



PRINT · PACKAGING

THIRD QUARTER

2018

The Print & Packaging Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Print & Packaging category. 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 Print and Packaging sector for Q2 2018 included 21 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions was announced in May when R2G Rohan Czech Sro, a subsidiary of R2G Rohan SARL, acquired First Quality Nonwovens,

Inc. from First Quality Enterprises for US\$500 million. R2G Rohan Czech Sro, part of R2G Rohan SARL, is a Czech company that operates as an investment company. First Quality Nonwovens is an American company located in Hazle Township, PA, that manufactures and markets sanitary paper and spun melt nonwovens.

The price of pulp, paper and other allied products flattened out in the second quarter benefitting manufacturers who'd faced steady price increases since July of 2017.

Producer Price Index: Pulp, Paper and Allied Products

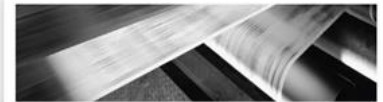


Source: Federal Reserve Bank of St. Louis

Transactional Overview

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

June 2018 - ND Paper LLC, a subsidiary of Nine Dragons Paper Holdings, Ltd. and ultimately owned by Best Result Holdings Ltd, acquired Catalyst Paper Operations, Inc. from Catalyst Paper Holdings, Inc., a subsidiary of Catalyst Paper Corp, for US\$175. million. Best Result Holdings is a British Virgin Island multi-national company. The firm operates as an investment holding company with interests in paper product distribution. Catalyst Paper Operations operates and owns paper and pulp mills. The company is headquartered in Seattle, WA.



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For over 60 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

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June 2018 - Dixon Ticonderoga Co, a subsidiary of FILA - Fabbrica Italiana Lapis ed Affini SpA, completed an agreement to acquire Pacon Corp from PNC Mezzanine Capital Corp and Mason Wells Buyouts for US\$340 million in cash. Dixon Ticonderoga manufactures writing instruments, art materials and office products. Pacon Corp. engages in converting and printing of art and education papers. It offers construction paper, drawing and sketch paper, poster board, presentation board (corrugate/foam), ruled handwriting paper, dual surface and fade-resistant paper products.

May 2018 - Supremex, Inc. acquired Imprimerie Groupe Deux, Inc., also known as G2 Printing, for CAD11.2 million (US\$8.7 million) in cash, subject to working capital adjustments. Supremex, engages in the manufacture of envelopes, packaging and specialty products. Imprimerie Groupe Deux manufactures folding cartons. Its products include folded boxes, print labels, inserts and outserts, and pouches. The firm serves pharmaceutical packaging, beauty and personal care packaging, food packaging and household packaging. The company is headquartered in Montreal, Canada.

Selected Q3 Closed Transactions	
Target/Issuer	Buyers/Investors
Chem Stretch, Inc.	Atlantic Corp. of Wilmington, Inc.
Trade Supplies, Inc.	Sole Source Capital LLC
Oracle Flexible Packaging, Inc.	Tekni-Plex, Inc.
Palmer Printing, Inc.	Vomela Specialty Co.
Aldez Containers LLC	Tri-Wall Ltd.
Allen-Bailey Tag & Label, Inc.	Ennis, Inc.
Crane & Co., Inc.	Mohawk Fine Papers, Inc.
Mondi USA LLC /Paper Mill/	Atlas FRM LLC; Blue Wolf Capital Partners LLC; Twin Rivers Paper Co.

Industry Update

A recent report issued by the Environmental Paper Network emphasized the need for more rapid change in the global paper industry to address escalating paper consumption and its impact on the environment. The report, which was compiled with the help of 145 NGOs in 36 countries, contends that North American and European paper consumption is disproportionate compared to the rest of the world. The report identifies packaging as an area in which paper consumption can be reduced. To make paper's benefits more equitable to other emerging regions while protecting forests, climate, and biodiversity, developed markets will need to use less. Rising demand for paper has spurred development of new virgin-fiber pulp mills in Asia, Africa, and South America. The increasing pressure on forests has triggered social unrest in several countries, including Canada, Brazil, Indonesia, Mozambique, and Chile. US corporate profits, an indicator of corporate demand for business services, rose 4.3% in the first quarter of 2018 compared to the same period in 2017.

Industry Indicators

- US corporate profits, an indicator of corporate demand for converted paper products, rose 4.3% in the first quarter of 2018 compared to the same period in 2017.
- US nondurable goods manufacturers' shipments of paper products, an indicator of converted paper product demand, rose 6.0% year-to-date in May 2018 compared to the same period in 2017.
- Total US retail sales, a potential measure of demand for converted paper products, increased 5.5% in the first six months of 2018 compared to the same period in 2017.

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. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.

