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CREATING A GLOBAL LEADER IN SUSTAINABLE PACKAGING:
A HORIZONTAL MERGER ANALYSIS OF SONOCO PRODUCTS COMPANY AND
HUHTAMAKI OYJ
– FINANCIAL ANALYSIS OF SONOCO PRODUCTS COMPANY

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Abstract

This work examines the horizontal merger of Sonoco Products Company and Huhtamaki Oyj, aiming to form a global leader in sustainable packaging and deliver shareholder value amid increasing competition. The potential value creation for shareholders in this strategic combination is assessed. The combined entity's enterprise value is \$17.1bn, with standalone enterprise values of \$8.4bn (Sonoco) and \$5.7bn (Huhtamaki). The combined equity value is \$12.5bn, including \$3.0bn in synergies. Pro forma revenues of \$11.2bn and EBITDA of \$1.7bn underscore the merger's scale. Structured as a stock-for-stock exchange, the deal allocates 50.5% ownership to Sonoco shareholders and 49.5% to Huhtamaki shareholders.

Key words

Horizontal merger; Cross-border merger; Packaging industry; Valuation; Value creation

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1 Executive summary

The packaging industry plays a vital role in nearly every consumer-facing and industrial sector, ensuring the safe, efficient, and appealing delivery of a wide range of goods to end-users (Feber et al. 2022). With the global packaging industry shifting towards eco-friendly solutions and intensified competition through consolidation, neither company alone would likely sustain its long-term competitiveness. The merger of Sonoco and Huhtamaki creates a global leader in sustainable packaging. It enhances global reach and visibility, offering a strong strategic and operational fit with complementary product portfolios of primarily fiber-based solutions alongside flexible plastic products across a broad range of end markets and geographies. The strategic combination capitalizes on the strengths of both companies, aiming to navigate future challenges including evolving market trends and regulatory changes to drive competitive advantage through scale, operational efficiencies, and the shared commitment to sustainability.

Operating as “Sonoco-Huhtamaki”, the company will be listed on the NYSE, with a secondary listing on Nasdaq Helsinki, positioning it for index inclusion in both markets. The transaction with an equity value of \$5.3bn for Huhtamaki at an EV/EBITDA multiple of 9.4x is structured as a stock-for-stock exchange. It grants Sonoco shareholders 50.5% ownership and Huhtamaki shareholders 49.5%. Pro forma LTM revenues total \$11.2bn, with an LTM EBITDA of \$1.7bn. These figures are supported by an investment-grade balance sheet, which positions the company as a market leader in sustainable paper packaging. The combined enterprise value (EV) including \$3.0bn in synergies yields \$17.1bn with an equity value of \$12.5bn, well above the combined current market capitalization of \$9.5bn, underscoring the merger’s value proposition. Anticipated \$185m run-rate cost synergies and economic value added of \$0.1bn annually after full realization of synergies in 2027E create value for the shareholders, employees, customers, and the overall economy.

2 Packaging industry overview

2.1 Global packaging sector

The global packaging industry is segmented by packaging type (mainly paper, plastic, metal and glass), by product type (i.e. boxes and pouches), by key end-user industry (i.e. foods, beverages and personal care) or by region (i.e. North America, Europe, Asia Pacific and Africa).

The anticipated growth of the market is largely attributable to five key trends: sustainability, digitization, evolving consumer behavior, e-commerce and margin pressure (Berg and Lingqvist 2019). In response to growing consumer awareness and regulatory pressures, companies are prioritizing sustainability. This is leading to a shift towards biodegradable, recyclable, and reusable materials. Additionally, regulatory changes have a significant impact on the industry, with certain product categories, such as plastic straws, being eliminated and an increased demand for alternatives, like molded fiber products (Heinrich, Leppävuori, and Lundqvist 2023, 4). Digitization and technological advancements are essential to maintain a competitive advantage. For example, smart packaging solutions like RFID tags improve supply chain visibility and consumer engagement (Berg and Lingqvist 2019; Mordor Intelligence 2023a). Besides sustainability concerns, consumers show a rising demand for convenient and visually appealing packaging. Additionally, the growth of e-commerce and online shopping for food, fast-moving consumer goods (FMCG) products, and clothing is driving demand for packaging that ensures product safety, efficient handling, and attractive designs (Research and Markets 2024; Grand View Research 2023a; Marinova 2021). The packaging industry is subject to cyclical fluctuations, largely influenced by broader economic conditions, energy and raw material prices, and consumer spending. Margin pressures increased due to the COVID-19 pandemic and geopolitical conflicts which both disrupted global supply chains. Rising inflation, fluctuations in exchange rates for importing raw goods, and stricter environmental regulations, have further influenced raw material

costs. Consequently, these dynamics require packaging companies to optimize costs (Dykiel et al. 2022). However, food, beverage, and pharmaceutical sectors are less sensitive to economic cycles, providing greater stability within the industry.

The global packaging industry has experienced moderate growth over the last decades and is projected to maintain a robust growth trajectory in the foreseeable future. The global packaging market is estimated to be worth \$1.2tr in 2024E, with a projected compound annual growth rate (CAGR) of 3.9% reaching \$1.5tr by 2029E (Mordor Intelligence 2023a; Platt 2023). The market is expected to see the highest growth in the sustainable packaging sector, with an estimated increase from \$293bn in 2024E to \$424bn in 2029E at a 7.7% CAGR (Mordor Intelligence 2023b). In 2021, the largest market shares were held by plastic (37%) and paper (35%). Metal accounts for 12% of the market, while glass represents 4% and other materials account for 12% (Bryant et al. 2023, 21). In 2023, the Asia-Pacific region (APAC) is estimated to have the largest market share in the packaging market with 40% (\$470bn; Mordor Intelligence 2023a). North America shows a market share of 23% (\$270bn) growing at a 4.0% CAGR '24E-'29E. Europe accounts for 20% (\$234bn), growing at a CAGR of 4.1% for the same period. This growth is mainly driven by the above-mentioned key trends, particularly in the food and beverages, pharmaceuticals and personal care segments (Mordor Intelligence 2023c; Mordor Intelligence 2023d; Platt 2023). Other regions have a subordinate role in the global packaging market (Platt 2023).

2.2 Market segments

2.2.1 Paper packaging

Paper is a highly versatile and customizable material for packaging that is lightweight and recyclable, offering cost-effective solutions for various products (Mordor Intelligence 2023e). The paper packaging market can be further segmented by grade (paperboard and containerboard) and by product type (folding cartons, corrugated boxes and flexible paper packaging).

The paper packaging market is especially driven by sustainability, changing consumer habits and e-commerce. With increasing pressure from stakeholders on the environmental impact of packaging, manufacturers are adopting more sustainable packaging materials and production processes. As a result, recycled and recyclable paper packaging options are becoming popular, and many companies are investing in technologies to improve recycling processes (Heinrich, Leppävuori, and Lundqvist 2023, 4). Furthermore, the rise of e-commerce platforms such as Amazon has significantly increased the demand for protective and lightweight packaging solutions while reducing shipping costs and waste (Thomas 2024).

The paper packaging market also faces challenges. The paper packaging market is affected by increased costs for inputs and environmental regulations aimed at reducing deforestation and emissions. Furthermore, the sustainable packaging market is highly competitive, with paper packaging facing strong competition from other eco-friendly materials that offer reusability and higher durability that provide moisture and barrier protection.

The global paper packaging market is projected to grow from \$399bn in 2024E to \$501bn by 2029E at a 4.8% CAGR (Grand View Research 2023b; Mordor Intelligence 2023e). Key end-markets are food and beverage (30%), e-commerce (20%), healthcare (10%) and industrial packaging (10%) (Grand View Research 2023b). By product type, corrugated boxes and folding cartons dominate the market (50% each), with a subordinate role of flexible paper (Harrod 2023; Harrod 2024).

2.2.2 Plastic packaging

Plastic packaging offers versatile and lightweight forms of packaging with high printability at low costs. Based on its ability to increase shelf life and to endure extreme environmental conditions, plastic packaging is applied in several industries including food and beverages, personal and household care as well as pharmaceuticals (Grand View Research 2023a; Mordor Intelligence

2023f). The market can be segmented by packaging type, with rigid and flexible packaging further subdivided by material and product type.

The plastic packaging market is mainly driven by the key trends shift in consumer habits, sustainability and e-commerce. The demand for flexible plastic packaging solutions increased based on the further rise in urbanization and demand for convenient and processed foods (Mordor Intelligence 2023b; Mordor Intelligence 2023f). Furthermore, technological advances in sustainable plastics align with changing consumer preferences and offer the potential to create a circular economy for plastics (Scott et al. 2024a). Additionally, plastics' durability, lightweight nature, and protective qualities are advantageous for shipping and preservation while reducing material costs and transportation emissions in the e-commerce sector (Mordor Intelligence 2023c). The plastic packaging market faces significant challenges as consumers shift to eco-friendly options, and companies risk reputational damage if they fail to adapt. Regulatory measures, including the EU's single-use plastics directive and plastic bans and taxes in over 120 countries, are driving manufacturers to transform their packaging strategies (Bryant et al. 2023, 22; Mordor Intelligence 2023f).

The global plastic packaging market, valued at \$384bn in 2023, is projected to grow at a 3.5% CAGR '24E-'30E (Grand View Research 2023a). Rigid plastics, comprising 60% of the market, are expected to grow at 3.3% CAGR '24E-'30E, while flexible packaging, accounting for 40% of the market, is set to grow faster at 4.4% CAGR '24E-'30E, driven by rising demand in segments like convenient food (Bryant et al. 2023, 21; Grand View Research 2023c, Grand View Research 2023d). Food and beverages dominate the industry, accounting for over 50% of demand, followed by personal and household care (20%), with industrial packaging and pharmaceuticals each contributing 10% (Grand View Research 2023a).

2.2.3 Metal and glass packaging

The metal packaging market primarily serves the food and beverage as well as personal care markets. The predominantly utilized metals in production are aluminum and steel due to their durability, recyclability and ability to protect from external influences. The demand for metal packaging is driven by its long shelf life, its safety features and growing environmental awareness given its recyclability. Aerosol can demand is increasing in cosmetics, automotive, industrial, and pharmaceuticals industries (Mordor Intelligence 2023g). The metal packaging market encounters challenges including substantial energy needs for producing virgin metals, volatile metal prices and significant regional differences in recycling rates, complicating efforts to achieve sustainability targets on a global scale (Scott et al. 2024b). Metal packaging offers limited design flexibility and printability on its surface. The metal packaging market size is growing from \$154bn in 2024E to \$184bn by 2029E at a CAGR of 3-3.5% (Mordor Intelligence 2023g; Smyth 2024).

Glass packaging is widely used for products like beverages, food, pharmaceuticals, and cosmetics due to its non-reactive properties, which preserve flavor and freshness. Glass is fully and infinitely recyclable, aligning with sustainability trends (Towards Packaging 2024). The premiumization in industries like beverages and cosmetics with high-end products is also driving demand, where appearance and perceived quality matter. However, glass production is energy-intensive, impacting its sustainability and increasing its sensitivity to energy price fluctuations. Additionally, glass is heavier and more fragile than other materials, limiting its suitability for e-commerce packaging. The glass packaging market size is expected to grow from \$67bn in 2024E to \$82bn by 2029E at a CAGR of 4.2% (Fortune Business Insights 2024; Mordor Intelligence 2023h).

2.3 Competitor analysis

The global packaging market is highly competitive and fragmented, comprising both large multinational companies with growing market power and smaller competitors specializing in

niches such as protective packaging. Leading global players serve multiple industries by leveraging their ability to scale, innovate, and expand their distribution networks. Innovation remains a key driver for product differentiation and competitive advantage (Mordor Intelligence 2023a).

The paper packaging market has leading players from both the United States of America (US) and Europe like International Paper, Mondi, and Stora Enso. In Europe, stricter environmental regulations and widespread consumer support for eco-friendly solutions have accelerated the shift toward paper-based packaging (Smurfit Westrock 2024). European companies such as Smurfit Westrock are leading in sustainable packaging, particularly in fiber-based and recycled materials (Smurfit Kappa 2024).

The global plastic packaging market is dominated by major US companies like Berry Global and Sealed Air, which specialize in both rigid and flexible plastic packaging solutions. Despite growing environmental concerns and increasing regulations globally, plastic packaging remains dominant in North America due to its cost-efficiency, durability, and less stringent regulations than in Europe. To address these challenges and stay competitive against more eco-friendly alternatives, plastic packaging companies are investing heavily in sustainable innovations (Mordor Intelligence 2023i).

2.4 Recent M&A activity

The packaging market is characterized by a moderate level of merger and acquisitions (M&A) from strategic buyers as well as institutional investors (~15%; Brooks et al. 2023, 1). Strategic buyers in the packaging market seek to strengthen their portfolios through diversification or specialization in certain technologies, to increase manufacturing capabilities and geographical footprint, and to optimize efficiency (Grand View Research 2023a; Mueller, Patra, and Waller 2023, 39).

Over the past decade, the packaging sector recorded twice as many deals relative to its size as the traditional manufacturing industry (Mueller, Patra, and Waller 2023, 40). The increased transaction volume reached its peak in 2021, which was followed by a slowdown throughout 2022 and the first

half of 2023, largely due to higher inflation, rising interest rates and geopolitical uncertainties. However, anticipated rate cuts, strong markets, and robust earnings in the packaging industry, lead to a notable recovery in deal volume, with several major cross-border mergers driving this trend (Brooks et al. 2023, 1).

Despite the consolidation wave and further maturing of the industry during the past decade, the market remains fragmented across segments and regions, presenting abundant M&A opportunities. While glass and metal packaging are already quite concentrated and the plastic packaging market is mid-way through the consolidation phase, paper packaging reveals the highest potential for further M&A. Optimizing efficiency and reducing cyclicity by focusing on food, pharmaceuticals, and home care segments were major drivers of the past merger wave (Mueller, Patra, and Waller 2023, 40-42). Nowadays, consolidation in the paper packaging sector is gaining momentum driven by typical merger motives like margin pressure and overcapacities (Rudnicki, West, and Brown 2020) as well as rapidly changing demand for sustainable solutions and e-commerce (Brooks et al. 2023, 1; Brooks et al. 2024, 1; Mueller, Patra, and Waller 2023, 41-42). This is demonstrated by notable deals, like the merger of Smurfit Kappa and Westrock (transaction value: \$12.7bn, completed in July 2024), International Paper's acquisition of DS Smith (transaction value: \$9.9bn, announced in April 2024) and Novolex' acquisition of Pactiv Evergreen (transaction value: \$6.7bn, announced in December 2024), all aiming to form leading global players in sustainable paper packaging (Novolex 2024; Packaging Europe 2024; Westrock 2024).

3 Standalone businesses

3.1 Sonoco Products Company

3.1.1 Company profile

Sonoco Products Company (Sonoco) is a global packaging company with leading market shares in North America in industrial and consumer packaging products, with a particular focus on shelf-

ready packaging. Founded in 1899 as the Southern Novelty Company, Sonoco initially focused on industrial packaging in the textile industry, later diversifying into consumer packaging and expanding globally. Today, Sonoco is listed on the New York Stock Exchange (NYSE), part of the S&P 500 index, and headquartered in Hartsville, South Carolina, US. The company generated \$6.8bn in revenues in 2023 by operating in 33 countries with over 310 sales and manufacturing facilities, of which the majority is in North America, as well as approximately 22,000 employees (Sonoco 2024a, 13). Sonoco is divided into three business segments: Consumer Packaging, Industrial Paper Packaging, and All Other, serving markets primarily in North America (78%), followed by Europe (14%), APAC (5%), and South America (3%). The company utilizes the materials paper (57%), resin (29%) and tinplate (14%). Sonoco's strategy focuses on developing eco-friendly packaging solutions and leveraging innovative technologies to address the global emphasis on sustainability and evolving consumer habits (Sonoco 2024b, 19).

The Consumer Packaging segment (last twelve months as of September 30, 2024 (LTM) revenues: \$3.7bn) is further divided into Rigid Paper Containers (39% of 2023 Consumer Packaging revenues), Metal Packaging (26%) and Flex-Therm sub-segment (34%) (Sonoco 2024b, pp. 53, 66, 79). The Rigid Paper Containers sub-segment holds a leading market position in paper-based packaging solutions, serving mainly the food and beverage sector. The sub-segment has a strong presence in North America and Europe, with blue-chip customers like Mondelez, Kraft Heinz, PepsiCo, and Nestle (Sonoco 2024b, 52-60). Competitors are International Paper and Smurfit Westrock. Sonoco's Metal Packaging sub-segment focuses on producing aerosol as well as food and beverage cans. The company operates exclusively in the US, serving the consumer staples market with major customers like Sherwin-Williams, Reckitt, Kraft Heinz, and Nestle (Sonoco 2024b, 61-71). Major competitors are Crown Holdings, Ball Corporation, and Silgan Holding. The Flex-Therm sub-segment offers flexible plastic packaging and thermoformed solutions

predominantly for the food and beverage and healthcare sectors. Its operations focus on North and South America, serving major customers such as L'oreal, Mondelez, Unilever, Procter & Gamble, and Nestle. Key competitors in this segment include Huhtamaki, Amcor, Sealed Air, Constantia, and Berry Global (Sonoco 2024b, 76-85).

Sonoco's Industrial Paper Packaging segment (LTM revenues: \$2.4bn) serves both as a recycler and a producer of uncoated recycled paperboard (2023 production volume: 2.1m tons). Roughly 50% are used internally to manufacture rigid paper containers and various other industrial paper packaging products including protective posts and film cones. The remainder is sold externally to customers in the consumer staples, consumer discretionary, and industrial sectors. Revenues are primarily in North America, followed by Europe and APAC (Sonoco 2024b, 86-100).

All Other (LTM revenues: \$0.5bn) consists of businesses that no longer align with Sonoco's core strategy and are planned to be divested by 2028E (Sonoco 2024b, 21). This segment comprises thermo-assured, healthcare, and protective packaging. The latter was divested in early 2024 (Sonoco 2024c).

In 2019, the company launched a strategic portfolio transformation, including divesting non-core operations and strengthening its core business through investing in both organic and inorganic growth, aiming to achieve profitable growth and enhanced operational efficiency (Sonoco 2024b, 25). M&A activity builds on Sonoco's track record of successful acquisitions. Notable among these was the \$1.4bn acquisition of Ball Metalpack in 2021, a steel food and aerosol can manufacturer (Sonoco 2021). In December 2024, Sonoco acquired Eviosys for \$3.9bn. Eviosys is a Swiss leader in sustainable metal food packaging with projected 2024 revenues of \$2.5bn, expanding its presence in Europe and the metal packaging sector (Eviosys 2024; Sonoco 2024d).

3.1.2 Historical performance

Sonoco's historical performance was analyzed from 2020 to the third quarter of the 2024 fiscal year (Q3'24) based on Sonoco's reported financial results (Appendix 1). Revenues increased from \$5.2bn in 2020 to \$6.8bn in 2023, reflecting a CAGR of 9.0%. This growth was largely driven by the Consumer Packaging segment growing at a CAGR '20-'23 of 17.6% with strong contributions from past transactions. While Industrial Paper Packaging's revenues grew by 6.0% CAGR '20-'23, revenues from non-core business activities declined by 8.4% CAGR '20-'23 due to Sonoco's divestment efforts. Sonoco's strategic realignment is reflected in the shift in revenue mix which resulted in an increase of Consumer Packaging revenue contribution from 43% in 2020 to 59% in Q3'24. The gross margin increased from 24.0% (2020) to 25.5% (Q3'24) driven by improved operational efficiency and the shift in revenue mix. Research and development costs (R&D) stayed constant at 0.4% of revenues between 2020 and Q3'24, while SG&A rose from 8.7% to 9.6%. Despite higher absolute fixed costs, Sonoco profited from further scaling and increased operational efficiency which resulted in increased operating earnings before interest, taxes, depreciation and amortization (EBITDA) margin, rising from 14.9% (2020) to 15.4% (Q3'24) and higher absolute operating EBITDA from \$0.8bn in 2020 to \$1.0bn in 2023. The operating earnings before interest and taxes (EBIT) margin stayed rather consistent with 9.9% in 2020 and 10.0% in Q3'24. The net income ranges from \$0.2bn in 2020 to \$0.5bn in 2023.

To further assess the financial health of Sonoco, Sonoco's profitability from investments (Appendix 2), liquidity ratios as well as its cash conversion cycle (CCC) were analyzed (Appendix 3). The return on equity (ROE) increased from 14.0% in 2020 to 22.2% in 2023, driven primarily by improved operational performance. This is also reflected in the return on invested capital (ROIC), which rose from 10.3% in 2020 to 10.7% in 2021, declined to 9.2% in 2022, and then rebounded to 11.8% in 2023. Core ROIC stayed elevated at 12.7% in 2020 and 12.6% in 2021

before falling to 9.8% in 2023, but remaining consistently above the weighted average costs of capital (WACC; 7.2%; Chapter 3.1.4), indicating operational value creation. Non-core operations negatively impacted total ROIC between 2020 and 2022. However, in 2023, the non-core business contributed positively. The increase in ROE was amplified by higher financial leverage, with the net-debt-to-book-equity ratio rising from 65.9% in 2020 to 126.8% in 2023, peaking at 152.3% in 2022. This increase was largely due to a \$0.3bn term loan in 2021 and a \$1.2bn multi-tranche senior bond issuance in 2022 to fund the Ball Metalpack acquisition (Sonoco 2021; Sonoco 2022a). With the cost of external financing being lower than ROIC, leverage boosted ROE. Overall, Sonoco consistently created operational value and employed financial leverage to boost returns.

The increase in net debt is also evident in Sonoco's net-debt-to-market-equity (D/E) ratio rising from 20.8% in 2020 to 51.8% in 2023, with a peak at 55.2% in 2022 (Appendix 3). A similar picture is revealed by Sonoco's net-debt-to-EBITDA ratio which rose from 1.6x in 2020 to 3.0x in 2022 and 2023. To fund the acquisition of Eviosys, Sonoco raised \$1.8bn in debt through a multi-tranche unsecured senior bond in Q3'24 (Sonoco 2024e). Sonoco's leverage ratios are slightly above the peer group average of 2.8x net-debt-to-EBITDA and 50.8% D/E (Appendix 4). The elevated debt level requires management to prioritize cost control and operational efficiency as part of Sonoco's strategic portfolio realignment. At 3.1x LTM net-debt-to-EBITDA, debt slightly exceeds the 3.0x downgrade threshold for Sonoco's BBB credit rating from S&P and Fitch, leaving no room for additional debt with increased risk of a downgrade to BBB- or even below if the company does not deleverage within the 24-month grace period given by the rating agencies (Fitch Ratings 2024; S&P Global Ratings 2024).

