

Packaging Update

Deloitte Corporate Finance LLC



Investment Banking Advisory Services

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

Transaction Highlight



**The Film Division of CPI Plastics
Group Inc.**

has been sold to

Mid-America Bag LLC

The undersigned assisted and advised Deloitte & Touche Inc. (Canada), interim receiver and manager of CPI Plastics Group Ltd.

Deloitte.

Deloitte Financial Advisory Services LLP

Deloitte Financial Advisory Services LLP ("Deloitte FAS") is pleased to announce its role in advising Deloitte & Touche Inc. (Canada) ("Deloitte Canada") in its role as court appointed interim receiver and manager of CPI Plastics Group Ltd. ("CPI"), in the sale of the assets of CPI's Film Division to Mid-America Bag LLC.

Deloitte Canada engaged Deloitte FAS for their industry, restructuring, and U.S. bankruptcy proceedings experience. The Deloitte FAS team leveraged its knowledge of the flexible packaging space to advise and assist with the sale process for the assets of CPI's film business. In addition, Deloitte FAS assisted Deloitte Canada with the restructuring of the business and advised on issues related to U.S. bankruptcy proceedings.

The sale highlights Deloitte FAS's experience in the Paper, Plastic, and Packaging sector and is another example of assisting a distressed company in successfully restructuring.

About CPI

CPI Plastics Group Limited is a film extruder and plastics profiler serving retail consumer and building products markets, and original equipment manufacturers in North America.

The Film Division of CPI is a leader in the manufacture and supply of consumer and institutional trash bags, food storage bags, and waste management solutions, serving both the United States and Canada. The division manufactures products for a number of the world's largest retailers under its own Maximum and Optimum brands, in addition to private label store brands.

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



AIG Systems Solutions Pvt. Ltd.

has been acquired by



Mphasis Limited

The undersigned acted as exclusive financial advisor to AIG Global Services, Inc., a wholly-owned subsidiary of American International Group, Inc.

Deloitte.

Deloitte Corporate Finance LLC



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

M&A activity and trading multiples in the Packaging industry showed impressive signs of recovery in Q3 2009 as the current financial crisis appears to have eased its grip on the sector. Most notably:

- There were 36 total announced deals in Q3 2009 (a 6% increase over the previous quarter)
- Total announced deal value in Q3 2009 was \$2.0 billion. Removing Bemis Company, Inc's \$1.2 acquisition, this represents a 142% growth over the previous quarter's total of \$332.5 million.
- Bemis Company, Inc.'s acquisition of Alcan Packaging's Food Americas operations marked the first announced deal over \$1 billion in a year.
- EBITDA trading multiples across various Packaging industry sectors increased by an average of 5.8% for Q3 2009 compared to Q2 2009
- The sector outperformed broader market averages during Q3 2009 as investors were drawn to the sector's relatively healthy balance sheets and solid cash flow management. The S&P 500 gained 14.4% and the Dow saw a gain of 15.0% during Q3, while an index of packaging companies saw a 25.8% advance

Setting the stage for a potential surge in future M&A activity, companies in the Packaging sector have successfully focused on cash flow management over the last year - stockpiling cash and reducing their levels of debt. Across the industry, Net Debt/EBITDA multiples have dropped 13% this year, alongside a steady decrease in total existing debt.

The economic downturn has forced the industry to focus on internal liquidity initiatives rather than on acquisitions and other corporate maneuvers. However, with cash-heavy balance sheets and considerably reduced levels of debt, it appears there are significant funds available for strategic transactions. As confidence in the industry's recovery continues to grow, we would expect cash rich firms to re-enter the M&A marketplace, providing a much awaited boost to deal activity.

General Economic Trends

Economic data from the quarter was mixed, as the recession persisted. Deloitte's monthly economic report for September observed, "A financially weakened consumer suggests that year end holiday spending could be stifled, and that manufacturing might well be the stronger growth engine over the next several months."

- Rather than boosting retail sales, hesitant consumers whose spending comprises two thirds of U.S. GDP, paid off household debt, which dropped for the fourth consecutive quarter.
- U.S. manufacturers experienced some benefit from a weak dollar making exports more attractive, particularly in foreign markets that were again on a growth path.

