



Seale & Associates

PAPER INDUSTRY
Q2 2024
VALUATION UPDATE

25 years

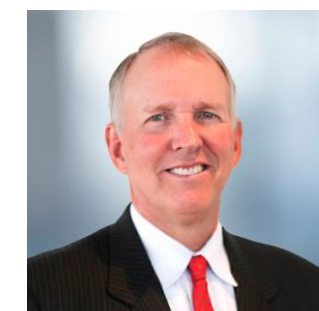
Introduction

We are pleased to share our Paper Industry Multiples Valuation Update for Q2 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.

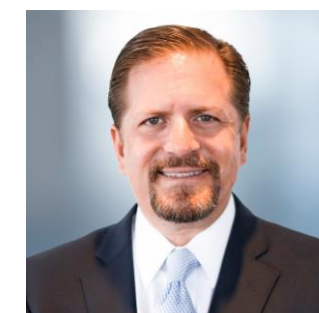
Over the course of 25+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

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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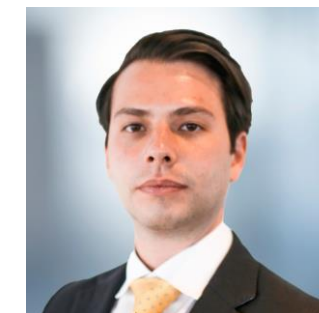
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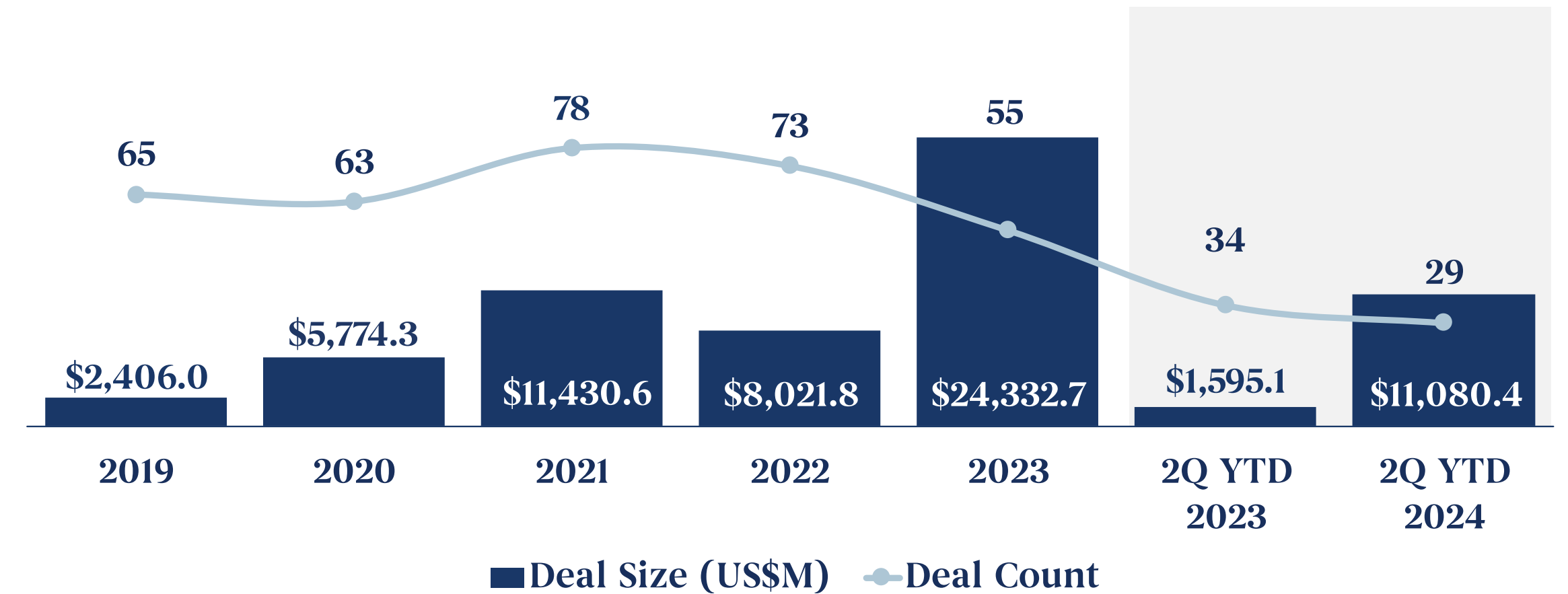
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Paper Industry Overview, M&A Trends and Market Intelligence

