

A photograph of a paper mill with a large roll of paper being processed by machinery. The scene is dimly lit, with a blueish tint. The machinery includes rollers and a control panel with buttons and lights.

Seale & Associates

PAPER INDUSTRY
Q3 2024
VALUATION UPDATE

25 years

Introduction

We are pleased to share our Paper Industry Multiples Valuation Update for Q3 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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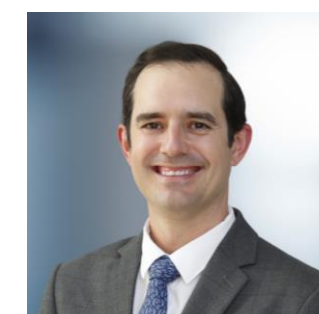
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Table of Contents

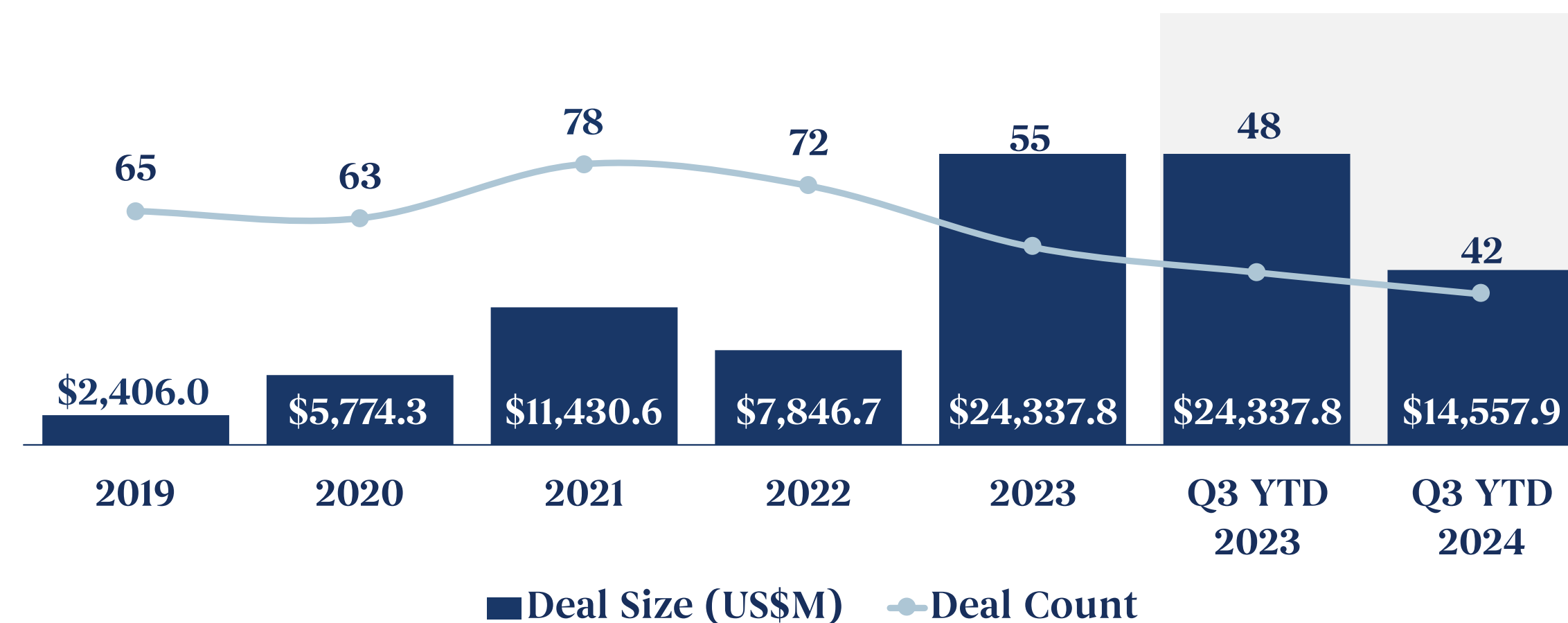
Industry Overview	4
Global Comparable Public Companies	5
Global Transactions	7
About Seale	8

