



Seale & Associates

PAPER INDUSTRY
Q4 2023
VALUATION UPDATE

25 years

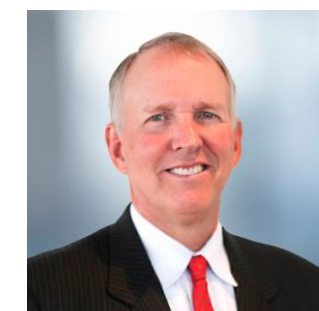
Introduction

We are pleased to share our Paper Industry Multiples Valuation Update Q4 2023.

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.

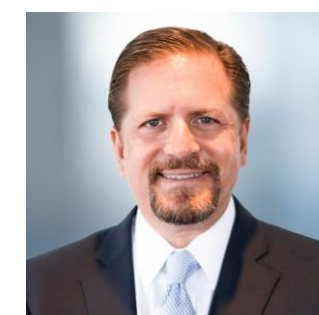
Over the course of 25+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

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



James A. Seale | President

jseale@sealeassociates.com



Brett M. Carmel | Senior Managing Director

bcarmel@sealeassociates.com



Robert Whitney | Managing Director

rwhitney@sealeassociates.com



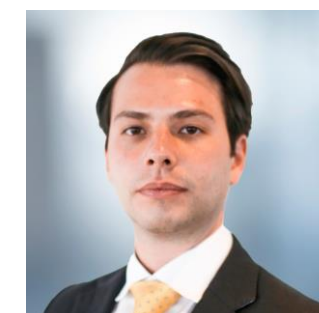
Sergio Garcia del Bosque | Managing Director

sgarcia@sealeassociates.com



Carlos Hernández | Managing Director

chernandez@sealeassociates.com



Alejandro Montemayor | Vice President

amontemayor@sealeassociates.com



Armando Rios | Vice President

arios@sealeassociates.com

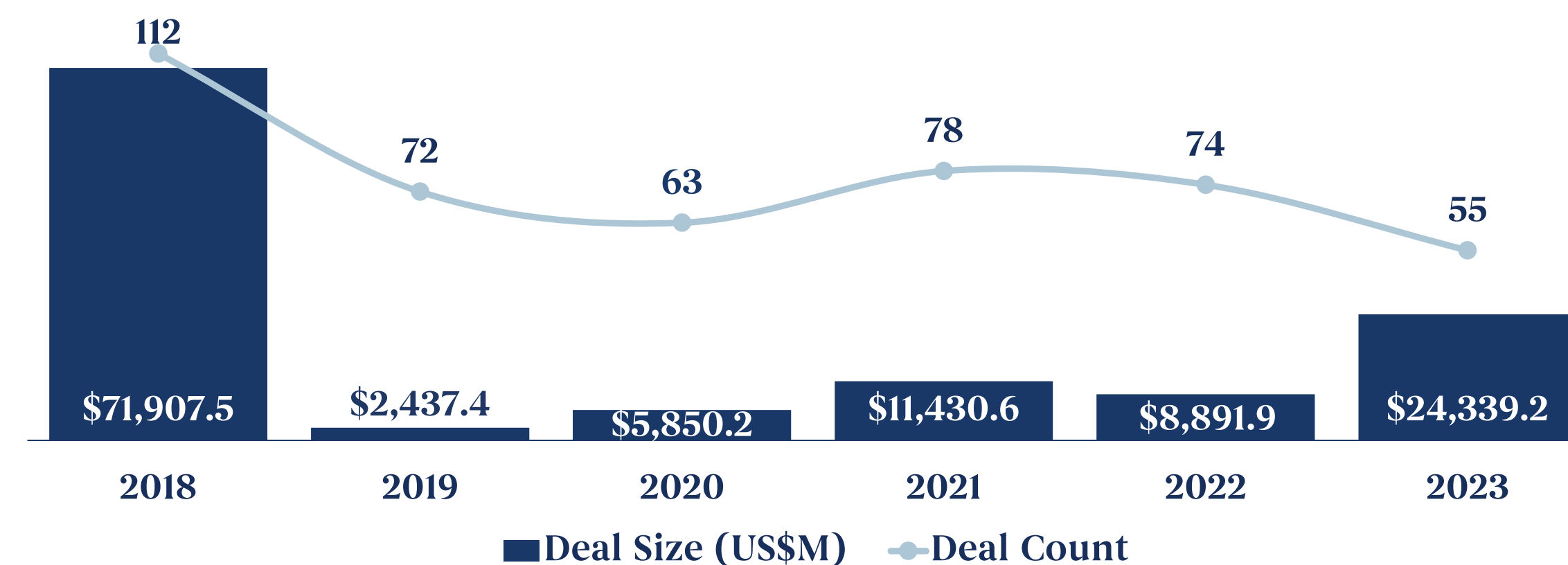
Paper Industry Overview, M&A Trends and Market Intelligence