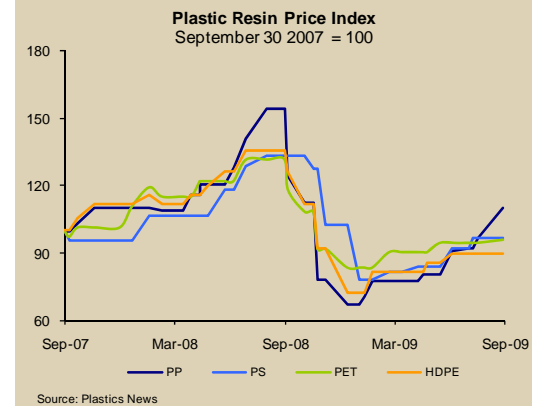
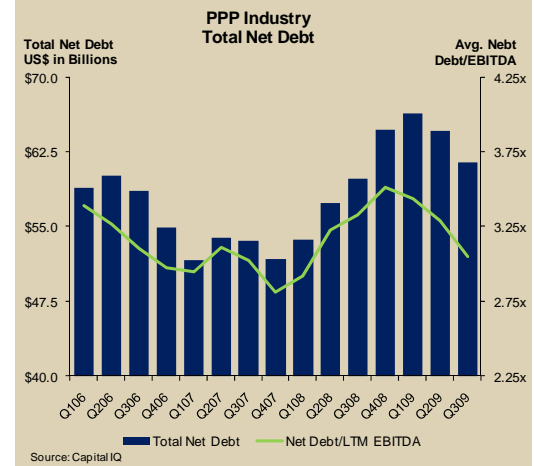
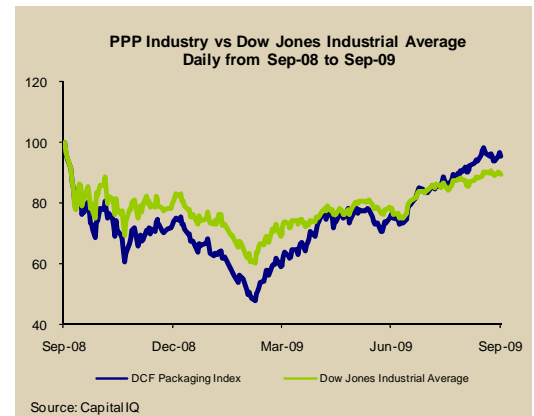
Meanwhile, weakness in the global and national economic environments continued to impact deal activity in the third quarter.

- The total disclosed value of M&A transactions fell 29% globally from Q2 and fell 52% in the U.S., but the total number of transactions showed little change from Q2.
- The total value of distressed M&A in the last twelve months (Q4 08-Q3 09) was 4.6 times higher than in the previous twelve month period (Q4 07-Q3 08), as struggling companies restructure.

