

NEW DIRECTION PARTNERS

New Direction Partners, LLC was 10 years old on March 25, 2019



New Direction Partners is once again honored by the recognition from Axial for the hard work our team has put in on behalf of the printing, packaging and wide format industries. **We are thrilled to be ranked #6 out of 3,500 firms reviewed!**

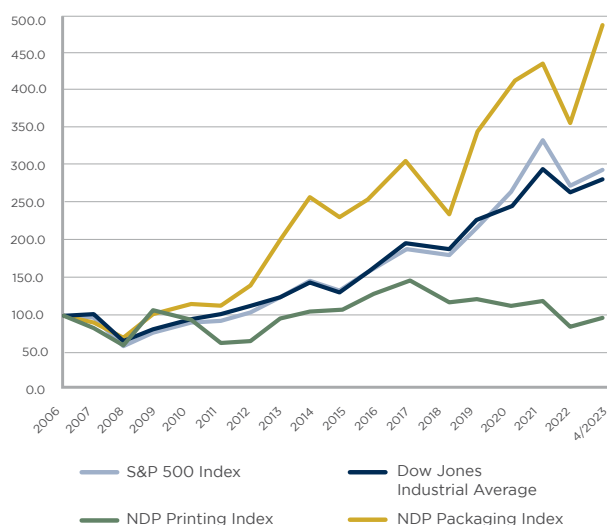
Recent Transactions

New Direction Partners, the leading middle market investment banking firm in the printing and packaging industries, has recently completed the following transactions:

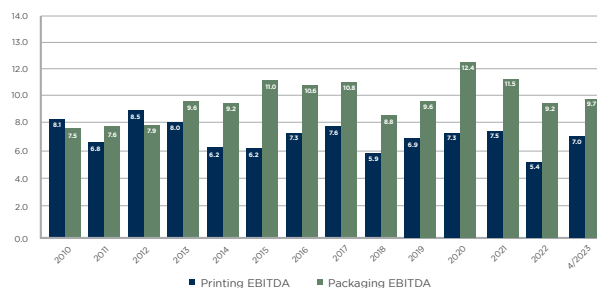
- ▶ Sale of McNaughton & Gunn to CJK Group. New Direction Partners represented the Seller.
- ▶ Sale of CP Direct to Granite Creek Capital. New Direction Partners represented the seller.
- ▶ Purchase of ITW Labels by OMNI Systems, Inc. New Direction Partners represented the buyer.
- ▶ Sale of HBP, Inc. to JAL Equity. New Direction Partners represented the seller.
- ▶ Sale of Brant InStore Corporation to JAL Equity. New Direction Partners represented the seller.
- ▶ Sale of Abbott Communications Group to Sandy Alexander (Snow Peak Capital). New Direction Partners represented the seller.
- ▶ Sale of Southland Envelope to JAL Equity. New Direction Partners represented the seller.
- ▶ Sale of Knepper Press and Dual Printing & Mailing to JAL Equity. New Direction Partners represented the seller.
- ▶ Sale of the Direct Mail division of American Spirit Graphics to JAL Equity. New Direction Partners represented the seller.
- ▶ Sale of Sandy Alexander to Snow Peak Capital. New Direction Partners represented the seller.
- ▶ SEG Systems & SEG Services were acquired by Orbus Exhibit & Display Group, a portfolio investment owned by Tenex Capital Management. New Direction Partners represented the seller in these transactions.
- ▶ Las Vegas Color Graphics was acquired by JAL Equity. New Direction Partners represented the seller.
- ▶ Fenske Media was acquired by Allan Creel. New Direction Partners represented the seller.
- ▶ LEM Products was acquired by Trident Solutions and River Associates. New Direction Partners represented the seller.
- ▶ Sale of Apogee Industries to Legacy Labels, LLC. New Direction Partners represented the seller.
- ▶ Sale of Overflowworks.com to Amsive. New Direction Partners represented the seller.

Industry Trends by Peter Schaefer

The New Direction Partners Printing & Packaging Stock Price Index



The New Direction Partners Printing & Packaging EBITDA Trend



It is important to note that private businesses typically sell for lower EBITDA multiples than the multiples of their publicly-traded counterparts due to private company status and a lack of liquidity as well as size and risk differential.

