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INDUSTRIALS & MANUFACTURING

Q4 2022 MARKET UPDATE – PACKAGING ON THE RISE

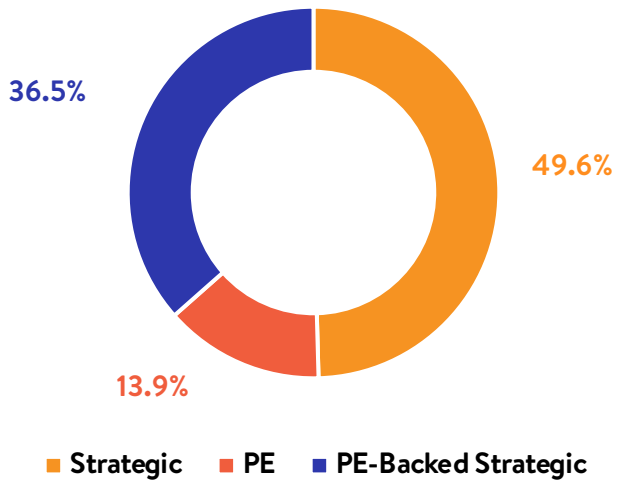
G2 Capital Advisors is pleased to present its Industrials & Manufacturing industry update for Q4 2022, providing specific commentary and analysis on M&A and market trends within the packaging sector.

After two years of pandemic-fueled disruption, a host of new challenges arose in 2022 for packaging businesses as increased inflation and interest rates, the war in Ukraine, and commodity prices hitting historic highs, impacted the pace of M&A activity. Despite the challenging macroeconomic environment, the appetite among private equity groups and strategic buyers for well-established packaging companies remained high. In 2022 alone, more than 230 packaging transactions were completed globally, many were led by PE and PE-backed companies as they employ buy and build strategies, executing add-ons and tuck-ins to further solidify existing platforms operating in a highly fragmented market.

Despite key indicators pointing to a recession in 2023, the high level of M&A activity in the packaging industry is expected to continue and well-run packaging businesses will remain sought after, given their resiliency during economic slowdowns. With continued geopolitical uncertainty, higher interest rates, and tightening credit markets, the pace of acquisitions will likely decelerate in the first half 2023, but continue at a healthy pace, with its proven recessionary resilience resulting from non-discretionary end-markets the industry services, such as food, pharma, healthcare and other essential goods.

FY 2023 Top Trends in the Packaging Industry

FY 2022 Packaging M&A Activity by Buyer Type



Buyers and sellers will continue to engage M&A opportunities in 2023, with companies well-positioned in these trends realizing outsized advantages. Contact our I&M team to learn about the latest trends in packaging and the industry outlook for 2023.

BUILDING PRODUCTS | CONTAINERS / PACKAGING | METALS / MATERIALS | NICHE MANUFACTURING | DISTRIBUTION

Source: S&P Capital IQ, G2 Insights

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SELECT ONGOING G2 PROJECTS

Power Generation & Maintenance

PROJECT SUPREME

Buy-Side

About the Mandate:

G2 is currently serving as the buy-side advisor to a power generation, infrastructure, and industrial manufacturer parent company which specializes in the wind and hydropower space. G2 is assisting the company with acquisition expansion into the North American market.

Seafood Processor / Distributor

PROJECT COD

Sell-Side

About the Mandate:

G2 is currently serving as the sell-side advisor to an importer, distributor and manufacturer of fresh, frozen and premium value-added seafood products. The Company supplies North American retailers, distributors, and foodservice operators with a vast array globally-sourced fresh and frozen seafood products

Consumer Products

PROJECT ROUGHNECK

Sell-Side

About the Mandate:

G2 is currently serving as the sell-side advisor to a leading provider of consumer plastics solutions. The company develops and sells plastic storage and organization products under both national consumer and private label brands.

Communications & Connectivity Infrastructure

PROJECT RIVER

Sell-Side

About the Mandate:

G2 is serving as the exclusive sell-side advisor to a provider of high-speed internet solutions and satellite television to MDU/MTUs (multi-dwelling/tenant units) such as apartment complexes, condos, student housing, office parks, and office high rises.

Packaging Solutions

PROJECT WOLF

Buy-Side

About the Mandate:

G2 is currently serving as the buy-side advisor to one of the largest envelope manufacturers in North America. G2 is assisting the company's executive leadership team with identifying and executing add-on acquisition opportunities to diversify their business and add complementary packaging solutions.

Commercial HVAC Design Build

PROJECT GLACIER

Sell-Side

About the Mandate:

G2 is currently advising on the sale of a provider of design, build, and construction services for large, commercial HVAC projects. The Company designs and manufactures complex HVAC solutions for industries including healthcare, retail, educational, and hospitality

KEY I&M TRADING STATISTICS

Sector	Number of Companies	Median Enterprise Value ($MM)	LTM[1]			
			Median Revenue Growth	Median EBITDA Growth	EV / Revenue	EV / EBITDA
Aerospace Manufacturing	17	$6,467	1.5%	1.6%	2.0x	14.0x
Building Products	14	$5,491	2.6%	3.5%	1.6x	8.4x
Chemicals	19	$17,160	1.4%	0.3%	1.3x	8.8x
Construction	12	$6,502	1.7%	1.9%	1.1x	15.7x
CPG	11	$21,907	0.1%	-1.4%	2.9x	17.1x
Electrical Equipment	11	$13,788	3.6%	5.0%	2.9x	15.6x
Food	13	$30,068	2.2%	-0.2%	2.3x	14.2x
Industrial Technology	10	$42,445	2.1%	2.6%	4.0x	17.1x
Materials	15	$18,940	2.4%	-3.3%	3.0x	10.9x
Metals	12	$6,662	0.0%	-7.2%	0.7x	3.2x
Packaging	12	$14,870	1.8%	0.6%	1.3x	8.5x
Plastics	11	$2,943	1.7%	-3.9%	0.7x	6.5x

