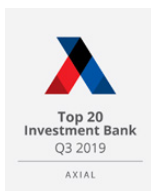


NEW DIRECTION PARTNERS

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



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.

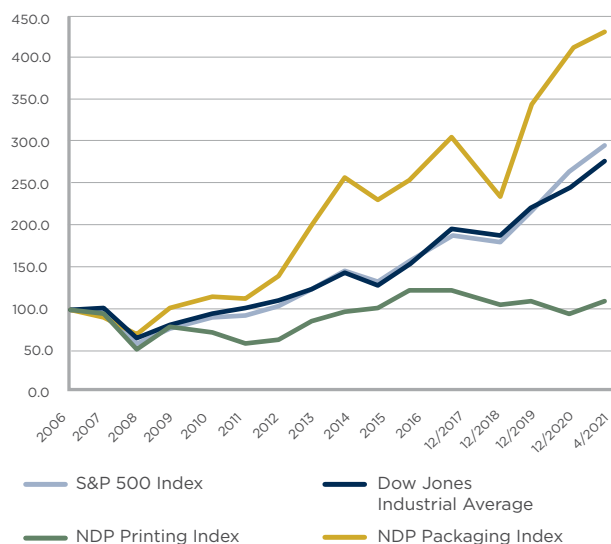
Recent Transactions

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

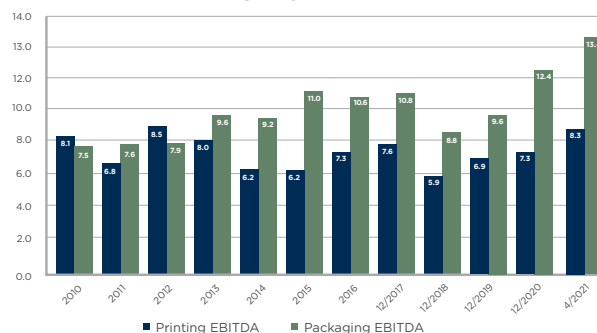
- ▶ Sale of Creel to Mittera. New Direction Partners represented the seller.
- ▶ Sale of Trend Offset Printing to Mittera. New Direction Partners represented the seller.
- ▶ Power Marketing + Printing has acquired the assets of Keystone Press. New Direction Partners represented the buyer.
- ▶ Sale of Canterbury Press to Blackburne Search Ventures. New Direction Partners represented the seller.
- ▶ Sale of TCG Legacy Printing and Packaging to Core Industrial Partners. New Direction Partners represented the seller.
- ▶ Sale of TGI Direct to Carmel Hill Acquisitions, Inc. New Direction Partners represented the seller.
- ▶ Sale of Custom Color Corporation to GSP Retail. New Direction Partners represented the seller.
- ▶ Sale of The Goode Company to Almaden. New Direction Partners represented the seller.
- ▶ Power Marketing + Printing has acquired the assets of Market Place Color. New Direction Partners represented the seller.
- ▶ Sale of Holland & Crosby Ltd. to publicly-traded Transcontinental. New Direction Partners represented the seller.
- ▶ Sale of 2D divisions of SoftPrint Holdings to Reischling Press Inc. (RPI). New Direction Partners represented the seller.
- ▶ In an unannounced transaction, a PE firm acquired a package printer. New Direction Partners represented the seller.
- ▶ In an unannounced transaction, a NYSE publicly traded packaging firm purchased a controlling interest in a privately-held packaging entity. New Direction Partners represented the seller.
- ▶ Sale of Henry Wurst, Inc. Kansas City Division to Mittera. New Direction Partners represented the seller.
- ▶ New Direction Partners assisted SoftPrint Holdings, Inc. in the raising of growth investment funding through a private placement of a Convertible Debenture.

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 and Paul Reilly to attend Inkjet Summit in Austin, TX on July 26 – 28, 2021.