Paper industry overview

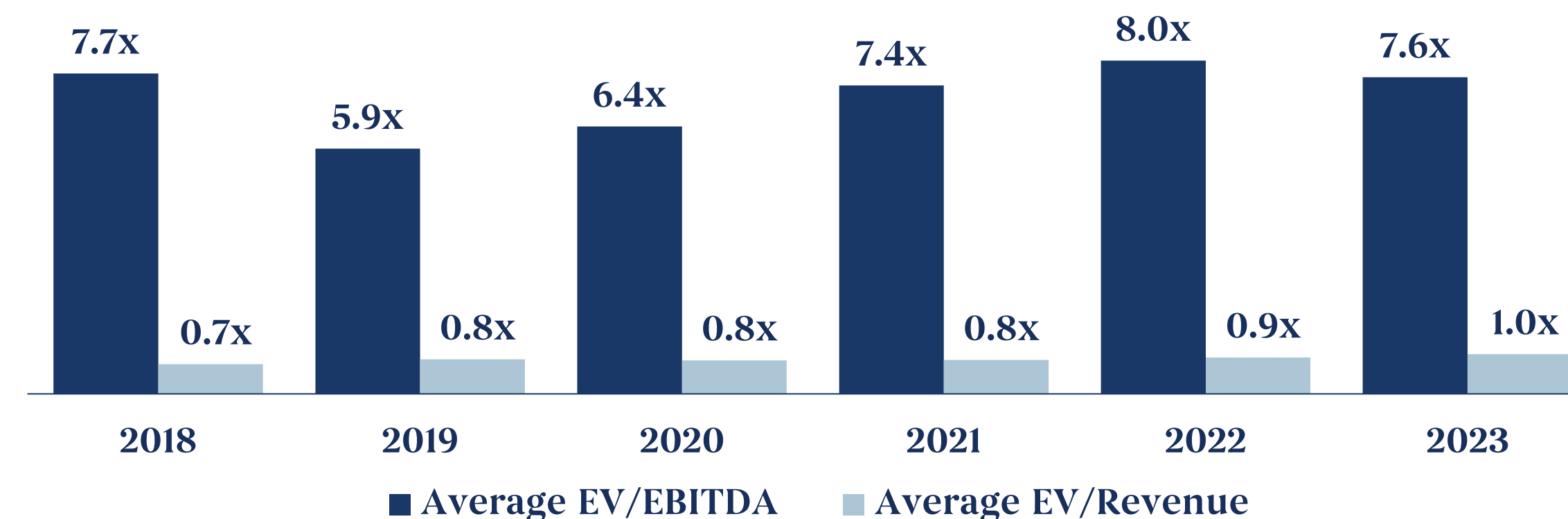
- The paper industry size was valued at **US\$354.3 billion in 2023**, and is expected to grow to **US\$372.7 billion in 2029** at a **CAGR of 0.7%**.
- In the paper industry, **33 private equity deals were announced in Q4 2023**, with a total value of **US\$1.4 billion**.
- **Foreign direct investment (FDI)**-related deals **accounted for 33.0% of the share of global paper industry M&A activity** in Q4 2023, up **42.0%** from the previous quarter.
- Much of the **strong activity in 2022 was centered in China**, but oversupply in the country led to a decline in operating rates, **leaving the Latin American market with a big advantage**.
- **The bans implemented on single-use plastics are factors that are redefining the paper industry**. These restrictions will allow the entire paper sector to increase productivity as an alternative to plastic packaging is sought.
- **Advances in technology promise transformative impacts on the paper industry by enabling improved product quality**. Their goal is to increase efficiency to reduce costs and improve productivity.
- The rise in **popularity for plant-based materials** is facilitating the production of fully recyclable paper products. **The improvement in the recyclability of such products are expected to increase the demand**.

