

INDUSTRY PAPER



PACKAGING INDUSTRY

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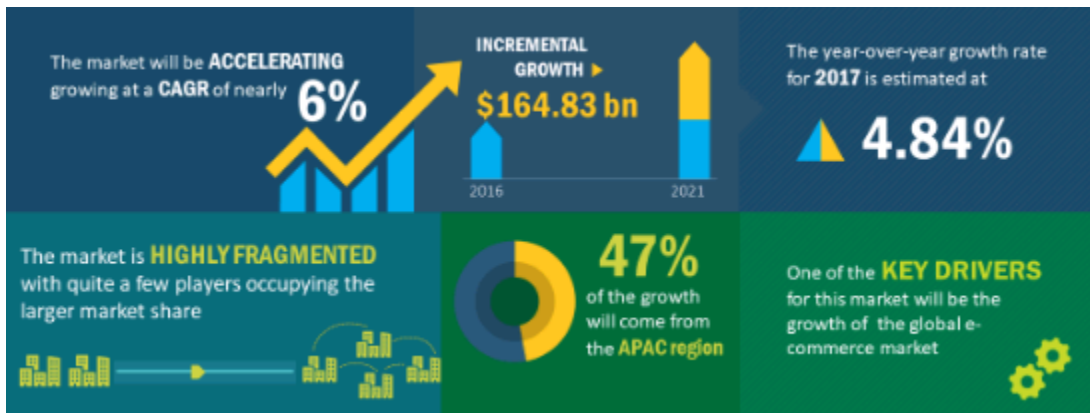
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GLOBAL PACKAGING INDUSTRY

Key Trends

- According to the latest market study released by Technavio, the global packaging market, valued at \$589.9 billion in 2015 with a CAGR of 5.6 %.
- It will reach \$770.5 billion by 2020 and USD 1,100 billion in 2024. With a global population of 7.35 billion human beings in 2015 according to the UN, each individual consumes USD14 of packaging per year in the world.

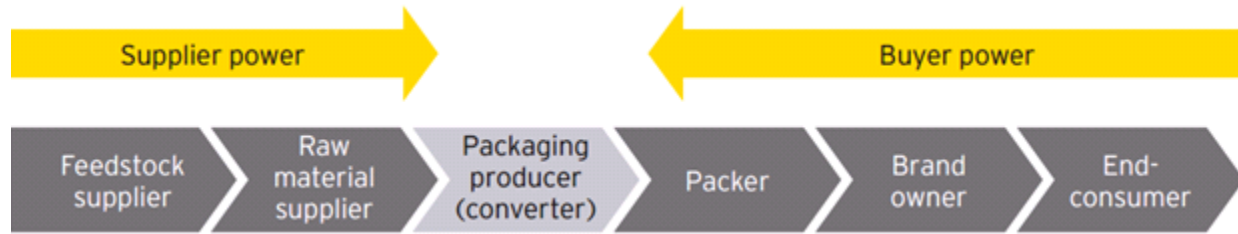


Source: Technavio

Top 20 Global Packaging Companies



Packaging Industry Value Chain

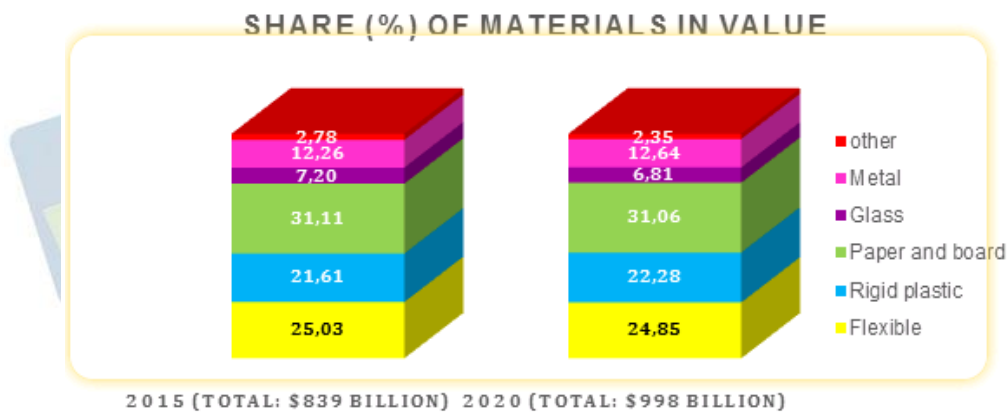


Source: EY

Customer Segmentation

1. FMCG / FMCD
2. Healthcare / Pharma
3. Personal Care
4. E-Commerce / Retail
5. Industrial Packaging

PACKAGING MATERIALS



Source: All4pack Paris, The international exhibition for packaging & Logistics ecosystem