1) LTM December 2022
Source: S&P Capital IQ

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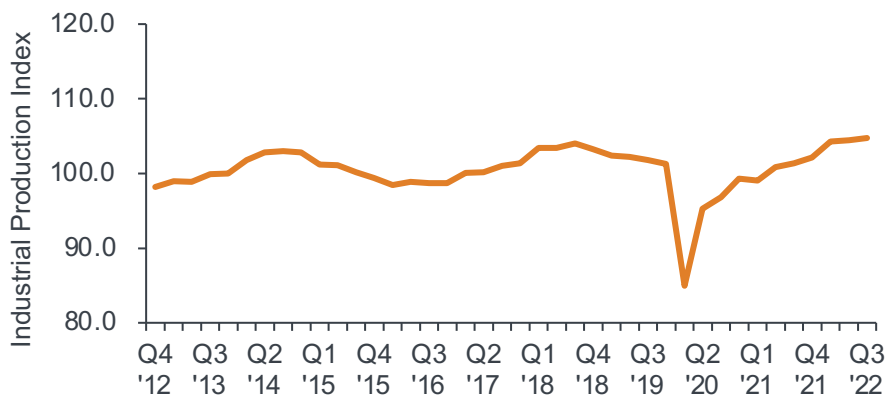
Q4 2022
M&A TRANSACTIONS

DATE	ACQUIRER	TARGET	DESCRIPTION	ENTERPRISE VALUE	REVENUE	EBITDA
Dec-2022	Undisclosed	Lundin Gold Inc.	Lundin Gold Inc. operates as a mining company in Canada.	-	$791.1	$450.8
Dec-2022	L3Harris Technologies, Inc.	Aerojet Rocketdyne Holdings, Inc.	Aerojet Rocketdyne Holdings, Inc. designs, develops, manufactures, and sells aerospace and defense products and systems in the United States.	$4,783.8	$2,179.1	$300.9
Dec-2022	Advent International Corporation	Maxar Technologies Inc.	Maxar Technologies Inc. provides earth intelligence and space infrastructure solutions in the United States, Asia, South America, Europe, the Middle East, Australia, Canada, and internationally.	$6,547.4	$1,747.0	$459.8
Dec-2022	Beijer Ref AB (publ)	Wittichen Supply Company Inc.	Wittichen Supply Company Inc. distributes heating, ventilating, air conditioning, and refrigeration (HVAC/R) parts, equipment, and supplies to HVAC/R contractors in the Southeastern United States.	$1,275.0	$640.0	$95.0
Dec-2022	Carlsberg Canada Inc.	Waterloo Brewing Ltd.	Waterloo Brewing Ltd. engages in the production, distribution, and sale of alcohol-based products.	$158.5	$77.5	$10.1
Nov-2022	Mitsui & Co., Ltd.; Fuyo General Lease Co.	Willis Lease Finance Corporation	Willis Lease Finance Corporation operates as a lessor and servicer of commercial aircraft and aircraft engines worldwide.	$3,240.2	$293.0	$171.1
Nov-2022	Triple Flag Precious Metals Corp.	Maverix Metals Inc.	Maverix Metals Inc., together with its subsidiaries, operates as a precious metals royalty and streaming company in Canada.	$622.6	$61.6	$34.4
Nov-2022	Greif, Inc.	Lee Container Corporation, Inc.	Lee Container Corporation, Inc. operates as a containers and packaging (metal, glass, and plastic) company.	$300.0	$162.0	$33.0
Nov-2022	Agnico Eagle Mines Limited; Pan American Silver Corp.	Yamana Gold Inc.	Yamana Gold Inc., together with its subsidiaries, operates as a precious metal producer.	$5,928.5	$1,853.6	$971.7
Oct-2022	Blackstone Inc.; GIC Private Limited	Climate Technologies Business of Emerson	Climate Technologies Business of Emerson comprises compressor business and the entire portfolio of products and services across all HVAC and refrigeration end-markets.	$14,000.0	$5,000.0	$1,100.0
Oct-2022	Davide Campari-Milano N.V.	Wilderness Trail Distillery, LLC	Wilderness Trail Distillery, LLC operates as a Bourbon and Rye whiskey producer.	$600.0	$40.8	$22.7
Oct-2022	Regal Rexnord Corporation	Altra Industrial Motion Corp.	Altra Industrial Motion Corp. designs, produces, and markets a range of electromechanical power transmission motion control products for use in various motion-related applications, and high-volume manufacturing and non-manufacturing processes.	$4,986.5	$1,945.9	$372.9
Oct-2022	Alta Equipment Group Inc.	Ecoverse Industries LLC	Ecoverse Industries LLC, through its subsidiaries, manufactures recycling and processing equipment.	$66.8	$64.3	$10.1
Oct-2022	The Kroger Co.	Albertsons Companies, Inc.	Albertsons Companies, Inc., through its subsidiaries, engages in the operation of food and drug stores in the United States.	$30,600.4	$75,341.6	$5,338.7
Oct-2022	Brookfield Asset Management Inc.	Westinghouse Electric Company LLC	Westinghouse Electric Company LLC provides nuclear power plant products and services to utilities worldwide.	$7,900.0	$3,286.0	$695.0
Oct-2022	CSC Generation Holdings, Inc.	Bassett Furniture Industries, Incorporated	Bassett Furniture Industries, Incorporated engages in the manufacture, marketing, and retail of home furnishings in the United States and internationally.	$212.4	$534.6	$76.5
Oct-2022	BlueLinx Corporation	Vandermeer Forest Products, Inc.	Vandermeer Forest Products, Inc. engages in the distribution of building products, such as lumber, studs and plywood, OSB sheathing, and sub-flooring.	$67.0	$150.5	$19.3

