PAPER & PACKAGING INSIGHTS

OCTOBER 2024

Citizens

CITIZENS PAPER & PACKAGING UPDATE – OCTOBER 2024

CITIZENS TEAM AT PACK EXPO 2024

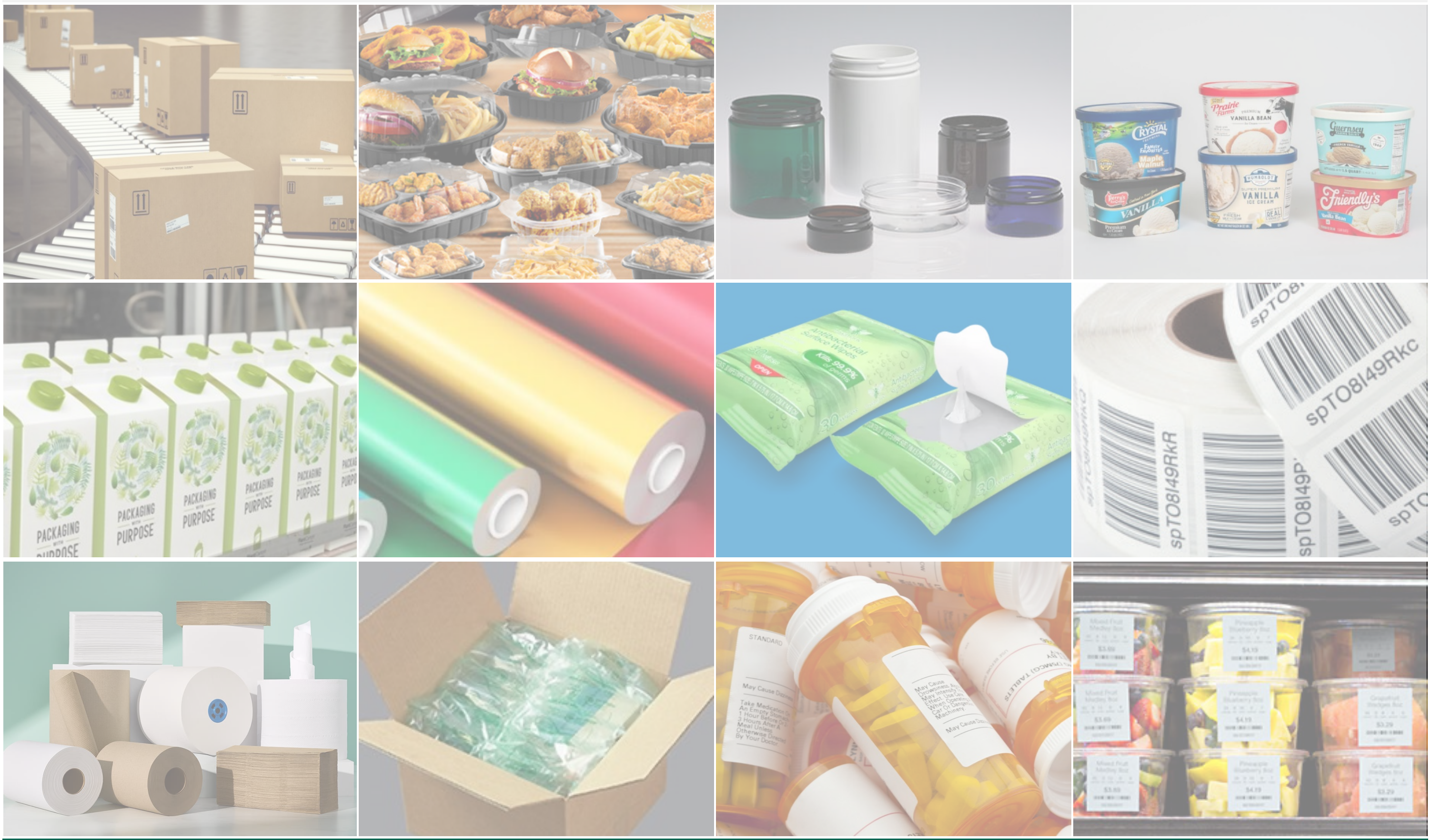
PACK EXPO

You're Invited to Citizens' Sponsored Happy Hour!

WHAT: Meet with Citizens — food and drinks provided

WHEN: Monday, November 4th from 5-7 p.m.

WHERE: Sweetwater Tavern & Grille located at
225 N Michigan Ave., Chicago, IL 60601



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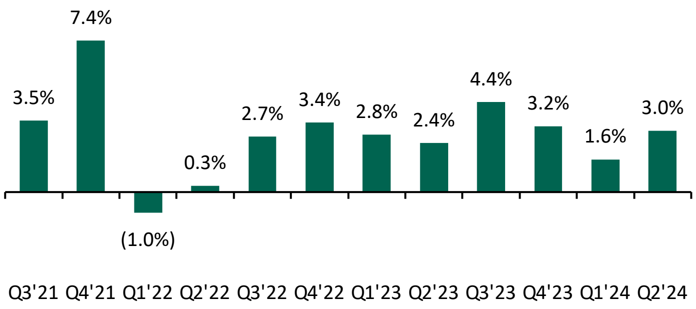
I. ECONOMIC UPDATE: KEY ECONOMIC INDICATORS

U.S. MACROECONOMIC OVERVIEW

ANNUAL % CHANGE IN REAL GDP

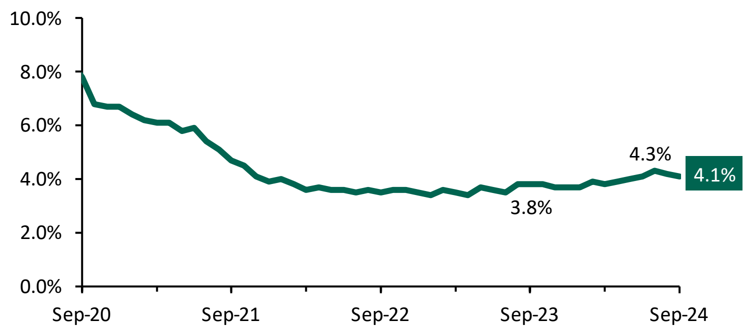
(Seasonally Adjusted Annual Rate)



Real GDP increased 3.0% in Q2 driven by a rise in consumer spending and business investment

UNEMPLOYMENT RATE

(Monthly, Seasonally Adjusted)

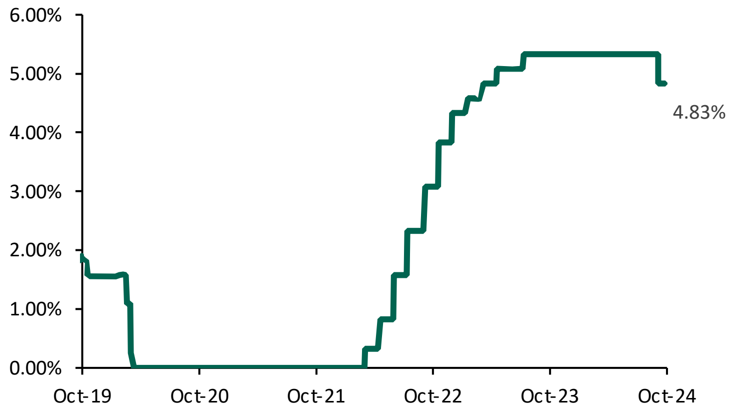


Unemployment rate has eased from July's peak of 4.3% but is slightly higher compared to rates from a year ago

