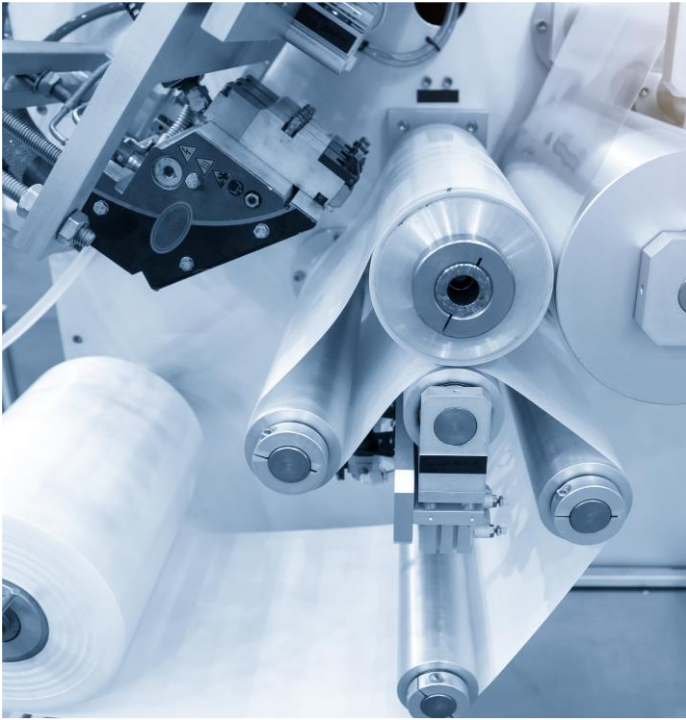




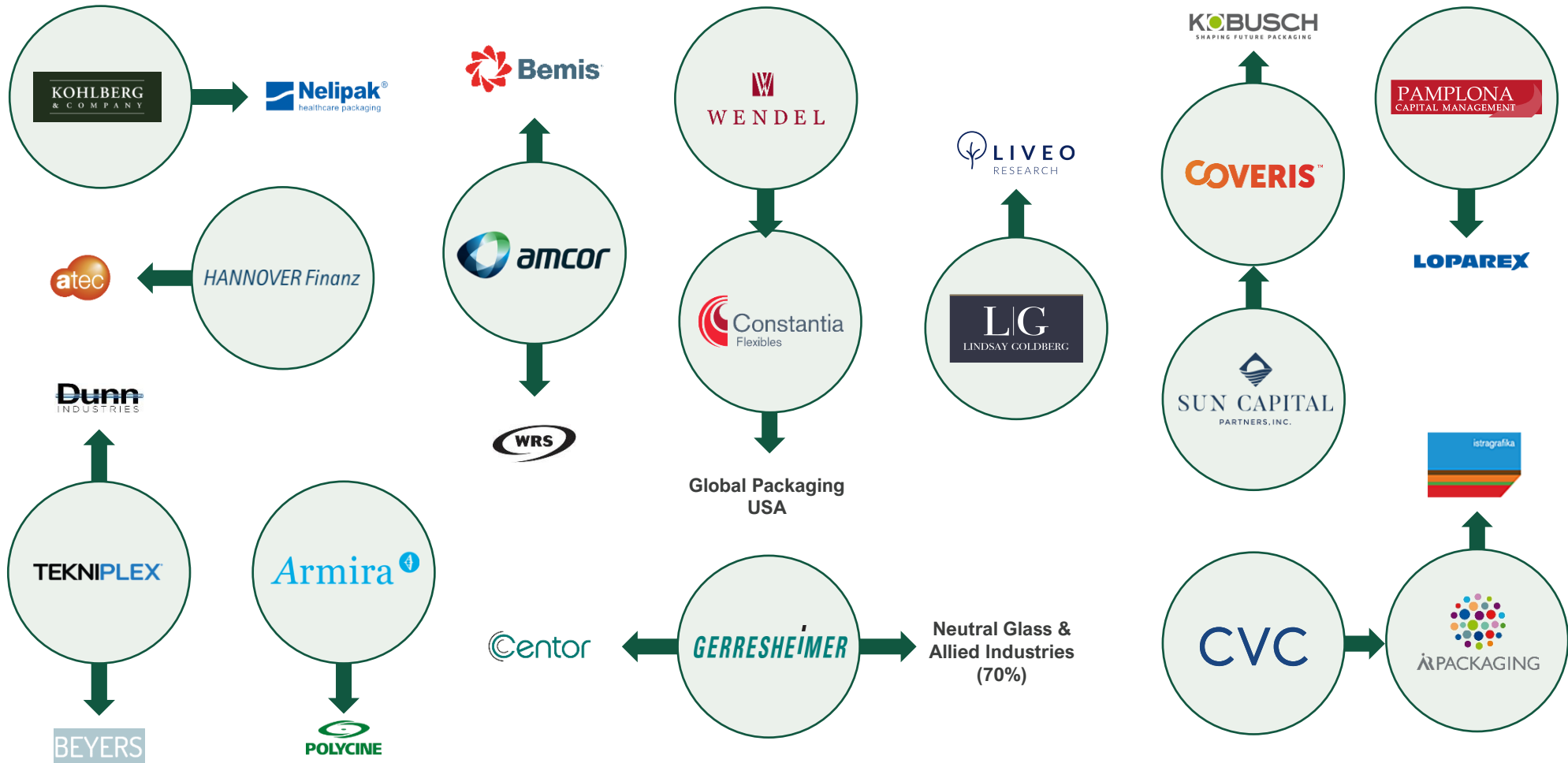
Proventis Partners

M&A advisory with sector focus for Medical Device Packaging

January 2021



Consolidation in the Healthcare Packaging sector is progressing. What part do you want to play in this in 2021?



Source: Proventis Partners – Selection of some M&A transactions in the medical device packaging segment which generated industry-wide attention.

10 typical questions of our Medical Device Packaging clients for which solutions are sought.

Sell – Key questions

The goal is to sell our company well and quickly.

1
Is our company fit for sale?
Is it the right time to start?

2
Which buyers pay the best price, are well funded and will not be too complicated in the transaction?

3
How much time do we need to set aside for the sales process and who leads the transaction process?

4
How do we minimize the risk that there will be no buyer at the end or that we will not receive our target price?

5
How do we prevent the market, our employees and competitors from learning about the transaction at an early stage?



Buy – Key questions

The goal is to buy a company well and quickly.

1
How do we get suitable buy targets?
We don't quite have the market overview and have too few relationships.

2
How high should the company pricing be? Which multiples are currently being paid in the industry?

3
What are the risks/traps to look out for?
Which lawyer has experience and matches our cost expectations?

4
How is the process efficiency and how much time do we need to set aside? How long does the process take?

5
What reactions can be expected from competitors after the purchase?



Our experienced partners are focused on your M&A deal success – your M&A questions will be answered in the context of the Medical Device Packaging industry.

Dr. Christoph Studinka

Medical Device Packaging



+

Ulrich Schneider

Medical Device Packaging



+

Matti J. Rovamaa

Plastics Packaging



+

JP Wartmann

Healthcare / Medical Devices



Experience and focus:

- Experience with film production, plastic packaging, plastic injection molding, cardboard and corrugated board processing, composite materials as well as resins/polymers and surface technology.
- 21 years of experience in M&A and 25 years of industrial management and consulting experience in the development and implementation of corporate strategies.

Experience and focus:

- Experience with a variety of projects with companies in the field of packaging systems, especially in Germany.
- 18 years of experience with M&A transactions and management consulting.

Experience and focus:

- Experience in film production, printing and processing, especially for medical applications.
- 40 years of experience with M&A and business development at leading packaging companies. Key role in growing Wipac Medical to a global player position in disposable Medical Device and hospital sterilization segments.

Experience and focus:

- Experience in the pharmaceutical sector, especially production of pharmaceuticals and generics, as well as drug delivery technology.
- 20 years of experience with M&A and management experience at various pharmaceutical companies.



Our expertise is based on many years of business experience – the differentiating feature in M&A.