Places to See NDP

- ▶ Peter Schaefer will be attending and presenting at the Wide Format Summit in Palm Beach Gardens, Florida, July 24-26.
- ▶ The entire New Direction Partners team will be attending PRINTING United in Atlanta, Georgia October 18-20.

Recent Webinars

- ▶ NAPCO hosted a recent webinar “The Inside Scoop On Buyers Interested In Print And Packaging”, presented by James Russell and Peter Schaefer.

Mergers & Acquisitions in the Printing & Packaging Industry remain strong with activity being fueled by strong private equity (PE) and strategic interest. While PE has been active in the packaging space for a number of years, with multiple buyers engaged in significant roll-ups, both large and small, they are also active in commercial print and other industry segments. In this webinar, you will learn:

- ▶ Who some of the more active PE and strategic acquirers are
- ▶ How to increase the value of your business to make it more attractive
- ▶ What they find attractive and how they differ
- ▶ [View presentation here](#)

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- ▶ NAPCO hosted a recent webinar “Why It’s Still a Good Time to Buy/Sell Your Printing or Packaging Company”, presented by Jim Russell and Tom Williams.

And here’s why. If you’re a Seller, there are more active buyers in the marketplace than ever before. In addition to the two traditional types of buyers, Strategic and Financial, there is now a new type of buyer active in our industry, the Search Fund. With so many active, qualified buyers looking at all segments of the printing industry, it’s a very good time to maximize the lifelong investment you have in your business.

And if you’re a Buyer, a strategic acquisition remains one of the best ways to diversify your product and service offering or grow your sales. As more and more print and packaging company owners reach retirement age and having just come through the challenges that Covid-19 created in their businesses, they are ready to transition to the next phase of life. They are looking for the right buyers to take over their businesses.

In this session, we’ll explain the difference between financial and strategic buyers, the pros, and cons of each, and we’ll explain what a search fund is. We’ll discuss the effects the current turbulent economic environment has on buying and selling in print and packaging. In this session you will also learn:

- ▶ As a seller, what type of buyer best fits your requirements.
- ▶ How to maximize value as a seller; and how to ensure a fair value as a buyer.
- ▶ As a buyer, what to look for in a successful acquisition.
- ▶ ... and much more.
- ▶ An overview of both macro- and micro-economic conditions.
- ▶ [View presentation here](#)

- ▶ NAPCO hosted a recent webinar “8 Mega Trends Driving Success In The Printing Industry”, presented by Peter Schafer and Jim Russell.

In a highly competitive industry, printers must focus on two things to succeed: efficiency and growth. The first delivers a better bottom line; the second produces a more robust top line. In this session, New Direction Partners experts will share what they have found to be the 8 mega trends driving success for printing companies, providing insight to owners and managers about how they can ensure enduring success in their own businesses. This includes:

- ▶ Operating as efficiently as possible
- ▶ Investing in technology
- ▶ Maintaining a healthy balance sheet
- ▶ The role of mergers and acquisitions
- ▶ ... and more

Don't miss this important webinar. The future of your business may depend on it. [View presentation here.](#)

- ▶ PIA Mid America hosted a recent webinar “Manage Your Customer Concentration”. While too much customer concentration can be risky, there are also advantages to embracing your strategic success.

Customer concentration is occurring more frequently today, especially in family-owned firms.

This is the result of customer-focused and solution-selling sales strategies.

Paul Reilly and Jim Russell from New Direction Partners discuss how to manage customer concentration risks for profitable growth. Topics include:

- ▶ Managing customer departure risks
- ▶ Leveraging customer concentration for business growth
- ▶ Concentration considerations in mergers & acquisitions

[View Presentation here.](#)

- ▶ GLGA hosted a webinar “Profit Matters Webinar – Managing Customer Concentration in Today’s Printing and Packaging Environment” presented by Tom Williams and Peter Reilly. Customer concentration is occurring more frequently today, especially in family-owned firms between \$5 million and \$75 million in sales. This is the result of the successful outcome of a customer focus/solution selling sales strategy. While too much customer concentration can be risky, there are also advantages to embracing your strategic success. Our experts provide insight into how to manage customer concentration risks for profitable growth. During this session, attendees learned:

- ▶ Managing customer departure risks
- ▶ Leveraging customer concentration for business growth
- ▶ Customer concentration considerations in mergers & acquisitions... and more
- ▶ [View presentation here.](#)

- ▶ NAPCO hosted a webinar on “M&A Trends in Print & Packaging” Presented by New Direction Partners’s Paul Reilly. The webinar covered what is happening in today’s M&A market. Today’s transaction structures are different from just a few years ago in response to a restructuring industry. Participants learned why an acquisition strategy has never been more important and what types of transactions are occurring. They also covered the details of these various types of transactions in order to make better decisions for their own businesses. The experts from New Direction Partners also talked about the current M&A market, why now is a good time for these transactions, and how long the market might remain strong. They will also shared real life examples of things gone right, and a few that have gone wrong, from the many transactions they seen over time. The presenters also outlined EBITDA ranges that affect the value of businesses being sold and how to enhance that value. [View Archive.](#)

Featured Listings

Firms for Sale

▶ Northeast Screen Printer

This client is a very successful and profitable mid-sized screen printer serving a large and stable list of customers. Their products and specialties serve an ongoing, cyclical market segment with repeat and ongoing continued relationships expected. With regional/national clients, the business can remain in the current location or transfer and be absorbed as the buyer desires. Owner looking to depart after a reasonable transition period with key employees in place to continue. Details still being gathered and will come on market in early summer. Please indicate an early interest to receive information.

Contact:

***Jim Tepper @ JTepper@NewDirectionPartners.com
or by phone at 508-523-9033.***

or

***Paul Reilly @ PREilly@NewDirectionPartners.com
or by phone at 303-520-7803.***

▶ Northeast Digital Marketing Firm

This very successful, diversified digital marketing firm maintains a stable list of clients. Located between 2 large metropolitan areas, they provide a collaborative approach to clients in accomplishing their goals. They create & design programs, execute them seamlessly, and track results to optimize for clients' success. Approaching \$3.5 million in sales and \$300,000 in EBITDA, they offer a great opportunity for continued growth. They utilize a range of digital presses, data mining and analysis, and mailing assets in successfully meeting customer's needs. With its concentration on proven results, our client's widely recognized customer list continues to grow. Management will stay for an extended transition period before exiting.

Contact:

***Jim Tepper @ JTepper@NewDirectionPartners.com
or by phone at 508-523-9033.***

▶ Fast-Growing Western Packaging Company

NDP represents an incredibly fast growing (double-digit organic growth each year) producer of folding cartons and other specialized packaging and printed products. The Company is located in the Far West and generates revenues and EBITDA of \$25 million and \$5.0 million, respectively.

Contact:

***Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-935-1000.***

▶ Southeastern Specialty Products Firm

Our client is the leader in the growing market for integrated ID cards used in applications from healthcare to higher education to retail. The company's inkjet printing and converting capabilities are uniquely suited to supply the growing \$20 billion label market with innovative solutions including floor graphics, custom labels and integrated labels. This offering provides a unique opportunity to acquire a profitable and growing business focused on providing specialty products to unique markets, including custom and stock tabs and friendly billing and return documents.

Contact:

***Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.***

▶ Mountain States Screen Printing, Embroidery, & Promotional Products Firm

This profitable screen printing firm has a solid record of growing sales and profitability and is highly regarded for its diversity of services as well as its quality and customer service. Located in the Mountain States region, and with its diversification of clients and products, its customers should be very attractive to firms seeking to absorb sales into existing operations for rapid growth and expand their current sales base. Currently operating in a leased, modern facility, and, with a full management/production team in place, this firm also offers the opportunity to continue in-place with 3 years left on the current lease. Synergies are readily available to provide great economics for this transaction.

Contact:

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or by phone at 303-520-7803.***

or

***Jim Tepper @ JTepper@NewDirectionPartners.com
or by phone at 508-523-9033.***

▶ Western Print Services Provider

From marketing collateral to signage to event graphics and fleet wraps, our client powers their clients' most imaginative ideas with artistic print solutions that elevate their brand and amplify their results. They are their state's largest commercial print provider, serving top businesses with offset printing, finishing services, offset-quality digital printing, and large format graphics for indoor and outdoor applications. They invest in best-of-class equipment and handle all aspects of production from prepress to the pressroom to bindery and distribution.

