

## Deal Terms

1 WRK US = 1 SKG ID + \$5.00

### Target: WestRock

Country	United States
Bloomberg	WRK
Sector	Containers & Packaging
Share price (\$)	40.33
Market cap (\$m)	10,386
Free float (%)	~98

### Acquirer: Smurfit Kappa

Country	Ireland
Bloomberg	SKG ID
Sector	Containers & Packaging
Share price (EUR)	34.08
Market cap (EURm)	8,901
Free float (%)	~99

### Merger ratio Chart



### Status

Pending regulatory approvals

### Author

Gabor Kokosy

Event Driven Analyst

g.kokosy@chainbridgeresearch.com  
+36 1 720 5258 (direct line)

Gabor Kokosy

g.kokosy@chainbridgeresearch.com

Gabor Szabo, CFA

g.szabo@chainbridgeresearch.com

Theodor Dan Le

t.ledan@chainbridgeresearch.com

Chain Bridge Research

88 Pine Street 31st Floor  
New York, NY 10005

Tel (New York): +1-646-839-5566

Tel (New York): +1-212-233-0100

## WestRock (WRK) / Smurfit Kappa (SKG ID)

### UPDATE

The deal spread appears to be somewhat wide.

### Shareholder vote

- SKG voting carries some risk.
- On December 22, 2023 activist investor Primestone Capital called on SKG to consider alternatives to the proposed acquisition of WestRock, including reviving talks about a merger with International Paper.
- The fund said it owns 0.8% of Smurfit's issued share capital, which would make it a top 30 investor in the company. Primestone's letter said that while Smurfit Kappa in 2018 rejected a bid by International Paper on valuation grounds, such a "transaction could involve a combination at €50 per Smurfit share."
- International Paper in 2018 tried to buy Smurfit Kappa to create Europe's No. 1 producer of cardboard boxes. The takeover saga, lasting more than three months, has seen Smurfit Kappa rebuff two bids.
- In a similar move about a year ago, Primestone urged German chemicals distributor Brenntag SE to abandon its deal for Univar Solutions Inc. In that case, Primestone had a somewhat higher stake, and another shareholder also joined its efforts.
- **CBR comment:** Other SKG shareholders haven't joined so far the opposing party and IP hasn't stepped in, which makes Primestone efforts less likely to succeed.
- Key investors present in both companies, include BlackRock Vanguard, and Norway's sovereign wealth fund.
- We also note that SKG shareholders are likely to prefer a certain deal with synergies than an uncertain or no IP approach.

### EPS accretion for an SKG/IP merger

- We haven't seen evidence of IP looking for M&A candidates, and the exit of its CEO does not help such effort.
- Leverage in 2023 was at ~2.0x, sitting below International Paper's target range of 2.5x to 2.8x. It had a share buyback back in 2021 and offers a ~5% dividend yield.
- Based on our EPS accretion calculations, we see room for IP to offer alternatives to SKG shareholders, however Primestone's \$50/share target might be a bit optimistic.
- We note that IP had sufficient time to approach SKG after the deal announcement; thus, the probability of such an approach is limited.

### Timing

- Similarly long Mexican reviews including Cornershop/Walmex, Naturgy Energy/IFM Investors, Delivery Technologies/Uber Technologies, Starwood Hotels/Marriott International took 230-260 (7-9 months) from deal announcement either to be approved or blocked. This brings us to an estimated April-June 2024 deal close (Cos target 2Q 2024). A pre-approved buyer was required in the Disney/Fox case in Mexico as the local authority tightly follows the effects of such big mergers.

### Dividend

- Smurfit Kappa shareholders and WestRock stockholders will continue to receive ordinary course dividends until the consummation of the Combination. Smurfit WestRock intends to pay a dividend to Smurfit WestRock stockholders in line with Smurfit Kappa's current attractive dividend policy.
- From now on we estimate an April (xdate) dividend payment for SKG and two more dividends (xdates in February and May) for WRK shareholders.
- Our base case estimation for the dividend differential is 0.24/WRK in favour of WRK shareholders.
- In an extended timeline we estimate an April and a September (xdates) dividend payments for SKG and three more dividends (xdates in February May and August) for WRK shareholders. Dividend differential in that case is \$0.68/WRK at the cost of WRK shareholders.

### Standalone Value

- In a deal break, we see WRK trading around a 6x FY1 EBITDA multiple, which implies a \$36 standalone value.
- SKG trading at a ~6.2x FY1 EBITDA multiple implies a EUR36-EUR38 standalone value.

## Update on key risks

### SHAREHOLDER VOTE

- SKG: “Sun Shareholder Approval” means (i) the approval of the Scheme by three-fourths (75%) or more in value of the Sun Shares held by Sun Shareholders, present and voting either in person or by proxy, at the Court Meeting (or at any adjournment of such meeting) and (ii) the EGM Resolutions being duly passed by the requisite majorities of Sun Shareholders at the Extraordinary General Meeting (or at any adjournment of such meeting);
- WRK: “Willow Shareholder Approval” means the affirmative vote of the holders of a majority of the outstanding Willow Shares entitled to vote upon the approval and adoption of this Agreement at the Willow Special Meeting.
- SKG voting carries some risk.
- On December 22, 2023 activist investor Primestone Capital called on SKG to consider alternatives to the proposed acquisition of WestRock, including reviving talks about a merger with International Paper.
  - Primestone has reservations about the WestRock acquisition and believes alternative deals could create more value for Smurfit Kappa shareholders.
  - “We are writing this letter to express our reservations with the WestRock acquisition and ask you to consider strategic alternatives that we believe could create significantly more value for shareholders. One such alternative would be a transformational combination with International Paper” to create a pure-play global leader in corrugated packaging, Primestone said Thursday.
  - The fund said it owns 0.8% of Smurfit’s issued share capital, which would make it a top 30 investor in the company.
  - Primestone’s letter said that while Smurfit Kappa in 2018 rejected a bid by International Paper on valuation grounds, such a “transaction could involve a combination at €50 per Smurfit share.”
  - International Paper in 2018 tried to buy Smurfit Kappa to create Europe’s No. 1 producer of cardboard boxes. The takeover saga, lasting more than three months, has seen Smurfit Kappa rebuff two bids.
  - In a similar move about a year ago, Primestone urged German chemicals distributor Brenntag SE to abandon its deal for Univar Solutions Inc. In that case, Primestone had a somewhat higher stake, and another shareholder also joined its efforts.
- **CBR comment:** Other SKG shareholders haven’t joined so far the opposing party and IP hasn’t stepped in, which makes Primestone efforts less likely to succeed.
- Key investors present in both companies, include BlackRock Vanguard, and Norway’s sovereign wealth fund.
- We also note that SKG shareholders are likely to prefer a certain deal with synergies than an uncertain or no IP approach.
- We note that leverage will allow the merged company to keep its investment-grade credit rating and continue SKG’s attractive dividend policy.
- Smurfit WestRock intends to pay a dividend to Smurfit WestRock stockholders in line with Smurfit Kappa’s current attractive dividend policy.
- We note that the NPV of synergies is equal to ~\$10/WRK share (10x cap, 25% tax rate, 1x cost of synergies)

<b>Enhanced financial profile</b>			
Unique opportunity to create value for stakeholders			
	 Smurfit Kappa	 WestRock	 Smurfit WestRock
Adj. Revenue	€ 12.3bn	\$ 21.0bn	\$ 34bn
Adj. EBITDA (excl. synergies)	€ 2.3bn	\$ 3.2bn	\$ 5.5bn
% margin	18.7%	15.2%	16.2%
Adj. Free Cash Flow <sup>1</sup>	€ 1.6bn	\$ 1.8bn	\$ 3.4bn
Net Leverage Ratio <sup>2</sup>	1.4x	2.5x	2.3x
Credit Rating	Baa3 / BBB-	Baa2 / BBB	Investment Grade
			 \$400m+ synergies
			 Attractive dividend policy

- The longer-term average historical share price ratio is close to the current merger ratio. We also note that based on financial metrics (Revenue, EBITDA, Net profit,) WRK is a bigger company while WRK has lower margin and lower growth potential compared to SKG.



