



# PACKAGING INDUSTRY ACTIVITY SPOTLIGHT

## Sponsor Market

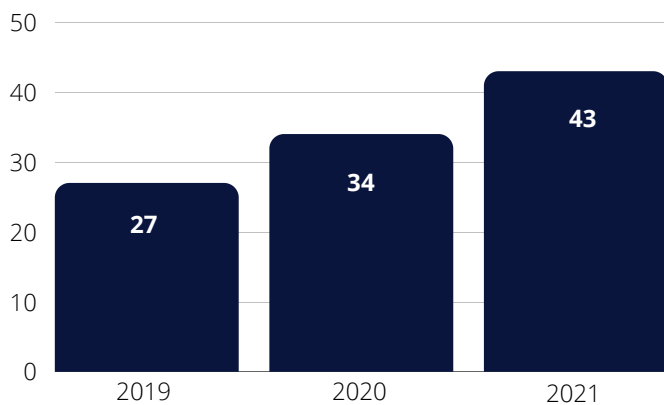
Q1 2022

Mazzone & Associates will be releasing its Winter 2022 Packaging Industry Insights in the coming weeks, but in preparation for The Association for Corporate Growth's (ACG) M&A South 2022 taking place in Atlanta February 7-9, we wanted to preview 2021's activity in Packaging as it relates to the Sponsor Market. If you are attending M&A South 2022, we would be pleased to speak with you regarding our experience and expertise in the Packaging Market, and please let us know if you would like to receive our semi-annual Packaging Industry Insights by visiting [mazzoneib.com/packaging-subscribe](https://mazzoneib.com/packaging-subscribe)

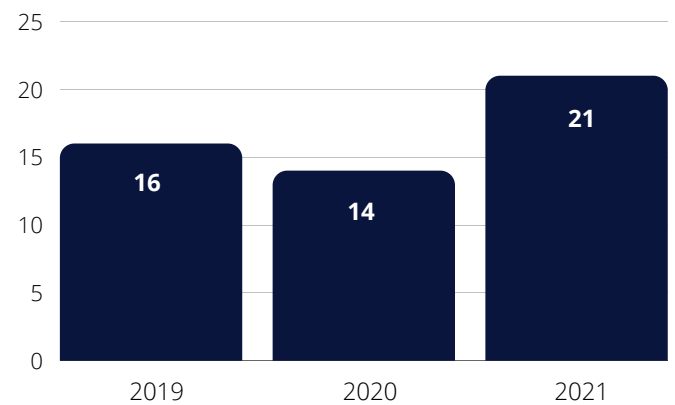
### Continued and Increasing Interest in Packaging Platforms

New Platforms continued to be built in each of the last three years, peaking at 43 in 2021. In addition we noted a strong market for secondary buyouts, which increased to 21 in 2021. As we noted in our [Fall 2021 Packaging Industry Insights](#), the buy-side demand has resulted in a run-up in pricing. By mid-year 2021, EBITDA multiples had rebounded by nearly two turns from 2020's dip and were looking to surpass the multiples witnessed in 2019. We noted no fall-off in pricing to year-end 2021.