Source: Euromonitor, Packaging Gateway, ResourceWise, The Business Research Company, Yahoo Finance











Paper Industry M&A Deal Size and Volume



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



Pulp and Paper Industry Global Comparable Public Companies







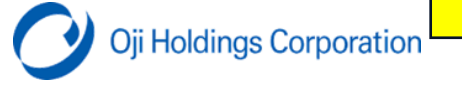







Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Fourth Quarter Dec. 31, 2023 EV/		
						2021	2022	EBITDA	Revenue	
Empresas CMPC S.A.	 CHL	\$4,848		\$8,100	13.2%	16.9x	5.4x	9.0x	1.2x	
Klabin S.A.	 BRA	\$5,018		\$3,715	35.7%	10.4x	6.6x	7.8x	2.8x	
Mercer International Inc.	 CAN	\$630		\$1,994	2.7%	7.9x	3.4x	34.7x	1.0x	
Nippon Paper Industries Co., Ltd.	 JPN	\$1,034		\$8,350	5.4%	10.0x	10.4x	14.7x	0.8x	
Sappi Limited	 ZAF	\$1,350		\$5,421	10.0%	10.5x	4.4x	4.6x	0.5x	
Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.	 PRT	\$1,183		\$2,991	26.5%	6.3x	4.3x	3.5x	0.9x	
Suzano S.A.	 BRA	\$14,782		\$8,193	55.1%	9.1x	5.5x	6.2x	3.4x	
Svenska Cellulosa Aktiebolaget SCA (publ)	 SWE	\$10,545		\$2,033	25.9%	38.0x	14.7x	22.4x	5.8x	
The Navigator Company, S.A.	 PRT	\$2,789		\$2,159	28.7%	10.2x	7.4x	5.6x	1.6x	
UPM-Kymmene Oyj	 FIN	\$20,079		\$11,562	16.6%	12.4x	10.9x	12.2x	2.0x	
						Mean	9.6x	5.3x	8.0x	1.1x
						Median	10.3x	6.0x	8.4x	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		Fourth Quarter Dec. 31, 2023 EV/		
						2021	2022	EBITDA	Revenue	
Clearwater Paper Corporation	 USA	\$598	\$1,068	\$2,083	12.6%	5.4x	5.6x	4.1x	0.5x	
International Paper Company	 USA	\$12,509	\$17,497	\$18,916	13.8%	8.3x	5.9x	6.7x	0.9x	
Irani Papel e Embalagem S.A.	 BRA	\$540	\$761	\$329	29.1%	7.5x	4.6x	8.0x	2.3x	
Metsä Board Oyj	 FIN	\$2,842	\$3,256	\$2,153	14.1%	9.7x	6.8x	10.7x	1.5x	
Miquel y Costas & Miquel, S.A.	 ESP	\$501	\$507	\$344	22.9%	5.9x	5.6x	6.4x	1.5x	
Mondi plc	 GBR	\$9,498	\$11,262	\$8,102	18.6%	9.4x	6.8x	7.5x	1.4x	
Smurfit Kappa Group Plc	 IRL	\$10,261	\$13,785	\$12,459	18.8%	9.6x	7.4x	5.9x	1.1x	
Stora Enso Oyj	 FIN	\$10,903	\$14,437	\$10,386	12.0%	12.3x	7.5x	11.6x	1.4x	
Sylvamo Corporation	 USA	\$2,041	\$2,892	\$3,721	18.9%	3.4x	4.3x	4.1x	0.8x	
■ Excluded from mean and median						Mean	6.1x	5.2x	6.1x	1.1x
						Median	8.3x	5.9x	6.7x	1.4x