Source: Bloomberg, CBR

**EPS accretion for an SKG/IP merger**

- We haven't seen evidence of IP looking for M&A candidates, and the exit of its CEO does not help such effort.
- Leverage in 2023 was at ~2.0x, sitting below International Paper's target range of 2.5x to 2.8x. It had a share buyback back in 2021 and offers a ~5% dividend yield.
- Based on our EPS accretion calculations, we see room for IP to offer alternatives for SKG shareholders, however Primestone's \$50/share target might be a bit optimistic.
- We note that IP had sufficient time to approach SKG after the deal announcement; thus, the probability of such an approach is limited.

EPS	2024	2025	2026
SKG ID	3.789	3.591	3.812
IP US	2.099	2.284	2.976
Merger ratio	1.018	1.0184	1.0184

Earnings Accretion / Dilution	FY1	FY2	FY3
<i>million</i>			
<b># of shares (m)</b>			
Target shares acquired (O/S)	260	260	260
Bidder (O/S)	346	346	346
Bidder shares issued to target shareholders	265	265	265
Total Bidder shares post-merger	611	611	611
<b>EPS</b>			
Target EPS	3.789	3.591	3.812
Bidder EPS	2.099	2.284	2.976
MergedCo	2.803	2.823	3.309
Annual synergies (m)	250	250	250
Tax rate	20%	20%	20%
% of synergies realized	0%	50%	100.0%
Annual synergies post tax (m)	-	100	200
Syn/ share (post tax)	-	0.164	0.327
<i>Debt funding</i>			
<i>Interest cost</i>			
<i>Interest cost post tax</i>			
<i>Interest cost per share</i>			
Adjusted MergedCo EPS	2.803	2.987	3.636
<b>Earnings accretion/dilution</b>			
Bidder	33.5%	30.8%	22.2%
Target	-24.7%	-15.3%	-2.9%

**EPS Accretion sensitivity analysis**

		<b>Merger Ratio</b>								
		1.016	1.067	1.117	1.168	1.219	1.270	1.321	1.371	1.422
<b>Annual Cost Synergies (USDm)</b>	0	11.3%	8.9%	6.7%	4.5%	2.4%	0.4%	-1.5%	-3.3%	-5.1%
	50	13.5%	11.1%	8.8%	6.6%	4.5%	2.4%	0.5%	-1.4%	-3.3%
	100	15.7%	13.3%	10.9%	8.6%	6.5%	4.4%	2.4%	0.5%	-1.4%
	200	20.1%	17.6%	15.1%	12.8%	10.5%	8.4%	6.3%	4.3%	2.4%
	230	21.4%	18.9%	16.4%	14.0%	11.8%	9.6%	7.5%	5.4%	3.5%
	250	22.3%	19.7%	17.2%	14.9%	12.6%	10.4%	8.2%	6.2%	4.2%
	260	22.8%	20.2%	17.7%	15.3%	13.0%	10.8%	8.6%	6.6%	4.6%
	270	23.2%	20.6%	18.1%	15.7%	13.4%	11.2%	9.0%	7.0%	5.0%
	280	23.6%	21.0%	18.5%	16.1%	13.8%	11.6%	9.4%	7.4%	5.4%
	290	24.1%	21.4%	18.9%	16.5%	14.2%	12.0%	9.8%	7.7%	5.8%
	300	24.5%	21.9%	19.3%	16.9%	14.6%	12.3%	10.2%	8.1%	6.1%
<b>Implied SKG offer price (EUR)</b>		34.17	35.88	37.59	39.30	41.01	42.71	44.42	46.13	47.84

**REGULATORY RISKS AND TIMING IN MEXICO**

- EU and US approvals are required.
- Regulatory approvals are likely required in Brazil and Mexico.
- Other LatAm and Asian countries are less likely to require antitrust approvals, given the limited presence of WRK and SKG.
- There is a divestiture obligation limited by a \$750m 2022 revenue cap.

**Product market**

- We note there is overlap between the companies in terms of containerboard and corrugated packaging products (containerboard, corrugated sheets, corrugated packaging, preprinted linerboard, etc.) and in consumer packaging (folding cartons, interior partitions, honeycomb, inserts and labels) products.
- Based on precedent transactions (KINNEVIK/ BILLERUD/KORSNÄS 2012, WESTROCK / MPS 2017, JEFFERSON SMURFIT / KAPPA 2005), products are differentiated by several features like end usage, complexity level, readiness level and transportation costs etc).
- Containerboard can be produced in a variety of different grades and basis-weights depending on the required end-use. It may be produced from either recycled fiber (old corrugated containers) or virgin fiber using a kraft pulp process.
- There are two types of containerboard:
  - Linerboard (paper that forms the inner and outer facings of a corrugated sheet) is made from virgin wood fiber, recycled fiber (usually "old corrugated containers," or "OCC"), or a combination of both virgin and recycled fibers.
    - Linerboard may also be produced with a bleached or coated white surface to improve printability characteristics.
  - Medium (paper that is inserted between the inner and outer linerboards in a wavy, fluted pattern) is typically made from recycled fiber, but can also be made from virgin fibers or a combination of recycled and virgin fibers.
  - The primary uses for corrugated containers are packaging for consumer goods, processed foods and agricultural products.
- Converting paperboard into cartonboard packaging products involves the printing, folding, gluing and often laminating / coating of pre-ordered sheets of paperboard and cutting the board into carton blanks. The carton blanks also incorporate creases, which enable the carton to be formed for packaging the customer's product. Folding cartonboard packaging is sold to producers of food and non-food consumer products to be used to pack a wide range of products belonging to different end-use segments.
  - A form of cartonboard packaging is microflute, which is a type of corrugated cartonboard used for transport and display purposes at the point of sales.
  - The Parties' activities in folding cartonboard packaging overlap with respect to several end-use applications: (i) beverages, (ii) food, (iii) healthcare, (iv) personal care and (v) other non-food etc.

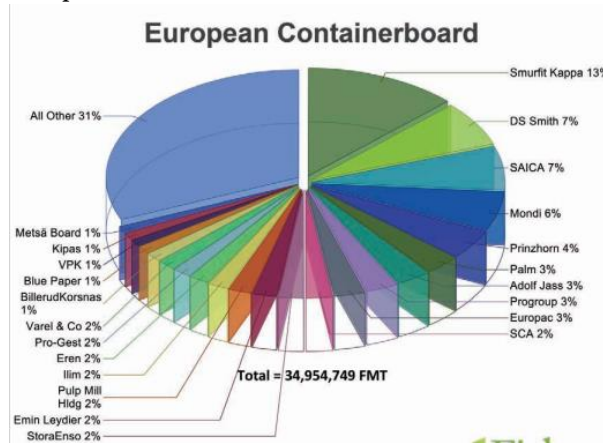
**Geographic market**

- The merging parties overlap in Europe in North America and Latin American countries. However, we note that the geographic presence of the parties is highly complementary, therefore major divestitures being required is highly unlikely in Europe and North America. We note that WRK is among the top players in North America, but SKG is not, and the other way round in Europe. Key countries where both parties appear to be strong are Mexico and Brazil. The Mexican market has strong ties to the US packaging market with significant import.

**Europe**

- In Europe, SKG is the biggest player with 13% market share, while WRK has a market share below 1%. In precedent EU merger reviews for most of the overlapping products (Kraft paper, Corrugated case materials, Liquid packaging board, Wood pulp, Paperboard) the EC defines the relevant geographic market as at least EEA-wide. Based on that we don't see major antitrust issues in the EU. For corrugated board sheets and corrugated cases the geographic market is narrower as sheets may be economically transported for a distance of up to 300-400km and 200-300 from the corrugator respectively.