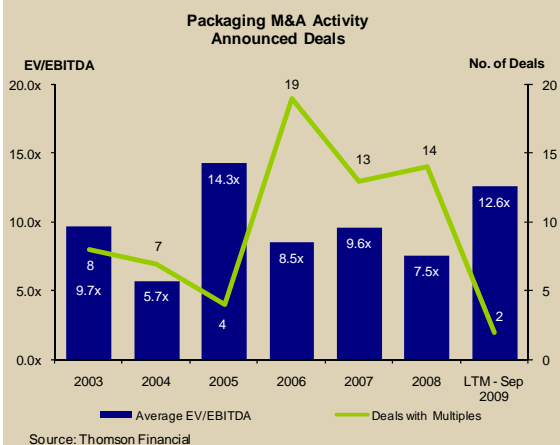
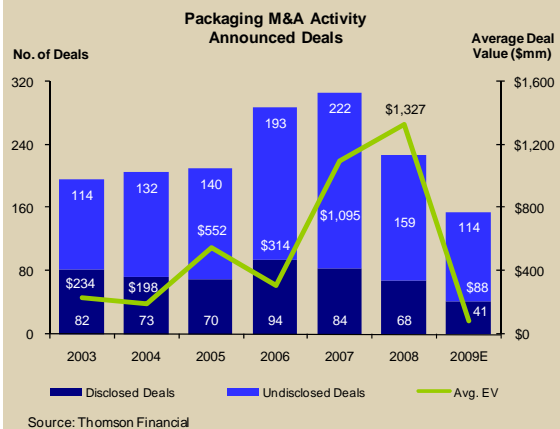
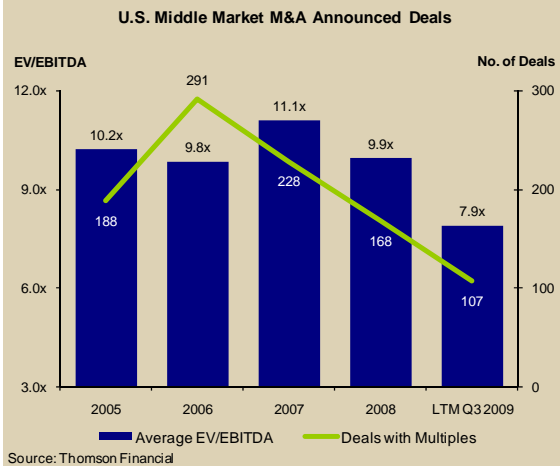
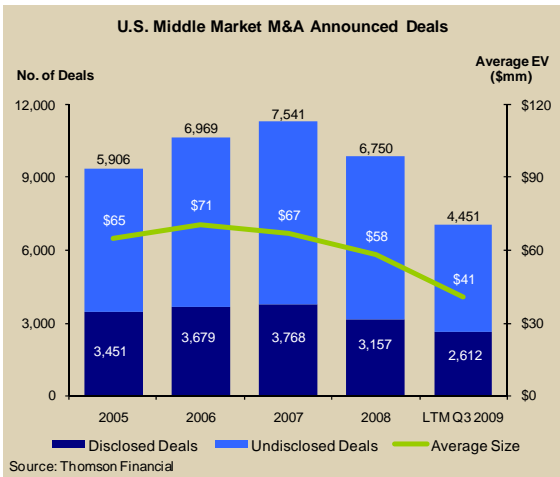
The stock markets rose broadly in the third quarter, but the "real" economy as measured by production, sales and employment levels had yet to experience a similar rise. Until fundamentals improve, companies of all sizes and sectors are likely to be watching to determine whether stabilization will be sustained, thus avoiding a "double-dip" recession.

[Deloitte Economic Update - September 2009](#)