**New Sponsor Platforms**



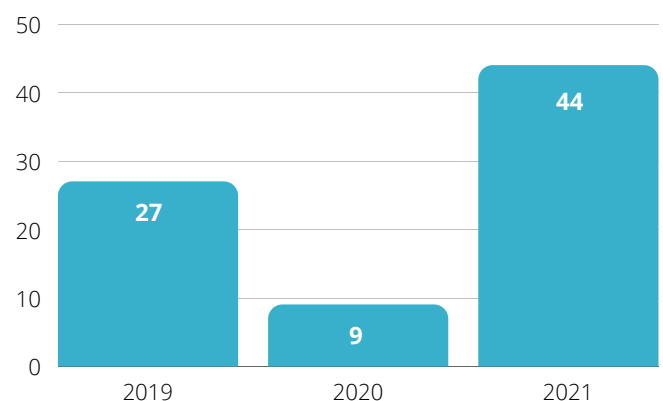
**Secondary Buyouts**



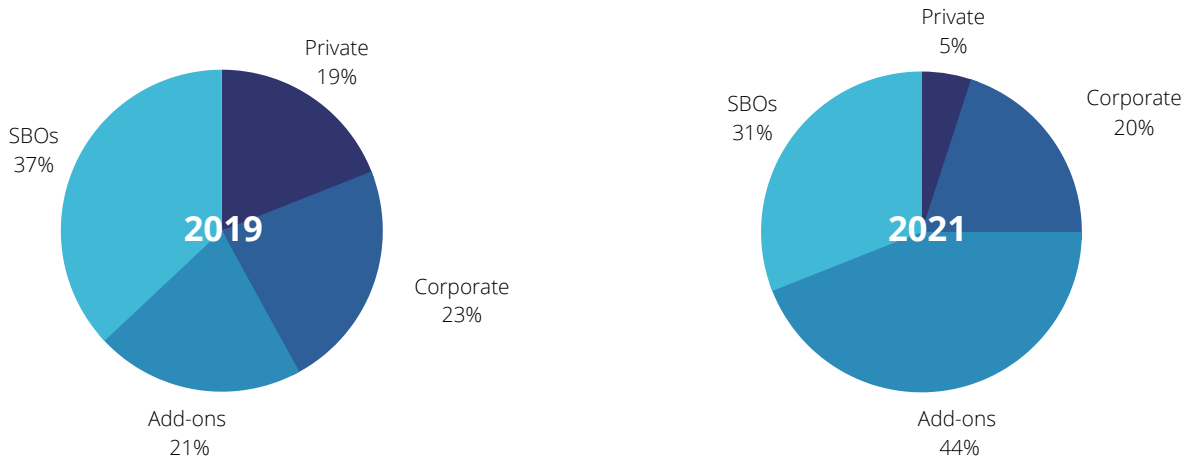
### Selling Out: 2021 a big year for cashing out

The big shift in 2021 was the increase in Exits. Sponsors elected to hold on to their platforms in 2020, with only 9 noted exits (including any secondary buyouts). This shifted in 2021, as sponsors recognized a great Seller's market and increased exits by nearly 5x. The result is that while investment into the space has increased year over year, the net number of platforms plateaued in 2021 as sponsors harvested as many companies as they established.

**Platform Exits**



Sponsors exiting the market typically did so to other Sponsors, either as secondary buyouts (SBOs) or as Add-ons into another Sponsor's platform (as opposed to an exit to publicly-traded corporate buyers, private buyers, or IPOs). The biggest increase over the last three years has been the increase in Add-ons, indicating that platforms are getting larger as the industry continues to consolidate.



## Segment Activity

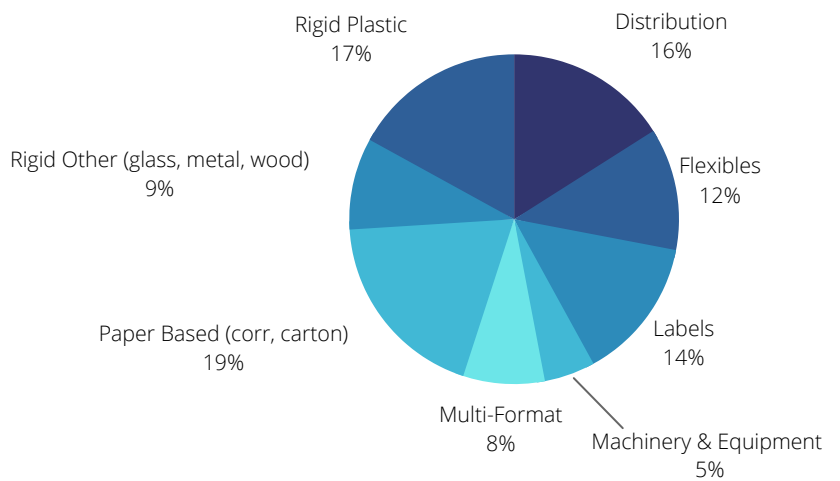
2021's New Platforms (including secondary buyouts) spanned the breadth of packaging segments.

Most popular new platforms for sponsors were Distribution, Labels, and Paper (corrugated / carton). Combined, these segments represented nearly 80% of the increase in platforms for 2021 vs 2020.

Over the last three years, on average there have been 2.2 add-ons per new platform. This does vary significantly by segment, with the most intense segments being Labels and Distribution.

The heightened competition for these assets, particularly in Distribution and Labels, has resulted in both price inflation and aggressive tactics by buyers seeking to invest in these segments.

### 2021 New Platforms



### Ratio of Add-ons to Platforms 2019-21

