



Seale & Associates

PAPER INDUSTRY
Q1 2024
VALUATION UPDATE

25 years

Introduction

We are pleased to share our Paper Industry Multiples Valuation Update for Q1 2024.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our client's strategic objectives in a range of transactions, including **Mergers, Acquisitions, Divestitures and Carve-Outs, Business Sales, Recapitalizations, and Joint Ventures**, among other corporate finance and strategy consulting services.

Over the course of 25+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

Seale has extensive experience advising leading multinational companies, private equity firms, and family-owned businesses across a wide range of industries.



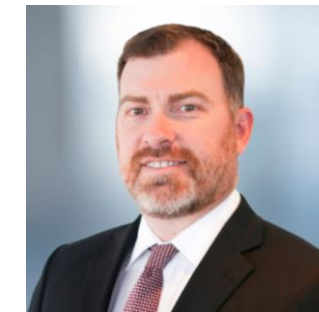
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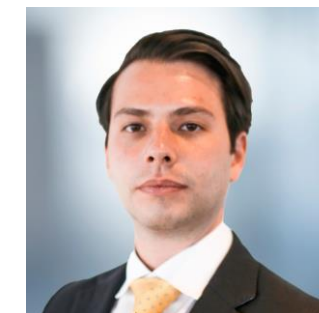
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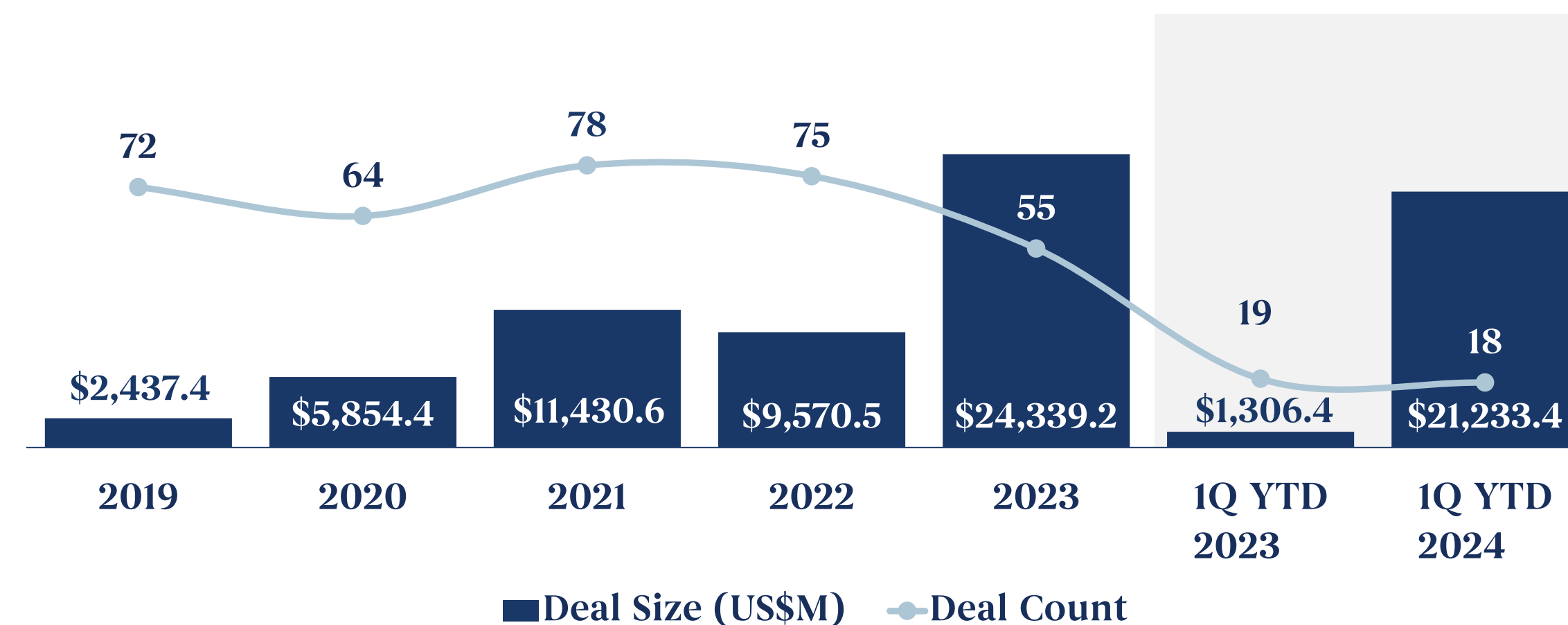
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Paper Industry Overview, M&A Trends and Market Intelligence

