provided expert guidance to help us navigate many complex potential valuation issues and mitigate the downside, maximize the upside, and therein deliver a result well beyond our expectations.”**

Federico Giacobbe, Executive Vice President/Owner, Action Packaging and Superior Bag

**“The Blaige Team orchestrated a smooth, professional transaction process and provided senior leadership at each step to preserve our value and maximize certainty of closing, from initial due diligence to Confidential Memorandum preparation, Zoom presentations, virtual data room management and deal document negotiation.”**

Arthur Rosen, Chief Financial Officer, Action Packaging and Superior Bag

# BLAIGE & COMPANY

## Testimonials



**“The Blaige team worked quickly and effectively to secure an attractive transaction during the uncertainty of the COVID-19 pandemic. My understanding is that this transaction culminated in the quickest completion in Blaige's 17-year history”.**

Management Team of InTouch Labels and Packaging, Inc.

**“We hired Blaige over European and US based advisors for our 2 major Europe-based sale assignments, as their global network and extensive industry operating experience is unique. We found great partners for our companies, but most importantly our sale proceeds exceeded expectations in each case”.**

Marc Rapp, CEO of Floeter Flexible Packaging Group/ CEO of MetPro Verpackungs-Service

**“As a privately held, family company, we at Commodore were not seeking to sell. Over time we had received several preemptive offers that held some interest for us. We decided we needed professional guidance, and turned to the Blaige team. Blaige was instrumental in helping us position the company and create a competitive process which eventually generated an excellent offer. The final result was a deal structure which was excellent for our family and our employees, and met our expectations in every regard.”**

Brad Braddon, CEO of Commodore Plastics, LLC & Commodore Technology, LLC

**“We hired Blaige & Company after entertaining several one-off proposals from potential partners and investors. The Blaige & Company process involved a very methodical and thoughtful approach to positioning our company and resulted in multiple offers from a variety of investors, and ultimately a final offer that significantly exceeded our expectations, and with a local partner we would have never found on our own”.**

Lewis Farber, Owner & President of Farber Plastics, Inc.



# BLAIGE & COMPANY



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