ProventisPartners.
FOR WHAT TRULY COUNTS



Practical business experience:

- ▶ Our partners in the Medical Device Packaging sector have a long track record in the industry.
- ▶ Our partners have worked in medium-sized and large industrial/packaging companies (e.g. also with cleanroom environments) and know the applied processes and technologies from our own experience.
- ▶ Our diverse and complementary know-how contributes to a comprehensive understanding of the entire value chain for Medical Device Packaging products, from technological requirements and regulatory frameworks to details of product profitability and market economy.



Pragmatism and deal quality:

- ▶ Our partners have experienced many M&A situations, as clients and as M&A consultants, and know how and when to deal with challenges and problems in such processes.
- ▶ Our partners have acquired, sold and outsourced companies, while at the same time directing, integrating and building businesses.
- ▶ This is reflected in the pragmatism and quality of our M&A deals.



Passion and partnership:

- ▶ From our own experience with growing companies, we strive for sustainable M&A deals and profitable business portfolios.
- ▶ We implement the project for our clients as if it were our own company.
- ▶ We strive for the best solution for shareholders, management and employees.

We are close to the major Medical Device markets in the DACH region and internationally, where there is a high concentration of companies.

Our locations:

ProventisPartners.
FOR WHAT TRULY COUNTS

1 Proventis Partners
Zurich

2 Proventis Partners
Munich

3 Proventis Partners
Cologne

4 Proventis Partners
Hamburg



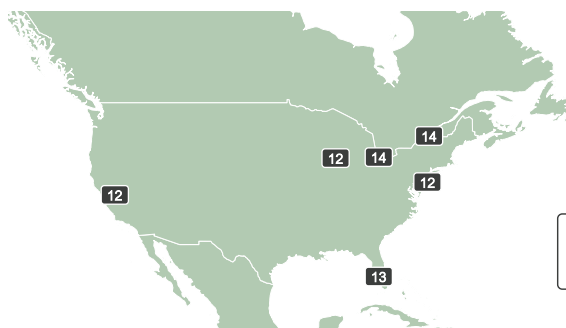
1,160 deals since 2010 – 211 professionals.

Proventis Partners is an essential part of Mergers Alliance – a partnership of award-winning M&A specialists who provide high-quality consulting services to companies that need an international network for their M&A deals.



North America ↔ Europe
Cross-border M&A market

- ▶ Attractiveness: world's largest healthcare market; access to key OEMs; proximity to leading research and development.
- ▶ Challenges: complex purchase agreements, higher transaction costs; linguistic and cultural differences.
- ▶ Personal access to interesting US buyers; native translation of linguistic and cultural differences.



LOOK BOTH WAYS
↔
TWO-WAY TRAFFIC

- 5** Oxeye advisors, NL
- 6** Aurignac Finance, FR
- 7** Opus Corporate Finance, UK
- 8** Ethica Corporate Finance, IT
- 9** Ipopema, PL
- 10** Experia, SE
- 11** Norgestion, ES

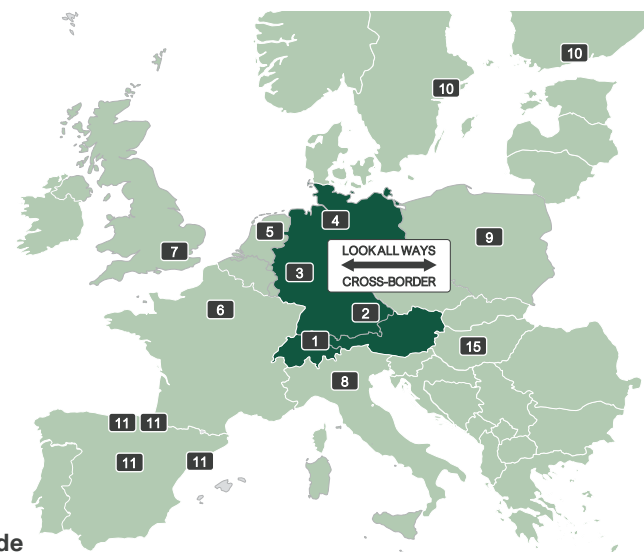
- 12** Dresner Partners, US
- 13** BroadSpan Capital, US
- 14** Firepower Capital, CA

Total 36 locations worldwide

- 15** Associated: Absolvo, HU

















DACH region ↔ Europe
Cross-Border M&A market

- ▶ Attractiveness: established companies with high purchasing power; successful, global strategies for the continuation of the target company.
- ▶ Challenges: Linguistic and cultural differences in personal and professional interaction.
- ▶ Experienced with international sellers and lawyers as well as with the control of complex processes.



