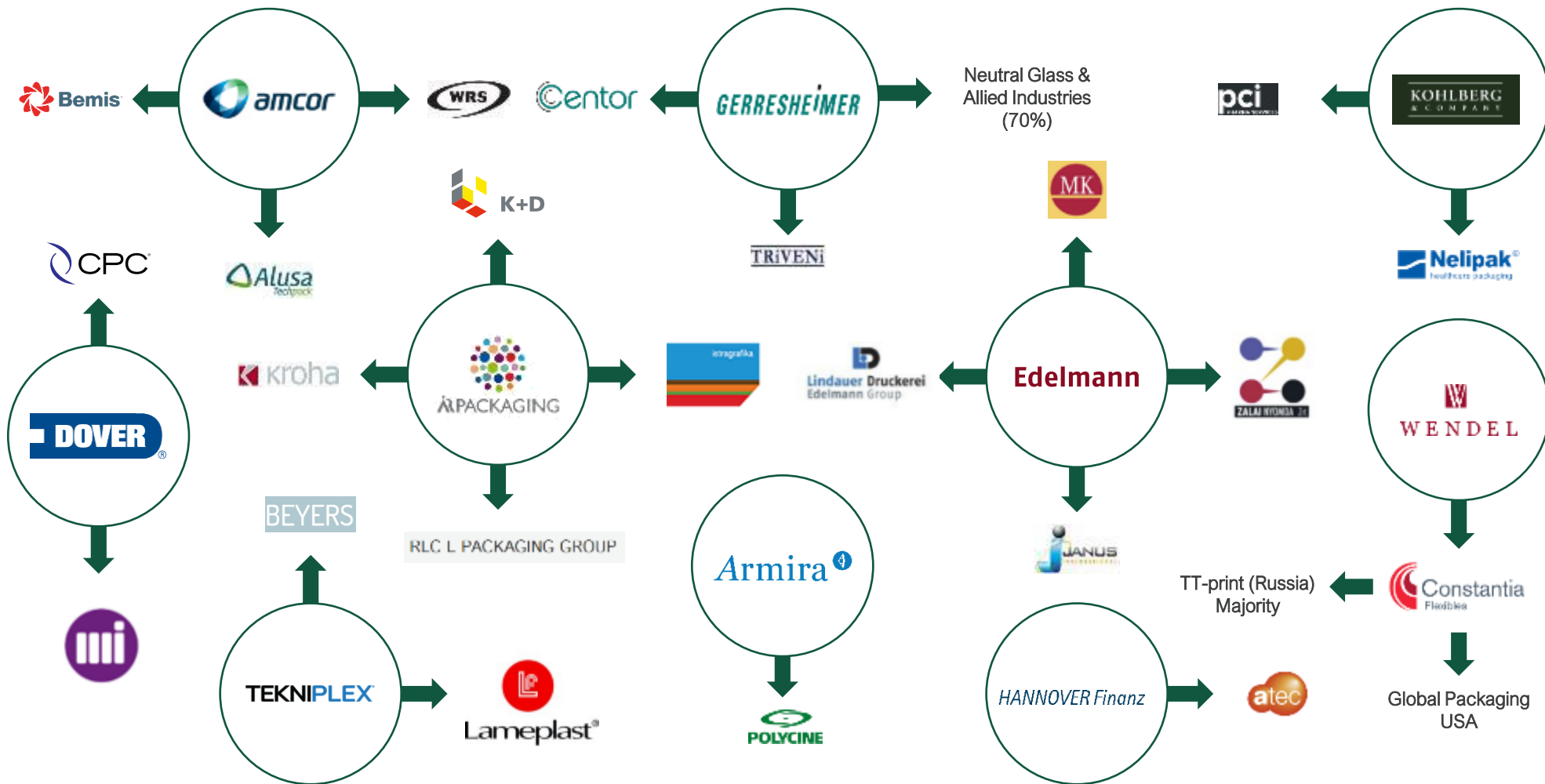

Proventis Partners

M&A advisory with sector focus for Pharmaceuticals Packaging

February 2021



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



Source: Proventis Partners

10 typical questions of our Pharmaceuticals 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 Pharmaceuticals Packaging industry.