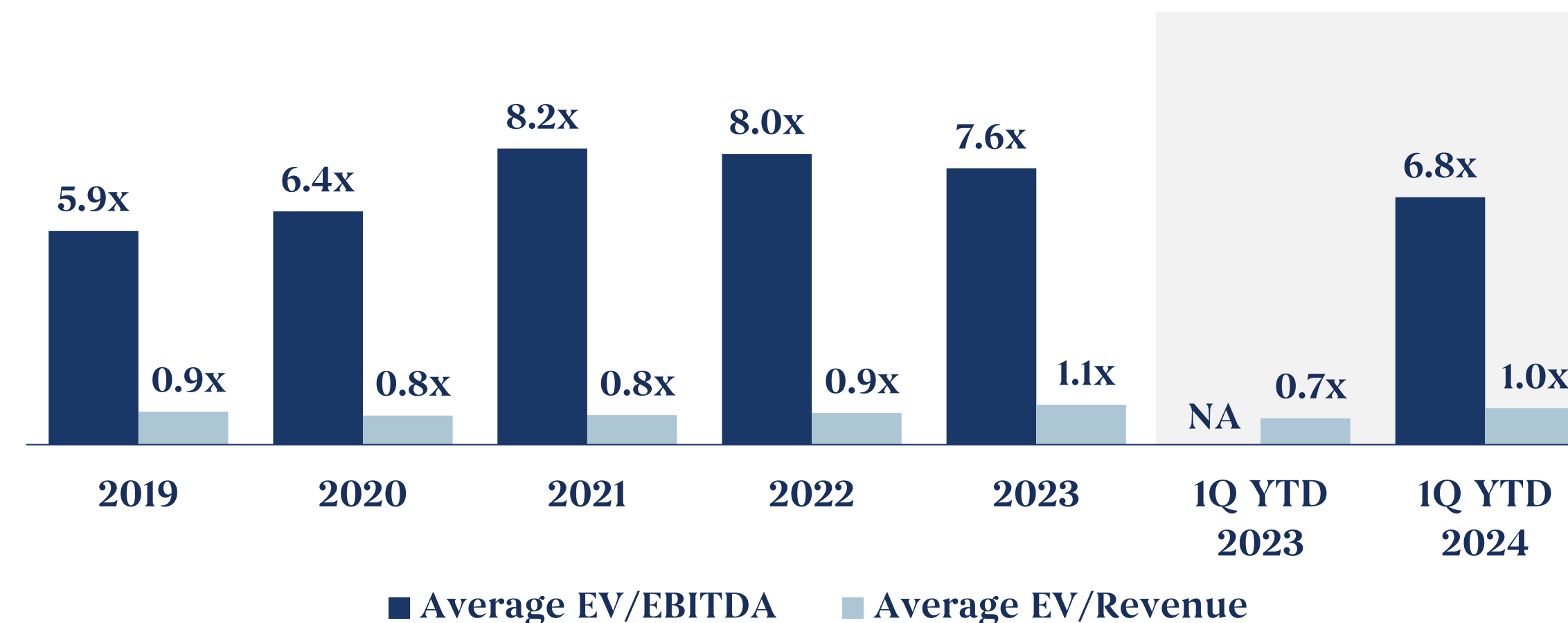
Paper industry overview

- The paper industry size was valued at **US\$354.3 billion in 2023**, and is expected to grow to **US\$372.7 billion in 2029 at a CAGR of 0.7%**
- The industry is adopting **cutting-edge technologies** to improve production efficiency and sustainability. Companies are investing in automation, artificial intelligence, and improved recycling processes to stay competitive
- Companies are focusing on **cost optimization** strategies to manage rising raw material and production costs. This includes optimizing **supply chains** and adopting **more efficient** production methods
- The paper industry is experiencing increased **consolidation** as companies seek to strengthen their market position and improve economies of scale. Recent mergers and acquisitions are driven by the need to enhance production capabilities and expand product portfolios
- The focus on **sustainability** is growing, with companies acquiring firms with advanced recycling and sustainable production technologies to meet increasing environmental regulations and consumer demand for eco-friendly products
- **Vertical integration** is becoming more common through **mergers and acquisitions**, as companies seek to secure their supply chains and reduce dependency on external suppliers. This trend is evident in acquisitions focused on controlling raw material sources and improving production efficiency

