

Market Update

Contract Manufacturing

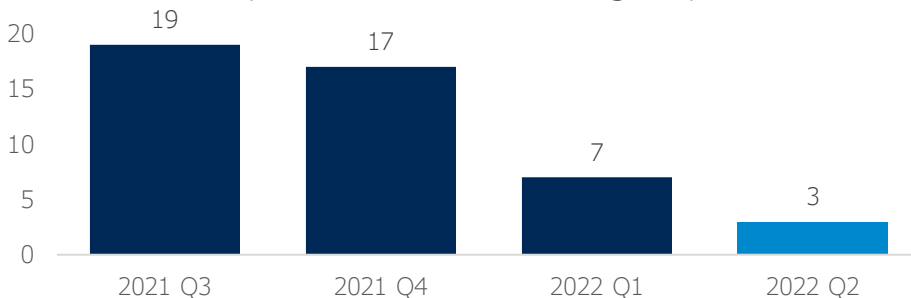
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Contract Manufacturing Overview

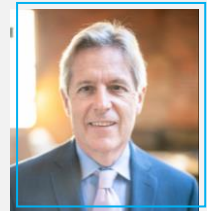
Throughout 2022, the contract manufacturing industry will continue to be driven by technology advancements, marketplace needs, and business objectives. COVID-19 continues to impact the supply chain as consumer demand and material delays persist. Notwithstanding, 2022 has introduced plenty of new opportunities for contract manufacturers to capitalize on, including transitioning to becoming smart factories. Smart factories include newer machines and equipment with onboard sensors, monitoring tools, and sophisticated software applications all of which are improving operational efficiency and cutting costs. Along with this technological shift we are seeing, manufacturing companies are beginning to put heavy emphasis on sustainability and carbon neutrality. Sustainability requirements from government, municipal, and institutional contracts are becoming increasingly stringent along with the ESG standards of contract manufacturing clients. Industry powerhouses are adjusting their practices accordingly by adopting carbon-neutral practices. Finally, we continue to see a transition from the offshoring business model to reshoring as contract manufacturers shorten response times from manufacturer to consumer. Contract manufacturers are also extending their competency into product development thereby establishing deeper strategic relationships with their clients.

Despite near-term headwinds such as supply chain bottlenecks and cybersecurity attacks, the contract manufacturing industry is projected to reach 121 billion in revenue in 2025, a 10.2% CAGR (CPA, the Association for Contract Packagers and Manufacturer’s State of the Industry Report). 7MA will continue monitoring such near-term headwinds and how it all relates to the future of the contract manufacturing industry.

Quarterly Contract Manufacturing Acquisitions



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Q2 2022 Contract Manufacturing Transactions

Club Coffee acquired by Olam International



- Club Coffee is an operator of coffee processing for retail, foodservice and contract manufacturing clients. The company is engaged in the production and distribution of roasted coffee along with tea, thereby enabling clients to offer quality beverages to customers.

Date: April 2022

Deal Type: M&A

Target HQ: U.S.

Johnvince Foods acquired by TorQuest Partners



- Johnvince Foods is a provider of food and beverage manufacturing and distribution services intended to serve independent grocers, department chains and convenience stores. The company offers almonds, dates, candies, chocolates as well as various syrups and beverages to food enterprises across North America, helping them meet their product demands easily.