Liquidity ratios (Appendix 3) provide insights into how easily assets can be converted into cash to meet a company's current liabilities. Sonoco's current ratio improved from 1.2 in 2020 to 1.8 in 2023, as the company repaid short-term debt while maintaining consistent cash and cash

equivalents (CCE). A current ratio above 1 is generally desirable, as it indicates the company's ability to meet short-term obligations. The quick ratio also increased from 0.9 (2020) to 1.1 (2023). The cash ratio fell from 0.4 in 2020 to 0.1 in 2021 staying constant until 2023, which is below the target of at least 0.3. The decrease in 2021 is mainly due to the lower CCE resulting from the acquisition of Ball Metalpack. This suggests a reduced buffer for meeting short-term obligations (Sonoco 2022b). Sonoco's average liquidity ratios '20-'23 consistently stayed below the industry averages '20-'23, with a current ratio of 1.4 versus the industry's 1.6, a quick ratio of 0.9 versus 1.0, and a cash ratio of 0.2 versus 0.3 (Appendix 5). The debt issuance in Q3'24 temporarily improved these ratios, placing Sonoco above the industry average. However, as the cash raised is intended to be used for the upcoming transaction, it should not be considered as a true reflection of improved liquidity.

Sonoco's CCC was 53 days on average '20-'23, in line with the industry average '20-'23 of 52 days (Appendix 6). In 2020, the CCC was 45 days, consisting of days inventory outstanding (DIO) of 41 days, days sales outstanding (DSO) of 53 days, and days payables outstanding (DPO) of 49 days. In 2021, CCC improved to 42 days, primarily due to an increase in DPO (61 days), which offset the slight increase in DIO (47 days) and DSO (56 days). However, in 2022, CCC sharply increased to 67 days as DIO surged to 72 days, DPO dropped to 54 days while DSO decreased to 48 days. The decrease in DPO suggests that Sonoco could no longer sustain extended payment terms with suppliers. Furthermore, an approximate \$0.5bn increase in inventory from 2021 to 2022 is reflected in increased DIO, which may be driven by industry-wide overcapacity, supply chain disruptions, inflationary pressures, and fluctuating demand (Shah et al. 2022; Kampton et al. 2023). In 2023, CCC decreased to 59 days, with reductions in DIO and DPO returning closer to pre-2021 levels, though DIO remained elevated at 55 days. From 2020 to 2023, Sonoco's DIO outperformed peers, remaining below the industry average of 65 days (except for 2022), while its DSO were

above the industry average of 46 days, indicating potential for improvement. Additionally, the company's DPO has historically been slightly below the industry average '20-'23 of 60 days, suggesting further opportunities to align more closely with competitors.

3.1.3 Financial projections

Sonoco's income statement (Appendix 1) and balance sheet (Appendix 7) as well as implied cash flows (Appendix 8) were projected for the period of 2024E to 2032E.

Sonoco's revenue growth between 1984 and 2023 shows a moderate positive correlation with weighted regional inflation ($R=0.462$), with the relationship being statistically significant ($p=0.003$ at $\alpha=0.01$) (Appendix 9). However, revenue assumptions during the detailed forecast period are based on market expectations across Sonoco's business segments, as inflation explains only 21.4% (R^2) of the variation in growth. Revenues of the Rigid Paper Containers segment are projected to increase at a CAGR of 4.7% from 2024E through 2029E, aligning with the global paper packaging market's growth. In the metal packaging segment, a CAGR '24E-'29E of 3.5% is projected, in line with the global metal packaging market expansion. The Flex-Therm sub-segment is anticipated to experience revenue growth at a CAGR '24E-'29E of 3.9%, lower than the flexible packaging market of 4.4% due to strong competition and anticipated decreased importance of the segment standalone to Sonoco. This results in an overall CAGR '24E-'29E of 4.1% for the Consumer Packaging division until 2029E, equivalent to \$4.6bn revenues. Consequently, Sonoco's portfolio transformation results in a Consumer Packaging revenue contribution increasing further from 53% in 2023 to 62% by 2029E. For the Industrial Paper Packaging segment, a CAGR '24E-'29E of 3.3% is assumed, in line with the global industrial packaging industry (Walsh 2019). All Other is projected to be fully divested by 2028E as management announced on its investor day 2024 (Sonoco 2024b, 21). Overall, revenues increase from \$6.6bn in 2024E to \$7.4bn in 2029E with a CAGR '24E-'29E of 2.3%. From 2030E onwards, Sonoco is expected to grow at 2.1% as the

industry growth is expected to converge towards the weighted average of the 20-year historic nominal GDP growth rates per country based on the respective revenue contribution 2023 (Appendix 10).

Main drivers for expenses are costs of goods sold (COGS) and selling, general and administrative expenses (SG&A). COGS are expected to be 75% for 2024E, in line with 2023, and staying at this level during the forecasted period. SG&A are projected to remain elevated at 10.0% of revenues in 2024E, consistent with the year-to-date SG&A level, but expected to improve to 9.2% by 2030E, indicating further scaling of the company. R&D at Sonoco are expected to be elevated at 1.0% of revenues to capitalize on innovation-driven competitive advantage. This results in an EBITDA margin of 14.0% for 2024E which is expected to be stable at an average ('24E-'29E) of 14.5%, in line with the historical average ('20-'23). Correspondingly, operating EBITDA is projected to rise from \$0.9bn in 2024E to \$1.1bn by 2029E. Depreciation and amortization costs (D&A) are projected to be 20.0% of the prior year's tangible assets in 2024E, consistent with year-to-date trends, before returning to the historical average '20-'23 of 21.1% from 2025E onward. This results in an operating EBIT margin of 8.2% in 2024E, which is anticipated to gradually improve to 8.8% by 2029E, in line with its competitors at 8.5% (Appendix 4). Income taxes are based on the statutory tax rate of 21.0% in the US, resulting in a net operating profit after taxes (NOPAT) increase from \$0.4bn in 2024E to \$0.5bn in 2029E (Appendix 8).

Sonoco's balance sheet was reformulated to reflect the company's core operations (Appendix 7).

The key assumptions for the core business' invested capital are based on net working capital (NWC) and property, plant and equipment. Assumptions about NWC and its respective changes are derived from Sonoco's CCC. Inventories are estimated based on DIO, anticipated to remain elevated at 56 days until 2025E, in line with LTM. From there, DIO are forecasted to gradually decrease to 50 days by 2029E. Trade receivables are forecasted based on DSO, starting from LTM level of 64

days, improving to 60 days by 2026E, then gradually improving to 44 days by 2030E, slightly below the industry average '20-'23 of 46 days (Appendix 6). Similarly, trade payables are projected based on DPO, expected to stay constant at 51 days until 2026E, in line with the 2023 level and below industry average '20-'23, then increasing to 55 days, staying below its peers. Other NWC positions are estimated in % of revenues, based on 2023 figures. Tangible assets are forecasted as 28.1% of revenues, in line with 2023. Further considering D&A, the residual yields capital expenditure (capex), which is consistently above D&A from 2025E onwards, indicating an average 6.4% of revenues between 2025E and 2032E, reflecting Sonoco's increased investment activities. Sonoco aims for a target range D/E ratio, reducing its leverage from 54.0% in 2024E to 40.0% in 2030E (Appendix 3), below its peer group of 50.8%, more closely aligning to its paper packaging peers of 32.2% to maintain investment grade credit rating.

The projected free cash flow from operations and investments are calculated using the company's net operating profit after taxes (NOPAT), with adjustments for D&A, followed by deductions for capex and changes in NWC (Appendix 8). Historically, cash flow has been volatile, for example influenced by industry-wide variations in working capital in 2021 and 2022. Looking ahead, the (unlevered) cash flows are anticipated to stabilize and show consistent growth, increasing from \$0.2bn in 2024E to \$0.5bn by 2029E.

The ROE is projected to improve to 14.3% by 2029E (Appendix 2), primarily driven by operational gains and a positive contribution from financing activities. ROIC is projected to decline to 6.2% in 2024E, before improving to 9.2% by 2029E. Core ROIC is expected to increase steadily from 7.5% to 9.3% during the same period, exceeding WACC and signaling sustained value creation.

3.1.4 Valuation

The adjusted present value (APV) method was applied to obtain Sonoco's unlevered EV in each year of the detailed forecast period based on the expected unlevered cash flows and discounting

these at Sonoco's unlevered costs of capital of 7.6% (Appendix 11). The perpetual growth rate is expected to be the perpetual NOPAT growth rate of 2.1%, based on Sonoco's perpetual return on new invested capital (RONIC) of 18.7% and its reinvestment rate of 11.2% (Appendix 12). The unlevered costs of capital are the weighted average of the cost of debt and costs of equity, weighted with the company's capital structure. The costs of equity are estimated based on the risk-free rate of 3.81% (ten-year US-Treasury yield as of September 30, 2024; Federal Reserve Bank of St. Louis 2024), the equity risk premium of 5.23% (historic average 1928-2023 US equity risk premium; Damodaran 2024a), and the relevered beta at the respective year's target D/E ratio, further accounting for Sonoco's tax rate of 21.0%. The levered beta of 0.99 is obtained through regression of five-year weekly stock returns of Sonoco against the MSCI World USD index and then unlevered with the LTM D/E ratio. The unlevered beta yields 0.69, with a 95% confidence interval of 0.59 to 0.80, which is in line with the unlevered beta of industry peers of 0.73 (Appendix 4; also regression of five-year weekly stock returns against the MSCI World in respective currency), further in line with the unlevered beta of the US packaging & container industry (0.76; Appendix 13; Damodaran 2024b). Cost of equity are estimated to decline from 9.0% to 8.6% during the forecasted period, driven by deleveraging, while cost of debt are estimated at 5.0% based on the current yield-to-maturity of Sonoco's senior unsecured bond (5.17% as of September 30, 2024; Refinitiv 2024a) after accounting for a 37.5% loss given default for unsecured senior notes (US) and a 0.38% annualized probability of default for BBB-rated US corporations (S&P Global Ratings 2023). The unlevered EV yields \$7.9bn.

To obtain the levered EV, the value of the tax shield is calculated based on the expected annual interest and Sonoco's marginal tax rate. Annual interest on the respective years' net debt, derived from each year's target D/E, is estimated based on cost of debt. The annual tax shield is discounted at the unlevered costs of capital, yielding a present value of \$0.5bn. Combined with the intrinsic

value of operations, the levered EV is \$8.4bn, which is consistent with a discounted cash flow (DCF) valuation. The resulting valuation implies an EV/EBITDA multiple of 8.7x. After accounting for \$3.0bn in net debt as of September 30, 2024 and non-controlling interests of \$8.2m, the implied equity value stands at \$5.4bn. Dividing this by the number of average fully diluted shares outstanding of 99.3m (Q3'24) yields a share price of \$54.24, which is in line with the stock closing price of \$54.63 as of September 30, 2024, representing a 0.7% discount to the current share price and a 3.7% premium over the three-month average (\$52.32; Refinitiv 2024b).

3.2 Huhtamaki Oyj

3.2.1 Company profile

Huhtamaki Oyj is a global leader in sustainable packaging solutions, specializing in innovative products that ensure hygiene and convenience for food and essential goods. Headquartered in Espoo, Finland, and listed on Nasdaq Helsinki, the company has grown significantly since its founding in 1920. With revenues of €4.2bn in 2023, Huhtamaki operates across 37 countries with around 100 locations and 17,910 employees. The company focuses on shelf-ready consumer packaging, particularly in the foodservice, health and personal care, and pharmaceutical markets. Its primary raw materials include paper and paperboard (30%), recycled fiber (28%), and plastic polymers (25%), with 58% of revenues coming from paper and fiber-based products. Operating through four main segments—Flexible Packaging, North America, Fiber Packaging, and Foodservice Packaging—Huhtamaki prioritizes sustainability by developing affordable and eco-friendly packaging solutions to meet evolving consumer expectations and technological advancements.

3.2.2 Historical performance

Huhtamaki's financial performance from 2020 to Q3 2024 shows consistent revenue growth despite global disruptions, with an 8.1% CAGR from €3.3bn to €4.2bn. The largest contributions

came from the North America and Flexible Packaging segments, growing at 8.7% and 8.5% CAGR, respectively. Gross margins remained stable at around 22%, as inflationary cost increases were offset through price adjustments. SG&A expenses increased from 7.5% to 8.5% of revenues, primarily due to higher administrative costs, while R&D expenses remained steady at 0.7%. EBITDA grew from €0.5bn to €0.6bn, with an EBITDA margin improvement from 14.1% to 14.9%, driven by cost-saving initiatives of €0.1bn annually. The company's operating EBIT margin also improved from 8.3% to 9.7%, and net income margin averaged 5.8%. However, profitability indicators present a mixed picture—while core ROIC averaged 8.4%, exceeding the WACC of 6.0%, overall ROIC remained below WACC due to negative non-core contributions. Huhtamaki's liquidity ratios indicate financial stability, with a current ratio between 1.2 and 1.6, a quick ratio averaging 0.9, and a cash ratio of 0.3, aligning with industry benchmarks. The balance sheet remains healthy, with an average book-equity-to-total-assets ratio of 38.8%. The D/E ratio peaked at 46.7% in 2022 due to the Elif acquisition but improved to 35.7% in 2023, lower than the industry median of 52.6%. The net-debt-to-EBITDA ratio fluctuated, peaking at 3.4x in 2021 but stabilizing at 2.0x LTM, aligning closely with the paper packaging peer group. Huhtamaki's cash conversion cycle (CCC) averaged 50 days, outperforming the industry's 56 days due to strong working capital management. While CCC increased from 40 days in 2020 to 60 days in 2022 due to higher inventories, it improved to 46 days in 2023, below the industry's 58 days, highlighting Huhtamaki's ability to optimize working capital efficiency.

3.2.3 Financial projections

Huhtamaki's financial forecasts from 2024E to 2032E project steady revenue growth, with an expected CAGR of 4.1% from €4.3bn in 2024E to €5.2bn in 2029E, driven by industry growth trends across business segments. The Foodservice and Flexible Packaging segments are forecasted to grow at 4.8% and 4.4% CAGR, respectively, while North America is expected to lag slightly

behind the US packaging market at 3.7% CAGR due to protectionist policies. From 2030E onwards, Huhtamaki's growth is expected to align with long-term nominal GDP trends at 2.8%. Cost projections estimate COGS at 77.4% of revenues through 2026E, improving slightly to 77.0% from 2030E. Sales and marketing expenses will decline to 2.2% of revenues due to economies of scale, while R&D investments increase to 1.2% by 2029E to support sustainability initiatives. Operating EBITDA is forecasted to remain stable at 13.4% on average, growing from €0.6bn in 2024E to €0.7bn in 2029E, while the operating EBIT margin is projected to decline from 8.3% in 2024E to 7.1% by 2030E, still outperforming the paper packaging peer group's 6.0%. NOPAT is expected to remain at €0.3bn annually, with a statutory tax rate of 20% from 2025E onwards.

Huhtamaki's balance sheet projections focus on invested capital, with inventories estimated at 72 DIO, trade receivables at 57 DSO, and trade payables at 77 DPO—higher than the industry average due to Huhtamaki's historically longer payment terms. Tangible assets are forecasted to grow from 43.1% to 50.5% of revenues by 2029E, supporting expansion, with capex exceeding D&A at 8.5% of revenues. The company targets a stable D/E ratio of 35.0%, lower than the industry average of 52.6% but in line with its paper packaging peers. Free cash flows are expected to stabilize at €0.1bn annually from 2026E to 2029E, increasing to €0.2bn in 2030E as revenues and capex rise. ROIC is projected to average 7.6% from 2024E to 2029E, consistently exceeding WACC and indicating value creation, while ROE is forecasted between 9.8% and 12.4%, reflecting stable financial performance without negative non-core impacts.

3.2.4 Valuation

An APV valuation was conducted for Huhtamaki, estimating an unlevered EV of €4.8bn based on forecasted unlevered cash flows and a 6.2% unlevered cost of capital. The perpetual growth rate of 2.7% is derived from a RONIC of 8.6% and a reinvestment rate of 31.2%. The cost of equity is estimated at 7.1%, incorporating a risk-free rate of 2.13%, an equity risk premium of 5.81%, and a

relevered beta of 0.86. The cost of debt is 3.46%, reflecting Huhtamaki's bond yields and default probabilities. Adding the tax shield value of €0.3bn to the unlevered EV results in a levered EV of €5.1bn, implying a 7.8x EV/EBITDA multiple.

After adjusting for €1.3bn in net debt and €0.1bn in non-controlling interests, the intrinsic equity value is €3.7bn. With fully diluted shares outstanding of 104.7m, this implies a share price of €35.04, closely aligning with the September 30, 2024, closing price of €34.88 and 4.7% below the three-month average. No net working capital or pension adjustments are made, as Huhtamaki's defined contribution and benefit plans are considered immaterial. The valuation assumes a fixed EUR/USD exchange rate of 1.1196 to isolate Huhtamaki's financial performance from currency fluctuations, though exchange rate volatility may still impact valuation in USD.

4 Transaction overview

4.1 Strategic rationale

The horizontal merger between Sonoco and Huhtamaki establishes a global industry leader in sustainable packaging solutions with combined LTM revenues of \$11.2bn, yielding increased combined market share, and an operating EBITDA LTM of \$1.7bn (Appendix 14). The strategic combination boosts competitive positioning, securing #3 in the global paper packaging market (Appendix 15) and captures value through operating synergies, with improved profitability margins, enhanced product portfolio depth and expanded geographic reach. The combined entity strategically focuses on sustainable shelf-ready consumer packaging solutions for key end-markets including food and beverages, personal care, and household products.

With more than 400 facilities and operations in 47 countries, the combined company has a broad geographic footprint and a significant presence in Europe, North and South America, and the APAC region (Appendix 16). While both companies are already active in Europe (Sonoco revenue share Europe 2023: 14%) and the US (Huhtamaki revenue share US '20-'23: 33%), the cross-

border merger enhances market access to and combined footprint in both regions (Appendix 10). This offers potential for revenue synergies from cross-selling in the respective markets (Rudnicki, West, and Brown 2020). While it would be difficult for Huhtamaki to increase its regional presence in the US due to increasing US protectionist policies, Sonoco benefits from Huhtamaki's existing local sales force and expertise in Europe. The combined company is well positioned to serve both multinational corporations and smaller local customers. Furthermore, the merger leverages shared long-term customer relationships with blue-chip customers like Mondelez, Unilever, Nestle and Procter & Gamble.

The combined company is characterized by its strong commitment to sustainability, demonstrated through a diversified and balanced product portfolio that includes a variety of recyclable and environmentally friendly materials. The company employs its highly innovative combined R&D expertise, allowing it to strategically target the rapidly growing segment of sustainable consumer packaging with a focus on paper and flexible plastic materials. Among others, the combined company capitalizes on existing sustainable packaging solutions Blueloop™ (Huhtamaki 2024a) and EnviroSense® (Sonoco 2024f). Furthermore, Sonoco and Huhtamaki offer extensive intellectual property, safeguarded by over 4,000 patents and trademarks (Sonoco 2024b, 8), including Huhtamaki's Chinet® (Huhtamaki 2024b) and Bioware® (Huhtamaki 2024c), as well as Sonoco's PaperBlister™ and Softpeel® (Sonoco 2024f). Furthermore, the companies' strong commitment to innovation and sustainability is reflected through numerous awards. In 2023, Huhtamaki received three awards for its packaging innovations across various sectors, and in 2024, the company was recognized for its transparent barrier snack packaging (Huhtamaki 2024d). Similarly, Sonoco was recognized in 2024 for its recyclable Pringles tube, developed in collaboration with Kellanova, and its EnviroCan™ paper container (Sonoco 2024g; Sonoco 2024h). The combined entity benefits from Huhtamaki's extensive expertise in sustainable packaging, that

provides a solid foundation for implementing best practices. The company aims to maintain Huhtamaki's strong ESG ratings compared to its peers in the paper-based shelf-ready food sector (Appendix 17).

The collective expertise of both management teams will execute the post-merger integration to attain streamlined operations and achieve cost efficiencies while driving growth and providing broader opportunities for the approximately 40,000 employees. Sonoco's M&A track record shows that in all four announced and completed transactions over the past five years, the stock price reacted positively to the announcements. On average, the share price increased by 0.9% after one day, 3.6% after one week, and 9.0% after one month, with the increases for one week and one month being statistically significant at $\alpha = 0.05$. This suggests a positive market perception of the transactions, reflecting investors' confidence in Sonoco's management's ability to realize the announced synergies (Appendix 18).

Moreover, a company with greater scale offers further potential for strategic partnerships with customers, suppliers and competitors, fostering innovation, improving customer retention, and increasing market visibility. In the past, Huhtamaki collaborated exclusively with Nespresso to develop a home-compostable, paper-based coffee capsule (Huhtamaki 2022a). Similarly, Sonoco partnered with Nestle to innovate recyclable food trays (Sonoco 2024b, 83).

To capitalize on these strategic motivations and achieve market dominance and sustainable growth, a merger is the preferred choice. A merger creates a large entity with greater market share and full control, which drives long-term value creation by maximizing synergies through reduced overhead, streamlined operations, and a shared corporate culture. Synergies could not be achieved internally standalone or through a joint venture. Joint ventures or alliances may face conflicts over strategic priorities and decision-making based on shared control.

4.2 Financial rationale

The merger of Sonoco and Huhtamaki creates value through increased combined cash flows through cost savings, supporting reinvestment in growth initiatives and consistent shareholder returns, reflected in an enhanced EV. The combined EV yields \$17.1bn, compared to \$14.1bn without synergies, equivalent to 31.7% value increase in equity to both shareholders (Appendix 19). The investment offers substantial returns, with a transaction ROIC of 6.9% after full integration in 2027E compared to 6.0% WACC. Net debt-to-EBITDA, including anticipated synergies, is expected to peak in 2024E before improving to 2.4x within three years, maintaining an investment-grade credit rating.

The merged company is expected to increase cash flows and improve operating margins with annual run-rate cost synergies (pre-tax) of approximately €165m (\$185m) by the end of the second full year. 65% of the synergies are attributable to COGS, 25% to SG&A and 10% on R&D (Appendix 20). Overall, the combined entity reduces its absolute cost base by approximately 1.6% and increases EBITDA margin 2024E from 13.7% without cost savings to 15.5% in 2027E after full integration.

Reduced COGS to 75% of revenues from 2026E onwards in the combined company are expected to be primarily driven by economies scale, with larger production volumes lowering per-unit material and production costs. Additionally, economies of scope reduce COGS through shared production facilities and optimized distribution channels as well as increased negotiation power in a consolidated global supply network. Further efficiency gains are expected from applying best practices from both standalone companies. Furthermore, the merger removes excess manufacturing capacity by shutting the least productive plants of both companies, including potential layoffs. The current uptick in M&A as well as increasing DIO and inventory levels in the paper and plastic packaging market from 2020 to 2022 may be indicators of overcapacity in the industry, despite

global supply chain disruptions and following industry-wide destocking trend in 2023 (Appendix 21).