EFFECTIVE FEDERAL FUNDS RATE

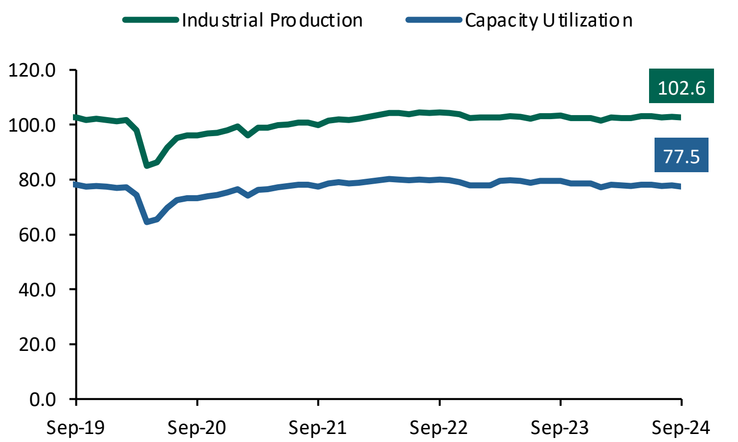
(Daily Rate)

Federal Reserve lowered interest rates by 50 bps in September, marking the first reduction in 4 years



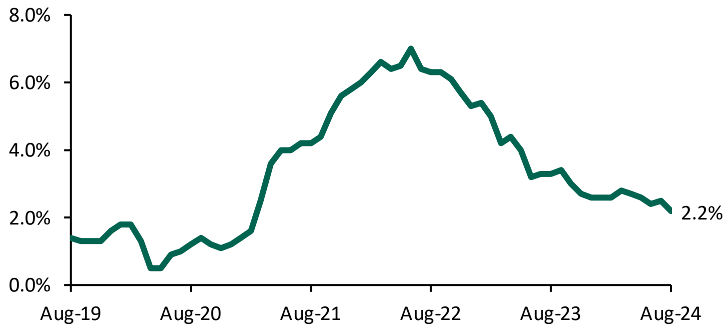
INDUSTRIAL PRODUCTION & CAPACITY UTILIZATION

(Indexed to 2017 (2017=100))



PERSONAL CONSUMPTION EXPENDITURES

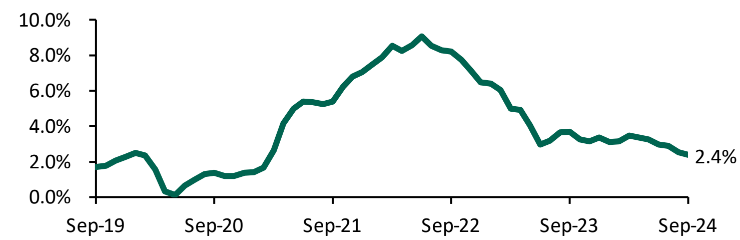
(YoY Change, Chained 2012 Dollars)



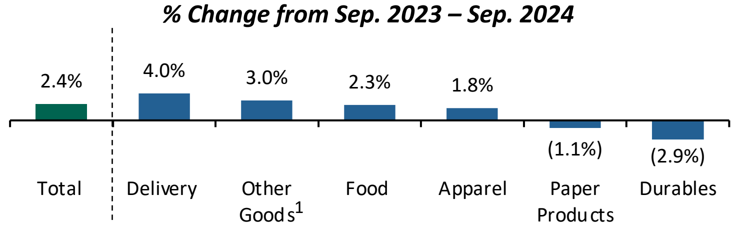
Personal consumption growth has fallen post-COVID but remains elevated compared to pre-pandemic levels

CONSUMER PRICE INDEX

(Unadjusted YoY % Change, Monthly)