Paper Industry M&A Deal Size and Volume









Paper Industry M&A Average EV/EBITDA and EV/Revenue



Source: McKinsey and Co., Euromonitor, PaperAge, Paper World Insights, Future Market Insights

Pulp and Paper Industry Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2024	
						2022	2023	EV/EBITDA	EV/Revenue
Empresas CMPC S.A.	 CHL	\$5,080	\$9,519	\$7,923	12.0%	5.4x	5.8x	10.0x	1.2x
Klabin S.A.	 BRA	\$5,537	\$10,461	\$3,514	36.0%	6.6x	6.4x	8.3x	3.0x
Mercer International Inc.	 CAN	\$661	\$1,976	\$2,025	-1.2%	3.4x	9.9x	NM	1.0x
Nippon Paper Industries Co., Ltd.	 JPN	\$903	\$6,028	\$7,718	6.7%	10.4x	17.2x	11.7x	0.8x
Sappi Limited	 ZAF	\$1,490	\$2,668	\$5,331	3.8%	4.4x	3.1x	13.3x	0.5x
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	 PRT	\$1,091	\$2,641	\$2,969	24.6%	4.3x	2.8x	3.6x	0.9x
Suzano S.A.	 BRA	\$16,448	\$28,882	\$7,564	47.6%	5.5x	4.7x	8.0x	3.8x
Svenska Cellulosa Aktiebolaget SCA (publ)	 SWE	\$10,792	\$11,998	\$1,900	22.7%	14.7x	16.5x	27.8x	6.3x
The Navigator Company, S.A.	 PRT	\$3,107	\$3,712	\$2,165	24.7%	7.4x	4.3x	6.9x	1.7x
UPM-Kymmene Oyj	 FIN	\$17,762	\$21,128	\$11,126	13.5%	10.9x	8.8x	14.1x	1.9x
					Mean	5.3x	5.1x	8.8x	1.1x
					Median	6.0x	6.1x	10.0x	1.5x










■ Excluded from mean and median

NM: Not Measurable

Paper Products Industry Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Clearwater Paper Corporation	 USA	\$724	\$1,209	\$2,054	14.7%	5.6x	4.4x	4.0x	0.6x	
International Paper Company	 USA	\$13,502	\$18,447	\$18,515	13.0%	5.9x	5.8x	7.6x	1.0x	
Irani Papel e Embalagem S.A.	 BRA	\$428	\$637	\$313	38.6%	4.6x	6.0x	5.3x	2.0x	
Metsä Board Oyj	 FIN	\$2,729	\$3,055	\$2,038	8.1%	6.8x	7.1x	18.5x	1.5x	
Miquel y Costas & Miquel, S.A.	 ESP	\$480	\$469	\$334	23.7%	5.6x	7.0x	5.9x	1.4x	
Mondi plc	 GBR	\$7,770	\$8,724	\$7,908	14.0%	6.8x	5.9x	7.9x	1.1x	
Smurfit Kappa Group Plc	 IRL	\$11,820	\$14,899	\$12,161	17.7%	7.4x	5.5x	6.9x	1.2x	
Stora Enso Oyj	 FIN	\$10,975	\$13,831	\$9,536	7.8%	7.5x	7.0x	18.6x	1.5x	
Sylvamo Corporation	 USA	\$2,545	\$3,353	\$3,685	17.3%	4.3x	3.7x	5.3x	0.9x	
■ Excluded from mean and median						Mean	5.2x	5.2x	6.1x	1.0x
						Median	5.9x	5.9x	6.9x	1.2x