Upcoming Webinars

- ▶ GLGA will host the following webinars:
 - ▶ Reimagining M&A Trends in These Unprecedented Times April 22. [Register Here.](#)
 - ▶ 10 Attributes of High-Growth Companies May 20. [Register Here.](#)
 - ▶ Successful Succession Planning... Is the Future of Your Business Secure? June 17. [Register Here.](#)
- ▶ NAPCO will host the following webinar: 2021 - The Best Time in Over a Decade to Sell Your Company? May 26 at 2:00 pm EST. [Register Here.](#)
- ▶ GAA and PIAAlliance will host the following webinar “Successful Succession Planning...Is the Future of Your Business Secure?” on May 19. [Register Here.](#)

Recent Webinars

- ▶ GAA and PIAAlliance hosted a webinar “10 Attributes of High-Growth Companies” presented by Peter Schaefer. 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 shared what they have found to be the 10 attributes of high growth printing companies, providing insight to owners and managers about how they can ensure high growth in their own businesses. This includes:

- ▶ Ensuring the right sales and sales management strategies.
- ▶ Putting in the time and effort to create and execute on actionable business plans.
- ▶ Ensuring accountability within the organization for achievement of strategic and tactical goals.
- ▶ The role of mergers and acquisitions
- ▶ ... and more
- ▶ [View presentation here.](#)

- ▶ NAPCO hosted a webinar “A Three-Pronged Route to Post-Pandemic Business Recovery” In this session, Paul Reilly and Tom Williams shared their perspective on how best to achieve post-pandemic business recovery. Taking the right actions now, can leave a printing business in better shape for the future than it would be if the need for change hadn't been as urgent. They will provide insight and guidance on:

- ▶ Keeping employees safe and reiterate some of the guidance that has been provided by PRINTING United Alliance;
- ▶ How to safeguard and strengthen the health of your business;
- ▶ And how to use — and not use — PPP loans and other resources provided by the CARES Act.
- ▶ [View presentation here.](#)

- ▶ New Direction Partners experts recently presented a number of sessions entitled Re-imagining M&A in These Unprecedented Times. These events were co-sponsored by NAPCO and PIA Affiliates.

They included an update on trends and how the M&A market is shifting due to the impact of the pandemic. A key result is an expectation that we will see more tuck-ins as we come out of this crisis, which has placed significant stress on many businesses in our industry.

The tuck-in process, various ways of configuring tuck-ins, and gain a general overview of the M&A environment in what is likely to be our new normal, including how the COVID-19 pandemic is likely to affect valuation were also covered.

- ▶ Hosted by NAPCO. [View presentation here.](#)
- ▶ Hosted by PICA & PIAG. [View presentation here.](#)
- ▶ Hosted by PIASC and WSPrint. [View presentation here.](#)
- ▶ Hosted by PIAAlliance, GAA and PINE. [View presentation here.](#)
- ▶ Hosted by GMA. [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 “Succession Planning”, presented by Paul Reilly and Tom Williams. One of the most often overlooked aspects of strategic planning is succession planning. When you are looking for an exit strategy, are ready to hand off the business to other family members and head for the beach, or face unforeseen circumstances, having a strong succession plan in place is critical. And it can take several years to execute on that succession plan. In this session, participants will learn about the key elements of the plan to successfully transfer leadership and ownership of a printing and packaging firm, typical timelines, and strategies for ensuring optimum valuation. The program focused on:

- ▶ Key elements of a succession plan.
- ▶ Exit strategy timelines.
- ▶ Leadership and Ownership changes.
- ▶ Ensuring bench strength.
- ▶ Valuation methods.
- ▶ [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

▶ **Midwest based Provider of Integrated Data and Fulfillment Solutions**

The Company is a Provider of Integrated Data and Fulfillment Solutions located in the Midwest. With roots dating back to the 1970's, it assists clients with their data, personalized document and distribution needs. The Company has established a track record of growth and success utilizing principles rooted in personal service, flexible support, and innovative solutions. 2020 Revenue of \$9.5 million and EBITDA of \$1.1 million.

Contact:

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

▶ **Multi-Channel Marketing Partner**

A marketing execution company that serves a national base of Fortune 500 type, brand conscious customers from its strategic Midwest location. TTM revenues of approximately \$21.5 million and EBITDA of \$3.0 million. Top line organic growth in excess of 20% YTD 2019.

