



# FPA HOLDS SUCCESSFUL 2011 FALL EXECUTIVE CONFERENCE

**T**he Flexible Packaging Association's 2011 Fall Executive Conference, recently held in Chicago, IL, provided great networking opportunities for flexible packaging leaders and peers, and focused on key issues and topics important to the flexible packaging industry including Opportunities for the U.S. Flexible Packaging Industry; M&A Activity in the Packaging Industry; U.S. Fiscal Challenges; Food Safety; the Global Economy; and, the Cost and Availability of Flexible Packaging Materials.

Presentations from the 2011 FPA Fall Executive Conference are available in the Members Only section of the FPA Web site ([www.flexpack.org](http://www.flexpack.org)). This issue of the *FPA Update* provides a recap of those presentations.

## FPA Update

Bill Burke, president and COO of Nordenia U.S.A., and chairman of the FPA Board of Directors, opened the 2011 FPA Fall Executive Conference with a review of recent FPA activities and accomplishments. Bill also discussed the results of the FPA Flexible Packaging Waste Resource Recovery Pilot Program.



Bill Burke

## Opportunity Assessment for the U.S. Flexible Packaging Industry

Jeff Bornstein, vice president; and, Bruce Deckman, president of SAI Industrial LLC, presented the results of the FPA Opportunity Assessment for U.S. Flexible Packaging Industry study. FPA commissioned SAI to conduct this research, which explored top trends, opportunities, and barriers to flexible packaging growth. The study also examined issues and opportunities for conversion from other packaging formats to flexible packaging.



Jeff Bornstein



Bruce Deckman

## Packaging Industry: M&A Perspectives

Richard Weil, director, Investment Banking; and Louis Mitchell, managing director, Investment Banking for Mesirov Financial discussed recent merger and acquisition activities in the packaging industry, and their impact on flexible packaging businesses. Combined, Richard and Louis have more the

25 years of M&A experience, and have advised on more than 70 mergers and acquisitions in a variety of industries, including manufacturing, packaging, plastics, and flexible packaging.



Richard Weil



Louis Mitchell

## Addressing our Nation's Fiscal Challenges: What it Means for Manufacturers

Dorothy Coleman, vice president of Tax and Domestic Policy at the National Association of Manufacturers (NAM) discussed current U.S. economic and financial challenges and their impact on the manufacturing industry. At NAM, Dorothy is a spokesperson for tax policy issues and provides NAM members with important tax-specific information, and represents NAM's position to Congress.



Dorothy Coleman

## Applicability of Food Safety Modernization Act on Packaging Manufacturers

Joseph Levitt, partner, Hogan Lovells discussed the applicability of the recently enacted Food Safety Modernization act (FSMA) to makers of food packaging materials. During his address, Joseph examined several key issues including Act compliance, regulation implementation, and material adulteration.



Joseph Levitt

## Flexible Packaging Materials Update

Nick Vafiadis, business director of Polyolefins & PVC at CMAI provided an update the cost and availability of flexible packaging materials. Nick's presentation focused on polyolefin resins - the highest volume raw material for the flexible packaging industry - including polyethylene (high, low, and linear low density), and polypropylene. Nick also discussed key issues that are expected to drive the evolution of the industry in the near future.



Nick Vafiadis

# 2011 FPA FLEXIBLE PACKAGING INDUSTRY INTERNSHIP & SCHOLARSHIP PROGRAM

## *FPA Honors Flexible Packaging Industry Intern with Scholarship*

This summer, FPA converter member American Packaging Corporation participated in the Flexible Packaging Association's 2011 Flexible Packaging Industry Summer Internship & Academic Scholarship Program and sponsored packaging school student Michael Rutalis, in a summer internship with the company. For his successful completion of the internship, FPA and American Packaging Corporation jointly awarded Michael a FPA Flexible Packaging Industry Academic Scholarship valued at \$3,000.

A packaging science student at Rochester Institute of Technology, Michael interned at American Packaging Corporation's headquarters in Rochester, NY. During his internship, Michael worked in the QA department and assisted in the testing of materials to ensure they were defect-free. He also worked as a technician where he was responsible for the testing of the offline samples.

"Working with the people at American Packaging Corporation was by far the best part of his internship. They were extremely helpful and supportive, and challenged me to expand my knowledge of the flexible packaging industry. This internship has provided me with a strong foundation in the flexible packaging industry," commented Michael.

The FPA Flexible Packaging Summer Internship & Academic Scholarship Program provides packaging and printing schools students with career enriching

internships that expose them to the diverse industry of flexible packaging. Since 2005, through the Program, FPA has awarded \$75,000 in flexible packaging academic scholarships to students successfully completing internships with FPA converter members.

For more information about the 2011 FPA Flexible Packaging Summer Internship & Academic Scholarship Program, and FPA's Student Leadership Program, visit [www.flexpack.org](http://www.flexpack.org) or contact FPA at (410) 694-0800. **FP**



American Packaging Corporation summer intern Michael Rutalis is flanked by Steve Rickey, technical director, American Packaging Corporation (left) and Mark Christensen, quality assurance supervisor, American Packaging Corporation (right).