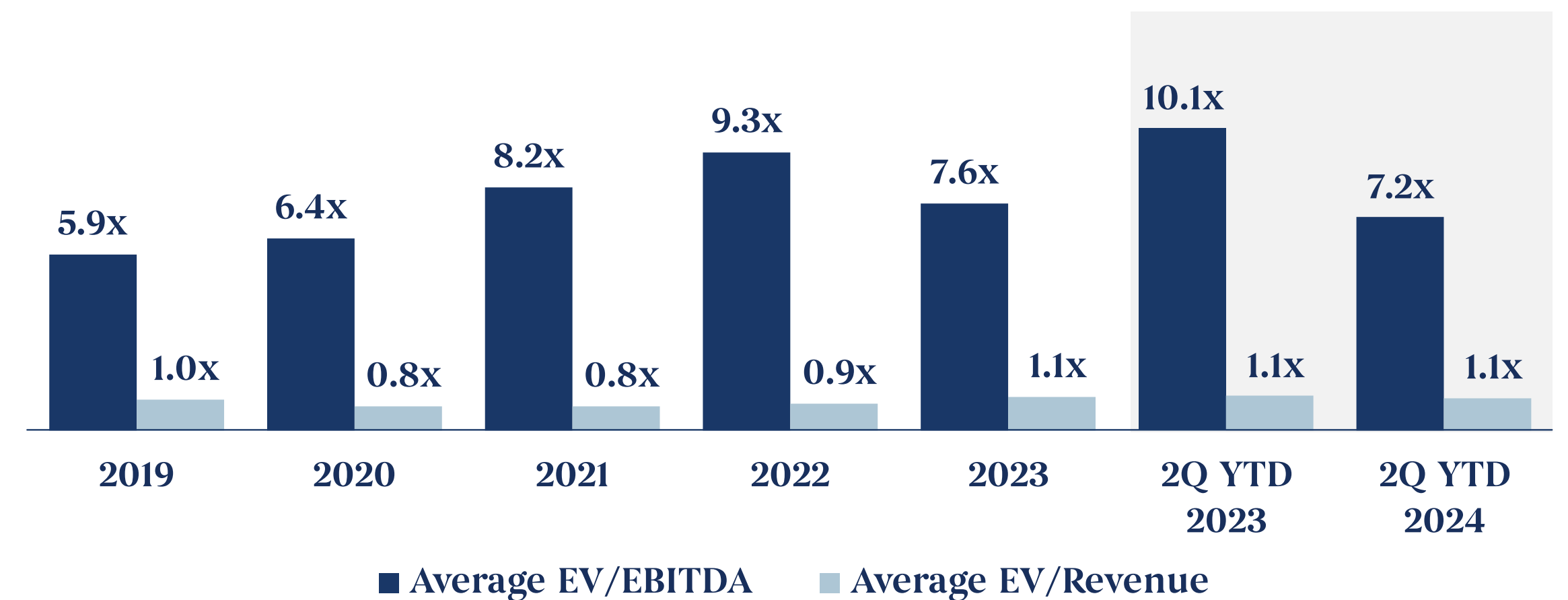
Paper industry overview

- 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 **M&A** 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 **M&A**, 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		Second Quarter Jun. 30, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Empresas CMPC S.A.	 CHL	\$4,694	\$10,031	\$7,923	9.8%	5.4x	5.8x	13.0x	1.3x	
Klabin S.A.	 BRA	\$4,677	\$9,318	\$3,174	33.9%	6.6x	6.4x	8.7x	2.9x	
Mercer International Inc.	 CAN	\$570	\$1,931	\$2,025	0.6%	3.4x	9.9x	153.5x	1.0x	
Nippon Paper Industries Co., Ltd.	 JPN	\$689	\$5,319	\$7,256	7.5%	10.4x	17.2x	9.7x	0.7x	
Sappi Limited	 ZAF	\$1,594	\$3,007	\$5,331	3.1%	4.4x	3.1x	18.3x	0.6x	
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	 PRT	\$1,046	\$2,585	\$3,007	24.2%	4.3x	2.8x	3.6x	0.9x	
Suzano S.A.	 BRA	\$13,180	\$25,157	\$6,834	43.6%	5.5x	4.7x	8.4x	3.7x	
Svenska Cellulosa Aktiebolaget SCA (publ)	 SWE	\$10,378	\$11,557	\$1,982	19.8%	14.7x	16.5x	29.5x	5.8x	
The Navigator Company, S.A.	 PRT	\$2,961	\$3,534	\$2,204	24.7%	7.4x	4.3x	6.5x	1.6x	
UPM-Kymmene Oyj	 FIN	\$18,640	\$21,742	\$11,037	14.2%	10.9x	8.8x	13.9x	2.0x	
						Mean	5.3x	5.1x	10.3x	1.1x
						Median	6.0x	6.1x	11.3x	1.4x

■ Excluded from mean and median

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		Second Quarter Jun. 30, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Clearwater Paper Corporation	 USA	\$808	\$1,212	\$2,054	14.4%	5.6x	4.4x	4.1x	0.6x	
International Paper Company	 USA	\$14,987	\$19,964	\$18,567	12.5%	5.9x	5.8x	8.6x	1.1x	
