Global Packaging, Inc.

B+ *1 year PD* **0.60% to 1.89%**

- Strong growth of EBITDA and Net Income reflect disciplined cost control exceeding moderate revenue growth. Generally stable demand from core food customers, with low substitution risk.
- High leverage (likely grew since 12/24) is an increasing concern, and reliance on lender support. High customer concentration risk, single facility, and strategy-concerns about negative FCF in '24.

Strengths

- **Margin Expansion & Operating Efficiency:** FY-24 EBITDA margin rose from 6.9% to 11.6%, outpacing their peers 8.9%, driven by strong cost control and manufacturing integration, reflected in EBITDAR-to-rent coverage improving from 3.8x to 5.7x.
- **Industry Demand Stability & Diversified End Markets:** Core markets include food, pet food, personal care, and frozen goods, segments that are non-cyclical and regulatory-driven, helping maintain demand resilience even during macroeconomic slowdowns.
- **Product & Material Differentiation:** The company combines extrusion, printing, and converting under one roof, offering recyclable, laminated, and barrier-based custom films and pouches, which supports premium positioning and low substitution risk.

Challenges

- **Leverage, Equity & Customer Concentration:** Total debt grew 66% YoY to $75.1mn, driving the debt-to-assets ratio to 65.3% and leaving shareholder equity at a minimal $120k (vs Total Equity, primarily based on retained earnings!), raising concerns about balance sheet solvency. Four customers accounted for 77% of total sales in FY-24.
- **Working Capital & Receivables:** FY-24x A/Rs increased +41%, while payables declined, contributing to a $7.7mn working capital outflow, tightening liquidity despite positive cash earnings. Also raiseses questions about quality of A/Rs or efficiency in collecting.
- **Distributions Despite Free Cash Flow Deficits:** A $1.3mn owner-distribution was made in FY-24 despite a negative FCF of -$5.1mn, and increased debt, reflecting questionable capital allocation in a leveraged context and overall commitment of ownership. However, the entity increased equity in FY-24 by 15.2% based on retained earnings, even though the shareholder barely has any skin left in the game.

Company Overview

Headquarters	Oaks, PA
Type	Private (Non-PE)
Employees	~400
Year Founded	1948
Website	https://www.glopkg.com/
Business	Flexible packaging manufacturer for food products.
Revenues	$109.8M

- **Company Overview:** Global Packaging, Inc. is a vertically integrated manufacturer of custom flexible packaging solutions based in Oaks, Pennsylvania, serving both branded and private-label clients in the consumer packaged goods industry.
- **Product:** Produces custom-printed rollstock, laminated films, and pre-formed pouches with a focus on shelf appeal, product protection, and sustainable materials.
- **Customers:** Serves a diversified base of private-label and branded companies in food, snack, frozen goods, pet food, and personal care sectors, looking for high-quality, regulatory-compliant packaging. Most clients are based in North America.
- **Ownership:** The company is privately owned and led by Tony Maginnis, its founder and CEO, with no known external ownership or private equity sponsor.
- **Debt Structure:** With $35mn, Long Term Operating Leases represent a substantial component of their Total Debt (weighted avg remaining lease term 14.33 years, and 4.74% discount rate). The remainder of the LT-debt is maturing over time, subject to individual refi's, yet no maturity wall. About 30% are drawn under the $17.5mn R/C-line, and max $12mn capacity remaining. Their most recent equipment loan (max $10mn) had a balance of $0.7mn per YE-24, with the draw period ending 7/25/25.
- **Basis for Assessment:** Complete and audited FY-24 and FY-23.
- **Single Event Risks:** The loss of a key customer is a looming concern with as their top 4 customers accounted for 77% of total sales in FY-24. The company has a fairly balanced maturity profile. Yet, an elevated debt-to-asset ratio emphasizes the importance of being able to refi regularly, relying on consistent lender support. Their single-site dependency raises default concerns, alongside key-man risks, w/o being aware of any contingency plans, in case of unplanned facility shutdowns.