Lower SG&A of 8.8% of revenues after full realization of synergies compared to 9.2% without synergies are achieved by efficiency gains through elimination of duplication in corporate functions such as finance, human resource and IT. Achieving €41m (\$46m) run-rate synergies in SG&A can be roughly translated into a headcount reduction of approximately 400 people, assuming average costs per employee of €100,000 (Koller, Goedhart, and Wessels 2015, 615). These are primarily achieved at Huhtamaki, for example through downsizing Huhtamaki's headquarters in the US. Maintaining competitive advantage and achieving a leading position in sustainable packaging depends heavily on continued investment in innovation.

The combined R&D costs of 1.0% of revenues yield nearly double the absolute R&D spendings of each of the standalone companies which significantly increased R&D capabilities. However, a slight reduction in the combined R&D efforts can be achieved by avoiding duplicative projects and sharing research resources, product development and testing, while increasing combined investment in sustainable innovation.

4.3 Transaction details

The proposed merger offer assumes a 30% premium on Huhtamaki's current share price of €34.88, resulting in a transaction equity value of €4.7bn (\$5.3bn). The merger is structured as a stock-for-stock deal with Sonoco paying €45.34 (\$50.77) per share, as of September 30, 2024, at an exchange ratio of 0.929 (Appendix 22). To limit the potential fluctuation in deal value based on Sonoco's share price, a fixed exchange ratio collar is introduced that sets a floor and a cap within Sonoco's six-month trading range. As a result, Sonoco and Huhtamaki shareholders own approximately 50.5% and 49.5% of the combined company, respectively. The total transaction EV at current share prices yields €6.1bn (\$6.9bn), implying an EV/EBITDA transaction multiple of 9.4x pre-synergy

and 7.5x including run-rate synergies (Appendix 23). This multiple aligns with the precedent transactions' average EV/EBITDA of 9.4x and the median of 9.0x (Appendix 24).

The proposed merger follows a reverse triangular merger structure which involves the creation of a new holding company, Sonoco-Huhtamaki, which fully owns both companies (Appendix 25). Sonoco-Huhtamaki acquires all issued shares of Sonoco, and Sonoco's ordinary shares are canceled. The new entity is then listed on the NYSE, with a secondary listing on Nasdaq Helsinki. A newly created subsidiary of Sonoco-Huhtamaki legally merges into Huhtamaki, leaving Huhtamaki as the surviving entity and a wholly owned subsidiary. Huhtamaki's ordinary shares are cancelled, Huhtamaki shareholders receive merger consideration and minority shareholders are eliminated (DePamphilis 2012, 460-461; Dubofsky et al. 2021, 2). This reverse triangular merger, classified as a Type A reorganization, qualifies as a tax-free stock exchange, allowing Huhtamaki shareholders to defer capital gains taxes (DePamphilis 2012, 461). The 100%-equity structure exceeds the 40% continuity of interest requirement, and Sonoco's plan to maintain a significant portion of Huhtamaki's business ensures compliance as a true business combination. The transaction also assumes adherence to a formal reorganization plan in line with IRS regulations (Diosdi 2023).

The 100%-share deal triggers change of control clauses on €0.3bn of Huhtamaki's debt, necessitating refinancing (Huhtamaki 2017, 40-41; Huhtamaki 2019, 19). Sonoco secures committed bridge financing to cover this, transaction fees, and the minority squeeze-out. After completion, the bridge facility will be refinanced through senior unsecured bonds with maturity in 2027E and 2029E.

The newly created holding company has its headquarters located in Sonoco's former headquarters in Hartsville, South Carolina. To maintain regional expertise and operational flexibility, the company establishes regional centers for its key markets. Global headquarters centralize

governance and strategic decision-making, fostering a unified vision and corporate identity and ensuring efficient operations through clear reporting and communication channels.

Furthermore, revenue streams are reorganized into Flexible Packaging, Metal Packaging, Fiber Solutions, Foodservice, and Industrial Paper Packaging. Sonoco's Rigid Paper Containers is part of Fiber Solutions, while Flex-Therm Packaging is integrated in Flexible Packaging alongside Huhtamaki's Flexible Packaging. Huhtamaki's North America division is allocated between Foodservice, Fiber Solutions and Flexible Packaging. Sonoco's Metal and Industrial Paper Packaging remain standalone revenue streams. After completion, Sonoco-Huhtamaki reports its financial data following US GAAP and IFRS, in US Dollars. Given Sonoco's and Huhtamaki's history of 41 and 16 consecutive years of dividend growth, respectively, the combined entity is expected to maintain this stable dividend policy.

The newly combined company integrates top management from both Sonoco and Huhtamaki, creating shared governance and leveraging expertise from each's operations. Howard Coker, Sonoco's current chief executive officer, will lead as chief executive officer, while Huhtamaki's chief financial officer, Thomas Geust, will continue his role for the new entity (Huhtamaki 2024e; Sonoco 2024a, 7). Furthermore, a chief sustainability officer will be appointed to ensure that sustainability initiatives are fully integrated into the company's core business strategy. This role will be taken over by Salla Ahonen, Huhtamaki's current executive vice president for sustainability and communications (Huhtamaki 2024n).

Sonoco's current board consists of eleven members, while Huhtamaki's has eight (Huhtamaki 2024n; Sonoco 2024a, 7). To achieve fair governance structure, the new board will be equally split into six Board members from Sonoco and Huhtamaki each, resulting in twelve board members. John R. Haley, currently Sonoco's Chair, will serve as Chair of the new entity, with Pekka Vauramo, Huhtamaki's Chair, as Vice-Chair (Huhtamaki 2024f; Sonoco 2024a, 7).

Additionally, an increased liquidity for investors is facilitated by a primary listing on the NYSE and a secondary listing on the Nasdaq Helsinki. The secondary listing ensures continuity for Huhtamaki's major shareholders, who are predominantly local investors (Huhtamaki 2024g). The company also aims for inclusion in both the S&P 500 and the OMX Helsinki 25 indexes, enhancing visibility and access to a broader investor base (Bris, Cantale, and Nishiotis 2007).

5 Merger consequence analysis

5.1 Pro forma contribution

A contribution analysis was conducted to analyze each company's pro forma contribution to the combined entity (Appendix 26).

Sonoco consistently contributes a larger share of combined revenues, between 59.2% in 2023 and 57.4% in 2025E, while Huhtamaki's revenue contribution is between 40.8% and 42.6%. However, Huhtamaki's share of revenues shows an upward trend. While Sonoco's Consumer Packaging segment is in line with Huhtamaki's overall revenue growth, Sonoco's other segments dampen its total revenue growth expectations relative to Huhtamaki.

The EBITDA contribution shows a similar picture with Sonoco contributing a larger share in EBITDA over the analyzed time frame with a contribution between 59.8% in 2023 and 58.8%. Huhtamaki's contribution increases from 40.1% in 2023 to 41.2% in 2025E. However, the increase is slower than the increase in revenue contribution, because Sonoco shows consistent improvement in margins, partly driven by scaling.

Sonoco's higher contribution to both revenues and EBITDA justifies a higher ownership in the combined entity and therefore a stronger position in influencing strategic and operational decisions. Sonoco contributes approximately 59.9% to the current pro forma EV, while Huhtamaki contributes 40.1% which aligns with Sonoco's higher revenue and EBITDA contributions. However, this does not reflect Huhtamaki's higher growth as well as its increasing contribution to

EBITDA. With an increasing premium (20%, 30%, and 40%), Huhtamaki's contribution to EV gradually increases (from 43.4% at a 20% premium to 46.3% at a 40% premium). Applying a 30% premium to the market value of Huhtamaki yields a 49.5% ownership for Huhtamaki shareholders to the combined entity's equity that reflects Huhtamaki's prospects, while Sonoco still owns the majority. A 40% premium would result in 51.4% ownership for Huhtamaki, making Huhtamaki the majority owner and therefore not a viable proposition for Sonoco.

5.2 Valuation of synergies

The horizontal merger between Sonoco and Huhtamaki is expected to offer significant potential for synergies. The cost synergies are estimated in % of Huhtamaki's LTM revenues based on a comparable transaction analysis (CTA). The CTA comprises transactions over the past ten years in the paper and plastic packaging sector with transaction values exceeding \$0.5bn (Appendix 24), including both domestic and cross-border mergers. The CTA reveals 3.5% synergies as the lower quartile and 4.8% as the upper quartile. The median and the arithmetic average both yield 4.2%. However, the analysis indicates higher achievable synergies in domestic mergers. Moreover, Sonoco estimates 4.0% synergies in % of target revenues in its acquisition of Eviosys, which is also a cross-border transaction. Therefore, 4.0% are used as the base to estimate cost synergies, yielding €165m (\$185m) pre-tax run-rate synergies. Synergy achievement is expected to be 80% in 2025E and 100% in 2026E, in line with two years for synergy achievement found in comparable transactions. The synergies are distributed into COGS (65%), SG&A (25%) and R&D (10%) (Chapter 4.2). Reductions to the cost base in COGS and R&D are distributed evenly between Sonoco and Huhtamaki, while SG&A is 70% attributable to Huhtamaki.

Achieving these synergies requires integration costs of €160m (\$179m), equivalent to approximately one year run-rate synergies (Koller, Goedhart, and Wessels 2015, 618). €20m (\$22m) integrations costs are expected in 2024E and €90m (\$101m) in the following year and

€50m (\$56m) in 2026E. Most of these integration costs are attributed to restructuring expenses related to the consolidation of production facilities, offices, and distribution centres. Additionally, there are costs associated with integrating IT systems for enterprise resource planning and customer relationship management software, as well as external consulting fees. Furthermore, eliminating duplicate roles and functions requires severance packages and other restructuring costs (Koller, Goedhart, and Wessels 2015, 618).

Synergies were evaluated using APV method as well as multiples (Appendix 27) categorized by their occurrence at Sonoco and Huhtamaki. The unlevered value of synergies is based on forecasted cash flows from synergies, discounted at each company's unlevered costs of capital. The unlevered value for synergies occurring at Sonoco is €0.9bn (\$1.0bn) and €1.6bn (\$1.8bn) at Huhtamaki. With tax shields of €0.1bn (\$0.1bn) each, the intrinsic value from synergies (levered EVs) yield €1.0bn (\$1.1bn) and €1.7bn (\$1.9bn), for Sonoco and Huhtamaki, respectively, resulting in a total synergy value of €2.7bn (\$3.0bn). This yields an implied synergy value per share of €25.72 (\$28.79) or 73.7% premium to Huhtamaki's current share price. High synergy potential is expected in a horizontal merger that consolidates the industry (Rudnicki, West, and Brown 2020). The multiple valuation of the run-rate pre-tax synergies at the current company-specific EV/EBITDA of 8.7x for Sonoco and 7.7x for Huhtamaki, yield a total synergy value of €1.2bn (\$1.3bn), equivalent to €11.16 (\$12.50) per share, suggesting a 32.0% premium to the current share price.

Both APV and multiple valuation methods are assumption-based and therefore subject to uncertainty. Therefore, a downside case is considered. The downside case assumes a 70% achievement rate of anticipated cost savings, accounting for empirical studies indicating that 86% of managers were able to capture at least 70% of cost synergies (Appendix 28; Christofferson, McNish, and Sias 2004). The APV method reveals synergies in the downside case per share of €17.67 (\$19.78) equivalent to 50.6% premium over the current share price (Appendix 29). The

downside case suggests a multiple valuation for synergies of €7.81 (\$8.75) per share, or 22.4% premium over the current share price (Appendix 30).

In the subsequent analyses, the synergies are based on the values of the DCF analysis above, which reflects the intrinsic value of the synergies achievable by the combined company in this deal. In general, revenue synergies are expected in a horizontal cross-border merger like Sonoco-Huhtamaki, from cross-selling opportunities in new markets and an increased customer base. However, they are difficult to estimate based on adverse effects such as revenue cannibalization (Koller, Goedhart, and Wessels 2015, 617). Furthermore, the probability of achievement is lower than for cost synergies (Chatterjee 2007). Therefore, no revenue synergies are assumed, yielding a conservative approach to synergies. A similar reasoning occurs for capex synergies. Further, financial synergies from coinsurance effect are not assumed, as the cash flows from operations of the two companies exhibit a strong correlation of 0.75 from 2013-2023, indicating that the merger does not significantly reduce cash flow risk (Appendix 31).

5.3 Fair offer price range

An analysis at various prices was conducted to understand the range of possible valuations for the target and assess the impact of different premiums on metrics such as EV, equity value, and implied multiples (Appendix 32).

The average premium for similar transactions is around 30% compared to the unaffected share price before the announcement (Appendix 24). Furthermore, the prior contribution analysis suggests that a 30% premium is viable, especially considering synergies yield value enhancement of approximately 73.7% compared to the current share price. Therefore, a viable premium range of 20% to 40%, equivalent to a price per share between €42 (\$47) and €49 (\$55), was analyzed, with particular focus on 30%. The analysis at various prices shows that for this range, the implied

offer price value for equity is €4.4bn (\$4.9bn) to €5.1bn (\$5.7bn), yielding a transaction EV between €5.8bn (\$6.5bn) and €6.5bn (\$7.3bn).

The range further implies an EV/Sales multiple based on LTM revenues for the transaction between 1.4x and 1.6x with 1.5x at 30% premium, which is slightly above both Huhtamaki (1.2x) and Sonoco (1.3x) standalone but in line with the median EV/Sales from the CCA (1.4x) and CTA (1.4x) for Huhtamaki. A lower EV/Sales ratio suggests that Huhtamaki may be relatively undervalued compared to its peers which could provide benefits to investors.

The EV/EBITDA based on LTM figures suggests a range between 8.9x and 10.0x compared to 7.7x for Huhtamaki and 8.7x for Sonoco standalone. The CCA and CTA reveal a median EV/EBITDA multiple of 8.3x and 9.0x, respectively. At the 30% premium, Huhtamaki's multiple ranges from 9.4x in LTM to 10.2x in 2025E, while Sonoco's multiple is between 8.7x and 8.8x. This indicates that Huhtamaki's EBITDA at 30% premium is being valued above Sonoco's as well as CCA and CTA. However, considering a multiple of 10.6x, the 75th percentile of the CTA, it is still a viable offer premium considering Huhtamaki's strong operations.

For EV/EBIT, Huhtamaki's implied multiple on an LTM basis ranges from 13.7x to 15.4x, with Huhtamaki currently valued at 12.0x, yielding 14.6x at 30% premium, which results in a valuation above Sonoco's 13.9x, but in line with CCA result of 14.5x, and CTA of 14.2x (median), indicating that the offer price at 30% premium is valuing Huhtamaki's EBIT in line with industry.

The P/E ratio on an LTM basis is between 17.7x and 20.6x, compared to 14.7x and 18.8x for Huhtamaki and Sonoco standalone, respectively, while the CCA suggests 14.5x. This indicates that Huhtamaki's growth prospects are reasonably valued in line with industry, while Sonoco's business appears overvalued given its expected growth below the industry expectations.

Huhtamaki's current multiples are predominantly below industry values. Given its strong operations and presence in faster-growing segments, this may suggest that Huhtamaki is

undervalued at the current share price. Sonoco exhibits relatively higher P/E and EV/EBITDA multiples compared to its peer group, which may indicate that Sonoco is overvalued. While a higher premium in the stock deal shifts the ownership towards Huhtamaki shareholders and therefore negatively impacts the expected return on investment for Sonoco shareholders, it is unlikely that a lower premium is sufficient to secure shareholder approval from Huhtamaki's side, based on usual premiums in the packaging industry. Therefore, the premium of 30% reflects a balance between the two sides, justified by each company's financials and the high achievable synergies in this horizontal merger.

A football field chart was compiled to provide a comprehensive range of values for Huhtamaki, showing valuation outcomes from different methods, including DCF, trading comparables, and precedent transactions (Appendix 33).

The analysis of trading multiples of comparable companies in the market suggests a valuation range of approximately €35 to €44 per share at an EV/EBITDA multiple from 7.8x (25th percentile) to 9.1x (75th percentile) for Huhtamaki's shares, which is above its current share price, indicating a lower valuation of Huhtamaki compared to its competitors. The trading comparables offer a conservative range aligned with current market multiples. Precedent transaction multiples provide a range of €39 to €53 per share at an EV/EBITDA multiple from 8.3x (25th percentile) to 10.6x (75th percentile). This approach considers prices paid in past comparable transactions, reflecting a premium for control and synergies.

The DCF analysis, discounted at a 5.7% to 6.3% WACC, shows a wider valuation range from approximately €31 to €41 per share (Appendix 34). Adding synergies of €25.72 per share to the intrinsic valuation of Huhtamaki, derived from DCF discounted at the respective WACCs results in a range of up to €61. This valuation range including synergies reflects potential value creation of the merger.

Huhtamaki's historical trading range over the past twelve months has been between €30 and €40 per share (Refinitiv 2024c), representing a baseline of the actual market performance and reflecting recent investor sentiment. The current share price of €34.88 is in the middle of this range, but at the lower end of the three-month trading range of €34 and €40 (Refinitiv 2024c), indicating that Huhtamaki might currently be undervalued. Analysts' twelve-month price targets indicate a range between €38 and €42 (Refinitiv 2024d), reflecting expectations from equity research based on Huhtamaki's standalone business prospects and industry trends.

Applying the 30% premium to the three-month trading range yields a share price range of around €44 to €52, which represents a reasonable range of potential offer price values at the current market sentiment of Huhtamaki. Moreover, applying a 20-40% premium to the three-month trading average also yields a share price range of around €44 to €51. The proposed offer price range, set at a 20%-40% premium to the current share price, places Huhtamaki's shares at approximately €42 to €49 per share, in line with other premium-adjusted market valuations as well as with precedent transaction valuations and DCF analysis, making it a reasonable offer price range.

A 30% premium over the current share price is suggested and yields an offer price of €45.34 (\$50.77) equivalent to a transaction equity value of €4.7bn (\$5.3bn). Furthermore, this premium provides Huhtamaki shareholders with an attractive premium over historical trading levels. The valuation at 30% premium is above the trading multiples from comparable companies, in line with precedent transactions valuation as well as DCF analysis, and on the lower end of the premium-adjusted market valuations.

Huhtamaki outperformed the S&P 1,500 Paper Packaging sub-index in the first nine months of the past year, potentially reflecting higher growth prospects or rumors about potential consolidation in the European paper packaging market, possibly factoring in a transaction for Huhtamaki. However, its share price fell below the index after a sharp decline following its July 25, 2024, earnings release,

likely due to lower-than-expected results despite solid operations (Appendix 35). Applying a 30% premium to the three-month trading range or a 20-40% premium to the three-month trading average would result in an offer price on the upper end of the CTA, making the current share price the more appropriate valuation basis.

5.4 Transaction financing structure

After determining the fair offer premium of 30%, which yields a transaction equity value of €4.7bn (\$5.3bn), an appropriate transaction financing structure was established. The sources and uses table shows the funding requirements and the sources of funds.

The total transaction uses (Appendix 36) include the offer price for Huhtamaki's equity, the portion of its debt requiring refinancing, non-controlling interests, and transaction costs. As explained above, no working capital or pension adjustments are assumed. Non-controlling interests of €0.1bn (\$0.1bn) are expected to be squeezed out (DePamphilis 2012, 461). Transaction fees are estimated at 0.5% of the transaction value, totaling €30.7m (\$34.3m; Statista 2022). Of Huhtamaki's total debt of €1.7bn, €1.1bn comprises outstanding bonds, whereas €0.8bn is subject to change-of-control clauses only in the event of a credit rating downgrade, which is not assumed (Appendix 37; Huhtamaki 2022b, 19; Huhtamaki 2023b, 23). The remaining two outstanding bonds (€0.3bn) are subject to change-of-control clauses for indirect control changes, as is the case in this triangular merger (Huhtamaki 2017, 40-41; Huhtamaki 2019, 19). Due to low coupons (1.125% and 1.625%) below current market rates, bondholders are expected to demand repayment. The remaining €0.6bn in debt, including a drawn revolving credit facility, loans, and commercial papers, is assumed unaffected by the control change. In total, the funding requirement amounts to €5.1bn (\$5.8bn).

The merger structure must be determined and reflected in the sources table. In general, a merger can be structured as an all-cash transaction, all-stock, or a combination of both. A company typically follows the pecking-order theory (Koller, Goedhart, and Wessels 2015, 845). Sonoco's

internal funds are restricted for the acquisition of Eviosys and therefore not sufficient. Following the pecking order, debt financing is evaluated.

The debt capacity was assessed based on a 3.0x net-debt-to-EBITDA threshold, with a 24-month grace period set by rating agencies. Sonoco's LTM ratio of 3.1x, rising to 3.3x in 2024E, limits the possibility for additional debt on a standalone basis. However, the combined entity benefits from Huhtamaki's lower ratio of 2.0x LTM, expected to increase to 2.3x in 2024E. On a combined basis, the LTM ratio of 2.7x with a 2024E ratio of 3.0x does not allow for additional debt (Appendix 38, Appendix 39). When further considering anticipated synergies, this allows for \$0.4bn in additional leverage (92% equity financing). This additional debt would increase the tax shield by \$21.7m, which could potentially increase the combined EV. However, it also increases the costs of financial distress by \$35.8m, fully offsetting potential benefits from the increased tax shield (Appendix 40). Peer analysis confirms that higher leverage and therefore higher tax shields often fail to offset financial distress costs and do not consistently improve valuation with a weak 0.4 correlation between D/E ratios and EV/EBITDA (Appendix 41). Furthermore, synergies may underperform targets which necessitates a conservative capital structure with a BBB rating that offers sufficient leeway until downgrade.

This requires 100% equity financing, bringing the net-debt-to-EBITDA ratio of 3.0x in 2024E to 2.7x by 2027E, below the industry's weighted average of 2.9x. The company is projected to further deleverage toward the paper packaging peer group median (2.2x) to 2.5x by 2029E, remaining well within S&P and Fitch requirements (Appendix 42). The resulting financial stability further enhances flexibility for organic growth and M&A investments.

A stock-for-stock exchange allows both shareholder groups to share the risks and rewards of post-merger integration and the combined performance (Appendix 43; Koller, Goedhart, and Wessel

2015, 619-620). Additionally, a type A reorganization allows to defer capital gains taxes until the new shares are sold, unlike cash payments, which trigger immediate taxation (Diosdi 2023).

However, equity financing dilutes existing shareholders and exposes the deal to Sonoco's share price fluctuations, affecting ownership and deal value. Within Sonoco's six-month price range of \$48.22 to \$61.73, the exchange ratio varies from 1.053 to 0.822, resulting in 47.4% to 53.6% ownership for prior Sonoco shareholders. This indicates that Sonoco could lose its majority ownership if the stock price decreases until the completion date (Appendix 44). This risk is mitigated by a fixed exchange ratio collar, stabilizing ownership percentages within the six-month trading range at an exchange ratio of 0.929. This completion mechanism provides a floor and a cap, functioning as minimum and maximum prices to protect both parties (Appendix 45).

