



**INDUSTRY UPDATE
JUNE 2026**

Packaging

The UK packaging sector continues to attract strong interest from investors and acquirers. Stable demand, a fragmented market and increasing sustainability requirements are reshaping the competitive landscape and driving consolidation.

HEADLINES



LARGE, RESILIENT MARKET

The UK packaging industry generates c. £11 billion in annual manufacturing turnover, underpinned by non-discretionary demand across food, beverage, healthcare, and e-commerce end markets.¹



REGULATORY-DRIVEN TRANSFORMATION

EPR, the Plastic Packaging Tax, and the forthcoming Deposit Return Scheme are reshaping competitive dynamics, with recyclability credentials increasingly driving valuations in M&A processes.



FAVOURABLE OUTLOOK FOR QUALITY ASSETS

Improving financing conditions and PE dry powder are supporting deal flow. Well-prepared assets - with earnings visibility and compliance maturity - are commanding the strongest interest.



SUSTAINED M&A ACTIVITY

Mid-market consolidation remains active into 2026, with financial sponsors and strategic acquirers competing for assets with strong sustainability credentials and recurring customer relationships.



MARKET OVERVIEW

The UK packaging industry generates c. £11 billion in annual manufacturing turnover and employs more than 85,000 people.¹ Demand is non-discretionary in nature, anchored by food, beverage, healthcare, and e-commerce end markets.

Paper and board formats are growing ahead of the broader market at c. 4.9% per annum to 2030, driven by plastic substitution across consumer goods, food-to-go, and transit packaging.²

The sector remains highly fragmented, with no single player commanding a dominant share and a large universe of privately owned mid-market businesses providing significant scope for ongoing consolidation.

E-COMMERCE AND FORMAT INNOVATION

Online retail accounted for over 28% of UK retail spend in 2025, materially increasing demand for protective, lightweight, and customisable packaging across corrugated, flexible film, and paper-based formats.³

This channel shift has accelerated demand for custom-sized and return-ready formats, driving investment in digital print and on-demand converting capability across the mid-market.

COMPLIANCE ENVIRONMENT

The Plastic Packaging Tax stands at £223.69 per tonne in 2025 for packaging with less than 30% recycled content.⁴ EPR entered its first charging year in October 2025, with PackUK issuing the first invoices to producers and transferring c. £1.5 billion of annual household packaging waste costs from local authorities to producers.⁴

Fee structures will be modulated by recyclability from 2026 onwards, creating direct financial differentiation between compliant and non-compliant businesses. The Deposit Return Scheme follows in October 2027.⁴

MARKET FRAGMENTATION

The UK packaging sector comprises over 4,000 active businesses, the vast majority of which are independently owned and operate below the scale required to meet the compliance and capital investment demands now reshaping the sector.⁸

This structure is a primary driver of ongoing consolidation. Well-capitalised acquirers can build scale through relatively modest bolt-on transactions, and the pipeline of owner-managed businesses considering their options remains strong.

£11 billion
UK PACKAGING MANUFACTURING
TURNOVER¹

£1.5 billion
ANNUAL COST SHIFT
UNDER EPR⁴

56
UK PACKAGING
TRANSACTIONS IN 2024⁶

56%
ADD-ON ACQUISITIONS AS % OF EUROPEAN
PE DEAL COUNT IN 2025⁷



M&A ACTIVITY

STABILISATION AFTER A RECORD RUN

UK packaging M&A reached 56 transactions in 2024 - a record and the second consecutive year of volume growth.⁶ Globally, 259 transactions were tracked across plastics and packaging in 2025, up from 234 in 2024, a market that has normalised from its 2021 peak but remains active.⁶

Acquirers are focused on assets with demonstrated EPR compliance, recyclable material profiles, diversified end-market exposure, and long-term recurring customer relationships.

In our experience, regulatory diligence has deepened materially - EPR cost exposures, recyclability ratings under the Recyclability Assessment Methodology, and DRS preparation are now core workstreams in every transaction process.