Paper Industry – Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Dec-23	Moriha Shigyo Co., Ltd.	JPN	Manufactures corrugated and solid fiber boxes	 Oji Holdings Corporation	-	100.0%	\$7.5	-	-
Nov-23	 ALBANY PACKAGING INC. DESIGN - PRINT - MANUFACTURE EST. 1947	CAN	Designs, manufactures, and supplies quality folding paperboard cartons	 InnoPak	-	100.0%	-	-	-
Oct-23	 RIBBLE	GBR	Manufactures and converts corrugated packaging materials in the United Kingdom	 vpk	-	100.0%	-	-	-
Oct-23	 walki	FIN	Manufactures technical laminates and protective packaging materials	 Oji Holdings Corporation	 One Equity Partners	100.0%	-	-	-
Oct-23	 Swiss Quality Paper	CHE	Manufactures and sells paper	 ATLAS TAPES	-	100.0%	-	-	-
Oct-23	 SDG EST. 1969	ITA	Manufactures packaging and paper plates for food and beverage products	 ReLife PAPER PACKAGING	-	100.0%	-	-	-
Oct-23	 PAPER BAG CO.	GBR	Designs, manufactures, and produces custom printed paper bags	 Rawlings Group	-	100.0%	-	-	-

Selected Transactions Commentary



“This acquisition increases our North American integrated manufacturing capabilities and marks a crucial step in our manufacturing expansion plan to create an even more resilient supply chain.”

Chris Sanzone, Chairman, CEO of Inno-Pak



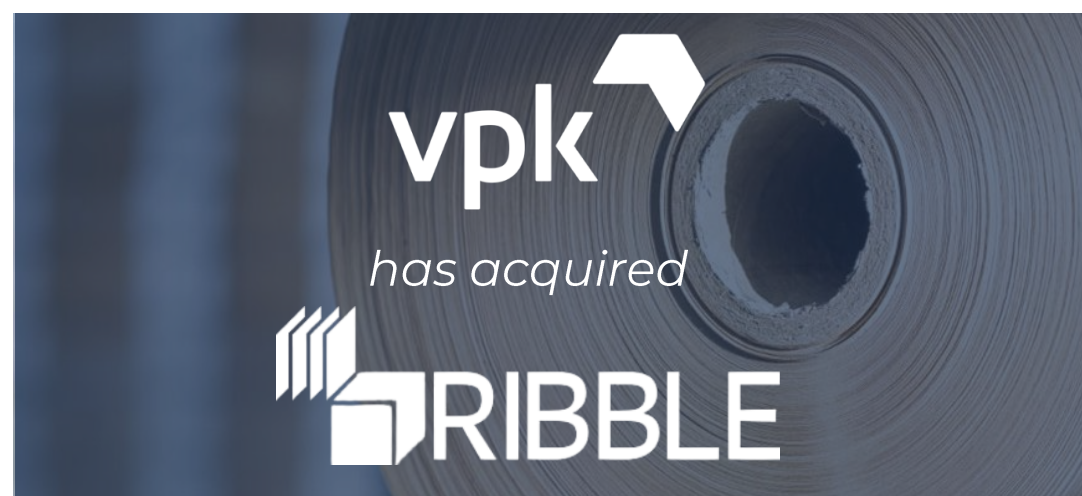
“Our M&A strategy increasingly aims at maximizing synergies, with a strong focus on sustainability, consolidated in the territory and with an innovative approach. SDG is one of them and we can only expect the best from this union.”

Domenico Marco Benfante, CEO of ReLife



“Rawlings Group was the perfect option to continue our journey on a larger platform. The Rawlings team’s ethos and purpose is very much aligned to ours and we are looking forward to developing our people and growing our positive impact synergies in the future”










Jon Marling, Founder and Managing Director of Paper Bag Co.



“Over the last 5 years, Ribble has invested heavily into all areas of its business and has created a UK market leading position in fanfold. We believe that we have found an ideal partner who shares our values and will support our growth ambition in the rapidly developing market for sustainable packaging.”