Sources: Thomson Financial, Deloitte Economic Updates



Highlighted Transactions



Deals Announced

- July 5, 2009 - **Bemis Company, Inc.** signed a definitive agreement to acquire the Food Americas operations of **Alcan Packaging** for \$1.2 billion. Pursuant to the agreement, Bemis Company, Inc. will acquire all 23 of Food Americas' flexible packaging facilities in the U.S., Canada, Mexico, Brazil, Argentina, and New Zealand. Pooling the resources of the two companies is expected to diversify Bemis's existing technologies and product lines.
- August 10, 2009 - **Horn International Packaging, Inc.**, acquired **Worldwide Crating Corporation**. The acquisition is expected to enhance Horn International Packaging, Inc.'s ability to serve its clients in the supply, design, and manufacture of protective packaging, shipping materials, corrugated boxes, protective foams, wood crates, and skids.
- August 17, 2009 - **Thiele Technologies**, a division of Barry-Wehmiller, acquired **Hudson-Sharp Machine Co.** Previously owned by private equity group The Riverside Company, Hudson-Sharp Machine Co. designs and manufactures plastic bag machinery, pouch making equipment, and reclosable packaging solutions.
- August 18, 2009 - **Myers Industries** acquired the remaining stake of **Amerikan**, a Florida-based blow-molder of nursery containers made entirely from recycled plastics. The company will be integrated into the Myers Industries' Lawn & Garden Group, headquartered in Middlefield, Ohio.
- August 21, 2009 - Rigid metal and plastic container maker **BWay Corp.** acquired Chicago-based **Central Can Co.** for \$26.4 million. Since it went public in 2007, BWay Corp. has made clear its desire to acquire rigid metal and plastic container companies in those highly fragmented sectors. The addition of Central Can gives the company approximately \$68 million in new annual sales and a larger presence in the hybrid and all-plastic paint can market.
- August 24, 2009 - **Tricor Pacific Capital, Inc.** acquired **FabPro Oriented Polymers, LLC**, a wholly owned subsidiary of Polymer Group, Inc. The divestiture is part of the continued execution of Polymer Group, Inc.'s plan to focus on select core businesses built around growth platform technologies. A leading manufacturer, developer, and marketer of high-performance polymers and synthetic fibers, the FabPro business includes manufacturing facilities in Kansas, Utah, and Mississippi.
- September 1, 2009 - In its third acquisition in three years, **Clondalkin** acquired Elyria, Ohio-based **Cleveland Plastic Films**, a maker of customized and highly engineered flexible plastic films. Clondalkin expects this acquisition to further expand its product, technology, and geographic capabilities in North America.
- September 3, 2009 - **Cloud Packaging Solutions LLC**, a portfolio company of Cameron Holdings Corporation, acquired **Toll Packaging Group, LLC**, a full service contract packager of food and consumer products. Cloud Packaging Solutions LLC provides contract packaging services for the food, consumer products, personal care, pharmaceutical, medical, auto care, industrial, and institutional markets.
- September 10, 2009 - **Dow Chemical Co.** sold one of its plastic pigment businesses to **Omnova Solutions Inc.**, a supplier of materials and laminates. The acquired business produces plastic pigments complimentary to the existing coating chemicals portfolio of Omnova Solutions Inc.
- September 18, 2009 - Private equity group **Aurora Capital Group** expanded its portfolio of plastics companies, signing a definitive agreement with HLTH Corporation to acquire its wholly owned subsidiary, **Porex Corporation** for \$142 million. Based in Fairburn, GA, Porex Corporation develops, manufactures, and distributes porous plastic products.

Market Snapshot

U.S. in millions

	Reported Date	Market Cap	Enterprise Value (EV)	Enterprise Sales	Value to: EBITDA	EBITDA Margin	Reported P/E	Stock Performance Quarter	Stock Performance LTM
Flexible Plastic									
AEP Industries Inc.	07/31/09	\$272	\$455	0.6x	5.7x	10.5%	7.0x	51.2%	99.5%
Avery Dennison Corporation	07/04/09	\$4,060	\$5,895	1.0x	10.1x	9.5%	N.M.	40.2%	(19.0%)
Bemis Co. Inc.	06/30/09	\$2,798	\$3,310	0.9x	7.5x	12.4%	15.6x	2.8%	(1.1%)
Brady Corp.	07/31/09	\$1,503	\$1,706	1.4x	8.5x	16.6%	21.5x	14.3%	(18.6%)
CCL Industries Inc.	06/30/09	\$729	\$1,171	1.0x	5.7x	17.2%	32.3x	(3.4%)	(24.7%)
Huhtamaki Oyj	06/30/09	\$874	\$1,449	0.7x	9.1x	7.3%	N.M.	18.4%	55.6%
Intertape Polymer Group Inc.	06/30/09	\$156	\$380	0.6x	15.7x	3.7%	N.M.	194.4%	(2.9%)
Multi-Color Corp.	06/30/09	\$188	\$283	1.0x	7.3x	13.9%	14.9x	25.9%	(35.4%)
Pactiv Corp.	06/30/09	\$3,438	\$4,556	1.3x	6.1x	21.5%	11.0x	20.0%	4.9%
Sealed Air Corp.	06/30/09	\$3,117	\$4,376	1.0x	6.7x	14.9%	17.5x	6.4%	(10.7%)
Spartech Corp.	08/01/09	\$331	\$570	0.5x	7.5x	7.0%	N.M.	17.2%	8.8%
Winpak Ltd.	06/28/09	\$579	\$538	1.1x	6.4x	16.7%	15.3x	32.4%	78.0%

