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

PAPER INDUSTRY
- Increased use of e-commerce
- Increased use of delivery services (groceries, pharmacies, restaurants …)
- Increased emphasis on hygiene
- Increased focus on health and wellness
- Increased domestic production in order to reduce the dependence on imports of various products considered critical or of national security (for example, pharmaceuticals)

PACKAGING INDUSTRY
- Corrugated
- Kraft paper; thermoformed containers
- Tissue; wipes (non-wovens); flexible
- Folding cartons; rigid; labels
- All packaging

THEMES TO WATCH / KEY BENEFICIARIES

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
- Raw material cost declines due to the significant drop in oil prices to mitigate margin compression

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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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