

Packaging Update

Deloitte Corporate Finance LLC



Investment Banking Advisory Services

- Sale & Divestiture
- Acquisition, Joint Venture & Alliance
- Capital Raising
- Corporate Development Advisory

Transaction Highlight



MotorVac Technologies, Inc.

has been acquired by

**UView Ultraviolet
Systems, Inc.**

The undersigned acted as exclusive financial advisor to
MotorVac Technologies, Inc.

Deloitte.

Deloitte Corporate Finance LLC

Deloitte Corporate Finance LLC (DCF) is pleased to announce its role as exclusive financial advisor to MotorVac Technologies, Inc. (MotorVac) in its sale of certain assets to UView Ultraviolet Systems, Inc. (UView). Terms of the deal were not disclosed.

The DCF team assisted MotorVac's management in navigating the transaction from the initial development of marketing materials and identification of potentially interested parties to organizing the due diligence process and advising on transaction negotiations.

About MotorVac and UView

MotorVac Technologies, Inc., headquartered in Santa Ana, CA, is a leading full-service manufacturer of proprietary fluid exchange equipment and supplier of chemical solutions and preventive maintenance service products for the automotive aftermarket industry. The company was founded in 1992 when it introduced the CarbonClean™ fuel system cleaning machine and detergent-based solutions. Today the company actively markets 22 models of fluid exchange equipment and 20 types of chemical solutions, holds 17 patents, and distributes its products and services to over 60 countries.

UView Ultraviolet Systems, Inc., headquartered in Ontario Canada, is an International Organization for Standardization (ISO)-certified manufacturer of internationally recognized products that have revolutionized the automotive aftermarket. With over 51 patents to its name and numerous awards, the company's strength lies in its ability to research, design, engineer and manufacture high quality products. UView serves many markets including the automotive aftermarket, original equipment manufacturer (OEM) and industrial supply channels.

Additional Recent Transactions



a wholly-owned subsidiary of
Rank Group Limited

has sold its
Medical Packaging Business
to



The undersigned acted as financial advisor to
Reynolds Packaging Group

Deloitte.

Deloitte Corporate Finance LLC

Financial and tax advisor to the
shareholders of
Greencell
on its sale to the
Westfallia Group of Companies



The undersigned acted as exclusive financial
advisor to the shareholders of Greencell Ltd

Deloitte.

Deloitte LLP, United Kingdom



MARKOR

**Markor International Furniture
Co., Ltd.**

has acquired the
assets of



Schnadig Corporation

The undersigned acted as exclusive financial
advisor to Markor International Furniture Co., Ltd.

Deloitte.

Deloitte Corporate Finance LLC

Industry Trends

Packaging Industry Trends

While the current economic environment has forced certain historically acquisitive participants to place a greater focus on core operations and liquidity, many of those focused on growth are viewing the marketplace with an opportunistic eye. As discussed in a recent insight article published by Deloitte Consulting LLP, "Getting the Deal Done Right", this recession is a time of excellent opportunities for "buyers with strong balance sheets and the wherewithal to withstand the pressures of a major transaction."¹ As deal valuations remain low, some companies are using the economic downturn to position themselves for growth.

When compared to the first quarter, both deal volume and value in the second quarter were challenged with declines. Although the packaging sector experienced a decline in M&A deal value, the decline in Q2 2009 was far less than in the previous quarter. While announced packaging deal value dropped in the first quarter by 73%, it only declined by 15% in the second quarter as deal value fell to \$333 million.

As the economic downturn continues to impact available capital for M&A transactions and refinancings, many of the companies that remain active in M&A have been pursuing smaller, bolt-on acquisitions to strengthen their current portfolios. This quarter, Mid Oaks Investments LLC acquired Dispoz-o Products, and merged it with food packaging manufacturer, Wilkinson Industries. The acquisition is expected to create significant value for Wilkinson's customers by providing a broader product selection and increasing ease of single source supply. Similarly, Monomoy Capital Partners merged a new business into its existing portfolio, acquiring the assets and operations of Global Thermoplastics, L.P. The acquisition will be integrated into Fortis Plastics, LLC, the growing plastic injection molding and extrusion platform that Monomoy formed in late 2008. The acquisition is expected to have a significant impact on the business, enabling Fortis Plastics to blend a considerable portion of its raw materials internally.