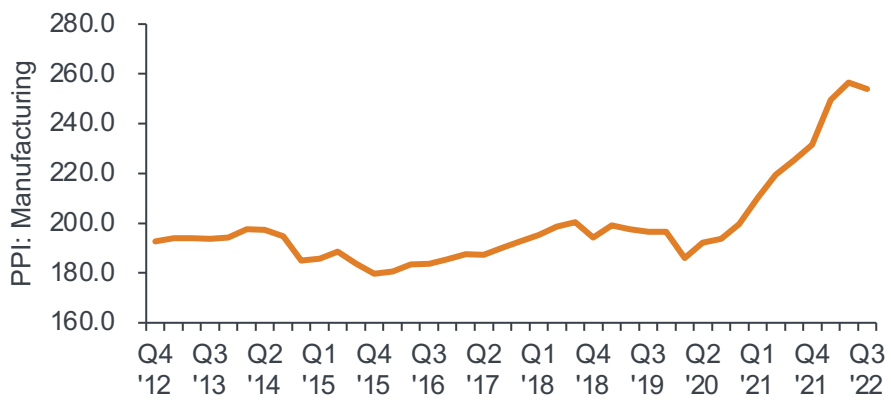
Source: S&P Capital IQ, company websites

MARKET INDICATORS

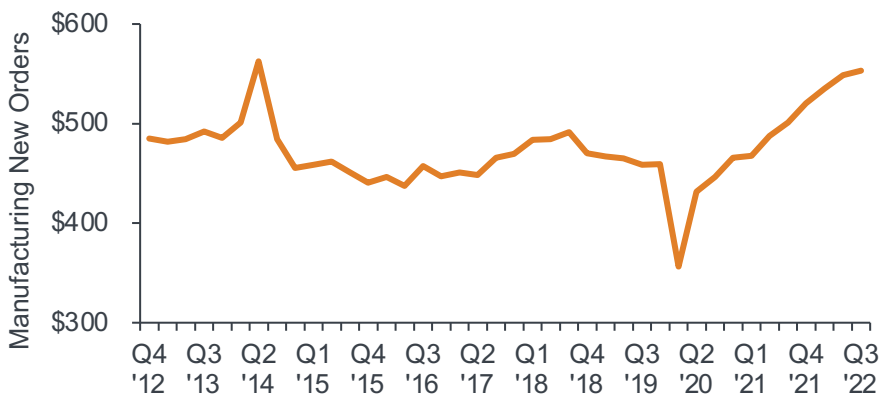
Industrial Production Index



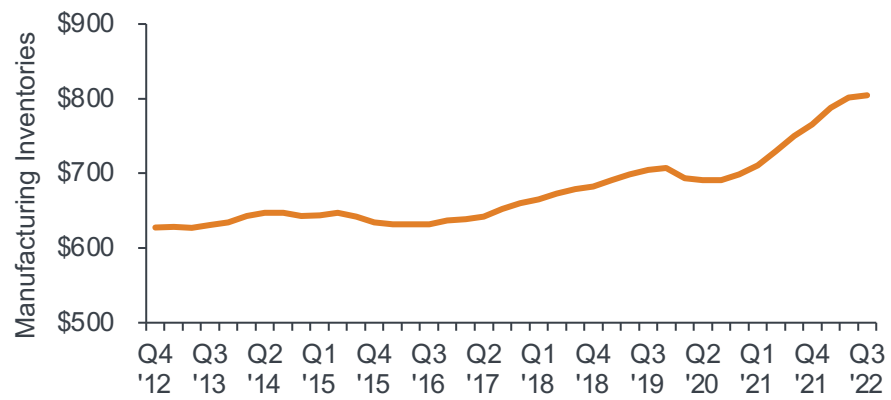
Producer Price Index: Manufacturing



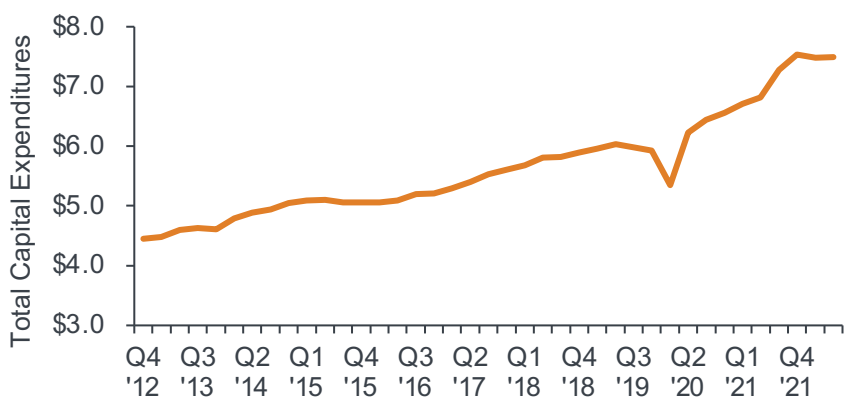
Manufacturing New Orders ($B)