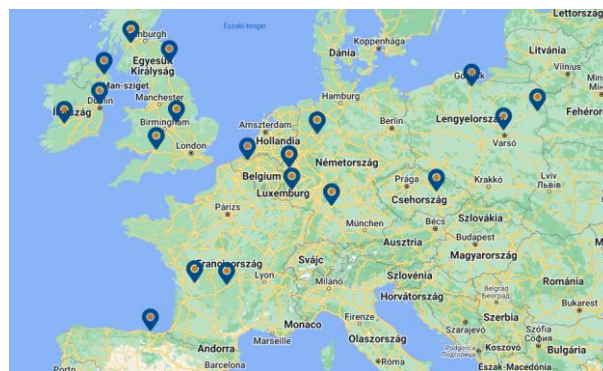
**2020 Containerboard by capacity in Europe**



Source: Fisher

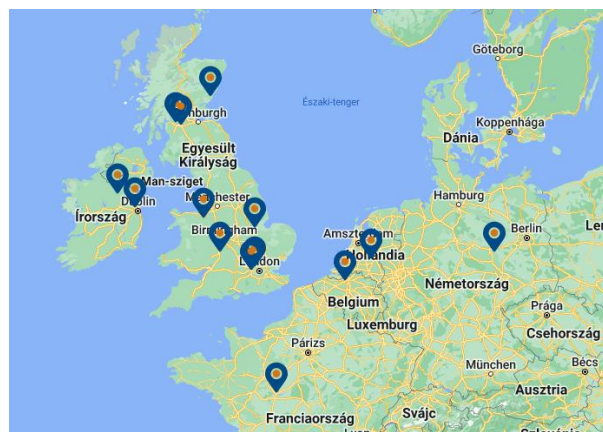
- In Europe, WRK is present with Folding Carton and Specialty Printing and Packaging solutions.
- In the folding carton segment Ireland, UK, Benelux countries, France, Germany, Spain, Poland and Czech Republic are covered by WRK.
- WRK has Specialty Printing and Packaging solutions in Ireland, UK, France Germany and Benelux countries.
- SKG has limited presence in WRK's product market. It is corrugated sheet board/packaging, paper mill and recycling-heavy in Europe.
- In France, SKG has one preprinted liner and one folding carton factory in Germany.

**WRK Folding cartons**



Source: WRK

**Specialty Printing and Packaging**



Source: WRK

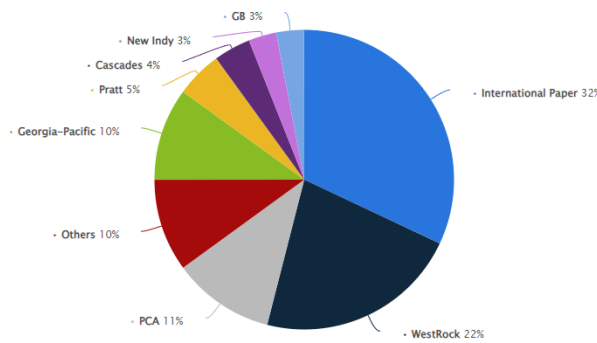
**CBR comment**

- Based on our simplified calculation of per factory revenue for WRK in Europe equals to ~\$30m. In the worst-case scenario, we assume the merging parties having to sell 1-2 locations.

**North America (incl Mexico)**

- In North America, both SKG and WRK have presence in US and Mexico. WRK covers the whole US, while SKG is present mainly in Texas (and some nearby states) and mainly in Mexico. The main corrugated paper supplier to Mexico is US with almost 100% market share.
- WRK is the second biggest containerboard player in the US. In some subsegments WRK is bigger than any of its peers.
- On July 27, 2022, WRK announced to acquire the remaining 67.7% interest in Grupo Gondi (Mexico) for \$970 million. Grupo Gondi is a leading integrated producer of corrugated and consumer packaging that operates four paper mills, nine corrugated packaging plants and six high graphic plants throughout Mexico, producing sustainable packaging for a wide range of end markets in the region. Gondi delivers ~ \$1bn revenue per year based on the [nine month ended WRK numbers](#). For WRK folding cartons and corrugated containers factories are in the focus in Mexico.
- SKG is not a top 10 player in North America. SKG Americas revenue per location is close to ~\$40m. 45% of SKG locations and 47% of its revenue is coming from Mexico. Corrugated Packaging is its main focus but paper mills, folding packaging and bag in box services are present in more than one factory.
- **The US review is unlikely to find major obstacles however in Mexico the overlap could potentially trigger a rigorous review.**
- According to Fastmarkets, the combination of assets will give Smurfit WestRock an estimated Mexican market share of 36%. Thus, the Mexican market has the potential to present some of the most significant obstacles to the merger.
- SKG market share in Mexico is around 27-28%.
- Given that the merging parties' combined revenue will be around \$2.3-2.6bn in Mexico, they can sell ~30% of their Mexican business and push down their market share to 25%. As the SKG and WRK businesses have some different business lines and any **concentration in the Mexican industry is greatly offset by the fact that about one-quarter of containerboard demand is supplied by US imports, a smaller divestiture package is likely to be enough.**
- Key competitors present in Mexico are Bio Pappel (20 locations) and IP (22 converting plants and 1 mill). Pratt also has some Mexican assets and nearby US factories. PCA and Georgia-Pacific have close to the border plants in the US. Other competitors include Kimberly Clark, Copamex, Cartones Ponderosa, Grupak, Greenpaper, Papel San Francisco and Krafir

**Market share of North American containerboard producers in 2021**

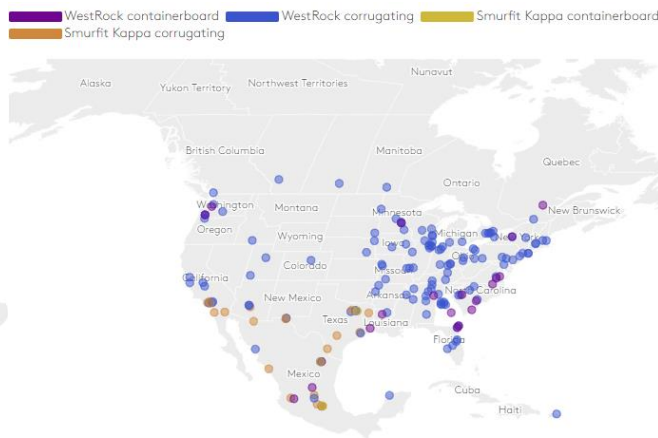


Source: Statista

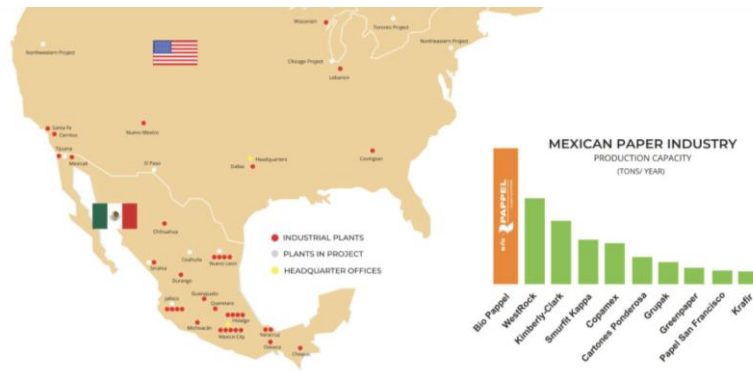
**Mills in Americas**



**Containerboard mills and corrugated facilities**



Mexican paper industry



Source: Bio Pappel

Lat-Am

- In Latin America WRK is present in Brazil, Argentina and Chile. SKG has Brazilian, Argentinian, and Columbian presence. From an antitrust perspective, the key market appears to be Brazil. The high combined market share in Colombia arrives from SKG, while WRK is not present in the country.
  - WRK has one containerboard mill in Brazil, with a total capacity of 750 thousand tons. Altogether WRK has 6 factories mainly focusing on Corrugated Containers production with some containerboard and folding package operations.
  - SKG also has six factories with 2 paper mills and heavy corrugated packaging exposure.
  - In Brazil, the market leader is Klabin with ~23%-24.5% (multiple sources) market share.
  - A Fastmarket/Rabobank research states that the combined company will own 17.6% of the Brazilian market.
  - Assuming a hypothetical market penetration for the rest of the Brazilian market, we believe that the merger doesn't change the landscape in an anticompetitive way. Mergers resulting in unconcentrated markets (HHI below 1500) are unlikely to have adverse competitive effects and ordinarily require no further analysis. The HHI delta is just above 100 which might warrant scrutiny, but we would not assume major remedies being required.