While market conditions continue to be a challenge, it is clear that many buyers continue to be active. However, as credit markets are expected to remain somewhat frozen in the near future, financially-sound firms with deployable cash will likely continue to pursue smaller, bolt-on acquisitions. This trend could create a favorable market for smaller packaging companies that may be valuable additions to existing portfolios of larger firms.

General Economic Trends

The economy remained depressed during the second quarter, tempered by slight optimism that declines are slowing. Deloitte economists note that "inventory overhang is correcting, and manufacturers' new orders have risen," which are positive signs. However, retail sales for January through May 2009 were down 10.2% as consumers, nervous about unemployment and businesses and nervous about sales prospects, chose to reuse rather than replace. This thrifty trend, in combination with tight credit terms for businesses, continued to strain financial statements, and the M&A market.

M&A buyers mimicked consumers' cautious behavior. Poor economic prospects for the immediate future continued to depress M&A transaction activity. Valuation multiples, total value of transactions and total number of transactions all remained low through the second quarter of 2009. Notable characteristics of the current M&A market include:

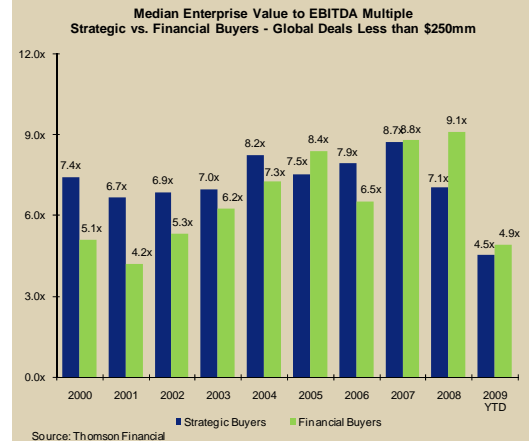
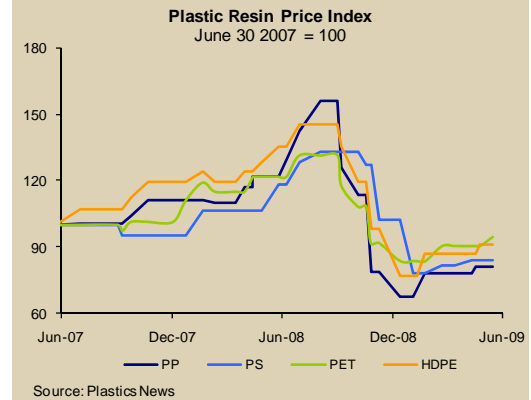
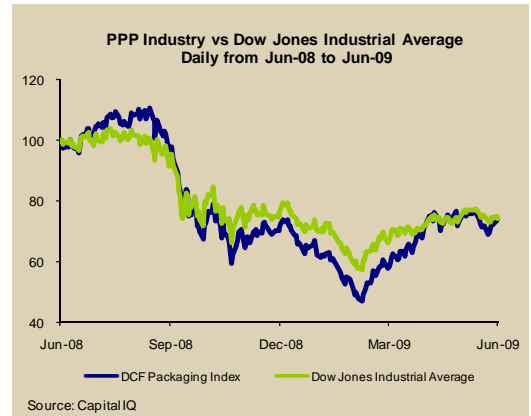
- Private equity buyers played a timid role, comprising only 5.0% of announced deal value in the last twelve months ending June 2009, compared to 14.3% for the same period last year.
- As a result of the economic downturn, the number of distressed transactions has more than doubled globally from the second quarter of 2008; however, the size of these transactions is decreasing as compared to the same period last year. The total value of these transactions was \$1.8 billion, compared to an average of \$2.4 billion per quarter during 2007 and 2008.

Unlike the overall M&A market, carve-out divestitures volumes have increased in 2009 and account for over 30 percent of M&A activity this year to date.