Paper Industry - Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Mar-24	Pulp Mill Assets	CAN	Manufactures pulp for paper			100.0%	\$5.2	-	-
Mar-24	Xing Hui Investment Holdings	HKG	Manufactures white paperboard	Tai Shing International		91.4%	-	-	-
Mar-24		USA	Manufactures and supplies paper products		-	100.0%	-	-	-
Feb-24	Assets of Mohawk Fine Papers	USA	Creates premium paper			100.0%	-	-	-
Jan-24	Pulp Mill in Duluth, Minnesota	USA	Manufactures tissue paper			100.0%	-	-	-

Selected Transactions Commentary



SOFIDEL
ENDLESS CARE, INNOVATIVE LIFE

acquired

**ST Paper's
Paper Factory**

"This is an important acquisition, allowing us to immediately meet the growing demand, which saw a significant upturn in 2023. What we are acquiring is a technologically advanced plant that further improves our geographic coverage and creates the conditions to strengthen and sustain growth in what is our main market."

Luigi Lazzareschi, CEO of Sofidel



FEDRIGONI
SELF-ADHESIVES
1888

acquired

**Mohawk Fine
Paper's Assets**

"Thanks to Mohawk's entry into our group we will now be able to produce and distribute to customers a wide range of Fedrigoni high value-added papers directly in North America, and conversely expand access to Mohawk specialty papers internationally."

Marco Nespolo, CEO of Fedrigoni



BUFFALO
RAIL & INFRASTRUCTURE



acquired

**Canfor's Pulp
Mill Assets**

"(The site) is in a prime location to facilitate the movements of commodities in and out of an area that is having an economic boom with respect to energy."

Jarrett Zeilinski, CEO of Buffalo Rail

Private Equity Transactions

INDUSTRY CLASIFICATION	PERIOD	AVERAGE ENTERPRISE VALUE (IN USD)	REVENUE (IN USD)	TTM REVENUE GROWTH	ENTERPRISE VALUE / REVENUE	EBITDA MARGIN	ENTERPRISE VALUE /EBITDA	NUMBER OF TRANSACTIONS
 Paper Manufacturing <i>NAICS 322 – Paper Manufacturing</i>	2019-2024	\$44.2M	\$46.6M	9.4%	1.1x	16.1%	7.2x	7
 Other Converted Paper Product Manufacturing <i>NAICS 3229 – Other Converted Paper Product Manufacturing</i>	2014-2024	\$62.1M	\$106.5M	9.1%	1.0x	16.5%	7.0x	6

Notes:

- Data obtained via GF Data, a subscription-based information platform, offering detailed information and metrics about the transactions of Private Equity funds in the U.S.
- The data is provided under a blind confidential format. Users of the data are unable to identify the exact company and transaction corresponding to the transaction details. Given this blind approach, the data submitted is less likely to be biased or manipulated.

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Global M&A Representative Engagements