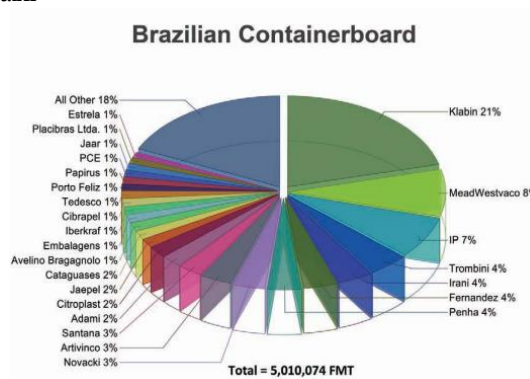
Figure 4: Containerboard market share of the merged entity in Latin America, 2023



Source: RISI Fastmarkets, Rabobank 2023

	Pre merger		Post merger	
	Market share %	HHI	Market share %	HHI
Klabin	24	576	24	576
WRK	9	81	17	289
SKG	8	64	-	-
Player1	6	36	6	36
Player2	5	25	5	25
Player3	4	16	4	16
Player4	4	16	4	16
Player5	4	16	4	16
Player6	3	9	3	9
Player7	3	9	3	9
Player8	3	9	3	9
Player9	2	4	2	4
Player10	2	4	2	4
Player11	2	4	2	4
Others	21	21	21	21
<b>Total</b>	<b>100</b>	<b>890</b>	<b>100</b>	<b>1034</b>
<b>HHI delta</b>				<b>144</b>

2020 Containerboard by capacity in Brazil



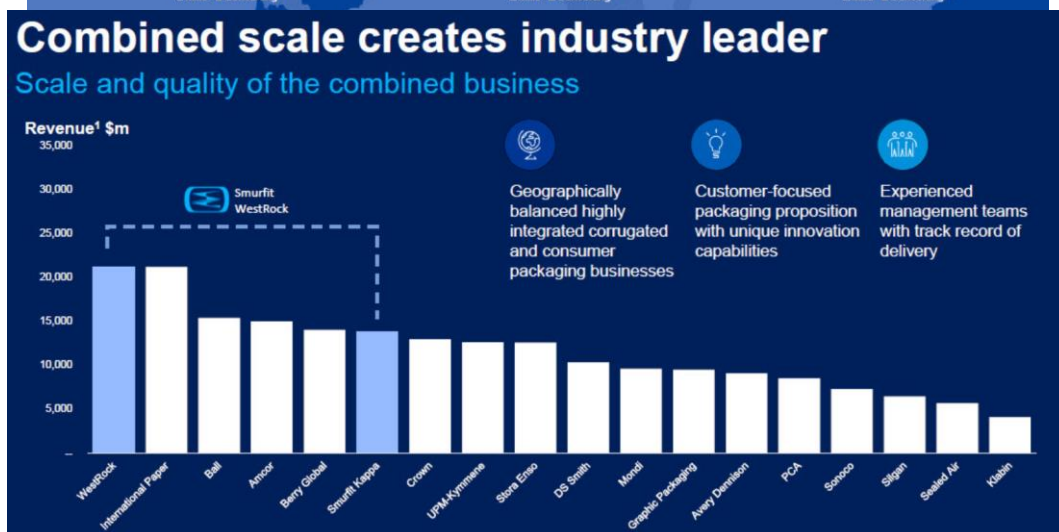
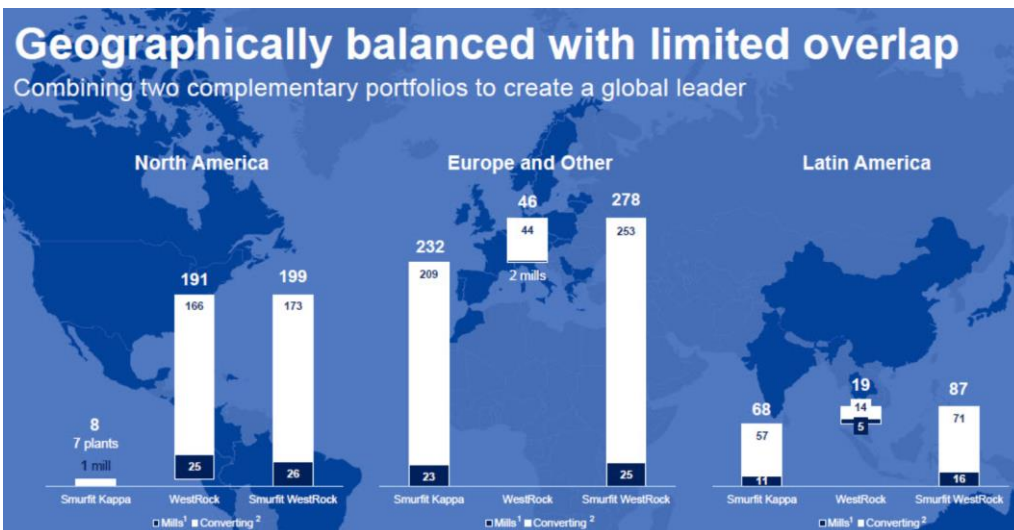
\*MeadWestvaco belongs to WRK

\*\*Since 2020 SKG gained market share through acquisitions and investments

SKG revenue	Revenue 2022 EURm	Mills	Converting Plants
<i>Europe</i>	<u>985.3</u>	<u>23</u>	<u>209</u>
Ireland	118		
Germany	1861		
France	1521		
Other Europe — eurozone	3787		
Other Europe — non-eurozone	2566		
<i>Americas</i>	<u>296.2</u>	<u>12</u>	<u>64</u>
Mexico	1296		
Other Americas	1666		
<b>Total</b>	<b>12815</b>	<b>35</b>	<b>273</b>

WRK FY 2022 revenue	Corrugated Packaging	Consumer Packaging	Global Paper	Distribution	Intersegment Sales	Total	Mills	Converting Plants
<i>Americas</i>	<u>9299.9</u>	<u>3575.3</u>	<u>5803.2</u>	<u>1418.9</u>	<u>-365.1</u>	<u>19732.2</u>	<u>30</u>	<u>180</u>
U.S.	8264.7	2870.9	5344.8	1238.3	-357.2	17361.5		
Canada	578.8	510	227.7	16.1	-7.5	1325.1		
Latin America	456.4	194.4	230.7	164.5	-0.4	1045.6		
<i>Europe and Others</i>	<u>7.7</u>	<u>1389.9</u>	<u>127</u>	<u>0</u>	<u>-0.3</u>	<u>1524.3</u>	<u>2</u>	<u>44</u>
EMEA	7.7	1079.9	63.2	0	-0.3	1150.5		
Asia Pacific	0	310	63.8	0	0	373.8		
<b>Total</b>	<b>9307.6</b>	<b>4965.2</b>	<b>5930.2</b>	<b>1418.9</b>	<b>-365.4</b>	<b>21256.5</b>	<b>32</b>	<b>224</b>

\*WRK 2022 revenue does not contain its Mexican business (Grupo Gondi).



Source: Merger presentation

### Timing

- Kapstone / Westrock 2018 deal closed in 9 months with an HSR second request.
- In 2020 Klabin boosted its market share from 17% to 23% after buying IP's Brazilian operation. The deal closed in 6.5 months.
- WRK 10-K: The Transaction is expected to close in the second calendar quarter of 2024, conditional upon regulatory approvals, shareholder approvals and satisfaction of other closing conditions.

### Precedent Mexican reviews

- Walmex (Walmart) announced in September 2018 to acquire Cornershop. The deal [fell](#) apart in June 2019 as COFECO did not approve the deal after 264 days.
- The Naturgy Energy/IFM Investors was announced on January 26, 2021 and COFECO approved on August 03, 2021
- Delivery Technologies/Uber Technologies took 263 days from deal announcement to close.
- Starwood Hotels/Marriott International took 230 day from deal announcement to close.
- **Based on precedent Mexican reviews we assume a 230-260 (7-9 months) review timeline (from announcement) which brings us to an April-June 2024 deal close.**

### Mexican review process

- Within the 15 days following the notification filing date, the Commission is entitled to request additional information or documentation, which must be delivered by the interested parties within 15 days following the request. This timeframe may be extended on a case-by-case basis based on the complexity of the case, or the volume of information requested. After the documentation delivery process is completed, the Commission has a 35-day term to issue its resolution; if such resolution is not issued within such a term, it shall be interpreted as if the Commission has no objection to the merger; however, the Commission is entitled to extend the term for its resolution for up to 40 days but only in extraordinarily complex transactions and which is decided on a case-by-case basis.
- In the [Disney/Fox case the regulator](#) substantive decisions involved: i) identifying and separating all the assets necessary to preserve the value of the divested company, ii) taking proper measures to guarantee a successful transfer of the ongoing business, iii) approving and coordinating the activities of internationals selling trustees and monitoring trustee, iv) **assessing potential purchasers**, and iv) overseeing the assignments and license transfers of the sports pay-tv content from Fox Corp. to the new independent third-party purchaser in competitive, viable and suitable terms.
  - Based on cases where divestitures is required it appears that the Mexican regulator requires a pre-approved buyer.