The global packaging market is divided into five main categories of materials: plastics, paper and board, glass, metal and wood (textile is marginal). For many years, this market has been seeing growth in the use of rigid plastic materials and flexible materials. In terms of packaging units, the main packaging materials used in the world are also

1. Flexible materials (36%),
2. Paper and board (24%)
3. Rigid plastic materials (20%)

Materials Used in Packaging

Material	Packaging type	Preferred in applications
Paper and board	Cartons, boxes, bags, wrappers	Light weight, lower cost, easy disposal and availability
Plastics	Cartons, bags, wrappers, pouches, bottles, containers, caps, pallets	Existing technology, light weight, corrosion resistance, versatility of use, attractive designing
Aluminium	Collapsible tube, foils, containers, cans, closures	Good barrier properties, grease proof, shrink proof, tasteless and odourless
Glass	Bottles, jars, jugs	Transparent, good strength, high rigidity, gas and water-vapour barrier, chemically inert
Tinplate	Cans, containers, caps	Strength, good barrier properties, long shelf life, reusable, ease of recycling
Laminates (plastic and paper)	Pouches, films, tubes, bags	Strength, good barrier properties, grease resistance, heat-seal property, attractive designing

PACKAGING INDUSTRY IN INDIA
Overview

1. Domestic manufacturers largely control the Indian packaging industry; although some leading global packaging companies have also established a strong presence in India.
2. Consequently, the M&A activity in the packaging sector in India has been on the rise as many global companies have established are looking to establish presence in the fast growing geography. M&A activity has picked up pace with over 15 transactions in the packaging industry in India since 2012.
3. Despite this visible transition over the last decade from a 70% unorganized share, roughly 45-50% of this industry still remains unorganized.

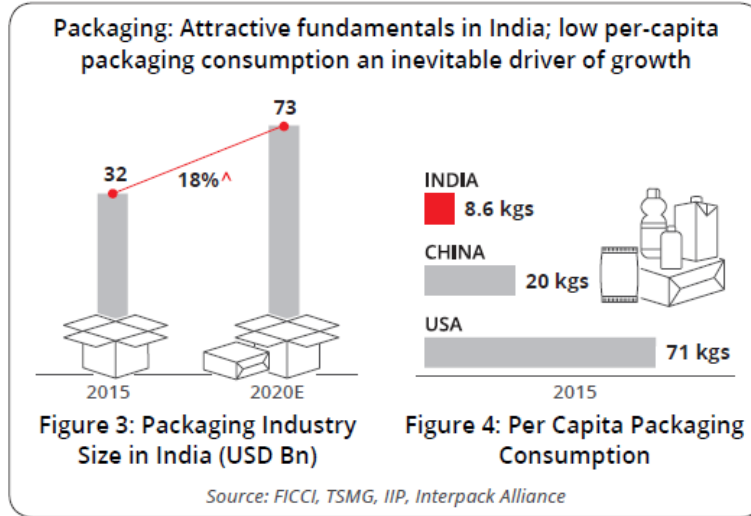
M&A Activity Since 2012
M&A transactions in the packaging space in India (since 2012):

Year	Target Company	Segment	Bidder
2017	Oricon Packaging	Closures	Pelliconi
2017	Axiom Propack	Closures	Guala Closures
2017	Max Specialty Films (49% Stake)	Flexible Packaging	Toppan Printing
2017	Plus Paper Foodpac	Paper Packaging	Nippon Paper
2016	Powerband Industries (74% Stake)	Flexible Packaging	Intertape Polymer Group
2015	Kamsri (Pharmaceutical Packaging)	Paper Packaging	Essentra Plc
2015	Packaging India	Flexible Packaging	Amcor
2014	Positive Packaging	Flexible Packaging	Huhtamaki
2013	Janus Packaging (65% Stake)	Paper Packaging	Edelmann
2013	Parikh Packaging (60% Stake)	Flexible Packaging	Constantia Flexibles
2012	Triveni Polymers (75% Stake)	Pharma Packaging (Plastic)	Gerresheimer
2012	Webtech Industries (51% Stake)	Labels	Huhtamaki
2012	Ruby Macons	Paper	MeadWestvaco
2012	Neutral Glass & Allied (70% Stake)	Glass Packaging	Gerresheimer
2012	Interlabels	Labels	Skaneem
2012	Uniglobe Packaging	Flexible Packaging	Amcor

