

MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

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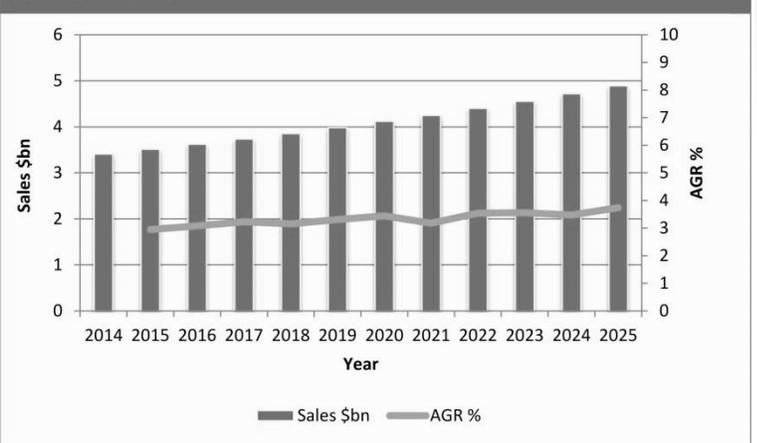
2015

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 the Packaging/Printing sector for Q1 2015 included 37 closed deals, according to data published by industry data tracker FactSet. Activity was driven by continued consolidation in the printing space as a historically fragmented industry continues to face pressures from evolving technology. On the packaging side, activity was spurred by a couple of large transactions including MeadWestvaco's merger with RockTenn, which created a \$15.7 billion packaging behemoth. Also of note was Ball Corp's \$8.6 billion acquisition of beverage can manufacturer Rexam. The packaging industry continues to expand as the economy improves and consumers spend more. One subsector of the packaging market that is growing rapidly is glass cosmetics packaging, which is expected to top \$4 billion in annual sales by 2020.

Figure 5.10 Glass Cosmetics Packaging Submarket Forecast 2015-2025 (\$billion, AGR %)



Transactional Overview

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

- March 2015** - VisiPak Inc., a subsidiary of Sinclair & Rush Inc., a portfolio company of Cameron Holdings Corp., acquired Tulox Plastics Corp for an undisclosed amount. VisiPak is the largest extruder of clear PETG plastic tubing in the U.S. It was the first packaging manufacturer to bring clear plastic mailing tubes to the direct mail industry. Tulox manufactures and designs plastic packaging products.
- February 2015** - Circle Graphics, Inc. acquired the business and assets of the art business of CafePress Inc. for US\$31.5 million in cash. Circle Graphics, Inc. provides large-format digital printing services. Its manufacturing facility houses format printers, custom automated finishing equipment, and coating capabilities to produce recyclable materials. CafePress, Inc. is an e-commerce platform enabling customers worldwide to create, buy and sell a wide variety of customized and personalized printed products.

- February 2015** - Graphic Packaging Holding Co. acquired Rose City Printing & Packaging, Inc., a portfolio company of Babson Capital Management LLC and River Associates Investments LLC, for an undisclosed amount. Graphic Packaging Holding Co. provides packaging solutions for a wide variety of products to food, beverage and other consumer products companies. It also produces folding cartons, kraft paperboard, coated-recycled boxboard and multi-wall bags. Rose City Printing & Packaging, Inc. operates as an independent folding carton manufacturer. It supplies its printed folding cartons to West Coast food and beverage manufacturers.

Selected Q1 Closed Transactions	
Target/Issuer	Buyers/Investors
Business Forms, Inc.	Proforma Media & Print Solutions
Duracolor LLC	Federal Health Sign Co. LLC
Carolina Paper Tubes, Inc.	OX Industries, Inc.
A&I Photographic & Digital Services	The Harman Press
CafePress, Inc. /Art Business	Circle Graphics, Inc.
Rose City Printing & Packaging, Inc.	Graphic Packaging Holding Co.
Acadian Signs, Inc.	Vivid Ink Graphics, Inc
Liverpool Litho Inc	Seaboard Graphic Services LLC

M&A Trends

After a strong 2014 that saw M&A activity in the packaging/printing sector increase approximately 7% over 2013, the first quarter of 2015 remained active as strategic buyers with strong cash positions and private equity buyers with an impending need to deploy capital remained aggressive. The next three quarters of 2015 look to be shaping up in similar fashion as demand on the buy-side remains fervent.

Industry Update

According to data from the Interindustry Economic Research Fund (IERF), revenue for US packaging and printing providers is forecast to grow at an annual compounded rate of 3.5 percent between 2015 and 2019. In addition, Freedonia Group, a global research group, projects worldwide demand for corrugated boxes to rise more than 4 percent per year through 2017.

In recent years the population at large has placed greater importance on “green” business practices and packaging has been at the forefront. According to a recent survey conducted by Asia Pulp & Paper, more than half of Americans (56%) indicate they’d like to see more sustainable packaging when they purchase products. In addition, 42% of Americans replied that they’d be open to paying more for products if the packaging options were more environmentally friendly. As such, packaging manufacturers have enforced manufacturing greener products by creating lighter weight products and have favored the use of recycled materials.

To remain competitive in 2015, commercial printers may seek to acquire or enhance their ability to offer data analytics services and to market innovative printed materials to B2B customers. Printers are expected to increasingly embrace data analytics and micro-targeting services to enhance their offerings to customers.

- US nondurable goods manufacturers' shipments of printed goods, an indicator of demand for commercial printing, rose 3.4% year-to-date in March 2015 compared to the same period in 2014.
- US nondurable goods manufacturers' shipments of paper products, an indicator of converted paper product demand, rose 0.7% year-to-date in March 2015 compared to the same period in 2014.

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.