Paper Industry Overview, M&A Trends and Market Intelligence

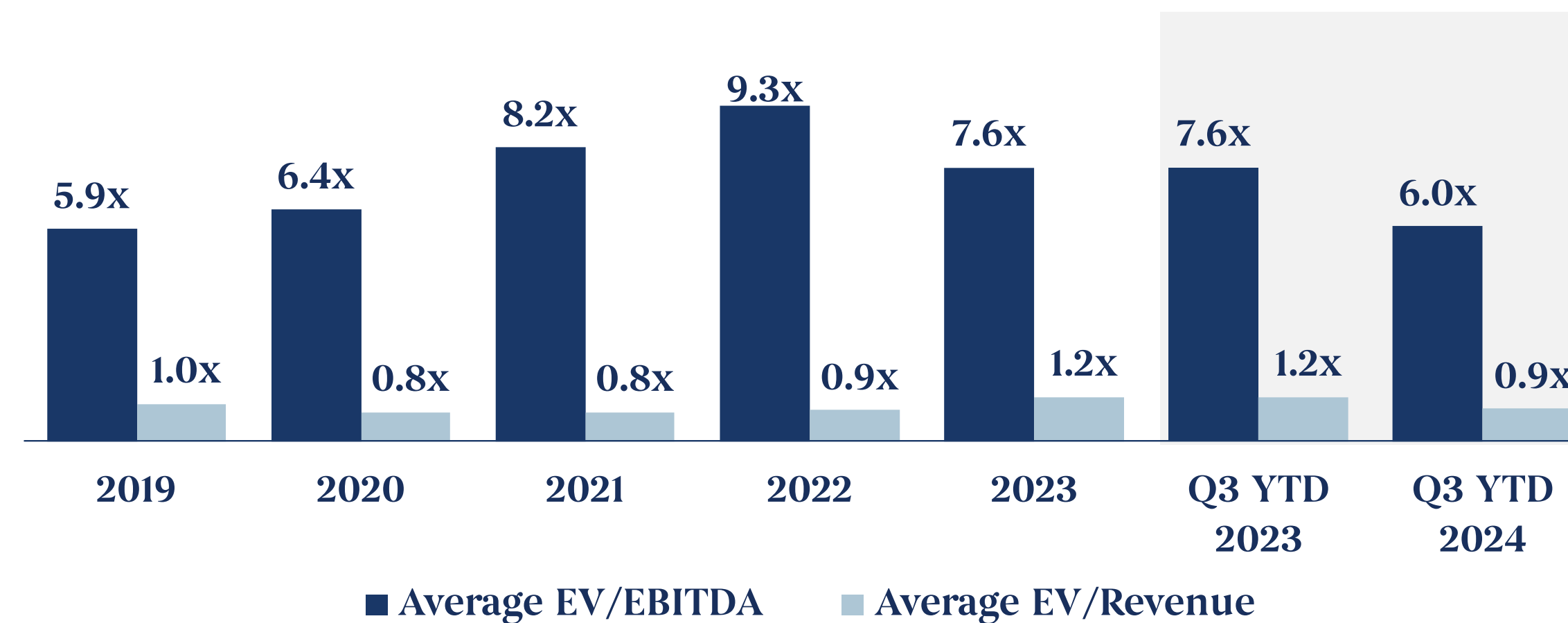
Paper industry overview

- 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		Third Quarter Sep. 30, 2024		
						2023	2024	EV/EBITDA	EV/Revenue	
Empresas CMPC S.A.	 CHL	\$4,357	\$9,740	\$7,782	11.5%	5.8x	10.8x	10.9x	1.3x	
Klabin S.A.	 BRA	\$4,687	\$9,683	\$3,467	35.1%	6.4x	8.1x	8.0x	2.8x	
Mercer International Inc.	 CAN	\$453	\$1,777	\$2,025	5.5%	9.9x	72.4x	15.8x	0.9x	
Nippon Paper Industries Co., Ltd.	 JPN	\$789	\$5,963	\$8,152	7.9%	17.2x	10.7x	9.3x	0.7x	
Sappi Limited	 ZAF	\$1,683	\$3,101	\$5,458	4.0%	3.1x	14.0x	14.2x	0.6x	
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	 PRT	\$1,286	\$2,871	\$3,152	25.0%	2.8x	3.8x	3.6x	0.9x	
Suzano S.A.	 BRA	\$12,566	\$26,108	\$8,007	43.8%	4.7x	7.4x	7.4x	3.3x	
Svenska Cellulosa Aktiebolaget SCA (publ)	 SWE	\$10,242	\$11,652	\$2,168	19.7%	16.5x	26.4x	27.2x	5.4x	
The Navigator Company, S.A.	 PRT	\$2,925	\$3,799	\$2,319	26.9%	4.3x	6.4x	6.1x	1.6x	
UPM-Kymmene Oyj	 FIN	\$17,887	\$21,582	\$11,419	15.3%	8.8x	13.1x	12.4x	1.9x	
						Mean	5.7x	10.1x	10.5x	1.5x
						Median	6.1x	10.8x	10.1x	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		Third Quarter Sep. 30, 2024		
						2023	2024	EV/EBITDA	EV/Revenue	
Clearwater Paper Corporation	 USA	\$475	\$1,596	\$2,212	11.4%	4.4x	4.8x	6.3x	0.7x	
International Paper Company	 USA	\$16,969	\$21,958	\$18,640	12.6%	5.8x	8.3x	9.4x	1.2x	
Irani Papel e Embalagem S.A.	 BRA	\$317	\$516	\$292	26.9%	6.0x	6.1x	6.6x	1.8x	
Metsä Board Oyj	 FIN	\$2,547	\$3,051	\$2,142	5.3%	7.1x	23.3x	26.8x	1.4x	
Miquel y Costas & Miquel, S.A.	 ESP	\$526	\$515	\$342	25.8%	7.0x	6.0x	5.8x	1.5x	
Mondi plc	 GBR	\$8,396	\$10,745	\$8,017	12.6%	5.9x	8.5x	10.6x	1.3x	
Smurfit Westrock Plc	 IRL	\$25,696	\$28,819	\$16,432	11.9%	5.6x	11.4x	14.8x	1.8x	
Stora Enso Oyj	 FIN	\$10,135	\$13,473	\$9,928	8.5%	7.0x	17.8x	16.0x	1.4x	
Sylvamo Corporation	 USA	\$3,520	\$4,368	\$3,767	15.9%	3.7x	6.0x	7.3x	1.2x	
■ Excluded from mean and median						Mean	5.8x	7.3x	9.6x	1.4x
						Median	5.9x	8.3x	9.4x	1.4x