Dr. Christoph Studinka

Pharmaceuticals Packaging



+

Ulrich Schneider

Pharmaceuticals Packaging



+

Matti J. Rovamaa

Plastics Packaging



+

JP Wartmann

Pharmaceuticals



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 Pharmaceuticals 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 Pharmaceuticals 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 Pharmaceuticals markets in the DACH region and internationally, where there is a high concentration of companies.

Our locations:



1 Proventis Partners Zurich

2 Proventis Partners Munich

3 Proventis Partners Cologne

4 Proventis Partners Hamburg

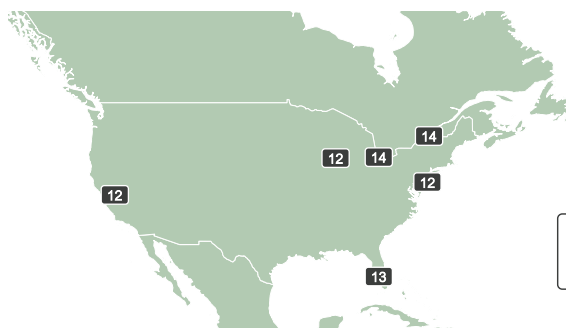


1,160 deals since 2010 – 211 professionals.
 Proventis Partners is an essential part of Mergers Alliance – a partnership of award-winning M&A specialists who provide high-quality consulting services to companies that need an international network for their M&A deals.



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.



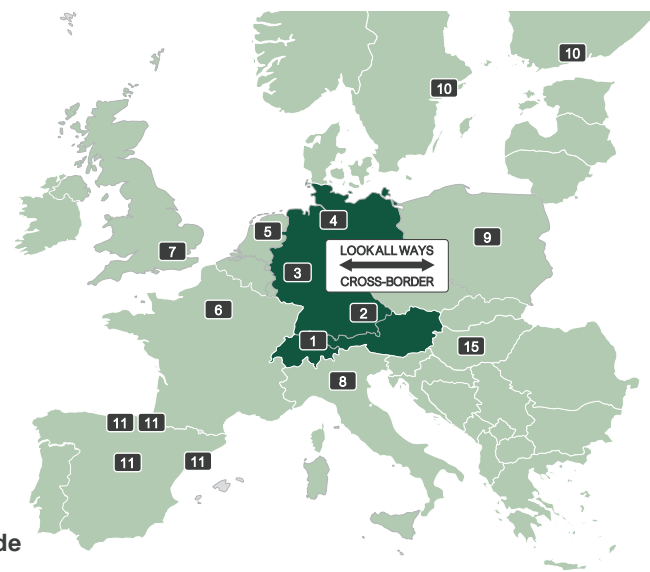
LOOK BOTH WAYS
 ↔
 TWO-WAY TRAFFIC

- 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

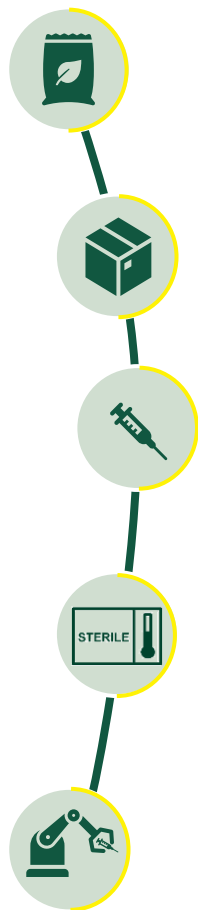
DACH region ↔ Europe
Cross-Border M&A market

- ▶ 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 Pharmaceuticals Packaging – and a broad network of contacts.



Market Segments

Plastic packaging for Pharmaceuticals

Cardboard packaging for Pharmaceuticals

Pharmaceuticals

Surface technology and sterilization for Pharmaceuticals Packaging

Equipment and automation for Pharmaceuticals Packaging

Our Experts



Competencies in Pharmaceuticals Packaging

- Thermoforming
- Plastic-injection
- Film extrusion, film lamination
- Flexo, digital and rotogravure printing
- Packing, welding, etc.



- Solid and corrugated board production
- Cardboard finishing
- Paper package leaflet printing/packaging
- Opening protection, holograms, other security features, braille font, etc.



- Drugs.
- Generics.
- Drug Delivery Systems.
- Vitamins.
- Cosmetics.