Average Flexible Plastic **0.9x** **8.0x** **12.6%** **16.9x** **35.0%** **11.2%**

Rigid Plastic

Amcor Ltd.	06/30/09	\$6,690	\$9,333	1.0x	11.6x	8.4%	21.6x	9.8%	1.5%
AptarGroup, Inc.	06/30/09	\$2,529	\$2,576	1.4x	8.0x	17.4%	20.0x	10.6%	(4.5%)
Consort Medical plc.	04/30/09	\$126	\$145	1.1x	5.7x	19.6%	16.6x	15.4%	(18.4%)
Constar International Inc.	06/30/09	\$30	\$200	0.3x	3.8x	7.0%	2.7x	13.7%	N.M.
Myers Industries Inc.	06/30/09	\$380	\$518	0.7x	7.2x	9.4%	N.M.	29.4%	(14.6%)
RPC Group plc	03/31/09	\$244	\$360	0.5x	5.1x	9.2%	N.M.	24.6%	106.7%
Sonoco Products Co.	06/28/09	\$2,751	\$3,285	0.9x	7.1x	12.6%	18.4x	15.0%	(7.2%)
West Pharmaceutical Services, Inc.	06/30/09	\$1,336	\$1,639	1.6x	10.1x	16.2%	20.0x	16.5%	(16.8%)

Average Rigid Plastic **0.9x** **7.3x** **12.5%** **16.6x** **16.9%** **6.7%**

Paper & Paperboard

Cararstar Industries Inc.	06/30/09	\$0	\$222	0.3x	6.7x	4.7%	0.0x	N.M.	N.M.
Graphic Packaging Holding Company	06/30/09	\$793	\$3,743	0.9x	7.6x	11.5%	N.M.	26.2%	(7.6%)
Greif Inc.	07/31/09	\$2,580	\$3,372	1.1x	8.8x	12.7%	28.1x	24.5%	(16.1%)
International Paper Co.	06/30/09	\$9,620	\$18,883	0.8x	5.0x	15.3%	N.M.	46.9%	(15.1%)
MeadWestvaco Corporation	06/30/09	\$3,818	\$5,591	0.9x	7.5x	12.0%	50.2x	36.0%	(4.3%)
Packaging Corp. of America	06/30/09	\$2,100	\$2,588	1.2x	5.7x	20.5%	10.2x	25.9%	(12.0%)
Rock-Tenn Co.	06/30/09	\$1,818	\$3,234	1.1x	6.0x	18.8%	9.7x	23.5%	17.8%
Smurfit-Stone Container Corp.	06/30/09	\$118	\$3,838	0.6x	5.8x	10.7%	N.M.	170.6%	(90.2%)

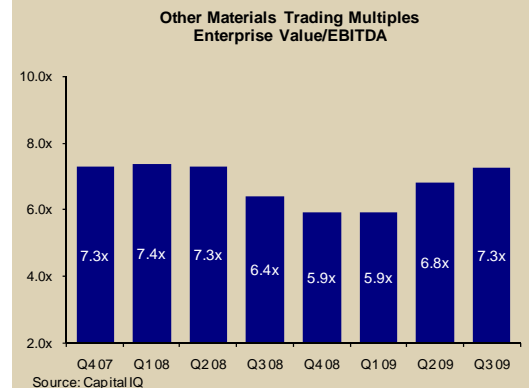
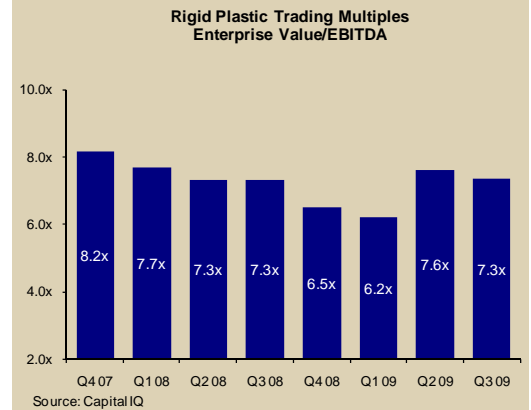
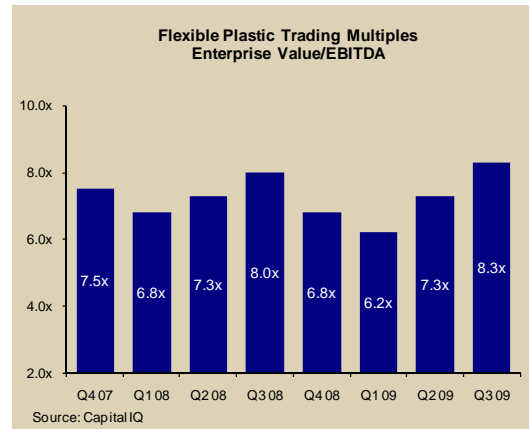
Average Paper & Paperboard **0.9x** **6.6x** **13.3%** **19.6x** **50.5%** **(18.2%)**