Stephen Rector, Managing Director of Ribble

Private Equity Transactions

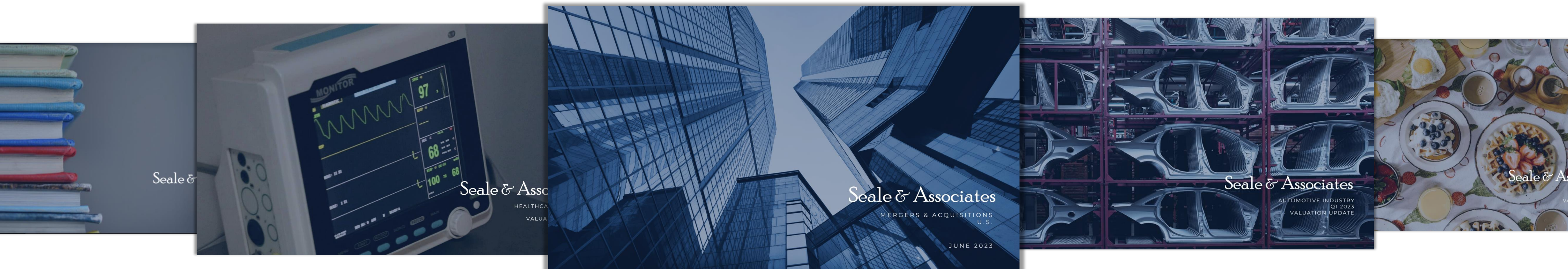
INDUSTRY CLASIFICATION	PERIOD	AVERAGE ENTERPRISE VALUE (IN USD)	REVENUE (IN USD)	TTM REVENUE GROWTH	ENTERPRISE VALUE / REVENUE	EBITDA MARGIN	ENTERPRISE VALUE /EBITDA	NUMBER OF TRANSACTIONS
 Paper Manufacturing <i>NAICS 322 – Paper Manufacturing</i>	 2018-2023	 \$60.7M	 \$64.7M	 8.9%	 1.1x	 15.4%	 7.4x	 8
<ul style="list-style-type: none"> • Other Converted Paper Product Manufacturing • NAICS 32229– Other Converted Paper Product Manufacturing 	<ul style="list-style-type: none"> • 2015-2021 	<ul style="list-style-type: none"> • \$83.6M 	<ul style="list-style-type: none"> • \$149.4M 	<ul style="list-style-type: none"> • 8.9% 	<ul style="list-style-type: none"> • 1.0x 	<ul style="list-style-type: none"> • 16.1% 	<ul style="list-style-type: none"> • 7.0x 	<ul style="list-style-type: none"> • 4

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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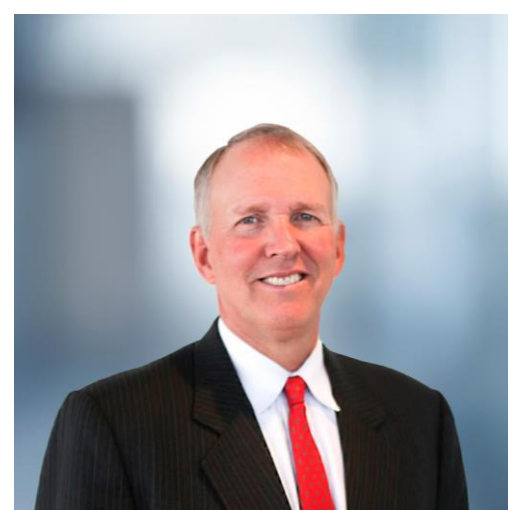
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<p>BEIJER REF</p> <p>has been acquired by</p>  <p>HERITAGE DISTRIBUTION HOLDINGS</p>	<p>avangardinnovative MOVING THE CIRCULAR ECONOMY FORWARD</p> <p>has sold a controlling interest to</p>  <p>WASTE MANAGEMENT</p>	<p>ZN ZINC NACIONAL</p> <p>has sold</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>HARRISON GYPSUM, LLC</p> <p>has been recapitalized by</p> <p>H. I. G. PRIVATE EQUITY</p>