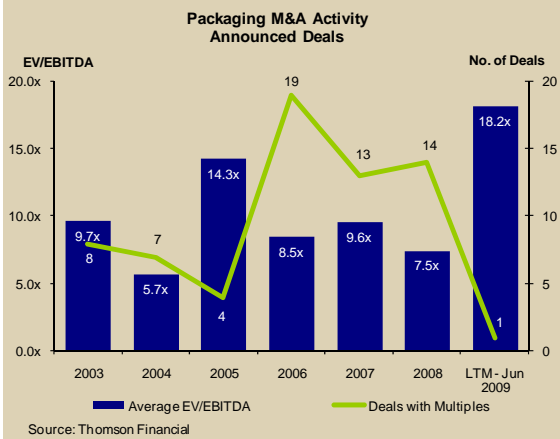
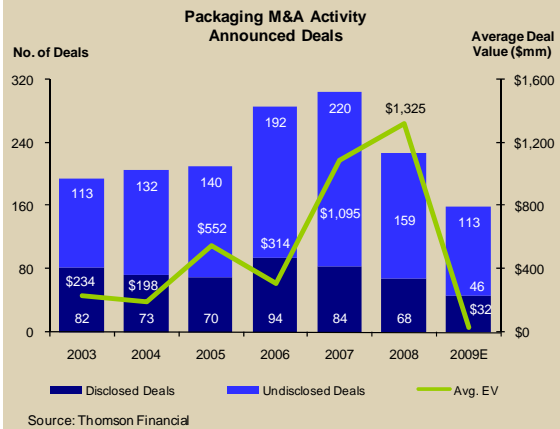
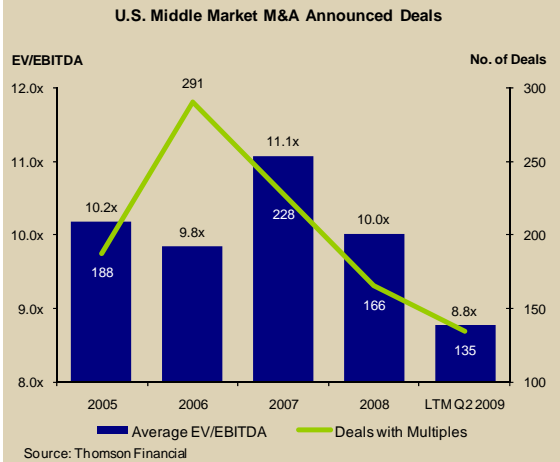
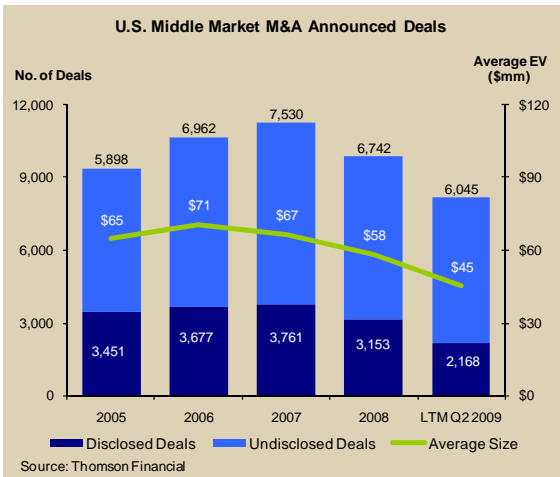
Uncertainty regarding credit conditions, inflation, U.S. monetary and fiscal policies, and federal stimulus funding continues to loom over the economy and transaction decisions. Factors including the low level of private equity participation, low valuations, and distressed M&A activity will likely continue to shape the M&A market for the remainder of 2009. But, if the economy shows signs of improvement, transaction activity could also improve.