Irani Papel e Embalagem S.A.	 BRA	\$356	\$543	\$283	36.9%	4.6x	6.0x	5.2x	1.9x	
Metsä Board Oyj	 FIN	\$2,836	\$3,187	\$2,024	5.9%	6.8x	7.1x	26.7x	1.6x	
Miquel y Costas & Miquel, S.A.	 ESP	\$532	\$521	\$332	25.6%	5.6x	7.0x	6.1x	1.6x	
Mondi plc	 GBR	\$8,460	\$9,415	\$7,854	14.0%	6.8x	5.9x	8.5x	1.2x	
Smurfit Westrock Plc	 IRL	\$11,949	\$15,083	\$11,745	17.3%	7.0x	5.6x	7.4x	1.3x	
Stora Enso Oyj	 FIN	\$10,758	\$13,958	\$9,394	6.1%	7.5x	7.0x	24.4x	1.5x	
Sylvamo Corporation	 USA	\$2,821	\$3,693	\$3,685	15.2%	4.3x	3.7x	6.6x	1.0x	
■ Excluded from mean and median						Mean	5.2x	5.2x	6.7x	1.0x
						Median	5.9x	5.9x	7.4x	1.3x

Paper Industry - Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Jun-24	 PTI <small>Innovative Media Solutions</small>	USA	Manufactures thermal paper roll for printing media technologies	 ENNIS*	-	100.0%	\$4.9	-	-
Jun-24	 MSS <small>HOLDING AG</small>	KOR	Manufactures toilet rolls	 stellex <small>CAPITAL MANAGEMENT</small>	Morgan Stanley <small>INVESTMENT MANAGEMENT</small>	100.0%	-	-	-
May-24*	 BIO GREEN PAPERS LIMITED	IND	Manufactures and sells kraft paper and duplex paper boards	String Metaverse Limited	-	100.0%	\$2.1	-	-
Apr-24	Paper Mill	USA	Manufactures paper products	 AMERICAN KRAFT PAPER	 TWIN RIVERS <small>PAPER COMPANY</small>	100.0%	-	-	-
Apr-24	 KÄMMERER	DEU	Manufactures papers products	 ROXCEL <small> Holding</small>	-	100.0%	-	-	-
Apr-24	Print Division	USA	Manufactures papers products	 FORTIS <small>SOLUTIONS GROUP</small>	MASAcorporation	100.0%	-	-	-
Apr-24*	 Cariboo <small>Carbon Pulp & Paper Company</small>	CAN	Manufactures softwood kraft pulp	 West Fraser	-	50.0%	-	-	-