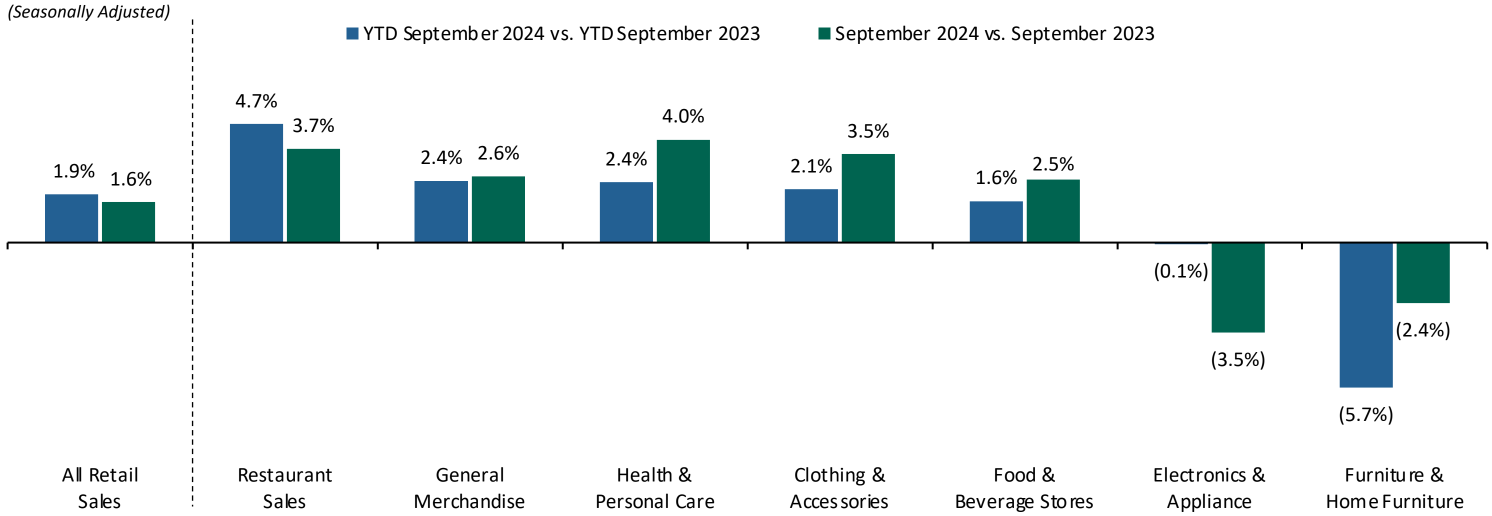
% Change from Sep. 2023 – Sep. 2024



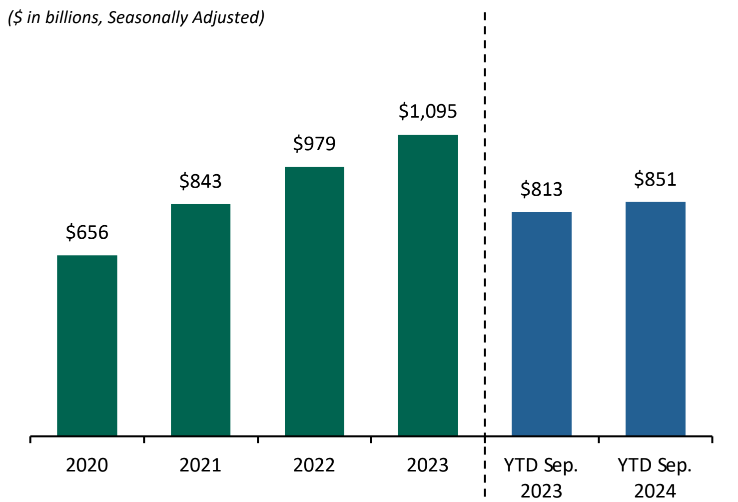
Sources: Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Reserve
1) Other Goods includes tobacco products, personal care products, cosmetics, stationery, gift wrap, and other personal goods