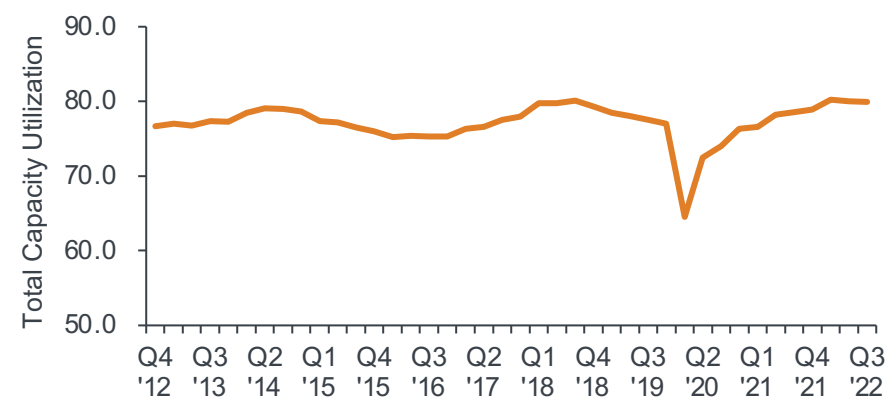
Manufacturing Total Inventories ($B)



Total Capital Expenditures ($TN)



Total Capacity Utilization



Source: Federal Reserve Economic Data

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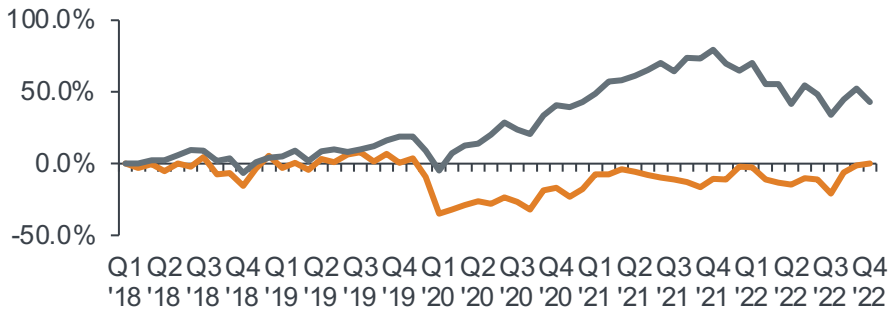
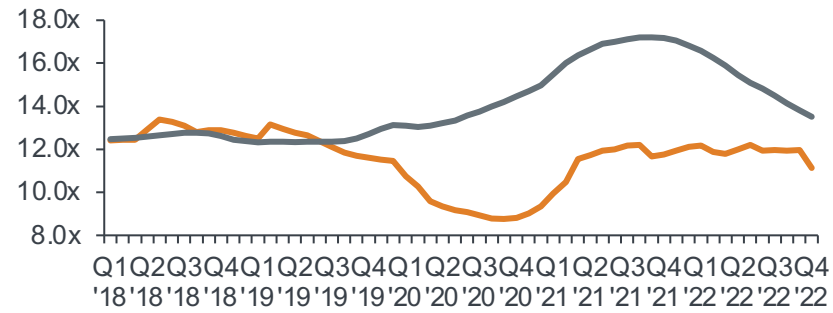
MARKET INDICATORS