*Announced transactions pending approval and other customary closing conditions

Selected Transactions Commentary



acquired



"PTI is a renowned brand with a diverse range of unique products and we are looking forward to leveraging these new capabilities to enhance Ennis' product offerings."

Keith Walkers, Chairman, President and CEO of Ennis Inc.



acquired

**Twin Rivers'
Paper Mill**

"This highly strategic acquisition allows us to substantially expand our production and distribution of a broad range of unbleached Kraft paper."

L.M. Levie, Chairman of AIAC, affiliate to American Kraft Paper Industries





acquired

**Masa Corporations'
Print Division**

"Joining the Fortis team is an important milestone that will undoubtedly bring significant value to MASA's regional and national clients. MASA and Fortis have long been friendly competitors, so it is very special to see that relationship evolve into an alliance."

Thomas E. Fraim, Jr., President and CEO of MASA Corporation

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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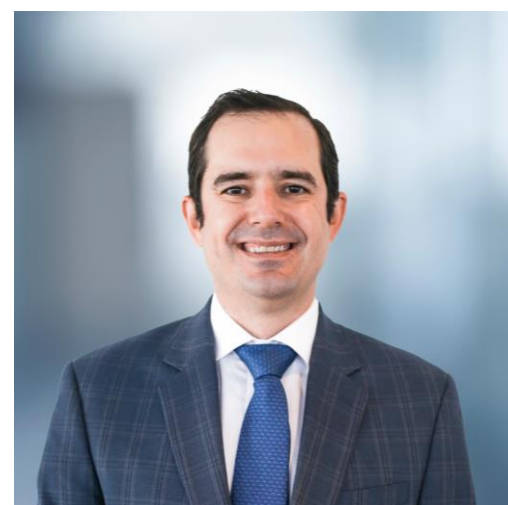


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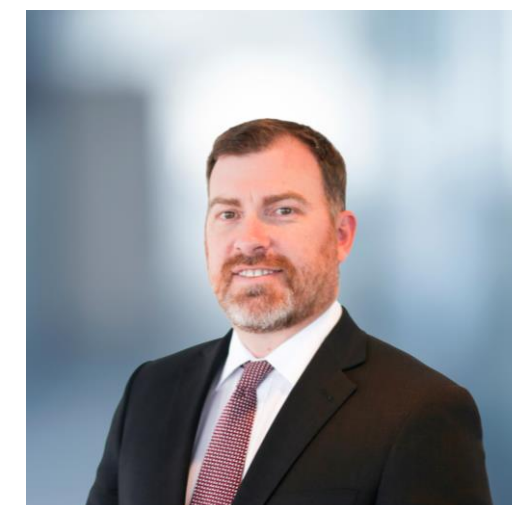


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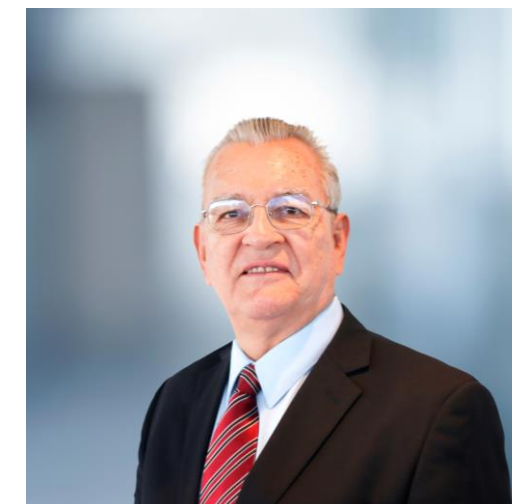