### F-4

- Other than the DMA remarks the timing of the F-4 filing hasn't been specified by the merging parties "“U.S. Registration Statement” means the registration statement to be filed with the SEC, pursuant to which the offer and sale of the Stock Consideration pursuant to the Merger will be registered pursuant to the Securities Act (together with any amendments or supplements thereto), on (a) Form S-4 or (b) Form F-4, if such form is available and Sun and Willow, acting reasonably and in good faith, so elect and agree in writing, following discussions with the S&P Dow Jones Indices division of S&P Global (S&P) in which **S&P indicates that the filing of a Form F-4 instead of a Form S-4 would not negatively affect the likelihood or timing of inclusion of ListCo Shares in the S&P 500 Index;**

### DIVIDEND

- Smurfit Kappa shareholders and WestRock stockholders will continue to receive ordinary course dividends until the consummation of the Combination. Smurfit WestRock intends to pay a dividend to Smurfit WestRock stockholders in line with Smurfit Kappa's current attractive dividend policy.
- From now on we estimate an April (xdate) dividend payment for SKG and two more dividends (xdates in February May) for WRK shareholders.
- Our base case estimation for the dividend differential is 0.24/WRK in favor of WRK shareholders.
- In an extended timeline we estimate an April and a September (xdates) dividend payment for SKG and three more dividends (xdates in February May, August) for WRK shareholders. Dividend differential is \$0.68/WRK at the cost of WRK shareholders.

## Updated valuation

### STANDALONE VALUE

- In a deal break, we see WRK trading around a 6x FY1 EBITDA multiple, which implies a \$36 standalone value.
- SKG trading at a ~6.2x FY1 EBITDA multiple implies a EUR36-EUR38 standalone value.

## Key terms of the merger

### Transaction Details

Announcement Date	<a href="#">September 12, 2023</a>
Offer terms	1 WRK US = 1 SKG ID + \$5.00
% owned by WRK stockholders	49.6%
Deal Size (Market Value)	10.3bn
Offer structure	Cash and share merger / Scheme of Arrangement
Target's Board Recommendation	Yes
Voting Agreement	No
Target Incorporation	Delaware - US
Bidder Incorporation	Ireland
Transaction Agreement	Click <a href="#">here</a> for the transaction agreement
Transaction Presentation	Click <a href="#">here</a> for the transaction presentation
Synergies	<ul style="list-style-type: none"> <li>Targeting annual pre-tax run-rate synergies in excess of \$400 million at the end of the first full year following completion; delivery of synergies expected to require one-off cash costs of approximately \$235 million</li> </ul>

### Indicated Closing Date

- The transaction is expected to close in the second quarter of calendar year 2024

### Dividends

- Smurfit Kappa shareholders and WestRock stockholders will continue to receive ordinary course dividends until the consummation of the Combination. Smurfit WestRock intends to pay a dividend to Smurfit WestRock stockholders in line with Smurfit Kappa's current attractive dividend policy.
- We estimate two more dividend payments for SKG and three more dividends for WRK shareholders.
- Dividend differential is \$0.68/WRK at the cost of WRK shareholders.

### Financing

- SKG ID has entered into a commitment letter providing for a committed bridge facility which includes financing to fund the cash portion of the transaction.

### WRK capitalization

- WRK Equity**
  - The authorized capital stock of Willow consists of 600,000,000 shares of Willow Common Stock and 30,000,000 shares of preferred stock of \$0.01 par value ("Willow Preferred Stock"). As of September 8, 2023 (the "Willow Capitalization Date"), being the latest practicable date prior to the date of this Agreement, (A)(1) 256,402,917 Willow Shares were issued and outstanding, (2) 35,953,499 Willow Shares were held in treasury and (3) no Willow Shares were held by Willow Subsidiaries, (B) Willow Options to purchase 701,700 Willow Shares with a weighted average exercise price of \$42.26 were outstanding, (C) Willow RSU Awards with respect to 8,310,335 Willow Shares were outstanding (including performance-based Willow RSU Awards with respect to 5,479,172 Willow Shares at the maximum level of performance), (D) 13,699,283 Willow Shares were reserved for issuance pursuant to the Willow Equity Plans, (E) director phantom awards with respect to 30,360 Willow Shares were outstanding, (F) 622,497 Willow Shares were available under the Willow ESPP and (G) no shares of Willow Preferred Stock were issued or outstanding.

- WRK Debt**

	June 30, 2023
Public bonds due fiscal 2024 to 2028	\$ 3,436.6
Public bonds due fiscal 2029 to 2033	2,743.0
Public bonds due fiscal 2037 to 2047	177.4
Revolving credit and swing facilities	91.2
Term loan facilities	1,347.3
Receivables securitization	425.0
Commercial paper	149.6
International and other debt	105.2
Finance lease obligations	429.9
Vendor financing and commercial card programs	121.8
Total debt	9,027.0
Less: current portion of debt	419.4
Long-term debt due after one year	\$ 8,607.6

- WRK Net Leverage**

- FY1 Net Debt/EBITDA 3.4x.

### SKG capitalization

- SKG Equity**
  - The authorized share capital of Sun consists of 9,910,931,085 Sun Shares and 2,356,472 A1 convertible shares with a par value of €0.001 each, 2,356,471 A2 convertible shares with a par value of €0.001 each, 2,355,972 A3 convertible shares with a par value of €0.001 each, 30,000,000 B

convertible shares with a par value of €0.001 each, 30,000,000 C convertible shares with a par value of €0.001 each, and 75,000,000 D convertible shares with a par value of €0.001 each (classes A1, A2, A3, B, C and D together, the “Sun Convertible Shares”). As of September 8, 2023 (the “Sun Capitalization Date”), being the latest practicable date prior to the date of this Agreement, (A)(1) 260,149,162 Sun Shares were issued and outstanding (including shares subject to awards under Sun’s 2018 Deferred Bonus Plan and 2011 Deferred Annual Bonus Plan) and (2) no Sun Shares were held in treasury, (B) 4,334,157 Sun Shares were reserved for issuance pursuant to outstanding awards under Sun’s 2018 Performance Share Plan (as amended) (assuming any applicable performance goals are achieved at 100%) and (C) 4,965,514 Sun Convertible Shares were issued and outstanding, of which 2,089,514 were class B, 2,089,514 were class C and 786,486 were class D.

- SKG Debt
- SKG Net Leverage
- Net debt was €2,992 million at the end of December 2022
- FY1 Net Debt/EBITDA 1.5x.

#### Valuation Multiples

■ Premium (20D VWAP)	~37%
■ LTM EV/Sales	0.99x
■ FY1 EV/Sales	1.00x
■ FY2 EV/Sales	1.01x
■ LTM P/E	10.2x
■ FY1 P/E	13.9x
■ FY2 P/E	15.4x
■ FY1 EV/EBITDA	7.0x
■ FY2 EV/EBITDA	6.9x

#### Timetable

■ Confidentiality Agreement	January 20, 2023
■ Date of the Merger Agreement (T)	September 12, 2023
■ Deal Announcement	September 12, 2023
■ HSR filing deadline	October 3, 2023
■ Expiration of HSR waiting period (+30D)	November 2, 2023
■ Shareholder meetings	First half of 2024
■ Settlement (CBR est.)	By June 2024
■ Outside date	September 12, 2024
■ Extended outside date	December 12, 2024

#### Deal close definition

- Completion shall take place at 5:00 p.m. (and in any event after the close of business in New York City), on the first Friday that is at least three (3) business days (or such shorter period of time as remains before 5:00 p.m. on the End Date) after, the satisfaction or, in the sole discretion of the applicable Party, waiver (where applicable) of all of the Conditions (“Completion Date”) (other than those Conditions that by their nature can only be satisfied at the Completion Date (including the Condition set forth in Clause 8.1(b)(iv)), but subject to the satisfaction or, in the sole discretion of the applicable Party, waiver of such Conditions at the Completion Date) or at such other date and time as may be mutually agreed to by the Parties in writing.