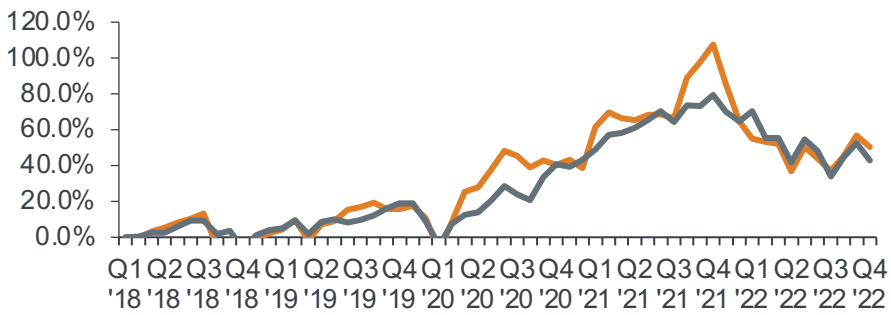
Aerospace Manufacturing Market Cap



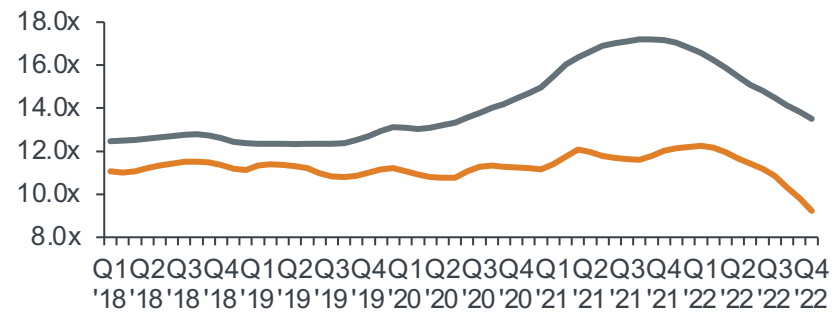
Aerospace Manufacturing EV / EBITDA



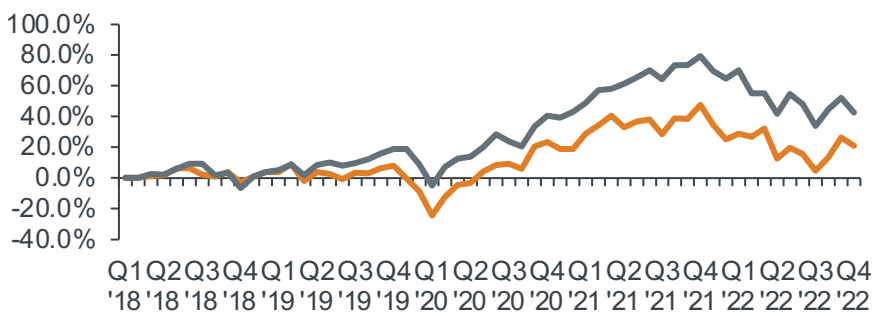
Building Products Market Cap



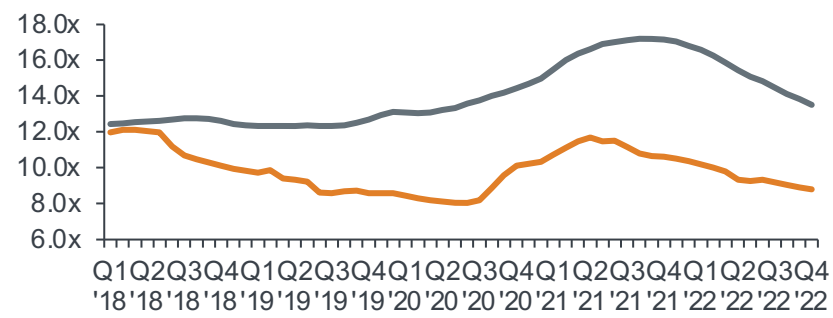
Building Products EV / EBITDA



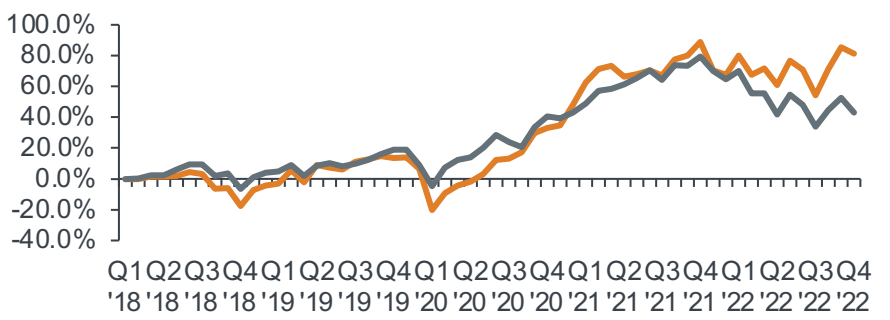
Chemicals Market Cap



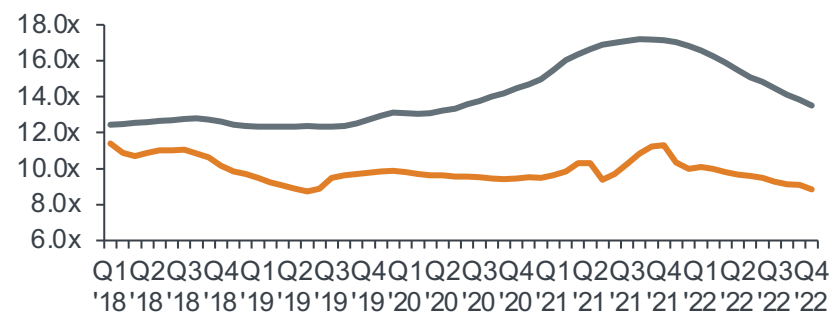
Chemicals EV / EBITDA



Construction Market Cap



Construction EV / EBITDA

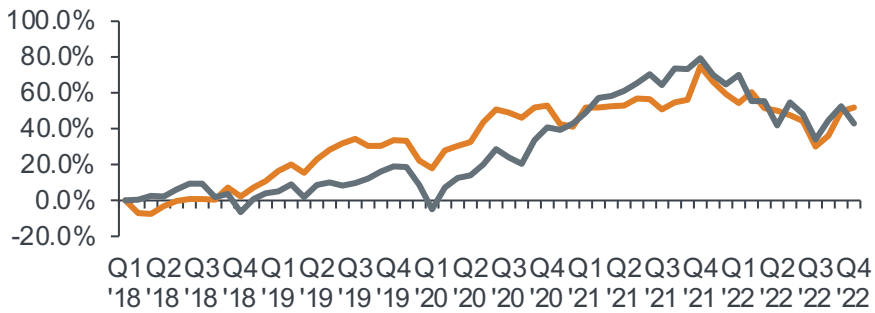


I&M Sector | S&P 500

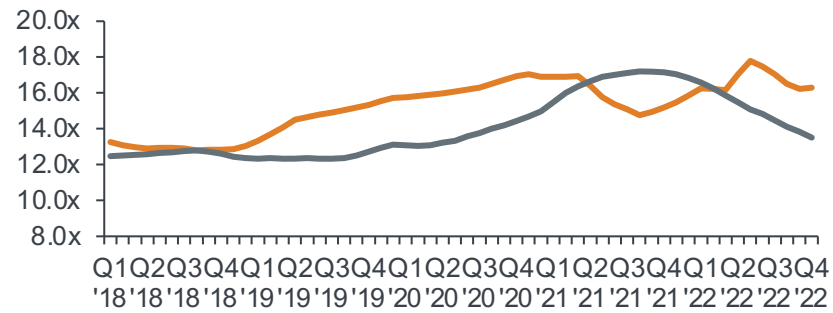
Source: S&P Capital IQ as of trading on December 31, 2022
Past performance is no guarantee of future results