Date: April 2022

Deal Type: Capital Raise

Target HQ: Canada

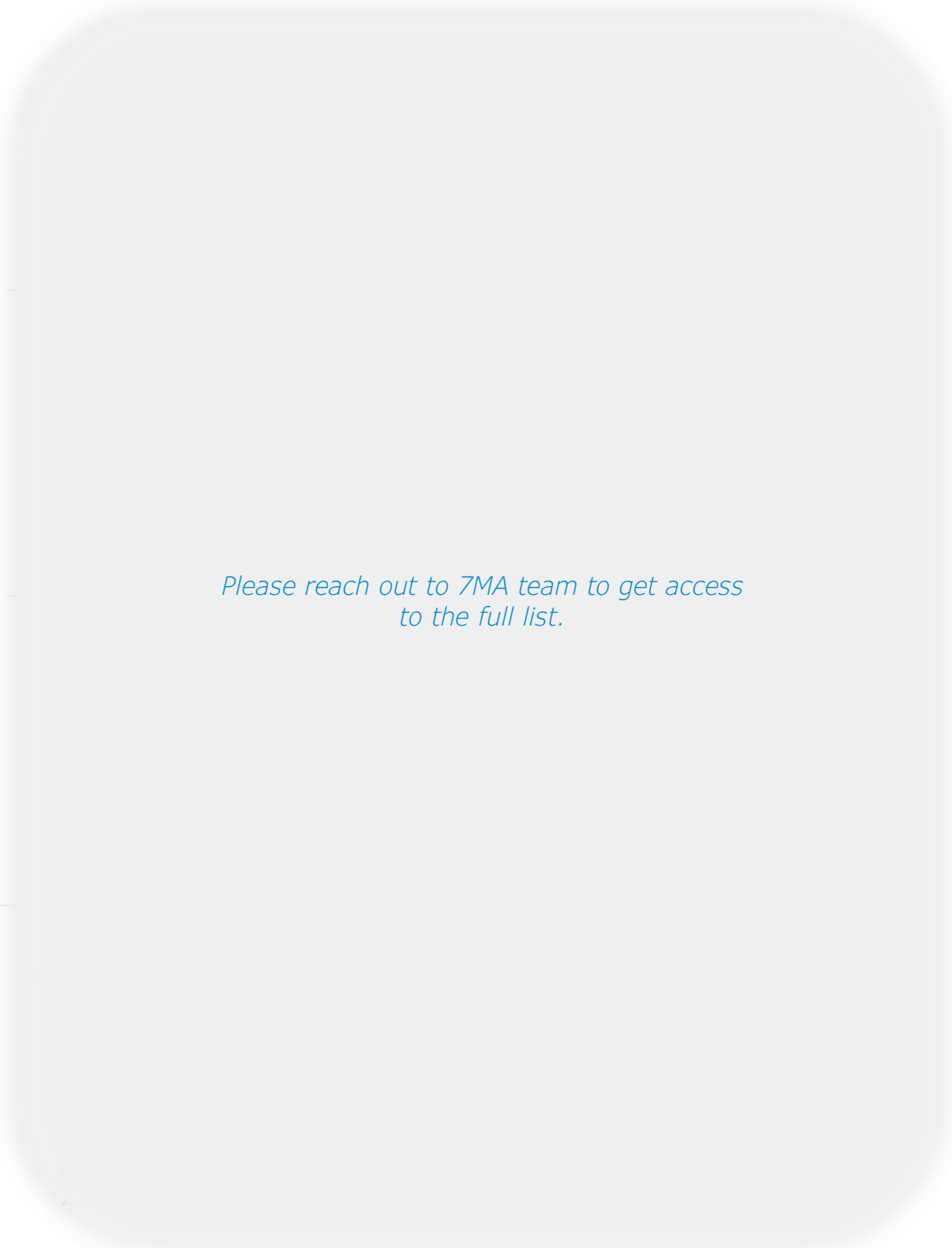
7MA Contract Manufacturing Transaction

S&D Coffee acquired by Cott Corporation



7 Mile Advisors (7MA) acted as financial advisor to Concord, North Carolina-based S&D Coffee, Inc. (S&D) on its sale to Cott Corporation (Cott). A leading manufacturer and distributor of coffees, teas, specialty beverages, extracts and ingredients to the foodservice industry, S&D engaged 7MA to explore a strategic sale of the company. The deal closed on Aug. 11, 2016.

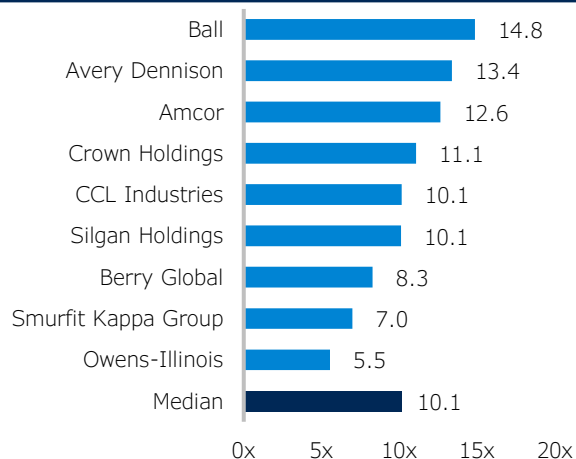
Sq. Feet



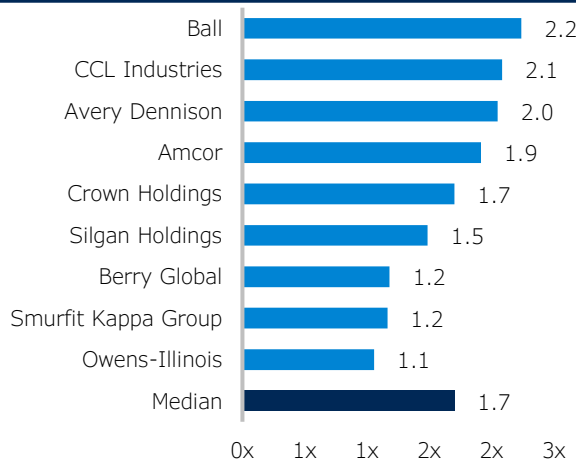
Publicly-traded Manufacturing Companies – Q2 2022