The transaction sources include equity issuance to fund Huhtamaki's shares at a 30% premium to the current share price and debt for partial bond refinancing, minority squeeze-out, and transaction costs (Appendix 36). Sonoco is assumed to avoid using its \$0.5bn revolving credit facility and instead utilizes a bridge loan that is refinanced with \$0.4bn senior unsecured bonds to cover Huhtamaki's refinanced debt (\$0.3bn), the squeeze-out of non-controlling interest, and transaction fees. The \$5.3bn equity issuance creates 97.3m new common shares at an exchange ratio of 0.929 within the collar, equivalent to \$50.77 per share at Sonoco's current share price, resulting in 50.5% ownership for Sonoco and 49.5% for Huhtamaki shareholders (Appendix 22).

Using a sum-of-the-parts approach, the pre-merger unlevered EVs of Sonoco and Huhtamaki total \$13.3bn, with \$0.8bn in tax shields, resulting in a combined levered EV of \$14.1bn. Adding \$2.8bn in unlevered synergy value increases the combined unlevered EV to \$16.1bn. Adding the \$0.2bn tax shield from synergies to the total tax shield yields \$1.0bn, raising the combined levered EV to \$17.1bn. After deducting net debt and debt-like items, the intrinsic equity value stands at \$12.5bn

with 196.6m shares outstanding (Appendix 22; Appendix 46). The transaction results in higher combined net debt of \$130.5m due to the minority squeeze-out and transaction fees (Appendix 47).

5.5 Value creation

The Sonoco-Huhtamaki merger creates value through synergies, which is shown by ROIC vs. WACC analysis, and improvements in profitability and cash flow. Expected synergies of \$3.0bn increase the present value of cash flows, raising the equity value to \$12.5bn from a pre-merger market capitalization of \$9.5bn. For Sonoco shareholders to avoid value destruction, synergies must reach at least \$1.2bn, covering the 30% premium paid. In an all-cash deal, Huhtamaki shareholders gain 30%, while Sonoco shareholders would gain 33%. In the proposed all-share transaction, Huhtamaki shareholders gain 51.6% and Sonoco 16.6%.

With synergies adding \$0.1bn to NOPAT annually, transaction ROIC rises from 2.9% in Q4'24E to 7.1% by 2030E, surpassing WACC from 2026E onwards and confirming long-term value creation. Revenues grow from \$11.2bn in 2024E to \$13.2bn in 2029E (CAGR 3.1%), driven by Huhtamaki's higher growth rate. EBITDA margin improves from 13.7% in 2024E to 15.4% by 2029E and operating EBIT rises from \$0.9bn to \$1.3bn, exceeding industry averages. NOPAT increases from \$0.7bn to \$1.0bn, driving stronger cash flows from \$0.4bn to \$0.8bn by 2029E.

The analysis confirms the merger's strong value creation potential, benefiting both shareholder groups through synergy realization, improved profitability, and cash flow growth.

6 Further considerations

6.1 Due diligence

In evaluating the potential merger between Sonoco and Huhtamaki, a comprehensive due diligence process is essential to assess synergies, risks, and strategic alignment.

A commercial assessment should confirm market share expectations, industry trends, growth potential, and customer preferences. An extensive competitor analysis should identify key

competitors' strengths, weaknesses, market dynamics, and risks from competitive responses to the merger. Additionally, a deep review of each customer base reveals concentration risk in key accounts. In Sonoco's Consumer Packaging segment, the five largest accounts make up 26% of revenues (Sonoco 2024a, 13), which could potentially lead to revenue cannibalization.

Financial and strategic due diligence will evaluate each company's financial health and merger synergies. This includes assessing asset and liability quality, profitability drivers, margin trends, as well as cash flow history and projections. This ensures sufficient liquidity to maintain the BBB credit rating and avoid triggering further change-of-control clauses on the remaining non-refinanced net debt. The \$185m in projected synergies will be validated to support the merger's financial and strategic rationale, mitigate overpayment risk for Sonoco, and address potential short-term financial challenges. Additionally, internal capabilities will be reviewed to ensure management has the necessary skills to achieve targets and minimize integration risks.

Regulatory and legal due diligence will cover any ongoing or potential litigations, contractual obligations, and regulatory compliance. However, as of their last annual reports, neither Sonoco nor Huhtamaki anticipate material adverse effects on their financial position or results of operations (Huhtamaki 2024b, 92; Sonoco 2024a, 48). A review of supplier and customer contracts, along with the intellectual property portfolio, should confirm the merger's value and prevent disputes.

Operational efficiency will be another focus area, with an emphasis on manufacturing, supply chain optimization, and cost structure analysis. Overlapping facilities, distribution networks, and supply chains should be evaluated further to identify areas for cost reduction. An assessment of IT infrastructure and cybersecurity measures is essential to ensure digital transformation compatibility and security within the combined organization.

Furthermore, employment contracts, compensation, and benefits need review to identify integration challenges. Cultural differences between US and Europe, such as in management style,

may cause friction and risk talent loss (Child, Faulkner, and Pitkethly 2002). Retaining key personnel is crucial for operational continuity, and a clear talent strategy is needed to address the negative impact from layoffs and restructuring on employee morale.

ESG alignment is vital to maintain strong ESG ratings. ESG due diligence assesses sustainability initiatives and carbon footprint alongside social and governance practices. An ESG consultant will be hired to navigate the process and support the chief sustainability officer in her duty.

Furthermore, the potential merger faces significant risks particularly associated with cross-border mergers. All analyses, valuations and the purchase price assume an exchange rate of 1.1196 EUR/USD. For example, if the Dollar strengthens at deal closing, based on an exchange rate of 1.0842 (one-year average), Huhtamaki shareholders would experience a reduced per-share price of \$49.16, representing a 3.2% decline in value (Appendix 48). Therefore, exchange rate and currency management risks impact potential value creation to Huhtamaki shareholders, if not properly managed (i.e. with a hedging strategy).

6.2 Resistance and support

In the proposed merger between Sonoco and Huhtamaki, various stakeholders may be either supportive or restrictive, depending on their interests and concerns.

Huhtamaki shareholders probably show predominantly positive reactions to the merger. The top 100 investors hold 38%, indicating a substantial free float with no dominant influence, with the largest shareholder owning 10% and the second largest 5% (Huhtamaki 2024p). Many large shareholders are Finnish insurers and pension funds, who may initially resist a cross-border merger. However, the attractive premium, additional value from synergies, potential credit rating enhancement, Huhtamaki's significant US revenue exposure, and the proposed secondary listing in Finland should help secure their support, despite the dilution of ownership. Generally, institutional investors are in favor of large-scale cross-border mergers promising long-term value (Ferreira,

Massa, and Matos 2010). However, the transaction is valued in US-Dollars and therefore subject to currency exchange rate volatility, which may lead to hesitation from Huhtamaki shareholders to approve the transaction as they carry the currency exchange rate risk.

While it is not required for Sonoco's shareholders to approve the merger based on the triangular merger structure (DePamphilis 2012, 459), Sonoco's largely institutional shareholder base (70%) is likely to be in favor of the value-enhancing merger, despite dilution, which is further underlined by prior significantly positive reactions to M&A announcements.

The merger introduces agency problems, as both management teams may prioritize retaining their positions and authority over shareholder interests. A successful merger could result in reduced decision-making power or the loss of their roles. However, the C-suite will be shared between the two companies (Chapter 4.3), offering enhanced prestige due to the combined entity's strong competitive position as a leading sustainable packaging company. Despite relinquishing his position, Huhtamaki's CEO, holding approximately 1% equity in the company (Huhtamaki 2024p), stands to benefit financially, aligning his incentives with shareholder value.

Differing corporate cultures, especially regarding the cross-border nature, pose a challenge. Employees are likely to have mixed reactions to the merger, with some supporting the potential growth and career opportunities it may bring while unions or employee advocacy groups, may resist due to uncertainties about job security or changes in corporate culture.

The Finnish government, historically supportive of cross-border mergers that expand Finnish companies internationally and bring investment into Finland, is not likely to resist the Sonoco-Huhtamaki merger. Past Finnish-US transactions, like Microsoft's acquisition of Nokia's Devices and Services business in 2014, faced minimal government resistance, with concerns largely focused on local job impacts (Microsoft 2014).

The US government under Trump's administration is expected to support big M&A transactions that boost American industrial competitiveness (Loughlin et al. 2024). Positioning the deal as an American-based operation that drives job creation, industrial growth, and innovation aligns with the "America First" policies which may mitigate opposition and reduce anti-trust resistance. Incorporating Sonoco-Huhtamaki in the US addresses potential skepticism about foreign influence in the US and offers critical access to the US market, while expanding global reach in Europe and Asia. Standalone, Huhtamaki's access to the US is anticipated to deteriorate under Trump's declared protectionist policies.

The Sonoco-Huhtamaki merger requires regulatory antitrust approval in multiple jurisdictions, particularly in the US and the EU. Similar past deals that were subject to scrutiny from the US and/or European authorities, such as Ball Corporation-Rexam (2016) and Amcor-Bemis (2019), required divestitures (European Commission 2015; US Department of Justice 2020). Nevertheless, the market remains fragmented and geographic overlap is limited, therefore, significant regulatory opposition is unlikely. While sustainability is not widely seen as a primary goal of competition law, most European jurisdictions require it to be considered, reflecting its growing importance (Kellezi, Kilpatrick, and Kobel 2024, 25). In contrast, while the Biden administration supports sustainability, US antitrust agencies have largely avoided directly addressing these issues (Colangelo 2024, 23). This restraint stems from challenges in tackling greenwashing and verifying sustainability claims without compromising antitrust principles (Kellezi, Kilpatrick, and Kobel 2024, 19).

7 Conclusion

The packaging market presents the potential for further efficiency gains through consolidation, particularly within the paper and flexible packaging segments as well as growth opportunities through geographic expansion. In the context of increased M&A activity forming even stronger competitors in the highly competitive packaging market, standalone entities such as Huhtamaki

and Sonoco may encounter challenges in maintaining their competitive positions. Both Sonoco and Huhtamaki are primarily active in the shelf-ready consumer packaging market, supplying the food and essential goods sectors which demonstrates the strong strategic and operational fit for both companies. The merger creates a single, integrated company with greater global reach and access to both the US and European market, offering a complementary portfolio of fiber-based and flexible plastic solutions to customers across several geographies and industries. This positions them as a leading global sustainable packaging provider, leveraging both companies' strengths and shared commitment to sustainability.

The combined company will hold a substantial market share (#3 on the global paper packaging market), supported by its high-quality, diversified product portfolio across over 400 facilities in 47 countries, including Europe, North and South America, and APAC. With 40,000 employees, the company scales innovations via robust R&D. The merger's value is demonstrated by \$185m in run-rate cost synergies, with 65% allocated to COGS, 25% to SG&A, and 10% to R&D. Further potential for value creation is expected from revenue synergies through cross-selling.

The deal offers significant value enhancement to both shareholders. The offer price of €4.7bn (\$5.3bn) or €45.34 (\$50.77) per share marks a 30% premium to Huhtamaki' current share price. The all-equity transaction at an exchange ratio of 0.929 leads to a new ownership structure of 50.5% for prior Sonoco and 49.5% for prior Huhtamaki shareholders. The transaction results in a pre-synergy EV/EBITDA multiple of 9.4x and a post-synergy multiple of 7.5x, providing an attractive purchase price in line with precedent transactions. Furthermore, the all-equity financing structure enhances value to shareholders with an additional \$3.0bn value in synergies as well as an attractive transaction ROIC of 6.9% adding \$0.1bn in economic value annually after full realization of synergies from 2027E onwards.

In conclusion, the transaction offers a compelling value proposition for both Huhtamaki and Sonoco shareholders, delivering enhanced value through a combined entity that is well-positioned to capitalize on operational synergies, global trends, and a shared commitment to sustainability.

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Appendix 2: Sonoco's ROE breakdown

ROE and its respective breakdown													
Sonoco													
USD million	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
ROE													
Comprehensive income	265.3	314.2	396.8	539.3	228.5	325.2	357.3	374.4	392.4	403.0	427.1	440.0	449.4
Common shareholders equity	1,899.6	1,837.4	2,065.8	2,424.3	2,642.6	2,722.5	2,751.0	2,783.3	2,813.2	2,812.7	2,827.7	2,831.1	2,834.5
ROE	14.0%	17.1%	19.2%	22.2%	8.6%	11.9%	13.0%	13.5%	13.9%	14.3%	15.1%	15.5%	15.9%
ROE Decomposition													
Operating result	324.6	364.8	477.1	647.3	355.1	446.1	476.7	490.5	504.7	513.5	536.3	547.7	559.4
Financial result	(59.3)	(50.6)	(80.3)	(108.0)	(126.6)	(120.8)	(119.4)	(116.1)	(112.3)	(110.5)	(109.2)	(107.8)	(110.1)
Invested capital	3,150.7	3,401.0	5,212.6	5,498.5	5,694.6	5,738.2	5,683.5	5,620.3	5,604.3	5,571.8	5,551.0	5,612.4	5,675.2
Net debt + debt-like items	1,251.0	1,563.6	3,146.8	3,074.2	3,052.0	3,015.7	2,932.5	2,837.1	2,791.1	2,759.1	2,723.3	2,781.4	2,840.7
ROIC	10.3%	10.7%	9.2%	11.8%	6.2%	7.8%	8.4%	8.7%	9.0%	9.2%	9.7%	9.8%	9.9%
IC/E	165.9%	185.1%	252.3%	226.8%	215.5%	210.8%	206.6%	201.9%	199.2%	198.1%	196.3%	198.2%	200.2%
Cost of external financing	4.7%	3.2%	2.6%	3.5%	4.1%	4.0%	4.1%	4.1%	4.0%	4.0%	4.0%	3.9%	3.9%
(Net debt + debt-like items)/E	66%	85%	152%	127%	115%	111%	107%	102%	99%	98%	96%	98%	100%
ROE	14.0%	17.1%	19.2%	22.2%	8.6%	11.9%	13.0%	13.5%	13.9%	14.3%	15.1%	15.5%	15.9%
Weight core	103.5%	99.2%	98.5%	99.4%	99%	99%	99%	99%	99%	99%	99%	99%	99%
Net revenues	5,237.4	5,590.4	7,250.6	6,781.3	6,584.3	6,679.3	6,846.5	7,033.8	7,232.9	7,390.3	7,548.3	7,709.6	7,874.4
Core result	414.5	426.1	567.1	537.2	427.1	446.1	476.7	490.5	504.7	513.5	536.3	547.7	559.4
Core IC	3,260.3	3,375.0	5,133.0	5,466.4	5,662.5	5,706.1	5,651.4	5,588.2	5,572.2	5,539.7	5,518.9	5,580.3	5,643.1
Core operational margin	7.9%	7.6%	7.8%	7.9%	6.5%	6.7%	7.0%	7.0%	7.0%	6.9%	7.1%	7.1%	7.1%
Core asset turnover	161%	166%	141%	124%	116%	117%	121%	126%	130%	133%	137%	138%	140%
Core ROIC	12.7%	12.6%	11.0%	9.8%	7.5%	7.8%	8.4%	8.8%	9.1%	9.3%	9.7%	9.8%	9.9%
Core contribution	13.2%	12.5%	10.9%	9.8%	7.5%	7.8%	8.4%	8.7%	9.0%	9.2%	9.7%	9.8%	9.9%
Weight non-core	-3.5%	0.8%	1.5%	0.6%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Non-core result	(89.9)	(61.3)	(90.0)	110.1	(72.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-core IC	(109.7)	26.0	79.5	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1
Non-core ROIC	82.0%	-235.5%	-113.2%	342.7%	-224.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-core contribution	-2.9%	-1.8%	-1.7%	2.0%	-1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(Net debt + debt-like items)/E	65.9%	85.1%	152.3%	126.8%	115%	111%	107%	102%	99%	98%	96%	98%	100%
ROIC	10.3%	10.7%	9.2%	11.8%	6.2%	7.8%	8.4%	8.7%	9.0%	9.2%	9.7%	9.8%	9.9%
Cost of external financing	4.7%	3.2%	2.6%	3.5%	4.1%	4.0%	4.1%	4.1%	4.0%	4.0%	4.0%	3.9%	3.9%
Financing activity	3.7%	6.4%	10.1%	10.5%	2.4%	4.2%	4.6%	4.7%	4.9%	5.1%	5.4%	5.8%	6.0%
ROE	14.0%	17.1%	19.2%	22.2%	8.6%	11.9%	13.0%	13.5%	13.9%	14.3%	15.1%	15.5%	15.9%

Appendix 3: Sonoco's cash conversion cycle, liquidity ratios and balance sheet ratios

Financial KPIs													
Sonoco													
	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Balance sheet													
Equity-to-total assets	39.4%	36.6%	29.6%	33.8%	36.0%	36.8%	37.3%	37.6%	37.9%	37.9%	38.1%	37.7%	37.3%
D/E (book value)	65.3%	84.4%	152.0%	126.5%	115.2%	110.5%	106.3%	101.6%	98.9%	97.8%	96.0%	98.0%	99.9%
Total Debt/Equity	89.5%	87.7%	156.0%	127.2%	115.2%	110.5%	106.3%	101.6%	98.9%	97.8%	96.0%	98.0%	99.9%
Net-debt-to-EBITDA	1.6x	2.1x	3.0x	3.0x	3.3x	3.1x	2.9x	2.8x	2.6x	2.5x	2.4x	2.4x	2.4x
D/E (market value)	20.8%	26.1%	55.2%	51.8%	54.0%	51.0%	48.0%	45.0%	43.0%	41.5%	40.0%	40.0%	40.0%
Liquidity ratios													
Current ratio	1.2	1.1	1.4	1.8	1.6	1.6	1.5	1.4	1.4	1.3	1.3	1.3	1.3
Quick ratio	0.9	0.7	0.7	1.1	1.1	1.1	1.0	1.0	0.9	0.9	0.8	0.8	0.8
Cash ratio	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Cash conversion Cycle													
Inventory	450.7	562.1	1,095.6	773.5	757.6	768.6	731.5	751.6	758.0	759.3	775.5	792.1	809.0
Receivables	762.4	851.6	962.2	1,011.5	1,258.1	1,276.2	1,233.1	1,189.8	1,138.9	1,082.7	1,023.2	1,045.0	1,067.4
Payables	536.9	721.3	818.9	707.5	690.0	700.0	717.5	794.9	817.4	835.2	853.1	871.3	889.9
CCE	564.8	171.0	227.4	151.9	131.7	133.6	136.9	140.7	144.7	147.8	151.0	154.2	157.5
DIO	41.3	47.4	71.6	55.4	56.0	56.0	52.0	52.0	51.0	50.0	50.0	50.0	50.0
DSO	53.1	55.6	48.4	54.4	69.7	69.7	65.7	61.7	57.5	53.5	49.5	49.5	49.5
DPO	49.2	60.8	53.5	50.7	51.0	51.0	51.0	55.0	55.0	55.0	55.0	55.0	55.0
CCC	45.2	42.2	66.5	59.2	74.7	74.7	66.7	58.7	53.5	48.5	44.5	44.5	44.5

Appendix 4: Comparable company analysis

Comparable company analysis - results														
Weight	Lev. Beta	Unlev. Beta	D/E	Net debt/ EBITDA	EBITDA margin	EBIT margin	EV/ Sales	EV/ EBITDA			EV/ EBIT	P/B	P/E	
								25th percentile	Median	75th percentile				
<div style="border: 1px solid black; padding: 2px; display: inline-block;">based on new ownership structure and revenue contribution</div>														
Peer Group 1	78%	1.04	0.68	56.7%	3.0x	15.5%	8.5%	1.3x	7.2x	7.9x	8.6x	14.7x	2.1x	12.5x
Peer Group 2	51%	0.93	0.74	32.2%	2.2x	14.8%	6.0%	1.3x	8.6x	8.9x	9.1x	15.1x	1.3x	19.0x
Peer Group 3	32%	1.20	0.73	79.1%	3.7x	16.2%	12.1%	1.7x	8.1x	8.4x	10.9x	12.8x	4.2x	12.2x
Peer Group 4	7%	1.20	0.73	52.5%	3.2x	15.9%	10.5%	1.5x	7.6x	9.3x	9.8x	18.5x	4.6x	21.9x
Peer Group 5	10%	1.09	0.73	26.6%	1.7x	14.3%	8.7%	1.2x	8.1x	8.4x	13.6x	19.5x	2.6x	24.4x
Weighted average multi	1.04	0.71	51.8%	2.9x	15.4%	8.5%	1.3x	7.8x	8.4x	9.5x	14.9x	2.4x	15.3x	
Sonoco-Huhtamaki	0.93	0.74	36.7%	2.7x	15.2%	8.8%	1.5x	10.1x	17.4x	n/m				
<div style="border: 1px solid black; padding: 2px; display: inline-block;">based on revenue contribution</div>														
Peer Group 1	56%	1.04	0.68	56.7%	3.0x	15.5%	8.5%	1.3x	7.2x	7.9x	8.6x	14.7x	2.1x	12.5x
Peer Group 2	37%	0.93	0.74	32.2%	2.2x	14.8%	6.0%	1.3x	8.6x	8.9x	9.1x	15.1x	1.3x	19.0x
Peer Group 3	29%	1.20	0.73	79.1%	3.7x	16.2%	12.1%	1.7x	8.1x	8.4x	10.9x	12.8x	4.2x	12.2x
Peer Group 4	14%	1.11	0.80	52.5%	3.2x	15.9%	10.5%	1.5x	7.6x	9.3x	9.8x	18.5x	4.6x	21.9x
Peer Group 5	20%	1.03	0.78	26.6%	1.7x	14.3%	8.7%	1.2x	8.1x	8.4x	13.6x	19.5x	2.6x	24.4x
Weighted average multi	1.05	0.73	50.8%	2.8x	15.3%	8.8%	1.4x	7.9x	8.4x	9.9x	15.4x	2.6x	16.3x	
Sonoco Products Co	0.99	0.69	55.4%	3.1x	14.7%	7.8%	1.3x	8.7x	16.5x	2.2x	18.7x			
<div style="border: 1px solid black; padding: 2px; display: inline-block;">based on revenue contribution</div>														
Peer Group 1	100%	1.04	0.68	56.7%	3.0x	15.5%	8.5%	1.3x	7.2x	7.9x	8.6x	14.7x	2.1x	12.5x
Peer Group 2	65%	0.93	0.74	32.2%	2.2x	14.8%	6.0%	1.3x	8.6x	8.9x	9.1x	15.1x	1.3x	19.0x
Peer Group 3	35%	1.20	0.73	79.1%	3.7x	16.2%	12.1%	1.7x	8.1x	8.4x	10.9x	12.8x	4.2x	12.2x
Weighted average multi	1.03	0.71	52.6%	2.9x	15.4%	8.3%	1.3x	7.8x	8.3x	9.1x	14.5x	2.2x	14.5x	
Huhtamaki Oyj	0.87	0.68	35.6%	2.0x	15.9%	10.3%	1.2x	7.7x	11.9x	2.0x	13.7x			