MARKET INDICATORS

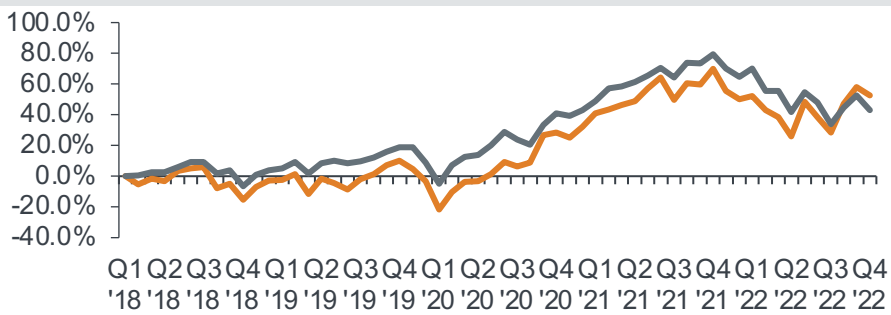
CPG Market Cap



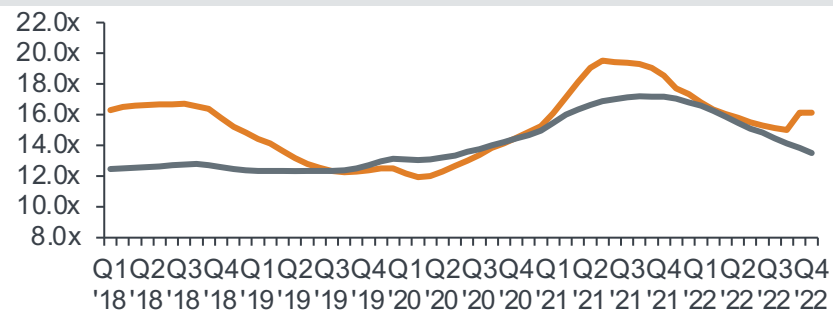
CPG EV / EBITDA



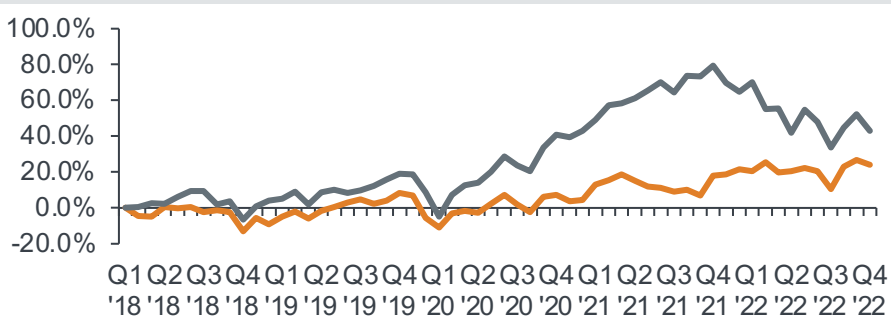
Electrical Equipment Market Cap



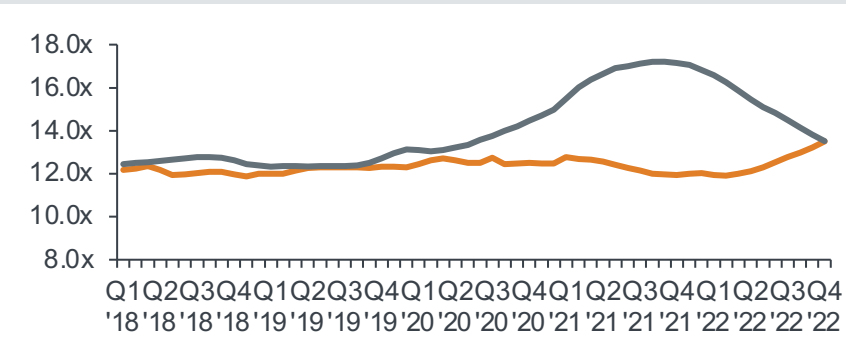
Electrical Equipment EV / EBITDA



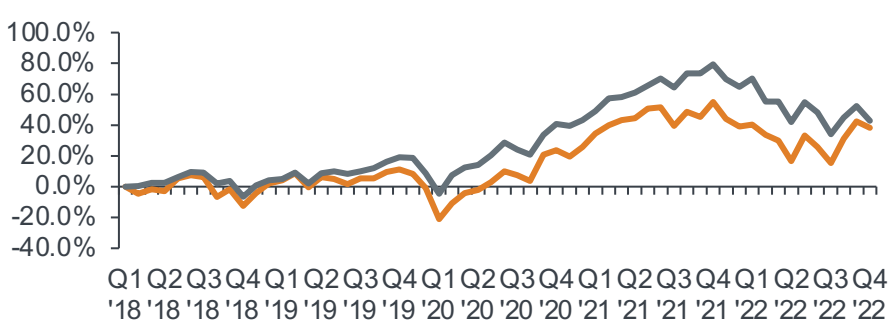
Food Market Cap



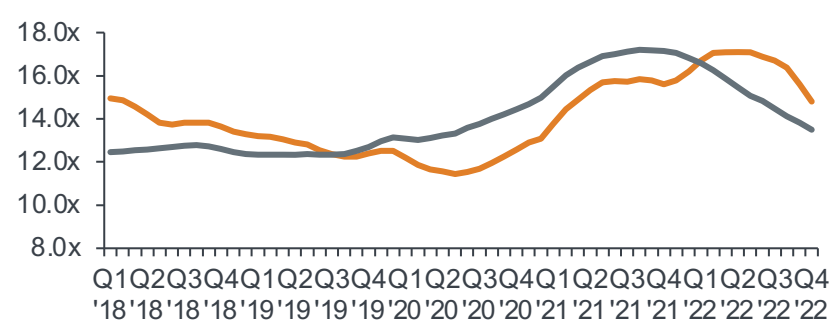
Food EV / EBITDA



Industrial Technology Market Cap



Industrial Technology EV / EBITDA



I&M Sector | S&P 500

Source: S&P Capital IQ as of trading on December 31, 2022
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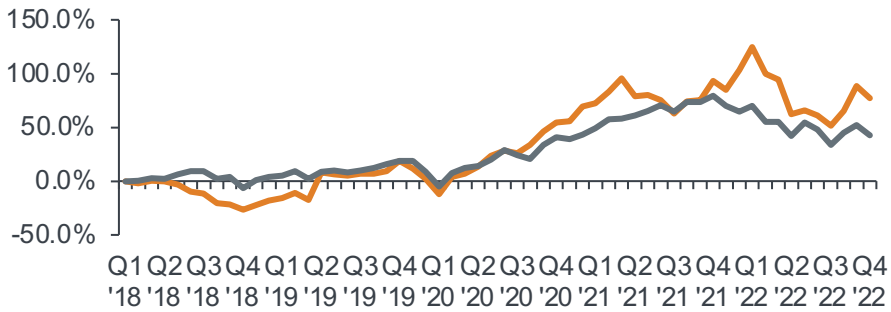
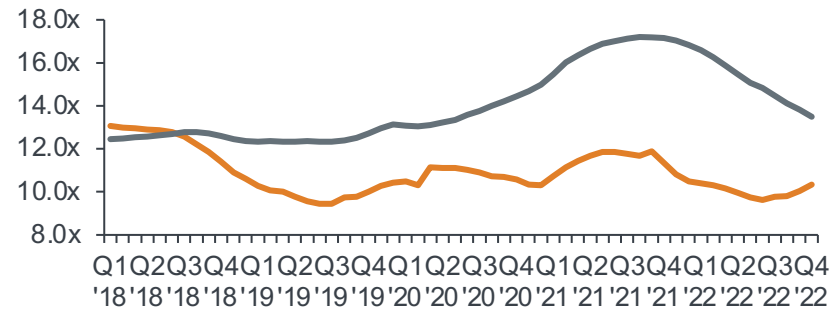
MARKET INDICATORS