LOOK ALL WAYS
↔
CROSS-BORDER

We have extensive expertise in medical device packaging – and a broad network of contacts.

	Market Segments	Our Experts	Competencies in Medical Device Packaging	
	Plastic packaging for Medical Devices	  	<ul style="list-style-type: none"> ▶ Thermoforming ▶ Plastic-injection ▶ Film extrusion, film lamination ▶ Flexo, digital and rotogravure printing ▶ Packing, welding, etc. 	
	Cardboard packaging for Medical Devices	 	<ul style="list-style-type: none"> ▶ Solid board and corrugated board production. ▶ Cardboard finishing ▶ Paper package leaflet printing/packaging ▶ Opening protection, holograms, other security features, braille font, etc. 	
	Medical Device products and pharmaceuticals		<ul style="list-style-type: none"> ▶ Implants and prostheses made of metal alloys or plastics ▶ Equipment for diagnostics ▶ Sterile instruments for surgery ▶ Equipment and instruments for healthcare services 	
	Surface technology and sterilization for Medical Device Packaging	 	<ul style="list-style-type: none"> ▶ Wear protection, corrosion coatings, etc. ▶ Polishing, lapping, grinding, lasers, etc. ▶ Electroplating and cleaning ▶ Sterilizations (ETO, steam, gamma) 	
	Equipment and automation for Medical Device Packaging	  	<ul style="list-style-type: none"> ▶ Equipment, system solutions for Medical Device packaging ▶ Automation/software for Medical Device Packaging ▶ Equipment for sterilization ▶ Cleanroom installations in different ISO classes 	

We use our knowledge of the eight trends in the Medical Device Packaging industry for our M&A deal.

1 – Impact on M&A

Industry consolidation leads to very large M&A deals from medical technology companies which increases pressure on M&A in Medical Device Packaging as supply chains tighten.



8 – Impact on M&A

Portfolio reviews lead to a focus on the core business for some groups (corporations, private equity or private companies). In view of the above trends and challenges, some companies decide to sell their Medical Device Packaging business.

2

Unique Device Identification – Class I, II and III medical devices must be labelled UDI if they are to be used more than once and reprocessed before use. In addition, all Class II products must bear a UDI on their labels and packaging.

3

In view of UDI, serialization, counterfeit security and, in some cases, temperature control, the use of **supply chain data** (e.g. via RFID and GPS) is at the top of the agenda of many Medical Device Packaging providers for better transparency, better intelligence and better planning.

4

Nurses and other medical technicians want to be able to open packaging faster/easier; Users prefer **time-saving packaging**. Hospitals are focused on cost-effectiveness and ease of transport.

5

There are many challenges for recycling plastic packaging in the healthcare sector. Interesting projects are underway to examine the **economics of plastics recycling in the healthcare sector**. Findings are included e.g. in the emerging European circular economy approach.

6

Patients will be served as consumers in the future (rather than just seeing hospitals as customers): this was the message of Pharmapack Europe 2016 during the presentation "Boomers, Millennials and the Future of Packaging Materials".

7

The FDA is converting its current paper system for the adoption of drug master files to an **electronic DMF system**. Suppliers of Type III DMFs must use the FDA's Common Technical Document (eCTD) system for new DMFs, annual reports, and changes.

Impact on M&A

Pressure on packaging converters to acquire UDI technology through acquisition.

Impact on M&A

Pressure on packaging converters to obtain supply chain data and counterfeit security technologies.

Impact on M&A

Pressure on contract packers and converters to internalize innovation through M&A.

Impact on M&A

Pressure on contract packers and converters to internalize innovations in recycling through M&A.

Impact on M&A

Pressure on contract packers and converters to internalize innovations in patient-friendly packaging through M&A.

Impact on M&A

Pressure on contract packers and converters to internalize innovations in electronic documentation through M&A.