Paper Industry - Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Sep-24	American Twisting Company	USA	Novolex , a packaging solutions company, acquired American Twisting Company , manufacturer of twisted-paper handles used in the production of paper bags		-	100.0%	-	-	-
Jul-24	Tissue Division	USA	Sofidel , a manufacturer of paper for hygienic and household use, acquired Clearwater Papers' Tissue Division , to become the fourth largest tissue paper producer in North America			100.0%	\$1,060.0	-	-
Jul-24	Lanaken Paper Mill	BEL	UTB , a company that specializes in industrial property conversions, acquired the Lanaken Paper Mill from Sappi			100.0%	\$54.6	-	-
Jul-24		JPN	MCP Capital , a private equity firm, acquired Fujidan a leading cardboard manufacturer	MCP Capital	-	100.0%	-	-	-

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<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 IMPROVEMENTS IN SHAPE CUTTING 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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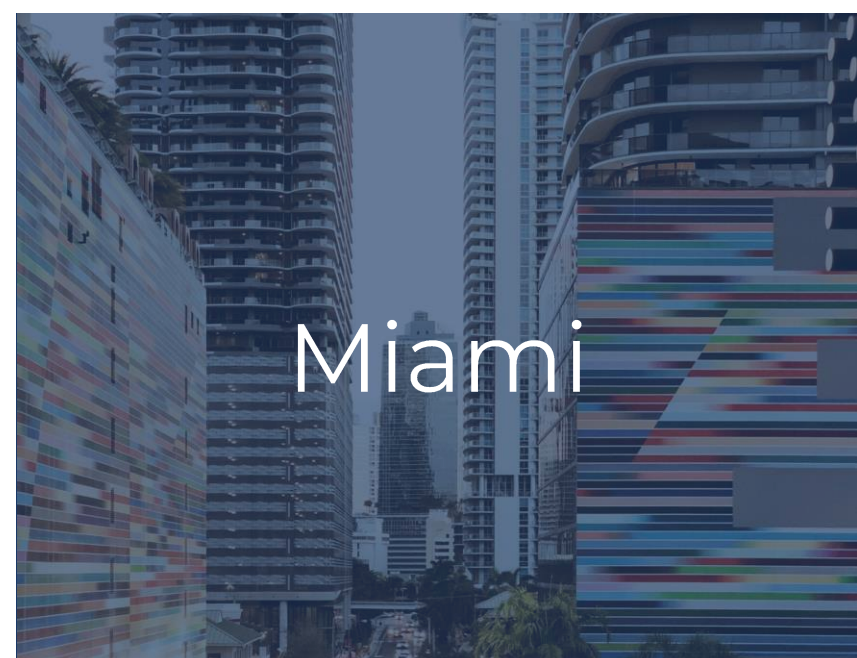
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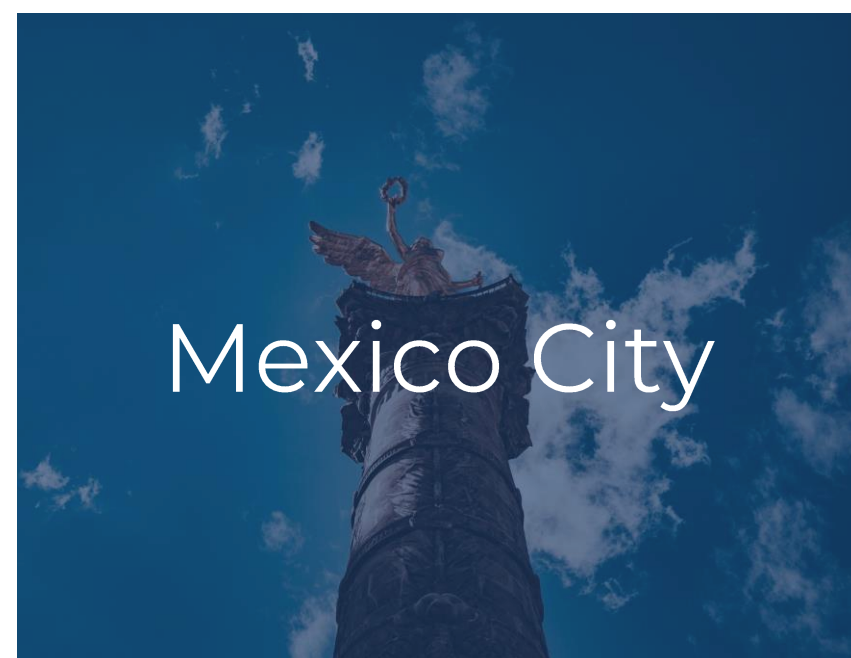
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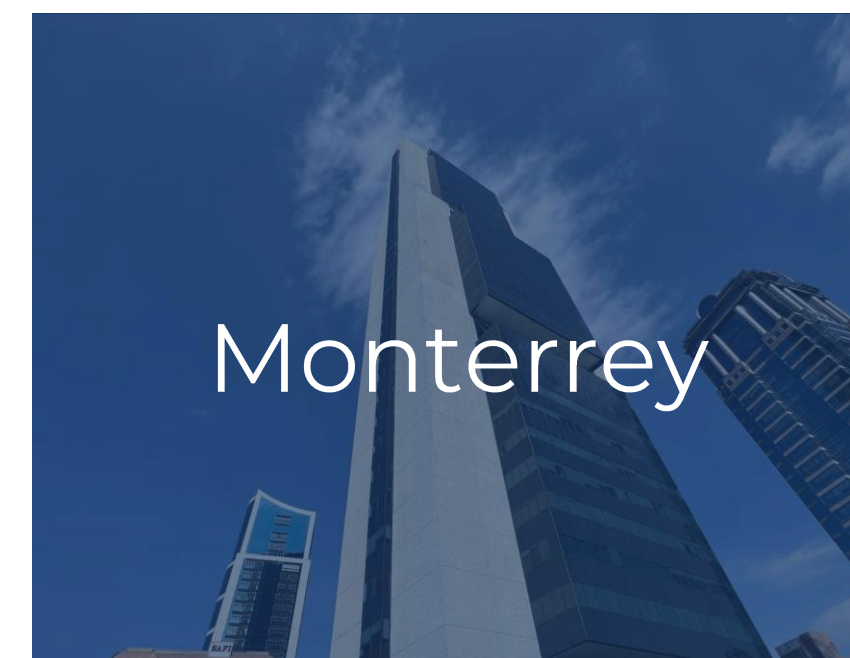
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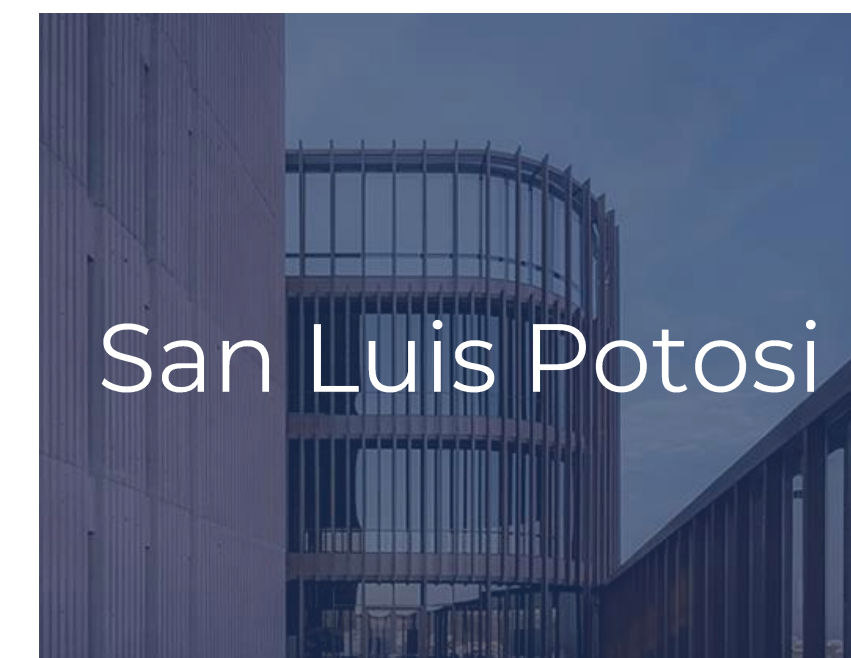
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