- Wear protection, corrosion coatings, etc.
- Polishing, lapping, grinding, lasers, etc.
- Electroplating and cleaning
- Sterilizations (ETO, steam, gamma)



- Equipment, system solutions for Pharmaceuticals Packaging
- Automation/software for Pharmaceuticals Packaging
- Equipment for sterilization
- Cleanroom installations in different ISO classes



We use our knowledge of the eight trends in the Pharmaceuticals Packaging industry for our M&A deals.

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 Pharmaceuticals Packaging as supply chains tighten.

2

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 Pharmaceuticals Packaging providers for better transparency, better intelligence and better planning.

Impact on M&A

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

3

Pharmaceuticals Packaging is increasingly being shaped by a trend towards **personalized medicine**. Cell/genetic engineering-based or biopharmaceutical drugs are increasingly being produced in smaller batch sizes with shorter product life times. Fast switching leads to dynamism in the sector.

Impact on M&A

Pressure on packaging converters to either specialize or increase the flexibility of packaging systems.

4

Oral drugs are impacted by opposite trends. The importance of standard oral drugs decreases with increasing use of biopharmaceuticals. In the respective product life cycle, however, oral dosage form will be established for large molecules in the medium term. Demand for complex oral drugs will increase.

Impact on M&A

Pressure on packaging converters to either specialize or increase the flexibility of packaging systems.

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.

Impact on M&A

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

6

Old/established products tend to lose importance. The price pressure for old **generics** will remain high and probably even increase. Production will therefore continue to take place in or relocate to low-cost countries.

Impact on M&A

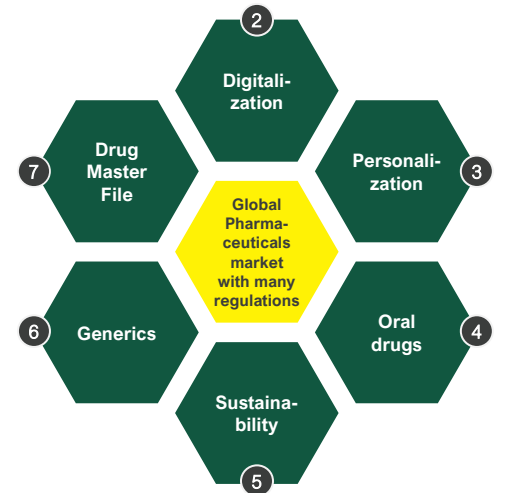
Pressure on contract packers and converters to realize cost savings through M&A, e.g. through new technologies or acquisitions abroad.

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



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 Pharmaceuticals Packaging business.

Source: Proventis Partners

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 Pharmaceuticals 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 Pharmaceuticals 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 Pharmaceuticals 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.