JAMES A. SEALE

President and Founder | Washington, DC

+1 (703) 623-9253

32+ years of global M&A experience, Attorney, CPA Arthur Andersen, and Professor of Global Investment Banking at George Washington University
University of Virginia - JD
University of Kentucky - BS in Accounting

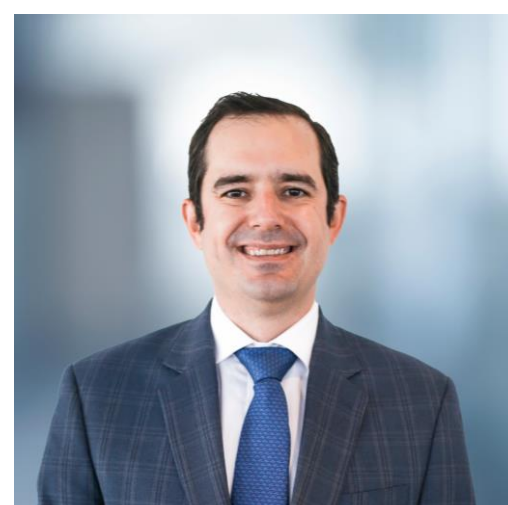


BRETT M. CARMEL

Senior Managing Director and Co-founder | Miami, FL

+1 (703) 294-6530

25+ years of global M&A experience and Professor of M&A at Johns Hopkins University
The George Washington University - MBA International Business and MA - International Affairs
University of Florida - BA in Political Science with High Honors

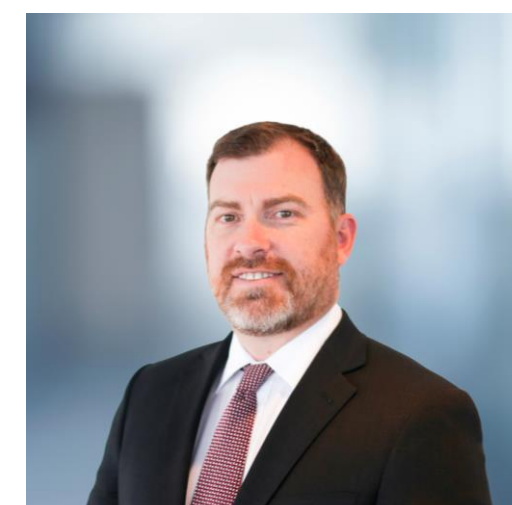


SERGIO GARCIA DEL BOSQUE

Managing Director | Mexico City, Mexico

+52 (55) 8000-7463

16+ years of global M&A experience
IPADE - MBA
Instituto Tecnológico y de Estudios Superiores de Monterrey
BS in Industrial Engineering



ROBERT E. WHITNEY

Managing Director | Washington, DC

+1 (703) 801-8939

19+ years of global M&A experience, CPA Deloitte & Touche, Corporate Audit and Assurance Services
University of Richmond - BS Business Administration in Accounting

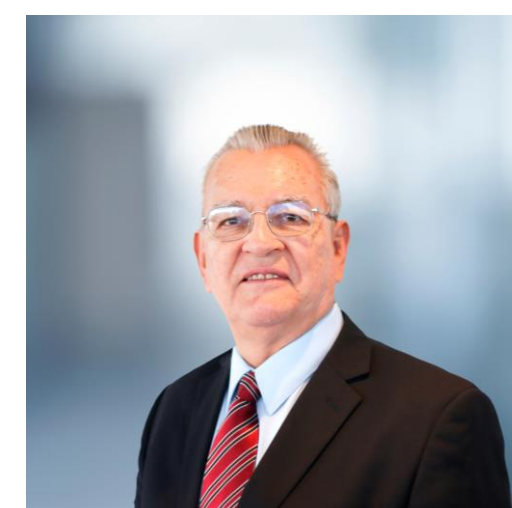


CARLOS HERNANDEZ

Managing Director | San Luis Potosi, Mexico

+1 (571) 482-3432

14+ years of global M&A experience
Columbia University - MBA
Instituto Tecnológico y de Estudios Superiores de Monterrey
BS in Industrial Engineering