I. ECONOMIC UPDATE: PACKAGING MARKET GROWTH DRIVERS

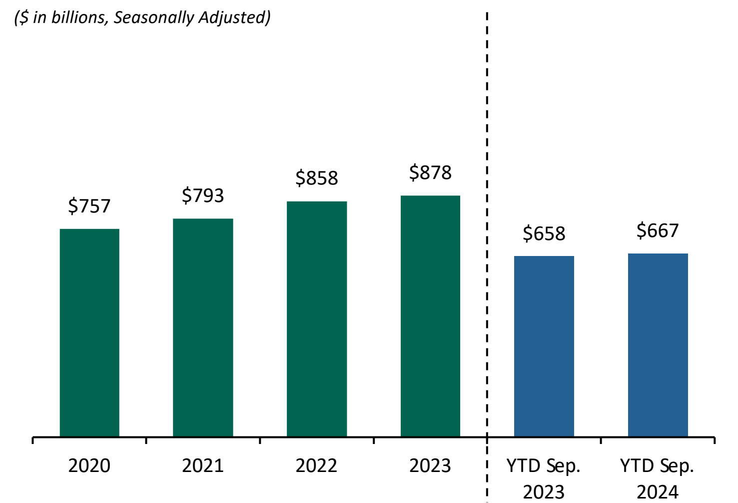
YEAR-OVER-YEAR U.S. RETAIL SALES GROWTH



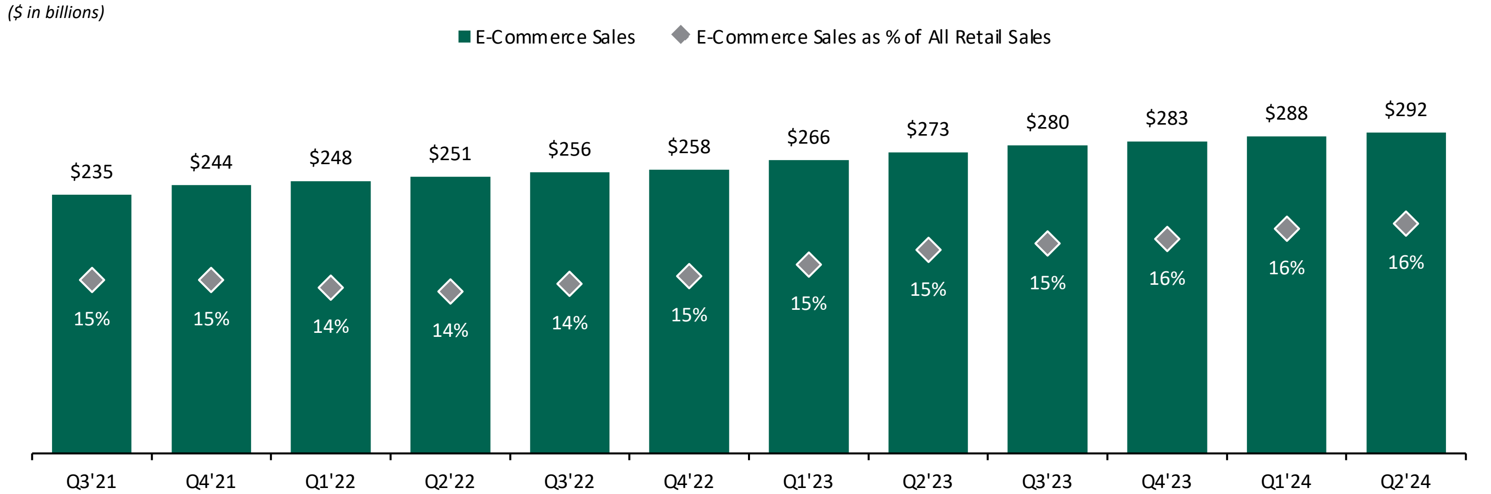
U.S. RESTAURANT SALES



U.S. GROCERY STORE SALES



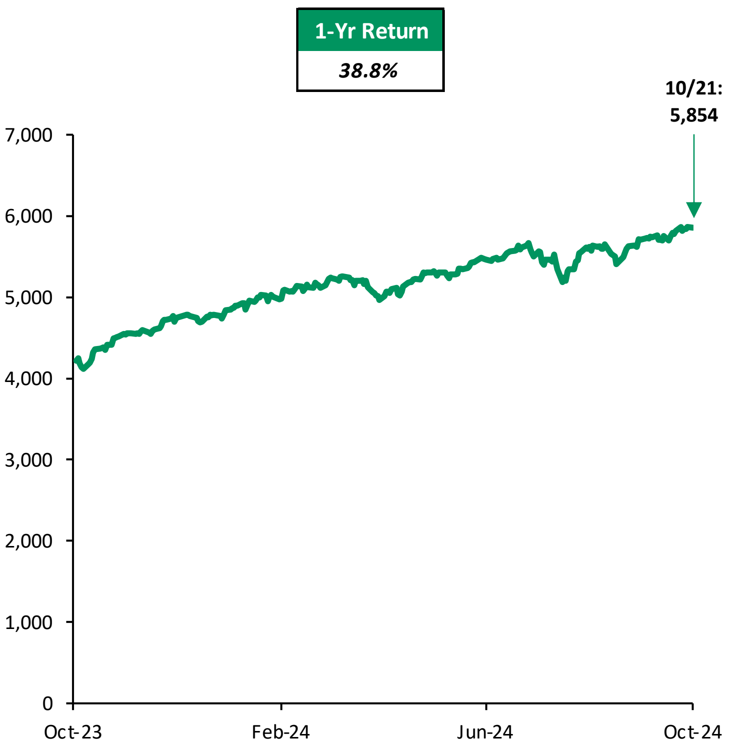
E-COMMERCE GROWTH



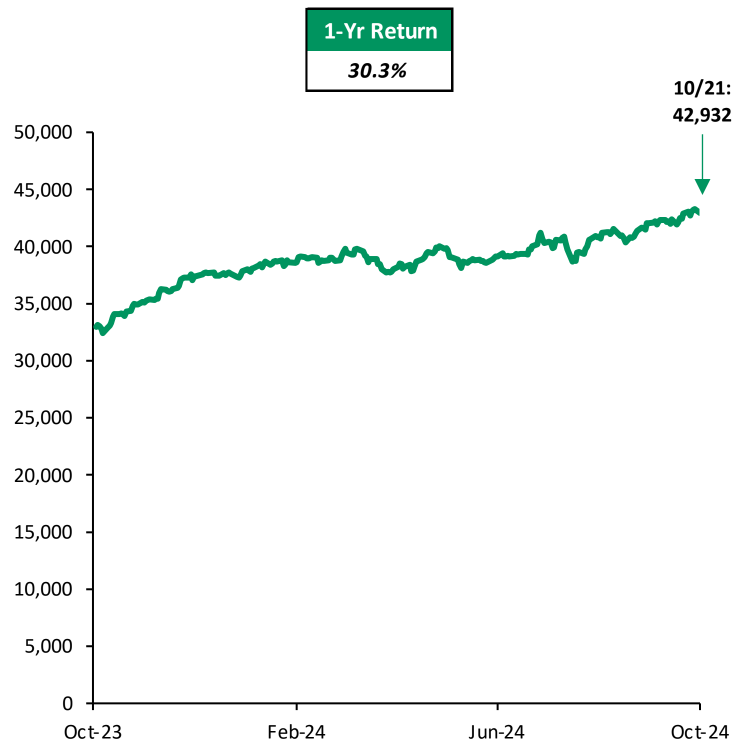
Sources: U.S. Census

II. PUBLIC MARKET PERSPECTIVE: EQUITY PERFORMANCE

S&P 500 PERFORMANCE

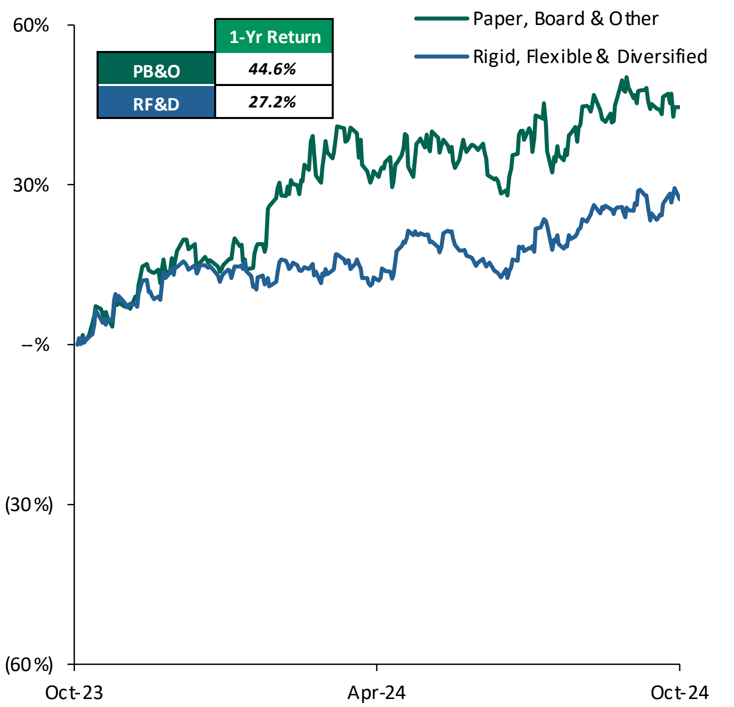


DOW JONES PERFORMANCE

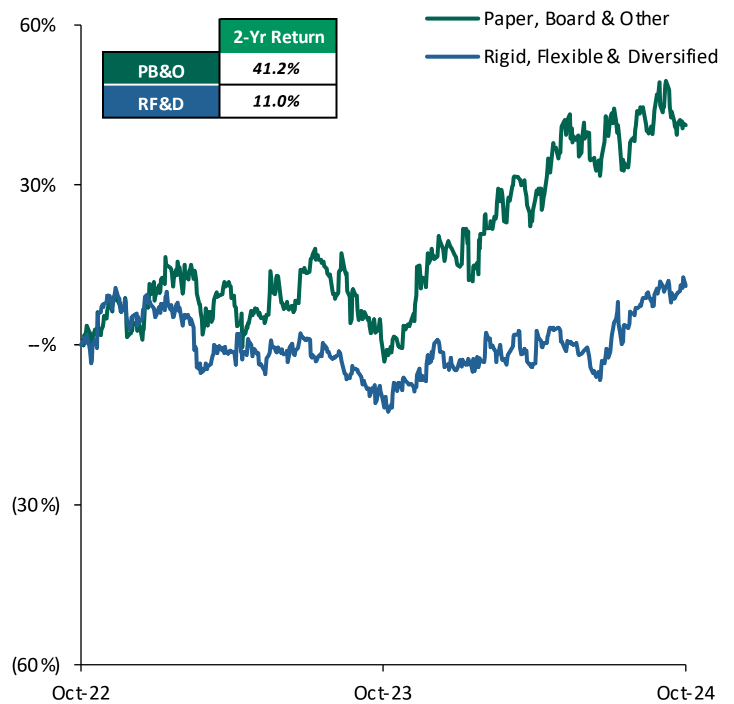


PAPER & PACKAGING PERFORMANCE (MEDIAN)

1-YEAR PERFORMANCE



2-YEAR PERFORMANCE



Source: S&P Capital IQ as of 10/21/2024
Note: See pages 5-6 for index constituents

PAPER, BOARD & OTHER: EQUITY PERFORMANCE & VALUATION

($ in millions, except share price)

Company	Share Price	% of 52-Week High	Enterprise Value	EV/EBITDA CY24E	EV/EBITDA CY25E
Smurfit Westrock Plc	$44.20	87.4%	$34,303	7.3x	6.0x
Packaging Corporation of America	$219.10	98.3%	$21,523	13.2x	11.4x
International Paper Company	$46.93	92.6%	$20,842	10.7x	8.1x
Graphic Packaging Holding Company	$29.83	97.3%	$14,085	8.1x	7.7x
Sylvamo Corporation	$84.72	95.8%	$4,256	6.6x	6.4x
Cascades Inc.	$7.79	71.9%	$2,345	6.8x	5.4x
Mativ Holdings, Inc.	$15.78	79.1%	$1,884	8.0x	6.7x
KP Tissue Inc.	$5.85	80.5%	$1,219	6.4x	6.3x
Ranpak Holdings Corp.	$6.05	66.9%	$835	9.9x	8.7x
Karat Packaging Inc.	$26.94	87.1%	$542	8.9x	8.0x
			Median:	8.0x	7.2x

PAPER, BOARD & OTHER: 2025 VS 2024 CONSENSUS MEDIAN ESTIMATES[1]

Source: S&P Capital IQ as of 10/21/2024
1) Median Revenue and EBITDA growth figures based on individual companies' percentage change year-over-year; 2025E vs 2024E growth