Other Materials

Ball Corporation	06/28/09	\$4,631	\$6,944	1.0x	7.7x	12.4%	13.7x	8.9%	24.6%
Crown Holdings Inc.	06/30/09	\$4,355	\$7,384	0.9x	7.2x	12.9%	17.7x	12.7%	22.5%
Owens-Illinois, Inc.	06/30/09	\$6,213	\$9,173	1.3x	7.5x	17.4%	N.M.	31.7%	25.5%
Rexam plc	06/30/09	\$2,288	\$4,516	0.9x	7.0x	13.0%	27.5x	(8.3%)	(33.6%)
Silgan Holdings Inc.	06/30/09	\$2,014	\$2,919	1.0x	6.9x	13.8%	14.5x	7.5%	3.2%
Vitro, S.A.B. de C.V.	06/30/09	\$2,597	\$20,981	0.8x	7.2x	10.8%	N.M.	17.7%	(44.1%)

Average Other Materials **1.0x** **7.3x** **13.4%** **18.3x** **11.7%** **(0.3%)**

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

Stay on top of the latest issues and strategies. Deloitte LLP and its subsidiaries offer Dbriefs, live webcasts that provide you with insights on important developments affecting your business. Webcasts are complimentary, 1-hour live sessions; you can participate from the convenience of your office.

Manufacturing

[Are We There Yet? Preparing Manufacturers for the Upside of the Downturn](#)

Thursday, November 05, 2009 1:00 PM Eastern Time; Host: Tim Hanley, Partner - Deloitte Consulting LLP

Many companies are beginning to focus on the economic upturn, but are caught between the competing demands of managing cash and structural costs while targeting smart investments and growth. How do you move your business from a reactive to proactive stance? We'll discuss:

- Key phases of the upturn response, including managing structural costs, optimizing revenue, aligning talent, and driving a new growth culture.
- Using scenario and operations planning to assess and prepare the business for next steps.
- Leading practices for managing risk and success with customers, suppliers, and employees.

Learn how taking action now could help your organization capture growth, manage risk, and drive value in a rebounding economy.

[Click here](#) to view the archived webcast from November 5, 2009

Transaction & Business Events

[Bridging the Value Gap: Using Contingent Value Rights as an M&A Tool](#)

Monday, November 09, 2009 1:00 PM Eastern Time; Host: David Williams, Principal - Deloitte Financial Advisory Services LLP

More businesses are using contingent value rights (CVR) as a deal strategy and earn-outs to bridge the value gap between buyer and seller. How can a CVR help buyers positioned to do deals? We'll discuss:

- A legal overview of a CVR and the pros and cons of its use.
- Due diligence around understanding the value gaps precipitating the need for a CVR.
- SFAS 141(R) implications – new financial reporting and disclosure guidance related to contingent payments in transactions and related issues that registrants need to consider.

Learn how CVRs may play an important role in transactions as the M&A market begins to rebound.

[Click here](#) to register for the webcast (or visit www.deloitte.com/us/dbriefs to view the archived webcast after November 9, 2009).