Contact:

***Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.***

▶ **Central New England Commercial Printing Company**

Strategically located in central New England, this highly-regarded and profitable commercial printing company services well-recognized customers in the higher education, non-profit, and medical imaging industries. With revenue approaching \$5.0 million and EBITDA of \$700,000, the Company is a great fit for either a strategic buyer looking to diversify, or an individual looking for an established company with opportunity for growth. The owner is willing to stay on for up to five years to assist in a transition, but his continued involvement is not a requirement for the purchase. A long-term lease is in place for their modern facility.

Contact:

**Jim Russell @ JRussell@NewDirectionPartners.com
or by phone at 248-891-6992.**

▶ **Highly regarded Marketing Services Provider (MSP)**

Highly regarded Marketing Services Provider (MSP) based in Southwestern region of the United States. The firm employs the newest print technology and finishing equipment, so each project is executed with outstanding performance from beginning to end. The Company employs many innovative concepts to provide higher level service to their clientele. Facilities are modern and well maintained.

Contact:

**Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.**

▶ **Commercial Printer Located in North Texas**

This firm is located in the heart of North Texas and provides an excellent opportunity for a firm to acquire over \$2 Million in sheetfed sales and a platform for growth in one of the nation's strongest economic markets. With a well established client base and skilled employees, this firm can also provide an opportunity for an entrepreneur looking to acquire a company with a strong foundation.

Contact:

**Joe Polanco @ JPolanco@NewDirectionPartners.com
or by phone at 214-336-8586.**

▶ **Integrated Marketing Company Located in the Southeast**

NDP represents a growing marketing partner specializing in one-to-one and conventional consumer communications strategically located in a thriving market in the Southeast. The Company works with blue-chip brand innovators to provide fully integrated marketing across all relevant marketing and execution channels, including variable digital and conventional print, e-mail and mobile communications, and web-to-print software for e-commerce-enabled storefronts. Sales and EBITDA of \$11 million and \$1.5 million, respectively.

Contact:

**Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-935-1000.**

▶ **Offset & Digital POP, Signage and Fulfillment Operation**

Our client is the premier printer in the Southeastern United States for large format UV offset printing with facilities located in a major Southeastern metro area, specializing in Point-of-Purchase and collateral retail marketing materials. The firm serves all their clients' retail environmental printing needs, including Point-of-Purchase displays, banners, clings and more. This offering provides a unique opportunity to acquire a technologically competitive digital printing and fulfillment operation in a major business center within the fastest growing regional economy in the country.

Contact:

**Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.**

▶ **Premier Printer for Offset Printing**

Our client is a premier printer for offset printing, digital wide & grand format printing, graphic design and mailing with facilities located in a major SE metro area. This firm is a family-owned business who's core specialty of offset printing has been supplemented with additional products and services focused on providing marketing solutions for their clients, including point-of-purchase and collateral retail marketing materials, brand and corporate identity, graphics and signage designs, brochures and marketing materials.

Contact:

**Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.**

▶ Upper Midwest Commercial Printer

Located in the Upper Midwest, this commercial printer has revenue north of \$8 million and is the go-to printer in the communities they serve. The company has continually invested in the latest technology, enabling them to meet their customers' needs in a fast, efficient manner. In house capabilities include offset, digital, large format, mail, fulfillment and design. This is a great opportunity for a printer to expand in to new markets, or for an individual with industry experience to purchase their own business.

Contact:

***Jim Russell @ JRussell@NewDirectionPartners.com
or by phone at 248-891-6992.***

▶ Southeastern US Label and Packaging Company

The company has been in business for 35 years and serves a number of highly desirable, niche markets including medical device manufacturing, military and the food and beverage industry. Revenue is north of \$5 million and EBITDA in the \$600,000 range. While the current customer base is has a long history with the company, and includes many recognizable names, there is also significant opportunity for growth by both expanding the volume in existing clients and taking advantage of the growth within the geographic region being served.

