

PRINT · PACKAGING

SECOND QUARTER

2019

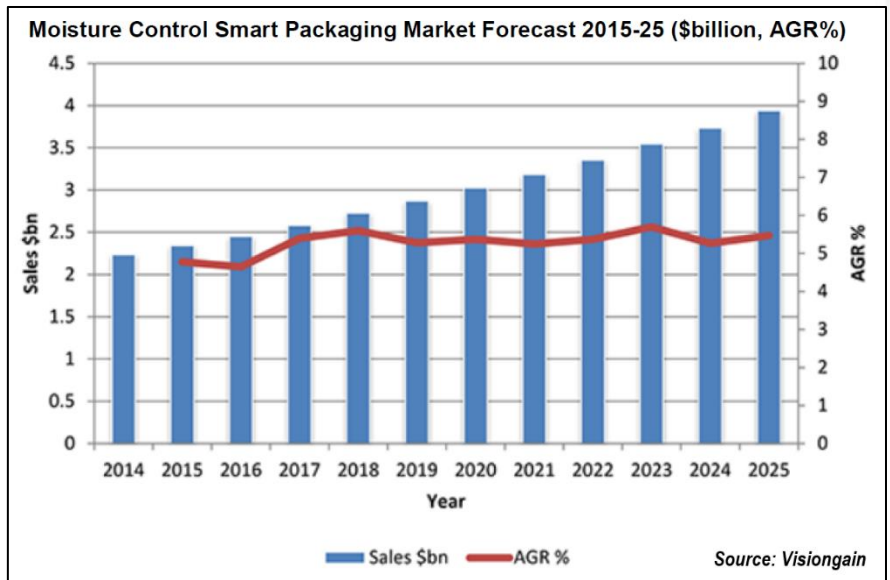
The Print & Packaging Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Print & Packaging category. Working with your local CFA representative, 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 Q1 2019 included 34 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions was announced in March when MC Sign LLC, a subsidiary of Arcapita Bank BSC, which is ultimately owned by Arcapita Group Holdings Ltd, acquired Coastal Signage + Wayfinding, Inc. for an undisclosed amount. The transaction enhances MC Sign's portfolio of service offerings and it is in line with the growth strategy of MC Sign. Coastal Signage + Wayfinding is located in Oceanside, California and manufactures signs.

Packaging is evolving with the Internet of Things (IOT), which is expected to drive growth in the sector over the coming years.

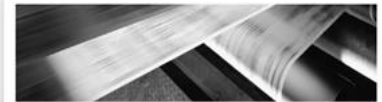


Transactional Overview

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

March 2019 - Tension Envelope Corp. acquired Motion Envelope, Inc. for an undisclosed amount. Tension Envelope Corp. manufactures and sells envelopes. Motion Envelope manufactures envelopes. The company was founded in 1984 and is headquartered in Irving, TX.

January 2019 - McClung Printing, Inc., doing business as McClung Cos, acquired Commonwealth Mailing Systems, Inc. for an undisclosed amount. The acquisition would expand McClung Printing's customer base and service portfolio. McClung Printing provides graphic communications as well as printing services.



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

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Commonwealth Mailing Systems provides commercial printing services. The company is headquartered in Henrico, VA.

January 2019 - Fortis Solutions Group LLC, a portfolio company of Main Post Partners, L.P, acquired Infinite Packaging Group, Inc., a portfolio company of Svoboda Capital Partners LLC, for an undisclosed amount. The transaction enhances Fortis Solutions Group LLC's portfolio of product offerings and its presence in the Texas and Oklahoma markets. Infinite Packaging Group engages in the provision of label and packaging solutions. It offers shrink sleeves, prime labels, flexible packaging and promotional products. The company was founded in 2012 and is headquartered in Lewisville, TX.

Selected Q2 Closed Transactions	
Target/Issuer	Buyers/Investors
Perpetual Recycling Solutions LLC /Richmond Recycling Plant/	Alpek SAB de CV
Craft Canning LLC	Eastside Distilling, Inc.
Cleancut Technologies LLC	Oliver-Tolas Healthcare Packaging LLC
Kingsport Book, Inc.	Signet LLC
Postmark, Inc.	Salem One, Inc.
Allpak Container, Inc.	Lindsay Goldberg & Co. LLC; Golden West Packaging Group LLC
Flexo Transparent LLC	First Atlantic Capital Ltd.; C-P Converters, Inc.
Central Packaging Products & Equipment LLC	B2B Industrial Packaging LLC

Industry Update

Amid slow commercial printing revenue growth, more printers are turning to complementary services to grow their businesses. Printing industry revenue is forecast to rise between 1.5% and 2.5% in 2019, according to the Specialty Graphic Imaging Association (SGIA). At the same time, paper costs, a tight labor market, excess capacity, and tariffs are putting pressure on margins -- increasing the importance of top-line growth. In a recent SGIA survey, 47% of respondents described their companies as combination businesses that offer services in addition to printing. Leading areas for diversification include mailing, fulfillment, and marketing; only 34% of companies described themselves as offering general commercial printing exclusively. Nearly 50% of companies said personalized printing services, in which messaging and content are focused on specific individuals or groups, are an important part of their businesses. However, the difficulty in managing and securing the advanced databases needed to ensure the accuracy of personalization can present obstacles for some printers. About 25% of printers say integrated print and electronic media services represent a significant source of business.

Industry Indicators

- US corporate profits, an indicator for corporate demand for printing services, rose 7.4% in the fourth quarter of 2018 compared to the same period in 2017.
- US nondurable goods manufacturers' shipments of printed goods, an indicator of demand for commercial printing, rose 3.5% year-to-date in February 2019 compared to the same period in 2018.
- The spot price of crude oil, a key cost factor in commercial printing operations, fell 2.9% in the week ending April 12, 2019, compared to the same week in 2018.

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.