FELIPE BUENO

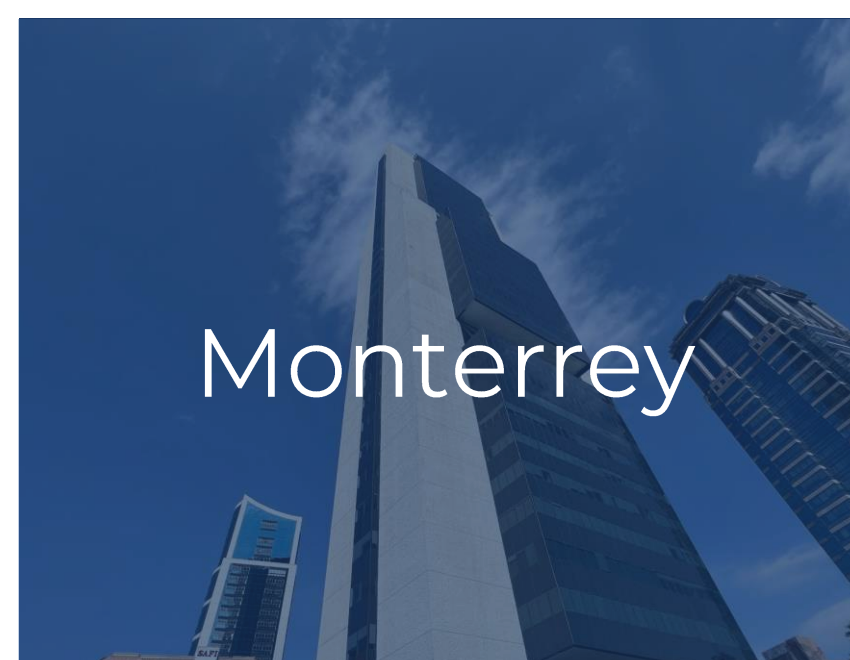
Senior Director | Monterrey, Mexico

+52 (84) 4432-4444

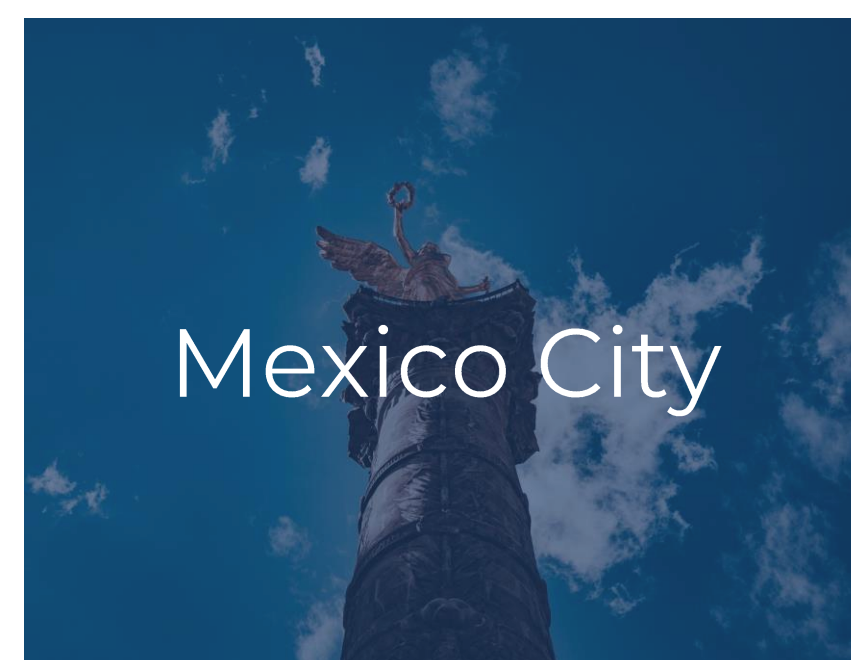
32+ years with Grupo Industrial Saltillo with experience as Director, Corp. Dev. and extensive global commercial experience
Instituto Tecnológico y de Estudios Superiores de Monterrey
MBA and BS in Industrial Engineering