Sources: Thomson Reuters

¹ <http://www.deloitte.com/dtt/article/0,1002,sid=26553&cid=259524,00.html>



Highlighted Transactions



Deals Announced

- June 30, 2009 – **Cargill, Inc.** acquired the remaining 50% of **NatureWorks, LLC** from Teijin Kasei America, Inc. NatureWorks, LLC, which operated as a joint venture between the two companies since October 2007, produces a family of polymers derived entirely from renewable resources. As sustainability continues to become a crucial element in the industry, Cargill, Inc. should be in a unique position to compete with producers of petroleum-based packaging materials. Despite the global recession, NatureWorks, LLC has experienced growth this year – an impressive demonstration that the environmental advantages associated with their products are important to customers even in these difficult times.
- June 30, 2009 – As part of its strategic review of its rigid plastic consumer goods operations, **Huhtamäki Oyj** sold its Australian EPS packaging business to the Australian packaging company **Pact Group Pty Ltd.** Based in Melbourne, Pact Group acquired the operations for approximately €5 Million.
- June 22, 2009 – The outdoor recreation company **Coleman Company, Inc.** agreed to acquire the Esky brand from **Nylex Ltd** and plans to expand the iconic Australian brand internationally. Nylex Ltd, which is currently in receivership, sold the brand of plastic coolers for an undisclosed price. While the brand of coolers is currently only available in Australia and New Zealand, Coleman Company Inc. hopes to expand sales into South Africa, North America and Europe.
- June 5, 2009 – **Fourth Third** acquired **Proactive Northern Container LLC**, the Ontario, California-based manufacturer of printed corrugated boxes. In addition, Proactive Northern Container LLC provides laminating equipment, glue-and-fold machines and other hardware.
- June 3, 2009 – Expanding its rigid packaging business in South America, **Bemis Co. Inc.** acquired the South American rigid packaging operations from **Huhtamäki Oyj** for approximately \$43 Million. Bemis Co. Inc. will inherit three plants in Brazil and one in Argentina, which produce extruded sheet, cups, dairy tubs, and similar packaging products for the dairy and food service markets. Bemis Co. Inc., which had over \$500 million in sales in South American in 2008, projects that the acquisition of the four plants will boost sales by more than 10%.
- May 11, 2009 – The equipment division of **Graphic Packaging International, Inc.** was acquired by **Premier Tech Ltd.** Through the acquisition, Premier Tech Ltd. will gain control of a plant in Utah that houses a series of valve bag-filling systems for the packaging of granular and powdered products. Premier Tech Ltd. hopes that the acquisition will strengthen the company's position in industrial flexible packaging and diversify its product line.
- April 30, 2009 – With a nearly 20 year history of investing in the food packaging industry, the private equity group **Mid Oaks Investments LLC** acquired **Dispoz-o Products Inc.** The company will be merged with Wilkinson Industries, Inc., the food packaging manufacturer owned by Mid Oaks Investments LLC since 2004. Based in Fountain Inn, South Carolina, Dispoz-o manufactures disposable plastic cutlery, drinking straws, meal kits, dietary kits and environmental friendly CO2 foam products for the foodservice and healthcare industry.
- April 27, 2009 – **Monomoy Capital Partners** ("Monomoy"), a middle market focused private equity fund, acquired the assets of Houston-based plastic manufacturer **Global Thermoplastics, Inc.** In 2008, Monomoy formed Fortis Plastics LLC, a rapidly growing plastic injection and extrusion platform. The acquisition of Global Thermoplastics, Inc., a wholesale manufacturer of plastic resins, marks the company's fourth plastic platform acquisition since the creation of Fortis Plastics LLC. Earlier this year, Monomoy also acquired the Ramos, Mexico-based operations of Moll Industries Inc., which was also integrated into the operations of Fortis Plastics LLC.