Source: Avendus

Facts and Figures

1. According to the Packaging Industry Association of India, the Indian packaging industry was the fifth largest in the world in 2016. The Indian packaging industry, which constitutes about 4 per cent of the global packaging industry, has been growing at an annual rate of 18 per cent and is expected to touch \$73 billion by 2020.
2. The per capita packaging consumption in India is quite low at 8.6 kg, compared to countries such as Germany and Taiwan where it is 42 kg and 19 kg, respectively. However, organized retail and boom in e-commerce, which offer huge potential for future growth of retailing, is giving a boost to the packaging sector.
3. India has 22,000 packaging units that operate in the area of glass, plastic, paper, metal and corrugated packaging, and 85 per cent of which are SMEs. These packaging companies further focus on four different categories-raw materials, converting industry, machinery and ancillary. Packaging growth is directly linked to GDP growth.



Key Indian Players



Global Packaging Companies in India



Packaging Industry – Segmentation by Players

Segment	Offering	Features
Primary / Secondary Packaging	Folding Cartons, Rigid and Flexible Plastics, glass, metal based packaging	Serves as containment and a medium of branding to communicate product attributes
Transit Packaging (for E-	Corrugated Cartons,	Protection for safe, damage free



commerce)	polybags, bubble wraps etc	and efficient transportation over logistics channel
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Classification of Players in the Primary / Secondary packaging segment

Packaging Type	Few Industry Players
Folding Cartons	Parksons Packaging, Pragati Pack, Offset, TCPL Packaging, Borkar Packaging, Temple Packaging
Rigid Plastics	Manjushree Technopack, Mold-Tek Packaging, Sunrise Containers, Hitech Plast, SSF Plastics, Chemco Plastic
Flexible Plastics	Uflex, Positive Packaging (Huhtamaki), Creative Polypack, Kanodia Technoplast, Kris Flexipacks, Uniglobe Packaging, Parikh Packaging, Packaging India, Kamsri (Pharmaceutical Packaging), Powerband Industries, Max Specialty Films
Corrugated Cartons	Horizon Packs
Security Polybags, Envelopes	Dynaflex
Closures	Axiom Propack, Oricon Packaging, Oriental Containers
Paper	Ruby Macons, Webtech Industries, Janus Packaging, Plus Paper Foodpac
Labels	Interlabels
Glass	Neutral Glass & Allied
Pharma	Triveni Polymers
Lamitubes	Essel Propack, Skypack,
Corrugated Cartons, polybags, bubble wraps etc	Driven by Ecommerce, 3PL, Online Grocery & Food Delivery, Electronics, Apparel, Books, Personal Care, Home Furnishings and other's)

WAY AHEAD - TRENDS AND CHALLENGES

Key Packaging Trends:

1. Reduction in packaging materials – thinner, stronger design, lighter, simpler.
2. Packaging closer to manufacturer – less empty cartons carried in Lorries.
3. Smart packaging – rapid print, aligned with real-time campaigns and offers; more use of RFID technology for electronic tagging, tracking of stock, as cost of RFID tags falls.
4. Better recycling – easier recycling of packaging, higher percentage recycled materials in new packaging.

5. Biodegradable packaging – eg plastics made from starch, more use of cardboard.
6. Space-saving packaging – eg growth of square cartons for drinks.
7. Customer Returns packaging – improvement in re-seal pouches to keep pace with huge growth of online ordering of eg clothes where customers often order several sizes to try on, returning most goods ordered.
8. Better ways to print branding / marketing on plastics eg bottles.
9. Less use of solvent-based inks for printing.
10. Consolidation of packaging industry – economies of scale with larger machines, faster turnarounds, next-generation technology

Challenges

1. Competitive Intensity
2. Investments / Rapid Changes in technology
3. Government regulations
4. Shortage and Rising cost of raw material
5. Costly Skilled Manpower
6. Rising input costs
7. Highly inadequate credit flow
8. Lack of Market Access & Advanced technology
9. Lack of exposure to Best Management and Manufacturing Practices
10. Lack of 100% commitment to the quality standards
11. Lack of Marketing, Distribution and Branding
12. Non-availability of skilled man-power

About WalkWater Talent Advisors

WalkWater Talent Advisors is a boutique talent advisory services firm, started by executive search industry leaders in May 2011. The firm combines best-in-class talent acquisition and talent advisory experience, deep sector expertise and a start-up drive to excel – all geared to providing an unparalleled experience to clients.

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