II. PUBLIC MARKET PERSPECTIVE: RIGID, FLEXIBLE & DIVERSIFIED

RIGID, FLEXIBLE & DIVERSIFIED: EQUITY PERFORMANCE & VALUATION

($ in millions, except share price)

Company	Share Price	% of 52-Week High	Enterprise Value	EV/EBITDA CY24E	EV/EBITDA CY25E
Ball Corporation	$66.19	92.8%	$24,601	12.6x	12.0x
Amcor plc	$11.12	96.9%	$22,336	11.1x	10.6x
Avery Dennison Corporation	$215.41	92.3%	$20,318	14.1x	13.1x
Crown Holdings, Inc.	$96.32	97.8%	$17,669	9.2x	8.9x
Berry Global Group, Inc.	$69.37	97.9%	$16,241	7.7x	7.5x
AptarGroup, Inc.	$166.33	98.0%	$11,934	15.6x	14.3x
CCL Industries Inc.	$59.56	97.5%	$11,894	11.0x	10.5x
Sealed Air Corporation	$36.38	88.4%	$9,526	8.7x	8.4x
Silgan Holdings Inc.	$51.38	97.2%	$9,112	10.1x	8.4x
Sonoco Products Company	$52.33	84.8%	$8,036	7.6x	7.1x
Reynolds Consumer Products Inc.	$29.95	91.7%	$7,951	11.7x	11.3x
O-I Glass, Inc.	$12.52	71.2%	$6,422	5.6x	5.1x
Greif, Inc.	$64.13	89.9%	$6,049	8.4x	7.4x
Pactiv Evergreen Inc.	$11.88	75.0%	$5,622	7.0x	6.6x
Transcontinental Inc.	$12.54	96.1%	$1,751	5.3x	5.2x
Winpak Ltd.	$33.55	95.3%	$1,670	6.9x	6.6x
			Median:	8.9x	8.4x

RIGID, FLEXIBLE & DIVERSIFIED: 2025 VS 2024 CONSENSUS MEDIAN ESTIMATES[1]

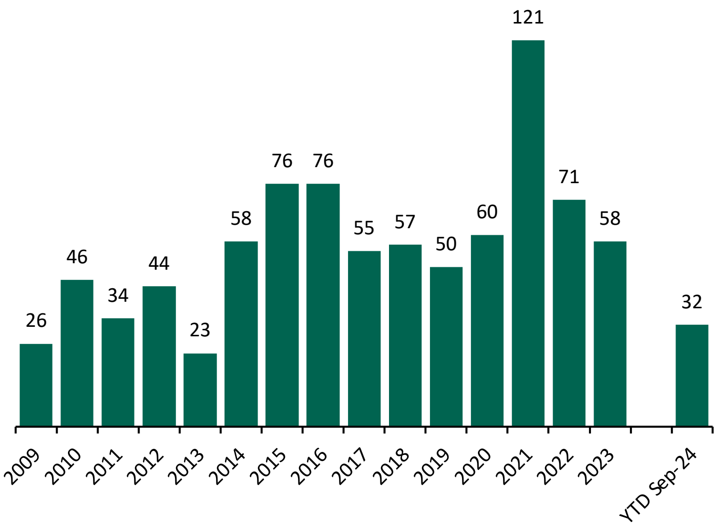
Source: S&P Capital IQ as of 10/21/2024
1) Median Revenue and EBITDA growth figures based on individual companies' percentage change year-over-year; 2025E vs 2024E growth

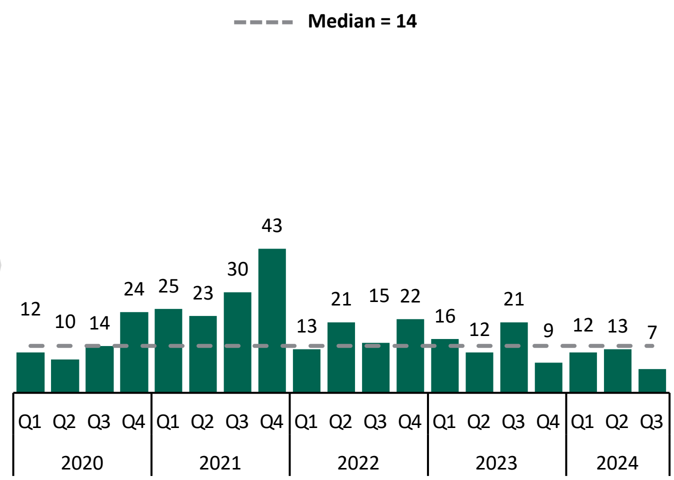
III. MARKET UPDATE: PAPER & PACKAGING M&A OVERVIEW

MARKET COMMENTARY

- 2024 middle-market deal count is off to a slow start, with deal activity falling lower than recent years
- De-stocking has generally subsided across the packaging industry, driven by normalized supply chains and operating environment, as well as material availability, but remains a key focus for buyers
- Pricing dynamics continue to be a factor in deal processes, as select segments of the industry experienced raw material price volatility over the last few years
- Deployable capital from strategics and private equity remains elevated, supporting the potential for increased M&A activity across the paper & packaging landscape
- Valuation gap between bid and ask prices remains significant; sustainability of run rate earnings and other performance metrics are among the core areas of focus for diligence

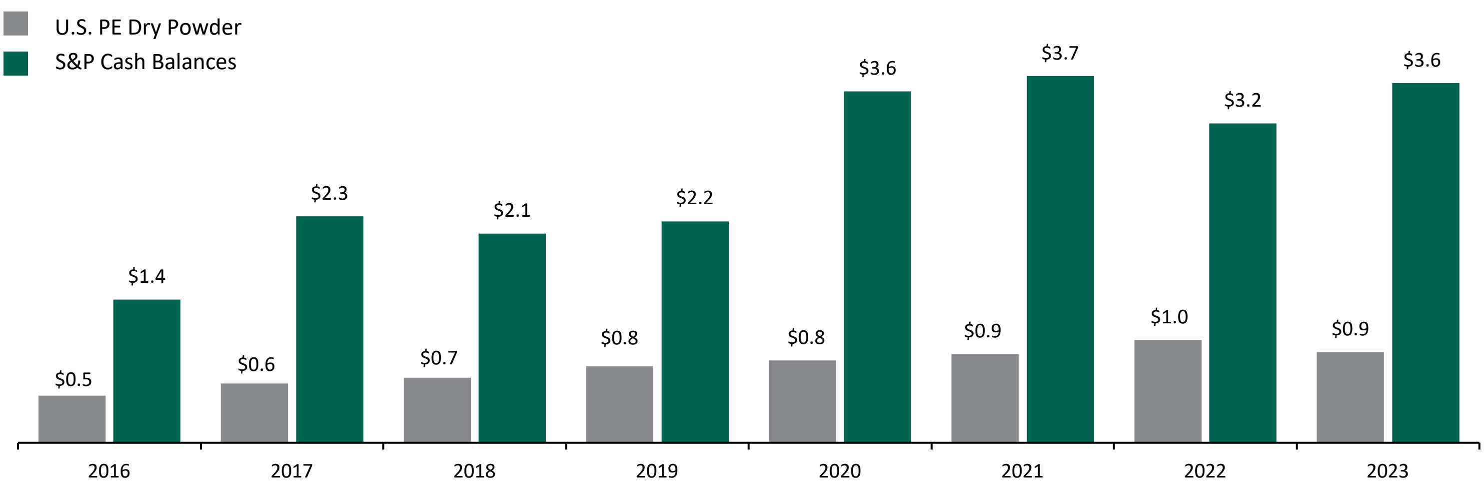
MIDDLE-MARKET PAPER & PACKAGING DEAL COUNT [1]





