

Veritiv Corp

Recommendation: Long

Veritiv is a small cap (631M USD) with big cap revenues (8B USD). Multibagger potential.

EXPECTED RETURN	TIMEFRAME	POSTED
142.7%	2 Years To 5 Years	6/30/2018



Author: Peter Coenen

Posted While At: The Value Firm BV

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About Peter Coenen



The Value Firm® is a classic value investing company inspired by the thinking and teachings of investing legends like Warren Buffett and Seth Klarman. The company is based in the greater Amsterdam area. The company offers investment partnerships (fund management, separately managed accounts) based upon the original Buffett Partnership principles.

Veritiv Corp

Asset Class: **Equity** Symbol: **VRTV:US** Submitted: **6/30/2018** Updated: **7/2/2018**



BY:
Peter Coenen

CURRENTLY AT
The Value Firm BV

COMMUNITY RATING:

★★★★★ 6 VOTES

PERCENTILE: **60%**

Veritiv is a small cap (631M USD) with big cap revenues (8B USD). Multibagger potential.

Return Performance

RETURN TO DATE:	▼ -2.1%
EXPECTED RETURN:	142.7%
IRR:	N/A
RETURN VS. BENCHMARK: (S&P 500)	-0.8%

Pricing Details

▲ **LONG**

RECENT PRICE:	39.15 USD <i>7/03/18 at 11:59PM</i>
TARGET PRICE:	95.00 USD
INITIAL PRICE:	40.00 USD <i>7/02/18 at 12:00AM</i>
CLOSING PRICE:	N/A



ASSET CLASS:
Equity



SITUATION:
Deep Value



TARGET ALLOCATION:
5% - 10%



CATALYSTS:



TIMEFRAME:
2-5 Years

Fundamentals

CURRENCY	United States Dollar
52 WK. RANGE	22.55 - 43.85 USD
MARKET CAP	630M USD
EV	1.72 Billion
TOTAL CASH	71 Million
TOTAL DEBT	1.16 Billion
BOOK VALUE PER SHARE	34.03
THREE MO. AVG. DAILY VOLUME (USD)	2,576,010
SELLSIDE CONSENSUS	2.33

Multiples/Ratios

LTM P/E	-22.76
FORWARD P/E	9.46
EV/EBITDA	13.85
EV FCF	68.72
EV SALES	0.20
PRICE BOOK	1.15
FCF YIELD	0.04
DEBT BOOK	2.13
DIV YIELD	N/A

Additional Data

SECTOR	Industrials
INDUSTRY	Capital Goods
COUNTRY	United States
REGION	North America

Thesis

Summary

- Given their competitive business model, their unmatched national supply chain, their exceptional customer base, their sales force and their world class relationships with both their suppliers and customers, you could argue that the barriers to entry into this business are very high. Veritiv is the market leader in all of their segments and there is no one in the industry offering the full suite of products that Veritiv does.
- The Veritiv business will change materially over the course of time. In the long run approximately 95% of the adjusted EBITDA will be comprised of the packaging & services business (80%) and facility solutions (15%). The packaging & services market is poised to experience steady growth, much of it closely tied to the ongoing boom in the fast growing e-commerce strategy across major North American markets.
- Currently, 30 June 2018, the stock trades @ 1.17 times book, 3.5 times adjusted EBITDA and @ a price-to-sales ratio of 0.1. Veritiv is a small cap (631M USD) with big cap revenues (8B USD). Even if things get worse and revenues decline 50%, it is still a 4B USD revenue company. With a moderate P/S ratio of 1 you could argue that this company has the potential to become a 4B USD market cap company. Baupost (Seth Klarman) owns 24% of the company.

The balance sheet

As of December 31, 2017, Veritiv had approximately \$934.8 million in total indebtedness, reflecting borrowings of \$897.7 million under the asset-based lending facility (the "ABL Facility"). The 2017 debt-to-equity ratio is 2. The current ratio is 2.33, the quick ratio is 1.45.

The business model

I would like to spend some time with you on the Veritiv business model (slide 8 of [Veritiv strategy & optimization presentation](#)) and what that means in terms of

barriers to entry. It is a simple business model. Veritiv sits between the manufacturer and the customer. The value Veritiv brings to the manufacturer is reach to the customer base. They have over 1900 sales professionals, who have those connections and understand the markets.

Veritiv also has an unmatched and very effective national supply chain and that enables them to reduce their costs, to serve approximately 170 distribution centers (and there is still room for optimization), 20 million square feet of warehouse space, their own 1000+ trucking fleet and 13 packaging design centers that actively support their packaging business today. Veritiv buys over 7B USD worth of products and services to support, not only to their manufacturing supply chain, but to their customer supply chain as well.

From a customer standpoint the value Veritiv brings is a full product line, which consequently reduces their costs of supply chain and reduces their complexity. Veritiv can support large, national customers, because they are one of the few with a broad national network. Veritiv provides more than just products to their customers. They also provide total solutions and services in areas where customers chose not to invest or don't have the capabilities themselves in general.