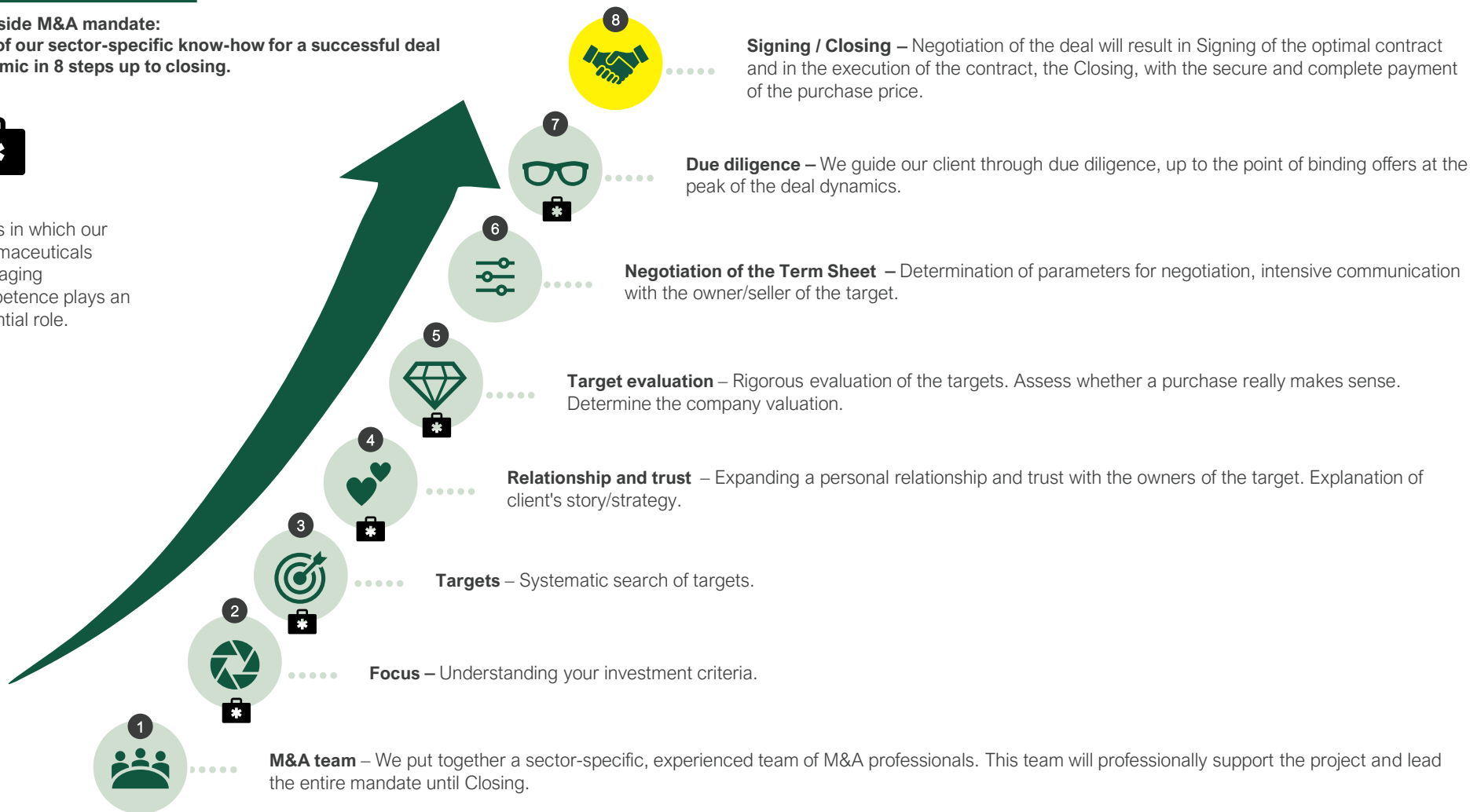
Areas in which our Pharmaceuticals Packaging competence plays an essential role.



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.

