

COVID-19: PAPER & PACKAGING INDUSTRIES

NEAR-TERM FOCUS

PAPER INDUSTRY

- Sufficient liquidity to withstand the expected volume and price declines given the industry's high fixed cost structure
- Capacity closures to preempt inventory build-up or due to inability to source raw material (especially waste paper)

PACKAGING INDUSTRY

- Sufficient liquidity to withstand the expected relatively modest volume declines
- Raw material cost declines due to the significant drop in oil prices to mitigate margin compression

LONG-TERM TRENDS

- Increased use of e-commerce → Corrugated
- Increased use of delivery services (groceries, pharmacies, restaurants ...) → Kraft paper; thermoformed containers
- Increased emphasis on hygiene → Tissue; wipes (non-wovens); flexible
- Increased focus on health and wellness → Folding cartons; rigid; labels
- Increased domestic production in order to reduce the dependence on imports of various products considered critical or of national security (for example, pharmaceuticals) → All packaging

THEMES TO WATCH / KEY BENEFICIARIES

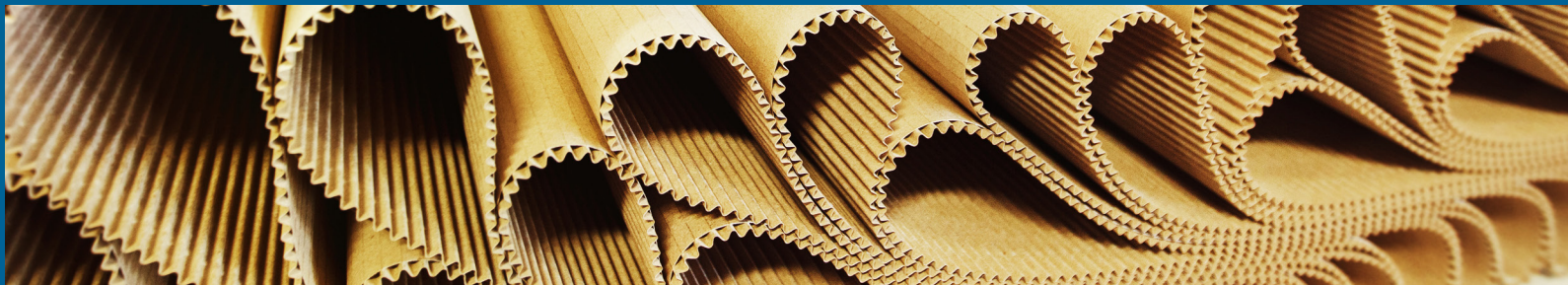
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Having completed over 125 transactions in recent years, Mesirow Financial is one of the most active advisors in the paper, plastics, packaging and specialty printing sectors.

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