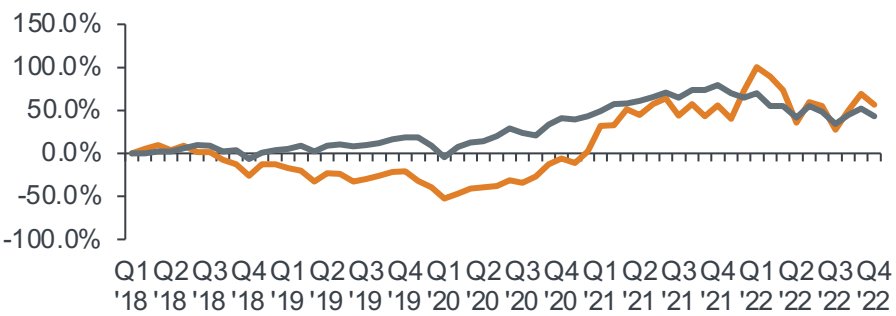
Materials Market Cap



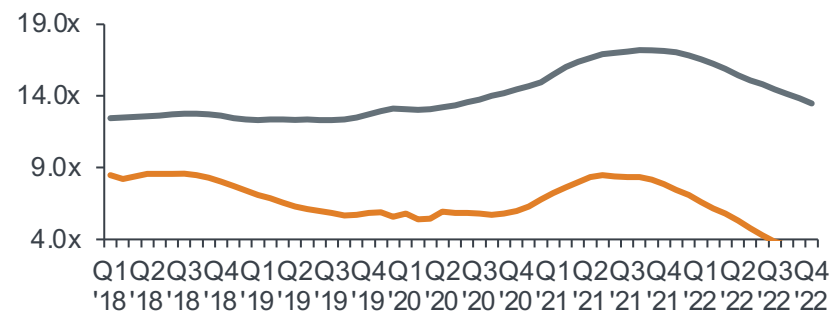
Materials EV / EBITDA



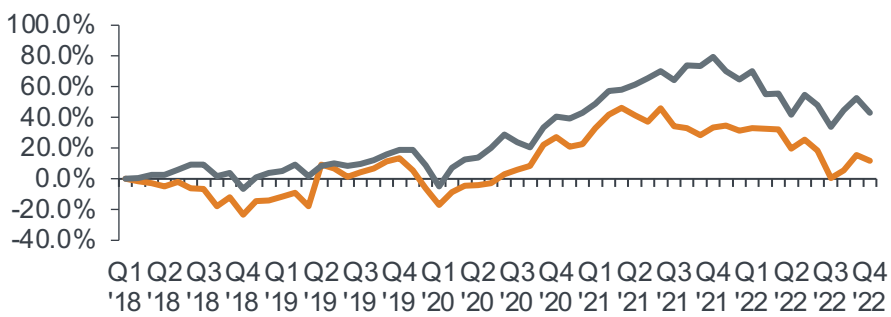
Metals Market Cap



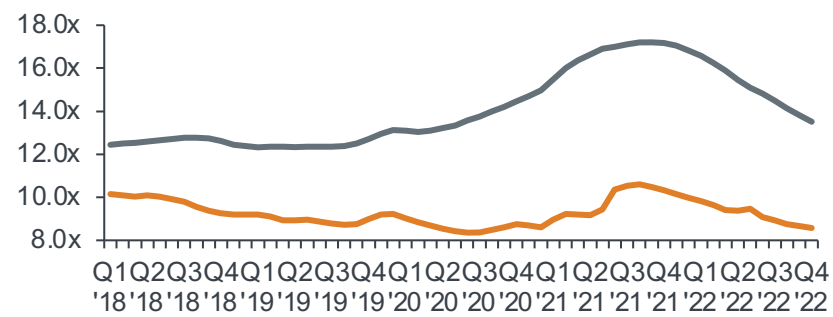
Metals EV / EBITDA



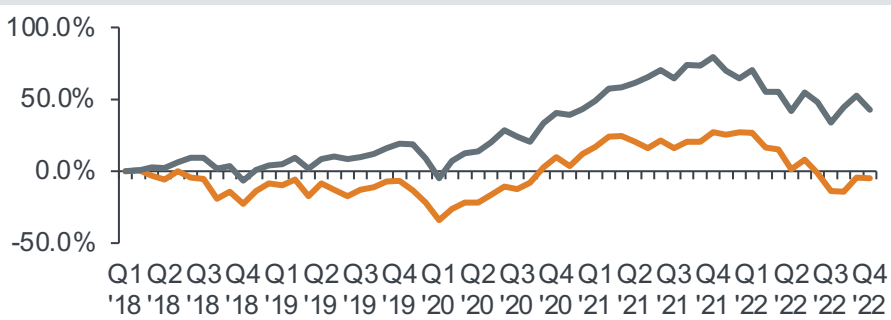
Packaging Market Cap



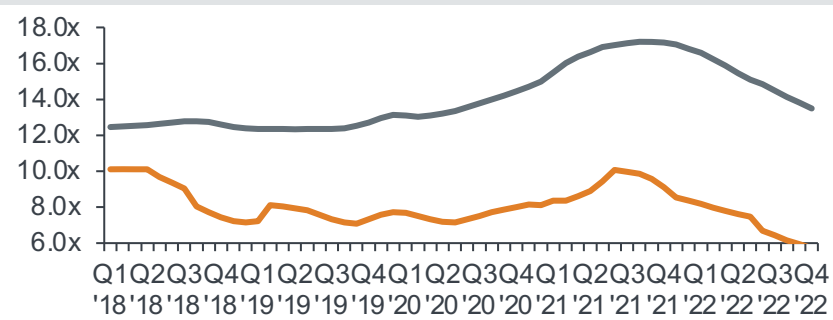
Packaging EV / EBITDA



Plastics Market Cap



Plastics EV / EBITDA



I&M Sector — S&P 500

Source: S&P Capital IQ as of trading on December 31, 2022
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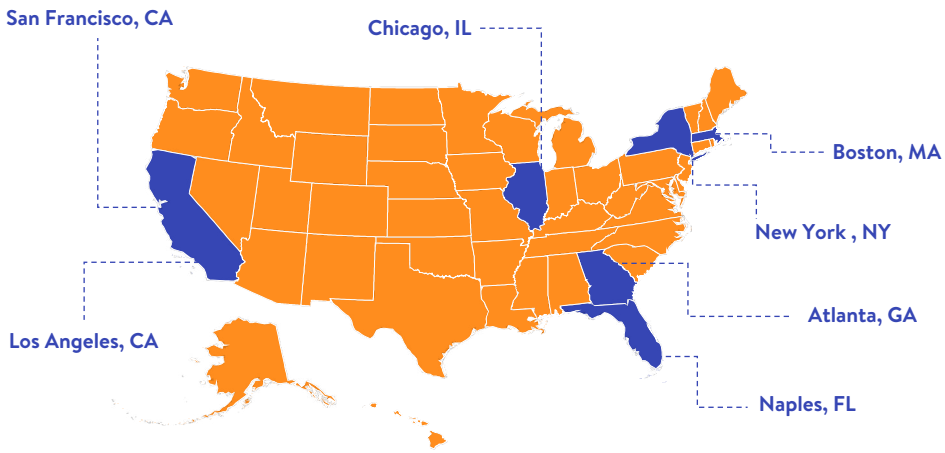
G2 FIRM OVERVIEW

Overview:

- 400+ mandates in 12 years
- $4B total executed transaction value
- Extensive industry experience
- Robust strategic and sponsor relationships
- Active touchpoints with logical sellers and buyers



A Multi-faceted Platform:

Focused on crafting bespoke operational and financial advisory solutions for our corporate and investor clients. G2 works with clients across a range of situations.

- Sell-Side M&A Advisory
- Buy-Side M&A Advisory
- Capital Markets
- Restructuring Advisory Services

Sector Expertise:

Transportation & Logistics

T&L Focus Sectors:

- Freight Forwarding
- Trucking / Final Mile
- Warehousing / Distribution
- Third Party Logistics (3PL)
- e-Commerce Fulfillment

Industrials & Manufacturing

I&M Focus Sectors:

- Building Products / Construction
- Metals / Materials
- Container / Packaging
- Niche Manufacturing
- Distribution

Technology & Business Services

TBS Focus Sectors:

- Tech-enabled Services
- BPO
- Managed Services
- Internet & Digital Media
- Business Services

Consumer & Retail

C&R Focus Sectors:

- Fast Moving Consumer Goods
- Retail & E-Commerce
- Quick Serve Restaurants
- Fast Casual Dining
- Marketing Services

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