Market Snapshot

\$U.S. in millions

	Reported Date	Market Cap	Enterprise Value (EV)	Enterprise Value to: Sales	EBITDA	EBITDA Margin	Reported P/E	Stock Performance Quarter	LTM
Flexible Plastic									
AEP Industries Inc.	04/30/09	\$179	\$375	0.5x	6.0x	8.1%	6.2x	72.8%	51.9%
Avery Dennison Corporation	04/04/09	\$2,895	\$4,764	0.7x	7.4x	10.0%	N.M.	15.0%	(41.5%)
Bemis Co. Inc.	03/31/09	\$2,518	\$3,062	0.8x	7.0x	12.0%	15.6x	20.2%	12.4%
Brady Corp.	04/30/09	\$1,314	\$1,560	1.2x	7.0x	16.9%	15.5x	42.5%	(27.3%)
CCL Industries Inc.	03/31/09	\$738	\$1,242	1.0x	5.7x	17.9%	19.7x	9.9%	(22.2%)
Huhtamaki Oyj	03/31/09	\$738	\$1,375	0.6x	9.3x	6.7%	N.M.	43.6%	35.1%
Intertape Polymer Group Inc.	03/31/09	\$53	\$283	0.4x	10.2x	4.0%	N.M.	114.3%	(72.6%)
Multi-Color Corp.	03/31/09	\$151	\$250	0.9x	6.5x	13.3%	13.0x	0.2%	(41.6%)
PactivCorp.	03/31/09	\$2,863	\$4,056	1.2x	5.8x	19.8%	10.3x	48.7%	2.2%
Polyair Inter Pack Inc.	05/02/09	\$0	\$15	0.1x	10.8x	1.4%	0.0x	(100.0%)	(100.0%)
Sealed Air Corp.	03/31/09	\$2,926	\$4,276	0.9x	6.5x	14.2%	16.3x	33.7%	(2.9%)
Spartech Corp.	05/02/09	\$282	\$545	0.5x	7.1x	6.5%	N.M.	273.6%	(2.5%)
Wipak Ltd.	03/29/09	\$437	\$418	0.8x	5.4x	15.2%	13.2x	0.0%	26.8%

Average Flexible Plastic

0.7x 7.3x 11.2% 12.2x 44.2% (14.0%)

Rigid Plastic

Amcor Ltd.	12/31/08	\$4,205	\$7,487	0.8x	9.4x	8.5%	21.4x	12.1%	(1.2%)
AptarGroup, Inc.	03/31/09	\$2,287	\$2,388	1.2x	7.0x	17.3%	16.0x	8.4%	(19.5%)
Consort Medical plc.	10/31/08	\$109	\$128	1.0x	4.3x	23.1%	17.6x	11.1%	(36.5%)
Constar International Inc.	03/31/09	\$194	\$618	0.8x	14.6x	5.3%	N.M.		
Myers Industries Inc.	03/31/09	\$293	\$460	0.6x	6.1x	9.3%	N.M.	35.5%	2.1%
RPC Group plc	09/30/08	\$196	\$350	0.5x	4.9x	9.2%	N.M.	71.7%	0.3%
Sonoco Products Co.	03/29/09	\$2,390	\$2,979	0.8x	6.1x	12.6%	13.8x	14.2%	(22.6%)
West Pharmaceutical Services, Inc.	03/31/09	\$1,142	\$1,464	1.4x	8.6x	16.6%	15.1x	6.2%	(19.5%)

Average Rigid Plastic

0.9x 7.6x 12.7% 16.8x 22.8% (13.8%)

Paper & Paperboard

Cararstar Industries Inc.	03/31/09	\$2	\$203	0.3x	6.9x	3.9%	N.M.	(53.3%)	(97.6%)
Chesapeake Corporation	09/28/08	\$0	\$537	0.5x	8.2x	6.7%	N.M.	350.0%	(99.2%)
Graphic Packaging Holding Company	03/31/09	\$627	\$3,673	0.8x	8.0x	10.4%	N.M.	110.3%	(9.4%)
Greif Inc.	04/30/09	\$2,071	\$2,933	0.9x	7.1x	12.4%	18.6x	32.8%	(30.9%)
International Paper Co.	03/31/09	\$6,539	\$17,079	0.7x	5.2x	13.3%	N.M.	114.9%	(35.1%)
MeadWestvaco Corporation	03/31/09	\$2,808	\$4,684	0.7x	5.9x	12.2%	N.M.	36.9%	(31.2%)
Packaging Corp. of America	03/31/09	\$1,660	\$2,201	1.0x	5.7x	16.8%	12.8x	24.4%	(24.7%)
Rock-Tenn Co.	03/31/09	\$1,463	\$2,964	1.0x	6.4x	15.8%	12.5x	41.1%	27.2%
Smurfit-Stone Container Corp.	03/31/09	\$44	\$1,693	0.3x	4.3x	6.0%	N.M.	359.5%	(95.8%)