Contact:

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

▶ **Packaging Sales Organization**

Full-service sales organization of labels, flexible packaging and folding cartons. Consistent organic growth with high profit margins. Sales of \$7.5 - 10 million with an EBITDA margin of 20%.

Contact:

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

▶ **Southeastern 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 client's 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.*

▶ **Mid-Atlantic Flexo and Digital Label Printer**

Our client is a industry leading pressure sensitive label printer and converter, as well as a reseller of automatic labeling equipment. The company has experienced consistent year over year organic revenue growth, and stable profitability. Their diverse client base enables them to generate annual revenue of \$6.5 million, with EBITDA of \$550K.

Contact:

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

▶ **West Coast Grand Format Printer**

The Company serves as a marketing partner to its customer base which is comprised of Fortune 500 type brands and retailers. Services include grand format, digital and offset production as well as cross-channel design, complete fulfillment/kitting and store-tracking. Operates in 150,000+ square feet with 125 employees. Revenues and EBITDA are approximately \$30 million and \$3 million, respectively.

Contact:

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

▶ **Midwest Based Commercial and Digital Printer**

Very Profitable general commercial printer with sales of \$8 million and no significant client concentration. Located in a mid sized midwestern city, the company has expanded its market by successfully marketing to the trade throughout the Midwest. With a strong balance sheet, up to date equipment, and a loyal customer base, this is a great opportunity for an owner/operator to own their own business or for an existing company to expand geographically.

Contact:

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

► **Highly Differentiated Omnichannel
Marketing Partner**

Strategically located in the Midwest, the Company specializes in one-to-one communications by providing fully integrated marketing across all relevant channels including variable data inkjet print, personalized websites and interactive video. Its services encompass the entire cross media life cycle, including design through creation through personalized media solutions. The business has generated outstanding organic growth with unparalleled profitability. Revenues are approximately \$20 million with an unadjusted EBITDA margin in excess of 30%.

Contact:

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



Firms Seeking Acquisitions

▶ Southeastern Client Seeks Local Companies

Our client, well known for its advanced technologies and high quality production techniques, is seeking acquisitions of digital, offset, label and large format companies within proximity of the Atlanta, GA, area.

Contact:

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

▶ Seeking Forms/Label Printer

Established client seeks acquisition of a firm serving the healthcare markets with forms, labels, administrative, and/or marketing products in the greater Northeast area. Desires a stable client list and helpful to have a strong sales and customer service team. Additionally, client is interested in providing manufacturing services to firms not looking to exit that might need extra capacity to serve current customers. 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 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 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 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.*

▶ 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 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.*

▶ 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 compliment 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.*

Update: the M&A Outlook for Printing and Packaging in 2021

By Paul V. Reilly and Peter J. Schaefer

Any slowdown in the pace of M&As among printing and packaging firms is only temporary. The industry is recovering, buyers are flexible, and the fundamental forces that drive M&A activity are still in play.

We haven't arrived yet, but at least we know that there's a "there" there – and that we're closing the distance between ourselves and it. With a return to normal business conditions in sight, we are already seeing a pickup in activity for mergers and acquisitions in printing and packaging in 2021.

2020 put a serious damper on industry sales, although packaging firms generally fared better than commercial printing businesses. The latest NAPCO Research/PRINTING United Alliance COVID-19 Print Business Indicators Survey tells us that toward the end of the year, more companies were starting to report upward trends in business activity than those reporting declines. Encouragingly, Alliance economists are holding to their projection of sales growth between 2.5% and 4% this year.

This doesn't add up to a complete rebound for M&A activity, at least not right away. Many companies continue to struggle, and many potential sellers, focused on restoring their businesses to full health, have back-burnered their selling plans for now. In any case, it will be difficult to determine valuations until the market settles down and nervousness about the future subsides.

Buyers Haven't Gone Anywhere

That said, owners whose print and packaging businesses came through the pandemic's first year in reasonably good shape are still well positioned to sell on acceptable terms. This is because the buyers haven't gone anywhere, even though they may have shifted into a lower gear for the same reasons sellers have. They still have cash, and as they scan the print and packaging segments for opportunities, their motivation remains high.