Veritiv has an exceptional customer base. They do business with more than half of the Fortune 500. No one customer accounts for more than 3% of their sales, which leads to a high quality working capital and therefore strong asset backed lending facility, with very low interest rates. Veritiv has world class relationships

with their suppliers and their customers. Through design solutions, sourcing, and delivery, Veritiv provides significant value to both suppliers and customers.

Obviously, given their business model, their unmatched national supply chain, their exceptional customer base, their sales force and their world class relationships with their suppliers and customers, you could argue that the barriers to entry into this business are very high. Veritiv is the market leader in all of their segments and there is no one in the industry offering the full suite of products that Veritiv does.

The strategy

Veritiv's strategy is to invest in the higher growth, higher margin segments packaging & services, to protect the leading market positions in print & publishing and facility solutions, and optimize (post integration activities 2018 – 2020) the supply chain, support (back office) services and working capital. Important to know is that the Veritiv business materially will change over the course of time. Slide 25 of the strategy & optimization presentation clearly shows that in the long run approximately 95% of the adjusted EBITDA will be comprised of the packaging & services (80%) and facility solutions segments (15%). If you want to understand the future of this company, you have to understand the key drivers for the packaging & services segment, the competitive dynamics of this market and the specific competitive advantages Veritiv has, to become an even more dominant player in this market.

The global packaging industry is a growth business. And it is a very stable business. The packaging business will be around and doing well 25 years from

now. CEO Mary Laschinger expects that Veritiv will be able to grow at least at GDP type levels, perhaps even better. I believe that's a very conservative statement. There is increasing demand for packaging due to a shift in consumption behavior across the globe as a result of a growing middle class as well as a growing elderly population. Today's consumers are looking for three main qualities in their packaged products, especially when it comes to food product packaging: convenience, ease of use, and ease of transport. Retailers are seeking similar qualities, in addition to packaging that provides longer shelf-life. With greater demand comes greater market opportunity. The global packaging market is poised to experience steady growth, much of it closely tied to the ongoing boom in the fast growing e-commerce strategy across major North American markets. It's estimated to reach 1 trillion USD by 2020.

Veritiv is already the market leader of the growing packaging market in North America and will become more and more dominant as a result of their unmatched competitive advantages and their power to lead this market with customer tailored innovations & smart acquisitions. On September 2, 2017 Veritiv completed the acquisition of All American Containers, a family-owned and operated leading distributor of rigid packaging, including plastic, glass and metal containers, caps, closures and plastic pouches. All American Containers had trailing twelve month revenues of approximately 225M USD as of June 30, 2017. The company has approximately 260 employees and more than 1 million square feet of warehousing. Their vast global reach and technical expertise allow them to provide a worldwide, high quality manufacturing network. Over the past two decades, All American Containers has experienced significant year-over-year growth.

Through this acquisition, Veritiv is gaining important expertise in rigid plastic, glass and metal packaging that complements their industry-leading portfolio of packaging products and services. The markets they serve are Cosmetics & Personal Care, Food & Beverage, Household & Industrial Chemical, Pet & Vet, Sports Nutrition, Pharmaceutical, Nutraceutical, & Supplements, Wine, Beer & Spirits and Custom Packaging. I wouldn't be surprised at all if Veritiv continues to roll up its smaller peers in the industry and to acquire more high growth, high margin businesses.

Nowadays, leading brands are leveraging packaging and supply-chain efficiencies as a competitive advantage. By making packaging part of the product development process and implementing strategic improvements throughout the supply chain, businesses around the world are boosting their top and bottom lines through strategic packaging. And Veritiv aims to be at the forefront to help these businesses thrive. Once Veritiv is deeply ingrained in the supply chains of these S&P 500 companies, it will be very difficult for these companies to switch to competitors of Veritiv, especially knowing that there are hardly any competitors offering these total services solutions that Veritiv does. And that, just might offer Veritiv the pricing power needed to grow their profitability even beyond the long term estimate of 5 to 6 % a year over the upcoming 20 years.

Margin of Safety

Investing in spin-off companies is not easy. Veritiv seems to offer some benefits that usually characterize spin-offs. In addition, due to merger transaction that was implemented immediately after the spin-off, the misunderstanding and under-appreciation of company's potential by the market is even higher. Attractive valuation, significant opportunities for growth, synergies, and cost

savings due to a large size of the combined business, and presence of a famous value investor with a significant stake in the company make Veritiv an attractive investment target for a long-term, value investor.

Currently, 30 June 2018, the stock trades just above book, 3.5 times adjusted EBITDA and @ a price-to-sales ratio of 0.1. Veritiv is a small cap (631M USD) with big cap revenues (8B USD). It's by no means a value trap, since the future core business of the company, packaging & distribution, will grow at US GDP level at a minimum for a very long time. You will not lose money on this investment. Even if things get worse and revenues decline 50%, it is still a 4B USD (packaging & delivery) company. With a moderate P/S ratio of 1 you could argue that this company has the potential to become a 4B USD market cap company.