Proventis Partners has excellent relationships with all relevant investor groups.

M&A deal motivation



M&A corporations / groups

- ▶ Portfolio adjustment, e.g. sale of low-profit units or focus on specific subsectors.
- ▶ Buy & Build, e.g. building a new division to participate in the growth of the Medical Device Packaging market.
- ▶ Consolidation through acquisition of competitors.




M&A mid-cap

- ▶ Succession issue, in case no internal family solution can be found.
- ▶ Geographical expansion, e.g. market entry into a neighboring country, the US, etc.
- ▶ Access to complementary technology.
- ▶ Faster growth through a takeover.
- ▶ Sub-optimal size / optimize unit cost structure via economies-of-scale deal.




M&A private equity

- ▶ Private equity is increasingly interested in Medical Device Packaging. Globally, the increasing lifespan of the population and the growing middle class in developing countries are attractive for private equity.
- ▶ Market entry, e.g. building a new health care competence
- ▶ Buy-outs, e.g. in the course of a succession.
- ▶ Buy & Build, e.g. complementary acquisitions for portfolio companies.



Illustrative examples

Sell-side M&A: company sale – spin-off - succession - private equity exit in the Medical Device Packaging sector.

Sell-side M&A mandate:
Use of our sector-specific know-how for a successful deal dynamic in 8 steps up to closing.




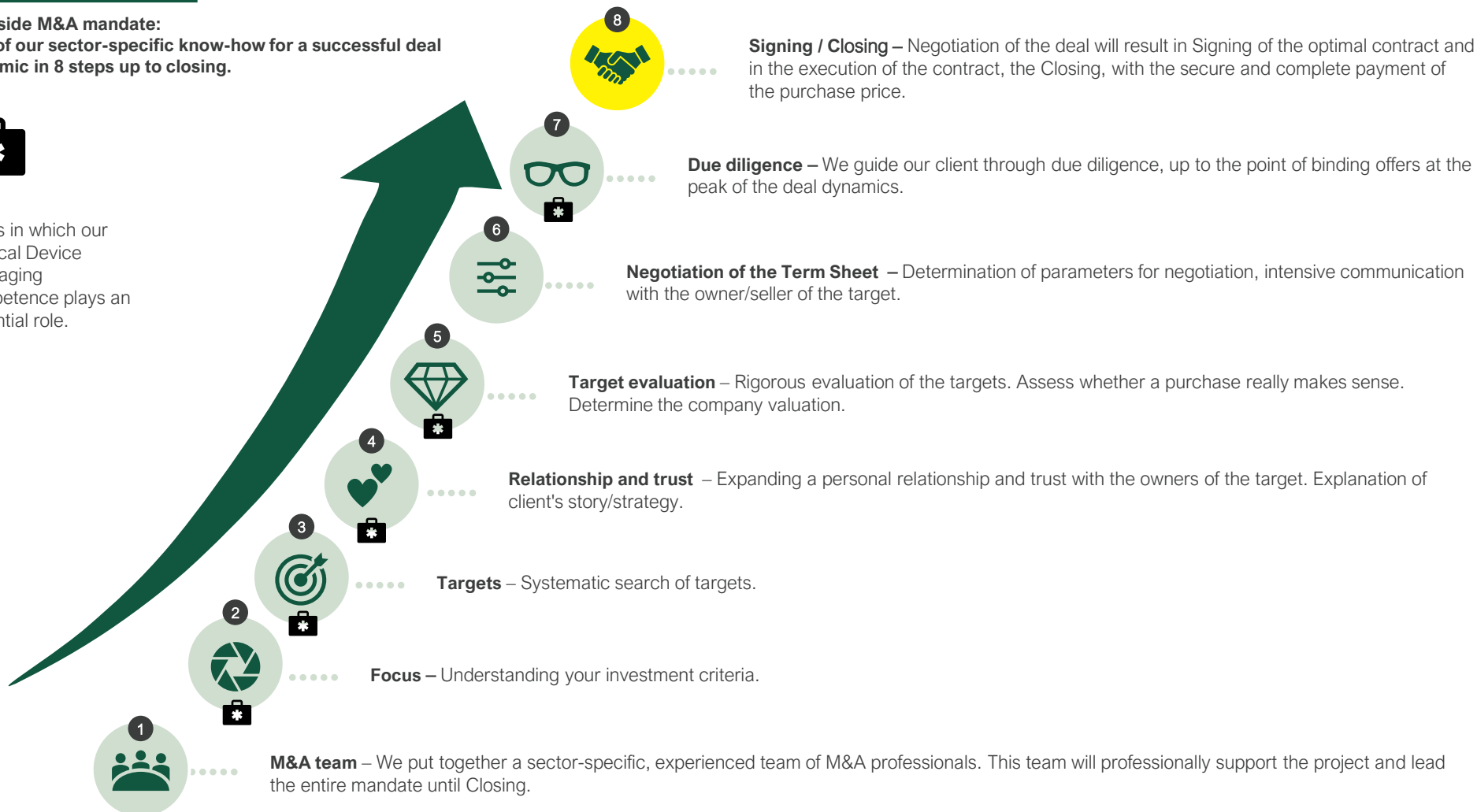
Areas in which our Medical Device Packaging competence plays an essential role.