Contact:

***Jim Russell @ JRussell@NewDirectionPartners.com
or by phone at 248-891-6992.***



Firms Seeking Acquisitions

► Buyer Seeks Short Run Publication Printers

A national producer of short-run publications and other printed products, seeks to purchase similar operations nationwide.

Contact:

**Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.**

► Looking for Agency and/or Direct Mail Firm

Client in the New England market is seeking to purchase or partner with a digital agency, printer or direct mail company. Interested in a firm that might complement or be interested in a partnership / buy in to current operation. Client is profitable and has a strong, successful sales team with an aggressive client listing active in the direct mail/fundraising arena.

Contact:

**Jim Tepper @ JTepper@NewDirectionPartners.com
or by phone at 508-523-9033.**

► Atlanta Client Seeks Strategic Acquisition

Our client, a recognized firm approaching 50 years of experience with innovative technology applications and unmatched customer loyalty, seeks digital, offset, label and large format companies within the proximity of Atlanta, GA.

Contact:

**Randy Camp @ RCamp@NewDirectionPartners.com
or by phone at 770-601-0199.**

► Buyer Seeks Digital Print Provider on the West Coast

West Coast forms/document specialist is searching for a digital print provider to compliment their existing sales/markets. Our client has ample capital and a desire to move quickly. The ideal firm with have sales in the \$5 million to \$10 million range.

Contact:

**Jim Russell @ JRussell@NewDirectionPartners.com
or by phone at 248-891-6992.**

► Buyer of New England Commercial Printers

Client seeks purchase of commercial printers, mailing and fulfillment providers or marketing agencies in New England. Seeking firms with strong sales and production staff and a history of serving the corporate, institutional, and organizational markets. Poised for a quick transaction with capacity and funding in place.

Contact:

**Jim Tepper @ JTepper@NewDirectionPartners.com
or by phone at 508-523-9033.**

► Buyer of Commercial Printers within 100 Miles of Philadelphia

Client seeks purchase of offset/digital printers or mailing entities located within 100 miles of Philadelphia.

Contact:

**Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-935-1000.**

► Buyer of Digital and Direct Mail Firms within 150 Miles of New York City

Client seeks to purchase digital printers and direct mail/ mailing firms located within 150 miles of New York City. The ideal target will be profitable with revenues in excess of \$8.5 million.

Contact:

**Peter Schaefer @ PSchaefer@NewDirectionPartners.com
or by phone at 610-935-1000.**

► Buyer Seeks Wide and Grand Format Printer

A national producer of wide and grand format digital printed products, including textiles, seeks to purchase a manufacturing operation, preferably in the Southeastern US.

Contact:

**Tom Williams @ TWilliams@NewDirectionPartners.com
or by phone at 203-856-0120.**

► Label Firm Seeking Strategic Add-ons

Our client seeks to purchase Label firms anywhere in the US. Our client is well capitalized, conservatively managed and looking to grow its national footprint. The ideal target will be profitable with revenues of \$10 million or less.

Contact:

**Paul Reilly @ PREilly@NewDirectionPartners.com
or by phone at 303-520-7803.**

Feel That? It's Momentum, and It Will Continue to Drive M&As in 2023

By Peter J. Schaefer

What will 2023 do as an encore to the record M&A activity seen among print and packaging businesses in 2021 and 2022? So far, the answer seems to be a near-repeat performance

None of us owns a crystal ball, but even if we did, the economic outlook we could see inside it would be murky. Inflation has receded a bit, but no one knows if the trend will continue. Fear of a recession is a little less than it was, but the prospect of entering one this year is still very real. And, who can say what will happen if there is a Congressional showdown over the national debt limit in Washington in June, as some are predicting?

The signals are hard to read, but they don't change a forecast that we still are willing to make: that the pace of mergers and acquisitions in the printing and packaging industries in 2023 will remain nearly as strong as it was in the record years 2021 and 2022.

The main source of our optimism is knowing that the M&A market for printing and packaging companies is flush with eager buyers. Among these, perhaps the most active are financial buyers using private equity (PE) funding to build platforms of related businesses that, in most cases, they intend to sell for higher multiples in years to come. Until very recently, low interest rates made it easy for PE buyers to obtain the leverage they needed to get their deals done.

