



**February 2023**

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# A boring business...

...yet an amazing and resilient one!

## Industry

- Plastic packaging: highly inelastic and an insignificant expense for clients
- High switching costs for plastic use
  - Very low cost
  - Unique characteristics
- Fragmented: top 3 players have 22% market share

## BERY

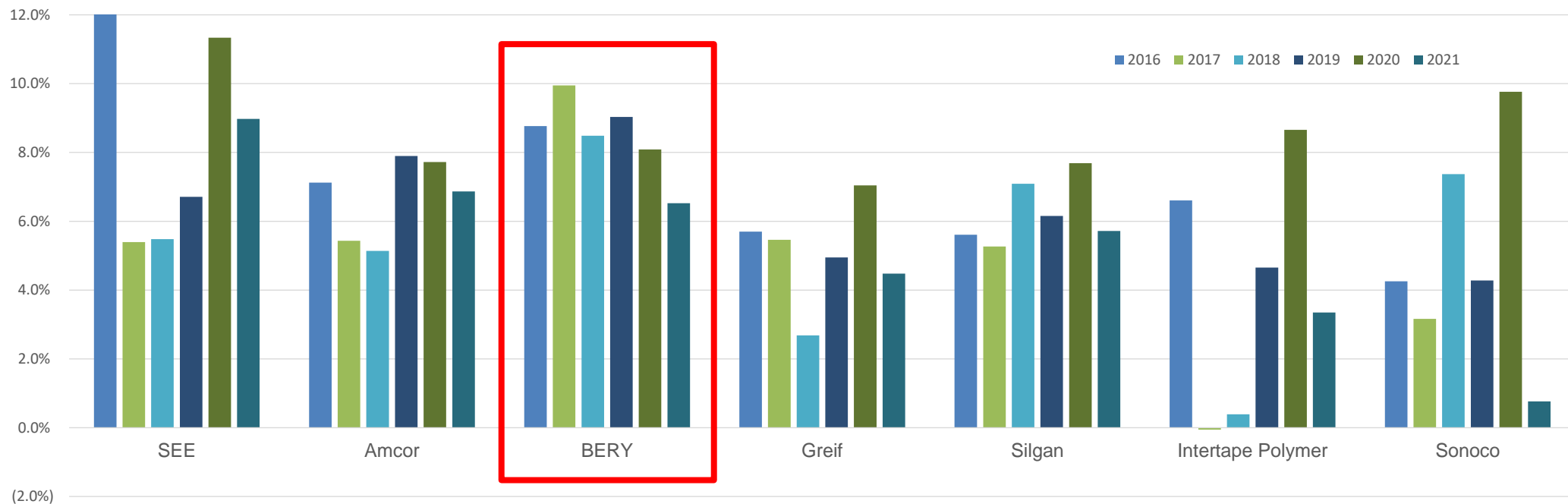
- Scale leads to
  - Lowest cost for resin (50% of COGS)
  - Lower SG&A given extensiveness of manufacturing facilities
- Low CAPEX requirements
- $\pi$  and macro hedge
  - Product diversity + scale + global end markets
- High operating leverage: FCF growing at 10% CAGR

# BERY stands out amongst peers

- Sealed Air (SEE) and Amcor (AMCR) are closest peers
- Relatively, BERY sells more commoditized products than peers (lower GM)... but thanks to superb OPEX and CAPEX management BERY still generates consistently high FCF margins

...biggest difference with peers is valuation

## FCFE margins 2016-2021



# Current market pricing vs my view

1. Obsolete plastic company hurting the planet

2. 100% commodity business

3. Highly levered company for a commodity business



1. Sustainability-led packaging company propelling the green trend

2. Only 30% industrial-exposed but 70% resilient demand

3. Debt not an issue: closed 2022 at 3.6x ND/EBITDA while guidance is 3.0-3.9x

## Valuation

\$60 USD stock price ->  
\$7.5B market cap / \$15.0B EV

LTM figures:

- 7x EV/EBITDA
- 11.7% FCFE yd
- 15% FCFE No-grwth CAPEX yd



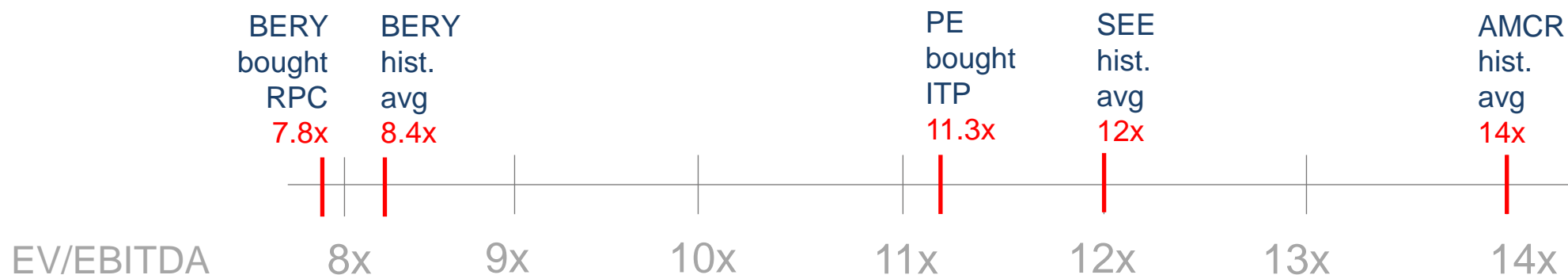
\$110 USD market stock price ->  
+80% upside to current price

Normalized figures:

- 6.4x EV/EBITDA
- 14% FCFE yd
- 18% FCFE No-grwth CAPEX yd

# Attractive investment opportunity

## Reference points for fair value



### EV/EBITDA exit 2030E

		6.0x	6.5x	7.0x	7.5x	8.0x	8.5x	9.0x	9.5x	10.0x
Revenue CAGR 2023-2030 (price + volume)	2.5%	6.2%	7.4%	8.6%	9.6%	10.6%	11.5%	12.4%	13.2%	14.0%
	3.0%	10.2%	11.3%	12.4%	13.3%	14.3%	15.1%	16.0%	16.8%	17.5%
	3.5%	13.4%	14.5%	15.5%	16.4%	17.3%	18.2%	19.0%	19.8%	20.5%
	4.0%	16.2%	17.2%	18.2%	19.1%	20.0%	20.8%	21.6%	22.4%	23.1%
	4.5%	18.6%	19.6%	20.6%	21.5%	22.4%	23.2%	24.0%	24.7%	25.4%
	5.0%	20.8%	21.8%	22.7%	23.6%	24.5%	25.3%	26.1%	26.8%	27.6%
	5.5%	22.8%	23.8%	24.7%	25.6%	26.5%	27.3%	28.1%	28.8%	29.5%

### Implicit exit metrics

FCFE yd	8.0%	7.4%	6.9%	6.5%	6.1%	5.8%	5.5%	5.2%	4.9%
Current yield 2022A	11.7%								