

MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

PRINT · PACKAGING

FIRST QUARTER

2015

This Industry Practice Group was established to draw on the experience of CFA advisors, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

Print | Packaging M&A

M&A activity for North American based target companies in Printing and Packaging sector for Q4 2014 included 34 closed deals according to data published by industry data tracker FactSet, with an average enterprise value of \$55.78 million.

Transactional Overview

Notable closed transactions for the period in the Print and Packaging sector include:

- December 2014** - Ennis Inc. acquired Special Service Partners Corp for \$17 million. Special Service Partners is family owned and operated corporation specializing in the tag and label industry. Ennis, Inc. together with its subsidiaries engages in the global production and sale of printed business products and apparel. The Print segment engages in manufacturing, designing and selling business forms and other printed business products primarily to distributors located in the U.S.
- December 2014** - Graphic Packaging International Inc., a subsidiary of Graphic Packaging Holding Co acquired the business and assets of the boxboard operations of Norampac Inc., which is ultimately owned by Cascades Inc. for CAD44.9 million (US\$39.1 million) in cash. Norampac, Inc. manufactures paper boxes for packaging. It offers graphic-design services and papers in different basis weights and colors. Graphic Packaging International, Inc. provides paperboard packaging solutions to the beverage, food, and other consumer product industries.
- November 2014** - Proforma Graphic Services, a subsidiary of PFG Ventures LP, acquired Premier Graphic Solutions Inc., for an undisclosed amount. Premier Graphic Solutions provides commercial printing and direct mail services. Proforma Graphic Services engages in the provision of brand management solutions. It offers an array of printing, promotional, and related graphic products.

Selected Q4 Closed Transactions	
Target/Issuer	Buyers/Investors
Special Service Partners Corp.	Ennis, Inc.
Spaulding Law Printing, Inc.	Avalon Copy Centers of America, Inc.
Packnet Ltd.	Universal Forest Products, Inc.
J.B. Kenehan LLC	Mittera Group

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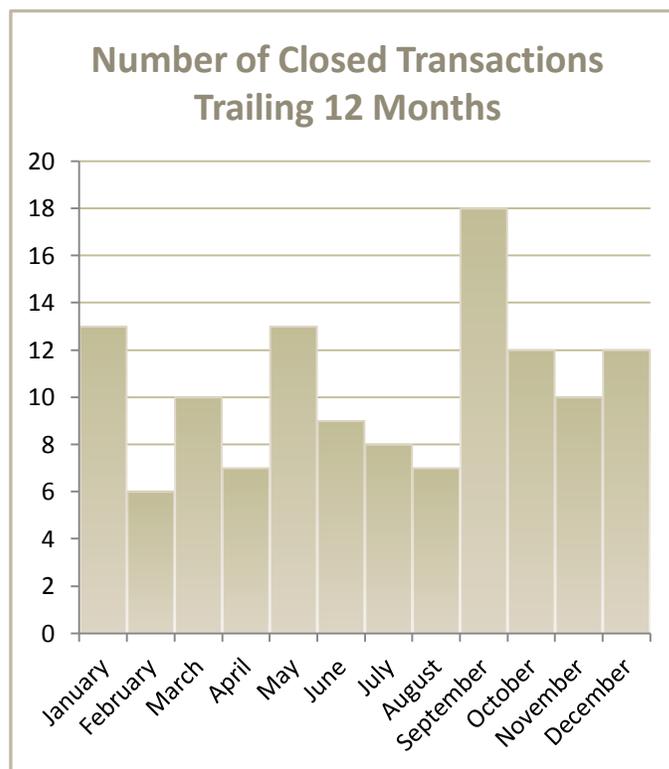
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Industry Update

According to a report from international consulting firm Ernst and Young, M&A activity in the print and packaging sector is expected to sustain well into 2015 driven by industry continued growth, cross-border transactions and strong interest from the private equity looking for add-on acquisitions.

During According to First Research, an industry research organization, Global demand for folding cartons used in product packaging is forecast to grow more than 5 percent per year, reaching a value of \$184 billion by 2018, according to paper and packaging research firm Smithers Pira. Growth will be led by rising demand in emerging markets for health care products, dry foods, frozen and chilled foods, and cigarettes; folding carton growth in developed markets is forecast to be relatively slow. Key trends that are expected to drive future growth for folding cartons include migration barriers that prevent printing inks and other chemicals from contacting foods, downsized packaging designs, and single-serving packs. Smart packaging - enabled by low-cost printed electronics - will soon allow companies to convey product information electronically on cartons. Key factors driving demand for smart packaging include an aging population, rising global affluence, and greater concern about product tampering.



US shipments of corrugated containerboard are expected to remain robust into 2015 as demand continues to rise. Shipments increased 6.6 percent in September 2014 compared to the same month in 2013, according to PPI Pulp & Paper Week and Scoring Boxes, an industry newsletter. September's numbers were the highest of any September since the economic recovery began. Some producers reported stronger demand in the third quarter compared to the first half of 2014, and many are optimistic that shipments will remain robust into 2015 amid ongoing demand for food products, auto parts, and pharmaceuticals. However, more containerboard capacity is starting to come online as the decline of newspapers prompts more newsprint mills to switch to containerboard. The added containerboard capacity may put downward pressure on pricing, as supply begins to outstrip demand.

US industrial production by commercial printers grew 3.8 percent in September 2014 compared to the same month in 2013. Overall, commercial printing production has declined or been flat on an annual basis every year since 2007, and hasn't seen year-over-year growth above 5 percent since the early 1990s. But years of consolidation, cost-saving digital printing technologies, and a sunnier economic environment may be contributing to an improvement in the industry's performance. If current trends hold for the rest of 2014, US commercial printing production may see annual growth for the first time since 2007.

The Print & Packaging Practice Group is a multi-disciplinary group of investment banking advisors within Corporate Finance Associates. Collectively, the Print & Packaging Practice Group provides M&A advice to public and private companies in all sectors of the print and packaging industries, including flexible packaging, paper and durable labels, packaging equipment, materials and supplies, pulp and paper mills and commercial printing.