Reports

[2009 Finance Book of Metrics for Process & Industrial Products](#)

Deloitte launches finance benchmarking study specifically for Process & Industrial Products companies

Measuring internal strengths and weaknesses — and comparing them against “best-in-class” performance — can help executives in their efforts to identify and mitigate gaps that have the potential to impair the performance of both the finance function and the entire business.

To quantify various improvement opportunities in the process and industrial products (P&IP) industry sector, Deloitte has conducted a diagnostic study of core finance activities

[Click here](#) to read the full report, 2009 Finance Book of Metrics for Process & Industrial Products.

[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.

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.

For additional information or to find out more about how DCF can assist the deal initiation and execution process, please contact one of our DCF Managing Directors:

Bob Coury

National Managing Director
Email: rcoury@deloitte.com
Phone: +1 313 396 3811

Hector Calzada

Managing Director
Email: hcalzada@deloitte.com
Phone: +1 404 631 3015

Ellen Clark

Managing Director
Email: elclark@deloitte.com
Phone: +1 313 396 2682

Kevan Flanigan

Managing Director
Email: keflanigan@deloitte.com
Phone: +1 213 688 6560

Will Frame

Managing Director
Email: wframe@deloitte.com
Phone: +1 312 486 4458

Simon Gisby

Managing Director
Email: sgisby@deloitte.com
Phone: +1 212 436 2495

Andy Isgrig

Managing Director
Email: aisgrig@deloitte.com
Phone: +1 312 486 4160

Constantine Korologos

Managing Director
Email: ckorologos@deloitte.com
Phone: +1 212 436 4620

Kevin McFarlane

Managing Director
Email: kemcfarlane@deloitte.com
Phone: +1 213 553 1423

Jonathan Ohm

Managing Director
Email: johm@deloitte.com
Phone: +1 212 436 2287

Justin Silber

Managing Director
Email: jsilber@deloitte.com
Phone: +1 404 942 6960

Richard A. Sukkar, Jr.