There are two kinds of buyers: strategic and financial. Those in the first group mostly are print and packaging firms looking to acquire other print and packaging firms for strategic reasons. These could include bringing in new volumes of business, in the form of acquired accounts, when organic growth has stalled; expanding into new geographical territories; and adding technologies, products, and services that the acquiring firm does not have.

Financial buyers are investors – financiers seeking a return on their investments in sectors where they see that prospects for growth are good. Using both borrowed money and private capital, they seek out solidly-performing acquisition targets they believe they can make even more profitable; or that they can add to a platform of similar companies previously acquired. The high flyers in this group are the private equity (PE) firms: boutique investors with access to capital from high-net-worth individuals and other well-funded sources.

Since COVID, we've been seeing some hesitancy on the part of strategic buyers, who are concentrating on getting their own houses in order as they try to determine what the recovery will look like and how the lending environment might change. But, many of these buyers have excess capacity to fill, and they know that they can't postpone acquiring new accounts indefinitely. The financial buyers, meanwhile, have a lot of money that they don't want to keep sitting on the sidelines. We think that these trends will converge at some point this year in a renewed surge of M&A activity.

Sellers Still Want to Sell

It's important to remember that many firms have not been negatively impacted by COVID. In fact, many packaging, label, and niche commercial printers have seen their sales and profits grow in the past year. These COVID winners are busy, and they're enjoying great valuations right now. Many of the COVID wounded were bolstered by forgivable loans from Small Business Administration's Paycheck Protection Program (PPP), which received a second round of funding in January. These firms are planning on returning to the market after the current qualification period ends.

Meanwhile, the availability of cheap and plentiful money for financing acquisitions is supporting solid multiples – some of the best we’ve in the last 10 years. Proposed increases in capital gain rates are driving many sellers to close their deals before year-end. As strategic buyers who were reluctant to perform due diligence during COVID get back into action, we foresee a return to robust activity.

Another positive sign is the flexibility that some buyers are showing in the way they structure deals with COVID-impacted sellers. In cases where the seller has recovered quickly, the buyer may be willing to remove the two or three months of poor results and plug in the same number of months from the pre-COVID year, so that there’s no penalty to the calculation of selling price. (We call this EBITDAC: Earnings Before Interest, Taxation, Depreciation, Amortization and Coronavirus.)

In the same spirit of accommodation, some buyers will acquire on the basis of 2020 numbers and then wait to see if performance in 2021 rebounds to what it was in 2019. If this happens, the seller gets an earnout – in effect, a second paycheck – to make up the difference between the initial selling price and the adjusted one.

Hope in Distress

We wish we could say that every printing business is looking at good options like these, but the sad fact is that for some of them, the damage done by the pandemic has been too severe. These firms have been staying open mostly by virtue of their PPP loans. Once that resource is exhausted, however, they will have some tough choices to make.

Liquidating press equipment and other assets probably won’t be advisable, given that liquidation values currently are low. We think this will lead to an uptick in opportunities for tuck-ins and cashless mergers once troubled owners realize there are alternatives to locking the doors and selling everything off. When done correctly, these transactions create value for buyer and seller alike, even if the seller is struggling financially.

The Watchword Is Optimism

A year ago, in a forecast published in these pages during the some of the worst moments of the pandemic, we acknowledged that in the short term, we didn’t know what would happen – the upheaval to the economy had been too sudden, and it was too soon to measure the extent of the loss. We also said that as the threat of the virus started to fade and the economy began to rebound, M&A activity would rebound along with it.

We’re sticking by that prediction. Today we have vaccines, hope, and a powerful pent-up desire to get back into the normal rhythms of business. The printing and packaging industries remain among the most highly fragmented industries in the U.S., and fragmented industries inevitably consolidate through M&As. Owners of printing and packaging companies who are ready to move onto the next stages of their lives continue to search for profitable exit strategies.

We still don’t know exactly what will happen, but we’re confident that any slowdown in the pace of deal closings is only temporary. As always, those thinking about deals of their own on either the buying or the selling side are invited to discuss their aspirations with us. We’re in the listening business.

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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