CCA in depth

all numbers LTM in USD million except Market Cap. As of 30/09/2024

Peer Group 1: Consumer Packaging - Paper & Plastic

Company Name	Lev. beta	Unlev. beta	D/E	Net debt/ EBITDA	EBITDA margin	EBIT margin	EV/ Sales	EV/ EBITDA	EV/ EBIT	P/B	P/E
Huhtamaki Oyj	0.87	0.68	35.6%	2.0x	15.9%	10.3%	1.2x	7.7x	11.9x	2.0x	13.7x
Graphic Packaging Holdi	1.08	0.74	58.0%	3.0x	19.0%	8.8%	1.5x	8.1x	17.6x	3.2x	11.0x
Sonoco Products Co	0.99	0.69	55.4%	3.1x	14.7%	7.8%	1.3x	8.7x	16.5x	2.2x	18.7x
Pactiv Evergreen Inc	1.37	0.59	168.3%	4.4x	15.1%	8.2%	1.1x	7.0x	12.9x	1.6x	11.3x
25th percentile							1.1x	7.2x	12.2x	1.7x	11.1x
Average	1.08	0.67	79.3%	3.1x	16.2%	8.8%	1.3x	7.9x	14.7x	2.2x	13.7x
Median	1.04	0.68	56.7%	3.0x	15.5%	8.5%	1.3x	7.9x	14.7x	2.1x	12.5x
75th percentile							1.5x	8.6x	17.3x	2.9x	17.5x

Peer Group 2: Consumer Packaging - Paper

Company Name	Lev. beta	Unlev. beta	D/E	Net debt/ EBITDA	EBITDA margin	EBIT margin	EV/ Sales	EV/ EBITDA	EV/ EBIT	P/B	P/E
DS Smith PLC	1.06	0.83	33.1%	2.2x	14.8%	8.7%	1.3x	8.9x	15.1x	1.6x	16.1x
Mayr-Melnhof Karton AC	0.66	0.44	67.1%	3.0x	10.1%	5.0%	0.8x	7.5x	15.1x	0.9x	19.0x
Metsa Board Oyj	0.57	0.52	12.2%	1.7x	8.9%	2.2%	1.4x	16.0x	64.1x	1.3x	21.3x
Mondi PLC	1.09	0.94	20.3%	1.5x	15.2%	9.5%	1.3x	8.6x	13.8x	1.5x	16.7x
Stora Enso Oyj	0.93	0.74	32.2%	2.2x	15.5%	6.0%	1.4x	9.1x	23.7x	0.8x	22.0x
25th percentile							1.3x	8.6x	15.1x	0.9x	16.7x
Average	0.86	0.69	33.0%	2.1x	12.9%	6.3%	1.2x	10.0x	26.4x	1.2x	19.0x
Median	0.93	0.74	32.2%	2.2x	14.8%	6.0%	1.3x	8.9x	15.1x	1.3x	19.0x
75th percentile							1.4x	9.1x	23.7x	1.5x	21.3x

Peer Group 3: Consumer Packaging - Plastic

Company Name	Lev. beta	Unlev. beta	D/E	Net debt/ EBITDA	EBITDA margin	EBIT margin	EV/ Sales	EV/ EBITDA	EV/ EBIT	P/B	P/E
Amcor PLC	0.95	0.73	37.3%	2.9x	15.2%	12.1%	1.7x	10.9x	13.6x	4.2x	15.3x
Berry Global Group Inc	1.20	0.66	103.8%	4.1x	16.2%	10.3%	1.3x	8.1x	12.8x	2.3x	9.1x
Sealed Air Corporation	1.31	0.81	79.1%	3.7x	20.9%	15.5%	1.8x	8.4x	11.4x	8.2x	12.2x
25th percentile							1.3x	8.1x	11.4x	2.3x	9.1x
Average	1.15	0.73	73.4%	3.6x	17.4%	12.6%	1.6x	9.1x	12.6x	4.9x	12.2x
Median	1.20	0.73	79.1%	3.7x	16.2%	12.1%	1.7x	8.4x	12.8x	4.2x	12.2x
75th percentile							1.8x	10.9x	13.6x	8.2x	15.3x

Peer Group 4: Consumer Packaging - Metal Cans

Company Name	Lev. beta	Unlev. beta	D/E	Net debt/ EBITDA	EBITDA margin	EBIT margin	EV/ Sales	EV/ EBITDA	EV/ EBIT	P/B	P/E
Ardagh Metal Packaging	1.03	0.44	162.8%	6.1x	12.4%	4.4%	1.2x	9.8x	27.9x	96.6x	23.9x
Crown Holdings Inc	1.13	0.80	52.5%	3.2x	15.9%	13.0%	1.5x	9.3x	11.4x	4.6x	15.4x
Ball Corp	1.11	0.94	21.7%	1.4x	25.5%	10.5%	1.9x	7.6x	18.5x	3.0x	21.9x
25th percentile							1.2x	7.6x	11.4x	3.0x	15.4x
Average	1.09	0.73	79.0%	3.5x	18.0%	9.3%	1.5x	8.9x	19.3x	34.7x	20.4x
Median	1.11	0.80	52.5%	3.2x	15.9%	10.5%	1.5x	9.3x	18.5x	4.6x	21.9x
75th percentile							1.9x	9.8x	27.9x	96.6x	23.9x

Peer Group 5: Industrial Packaging

Company Name	Lev. beta	Unlev. beta	D/E	Net debt/ EBITDA	EBITDA margin	EBIT margin	EV/ Sales	EV/ EBITDA	EV/ EBIT	P/B	P/E
Greif Inc	1.17	0.69	88.8%	4.0x	13.1%	8.7%	1.1x	8.4x	12.6x	1.4x	14.8x
International Paper Co	1.03	0.85	26.6%	1.7x	14.3%	5.2%	1.2x	8.1x	22.4x	2.6x	34.3x
Packaging Corp of Ameri	0.84	0.78	9.2%	1.1x	19.7%	13.7%	2.7x	13.6x	19.5x	4.7x	24.4x
25th percentile							1.1x	8.1x	12.6x	1.4x	14.8x
Average	1.01	0.77	41.5%	2.3x	15.7%	9.2%	1.6x	10.0x	18.2x	2.9x	24.5x
Median	1.03	0.78	26.6%	1.7x	14.3%	8.7%	1.2x	8.4x	19.5x	2.6x	24.4x
75th percentile							2.7x	13.6x	22.4x	4.7x	34.3x

Appendix 5: Liquidity ratios competitor analysis

Liquidity Ratios																
		Current Ratio					Quick Ratio					Cash Ratio				
Peer groups	Weight	2020	2021	2022	2023	LTM	2020	2021	2022	2023	LTM	2020	2021	2022	2023	LTM
		based on revenue contribution														
Peer Group 1	56%	1.6	1.5	1.7	1.6	1.9	0.9	0.8	0.9	0.9	1.1	0.4	0.1	0.3	0.2	0.4
Peer Group 2	37%	1.7	1.7	1.9	1.7	1.6	1.1	1.2	1.3	1.2	1.0	0.4	0.5	0.4	0.6	0.4
Peer Group 3	29%	1.4	1.3	1.3	1.4	1.5	0.9	0.8	0.8	0.9	0.9	0.3	0.3	0.3	0.3	0.2
Peer Group 4	14%	1.1	1.1	1.1	1.0	1.2	0.8	0.7	0.7	0.7	0.8	0.3	0.2	0.2	0.2	0.3
Peer Group 5	20%	2.1	2.0	1.9	1.9	2.1	1.5	1.4	1.3	1.4	1.5	0.7	0.4	0.2	0.4	0.4
Weighted average		1.6	1.5	1.6	1.6	1.7	1.1	1.0	1.0	1.0	1.1	0.4	0.3	0.3	0.3	0.4
Ø 2020-2023		1.6					1.0					0.3				
Sonoco		1.2	1.1	1.4	1.8	2.4	0.9	0.7	0.7	1.1	1.9	0.4	0.1	0.1	0.1	1.2
Ø 2020-2023		1.4					0.9					0.2				
		based on revenue contribution														
Peer groups	Weight	2020	2021	2022	2023	LTM	2020	2021	2022	2023	LTM	2020	2021	2022	2023	LTM
Peer Group 1	100%	1.6	1.5	1.7	1.6	1.9	0.9	0.8	0.9	0.9	1.1	0.4	0.1	0.3	0.2	0.4
Peer Group 2	65%	1.7	1.7	1.9	1.7	1.6	1.1	1.2	1.3	1.2	1.0	0.4	0.5	0.4	0.6	0.4
Peer Group 3	35%	1.4	1.3	1.3	1.4	1.5	0.9	0.8	0.8	0.9	0.9	0.3	0.3	0.3	0.3	0.2
Weighted average		1.6	1.5	1.7	1.6	1.7	1.0	0.9	1.0	1.0	1.0	0.4	0.3	0.3	0.3	0.4
Ø 2020-2023		1.6					1.0					0.3				
Huhtamaki		1.4	1.2	1.5	1.6	1.5	0.9	0.7	0.9	1.0	0.9	0.3	0.1	0.3	0.3	0.3
Ø 2020-2023		1.4					0.9					0.3				
In-depth peer comparison																
USD millions		Current Ratio					Quick Ratio					Cash Ratio				
Company Name		2020	2021	2022	2023	LTM	2020	2021	2022	2023	LTM	2020	2021	2022	2023	LTM
Peer Group 1: Consumer Packaging - Paper & Plastic																
Graphic Packaging Holdin		1.1	1.2	1.4	1.1	1.7	0.5	0.5	0.6	0.4	0.7	0.1	0.1	0.1	0.1	0.1
Huhtamaki Oyj		1.4	1.2	1.5	1.6	1.5	0.9	0.7	0.9	1.0	0.9	0.3	0.1	0.3	0.3	0.3
Sonoco Products Company		1.2	1.1	1.4	1.8	2.4	0.9	0.7	0.7	1.1	1.9	0.4	0.1	0.1	0.1	1.2
Pactiv Evergreen Inc		2.5	2.3	2.4	2.0	2.0	1.5	1.2	1.3	0.9	0.9	0.6	0.2	0.6	0.2	0.1
Average		1.6	1.5	1.7	1.6	1.9	0.9	0.8	0.9	0.9	1.1	0.4	0.1	0.3	0.2	0.4
Peer Group 2: Consumer Packaging - Paper																
DS Smith PLC		0.9	0.9	0.8	0.9	0.9	0.7	0.7	0.6	0.6	0.6	0.2	0.1	0.2	0.2	0.2
Mayr-Melnhof Karton AG		2.2	2.0	2.0	1.8	1.8	1.4	1.4	1.2	1.2	1.2	0.3	0.5	0.3	0.7	0.6
Metsa Board Oyj		2.5	2.5	2.4	2.3	1.9	1.5	1.7	1.4	1.4	1.0	0.6	1.0	0.7	0.7	0.3
Mondi PLC		1.6	1.7	2.9	2.1	2.1	1.0	1.1	2.2	1.5	1.3	0.3	0.3	0.6	0.8	0.3
Stora Enso Oyj		1.4	1.4	1.4	1.7	1.3	1.0	1.0	0.9	1.2	0.8	0.6	0.5	0.5	0.8	0.5
Average		1.7	1.7	1.9	1.7	1.6	1.1	1.2	1.3	1.2	1.0	0.4	0.5	0.4	0.6	0.4
Peer Group 3: Consumer Packaging - Plastic																
Arcor PLC		1.1	1.2	1.1	1.2	1.3	0.7	0.8	0.7	0.7	0.7	0.2	0.2	0.2	0.2	0.1
Bery Global Group Inc		1.7	1.6	1.8	1.7	1.8	1.2	1.0	1.2	1.1	1.1	0.3	0.3	0.5	0.4	0.2
Sealed Air Corporation		1.4	1.0	1.0	1.3	1.3	0.9	0.7	0.6	0.8	0.8	0.4	0.3	0.2	0.2	0.2
Average		1.4	1.3	1.3	1.4	1.5	0.9	0.8	0.8	0.9	0.9	0.3	0.3	0.3	0.3	0.2
Peer Group 4: Consumer Packaging - Metal Cans																
Ardagh Metal Packaging S		1.1	1.2	1.3	1.0	1.2	0.8	0.9	0.9	0.7	0.9	0.3	0.3	0.4	0.3	0.3
Ball Corp		1.1	0.9	0.8	0.8	1.1	0.7	0.6	0.5	0.5	0.8	0.3	0.1	0.1	0.1	0.3
Crown Holdings Inc		1.1	1.1	1.2	1.2	1.2	0.9	0.7	0.7	0.8	0.8	0.3	0.1	0.1	0.3	0.4
Average		1.1	1.1	1.1	1.0	1.2	0.8	0.7	0.7	0.7	0.8	0.3	0.2	0.2	0.2	0.3
Peer Group 5: Industrial Packaging																
Greif Inc		1.3	1.3	1.4	1.5	1.7	1.0	0.9	1.0	1.1	1.3	0.1	0.1	0.1	0.2	0.2
International Paper Co		1.4	1.7	1.4	1.7	1.5	1.1	1.3	1.0	1.2	1.1	n/a	0.3	0.2	n/a	n/a
Packaging Corp of Americ		3.5	3.1	2.9	2.6	2.9	2.5	2.1	1.7	1.8	2.0	1.2	0.7	0.4	0.5	0.6
Average		2.1	2.0	1.9	1.9	2.1	1.5	1.4	1.3	1.4	1.5	0.7	0.4	0.2	0.4	0.4

Appendix 9: Regression analysis - Sonoco's revenue growth regressed on weighted regional inflation (revenue-weighted)

Regression Statistics	
Multiple R	0.462
R Square	0.214
Adjusted R Square	0.193
Standard Error	0.089
Observations	40

	df	SS	MS	F	Significance F
Regression	1	0.082	0.082	10.329	0.003
Residual	38	0.302	0.008		
Total	39	0.385			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	(0.026)	0.031	(0.818)	0.419	(0.089)	0.038
X Variable 1	3.052	0.950	3.214	0.003	1.130	4.975

Appendix 10: Average historical GDP growth rates weighted by revenue contribution for Sonoco and Huhtamaki

Sonoco						
GDP growth						
Countries	Revenue contribution by country in % (2023)	Average 1961-2023 (in %)	Average last 30 years (in %)	Average last 20 years (in %)	Average last 10 years (in %)	
North America	78.0%	3.0%		2.5%	2.1%	2.3%
Europe	14.0%	2.6%		1.6%	1.4%	1.5%
APAC	5.0%	5.3%		4.6%	4.9%	4.2%
South America	3.0%	3.4%		2.6%	2.5%	1.3%
Weighted average	100.0%	3.1%		2.5%	2.1%	2.2%

Huhtamaki						
GDP growth						
Countries	Revenue contribution by country in % (average 2020-2023)	Average 1961-2023 (in %)	Average last 30 years (in %)	Average last 20 years (in %)	Average last 10 years (in %)	
United States	33.5%	3.0%		2.5%	2.1%	2.3%
Germany	12.0%	2.2%		1.2%	1.1%	1.1%
India	7.8%	5.2%		6.2%	6.4%	6.0%
The United Kingdom	7.0%	2.3%		2.0%	1.5%	1.6%
Australia	4.6%	3.4%		3.1%	2.7%	2.4%
Turkey	1.1%	4.8%		4.7%	5.5%	5.2%
Poland	0.6%	1.9%		4.1%	3.8%	3.5%
Thailand	3.8%	5.6%		3.3%	3.1%	1.9%
China	3.1%	7.9%		8.8%	8.2%	6.1%
South Africa	2.9%	2.8%		2.3%	2.1%	0.9%
United Arab Emirates	2.0%	6.3%		4.1%	3.8%	3.2%
Russia	1.9%	0.5%		1.7%	2.9%	1.1%
Finland	1.7%	2.7%		2.0%	1.1%	0.8%
Other countries (world)	18.0%	3.4%		3.0%	3.0%	2.8%
Weighted average	100.0%	3.4%		3.0%	2.8%	2.6%

Appendix 12: Perpetual growth rate Sonoco

Perpetual growth													
Sonoco													
USD million	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Operating result	324.6	364.8	477.1	647.3	355.1	446.1	476.7	490.5	504.7	513.5	536.3	547.7	559.4
Invested Capital	3,150.7	3,401.0	5,212.6	5,498.5	5,694.6	5,738.2	5,683.5	5,620.3	5,604.3	5,571.8	5,551.0	5,612.4	5,675.2
ROIC	10.3%	10.7%	9.2%	11.8%	6.2%	7.8%	8.4%	8.7%	9.0%	9.2%	9.7%	9.8%	9.9%
WACC	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.3%	7.3%	7.3%	7.3%
Increment NOPAT		11.6	141.0	(29.9)	(110.1)	19.0	30.7	13.8	14.2	8.8	22.8	11.5	11.7
Net investments		250.4	1,811.6	285.9	196.1	43.5	(54.7)	(63.2)	(16.0)	(32.5)	(20.8)	61.4	62.8
RONIC		4.6%	7.8%	-10.5%	-56.2%	43.6%	-56.1%	-21.8%	-88.5%	-27.2%	-109.3%	18.7%	18.7%
Investment rate		68.6%	379.7%	0.4	55.2%	9.8%	-11.5%	-12.9%	-3.2%	-6.3%	-3.9%	11.2%	11.2%
g		3.2%	29.6%	-4.6%	-31.0%	4.3%	6.4%	2.8%	2.8%	1.7%	4.2%	2.1%	2.1%

Appendix 13: Packaging industry-specific betas

Packaging industry-specific betas (A. Damodaran 2024) Lev. Beta D/E Unlev. Beta

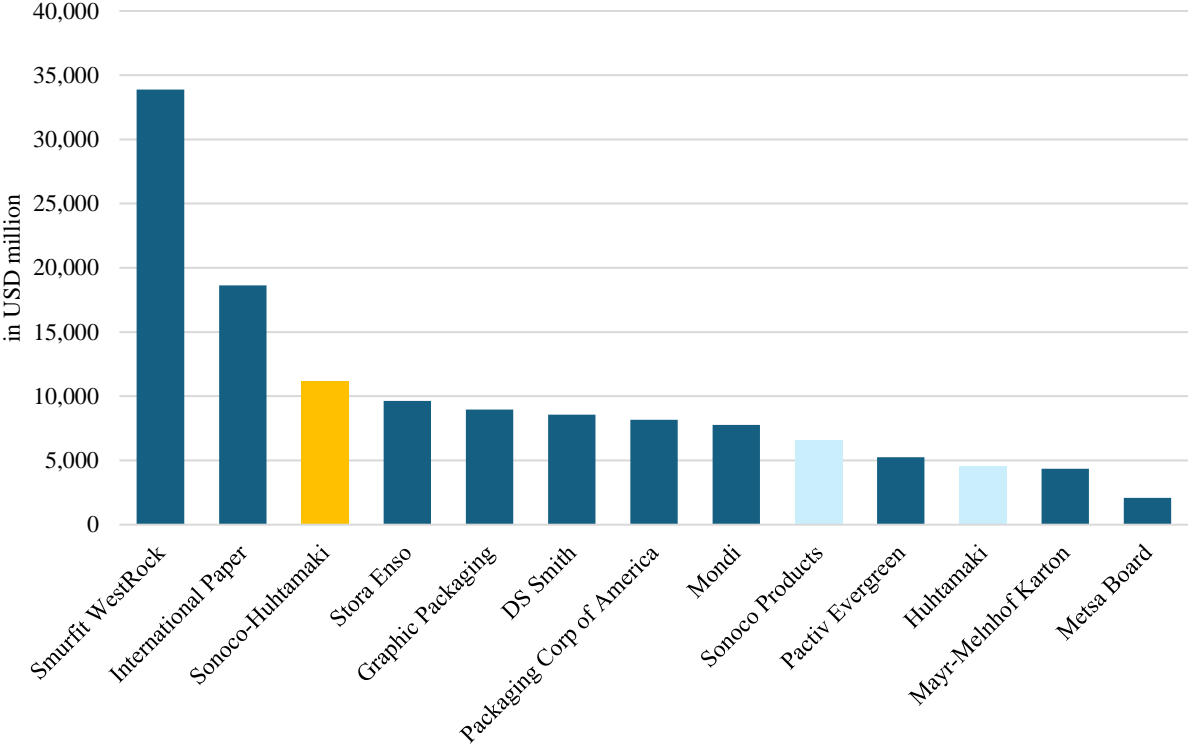
US

1.13 61.3%

0.76

Based on Sonoco's statutory tax rate of 21%

Appendix 15: Sonoco-Huhtamaki’s market share in the paper packaging market, LTM revenues in \$ million



Appendix 16: Geographical split

Country	Region	Huhtamaki	# facilities	Sonoco	# facilities	Overlap	# of overlapping
<input type="checkbox"/> Argentina	South America			x	2		
<input type="checkbox"/> Australia	APAC	x	3	x	6	x	9
<input type="checkbox"/> Belgium	Europe			x	3		
<input type="checkbox"/> Brazil	South America	x	2	x	16	x	18
<input type="checkbox"/> Canada	North America			x	10		
<input type="checkbox"/> Chile	South America			x	2		
<input type="checkbox"/> China	APAC	x	4	x	15	x	19
<input type="checkbox"/> Colombia	South America			x	10		
<input type="checkbox"/> Czech Republic	Europe	x	1				
<input type="checkbox"/> Denmark	Europe			x	1		
<input type="checkbox"/> Egypt	Africa	x	4				
<input type="checkbox"/> Estonia	Europe	x	1	x	1	x	2
<input type="checkbox"/> Finland	Europe	x	2	x	4	x	6
<input type="checkbox"/> France	Europe	x	2	x	9	x	11
<input type="checkbox"/> Germany	Europe	x	2	x	10	x	12
<input type="checkbox"/> Ghana	Africa	x	1				
<input type="checkbox"/> Greece	Europe			x	4		
<input type="checkbox"/> Hong Kong	APAC	x	1				
<input type="checkbox"/> Hungary	Europe	x	1				
<input type="checkbox"/> India	APAC	x	17	x	1	x	18
<input type="checkbox"/> Indonesia	APAC			x	3		
<input type="checkbox"/> Italy	Europe	x	1	x	4	x	5
<input type="checkbox"/> Japan	APAC			x	9		
<input type="checkbox"/> Kenya	Africa	x	1				
<input type="checkbox"/> Luxembourg	Europe			x	1		
<input type="checkbox"/> Malaysia	APAC	x	1	x	6	x	7
<input type="checkbox"/> Mexico	North America	x	1	x	21	x	22
<input type="checkbox"/> Netherlands	Europe	x	5	x	2	x	7
<input type="checkbox"/> New Zealand	APAC	x	2	x	3	x	5
<input type="checkbox"/> Norway	Europe	x	1				
<input type="checkbox"/> Philippines	APAC	x	1				
<input type="checkbox"/> Poland	Europe	x	2	x	3	x	5
<input type="checkbox"/> Republic of Ireland	Europe	x	1	x	3	x	4
<input type="checkbox"/> Saudi Arabia	Middle East	x	1	x	1	x	2
<input type="checkbox"/> Singapore	APAC	x	1	x	2	x	3
<input type="checkbox"/> South Africa	Africa	x	5	x	1	x	6
<input type="checkbox"/> Spain	Europe	x	1	x	3	x	4
<input type="checkbox"/> Sweden	Europe	x	1	x	1	x	2
<input type="checkbox"/> Switzerland	Europe	x	1				
<input type="checkbox"/> Thailand	APAC	x	1	x	1	x	2
<input type="checkbox"/> Turkey	Europe	x	2	x	2	x	4
<input type="checkbox"/> Ukraine	Europe	x	1				
<input type="checkbox"/> United Arab Emirate	Middle East	x	3				
<input type="checkbox"/> United Kingdom	Europe	x	5	x	16	x	21
<input type="checkbox"/> United States	North America	x	17	x	160	x	177
<input type="checkbox"/> Venezuela	South America			x	1		
<input type="checkbox"/> Vietnam	APAC	x	1				