<p>BEIJER REF</p> <p>has been acquired by</p>  <p>HERITAGE DISTRIBUTION HOLDINGS</p>	<p>avangardinnovative MOVING THE CIRCULAR ECONOMY FORWARD</p> <p>has sold a controlling interest to</p>  <p>WASTE MANAGEMENT</p>	<p>ZN ZINC NACIONAL</p> <p>has sold</p> <p>GSDKO</p> <p>Zinc Oxide Corporation a subsidiary of</p>  <p>Korea Zinc</p>	<p>Electrolux PROFESSIONAL</p> <p>has acquired</p> <p>unified brands a DOVER company</p> <p>from</p>  <p>DOVER</p>	<p>Port Contractors STEVEDORES - TERMINAL OPERATORS</p> <p>has been acquired by</p>  <p>ENSTRUCTURE</p>	<p>Oxbow</p> <p>Oxbow's Senior Subordinated debt issued by</p>  <p>H.J. BAKER ESTABLISHED 1880</p> <p>was refinanced by</p>  <p>BMO</p>	<p>Hertz</p> <p>has acquired</p>  <p>DONLEN</p>
<p>Standex</p> <p>has sold</p> <p>Enginetics</p> <p>to</p>  <p>Enjet AERO</p>	<p>ITT</p> <p>has sold</p> <p>BURNY KALIBURN PLASMA CUTTING INNOVATION</p> <p>and</p> <p>CNC Cleveland Motion Controls</p> <p>to</p>  <p>LINCOLN ELECTRIC</p>	<p>Honeywell</p> <p>has sold</p> <p>TENSOR</p> <p>to</p>  <p>GE Power Systems</p>	<p>TRIUMPH™</p> <p>has sold</p> <p>Triumph Processing - Embee Division</p> <p>to</p>  <p>AMP ALL METALS PROCESSING</p>	<p>TRIUMPH™</p> <p>has sold</p> <p>Triumph Air Repair, the APU Overhaul Operations of Triumph Aviation Services - Asia, and Triumph Engines businesses</p> <p>to</p>  <p>TGG THE GORES GROUP</p>	<p>Rheem</p> <p>has acquired</p>  <p>HTPG</p>	<p>GRACE</p> <p>has sold its GRACE Membranes business</p> <p>Uop a subsidiary of</p> <p>Honeywell</p>
<p>convatec - forever caring -</p> <p>has sold</p> <p>SENSI CARE</p> <p>and</p> <p>ALOE VESTA™</p> <p>to</p>  <p>MEDLINE</p>	<p>United Technologies</p> <p>has sold</p> <p>MobileView</p> <p>to</p> <p>SAFE FLEET Driving Safety Forward™</p>	<p>United Technologies</p> <p>has sold</p> <p>HTPG A division of Carrier Commercial Refrigeration, Inc.</p> <p>to</p> <p>MONOMOY CAPITAL PARTNERS and Starboard Capital Partners</p>	<p>LOCKHEED MARTIN</p> <p>has sold</p> <p>Commercial Flight Training Business</p> <p>to</p> <p>ALTEON A BOEING COMPANY</p>	<p>FLOWSERVE</p> <p>has sold</p> <p>D&B</p> <p>to</p> <p>DB DaviesBaird</p>	<p>KBR</p> <p>has acquired</p> <p>Wabi Wabi Development Corporation</p>	<p>H I G HARRISON GYPSUM, LLC</p> <p>has been recapitalized by</p> <p>H. I. G. PRIVATE EQUITY</p>



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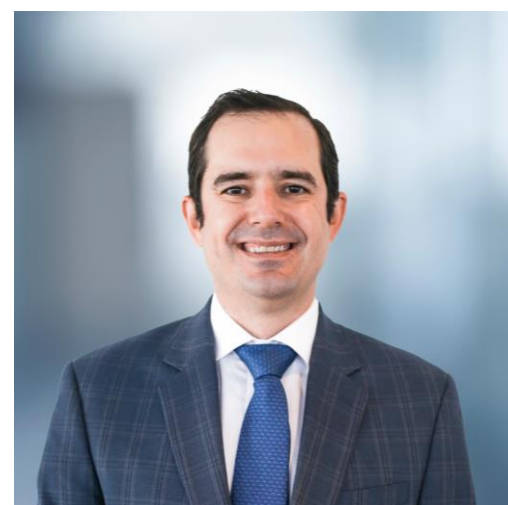


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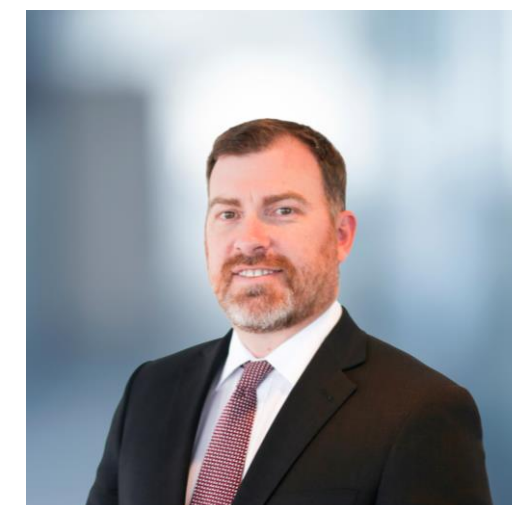