Company	LTM		LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA		# FTEs	Rev / FTE \$k
	TEV \$m	EBITDA \$m						X	X		
Ball	32,217	2,170	14,402	18.8%	19.4%	15.1%	2.2x	14.8x	24,300	593	
Amcor	26,974	2,134	14,089	12.3%	19.7%	15.1%	1.9x	12.6x	46,000	306	
Crown Holdings	20,397	1,842	11,992	24.3%	20.0%	15.4%	1.7x	11.1x	26,000	461	
Avery Dennison	17,831	1,334	8,706	19.3%	27.1%	15.3%	2.0x	13.4x	36,000	242	
Berry Global	17,340	2,095	14,692	18.3%	16.1%	14.3%	1.2x	8.3x	47,000	313	
Smurfit Kappa Group	13,899	1,990	11,949	18.5%	30.6%	16.7%	1.2x	7.0x	48,000	249	
CCL Industries	9,808	966	4,708	11.5%	27.4%	20.5%	2.1x	10.1x	15,900	296	
Silgan Holdings	8,741	865	5,881	14.6%	15.8%	14.7%	1.5x	10.1x	15,600	377	
Owens-Illinois	6,921	1,249	6,548	8.6%	17.5%	19.1%	1.1x	5.5x	24,000	273	
Average	17,125	1,627	10,330	16.2%	21.5%	16.2%	1.7x	10.3x	31,422	345	
Median	17,340	1,842	11,949	18.3%	19.7%	15.3%	1.7x	10.1x	26,000	306	

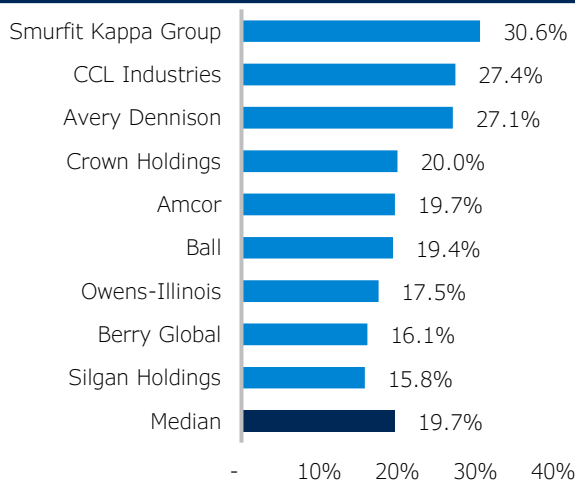
TEV / EBITDA X



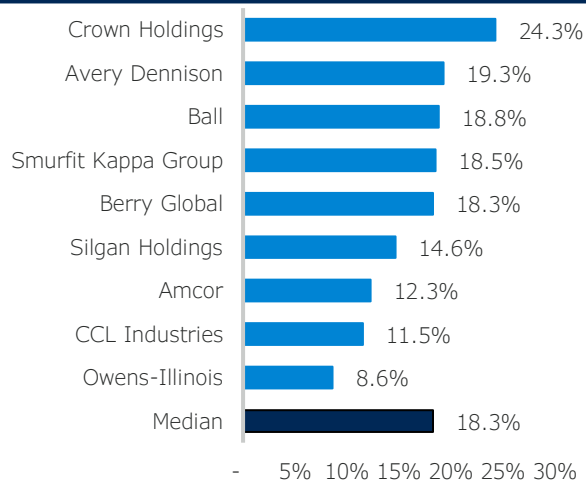
TEV / Rev X



Gross Margin %



Rev Growth YoY



Q2 2022 M&A Transactions – Contract Manufacturing

Date	Target	Buyer / Investor	Target Description
April			<ul style="list-style-type: none"> Operator of coffee processing company for retail, foodservice and contract manufacturing clients.
April			<ul style="list-style-type: none"> Provider of food and beverage manufacturing and distribution services intended to serve independent grocers, department chains and convenience stores.
May			<ul style="list-style-type: none"> Provider of packaging products manufacturing and associated printing services intended for food, beverages, personal care, cosmetics, nutraceutical, industrial products and private labels.

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. All securities transactions are executed by 7M Securities, LLC, member FINRA / SIPC. For more information, including research on the M&A markets, visit www.7mileadvisors.com.



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Notable 7 Mile Transactions