Buy-side M&A: company acquisition - Buy & Build - consolidation - market entry - expansion to another geography - complementing the portfolio - value chain integration.

Buy-side M&A mandate:
Use of our sector-specific know-how for a successful deal dynamic in 8 steps up to closing.

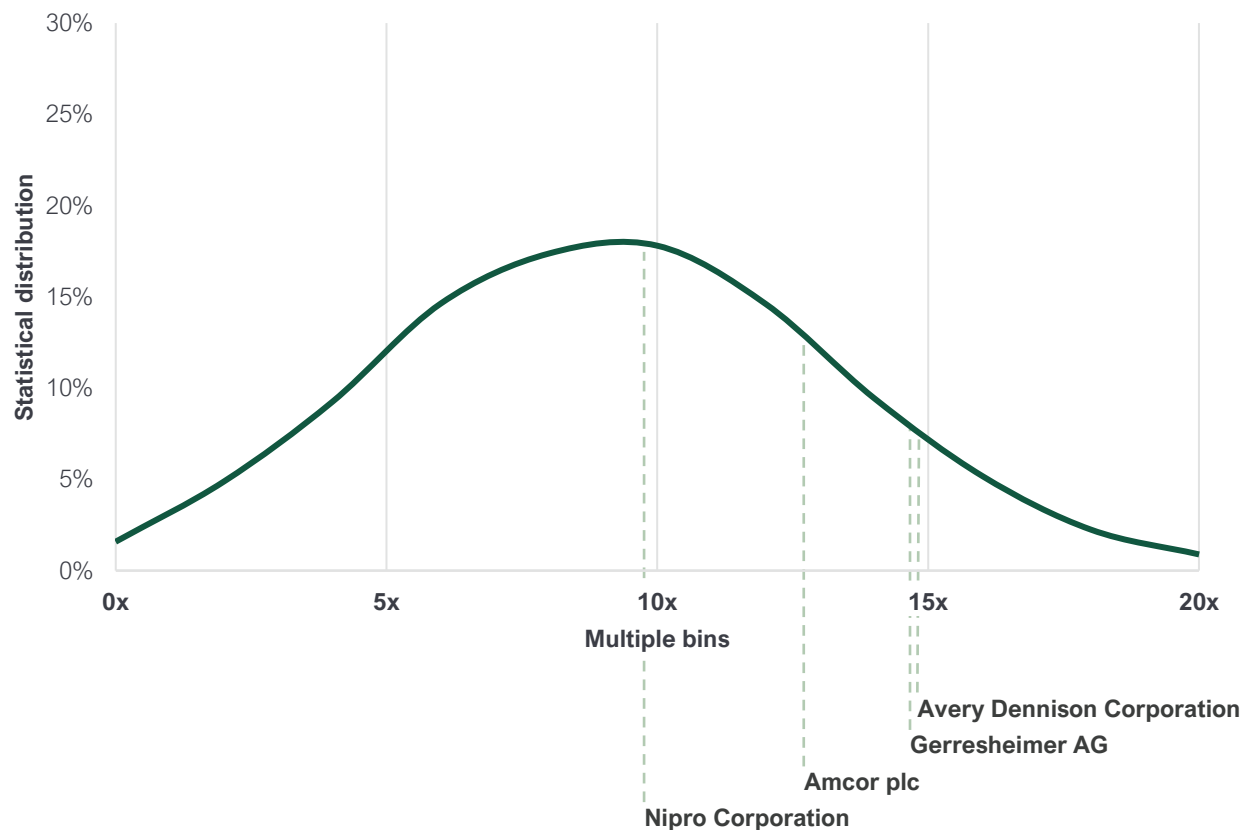

Areas in which our Medical Device Packaging competence plays an essential role.



Trading multiples for companies in the Medical Device Packaging segment are currently between 10x and 15x EV/EBITDA.

Distribution of trading multiples

Packaging sector, EV/EBITDA

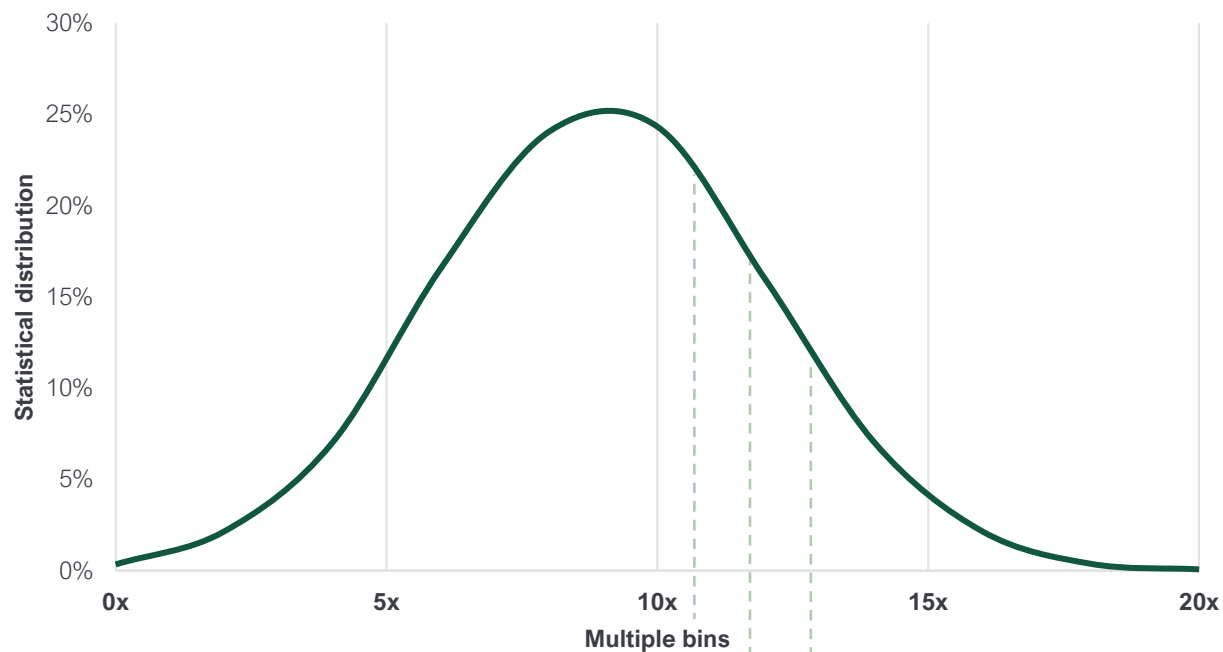


- ▶ Trading multiples throughout the Packaging sector are roughly normally distributed with an average of 8.0x and a standard deviation of 4.4x EV/EBITDA.
- ▶ Companies with activities in the Healthcare Packaging segment are often priced above average:
 - 9.5x Nipro Corporation
 - 12.6x Amcor plc (where Amcor is a conglomerate with significant activities in flexible packaging for food and tobacco)
 - 14.6x Gerresheimer AG
 - 14.8x Avery Dennison Corporation (where Avery Dennison is a conglomerate with various activities also outside of Medical Packaging)

Transaction multiples for companies in the Medical Device Packaging segment are currently between 10x and 15x EV/EBITDA.