Average Paper & Paperboard

0.7x 6.4x 10.8% 14.6x 113.0% (44.1%)

Other Materials

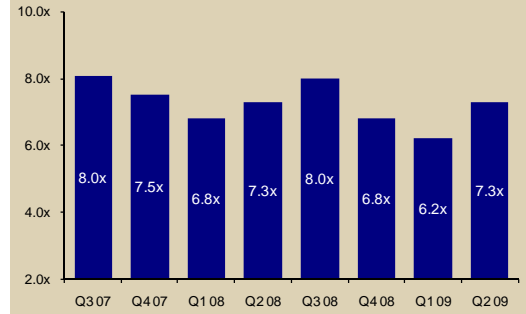
Ball Corporation	03/29/09	\$4,244	\$6,851	0.9x	7.5x	12.3%	14.0x	4.1%	(5.4%)
Crown Holdings Inc.	03/31/09	\$3,862	\$6,964	0.9x	6.7x	12.8%	16.1x	6.2%	(7.1%)
Owens-Illinois, Inc.	03/31/09	\$4,714	\$7,661	1.0x	5.7x	18.2%	37.4x	94.0%	(32.8%)
Rexam plc	12/31/08	\$1,829	\$4,612	1.0x	7.4x	13.6%	10.6x	5.4%	(26.6%)
Silgan Holdings Inc.	03/31/09	\$1,870	\$2,688	0.9x	6.4x	13.6%	13.5x	(6.7%)	(3.4%)
Vitro, S.A.B. de C.V.	03/31/09	\$2,046	\$22,112	0.8x	7.3x	10.7%	N.M.	28.3%	(67.4%)

Average Other Materials

0.9x 6.8x 13.5% 18.3x 21.9% (23.8%)

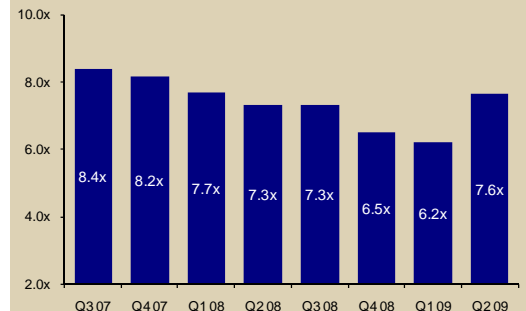
Source: Capital IQ

Flexible Plastic Trading Multiples
Enterprise Value/EBITDA



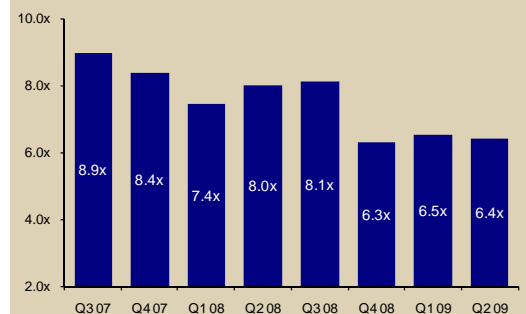
Source: Capital IQ

Rigid Plastic Trading Multiples
Enterprise Value/EBITDA



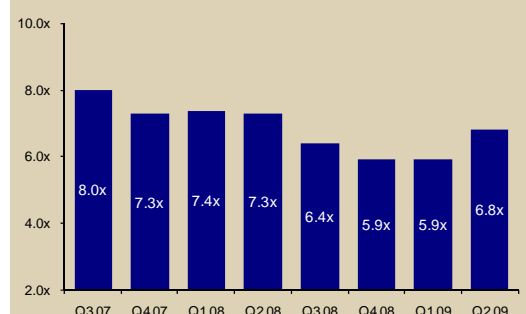
Source: Capital IQ

Paper & Paperboard Trading Multiples
Enterprise Value/EBITDA



Source: Capital IQ

Other Materials Trading Multiples
Enterprise Value/EBITDA



Source: Capital IQ

Related Content

In addition to information regarding the packaging industry being provided by Deloitte Corporate Finance LLC (“DCF”), you may be interested in additional events and informational sources available through DCF and the subsidiaries of Deloitte LLP.