## 2010 OPERATING RATIOS REPORT

The *2010 Operating Ratios Report*, produced by the Flexible Packaging Association, provides an annual review of operating expenses for flexible packaging converters. Data within the *Report* is provided to assist flexible packaging converters benchmark their overall performance, as well as, key operating factors and expense components, with that of composite information for other flexible packaging converters.

The *Report* is a benefit of FPA membership and is available only to FPA converter members that participated in the 2010 Operating Ratios Report Survey. FPA is pleased to report that 46% of FPA converter members participated in the survey.

The *Report* also provides a view of the flexible

packaging industry with additional perspective on both total employees, and factory versus non-factory employees; data regarding profitability, materials, and key operating statistics (for survey participants); and, information on key expense components as a percentage of net sales (2006-2010).

For more information about the *2010 Operating Ratios Report*, and additional FPA benchmarking reports including the *State of the Flexible Packaging Industry Report*, the *Industry Earnings Report*, the *Pulse of the Industry Report*, and the *Industry Compensation Report*, contact Bob Zaborowski, Director, Business and Economic Research at [zbaborowski@flexpack.org](mailto:zbaborowski@flexpack.org) or (410) 694-0800. **FP**



# 2011 FPA STATE OF THE INDUSTRY REPORT

## Industry Structure and Consolidation, Imports and Exports

The 2011 State of the Flexible Packaging Industry Report, produced by the Flexible Packaging Association, provides an overview of performance and profitability of the U.S. flexible packaging industry. Several aspects of the industry are examined within the Report including sales and utilization levels, profit trends, capital spending, M&A activity, U.S. imports and exports, and industry growth. This issue of the FPA Update focuses on the Industry Structure and Consolidation, and Imports and Exports sections of the Report.

The 2011 FPA State of the Flexible Packaging Industry Report is a benefit of membership and is available in the Members Only section of the FPA Web site, www.flexpack.org. The Report is also available to FPA non-members for \$3,500. For more information, contact Bob Zaborowski, Director, Business & Economic Research at (410) 694-0800.

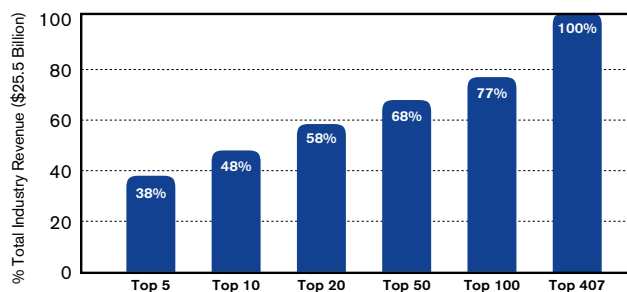
### Industry Structure and Consolidation

Today, there are approximately 407 flexible packaging converters/manufacturers. Of those, the top 10 flexible packaging converters account for nearly half of flexible packaging industry revenue; and, the top 5 account for 38% of industry revenue.

In 2010, the U.S. flexible packaging industry experienced an increase in M&A activity with 16 domestic transactions completed, versus 7 in 2009, and

9 in 2008. The 2011 State of the Flexible Packaging Industry Report includes a complete list of flexible packaging company mergers and acquisitions in 2010.

### U.S. FLEXIBLE PACKAGING INDUSTRY Structure by Revenue

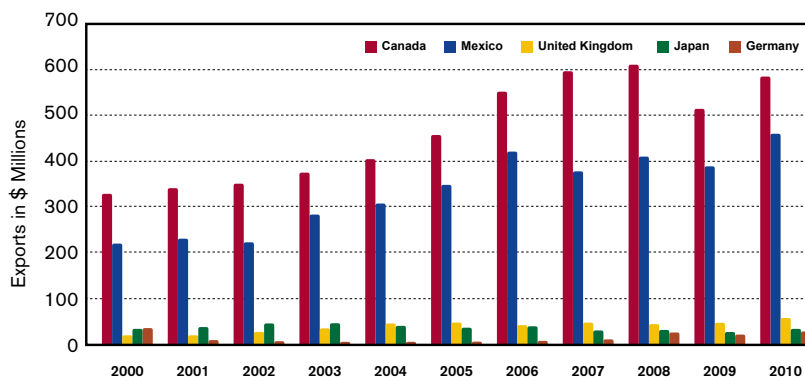


Source: Flexible Packaging Association

### Imports and Exports

According to the Report, U.S. flexible packaging exports increased by 15 percent to 1.5 million in 2010. Eighty-eight percent of domestic FPA converter members were involved in export activities. Over the past 10 years, flexible packaging exports have accounted for a consistent share of domestic production (measured in dollars) in the range of 4 to 6 percent each year. FP

### TOP 5 COUNTRIES RECEIVING FLEXIBLE PACKAGING U.S. EXPORTS % breakdown by segment



Source: Census Bureau, Foreign Trade Division  
Calculations by the Flexible Packaging Association