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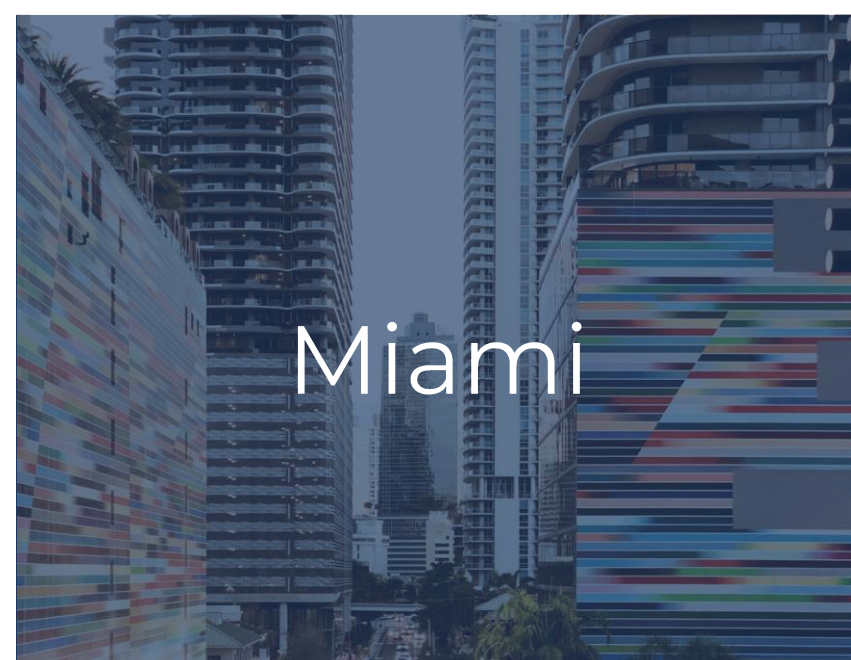
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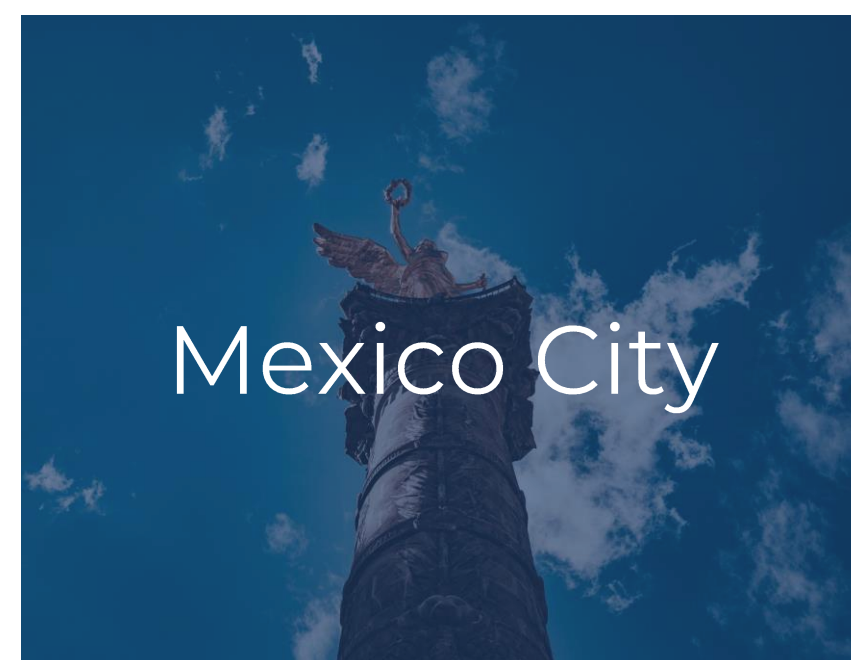
32+ years with Grupo Industrial Saltillo with experience as Director, Corp. Dev. and extensive global commercial experience
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MBA and BS in Industrial Engineering