Deloitte Webcasts

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Manufacturing

[Watch Your Step: Optimizing Your Enterprise Footprint](#)

September 08, 1:00 PM EDT (17:00 GMT); Host: Tim Hanley, Partner - Deloitte & Touche LLP

In the current economy, manufacturing companies are reconsidering how and where their assets are deployed. How can enterprise footprint optimization help your organization reduce costs, improve operating efficiency and flexibility, and become more responsive to immediate opportunities, crises, and unpredictable market conditions?

Listen in on September 8th to understand the benefits of optimizing your enterprise footprint and how to take the first steps in that direction. .

[Click here](#) to register for the webcast (or visit www.deloitte.com/us/dbriefs to view the archived webcast after September 8, 2009).

Transaction & Business Events

[Corruption, Fraud, and Economic Sanctions: The Role of Compliance and Integrity Due Diligence in M&A Decision-Making](#)

August 12, 2:00 PM EDT (18:00 GMT); David Williams, Principal – Deloitte Financial Advisory Services LLP

Even in a struggling economy, global companies look to emerging markets for growth opportunities. However, economic and business pressures can lead to increased risk of corruption and fraud. What impact can these issues have on target selection and deal pricing, structure, terms, and conditions?

Listen in on August 12th to Learn how prepared acquirers are making compliance and integrity due diligence a central part of their decision-making process for M&A transactions.

[Click here](#) to register for the webcast (or visit www.deloitte.com/us/dbriefs to view the archived webcast after August 12, 2009).

Reports

[2009 Industry Outlook: Process & Industrial Products](#)

Expect the process and industrial products sector to “hunker down” in 2009, as manufacturing companies focus on right-sizing, managing costs and working capital, and taking additional steps to weather a rapidly deteriorating global economy.

[Click here](#) to read the full 2009 Outlook report.

[Are We There Yet?](#)

Downturn strategies for manufacturers

Our recent study, "Are We There Yet?" provides fundamental strategies to consider for navigating continued market volatility – and positioning the business for new market realities.

[Click here](#) to read the full article.

[Fueling the U.S. Economy](#)

Article by Deloitte's Tom Marriott and Tim Hanley featured in Inside Supply Management magazine

In “Reigniting the Growth Engine,” an article featured in *Inside Supply Management* magazine, authors Tom Marriott and Steve Ramig, both principals within Deloitte Consulting LLP, discuss how companies can take the reins and find the opportunities that the American Recovery and Reinvestment Act can provide.

[Click here](#) to read the full report.

Point of View

[Proactive Private Companies](#)

Taking charge in today's economy

The economic downturn has challenged private companies' prospects for growth, as well as the way they manage their businesses and balance sheets. Despite the obvious threats, though, this environment presents opportunities for healthy, proactive companies that can steady the ship and look ahead.

Explore opportunities for healthy private companies to position for growth through and beyond the recession, plus read executives' views on how their companies are responding to the current environment.

[Click here](#) to read the full POV article.

Deloitte Corporate Finance LLC

DCF provides deal execution and lead financial advisory services to large corporate, middle market, private equity and venture capital firms. DCF, Deloitte Financial Advisory Services LLP and their affiliates maintain a presence in key U.S. financial centers.