DEPLOYABLE CAPITAL ACROSS STRATEGIC AND PE LANDSCAPE REMAINS ELEVATED

($ in trillions)



Sources: Pitchbook, S&P Capital IQ

1) Middle-market deals defined as target companies with less than 1,000 employees headquartered in the U.S. and Canada. Deals include all buyout types and M&A/control transactions. Industry Classification defined as Containers & Packaging and Paper/Soft Products. YTD Sep-24 and Q3 2024 as of September 30, 2024.

III. MARKET UPDATE: M&A TRANSACTIONS

RECENT NOTABLE SECTOR TRANSACTIONS

Announced Date	Target	Acquirer
Sep-24	ORORA Orora Packaging Solutions Business	Veritiv
Aug-24	ICONEX Labels Business	M2S Group
Jul-24	Weener Plastic Packaging Group	Silgan Holdings Inc.
Jul-24	Clearwater Paper Tissue Business	Sofidel
Jun-24	Eviosys	Sonoco
May-24	Transcendia	IOP
Apr-24	DS Smith	International Paper
Feb-24	Graphic Packaging International Augusta, GA SBS Mill	Clearwater Paper
Feb-24	Glatfelter	Berry Health, Hygiene & Specialties
Oct-23	iPackchem	Greif
Sep-23	WestRock	Smurfit Kappa
Aug-23	Envoy Solutions	BradyIFS / Kelso Private Equity / Warburg Pincus[1]
Aug-23	Veritiv	Clayton Dubilier & Rice
Aug-23	mativ Engineered Papers	Evergreen Hill Enterprise
Jul-23	Bell Incorporated	Graphic Packaging International
May-23	Spectrum Plastics Group	DuPont
Nov-22	liquibox	SEE

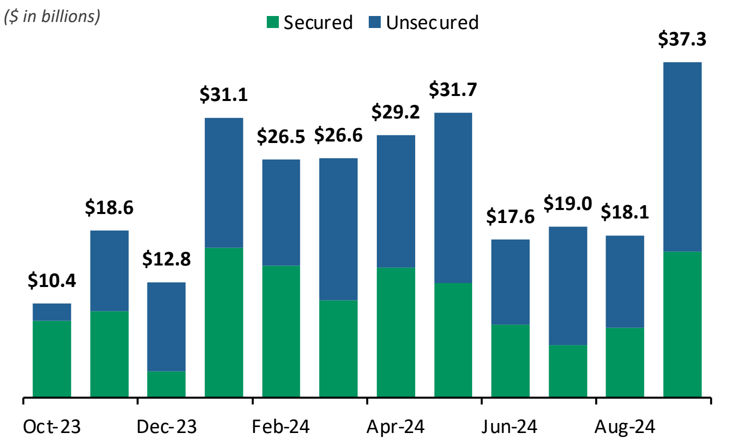
Sources: S&P Capital IQ, Company Filings & Presentations, Mergermarket
1) Acquired 63% stake. FEMSA retained 37% stake

III. MARKET UPDATE: DEBT

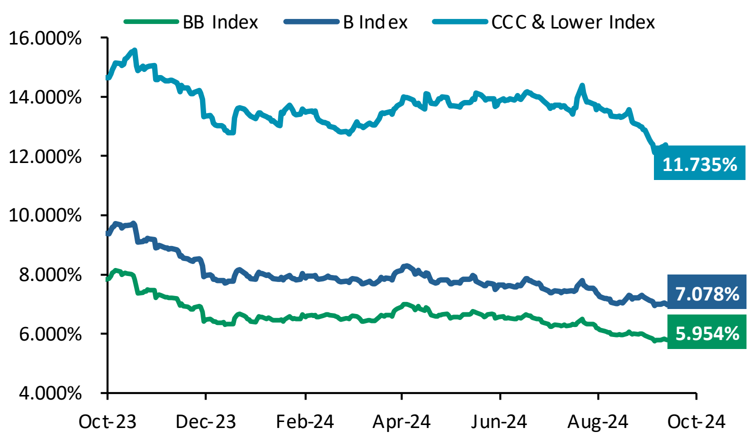
HIGH YIELD MARKET ENVIRONMENT

- 2024 YTD high yield primary market supply has rebounded significantly after a sluggish 2022 and 2023, but has yet to catch up with strong investor demand
- Average HY spreads (over treasury) hit 17-year lows—the last time we saw spreads this tight were July 2007, prior to the onset of the financial crisis. Issuers are taking advantage with some of the lowest coupon prints we have seen since 2021
- Outlook: While the cadence of issuance will likely slow a bit with the election and holiday season challenging calendars and execution windows, executions should remain sharp barring any negative macro catalysts
- Key Takeaway: Market remains attractive for issuers—however, with macro and geopolitical uncertainty still looming, HY has more room to go wider than tighter. Issuers should remain "push-button" ready to hit the market when an attractive window is presented

NEW HIGH YIELD VOLUME



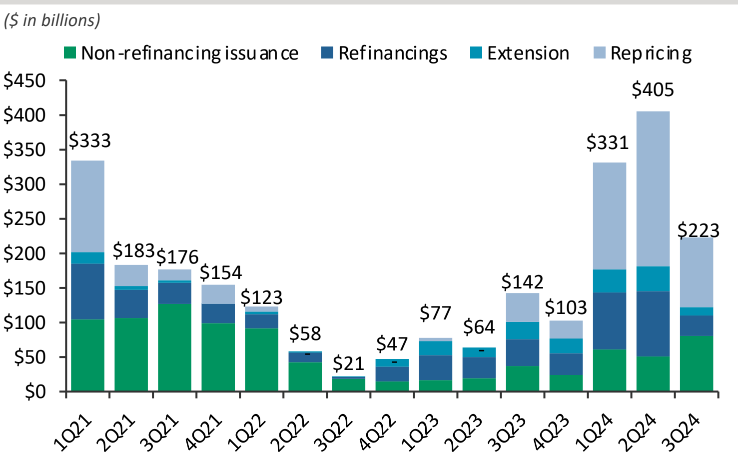
AVERAGE HY LEVELS (YTW)