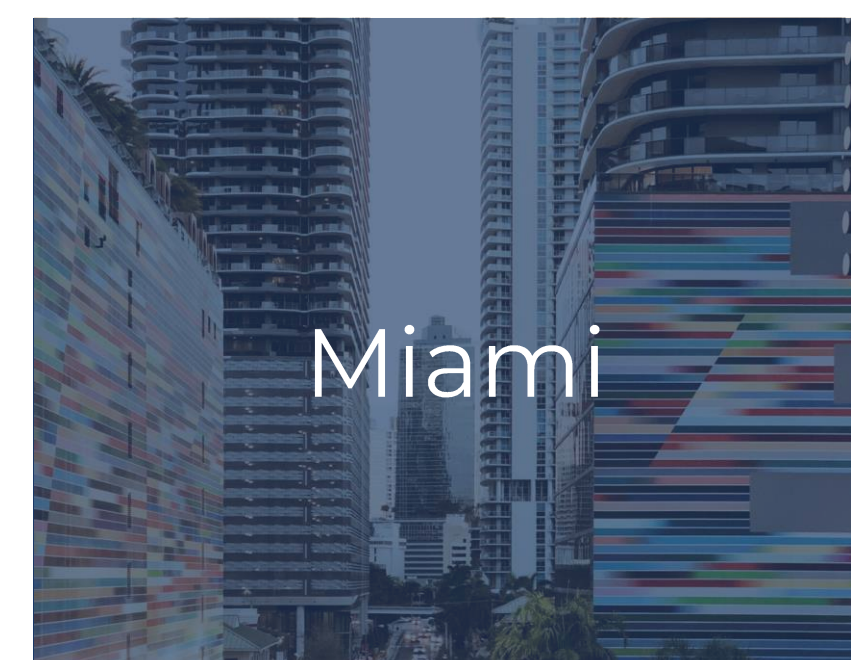
Washington D.C.



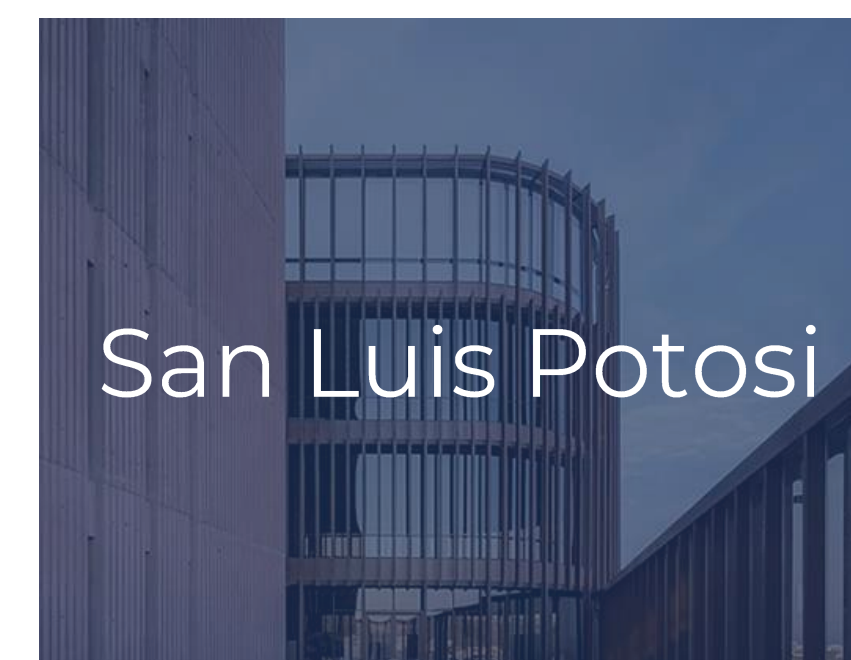
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For over 25 years, Seale & Associates has served leading public and private companies from around the world and operating in a broad range of industries with a high level of quality, integrity and independence while presenting innovative ideas and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

25

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