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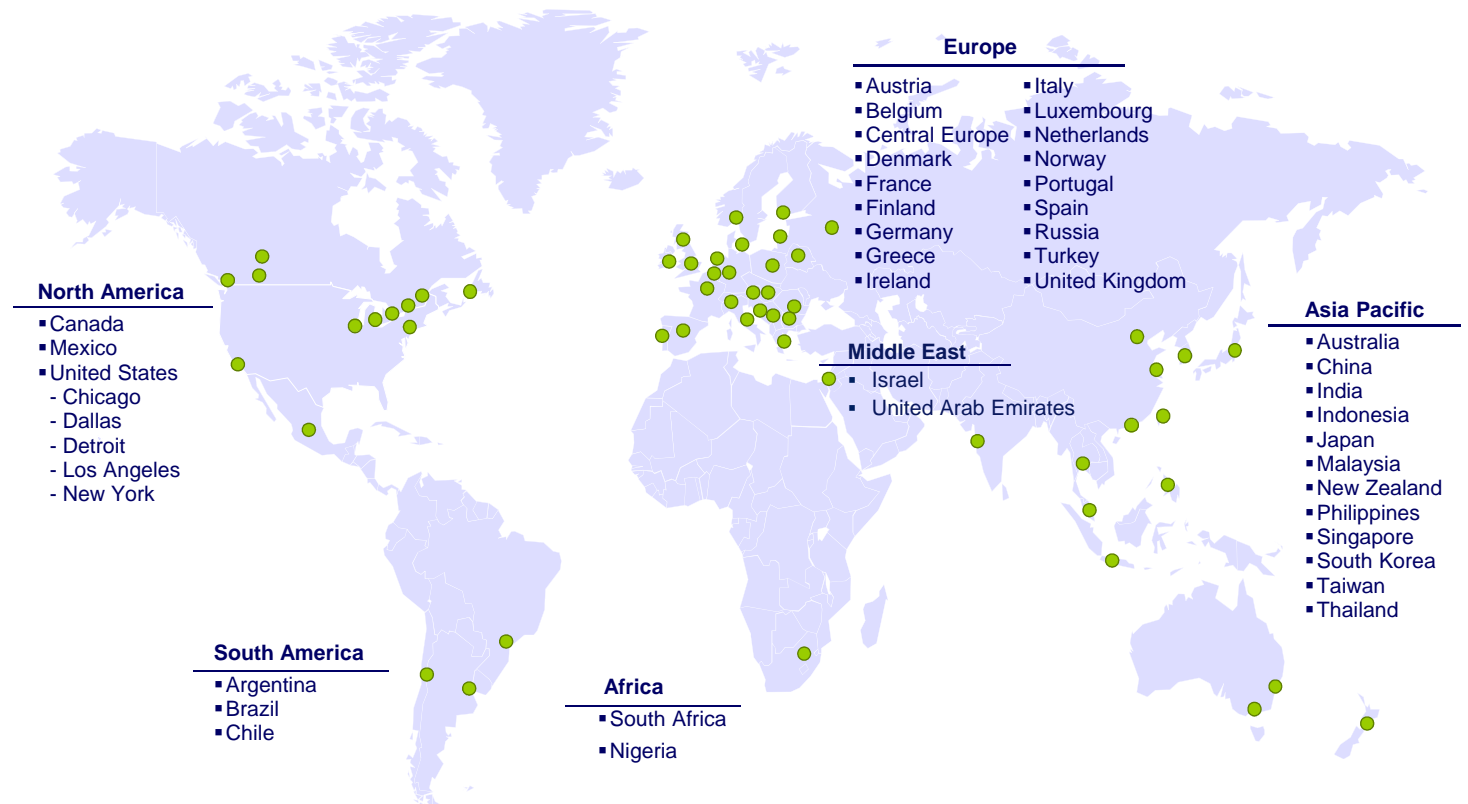
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Corporate Finance Practices of DTT Member Firms and Affiliates

DCF and the corporate finance practices of the member firms of Deloitte Touche Tohmatsu (DTT) or their affiliates are able to work together to provide industry-specific experience and execution capabilities to assist in the completion of M&A advisory assignments around the globe.



* In all office locations outside the United States listed above, corporate finance services are offered by the DTT member firm of the applicable country or an affiliate thereof. Each of the DTT member firms is a separate and independent legal entity.

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