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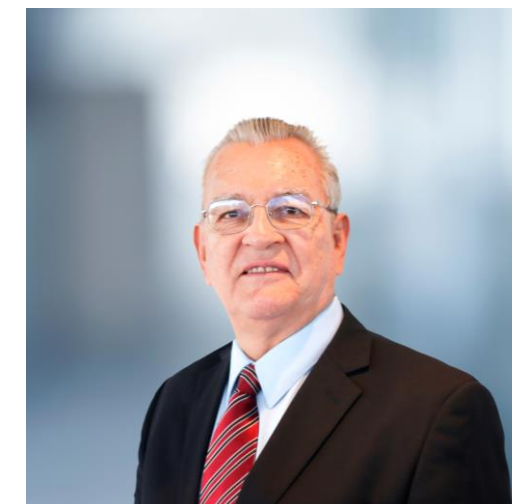


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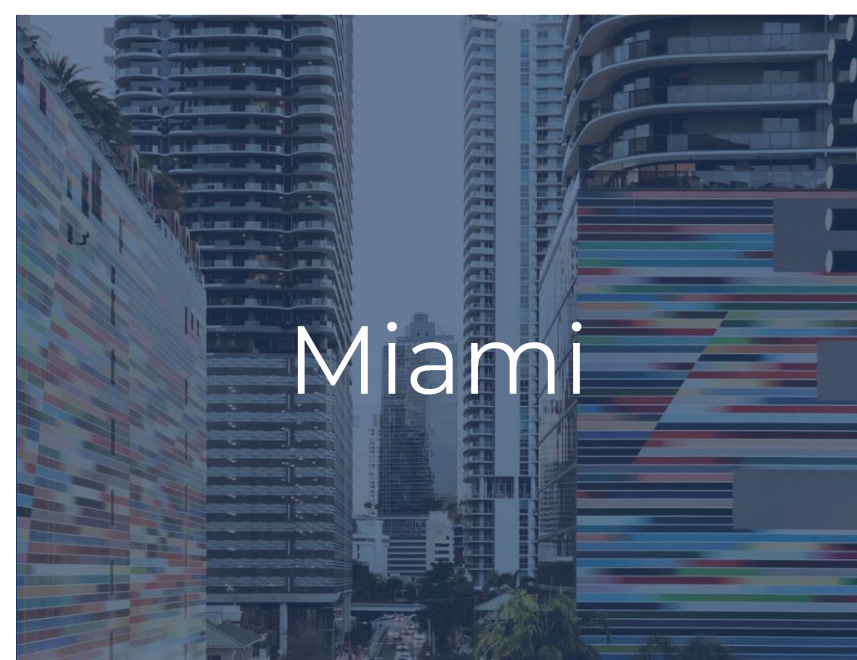
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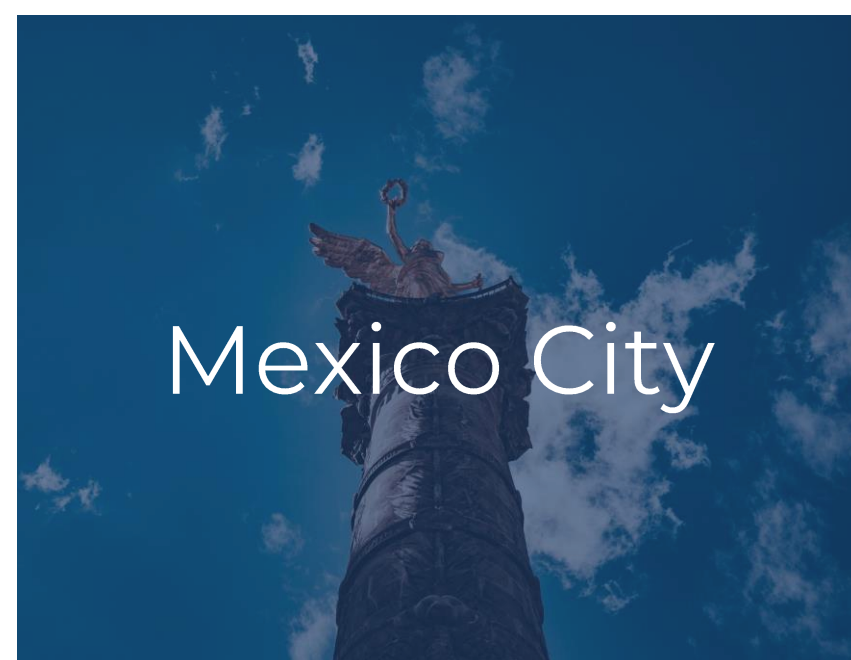
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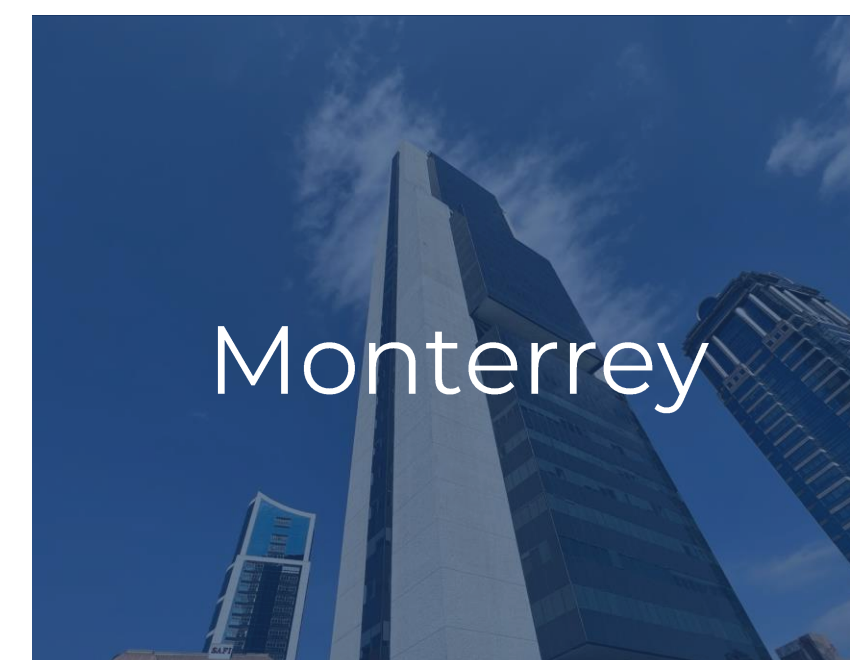
Washington D.C.