All that said, the strategic buyers remain keen to make deals given that a smart acquisition almost always creates value for its owners, employees, and customers. Finally, we have seen renewed interest post-COVID from the European consolidators that are chomping at the bit to expand into North America.

Pent-up, but Not Forever

The COVID-19 pandemic held back the pace for most of 2020. But in the two years that followed, the M&A market flourished in response to the pent-up demand that the slowdown had created. And, sure enough, 2021 and 2022 turned out to be record-setting years for New Direction Partners in terms of the number of transactions we helped buyers and sellers to close.

Driving many of them was the remarkable enthusiasm of PE buyers for acquiring print-based firms: primarily packaging companies, but other types of businesses as well.

Last year, for example, we guided the sale of a top commercial printer in the Northeast to a fledgling private equity firm whose principals were nearly giddy at the opportunities the deal held out for them. More recently, we brokered the purchase of a major direct mail producer by a PE investor after fielding numerous offers from other PE players and strategic buyers as well.

Barring the unforeseen, we don't think there is much standing in the way of a similar pace of buying and selling for the remainder of 2023. If it isn't quite up to that of the prior two years, it will still be robust. This is a clear message to selling owners of financially strong companies that they will not have a better moment than now to move ahead with their plans to capitalize on what they have spent so many years building up.

Given that recessions occur every five years or so, we probably are overdue for a downturn that could put some M&A activity on hold. But, we agree with predictions that if one happens this year, the duration will be short, and the landing will be soft.

As for interest rate increases, it's true that they raise the cost of the borrowed capital that PE investors and other buyers rely on. Nevertheless, we haven't yet seen moves by the Federal Reserve changing any of the plans our current M&A clients want us to help them carry out.

Why M&As Are Essential

The fact is that M&As are good for the printing and packaging industries no matter what the bigger economic picture happens to be. By reducing overcapacity and assuring the uninterrupted provision of products and services to the customer base, they help the sectors mature and consolidate in a positive way. This is particularly true in strategic acquisitions, where the buyers are growth-minded printing and packaging firms seeking to purchase similar businesses for their potential to create new stakeholder value.

These are all reasons why we expect the pace of M&As in 2023 to be close to what it was in the banner years of 2021 and 2022. Another good indication is that EBITDA multiples for printing and packaging companies – the numbers at the heart of the model on which financially healthy firms are valued for sale – remain about where they've been since the bounceback from the pandemic. That is encouraging news for owners who have well-run and profitable businesses to bring to market.

Owners like these should not let worries about recession or rising interest rates deter them from going ahead with their plans. On the other hand, those whose businesses haven't fully emerged from a COVID-induced slump are advised to hold off until they have 12 to 18 months of solid performance behind them. In all cases, a clean balance sheet is the first thing that a buyer will want to see.

Now's the Time to Buy

If plans have been made to invest in equipment the business really needs – equipment that will improve profitability by expanding the range of things the plant can produce – owners shouldn't hesitate to go through with them. Smart buyers appreciate smart CAPEX investments and will factor them into their pricing.

Don't forget to review the customer list for relationships that could complicate the company's prospects for being acquired. We discovered, for example, that a selling client of ours would come to the end of a contract with its number one account at about the same time the owner wanted to bring the company to market. We advised renewing the contract first to avoid stirring any doubts in a buyer's mind.

Uncertainty is never good for business, and 2023 has already brought its share of unanswered questions about what the printing and packaging industries are in for next. But, there is still so much positive carryover from the two years preceding it that we don't expect its remaining months to be anything other than a period of exceptional opportunity for buyers and sellers alike. Seize the moment, and reap the rewards!

Thank you for subscribing to our quarterly newsletter. Please also follow us on [LinkedIn](#) where you will find frequent postings about trends and issues that will help you better plan your business strategies.

New Direction Partners is an investment banking and financial advisory services formed by Peter Schaefer, Paul Reilly, Jim Russell and Tom Williams to serve the printing and related industries. Services include merger advisory services through the representation of selling shareholders as well as buy side representation, valuation services, financing and refinancing efforts, turnaround and restructuring services, and temporary/interim management consulting. To learn more about New Direction Partners, visit New Direction Partners' website at www.newdirectionpartners.com.

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