#### Solicitation Clause (WRK US and SKG ID)

- There is a non-solicitation clause with a fiduciary out prior to the shareholder meeting
- There is a five business day matching period.
- “Willow Superior Proposal” means a bona fide proposal or offer constituting a Willow Competing Proposal (with references to twenty percent (20%) being deemed to be replaced with references to eighty percent (80%)), which the Willow Board determines in good faith after consultation with Willow’s outside legal and financial advisors to be (a) more favorable to the Willow Shareholders from a financial point of view than the Transaction, taking into account all relevant factors (including all the terms and conditions of such proposal or offer and this Agreement (including any changes to the terms of this Agreement proposed by Sun in response to such offer or otherwise)) and (b) reasonably capable of being completed, taking into account all financial, legal, regulatory and other aspects of such proposal or offer.

#### Company Intervening Event (WRK US and SKG ID)

- “Intervening Event” means, with respect to Willow or Sun, as applicable, a material Effect that (a) was not known or reasonably foreseeable (or, if known or reasonably foreseeable, the material consequences of which were not known or reasonably foreseeable) on the date of this Agreement and (b) does not relate to or involve (i) in the case of Willow, the receipt, existence of or terms of any Willow Competing Proposal or any inquiry or other communication relating thereto or the consequences thereof, (ii) in the case of Sun, the receipt, existence of or terms of any Sun Competing Proposal or any inquiry or other communication relating thereto or the consequences thereof or (iii) any change in the credit rating of Willow or Sun, in and of itself, the market price or trading volume of the Willow Shares or the Sun Shares, in and of itself, or the mere fact, in and of itself, that Willow or Sun meets or exceeds or fails to meet any internal or published projections, forecasts, estimates or predictions of revenue, earnings or other financial or operating metrics (it being understood that the Effects giving rise or contributing to any of the foregoing in this clause (iii) may be taken into account);

## Key conditions

### Scheme conditions

- **Shareholder approval**
  - Yes
  - “Sun Shareholder Approval” means (i) the approval of the Scheme by three-fourths (75%) or more in value of the Sun Shares held by Sun Shareholders, present and voting either in person or by proxy, at the Court Meeting (or at any adjournment of such meeting) and (ii) the EGM Resolutions being duly passed by the requisite majorities of Sun Shareholders at the Extraordinary General Meeting (or at any adjournment of such meeting);
- **Court approval**
  - Yes

### Merger conditions

- **Shareholder approval**
  - “Willow Shareholder Approval” means the affirmative vote of the holders of a majority of the outstanding Willow Shares entitled to vote upon the approval and adoption of this Agreement at the Willow Special Meeting;
- **S-4 effectiveness**
  - Yes
- **NYSE listing**
  - Yes

### Mutual conditions

- **Regulatory Approval**
  - Yes – HSR, EU CC
  - Mexican and Brazilian are likely to be required
- **No injunctions**
  - Yes
- **No legal prohibition**
  - Yes
- **Reps and warranties**
  - Yes
- **Covenants fulfilled**
  - Yes
- **No Company or Parent MAC**
  - Yes

### MAC Definition (both WRK US and SKG ID)

- “Willow Material Adverse Effect” means any Effect that, individually or in the aggregate, has or would reasonably be expected to have a material adverse effect on the condition (financial or otherwise), business or results of operations of Willow and its Subsidiaries, taken as a whole;

### MAC Carve-outs (both WRK US and SKG ID)

- provided, however, that no Effects resulting or arising from the following shall be deemed to constitute a Willow Material Adverse Effect or shall be taken into account when determining whether a Willow Material Adverse Effect exists or has occurred or is reasonably expected to exist or occur:
- (a) any changes in general United States or global economic conditions to the extent that such Effects do not disproportionately impact Willow relative to other companies operating in the industry or industries in which Willow operates,
- (b) any changes in conditions in any industry or industries in which Willow operates to the extent that such Effects do not disproportionately impact Willow relative to other companies operating in such industry or industries,
- (c) changes in general legal, Tax, economic, political and/or regulatory conditions, including any changes affecting financial, credit or capital market conditions, to the extent that such Effects do not disproportionately impact Willow relative to other companies operating in the industry or industries in which Willow operates,
- (d) any change in GAAP, including authoritative interpretations thereof, to the extent that such Effects do not disproportionately impact Willow relative to other companies operating in the industry or industries in which Willow operates,
- (e) any adoption, implementation, promulgation, repeal, modification, amendment or official reinterpretation of, or proposal to change, any applicable Law by any Governmental Entity to the extent that such Effects do not disproportionately impact Willow relative to other companies operating in the industry or industries in which Willow operates,
- (f) the execution and delivery of this Agreement or the consummation of the Transaction or the public announcement of this Agreement or the Transaction (provided, however, that the exceptions in this clause (f) shall not apply to Willow’s representations and warranties in Clause 6.1(c)(v), Clause 6.1(i)(vi) or any other representation or warranty that is intended to address the consequences of the execution and delivery of this Agreement or the consummation of the Transaction or the public announcement of this Agreement or the Transaction or, to the extent related thereto, Clause 8.2(a)),
- (g) changes in the Willow Common Stock price or trading volume or in Willow’s credit ratings, in and of itself (it being understood that the Effects giving rise or contributing to such changes that are not otherwise excluded from the definition of a “Willow Material Adverse Effect” may be taken into account),
- (h) any failure by Willow to meet any internal or published projections, estimates or expectations of Willow’s revenue, earnings or other financial performance or results of operations for any period, in and of itself, or any failure by Willow to meet its internal budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations, in and of itself (it being understood that the Effects giving rise or contributing to such failure that are not otherwise excluded from the definition of a “Willow Material Adverse Effect” may be taken into account) or
- (i) Effects arising out of changes in geopolitical conditions, acts of terrorism or sabotage, war (whether or not declared), the commencement, continuation or escalation of a war, acts of armed hostility, pandemics, weather conditions or other force majeure events, including any material worsening of such conditions threatened or existing as of the date of this Agreement, to the extent that such Effects do not disproportionately impact Willow relative to other companies operating in the industry or industries in which Willow operates;

### Break fees

- **Break fee**
  - \$147m

- Reverse break fee
  - No vote \$57m
  - \$100m
  - No vote \$50m

#### Antitrust related clauses

- Jurisdictions
  - US, EU, others
- Divestiture obligation
  - Yes limited by \$750m 2022 revenue
- Litigation obligation
  - Yes
- Reverse break fee (regulatory)
  - No

#### Specific Performance

- No

#### Governing Law

- State of Delaware provided however that Sun Share Exchange and the Scheme and the matters related are governed by Laws of Ireland

#### Key WRK US shareholders

Shareholders	%
Vanguard Group Inc/The	12.4
BlackRock Inc	10.3
Greenhaven Associates Inc	5.3
State Street Bank International Gm	4.7
Pictet Funds SA	4.3
T Rowe Price Group Inc	4.2
Nordea Bank Abp	2.2
Geode Capital Management LLC	2.2
Norges Bank	2.2
Invesco Ltd	2.2
<b>Others</b>	<b>50.1</b>

#### Key SKG ID shareholders

Shareholders	%
BlackRock Inc	13.9
Vanguard Group Inc/The	6.5
Norges Bank	5.2
Credit Agricole Group	4.6
Lansdowne Partners UK LLP	2.7
Deutsche Bank AG	2.2
Natixis SA	1.7
Pictet Funds SA	1.7
State Street Bank International Gm	1.5
Liontrust Asset Management PLC	1.3
<b>Others</b>	<b>58.9</b>

Source: Bloomberg

## Company descriptions & rationale for the merger

### WRK DESCRIPTION

---

- WestRock is a multinational provider of sustainable fiber-based paper and packaging solutions.

#### Products

- WRK is one of the largest integrated producers of linerboard, white-top linerboard and corrugating medium (“containerboard”) in North America, and it serves primarily corrugated packaging markets. It is the largest producer of kraft paper and saturating kraft in North America. It is one of the largest producers of paperboard in North America, and it operates both integrated virgin and recycled fiber mills. Mill system manufactures for the benefit of each reportable segment that ultimately sells the associated paper and packaging products to external customers. Additionally, recycling operations are conducted as a procurement function, focusing on the procurement of low cost, high quality recycled fiber for mill system.