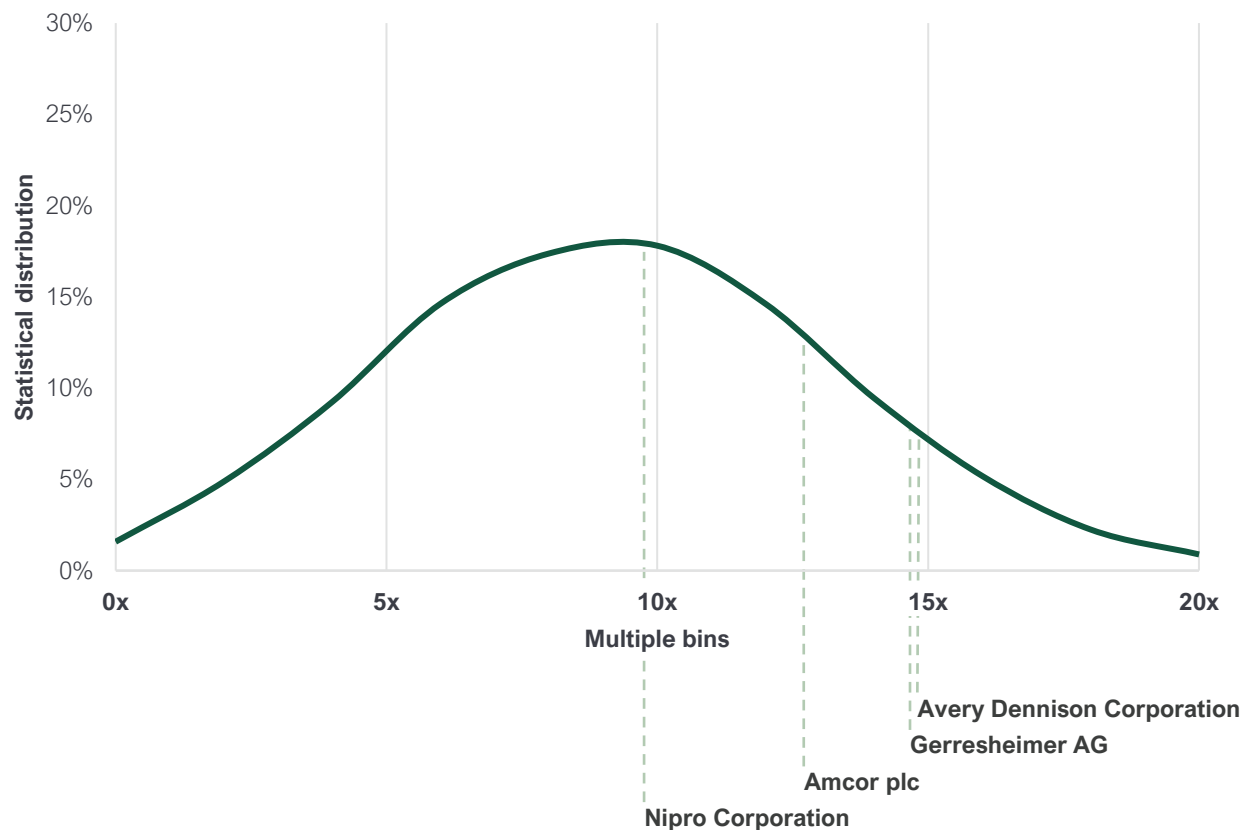

Areas in which our Pharmaceuticals Packaging competence plays an essential role.



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

Distribution of trading multiples

Packaging sector, EV/EBITDA

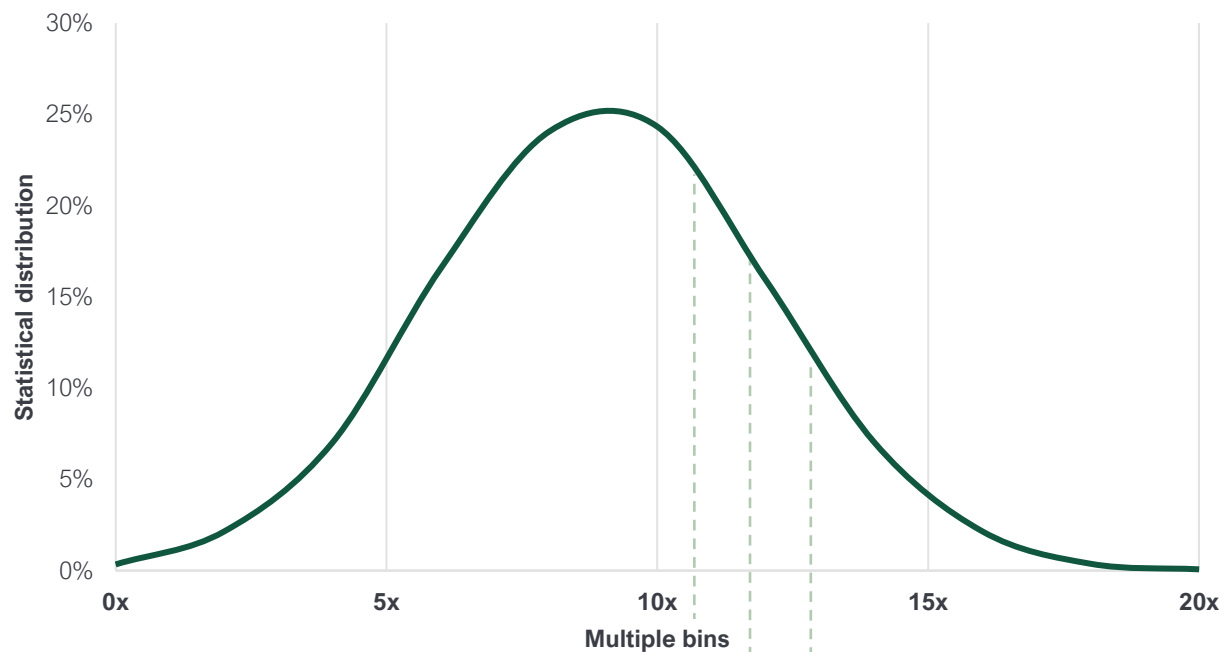


- ▶ Trading multiples throughout the Packaging sector are roughly normally distributed with an average of 8.0x and a standard deviation of 4.4x EV/EBITDA.
- ▶ Companies with activities in the Medical Packaging segment are often priced above average:
 - 9.5x Nipro Corporation
 - 12.6x Amcor plc (where 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 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 Medical 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



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