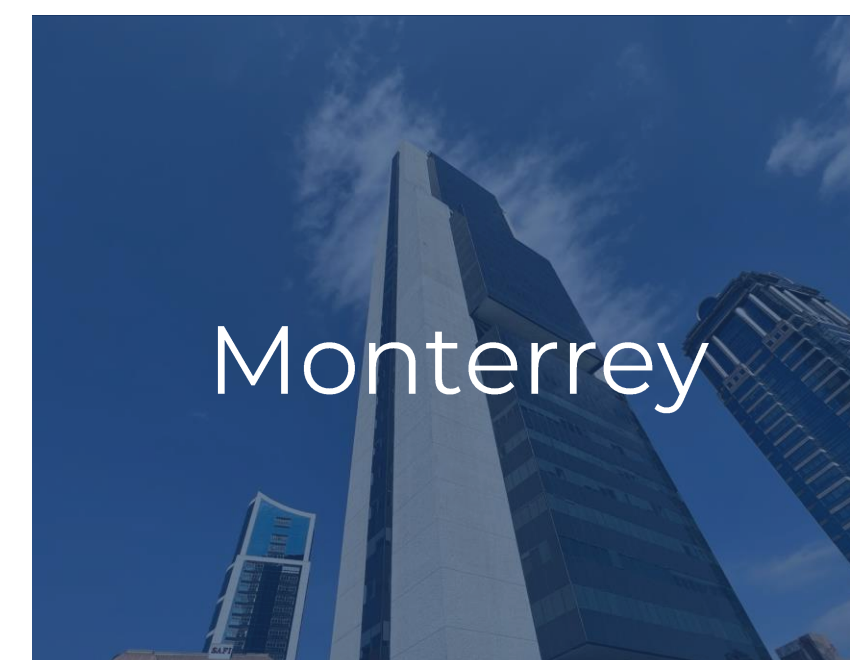
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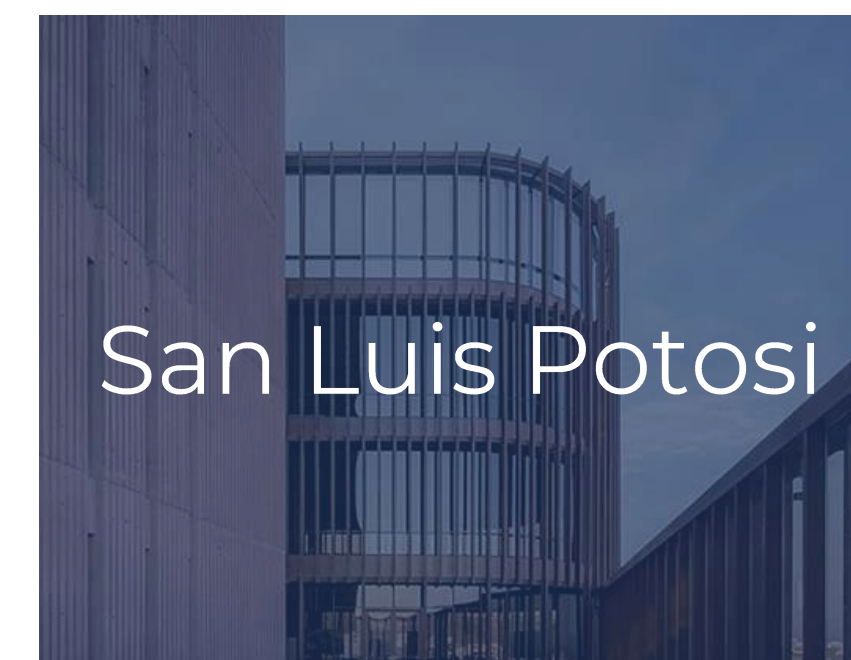
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For over 25 years, Seale & Associates has served leading public and private companies from around the world and operating in a broad range of industries with a high level of quality, integrity and independence while presenting innovative ideas and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

25

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