Financial Statement Highlights

$ '000s	(C) Dec-22 T12	(B) Dec-23 T12	(A) Dec-24 T12	Change (C) to (B)	Change (B) to (A)
Income Statement					
Total Revenue	-	105,071	109,765		4.5%
Gross Profit	-	21,590	22,900		6.1%
Adjusted EBITDA	-	7,226	12,704		75.8%
Gross Profit Margin		20.5%	20.9%		+31 bps
Net Income	-	1,242	5,357		331.2%
Balance Sheet					
Cash And Cash Equivalents	-	3,483	2,671		-23.3%
Total Current Assets	-	27,797	32,046		15.3%
Total Assets	-	80,835	115,071		42.4%
Total Current Liabilities	-	19,808	21,561		8.9%
Total Debt		45,314	75,092		65.7%
Total Equity	-	26,683	30,739		15.2%
Key Ratios					
Current Ratio		1.40	1.49		5.9%
Quick Ratio		0.85	0.99		16.2%
Net Debt / EBITDA		5.79	5.70		-1.5%
Debt to Assets		56.1%	65.3%		+920 bps
EBITDA Margin		6.9%	11.6%		+470 bps
ROCE %		4.2%	8.4%		+414 bps

- EBITDA rose from $7.2mn to $12.7mn (+76%) and operating income tripled from $2.6mn to $7.8mn, with margin gains despite modest revenue growth of 4.5%.
- Despite a rebound in operating cash flow (+$2.5mn in FY-24 vs. –$73k in FY-23), FCF stayed negative for a second consecutive year due to CAPEX exceeding $7.5mn.
- Debt increased by $29.8mn, faster than the $34.2mn rise in total assets, pushing Net Debt/EBITDA to 5.7x, with thin equity levels constraining financial flexibility.

Scorecard Summary

Financial vs Business Risk Weighting Factors

Ownership	Private (Non-PE)
Company Stage	Stabilized
Financials	Complete

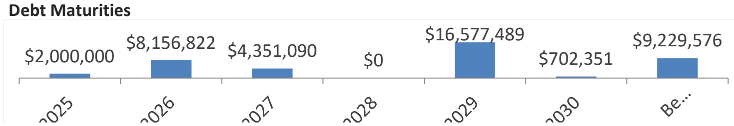
	Weight	Score	Dimension	Weight	Score
Financial	75%	5.7	Liquidity	25%	*4.5*
			Leverage	38%	*5.2*
			Profitability	38%	*7.1*
Business	25%	5.4	Industry Risk	20%	*5.0*
			Competitive Position	50%	*6.0*
			Mgmt / Governance	30%	*4.7*
			Sponsor / Parent		
Modifiers		-0.3	Trend Analysis		*0.3*
			Financial Flexibility		*(0.25)*
			Fixed Cost Coverage Risk		*(0.50)*

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks: *21*		Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.73	1.49	*34%*
	Quick Ratio	0.94	0.99	*53%*
Leverage	Net Debt / EBITDA	5.99	5.70	*51%*
	Debt to Assets	53.7%	65.3%	*32%*
Profitability	EBITDA Margin	8.9%	11.6%	*69%*
	ROCE %	7.1%	8.4%	*67%*
	Revenue	$361M	$110M	

Industry Benchmarks - Primary: Paper and Plastic Packaging Products and Materials

Debt Maturities



Business Risk Highlights

- **Industry:** Flexible packaging benefits from 3.5–3.9% CAGR growth in North America and stable demand from regulated sectors like food and pharma, but faces raw material volatility and rising sustainability mandates. Competition in that industry is intense, with innovation and agility being essential to differentiate. While profitability is moderate, margins are pressured by volatile raw-material and energy costs. Key success factors include efficient deployment of advanced technologies, cost-effective sustainable operations, and regulatory compliance with evolving environmental mandates
- **Competitive Position:** Being a vertically integrated manufacturer of custom flexible packaging solutions (e.g. in-house film extrusion, 10-color printing, and pouching capabilities) distinguish it from regional peers and support premium offerings in custom-packaged CPG goods.
- **Management:** Led by founder Tony Maginnis, the business has remained privately managed without external governance, offering operational consistency but limited financial oversight or capital market discipline.
- **PE Sponsor:** With no known parent company or private equity sponsor, the firm operates independently, supporting autonomy but also exposing it to unmitigated balance sheet risk