PRIVATE EQUITY

Private equity remains the primary driver of mid-market consolidation in UK packaging. Non-cyclical demand, recurring contracts, and deep fragmentation make the sector well-suited to buy-and-build. Add-on acquisitions accounted for approximately 56% of European private equity deal count in 2025, and multiple sponsor-backed platforms are approaching the end of typical hold periods - with a growing number of exits expected through 2026 and into 2027.⁷

STRATEGIC ACQUIRERS

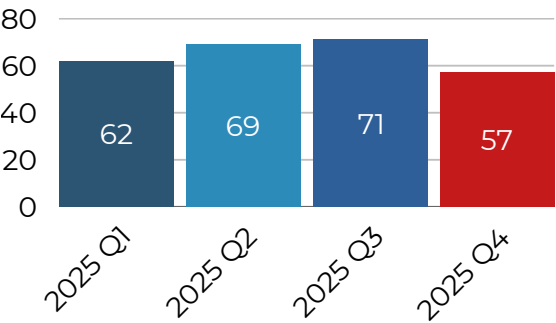
Strategic acquirers - particularly international groups seeking UK exposure - have been equally active. Sabert Corporation Europe's acquisition of Colpac combined two specialists in sustainable fibre-based food packaging, reflecting appetite for UK assets in food-to-go and foodservice. Cross-border deals accounted for over 53% of global packaging transaction volume in 2024, a trend that continued into 2025.⁶

CROSS-BORDER CONSOLIDATION

In early 2026, International Paper announced plans to separate its EMEA operations - incorporating the legacy DS Smith business - into an independently listed entity. The structural separation of one of Europe's largest corrugated businesses is expected to generate secondary M&A activity as the combined group optimises its portfolio.⁵ This follows International Paper's \$7.2 billion acquisition of DS Smith in January 2025, alongside Amcor's combination with Berry Global and ProAmpac's \$1.51 billion acquisition of TC Transcontinental Packaging.⁵

In our experience, UK mid-market packaging assets typically trade at 5x to 12x EBITDA, with sustainable and smart packaging manufacturers commanding the upper end of that range.

Global Packaging Deal Volumes⁶



REFERENCES

- 1. Packaging Federation of the United Kingdom, 2025
- 2. Mordor Intelligence, 2025
- 3. Office for National Statistics, 2025
- 4. PackUK / EPR UK, 2026
- 5. International Paper press release, 2025
- 6. PitchBook Data
- 7. Shoosmiths / PitchBook, 2026
- 8. IBISWorld, 2025



SELECTED RECENT TRANSACTIONS

Date	Target / Buyer	Target / Buyer Description	Target / Buyer HQ	Deal size (£ million)	Deal Rationale
16 Feb 2026	 koex PACKAGING SOLUTIONS	Spanish specialist in premium retail packaging.		n/a	Expands European speciality and luxury retail packaging offering.
	 Zeus We Make. We Supply. We Deliver.	Irish packaging distribution and manufacturing group.			
23 Sept 2025	 simpac Pack. Bag. Wrap.	Paper sack and food packaging manufacturer.		25	Strengthens sustainable paper packaging capabilities in the UK.
	 Zeus We Make. We Supply. We Deliver.	Irish packaging distribution and manufacturing group.			
10 Sept 2025	 EGI	Sustainable molded fiber pulp manufacturer.		n/a	Strengthens position in sustainable packaging and expands UK reach.
	 Roleon	Sustainable and secure packaging group.			
29 Aug 2025	 QUANTUM print & packaging	Manufacturer of bespoke printed and plain carton packaging.		n/a	Supports succession and establishes folding carton platform in the UK mid-market.
	 CONTINUANCE CAPITAL	UK investment firm acquiring profitable, established B2B businesses.			
31 Jul 2025	 colpac [®] FOOD PACKAGING CREATIVITY	Sustainable paperboard packaging manufacturer for food-to-go.		n/a	Enhances its offerings in the food service and retail packaging markets.
	 Sabert "makes food look great"	Sustainable food packaging and tableware manufacturer.			
28 Feb 2025	 NORTHERN CORRUGATED CASES LIMITED	Sustainable, high-performance corrugated packaging producer.		n/a	Extends corrugated packaging reach into the UK.
	 Roleon	Sustainable and secure packaging group.			
13 Jan 2025	 Pitreavie Packaging Reimagined	UK protective and sustainable packaging provider.		18	Expands UK protective packaging footprint and customer base.
	 MACFARLANE PACKAGING	UK protective packaging distributor and manufacturer.			
8 Jul 2024	 Polyformes Foams best kept secret!	Specialist foam protective packaging manufacturer.		12	Adds specialist foam and custom protective packaging capability.
	 MACFARLANE PACKAGING	UK protective packaging distributor and manufacturer.			