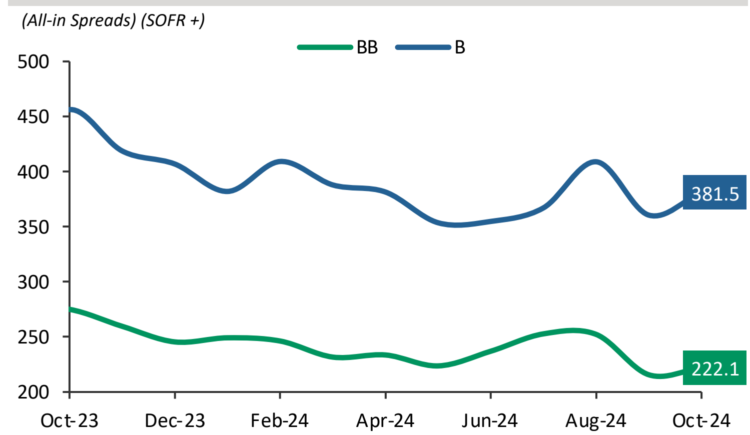
INSTITUTIONAL MARKET ENVIRONMENT

- YTD Institutional volume has already surpassed each of the past five years, with a significant majority from opportunistic trades (refinancings, repricings, and dividend deals)
- Although overall US Institutional market activity slowed a bit in the third quarter (as expected), better visibility on rates provided a much-needed boost to M&A. For the first time in two years, quarterly volume of refinancings took a backseat to buyouts, acquisitions, and recapitalizations
- New issue pricing has improved significantly over the last year in the form of both spread and OID with average new issue spreads tightening 50+ bps for both B and BB issuers

NEW ISSUANCE VOLUME BY PURPOSE



NEW ISSUE SPREADS BY RATING

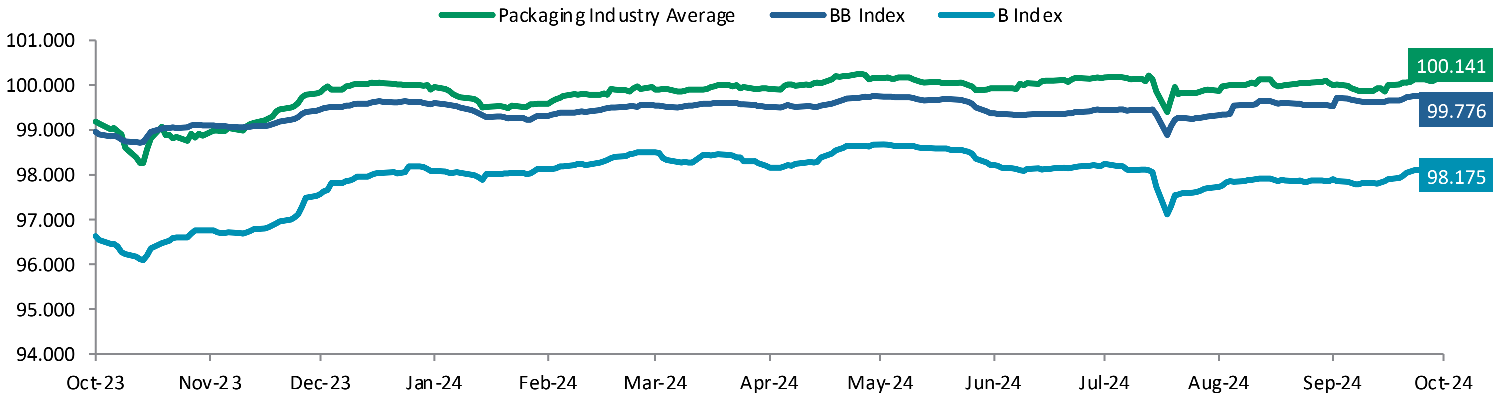


Sources: LevFin Insights, S&P LCD, Bloomberg and Citizens Capital Markets

PACKAGING MARKET TLB AND HY TRADING INDICIES

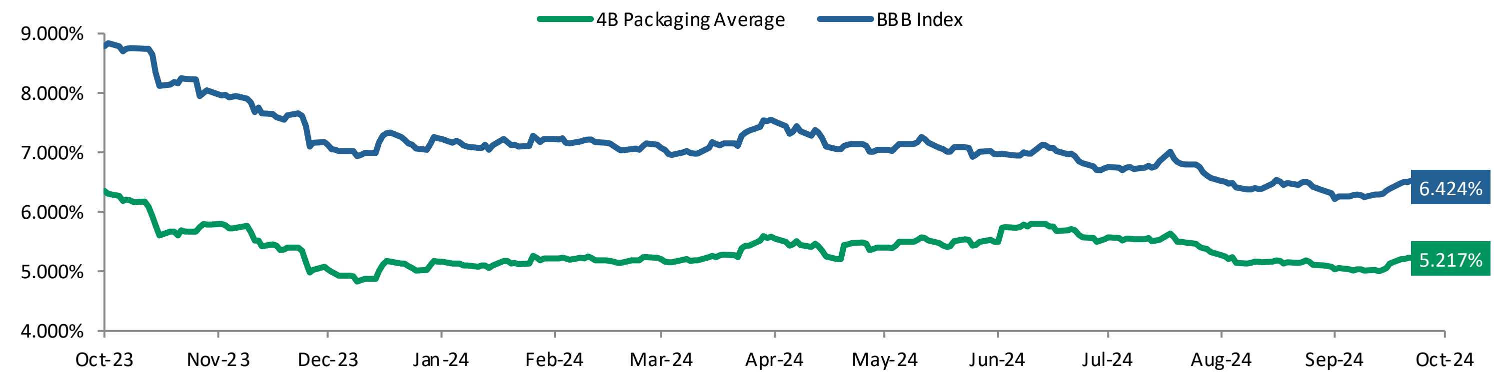
- Despite a blip in secondaries during a temporary market tantrum in August, secondary pricing in the Bond and TLB markets have remained increasingly attractive as investors scramble for opportunities to put dollars to work

OCTOBER 2023 – OCTOBER 2024 TERM LOAN B BID PRICES



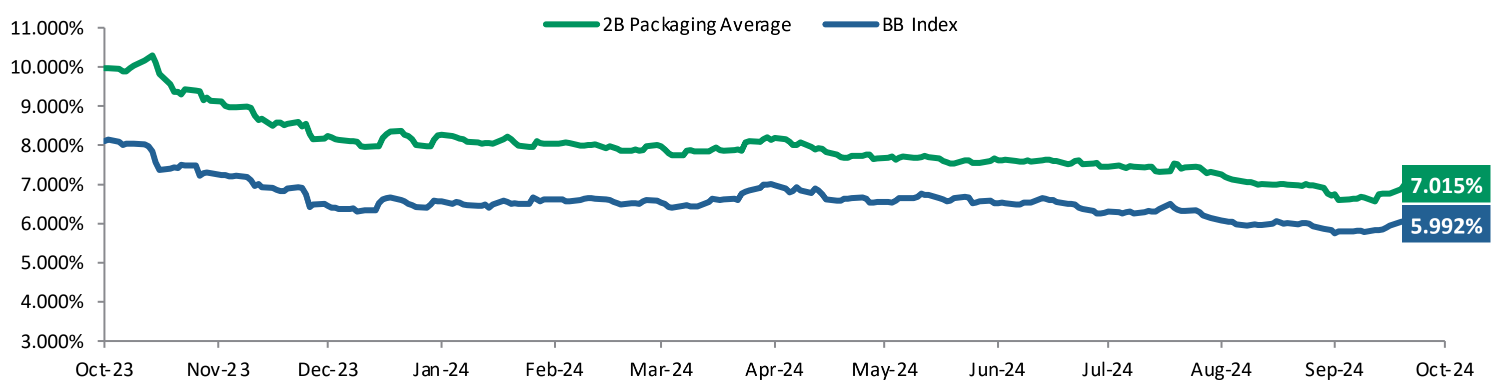
Note: Term Loan Packaging Average includes: Altium, Berlin Packaging, Charter NEXT, Graham Packaging, Novolex, Pactiv Evergreen, ProAmpac Packaging, Tekni-Plex