#### Corrugated Packaging Segment

- Corrugated Packaging segment consists of integrated corrugated converting operations and generates its revenues primarily from the sale of corrugated containers and other corrugated products including displays. Integrated corrugated packaging system manufactures primarily containerboard, corrugated sheets, corrugated packaging and preprinted linerboard for sale to consumer and industrial products manufacturers and corrugated box manufacturers. It produces a full range of high-quality corrugated containers designed to protect, ship, store, promote and display products made to customers’ specifications. WRK converts corrugated sheets into corrugated products ranging from one-color protective cartons to graphically brilliant point-of-purchase packaging. Corrugated container plants serve local customers and regional and large national accounts. Corrugated packaging is used to provide protective packaging for shipment and distribution of food, paper, health and beauty, and other household, consumer, commercial and industrial products. Corrugated packaging may also be graphically enhanced for retail sale, particularly in club store locations. It provides customers with innovative packaging solutions to help them promote and sell their products. It provides structural and graphic design, engineering services and custom, proprietary and standard automated packaging machines, offering customers turn-key installation, automation, line integration and packaging solutions. It offers a machinery solution that creates pouches that replace single-use plastics, including bubble mailers. To make corrugated sheet stock, WRK feeds linerboard and corrugating medium into a corrugator that flutes the medium to specified sizes, glues the linerboard and fluted medium together, and slits and cuts the resulting corrugated paperboard into sheets to customer specifications.
- WRK designs, manufactures and, in certain cases, pack temporary displays for sale to consumer products companies and retailers. These displays are used as marketing tools to support new product introductions and specific product promotions in mass merchandising stores, supermarkets, convenience stores, home improvement stores and other retail locations. WRK also designs, manufactures and, in some cases, pre-assemble permanent displays for these customers. WRK makes temporary displays primarily from corrugated paperboard. Unlike temporary displays, permanent displays are restocked with customers’ product; therefore, they are constructed primarily from metal, plastic, wood and other durable materials. WRK manufactures and distributes point of sale material utilizing litho, screen and digital printing technologies. WRK manufactures lithographic laminated packaging for sale to our customers that require packaging with high quality graphics and strength characteristics.
- Sales of corrugated packaging products to external customers accounted for 42.3%, 43.2% and 42.9% of our net sales in fiscal 2022, 2021 and 2020, respectively.

#### Consumer Packaging Segment

- Consumer Packaging segment consists of integrated consumer converting operations and generates its revenues primarily from the sale of consumer packaging products such as folding cartons, interior partitions, inserts and labels. WRK is one of the largest manufacturers of folding cartons in North America. It is the largest manufacturer of solid fiber partitions in North America measured by net sales. Folding cartons are used to package items such as food, paper, beverages, dairy products, tobacco, confectionery, health and beauty and other household consumer, commercial and industrial products, primarily for retail sale. Folding cartons are also used by our customers to attract consumer attention at the point-of-sale. WRK manufactures express mail packages for the overnight courier industry, provides inserts and labels, as well as rigid packaging and other printed packaging products, such as transaction cards (e.g., credit, debit, etc.), brochures, product literature, marketing materials (such as booklets, folders, inserts, cover sheets and slipcases) and grower tags and plant stakes for the horticultural market. For the global healthcare market, WRK manufactures paperboard packaging for over-the-counter and prescription drugs. Customers generally use inserts and labels to provide customer product information either inside a secondary package (e.g., a folding carton) or affixed to the outside of a primary package (e.g., a bottle). Folding cartons typically protect customers’ products during shipment and distribution, and employ graphics to promote them at retail. WRK manufactures folding cartons from recycled and virgin paperboard, laminated paperboard and various substrates with specialty characteristics, such as grease masking and microwaveability. It prints, coats, die-cuts and glues the cartons to customer specifications and ship finished cartons to customers for assembling, filling and sealing. It employs a broad range of offset, flexographic, gravure, backside printing, coating and finishing technologies, as well as iridescent, holographic, textured and dimensional effects to provide differentiated packaging products, and support our customers with new package development, innovation and design services and package testing services. WRK manufactures and sells solid fiber and corrugated partitions and die-cut paperboard components principally to glass container manufacturers, producers of beer, food, wine, spirits, cosmetics and pharmaceuticals, and the automotive industry.
- Sales of consumer packaging products to external customers accounted for 23.2%, 23.5% and 23.7% of our net sales in fiscal 2022, 2021 and 2020, respectively.

### Global Paper Segment

- The Global Paper segment consists of our commercial paper operations and generates its revenues primarily from the sale of containerboard, paperboard and specialty grades to external customers, and WRK serves primarily corrugated packaging, folding carton, food service, liquid packaging, tobacco and commercial print markets. It sells products globally to customers who value scale, wide range of products, and service. Sales of global paper products to external customers accounted for 27.9%, 26.6% and 27.0% of our net sales in fiscal 2022, 2021 and 2020, respectively.

### Distribution Segment

- The Distribution segment consists of distribution and display assembly operations and generates its revenues primarily from the distribution of packaging products and assembly of display products. WRK distributes corrugated packaging materials and other specialty packaging products, including stretch film, void fill, carton sealing tape and other specialty tapes, through our network of warehouses and distribution facilities. It also provides contract packing services, such as multi-product promotional packing and product manipulation, such as multipacks and onpacks. Sales in our Distribution segment to external customers accounted for 6.6%, 6.7% and 6.3% of our net sales in fiscal 2022, 2021 and 2020, respectively.

### Competition

- In the corrugated packaging and folding carton markets, WRK competes with a significant number of national, regional and local packaging suppliers in North America and abroad. In the solid fiber interior packaging, promotional point-of-purchase display and converted paperboard products markets, WRK primarily competes with a smaller number of national, regional and local companies offering highly specialized products.
- Since all of the businesses operate in highly competitive industry segments, WRK regularly discusses sales opportunities for new business or for renewal of existing business with customers.

### WRK serves the following industries:

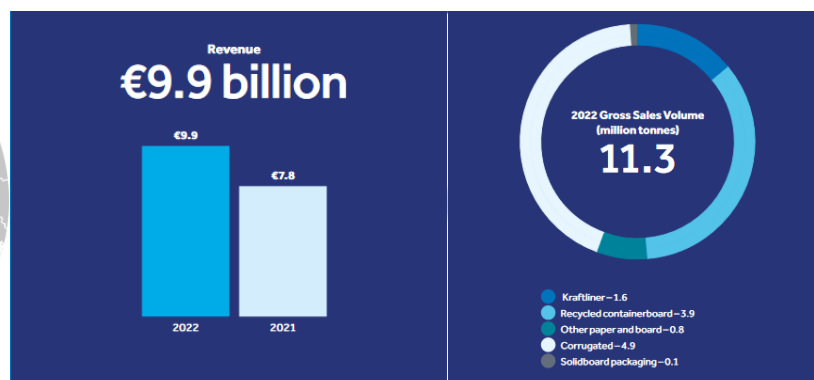
- [Beauty & Personal Care](#)
- [Beverage](#)
- [Commercial Print](#)
- [E-commerce](#)
- [Food](#)
- [Foodservice](#)
- [Healthcare](#)
- [Home & Garden](#)
- [Luxury Packaging](#)
- [Media & Electronics](#)
- [Retail](#)
- [Tobacco](#)

### SKG DESCRIPTION

- SKG is one of the largest integrated manufacturers of paper-based packaging solutions in the world. It is located in 23 countries in Europe and 13 in the Americas. In Europe, it is the leader by production volume in corrugated packaging and containerboard and in Latin America, it is the only large-scale pan-regional player.

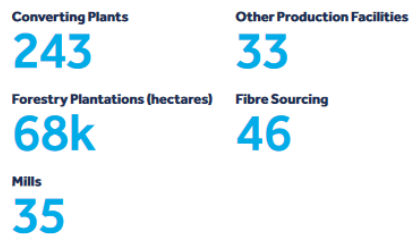
### Europe

- We are the European leader in the production of corrugated packaging, containerboard and bag-in-box. The Europe segment includes mills and plants that primarily produce containerboard that is converted into corrugated containers. In addition, SKG produces other types of paper, such as solidboard, sack kraft paper, MG paper and graphic paper; other paper-based packaging, such as honeycomb, solidboard packaging and folding cartons; and bag-in-box packaging.