	Huhtamaki	Sonoco	Overlapping Countries
# Countries	36	35	24

Operating Facilities

North America	18	191	
South America	2	31	
Europe	30	67	
APAC	32	46	
Middle East	4	1	
Africa	11	1	
All	97	337	-

Note: Reports 2023 state 37 countries and 100 facilities for Huhtamaki, Sonoco reports 33 countries in 334 facilities including 24 recycling facilities. Country split on websites are not 100% up-to-date

Employees	17,910	22,000
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Appendix 17: ESG ratings across different institutions

ESG Rating											
Rating	Carbon disclosure project (CDP)				Ecovadis		MSCI ESG Rating	Sustainalytics		LSEG (refinitiv)	
	Climate Change	Water Security	Forest		Rating	Percentile	Rating	Rating	Ranked	Rating	Ranking
Rating scale (worst to best)		F to A			Bronze/Silver/Gold/Platinum	0 to 100	CCC to AAA	100 to 0	91st to 1st	0 to 100	24th to 1st
Focus of rating:	Environmental impacts				Supply chain and CSR		Industry-relative ESG performance	Financial material ESG risks		Broad ESG performance	
Peer Group 1: Consumer Packaging - Paper & Plastic											
Huhtamaki Oyj	shelf-ready food	B	B	B	Gold	95th	A	15.7	29/91	83.1	2
Sonoco Products Company	shelf-ready food	B	NA	B-	Silver	75th	A	22.6	72/91	53.4	21
Graphic Packaging Holding	Coshelf-ready food	A-	A-	B	Committed	85th	AA	16.0	30/91	66.8	13
Pactiv Evergreen Inc	shelf-ready food	C	C	D	NA	NA	NA	18.7	42/91	0.0	24
Peer Group 2: Consumer Packaging - Paper											
Mayr-Melnhof Karton AG	shelf-ready food	A	A	A	Silver	75th	NA	16.8	33/91	59.4	19
Metsa Board Oyj	shelf-ready food	A	A	A-	Platinum	99th	AA	17.6	12/76	58.5	20
DS Smith PLC		A	A-	A-	Platinum	99th	AA	11.9	10/91	72.5	9
Mondi PLC		A-	A	A	Platinum	99th	AAA	12.0	3/76	85.0	1
Stora Enso Oyj		A-	A-	A	Platinum	99th	AAA	15.6	9/76	81.5	5
Peer Group 3: Consumer Packaging - Plastic											
Amcors PLC	shelf-ready food	B	B	C	Gold	95th	AA	14.7	23/91	69.5	12
Berry Global Group Inc	shelf-ready food	A-	B	NA	Silver	75th	A	15.4	28/91	73.6	7
Sealed Air Corporation	shelf-ready food	B	B	NA	NA	NA	BBB	13.1	16/91	60.2	18
Peer Group 4: Consumer Packaging - Metal Cans											
Ardagh Metal Packaging SA		A-	B	NA	Platinum	99th	NA	12.0	11/91	60.3	17
Ball Corp		A-	C	NA	Silver	75th	AAA	10.3	5/91	72.9	8
Crown Holdings Inc		A-	B	NA	Gold	95th	AA	9.1	1/91	64.2	16
Peer Group 5: Industrial Packaging											
Smurfit Kappa		A-	A-	A-	NA	NA	AA	9.5	3/91		
Greif Inc		A-	NA	F	Gold	95th	AA	19.0	45/91	64.6	15
International Paper Co		B	B	C	NA	NA	AA	23.4	35/76	66.3	14
Packaging Corp of America		C	F	F	NA	NA	NA	17.6	31/91	69.5	11
Huhtamaki's peer group											
	Weight	Average									
Peer Group 1: Consumer Pack:	100%	18.3									
Peer Group 2: Consumer Pack:	65%	17.2									
Peer Group 3: Consumer Pack:	35%	14.4									
Weighted average shelf-ready		17.2									

Appendix 18: Market reaction to Sonoco's M&A activity over the last 5 years, incl. announced acquisition, share prices in \$ and returns in %

Transaction	Date of announcement	Unaffected share price, in \$	Share price post-announcement, in \$			Returns, in %			Estimated normal return (mean adjusted)	Abnormal returns, in %		
			After one day	After one week	After one month	After one day	After one week	After one month		After one day	After one week	After one month
<i>Eviosys</i>	24/06/2024	53.30	51.95	50.31	51.26	-2.5%	-5.6%	-3.8%	0.0%	-2.5%	-5.6%	-3.6%
RTS Packaging	9/11/2022	58.31	58.52	59.25	60.13	0.4%	1.6%	3.1%	-0.1%	0.5%	2.3%	6.6%
Skjern Paper	28/09/2022	55.98	56.48	58.92	64.86	0.9%	5.3%	15.9%	0.1%	0.8%	4.7%	13.3%
Ball Metalpack	20/12/2021	55.01	56.18	57.03	58.52	2.1%	3.7%	6.4%	-0.2%	2.3%	4.6%	10.8%
TEQ	19/11/2019	58.60	58.57	60.17	61.49	-0.1%	2.7%	4.9%	0.0%	0.0%	2.7%	5.1%
									Average w/o Eviosys	0.9%	3.6%	9.0%
									T-test: p-value	0.177	0.010	0.017
									w/ Eviosys	0.20%	1.76%	6.44%
									T-test: p-value	0.78	0.40	0.09

announced, but not completed

Appendix 19: Combined enterprise value-equity-bridge based on current market capitalization

New market capitalization, EV and capital structure based on current market cap.

Amount in	USD million	EUR million
Sonoco	5,423.0	4,843.7
Huhtamaki	4,088.6	3,651.8
Pre-merger market capitalization	9,511.5	8,495.5
Synergies	3,014.3	2,692.3
Post-merger market capitalization	12,525.8	11,187.8
Δ market capitalization	3,014.3	2,692.3
<i>Δ market capitalization, in %</i>	<i>31.7%</i>	<i>31.7%</i>
Sonoco LTM net debt + debt-like items	3,010.2	2,688.6
Huhtamaki LTM net debt + debt-like items	1,551.0	1,385.3
Pre-merger LTM net debt + debt-like items	4,561.2	4,073.9
Sonoco LTM net debt + debt-like items	3,448.2	3,079.9
Huhtamaki LTM net debt + debt-like items	1,147.2	1,024.7
Post-merger LTM net debt + debt-like items	4,595.5	4,104.6
Δ net debt + debt-like items	34.3	30.7
Pre-merger levered value	14,072.7	12,569.4
Post-merger levered value	17,121.3	15,292.4
Δ Levered value	3,048.6	2,723.0

Appendix 23: Transaction assumptions

Transaction assumptions				EUR/USD	1.1196
	Sonoco	Huhtamaki			
	USD million	USD million	EUR million		
Current share price	\$ 54.63	\$ 39.05	€ 34.88		
Premium to share price		30%	30%		
Offer price per share, in USD		\$ 50.77	€ 45.34		
Fully diluted shares outstanding, in millions	99.3	104.7	104.7		fully diluted shares due to irrelevance of dilutive effect of options outstanding
Market cap	5,423.0	4,088.6	3,651.8		
Transaction equity value		5,315.1	4,747.3		
Existing net debt		1,454.8	1,299.4		
Non-controlling interest		96.2	85.9		no pension adjustment due to insignificance & working capital adjustment due to no seasonality of business
Total transaction EV		6,866.1	6,132.6		
Huhtamaki's LTM EBITDA		728.0	650.2		
Run-rate synergy pre-tax (2026E)		184.7	165.0		
Pre-synergy LTM EV/EBITDA transaction multiple		9.4x			
Post-synergy LTM EV/EBITDA transaction multiple		7.5x			

Other assumptions			
Equity financing	100.0%		based on Sonoco's marginal tax rate
Tax rate	21.0%		
Transaction fees as % of EV	0.5%		Advisory fees inc. debt issuance and equity issuance fees; Source: Statista

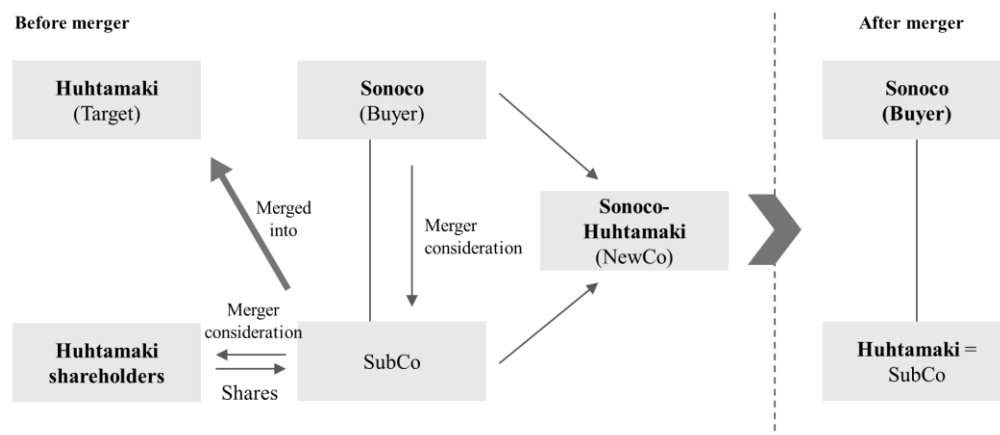
Appendix 24: Comparable transaction analysis – multiples, synergies in % of sales and premium paid

CTA results				
	EV/ Sales	EV/ EBITDA	EV/ EBIT	P/E
25th percentile	1.0x	8.3x	8.3x	8.3x
Average	1.3x	9.4x	15.2x	80.7x
Median	1.4x	9.0x	14.2x	72.6x
75th percentile	1.6x	10.6x	10.6x	10.6x

CTA - synergies in % of sales and premium paid						
	Synergies before taxes, USD millions	Synergies as % of sales	Years for synergy achievement	Premium Paid prior to announcement		
				1 Day	1 Week	4 Weeks
First Quartile	48	3.5%	0.8y	12.3%	17.0%	21.9%
Average	101	4.2%	1.9y	27.8%	29.3%	28.8%
Median	93	4.2%	2.1y	30.1%	31.1%	27.6%
Third Quartile	157	4.8%	3.1y	41.0%	39.9%	36.9%

Precedent Transactions - U.S. and Europe based Packaging Sellers with LTM Revenue Above US\$m500																			
Source: Refinitiv Announced between September 30st,2014 and September 30st, 2024 (in USD million, except Share price)																			
Acquiror Full Name	Acquiror Nation	Percentage of Shares Acquired	Rank Value in inc. Net share Debt of price Target	Multiples				Target Full Name	Target Nation	as % of LTM target revenues	Expected Synergy Date	Years for synergy achievement	Target LTM Financials				Premium paid prior to announcement in		
				EV/ Sales	EV/ EBIT DA	EV/ EBIT	P/E						Net revenues	EBIT DA	EBIT	EPS	1 Day	1 Week	4 Weeks
Sonoco Products Co	US	100%	3,864.8 NA	1.5x	9.0x	NA	NA	Evisys Packaging Switzerland	Switzerland	4.0%	31/12/2025	1.0	2,500.0	430.0	NA	NA			
Graphic Packaging	US	100%	1,450.0 NA	1.3x	9.1x	NA	NA	AR Packaging Group AB	Sweden	3.6%	31/12/2024	3.1	1,100.0	160.0	NA	NA			
Berry Global International UK	UK	100%	5,796.3 10.38	1.2x	7.5x	11.9x	13.8x	RPC Group PLC	UK	3.1%	30/09/2019	0.2	4,903.7	774.0	485.9	0.75	8.04	13.71	21.29
Amcor Ltd	Australia	100%	6,715.7 57.66	1.6x	11.7x	16.6x	125.4x	Bemis Co Inc	US	4.4%	30/06/2022	3.1	4,099.4	576.0	405.5	0.46	35.13	35.32	38.67
WestRock Co	US	100%	2,242.2 18.00	1.4x	10.3x	22.6x	163.6x	Multi Packaging Solutions Int	US	5.4%	30/09/2019	2.3	1,567.0	218.1	99.2	0.11	25.09	26.85	23.63
Berry Plastics Group Inc	US	100%	713.8 109.12	0.6x	8.6x	9.8x	19.9x	AEP Industries Inc	US	4.5%	31/12/2018	1.9	1,100.0	82.7	73.0	5.47	42.91	41.39	31.48

Appendix 25: Triangular merger structure



Appendix 26: Pro forma contribution analysis

Contribution Analysis, in USD millions

	Sonoco	Huhtamaki	Pro Forma Combined	Contribution (%)	
Enterprise value					
Net Revenues					
2023A	6,781.3	4,667.5	11,448.8	59.2%	40.8%
LTM	6,572.7	4,590.9	11,163.6	58.9%	41.1%
2024E	6,584.3	4,764.7	11,349.0	58.0%	42.0%
2025E	6,679.3	4,963.4	11,642.7	57.4%	42.6%
EBITDA					
2023A	1,034.8	695.6	1,730.4	59.8%	40.2%
LTM	968.8	728.0	1,696.8	57.1%	42.9%
2024E	921.8	652.8	1,574.6	58.5%	41.5%
2025E	955.1	670.1	1,625.2	58.8%	41.2%
Enterprise value					
Current	8,433.1	5,639.5	14,072.7	59.9%	40.1%
20% Premium	8,433.1	6,457.3	14,890.4	56.6%	43.4%
30% Premium	8,433.1	6,866.1	15,299.2	55.1%	44.9%
40% Premium	8,433.1	7,275.0	15,708.1	53.7%	46.3%
Equity value					
Current	5,423.0	4,088.6	9,511.5	57.0%	43.0%
20% Premium	5,423.0	4,906.3	10,329.2	52.5%	47.5%
30% Premium	5,423.0	5,315.1	10,738.1	50.5%	49.5%
40% Premium	5,423.0	5,724.0	11,146.9	48.6%	51.4%

Appendix 27: Synergies APV and multiples valuation – base case

Synergies @APV											
Base case		0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	
USD million	30-Sep-24	Q4'24E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Base for Cont.
Sonoco											
Perpet. NOPAT growth	2.1%										
CF from synergies		(5.3)	28.7	52.4	65.7	65.7	65.7	65.7	65.7	65.7	67.1
Unlevered cost of capital (ru)	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	
Δ Unlevered value @ ru	1,004.3	1,028.1	1,077.5	1,106.8	1,125.0	1,144.5	1,165.4	1,187.8	1,211.9	1,237.9	
Net debt	374.4	382.8	385.7	380.1	369.7	364.4	361.9	359.4	366.7	374.5	
Annual Interest		4.7	19.2	19.4	19.1	18.6	18.3	18.2	18.1	18.4	18.8
Annual tax shield		1.0	4.0	4.1	4.0	3.9	3.8	3.8	3.8	3.9	4.0
Value tax shield - debt in perpetuity @ ru	63.5	63.6	64.4	65.3	66.2	67.3	68.5	69.9	71.4	72.9	
WACC	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.3%	7.3%	7.3%	7.3%	
Δ Levered value	1,067.8	1,091.8	1,141.9	1,172.0	1,191.2	1,211.8	1,233.9	1,257.7	1,283.3	1,310.8	
DCF: Levered EV @WACC	1,067.7	1,091.8	1,141.9	1,172.0	1,191.2	1,211.8	1,233.9	1,257.7	1,283.3	1,310.8	
<i>Deviation from APV</i>	0.000	-	-	-	-	-	-	-	-	-	
Huhtamaki											
Perpet. NOPAT growth	2.7%										
CF from synergies		(12.5)	8.6	49.9	81.3	81.3	81.3	81.3	81.3	81.3	83.5
Unlevered cost of capital (ru)	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	
Δ Unlevered value @ ru	1,842.5	1,882.9	1,990.9	2,064.3	2,110.8	2,160.2	2,212.7	2,268.4	2,327.5	2,390.4	
Net debt	510.8	515.3	544.1	563.8	576.7	590.3	604.7	620.0	636.2	653.3	
Annual Interest		4.4	17.8	18.8	19.5	20.0	20.4	20.9	21.5	22.0	22.6
Annual tax shield		0.9	3.6	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.5
Value tax shield - debt in perpetuity @ ru	104.1	104.7	107.7	110.6	113.5	116.5	119.7	122.9	126.2	129.6	
WACC	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Δ Levered value	1,946.6	1,987.7	2,098.6	2,174.8	2,224.3	2,276.7	2,332.3	2,391.3	2,453.7	2,520.0	
DCF: Levered EV @WACC	1,946.5	1,987.7	2,098.6	2,174.8	2,224.3	2,276.7	2,332.3	2,391.3	2,453.7	2,520.0	
<i>Deviation from APV</i>	0.000	- 0.000	- 0.000	- 0.000	-	-	-	-	-	-	
Combined											
Sum unlevered value	2,846.8	2,911.1	3,068.4	3,171.0	3,235.8	3,304.7	3,378.0	3,456.2	3,539.5	3,628.3	
Sum PV of tax shield	167.5	168.4	172.1	175.8	179.7	183.8	188.2	192.8	197.6	202.5	
Sum levered value	3,014.3	3,079.5	3,240.5	3,346.9	3,415.4	3,488.5	3,566.2	3,649.0	3,737.1	3,830.8	
EV-Equity bridge											
	USD	EUR									
	million	million									
Sonoco											
Unlevered value	1,004.3	897.0									
Vale tax shield	63.5	56.7									
PV of synergies	1,067.8	953.7									
Huhtamaki											
Unlevered value	1,842.5	1,645.7									
Vale tax shield	104.1	92.9									
PV of synergies	1,946.6	1,738.6									
Combined											
Total synergy value	3,014.3	2,692.3									
Fully diluted shares outstanding	104.7	104.7									
Implied synergy value per share	\$ 28.79	€ 25.72									
Share Price as of 30/09/2024	\$ 39.05	€ 34.88									
<i>Premium</i>	73.7%	73.7%									

Fully Diluted due to no exercise price available for options and irrelevance of dilutive effect

Synergies @ Multiples

Base case		0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25
in USD million	30-Sep-24	Q4'24E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
EBITDA-effect of synergies Sonoco	0.0	0.0	66.5	83.1	83.1	83.1	83.1	83.1	83.1	83.1
EBITDA-effect of synergies Huhtamaki	0.0	0.0	81.3	101.6	101.6	101.6	101.6	101.6	101.6	101.6
			<i>in % of</i>							
	in USD		<i>total</i>		in EUR					
	million		<i>synergies</i>		million					
PV of synergies										
run-rate synergies Sonoco	83.1				74.3					
PV of run-rate synergies Sonoco	71.1				63.5					
LTM EV/EBITDA Multiple Sonoco	8.7x				8.7x					
Synergy value Sonoco	617.9		47%		551.9					
run-rate synergies Huhtamaki	101.6				90.8					
PV of run-rate synergies Huhtamaki	89.1				79.6					
LTM EV/EBITDA Multiple Huhtamaki	7.7x				7.7x					
Synergy value Huhtamaki	690.2		53%		616.5					
Total synergy value	1,308.2				1,168.4					
Fully diluted shares Outstanding	104.7				104.7					
Implied synergy value per share	\$ 12.50				€ 11.16					
Share Price as of 30/09/2024	\$ 39.05				€ 34.88					
Premium	32.0%				32.0%					

Fully Diluted due to no exercise price available for options and irrelevance of dilutive effect

Appendix 29: Synergies APV valuation - downside case

Synergies @APV												
Downside case		0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25		
USD million	30-Sep-24	Q4'24E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Base for Cont.	
Sonoco												
Perpet. NOPAT growth	2.1%											
CF from synergies		(5.3)	12.9	32.7	46.0	46.0	46.0	46.0	46.0	46.0	47.0	
Unlevered cost of capital (ru)	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%		
Δ Unlevered value @ ru	691.5	709.6	750.5	774.8	787.5	801.1	815.8	831.5	848.4	866.5		
Net debt	258.0	264.4	268.7	266.1	258.8	255.1	253.3	251.5	256.7	262.2		
Annual Interest		3.2	13.3	13.5	13.4	13.0	12.8	12.7	12.6	12.9	13.2	
Annual tax shield		0.7	2.8	2.8	2.8	2.7	2.7	2.7	2.7	2.7	2.8	
Value tax shield - debt in perpetuity @ ru	44.4	44.5	45.1	45.7	46.3	47.1	48.0	48.9	50.0	51.0		
WACC	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.3%	7.3%	7.3%	7.3%		
Δ Levered value	735.9	754.1	795.6	820.4	833.8	848.2	863.7	880.4	898.3	917.6		
DCF: Levered EV @WACC	735.9	754.1	795.6	820.4	833.8	848.2	863.7	880.4	898.3	917.6		
<i>Deviation from APV</i>	0.000	-	-	-	-	-	-	-	-	-		
Huhtamaki												
Perpet. NOPAT growth	2.7%											
CF from synergies		(12.5)	(10.9)	25.5	56.9	56.9	56.9	56.9	56.9	56.9	58.4	
Unlevered cost of capital (ru)	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%		
Δ Unlevered value @ ru	1,262.1	1,293.8	1,384.8	1,445.0	1,477.5	1,512.1	1,548.9	1,587.9	1,629.3	1,673.3		
Net debt	350.3	354.4	378.6	394.7	403.7	413.2	423.3	434.0	445.3	457.3		
Annual Interest		3.0	12.3	13.1	13.7	14.0	14.3	14.7	15.0	15.4	15.8	
Annual tax shield		0.6	2.5	2.6	2.7	2.8	2.9	2.9	3.0	3.1	3.2	
Value tax shield - debt in perpetuity @ ru	72.8	73.3	75.3	77.4	79.4	81.6	83.8	86.0	88.3	90.7		
WACC	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%		
Δ Levered value	1,334.9	1,367.0	1,460.1	1,522.4	1,557.0	1,593.7	1,632.6	1,673.9	1,717.6	1,764.0		
DCF: Levered EV @WACC	1,334.9	1,367.0	1,460.1	1,522.4	1,557.0	1,593.7	1,632.6	1,673.9	1,717.6	1,764.0		
<i>Deviation from APV</i>	0.000	- 0.000	- 0.000	- 0.000	-	-	-	-	-	-		
Combined												
Sum unlevered value	1,953.7	2,003.4	2,135.3	2,219.7	2,265.0	2,313.3	2,364.6	2,419.3	2,477.6	2,539.8		
Sum PV of tax shield	117.1	117.8	120.4	123.1	125.8	128.7	131.7	134.9	138.3	141.8		
Sum levered value	2,070.8	2,121.1	2,255.8	2,342.8	2,390.8	2,441.9	2,496.4	2,554.3	2,616.0	2,681.5		
EV-Equity bridge		USD million	EUR million									
Sonoco												
Unlevered value		691.5	617.7									
Vale tax shield		44.4	39.6									
PV of synergies		735.9	657.3									
Huhtamaki												
Unlevered value		1,262.1	1,127.3									
Vale tax shield		72.8	65.0									
PV of synergies		1,334.9	1,192.3									
Combined												
Total synergy value		2,070.8	1,849.6									
Fully diluted shares outstanding		104.7	104.7									
Implied synergy value per share		\$ 19.78	€ 17.67									
Share Price as of 30/09/2024		\$ 39.05	€ 34.88									
<i>Premium</i>		50.6%	50.6%									

