STIFEL

Unwrapping the Future:

Q&A Featuring Global Voices in Packaging and Paper

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Q: What global trends are currently shaping the packaging, paper, and forest products industry?

A: Willem Enthoven – In the U.S., one of the most notable shifts in recent years has been in overall consumer demand trends. Historically, the sector has been viewed as non-cyclical and fairly stable, with around 80% of demand originating from categories like food, beverage, personal care, and healthcare. However, COVID disrupted that pattern (with the subsequent overstocking and destocking effects). Now, the key question is what “normal” demand looks like. Inflation has introduced more elasticity than expected, suggesting it’s influencing consumer behavior more than anticipated. Over the past few years, we’ve gone from a spike to a slump, and now we’re trying to define the new baseline.

Celedonio Moncayo – From a European perspective, a major macro trend is the push to eliminate non-recyclable packaging and overpackaging driven by regulatory directives and changing consumer sentiment. We’re seeing innovation in monomaterials, especially in plastics, and a strong shift toward replacing non-recyclable plastics with fiber-based alternatives where possible. Similarly, materials like expanded polystyrene are being replaced out for cellulose based options. So, the move from multi-material, non-recyclable plastics to fully recyclable fiber-based or plastic packaging is a key development that we expect to have strong tailwinds.

Q: Are you seeing any notable shifts in consumer behavior or client priorities that influence strategy in the space?

A: Willem Enthoven – A major shift involves food consumed away from home. This change is driven by convenience, snacking habits, and dual-income households, and has significantly influenced packaging formats and sizes across retail and foodservice channels. Another key theme is sustainability. While it’s gaining attention, U.S. consumers still prioritize functionality and convenience over recyclability. If packaging is also environmentally friendly, that’s a plus, but it’s not the primary driver of purchasing decisions for Americans.

Celedonio Moncayo – More sustainable packaging options are often available, but they typically come at a higher cost. For example, a paper-based wrapper with a barrier can be more expensive than a standard plastic film wrapper packaging solution. As a result, unless regulations demand a “greener option”, companies tend to choose the more economical route. In Europe, stronger regulatory pressure has helped to drive rapid adoption in some sectors, like straws and multi-pack cartons. At the same time, one should not overlook the shift in demographics. Gen Z and Gen Alpha appear to be much more sustainability-minded than previous generations. This change in values is shaping consumption habits and influencing packaging decisions from large CPG’s, especially around recyclability and environmental impact of packaging.

Q: What's your outlook for the second half of the year in terms of M&A?

A: Willem Enthoven – Packaging M&A activity is slightly up in 2025 compared to 2024, but choppy sales volume trends remain the main constraint. Without volume growth, it's harder for buyers and sellers to align on valuations, making deals tougher to close. While activity is still below typical levels, there's been a noticeable increase, especially in negotiated bilateral transactions completed outside of the traditional auction process. I'm optimistic about Q4 2025 and 2026, as sales volumes seem to be stabilizing.

Celedonio Moncayo – I'm also more optimistic about the second half of 2025 and, in particular, the first half of 2026. Part of that is due to greater tariff certainty between Europe and U.S., which is a key export market for us, particularly for some board packaging grades. More importantly, the interest rate environment in Europe is materially dissimilar from that in the U.S. We've seen a substantial ease in financing costs over the past 18 months and still ample liquidity. This should help facilitate a pick-up of transactions in Europe.

Q: What emerging technologies are disrupting—or have already disrupted—the industry?

A: Willem Enthoven – Technology in packaging is evolving. Over the past two decades, we've seen steady innovations aimed at extending shelf life and improving the consumer experience in a meaningful way. The reshoring trend is also significant. Automation, especially in beauty and personal care, has reduced the need for manual assembly. These technological innovations have shortened supply chains, lowered carbon footprints, and align with ESG goals all while lower operating costs.

Celedonio Moncayo – In terms of materials, we continue to see 'lightweighting', which involves making packaging materials thinner without sacrificing performance. Also, new barrier technologies that are fully recyclable are available from market players. Beyond materials, supply chain strategies are shifting. A decade ago, for example, personal care packaging production slowly shifted to Asia. Now, there's a clear trend toward reshoring – local-to-local – to produce closer to end-markets. Lastly, recycling technology has advanced significantly. We're now much better able to collect and therefore recycle plastics than in the past decades, which reduces packaging waste going to a landfill.

Q: How does Stifel support its clients in navigating supply chain disruptions, geopolitical risks, and other challenges?

A: Willem Enthoven – We've been successful in bringing a broad and deep perspective to clients in the sector based on our years of experience across different geographies. While the industry is more global than before, execution remains regional. Stifel is well-positioned because packaging spans many niches—paper, plastic, glass, metal, consumer, industrial, rigid, flexible, equipment, and distribution. It's a middle-market-focused sector, which aligns well with the Stifel platform. We've supported clients locally while offering global insights, especially on macro themes like sustainability, where Europe often leads the U.S.

Celedonio Moncayo – From a European perspective, what sets us apart is our full-service offering. Many competitors focus only on sell-side transactions, but we support clients with a comprehensive approach to their key questions, such as, "what are my strategic options for my business? Am I the best owner? What pitfalls do we foresee if we do not act now?" We are 100% focused on assisting our clients with finding the right answer, whether that is an acquisition, a monetization, or a financing strategy. This results in us acting both in buy- and sell-side transactions, raising equity and/or debt capital, looking for JV partners – to name a few of our key areas of focus. We can execute across multiple jurisdictions, not just where we are physically based and have become experts in cross border transactions and corporate carve-outs.

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