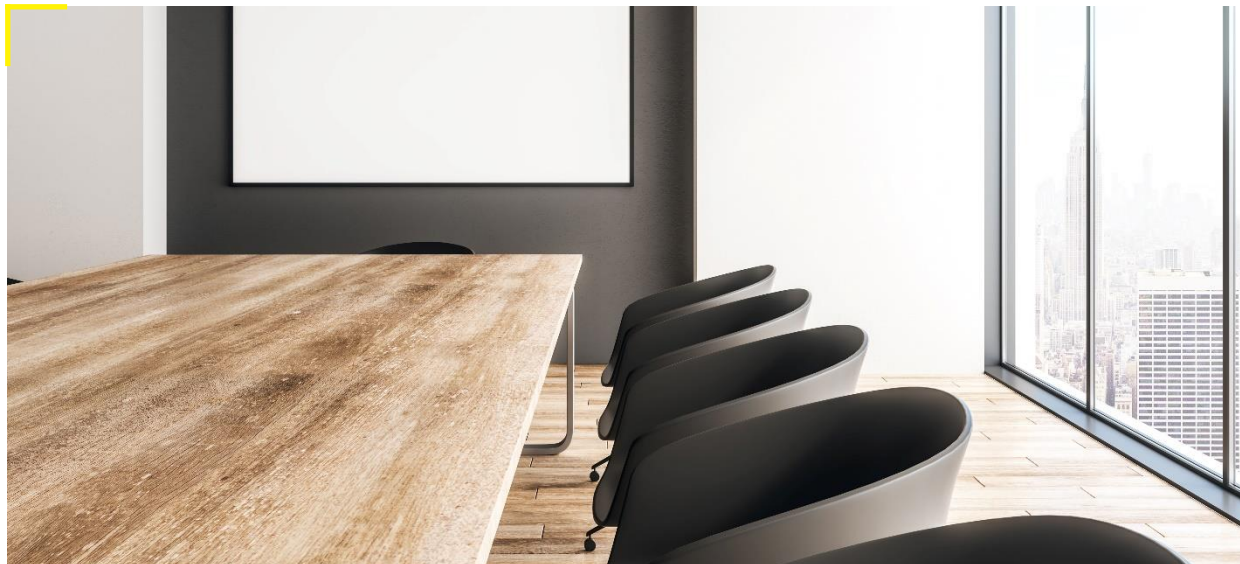
Distribution of transaction multiples

Packaging sector, EV/EBITDA



- ▶ Transaction multiples across the packaging sector are roughly normally distributed with an average of 8.0x and a standard deviation of 3.1x EV/EBITDA.
- ▶ Transactions in the Healthcare Packaging segment often achieve above-average prices:
 - 10.5x acquisition of Multi Packaging Solutions International Limited by WestRock Company
 - 11.8x acquisition of Bemis Company, Inc. by Amcor plc.
 - 12.8x acquisition of MTS Medication Technologies, Inc. by Omnicell, Inc.

We would be happy to meet and advise you personally.



Regular subject-specific publications



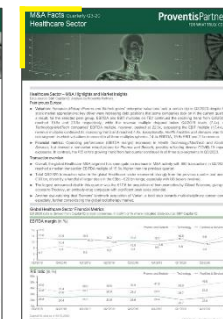
Packaging
M&A Report
Proventis Partners
/ Mergers Alliance

www.mergers-alliance.com



M&A Facts
Packaging

www.proventis.com



M&A Facts
Healthcare

www.proventis.com



Christoph Studinka
Office: +41 44 536 3630
Mobile: +41 79 937 0587
Email: c.studinka@proventis.com



Matti Rovamaa
Office: +41 44 536 3630
Mobile: +33 (6) 08 68 79 45
Email: m.rovamaa@proventis.com



Ulrich Schneider
Office: +49 40 360 9759 33
Mobile: +49 176 6313 1987
Email: u.schneider@proventis.com



JP Wartmann
Office: +49 89 38 88 81 20
Mobile: +49 171 846 3658
Email: jp.wartmann@proventis.com