Fully Diluted due to no exercise price available for options and irrelevance of dilutive effect

Appendix 30: Synergies multiple valuation – downside case

Synergies @ Multiples											
Downside case		0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	
in USD million	30-Sep-24	Q4'24E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	
EBITDA-effect of synergies Sonoco	0.0	0.0	46.6	58.2	58.2	58.2	58.2	58.2	58.2	58.2	58.2
EBITDA-effect of synergies Huhtamaki	0.0	0.0	56.9	71.1	71.1	71.1	71.1	71.1	71.1	71.1	71.1
			<i>in % of</i>								
	in USD	<i>total</i>		in EUR							
	million	<i>synergies</i>		million							
PV of synergies											
run-rate synergies Sonoco	58.2			52.0							
PV of run-rate synergies Sonoco	49.7			44.4							
LTM EV/EBITDA Multiple Sonoco	8.7x			8.7x							
Synergy value Sonoco	432.6	47%		386.4							
run-rate synergies Huhtamaki	71.1			63.5							
PV of run-rate synergies Huhtamaki	62.4			55.7							
LTM EV/EBITDA Multiple Huhtamaki	7.7x			7.7x							
Synergy value Huhtamaki	483.2	53%		431.6							
Total synergy value	915.7			817.9							
Fully diluted shares Outstanding	104.7			104.7							
Implied synergy value per share	\$ 8.75			€ 7.81							
Share Price as of 30/09/2024	\$ 39.05			€ 34.88							
Premium	22.4%			22.4%							

Fully Diluted due to no exercise price available for options and irrelevance of dilutive effect

Appendix 31: Cash flow correlation analysis

	31-12-2023	31-12-2022	31-12-2021	31-12-2020	31-12-2019	31-12-2018	31-12-2017	31-12-2016	31-12-2015	31-12-2014	31-12-2013	31-12-2012	31-12-2011	31-12-2010	31-12-2009	31-12-2008	31-12-2007	31-12-2006	31-12-2005	31-12-2004	31-12-2003	31-12-2002	31-12-2001
Huhtamaki																							
Net Cash Flow from Operating Activities, in USD	625.4	338.6	263.4	489.2	477.3	323.1	290.1	329.2	263.9	237.6	231.0	244.6	203.6	253.9	355.6	251.4	145.1	174.8	209.7	207.2	213.6	183.1	275.9
Net Cash Flow from Operating Activities, in local currency	578.3	321.4	222.7	428.6	426.4	273.7	256.7	297.5	237.7	178.9	173.9	190.2	146.2	191.3	255.0	170.9	105.8	139.1	168.5	166.6	188.6	193.6	307.9
Exchange rate	1.0814	1.05	1.18	1.14	1.12	1.18	1.13	1.11	1.11	1.33	1.33	1.29	1.39	1.33	1.39	1.47	1.37	1.26	1.24	1.24	1.13	0.95	0.9
Sonoco																							
Net Cash Flow from Operating Activities, in USD	882.9	509.1	298.7	705.6	425.9	589.9	348.3	398.7	452.9	417.9	538.0	403.9	245.3	375.1	391.0	379.4	445.1	482.6	227.4	252.2	332.3	273.9	364.3
2001-2023																							
Corr based on cash flows from operations both in USD																							
Corr based on cash flows from operations in domestic currency																							
2013-2023																							
Corr based on cash flows from operations both in USD																							
Corr based on cash flows from operations in domestic currency																							

Appendix 32: Analysis at various prices

Various Prices in USD

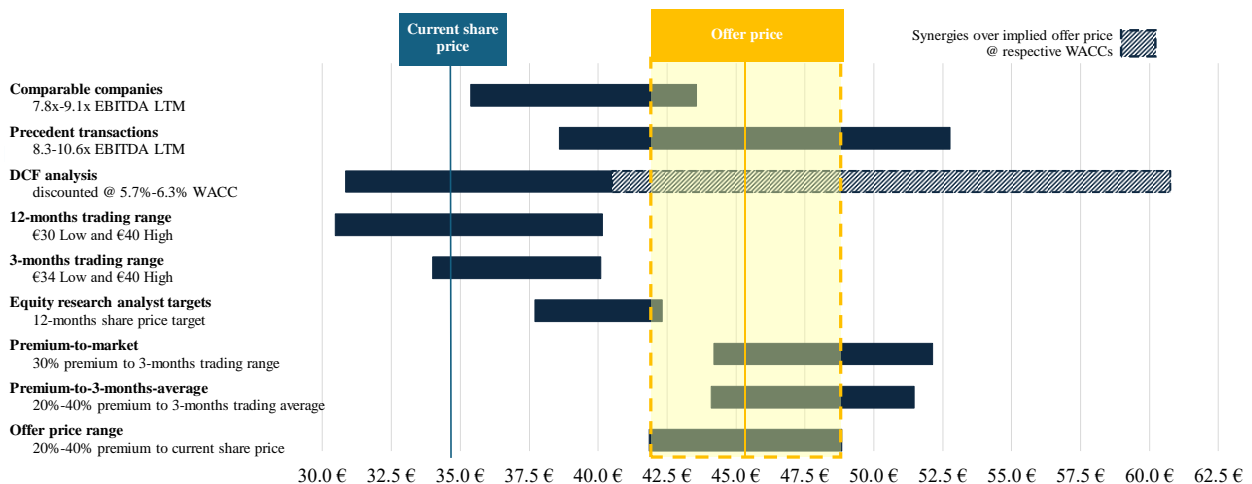
EUR/USD

1.1196

		Premium to current stock price						
in USD millions, except per share		Current	20%	25%	30%	35%	40%	Current
Implied offer price per share		\$ 39.05	\$ 46.86	\$ 48.81	\$ 50.77	\$ 52.72	\$ 54.67	\$ 54.63
Fully diluted shares outstanding, in millions		104.7	104.7	104.7	104.7	104.7	104.7	99.3
Implied offer value		\$ 4,088.6	\$ 4,906.3	\$ 5,110.7	\$ 5,315.1	\$ 5,519.6	\$ 5,724.0	\$ 5,423.0
Plus: Net debt		\$ 1,454.8	\$ 1,454.8	\$ 1,454.8	\$ 1,454.8	\$ 1,454.8	\$ 1,454.8	\$ 3,002.0
Plus: Non-Controlling interest		\$ 96.2	\$ 96.2	\$ 96.2	\$ 96.2	\$ 96.2	\$ 96.2	\$ 8.2
Implied transaction value		\$ 5,639.5	\$ 6,457.3	\$ 6,661.7	\$ 6,866.1	\$ 7,070.5	\$ 7,275.0	\$ 8,433.1

		Valuation multiples						Sonoco	
in USD millions, expect per share d:		Huhtamaki						Metric	Multiple
Implied transaction value multiples Huhtamaki									
Sales	Metrics	EV/Sales							
LTM	\$ 4,590.9	1.2x	1.4x	1.5x	1.5x	1.5x	1.6x	\$ 6,572.7	1.3x
2024E	\$ 4,764.7	1.2x	1.4x	1.4x	1.4x	1.5x	1.5x	\$ 6,584.3	1.3x
2025E	\$ 4,963.4	1.1x	1.3x	1.3x	1.4x	1.4x	1.5x	\$ 6,679.3	1.3x
EBITDA	Metrics	EV/EBITDA							
LTM	\$ 728.0	7.7x	8.9x	9.2x	9.4x	9.7x	10.0x	\$ 968.8	8.7x
2024E	\$ 652.8	8.6x	9.9x	10.2x	10.5x	10.8x	11.1x	\$ 921.8	9.1x
2025E	\$ 670.1	8.4x	9.6x	9.9x	10.2x	10.6x	10.9x	\$ 955.1	8.8x
Op. EBIT	Metrics	EV/EBIT							
LTM	\$ 470.9	12.0x	13.7x	14.1x	14.6x	15.0x	15.4x	\$ 606.5	13.9x
2024E	\$ 397.1	14.2x	16.3x	16.8x	17.3x	17.8x	18.3x	\$ 540.6	15.6x
2025E	\$ 409.1	13.8x	15.8x	16.3x	16.8x	17.3x	17.8x	\$ 564.6	14.9x
Implied offer price multiples Huhtamaki									
EPS	Metrics	P/E							
LTM	\$ 2.65	14.7x	17.7x	18.4x	19.2x	19.9x	20.6x	\$ 2.90	18.8x
2024E	\$ 2.25	17.4x	20.8x	21.7x	22.6x	23.4x	24.3x	\$ 2.45	22.3x
2025E	\$ 2.58	15.1x	18.1x	18.9x	19.7x	20.4x	21.2x	\$ 3.28	16.7x

Appendix 33: Football field for share price, in €



Appendix 34: DCF sensitivities Huhtamaki

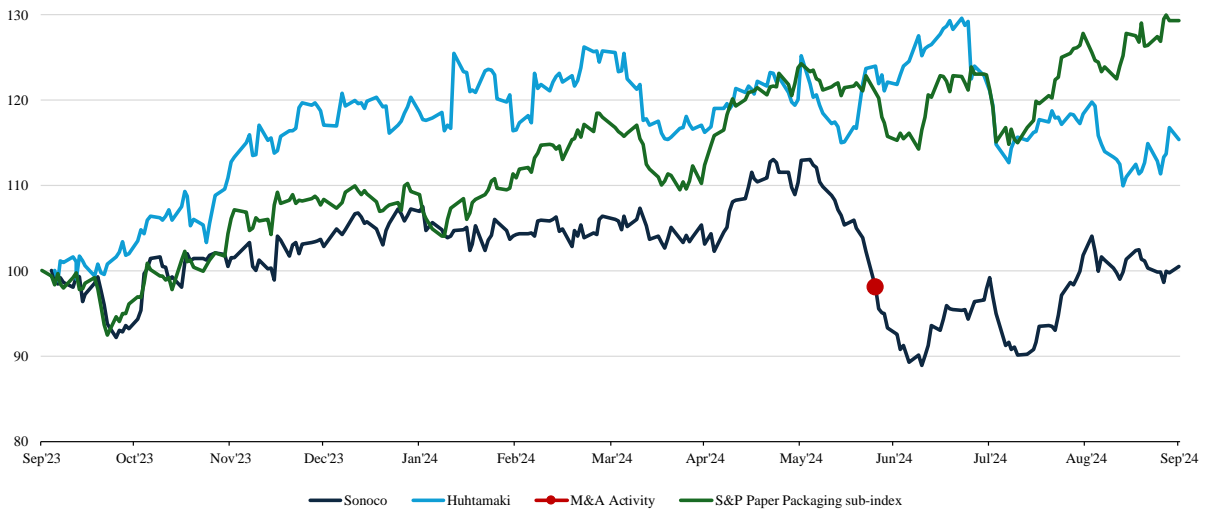
	€	35.04	3.46%	5.0%	5.7%	6.01%	6.3%	7.0%	7.5%
NOPAT growth	2.1%	€	115.64	€ 44.78	€ 32.61	€ 28.60	€ 25.43	€ 19.29	€ 15.90
	2.4%	€	150.00	€ 50.73	€ 36.20	€ 31.56	€ 27.93	€ 21.03	€ 17.27
	2.7%	€	211.19	€ 58.20	€ 40.51	€ 35.04	€ 30.84	€ 23.00	€ 18.81
	3.0%	€	352.12	€ 67.95	€ 45.79	€ 39.24	€ 34.30	€ 25.27	€ 20.56
	3.3%	€	1,008.82	€ 81.13	€ 52.37	€ 44.35	€ 38.44	€ 27.91	€ 22.56

		0.5%	3.46%	5.0%	5.7%	6.01%	6.3%	7.0%	7.5%
NOPAT growth	2.1%		231.5%	28.4%	-6.5%	-18.0%	-27.1%	-44.7%	-54.4%
	2.4%		330.0%	45.4%	3.8%	-9.5%	-19.9%	-39.7%	-50.5%
	2.7%		505.5%	66.9%	16.1%	0.5%	-11.6%	-34.1%	-46.1%
	3.0%		909.5%	94.8%	31.3%	12.5%	-1.7%	-27.5%	-41.1%
	3.3%		2792.3%	132.6%	50.2%	27.2%	10.2%	-20.0%	-35.3%

	€	35.04	Lower limit			Regression result	Upper limit		
			0.53	0.60	0.65	0.68	0.70	0.75	0.82
NOPAT growth	2.1%	€	40.34	€ 34.08	€ 30.30	€ 28.60	€ 27.04	€ 24.19	€ 20.83
	2.4%	€	45.35	€ 37.93	€ 33.52	€ 31.56	€ 29.77	€ 26.53	€ 22.75
	2.7%	€	51.54	€ 42.55	€ 37.34	€ 35.04	€ 32.96	€ 29.23	€ 24.93
	3.0%	€	59.43	€ 48.28	€ 41.97	€ 39.24	€ 36.78	€ 32.43	€ 27.48
	3.3%	€	69.77	€ 55.48	€ 47.68	€ 44.35	€ 41.39	€ 36.22	€ 30.45

		0.5%	Lower limit			Regression result	Upper limit		
			0.53	0.60	0.65	0.68	0.70	0.75	0.82
NOPAT growth	2.1%		15.7%	-2.3%	-13.1%	-18.0%	-22.5%	-30.6%	-40.3%
	2.4%		30.0%	8.7%	-3.9%	-9.5%	-14.7%	-23.9%	-34.8%
	2.7%		47.8%	22.0%	7.0%	0.5%	-5.5%	-16.2%	-28.5%
	3.0%		70.4%	38.4%	20.3%	12.5%	5.4%	-7.0%	-21.2%
	3.3%		100.0%	59.1%	36.7%	27.2%	18.7%	3.9%	-12.7%

Appendix 35: Sonoco's and Huhtamaki's share price and S&P 1,500 Paper Packaging sub-index development LTM (incl. Sonoco's announced acquisition), share prices indexed to 100



Appendix 36: Sources and uses of funds

Sources and uses of funds				
Uses				
Amount in	USD million	EUR million	% of total sources:	
Transaction equity value	5,315.1	4,747.3	92.4%	
Refinancing of existing debt	307.6	274.7	5.3%	
Non-controlling interest	96.2	85.9	1.7%	
Transaction fees	34.3	30.7	0.6%	
Total uses of funds	5,753.2	5,138.6	100.0%	

Refinancing of the bonds maturing in 2024 (EUR99.7m) and 2026 (EUR175m) assuming that the CoC clause is triggered, residual debt is not assumed to be refinanced

Sources				
Amount in	USD million	EUR million	% of total uses:	
Debt funding	438.1	391.3	7.6%	
Equity funding	5,315.1	4,747.3	92.4%	
Cash on hand used	-	-	0.0%	
Total sources of funds	5,753.2	5,138.6	100.0%	

New incremental debt
130.5

Appendix 37: Overview Huhtamaki's outstanding debt

Overview							
Amounts outstanding, in EUR millions	2024E	2025E	2026E	2027E	2028E	Later	TOTAL
Bonds	99.7		175	500	300		1074.7
Loans	42.4	172.9	169.8	30.5			415.6
Lease liabilities	6.5	24.8	20.6	19.1	16.7	75.4	163.1
	148.6	197.7	365.4	549.6	316.7	75.4	1653.4

Bonds (senior unsecured)										
EUR/USD 1.1196										
Amount Outstanding										
Issued Amount										
Description	Issue Date	Maturity Date	USD million	EUR million	Coupon, in %	USD million	EUR million	Refinancing required		
HUHAV 1.625 04-Oct-2024 '24	04-Oct-2017	04-Oct-2024	112	99.7	1.625	168	150	Y		
HUHAV 1.125 20-Nov-2026 '26	20-Nov-2019	20-Nov-2026	196	175.0	1.125	196	175	Y		
HUHAV 4.250 09-Jun-2027 '27	09-Jun-2022	09-Jun-2027	560	500.0	4.25	560	500	N		
HUHAV 5.125 24-Nov-2028 '28	24-Nov-2023	24-Nov-2028	336	300.0	5.125	336	300	N		
Total			1,203	1,074.7		1,260	1,125			

Loans										
EUR/USD 1.1196										
Amount Outstanding										
Facility Type	Issue Date	Maturity Date	USD million	EUR million						
Other loan		2024	30.7	27.4						
Commercial paper		2024	16.8	15.0						
Commercial paper	03-Jul-2020	03-Jul-2025	75.0	67.0						
Other loan	26-Jun-2020	26-Jun-2025	118.6	105.9						
Term Loan	22-May-2023	22-May-2026	140.0	125.0						
Revolver/Line >= 1 Yr.	16-Dec-2022	07-Jan-2026	50.2	44.8						
Commercial paper	03-May-2017	03-May-2027	34.1	30.5						
Total			465.3	415.6						

Appendix 38: Debt capacity analysis

Credit statistics											
Net debt/EBITDA											
USD million	2023	LTM	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
EBITDA Sonoco	1,034.8	968.8	921.8	955.1	999.6	1,026.9	1,056.0	1,079.0	1,117.1	1,141.0	1,165.4
EBITDA Huhtamaki	695.6	728.0	652.8	670.1	687.7	711.0	740.8	770.5	803.9	826.2	849.1
Pro forma EBITDA w/o synergies	1,730.4	1,696.8	1,574.6	1,625.2	1,687.3	1,738.0	1,796.8	1,849.5	1,921.1	1,967.2	2,014.6
Synergies before tax			(22.4)	47.0	128.8	184.7	184.7	184.7	184.7	184.7	184.7
Pro forma EBITDA w synergies	1,730.4	1,696.8	1,552.2	1,672.2	1,816.0	1,922.7	1,981.5	2,034.3	2,105.8	2,152.0	2,199.3
Pre-merger											
Net debt Sonoco	3,066.7	3,002.0	3,043.8	3,007.5	2,924.3	2,828.9	2,782.9	2,750.9	2,715.0	2,773.1	2,832.5
Net debt Huhtamaki	1,533.0	1,454.8	1,511.0	1,559.4	1,627.0	1,695.6	1,770.1	1,849.8	1,899.8	1,951.1	2,003.8
Post-merger											
Net debt Sonoco, incl. new debt	3,066.7	3,440.0	3,481.9	3,445.5	3,362.4	3,032.6	2,986.6	2,750.9	2,715.0	2,773.1	2,832.5
Net debt Huhtamaki, excl. refinanced debt	1,533.0	1,147.2	1,203.4	1,251.8	1,519.4	1,588.0	1,662.5	1,849.8	1,899.8	1,951.1	2,003.8
Combined net debt	4,599.7	4,587.3	4,685.3	4,697.4	4,881.8	4,620.6	4,649.2	4,600.6	4,614.9	4,724.3	4,836.3
<i>Δ net debt</i>	<i>0.0</i>	<i>130.5</i>	<i>130.5</i>	<i>130.5</i>	<i>330.5</i>	<i>96.2</i>	<i>96.2</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Standalone											
Net debt/EBITDA Sonoco	3.0 x	3.1 x	3.3 x	3.1 x	2.9 x	2.8 x	2.6 x	2.5 x	2.4 x	2.4 x	2.4 x
Net debt/EBITDA Huhtamaki	2.2 x	2.0 x	2.3 x	2.3 x	2.4 x	2.4 x	2.4 x	2.4 x	2.4 x	2.4 x	2.4 x
Post-merger											
Combined net debt/EBITDA (w/o synergies)	2.7 x	2.7 x	3.0 x	2.9 x	2.9 x	2.7 x	2.6 x	2.5 x	2.4 x	2.4 x	2.4 x
Combined net debt/EBITDA w/ synergies	2.7 x	2.7 x	3.0 x	2.8 x	2.7 x	2.4 x	2.3 x	2.3 x	2.2 x	2.2 x	2.2 x