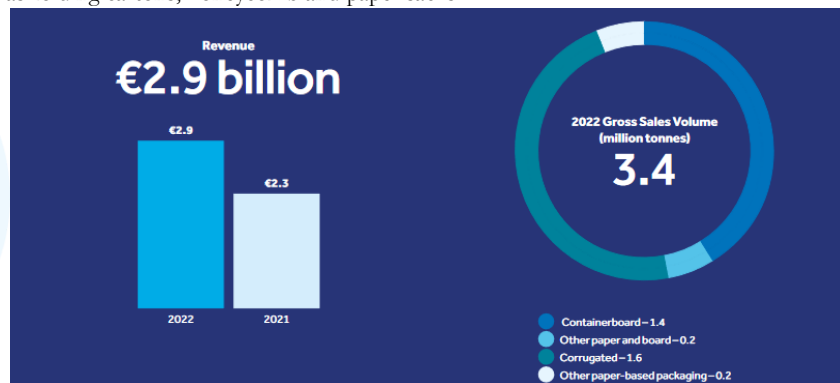
### Scale and Geographic Diversity

- The large manufacturing footprint provides SKG with a clear point of differentiation because the corrugated packaging market is a localized market and therefore converting plants need to be close to customers (within 300kms). The unique global footprint makes SKG well placed to reliably deliver on customer requirements.



### The Americas

- The Group's operations in the Americas comprise of a system of mills and plants that primarily produce containerboard that is converted into corrugated containers. The operations in the Americas also include forestry; other types of paper, such as boxboard and sack paper; and paper-based packaging, such as folding cartons, honeycomb and paper sacks.



### SKG serves the following industries:

- [Automotive](#)
- [Bakery](#)
- [Beverages](#)
- [Chemicals](#)
- [Confectionery](#)
- [Crisps and Snacks](#)
- [Dairy Products](#)
- [Electronics](#)
- [Fashion Clothing](#)
- [Flowers](#)
- [Food Cupboard](#)
- [Fresh Produce](#)
- [Frozen Food](#)
- [Furniture](#)
- [Health and Beauty](#)
- [Household Cleaning](#)
- [Industrial Products](#)
- [Meat Fish and Poultry](#)
- [Packaging and Paper Products](#)
- [Pet Food](#)
- [Pharmaceuticals](#)
- [Rubber and Plastics Products](#)
- [Tobacco](#)

- [eCommerce](#)

## STRATEGIC RATIONALE FOR THE MERGER

---

### Strategic and Operational Rationale

- The Boards of Smurfit Kappa and WestRock believe the Potential Combination will create the global “Go-To” packaging partner of choice:
  - Combining two highly complementary portfolios to create a global leader in sustainable packaging
  - Unparalleled geographic reach across 42 countries with a significant presence across both Europe and the Americas
  - Complementary portfolios with unique product diversity and innovative sustainability capabilities, with breadth and depth across renewable, recyclable and biodegradable packaging solutions
  - Culturally aligned with strong customer focus
  - Broader opportunities for approximately 100,000 employees
  - Improved operating efficiency and increased returns across over 500 converting operations and 67 mills
  - Shared sustainability ambitions for a sustainable future
  - Experienced management teams with strong track records of execution and delivery to support global operations
  - Immediate and long-term value creation opportunity for both sets of shareholders

### Financial Rationale

- The Boards of Smurfit Kappa and WestRock believe the Potential Combination represents a unique opportunity to create value:
  - Combined last twelve months’ revenue and adjusted EBITDA as of 30 June 2023 of approximately \$34 billion and \$5.5 billion<sup>1</sup>, respectively
  - Strong cash flows for future growth and capital returns
  - Targeting annual pre-tax run-rate cost synergies in excess of \$400 million at the end of the first full year following completion; delivery of synergies expected to require estimated one-off cash costs of approximately \$235 million to be incurred
  - Expected to deliver compelling benefits to Smurfit WestRock shareholders, with transaction structure providing the opportunity for both sets of shareholders to participate meaningfully in Smurfit WestRock’s significant upside value potential
  - Disciplined capital allocation expected to deliver improved operating efficiency and increased returns
  - Committed to strong investment grade credit rating

---

**Disclosures:**

---

This report was produced by Independent European Research, LLC dba as Chain Bridge Research ("Chain Bridge"), and is intended only for use by the recipient. All materials published by Chain Bridge are intended for use only by professional, institutional, buy-side investors. Use by the general investing public is prohibited. The information and analysis contained in these publications are copyrighted and may not be duplicated or redistributed for any reason. Chain Bridge reserves the right to refuse any subscription request based upon the above criteria. Companies and individuals residing in Hungary, and affiliates of firms based in Hungary are prohibited from subscribing to the services of Chain Bridge Research

Chain Bridge Research  
88 Pine Street 31st Floor  
New York, NY 10005  
Tel (New York): +1-646-839-5566  
Tel (New York): +1-212-233-0100  
www.chainbridgeresearch.com

Neither the information, nor any opinion expressed, constitutes a solicitation by Chain Bridge for the purchase or the sale of securities. This publication does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual investors. It is intended only for investors who are "eligible counterparties" or "professional clients", and may not, therefore, be redistributed to third parties without the express written consent of Chain Bridge. The information set forth herein was obtained from publicly available sources that we believe to be reliable. While due care is taken by Chain Bridge in compiling the data and in forming its opinions, Chain Bridge gives no warranty, express or implied, and it does not guarantee the accuracy or completeness of the information provided. Additional information is available upon request.

Chain Bridge manages conflicts identified through its confidentiality and independence policies, maintenance of a Stop List and a Watch List, personal account dealing rules, policies and procedures for managing conflicts of interest arising from impartial investment research, and disclosure to clients via client documentation. Chain Bridge and/or persons associated with it may own securities of the issuers described herein and may make purchases or sales after this report has been disseminated to Chain Bridge institutional subscribers.

The following Research Analysts employed by Chain Bridge contributed to this report: Gabor Szabo, CFA, Gabor Kokosy, Theodor Dan Le. Chain Bridge's home office is at 88 Pine Street 31st Floor, New York, NY. Its branch office is located at 31 Felhevizi u. 1st Floor 4, 1025 Budapest, Hungary. The firm's branch office is where information about the valuations herein are located, unless otherwise indicated in the report.

At the time of this report, there are no planned updates to the recommendations. For previous recommendations concerning financial instrument(s) or issuer(s) mentioned in this report – if any – or other financial instrument(s) and issuer(s) during the preceeding 12-month period, please refer to our [website](#).

The reports published by Chain Bridge intend to provide clients with a view regarding the various risks and critical factors impacting the completion of certain mergers and acquisitions. Therefore, the opinions expressed do not fit with traditional buy, sell, and hold ratings.

PCS Research Group, LLC, an affiliate of Chain Bridge, is the exclusive marketer and distributor of this and other reports produced by Chain Bridge. Neither Chain Bridge nor PCS is an investment firm or a credit institution. Affiliates of Chain Bridge and PCS include investment firms that are SEC registered investment advisers and FINRA Member broker-dealers (together, "Affiliates"). The Affiliates have not performed and do not expect to perform investment banking services for the issuer(s); are not market makers, and are not party to any agreements with the issuer(s). The issuer(s) has not been a client of Chain Bridge, PCS or the Affiliates. Chain Bridge, the research analysts, PCS, and the Affiliates have not received any compensation from the issuer(s). Chain Bridge research analysts' remuneration is determined exclusively by Chain Bridge management, and is based on the quality and accuracy of the analyst's research. Investment firm Affiliates do not contribute to appraisals of Chain Bridge analysts. Remuneration from Chain Bridge to research analysts is not linked to investment firm activities of Affiliates. Conflicts of interest for employees of PCS and Affiliates are managed by a formal code of ethics and information barrier procedures which include, but are not limited to, policies related to restricted lists, personal trading rules, and the prohibition of misuse of material non-public information.

Copyright 2024 - Chain Bridge Research.