Advised by Gerald Edelman



OUTLOOK

A CONSTRUCTIVE BUT SELECTIVE MARKET

The M&A outlook for UK packaging remains positive, with improving financing conditions, PE dry powder, and a large universe of privately owned mid-market businesses.

Dealmaking is now more disciplined than at the 2021-2022 peak. Acquirers are prioritising better-prepared assets with earnings visibility, sustainability credentials, and strong customer relationships.

Businesses with credible recyclability plans and EPR compliance maturity are expected to attract the strongest interest. Assets facing higher compliance costs may see valuation pressure from 2026 onwards.

THE ROLE OF REGULATION

Eco-modulated EPR fees from 2026, and the Deposit Return Scheme, launching nationwide from October 2027, among other regulatory developments, will create further pressure on packaging businesses to evidence compliance. These changes are likely to favour better-capitalised groups.

For owner-managed businesses, the window ahead of these regulatory deadlines is a good time to test the market - before additional transition costs crystallise and erode value.

PE AND STRATEGIC ACQUIRERS

Private equity is expected to remain the most active acquirer class. Recurring revenue profiles, fragmented ownership, and proven buy-and-build dynamics make the sector well-suited to PE and support continued deal activity through 2026 and into 2027.

Strategic acquirers are also expected to remain acquisitive, particularly in fibre-based foodservice, pharmaceutical packaging, and e-commerce converting.

Overall, resilient demand, regulatory pressure, and improving capital markets should continue to support M&A activity for well-positioned packaging assets.

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GERALD EDELMAN CORPORATE FINANCE

We are a London-based corporate finance team of 30+ full-time professionals, advising founders, management teams, and investors on transactions across all sectors in the UK lower mid-market. Our senior team brings together former Big Four and investment banking professionals with deep, credible deal experience.

Deal Advisory

Sell-side M&A

Full process execution from preparation to completion (marketing, buyer engagement, negotiation, and due diligence).

Buy-side M&A

Target identification, evaluation, and execution support.

Pre-sale Planning

Value optimisation and exit readiness.

Capital Raising

Preparation of investor materials, investor outreach, and execution.

Management Buyouts (MBOs)

Structuring and execution support for management-led transactions.

Business Valuations

Valuation Services

Independent valuations for transactions, financial reporting, tax, and disputes support (covering shares, IP, and other intangible assets).

IPOs and Capital Markets

IPO Advisory

Planning, regulatory compliance, broker and underwriter selection, and reporting accountant services.

Transaction Services

Buy-side Due Diligence

Assessment of valuation and deal risks, and SPA support.

Vendor Due Diligence

Sell-side support to maximise value and add credibility for equity disposals and debt refinancing.

Tax Due Diligence

Compliance evaluation, deal risks, and exposure.

Management Incentive Schemes

Tax-efficient schemes to align and retain senior management.

Transaction Structuring

Tax-efficient structuring for acquisitions and disposals.

Financial Modelling

Custom three-statement and operating models for forecasting, scenarios, and transactions.

Debt Advisory

Debt Raising

Bank, private credit, and alternative lending across the capital structure.

Term Sheet Negotiation

Benchmarking and negotiation of pricing, covenants, and structure.