Appendix 39: Credit statistics sensitivity - net debt/EBITDA

Credit statistics sensitivity													
Annual net debt/EBITDA w/ synergies - equity financing													
Total incremental net debt (incl. fees + NCI)	thereof purchase price	Equity financing	Year										
			LTM	End of grace period									
				2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	
768.3	637.8	88.0%	3.1x	3.4x	3.2x	3.0x	2.7x	2.7x	2.3x	2.2x	2.2x	2.2x	
662.0	531.5	90.0%	3.0x	3.4x	3.1x	3.0x	2.7x	2.6x	2.3x	2.2x	2.2x	2.2x	
555.7	425.2	92.0%	3.0x	3.3x	3.1x	2.9x	2.6x	2.6x	2.3x	2.2x	2.2x	2.2x	
449.4	318.9	94.0%	2.9x	3.2x	3.0x	2.9x	2.6x	2.5x	2.3x	2.2x	2.2x	2.2x	
343.1	212.6	96.0%	2.8x	3.2x	2.9x	2.8x	2.5x	2.5x	2.3x	2.2x	2.2x	2.2x	
236.8	106.3	98.0%	2.8x	3.1x	2.9x	2.7x	2.5x	2.4x	2.3x	2.2x	2.2x	2.2x	
130.5	-	100.0%	2.7x	3.0x	2.8x	2.7x	2.4x	2.3x	2.3x	2.2x	2.2x	2.2x	
Sonoco standalone			3.1x	3.3x	3.1x	2.9x	2.8x	2.6x	2.5x	2.4x	2.4x	2.4x	
Annual net debt/EBITDA w/o synergies - equity financing													
Total incremental net debt (incl. fees + NCI)	thereof purchase price	Equity financing	Year										
			LTM	End of grace period									
				2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	
768.3	637.8	88.0%	3.1x	3.4x	3.3x	3.3x	3.0x	2.9x	2.5x	2.4x	2.4x	2.4x	
662.0	531.5	90.0%	3.0x	3.3x	3.2x	3.2x	3.0x	2.9x	2.5x	2.4x	2.4x	2.4x	
555.7	425.2	92.0%	3.0x	3.2x	3.2x	3.1x	2.9x	2.8x	2.5x	2.4x	2.4x	2.4x	
449.4	318.9	94.0%	2.9x	3.2x	3.1x	3.1x	2.8x	2.8x	2.5x	2.4x	2.4x	2.4x	
343.1	212.6	96.0%	2.8x	3.1x	3.0x	3.0x	2.8x	2.7x	2.5x	2.4x	2.4x	2.4x	
236.8	106.3	98.0%	2.8x	3.0x	3.0x	3.0x	2.7x	2.6x	2.5x	2.4x	2.4x	2.4x	
130.5	-	100.0%	2.7x	3.0x	2.9x	2.9x	2.7x	2.6x	2.5x	2.4x	2.4x	2.4x	
Sonoco standalone			3.1x	3.3x	3.1x	2.9x	2.8x	2.6x	2.5x	2.4x	2.4x	2.4x	

Appendix 40: Value of tax shield and bankruptcy costs through new incremental debt

Financial distress costs								
USD million	30-Sep-24	Q4'24E	2025E	2026E	2027E	2028E	2029E	2030E
Sonoco								
Loss-given default	37.5%							
<u>If debt is within the ratings restriction:</u>								
Probability of default for BBB rated US corporates	3.87%							
Annualized Prob. Of Default (BBB)	0.38%							
Cost of debt (rd)	5.02%							
<u>If debt is not within the ratings restriction:</u>								
Probability of default for BB	13.08%							
Annualized Prob. Of Default (BB)	1.24%							
Expected additional yield	0.74%							
New: cost of debt (rd)	5.44%							
Equity financing	92%							
Incremental net debt	425.2	425.2	425.2	425.2	425.2	425.2	0.0	
Debt reimbursement		0.0	0.0	0.0	0.0	0.0	(425.2)	
Annual Interest		5.8	23.1	23.1	23.1	23.1	23.1	
Annual tax shield		1.2	4.9	4.9	4.9	4.9	4.9	
Value tax shield - @ rd	21.7	20.8	17.1	13.1	9.0	4.6	0.0	
Present value of bankruptcy costs @rd	(35.8)	(34.4)	(34.4)	(34.4)	(34.4)	(34.4)		
Total value of tax minus value of bankruptcy costs	(14.0)	(13.6)	(17.3)	(21.2)	(25.4)	(29.8)	0.0	

Sensitivity analysis

	Incremental debt for purchase price							
	637.8	531.5	425.2	318.9	212.6	106.3	-	
	Equity financing							
	92%	88%	90%	92%	94%	96%	98%	100%
Value of tax shield	21.7	32.6	27.1	21.7	16.3	10.9	5.4	0.0
Value of bankruptcy costs	(35.8)	(53.6)	(44.7)	(35.8)	(26.8)	(17.9)	(3.0)	0.0
Total effect	(14.0)	(21.1)	(17.6)	(14.0)	(10.5)	(7.0)	2.5	0.0
Net debt /EBITDA w/ synergies (2026E)		3.0x	3.0x	2.9x	2.9x	2.8x	2.7x	2.7x
Net debt /EBITDA w/o synergies (2026E)		3.3x	3.2x	3.1x	3.1x	3.0x	3.0x	2.9x

Above 92% within rating agencies requirements

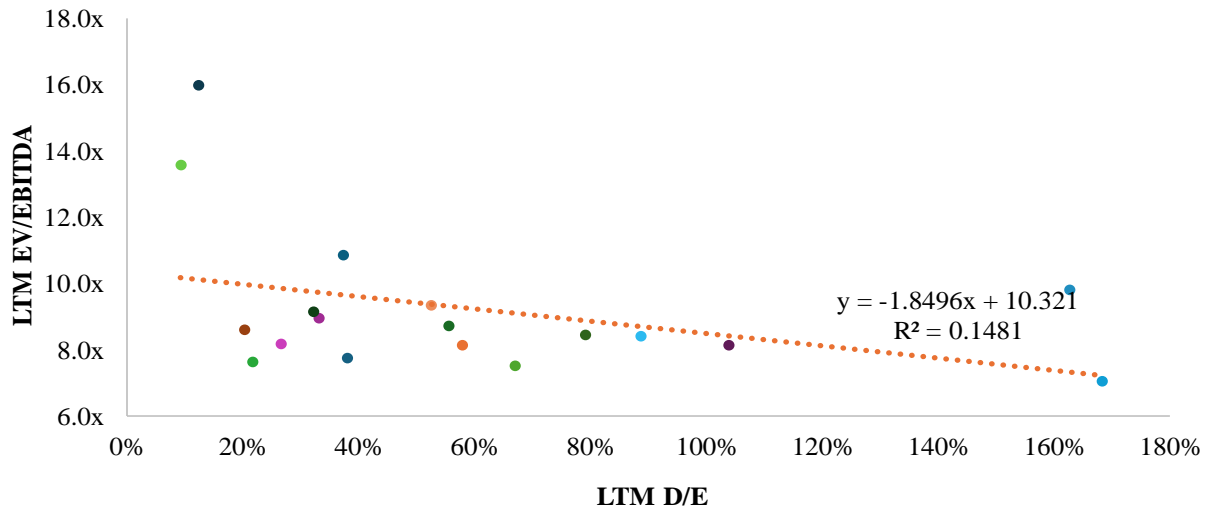
Appendix 41: Regression analysis - peer group's EV/EBITDA multiple regressed on D/E ratios

Regression Statistics	
Multiple R	0.385
R Square	0.148
Adjusted R Square	0.095
Standard Error	2.133
Observations	18

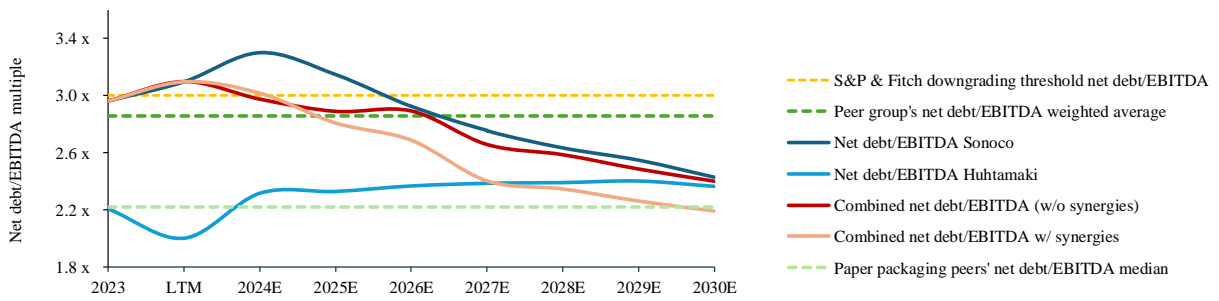
	df	SS	MS	F	Significance F
Regression	1	12.676	12.676	2.785	0.115
Residual	16	72.817	4.551		
Total	17	85.493			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	10.322	0.827	12.481	0.000	8.568	12.075
X Variable 1	(1.850)	1.108	(1.669)	0.115	(4.200)	0.500

Peer group regression - D/E and EV/EBITDA



Appendix 42: Projected net debt/EBITDA multiple development



Appendix 43: Paying in cash vs. stock

Paying with Cash vs. Stock: Impact on value

<u>Market value before deal</u>	USD million			
Sonoco	5,423.0			
Huhtamaki	4,088.6			
Price paid (incl. 30% premium)	5,315.1			
Ownership Huhtamaki post-merger	49.5%			

USD million	w/ synergies		w/o synergies	
	<u>Base case</u>	<u>Downside case</u>	<u>Break-even</u>	
Synergy value	3,014.3	2,070.8	1,226.6	
<i>Synergies above premium paid</i>	1,787.7	844.2	-	
<i>as % of Huhtamaki's market value</i>	43.7%	20.6%	0.0%	

Consideration in 100% cash				
Combined equity value	12,525.8	11,582.3	10,738.1	9,511.5
Price paid	5,315.1	5,315.1	5,315.1	5,315.1
Equity value of Sonoco post-merger	7,210.7	6,267.2	5,423.0	4,196.4
Value created (destroyed) for Huhtamaki shareholders	1,226.6	1,226.6	1,226.6	1,226.6
<i>Value created for Huhtamaki shareholders in %</i>	30.0%	30.0%	30.0%	30.0%
<i>Share of synergies received</i>	40.7%	59.2%	100.0%	
Equity value of Sonoco pre-merger	5,423.0	5,423.0	5,423.0	5,423.0
Value created (destroyed) for Sonoco shareholders	1,787.7	844.2	-	(1,226.6)
<i>Value created for Sonoco shareholders in %</i>	33.0%	15.6%	0.0%	-22.6%
<i>Share of synergies received</i>	59.3%	40.8%	0.0%	

Consideration in 100% stock				
Combined equity value	12,525.8	11,582.3	10,738.1	9,511.5
Ownership Huhtamaki post-merger	49.5%	49.5%	49.5%	49.5%
Huhtamaki's share post-merger	6,200.0	5,733.0	5,315.1	4,708.0
Equity value of Sonoco post-merger	6,325.8	5,849.3	5,423.0	4,803.5
Value created (destroyed) for Huhtamaki shareholders	2,111.5	1,644.4	1,226.6	619.4
<i>Value created for Huhtamaki shareholders in %</i>	51.6%	40.2%	30.0%	15.2%
<i>Share of synergies received</i>	70.0%	79.4%	100.0%	
Equity value of Sonoco pre-merger	5,423.0	5,423.0	5,423.0	5,423.0
Value created (destroyed) for Sonoco shareholders	902.8	426.4	-	(619.4)
<i>Value created for Sonoco shareholders in %</i>	16.6%	7.9%	0.0%	-11.4%
<i>Share of synergies received</i>	30.0%	20.6%	0.0%	

Appendix 44: Sensitivity analyses of the exchange ratio and ownership in relation to Sonoco's share price and stock consideration mix, in %

Sensitivity analyses

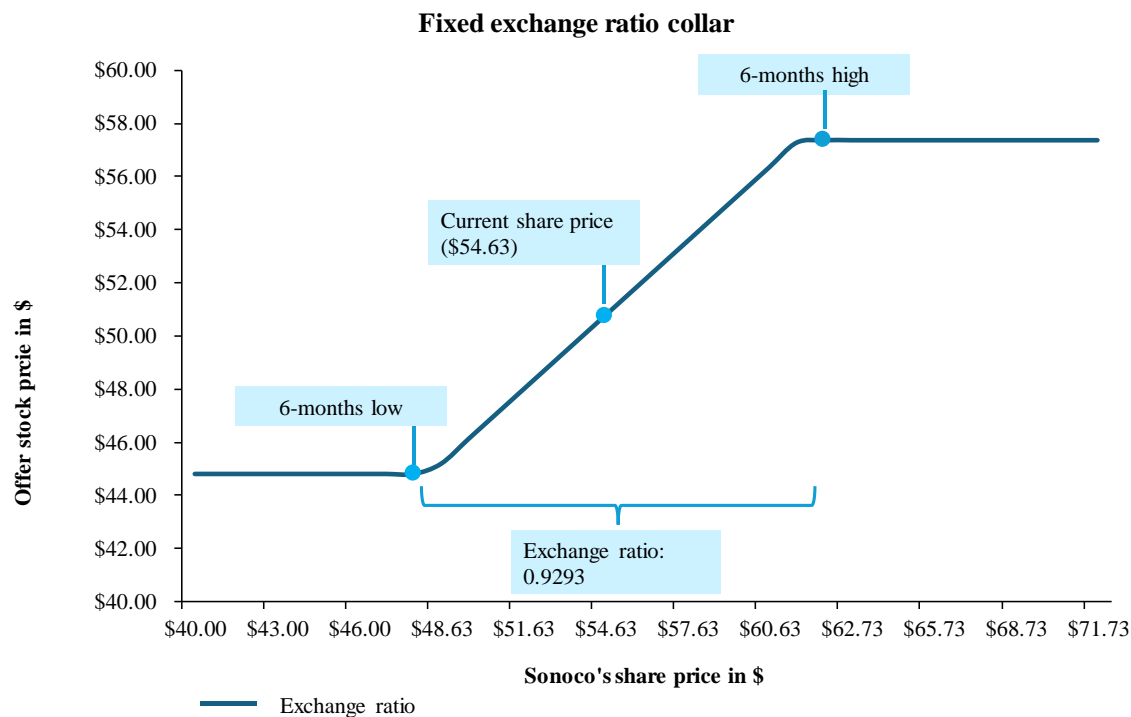
Exchange ratio: sensitivity of Sonoco share price and stock consideration mix in %

Stock consideration mix %	Sonoco's share price, in \$									
	6-months low			current price				6-months high		
	0.929	\$ 47.50	\$ 48.22	\$ 50.00	\$ 52.50	\$ 54.63	\$ 57.50	\$ 60.00	\$ 61.73	\$ 62.50
80%	0.855	0.842	0.812	0.774	0.743	0.706	0.677	0.658	0.650	
85%	0.908	0.895	0.863	0.822	0.790	0.750	0.719	0.699	0.690	
90%	0.962	0.948	0.914	0.870	0.836	0.795	0.762	0.740	0.731	
95%	1.015	1.000	0.965	0.919	0.883	0.839	0.804	0.781	0.772	
100%	1.069	1.053	1.015	0.967	0.929	0.883	0.846	0.822	0.812	

Ownership ratio: sensitivity of Sonoco share price and stock consideration mix in %

Stock consideration mix %	Sonoco's share price, in \$									
	6-months low			current price				6-months high		
	50.5%	\$ 47.50	\$ 48.22	\$ 50.00	\$ 52.50	\$ 54.63	\$ 57.50	\$ 60.00	\$ 61.73	\$ 62.50
70%	52.6%	53.0%	53.9%	55.1%	56.1%	57.3%	58.3%	59.0%	59.3%	
85%	51.1%	51.4%	52.3%	53.6%	54.6%	55.8%	56.9%	57.6%	57.9%	
90%	49.6%	50.0%	50.9%	52.1%	53.1%	54.4%	55.5%	56.2%	56.5%	
95%	48.3%	48.7%	49.6%	50.8%	51.8%	53.1%	54.1%	54.8%	55.1%	
100%	47.0%	47.4%	48.3%	49.5%	50.5%	51.8%	52.8%	53.6%	53.9%	

Appendix 45: Fixed exchange ratio collar



Appendix 46: Sum-of-the-parts valuation

Overview EV-equity bridge incl. synergies and transactions effect				
USD million		Sonoco	Huhtamaki	Combined
Pre-merger	Unlevered value	7,910.7	5,341.8	13,252.5
	Value of tax shield	483.6	316.6	800.2
	Levered value	8,394.3	5,658.5	14,052.7
	Net debt	3,002.0	1,454.8	4,456.8
	Non-controlling interest	8.2	96.2	104.4
	Equity value	5,384.1	4,107.5	9,491.6
Synergies	Unlevered value	1,004.3	1,842.5	2,846.8
	Value of tax shield	63.5	104.1	167.5
	Levered value	1,067.8	1,946.6	3,014.3
Financing	Net debt	438.1	(307.6)	130.5
	Non-controlling interest	0.0	(96.2)	(96.2)
	Value of tax shield	17.0	(9.9)	7.1
Post-merger	Unlevered value	8,915.0	7,184.3	16,099.3
	Value of tax shield	564.0	410.8	974.9
	Levered value	9,479.0	7,595.2	17,074.1
	Net debt	3,440.0	1,147.2	4,587.3
	Non-controlling interest	8.2	0.0	8.2
	Equity value	6,030.7	6,447.9	12,478.7
Post- vs. pre-merger	<i>Δ unlevered value</i>	<i>1,004.3</i>	<i>1,842.5</i>	<i>2,846.8</i>
	<i>Δ value of tax shield</i>	<i>80.4</i>	<i>94.2</i>	<i>174.6</i>
	<i>Δ levered value</i>	<i>1,084.7</i>	<i>1,936.7</i>	<i>3,021.4</i>
	<i>Δ net debt +debt-like items</i>	<i>438.1</i>	<i>(307.6)</i>	<i>130.5</i>
	<i>Δ equity value</i>	<i>646.7</i>	<i>2,340.4</i>	<i>2,987.1</i>

Appendix 47: Incremental tax shield

Incremental tax shield										
USD million	30-Sep-24	0.25 Q4'24E	1.25 2025E	2.25 2026E	3.25 2027E	4.25 2028E	5.25 2029E	6.25 2030E	7.25 2031E	8.25 2032E
Sonoco										
Net debt	438.1	438.1	438.1	438.1	203.8	203.8	0.0	0.0	0.0	0.0
Debt reimbursement		0.0	0.0	0.0	(234.3)	0.0	(203.8)	0.0		
Cost of debt (rd)	5.0%									
Annual Interest		5.5	22.0	22.0	22.0	10.2	10.2	0.0	0.0	0.0
Annual tax shield		1.2	4.6	4.6	4.6	2.1	2.1	0.0	0.0	0.0
Value Tax Shield	17.0	16.0	12.2	8.2	4.0	2.0	0.0	0.0	0.0	0.0
Huhtamaki										
Net debt	(307.6)	(307.6)	(307.6)	(107.6)	(107.6)	(107.6)	0.0	0.0	0.0	0.0
New debt		0.0	0.0	200.0	0.0	0.0	107.6	0.0		
Cost of debt (rd)	3.5%									
Annual Interest		(3.9)	(15.5)	(15.5)	(5.4)	(5.4)	(5.4)	0.0	0.0	0.0
Annual tax shield		(0.8)	(3.2)	(3.2)	(1.1)	(1.1)	(1.1)	0.0	0.0	0.0
Value Tax Shield	(9.9)	(9.1)	(6.2)	(3.2)	(2.2)	(1.1)	0.0	0.0	0.0	0.0
Combined										
Δ Tax shield	7.1	6.9	6.0	5.0	1.8	1.0	0.0	0.0	0.0	0.0
Sensitivity analysis										
Total value of tax shield:										
		7.1	768.3	662.0	555.7	449.4	343.1	236.8	130.5	
			Incremental net debt							
			Equity financing							
		7.1	88%	90%	92%	94%	96%	98%	100%	
Premium paid %	30.0%		37.5	32.5	27.4	22.3	17.3	12.2	7.1	

Appendix 48: Sensitivity analysis of Huhtamaki's post-merger ownership and transaction equity value (total and per share) to EUR/USD rate and its pre-merger share price

Ownership Huhtamaki: sensitivity of EUR/USD rate and Huhtamaki's share price in €

		EUR/USD exchange rate								
		49.5%	1-year average			3-months average			current	
			1.06	1.07	1.0842	1.09	1.0987	1.10	1.1196	1.13
Huhtamaki's share price	€ 32.00	46.0%	46.2%	46.5%	46.7%	46.9%	46.9%	47.3%	47.6%	47.8%
	€ 34.00	47.5%	47.7%	48.1%	48.2%	48.4%	48.4%	48.9%	49.1%	49.3%
	€ 34.88	48.1%	48.4%	48.7%	48.8%	49.0%	49.1%	49.5%	49.7%	49.9%
	€ 37.00	49.6%	49.8%	50.2%	50.3%	50.5%	50.5%	51.0%	51.2%	51.4%
	€ 40.10	51.6%	51.9%	52.2%	52.3%	52.5%	52.5%	53.0%	53.2%	53.4%

Transaction value Huhtamaki: sensitivity of EUR/USD rate and Huhtamaki's share price in €

		EUR/USD exchange rate								
		\$ 5,315.1	1-year average			3-months average			current	
			1.06	1.07	1.0842	1.09	1.0987	1.10	1.1196	1.13
Huhtamaki's share price	€ 32.00	\$ 4,616.7	\$ 4,660.2	\$ 4,722.1	\$ 4,747.3	\$ 4,785.2	\$ 4,790.9	\$ 4,876.3	\$ 4,921.6	\$ 4,965.1
	€ 34.00	\$ 4,905.2	\$ 4,951.5	\$ 5,017.2	\$ 5,044.1	\$ 5,084.3	\$ 5,090.3	\$ 5,181.0	\$ 5,229.2	\$ 5,275.4
	€ 34.88	\$ 5,032.2	\$ 5,079.7	\$ 5,147.1	\$ 5,174.6	\$ 5,215.9	\$ 5,222.1	\$ 5,315.1	\$ 5,364.5	\$ 5,412.0
	€ 37.00	\$ 5,338.0	\$ 5,388.4	\$ 5,459.9	\$ 5,489.1	\$ 5,532.9	\$ 5,539.5	\$ 5,638.2	\$ 5,690.6	\$ 5,740.9
	€ 40.10	\$ 5,785.3	\$ 5,839.9	\$ 5,917.4	\$ 5,949.0	\$ 5,996.5	\$ 6,003.6	\$ 6,110.6	\$ 6,167.3	\$ 6,221.9

Offer price per share Huhtamaki: sensitivity of EUR/USD rate and Huhtamaki's share price in €

		EUR/USD exchange rate								
		\$ 50.77	1-year average			3-months average			current	
			1.06	1.07	1.0842	1.09	1.0987	1.10	1.1196	1.13
Huhtamaki's share price	€ 32.00	\$ 44.10	\$ 44.51	\$ 45.10	\$ 45.34	\$ 45.71	\$ 45.76	\$ 46.58	\$ 47.01	\$ 47.42
	€ 34.00	\$ 46.85	\$ 47.29	\$ 47.92	\$ 48.18	\$ 48.56	\$ 48.62	\$ 49.49	\$ 49.95	\$ 50.39
	€ 34.88	\$ 48.06	\$ 48.52	\$ 49.16	\$ 49.42	\$ 49.82	\$ 49.88	\$ 50.77	\$ 51.24	\$ 51.69
	€ 37.00	\$ 50.99	\$ 51.47	\$ 52.15	\$ 52.43	\$ 52.85	\$ 52.91	\$ 53.85	\$ 54.35	\$ 54.83
	€ 40.10	\$ 55.26	\$ 55.78	\$ 56.52	\$ 56.82	\$ 57.28	\$ 57.34	\$ 58.36	\$ 58.91	\$ 59.43