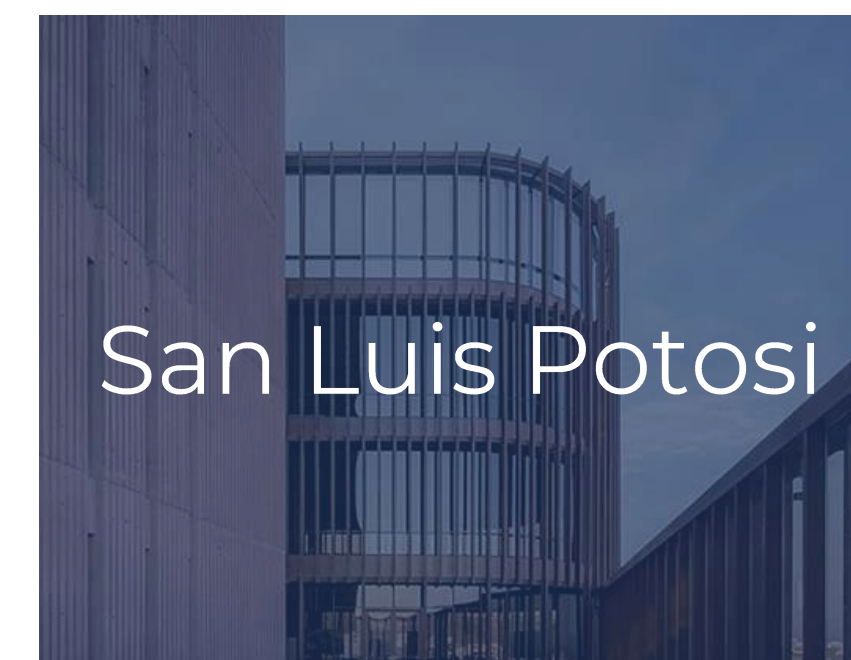
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For over 25 years, Seale & Associates has served leading public and private companies from around the world and operating in a broad range of industries with a high level of quality, integrity and independence while presenting innovative ideas and trusted solutions to address their most complex dealings.

25

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