Managing Director
Email: rsukkar@deloitte.com
Phone: +1 214 840 7330

Irene Walsh

Managing Director
Email: iwalsch@deloitte.com
Phone: +1 212 436 4620

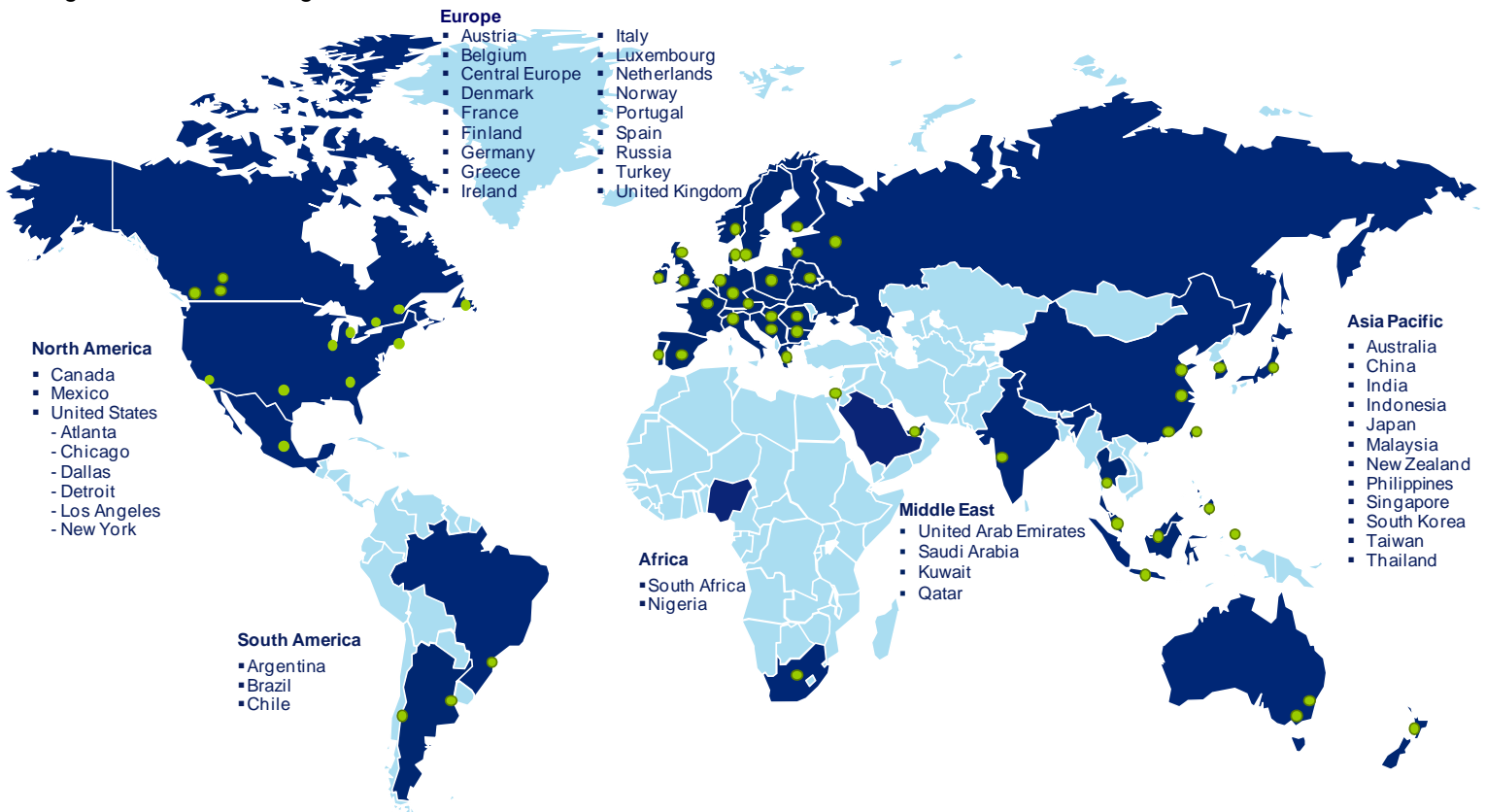
For additional information on members of the manufacturing team of Deloitte LLP and its affiliates, please contact:

Doug Engel

National Managing
Manufacturing Partner
Deloitte LLP
Email: dengel@deloitte.com
Phone: +1 312 486 2399

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.

This newsletter is a periodic compilation of certain completed and announced merger and acquisition activity. Information contained in this newsletter should not be construed as a recommendation to sell or a recommendation to buy any security. Any reference to or omission of any reference to any company in this newsletter shall not be construed as a recommendation to sell, buy or take any other action with respect to any security of any such company. We are not soliciting any action with respect to any security or company based on this newsletter. This newsletter is published solely for the general information of clients and friends of Deloitte Corporate Finance LLC. It does not take into account the particular investment objectives, financial situation, or needs of individual recipients. Certain transactions, including those involving early stage companies, give rise to substantial risk and are not suitable for all investors. This newsletter is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Prediction of future events is inherently subject to both known risks, uncertainties and other factors that may cause actual results to vary materially. We are under no obligation to update the information contained in this newsletter. We and our affiliates and related entities, partners, principals, directors, and employees, including persons involved in the preparation or issuance of this newsletter, may from time to time have "long" and "short" positions in, and buy or sell, the securities, or derivatives (including options) thereof, of companies mentioned herein. The companies mentioned in this newsletter may be: (i) investment banking clients of Deloitte Corporate Finance LLC; or (ii) clients of Deloitte Financial Advisory Services LLP and its related entities. The decision to include any company for mention or discussion in this newsletter is wholly unrelated to any audit or other services that Deloitte Corporate Finance LLC may provide or to any audit services or any services that any of its affiliates or related entities may provide to such company. No part of this newsletter may be copied or duplicated in any form by any means, or redistributed without the prior written consent of Deloitte Corporate Finance, LLC.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.

Deloitte Corporate Finance LLC ("DCF"), member FINRA, is a wholly-owned subsidiary of Deloitte Financial Advisory Services LLP ("Deloitte FAS"). Deloitte FAS is a subsidiary of Deloitte LLP. Investment banking products and services within the United States are offered exclusively through DCF.