OCTOBER 2023 – OCTOBER 2024 BOND YIELD TO WORST (4B AVERAGES)



Note: Bond 4B Average includes: Ball Corp, Crown Holdings, Graphic Packaging, Sealed Air, Silgan

OCTOBER 2023 – OCTOBER 2024 BOND YIELD TO WORST (2B AVERAGES)



Note: Bond 4B Average includes: Graham Packaging, Mativ, Novolex, O-I Glass, Pactiv Evergreen, Tekni-Plex

Source: LCD, Bloomberg

IV. CITIZENS FINANCIAL GROUP

RECENT SECTOR M&A TRANSACTIONS

DELTA
a subsidiary of
GREIF
has been acquired by
PSC GROUP
a portfolio company of
THE JORDAN COMPANY

ADVISOR TO SELLER

- August 2024: Citizens served as the exclusive sell-side advisor to Greif (NYSE: GEF), a global manufacturer of industrial packaging products, in the divestiture of Delta Petroleum Company
- The divestiture allows Greif to focus on its core growth strategy of expanding into resin-based industrial packaging products serving higher-growth and less cyclical end markets

TWIN RIVERS PAPER COMPANY
a portfolio company of
ATLAS HOLDINGS BLUE WOLF
has sold its Pine Bluff, AR unbleached kraft paper mill to
American Kraft Paper Industries
an affiliate of
AIAC

ADVISOR TO SELLER

- April 2024: Citizens served as the exclusive sell-side advisor to Twin Rivers Paper Company in the divestiture of its Pine Bluff, AR virgin unbleached kraft pulp and paper mill that produces multiwall, converting and bag kraft papers
- The divestiture allows Twin Rivers Paper to prioritize growing its core specialty papers business

RECENT SECTOR FINANCING TRANSACTIONS

mativ

$400,000,000
SENIOR UNSECURED NOTES
Joint Bookrunner

TWIN RIVERS PAPER COMPANY
a portfolio company of
BLUE WOLF ATLAS HOLDINGS

$172,500,000
SENIOR CREDIT FACILITIES
Sole Lead Arranger, Sole Bookrunner and Administrative Agent

DAVIS-STANDARD

$550,000,000
SENIOR CREDIT FACILITIES
Joint Lead Arranger and Joint Bookrunner

Veritiv

$1,425,000,000
SENIOR CREDIT FACILITIES
$700,000,000
SENIOR SECURED NOTES
Joint Lead Arranger and Joint Bookrunner

CITIZENS DEDICATED BASIC MATERIALS TEAM

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IV. CITIZENS FINANCIAL GROUP

CITIZENS FINANCIAL GROUP OVERVIEW [1]

13th
Largest U.S. Bank

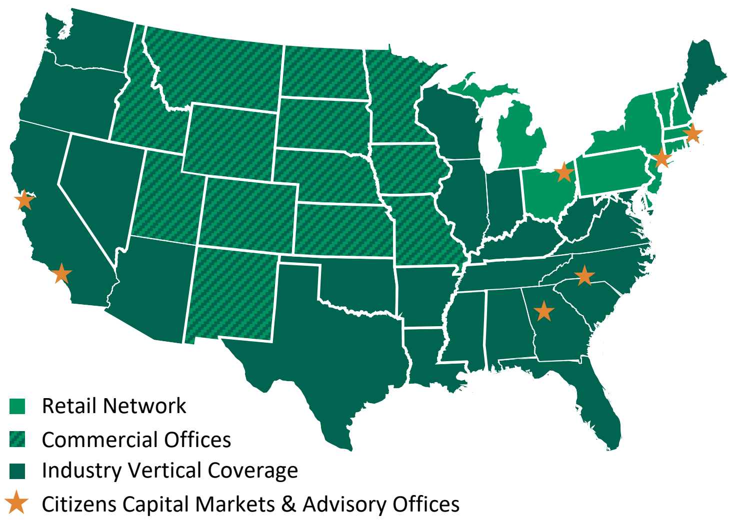
$220 Billion
Assets

$18 Billion
Market Cap

3,000+
Corporate & Inv. Banking Clients

~17,500
Professionals

A-/Baa1/BBB+
L-T Issuer Rating



CITIZENS CAPITAL MARKETS & ADVISORY OVERVIEW

Mergers & Acquisitions

- 40+ Managing Directors/Directors, 150+ professionals
- 150+ transactions completed since 2021
- Sponsor / private mix: 40% / 60%

Industry Expertise

- Knowledge of and relationships with blue-chip corporates
- 35+ Managing Directors/Directors, 95+ professionals
- Deep sector domain knowledge, relationships and idea generation

Financial Sponsor Coverage

- ~200 financial sponsors and family offices covered
- Active fund size ranging from $250M - $20B+

Comprehensive Product Suite Built on Sector Intelligence and Supported by Cohesive Coverage Model

Debt Capital Markets

- ~30 Managing Directors/Directors, 85+ professionals
- #1 sponsored middle-market[2]/#8 overall leveraged lending bookrunner[2]

Citizens®

Equity Capital Markets

- ~25 Managing Directors, 75+ professionals
- Full suite of underwriting and sales and trading capabilities
- Equity research covering 400+ companies

CITIZENS CAPITAL MARKETS & ADVISORY OFFICES

Atlanta 3550 Lenox Road NE Atlanta, GA 30326	**Boston** 28 State Street Boston, MA 02109	**Charlotte** 4250 Congress St. Charlotte, NC 28209	**Chicago** 10 South Wacker Drive Chicago, IL 60606	**Cleveland** 200 Public Square Cleveland, OH 44114
Los Angeles 11755 Wilshire Blvd. Los Angeles, CA 90025	**Minneapolis** 8530 Eagle Point Blvd. Lake Elmo, MN 55402	**New York** 437 Madison Ave. New York, NY 10022	**New York** 450 Park Avenue New York, NY 10022	**San Francisco** 600 Montgomery Street San Francisco, CA 94111

1) Colleague totals are rounded. Total assets as of September 30, 2024, and market cap as of October 21, 2024
2) Refinitiv LPC, Bloomberg and Citizens. Middle Market defined as Borrower Revenues and Deal Size < $500MM per LPC