I believe that the long-term business potential of Veritiv is mispriced. My best estimate is that the long-term growth rate of this company will be consistent and low. But very consistent. I think it's fair to say that in a conservative scenario Veritiv will grow the upcoming 20 years in a range of 4 to 5 % and in an optimistic scenario 6 to 7%. If you do the math, based upon the current adjusted EBITDA of approximately 180M USD, you will find out that Veritiv will end up with an adjusted EBITDA 20 years from now that will justify a market cap by then of 6 to 7B USD. Obviously, it is highly uncertain at what adjusted EBITDA multiple Veritiv will trade by then, but for this calculation let's assume that there will be a time that Veritiv trades at 12.5 times adjusted EBITDA. And that corresponds to a stock price CAGR of 14 to 15% over the next 20 years.

The global packaging market

The global packaging market is expected to show a steady growth and reach a global revenue of around 1 trillion USD by 2020. Packaging has become an integral part of a products lifecycle and has outgrown its traditional usage limited to protection. Sustainability, environmental concerns and the demand to keep the product quality high has brought a major shift in the packaging industry making it smart and active. Internet of Things (IoT), nano technology, biotechnology, bio-based plastics and many such technological and product innovations have propelled the growth of global packaging market. The growing e-commerce and online retailing fueling the growth of paper board packaging market. Flexible packaging is anticipated to grow in the food and beverage industry by improving the barrier layers and more non-reactive packaging.

The global packaging market is also expected to show an upward trend with companies opting for green packaging solutions. Recently, McDonald's announced to source 100-percent of its fibre-based packaging requirement from recycled or certified sources by the end of 2020. Coca-Cola is one major name looking to also address the negative connotations of packaging in plastic with the development of its 100% bioplastic Plant Bottle 2.0. The soft drinks multinational plans to have completed a global switchover to these by 2020.

Food and beverages packaging industry is estimated to be the largest market in terms of application. The market expected to grow owing to the rising demand for packed foods, frozen foods, packed beverages etc. High awareness and concerns over the state of packaged food and beverages has boosted the growth of foods and beverages packaging market. Innovations in digital printing, technological advancement in smart and active packaging has brought major

shift in the product range available in the market. Pharmaceuticals market will also witness an augmented growth with growing lifestyle diseases and strict government rules for packaging of medicines.

The Asia Pacific region is expected to be the fastest growing market as all developing countries fall into this region such as India, China, Japan and Korea. Developing countries lead this market owing to its economic development, open market, improvement in standard of living, industrialization etc. North America is estimated to be the largest market with growing demand for packed and frozen foods. The demand for packaging is based on different trends adopted in different regions. In emerging economies investment in housing and construction, growing retail outlets and demand in cosmetics sectors are factors that have fueled the growth of this market. In developed countries the trends of smaller households, smaller and convenient packaging and growing men population attracted towards beauty and health products are factors that have powered the growth of this market.

The rise of online retail has been one consumer shift that is responsible for much of the recent growth in the board packaging market, an application where it is the dominant format. Emerging markets such as China and India shop online as frequently as more developed countries, and consumers increasingly prefer digital shopping over physical retail experiences. This provides several key aspects of board packaging that are changing. For example 30-40% of online purchases are returned, meaning that their packaging must be easily opened and resealed. In the future, e-commerce will likely see even further focus on tailoring board packaging to maximize the end-user experience.

The Veritiv packaging business

Veritiv works directly with customers to identify and implement packaging solutions that deliver in both form and function. Their packaging specialists are experts at discovering untapped efficiencies in designing, sourcing, and delivering standard and custom packaging processes for customers across a range of industries – including consumer packaged goods, fulfillment, food processing, retail, and manufacturing (slide 19 of the strategy & optimization presentation).

Veritiv packaging solutions are not restricted to one particular substrate – they evaluate every project with a material-neutral approach. They have long-standing relationships with box plants, sheet plants, and other international material sources, providing them with access to a wide range of material inputs. Their packaging solutions span across food-grade packaging, industrial packaging, point-of-sale displays, and shipping supplies. Their exclusive TUFflex™ line of packaging essentials delivers enduring performance, maximum efficiency, and unmatched value. They also sell and distribute single function and fully automated packaging equipment. In addition, they offer assembly and fulfillment services, such as kitting – which help customers manage seasonal spikes, new market testing, and promotions.

Packaging optimization extends through their Veritiv Packaging Design Network, where an experienced team of designers, engineers, and marketers provide in-house expertise for custom improvements in cost and waste reduction, logistics, structural and graphical integrity, and testing processes.

Key question, of course, is: are they able to execute on their commitments and to deliver? And the answer to that question, I believe, is a convincing “yes”. On October 18, 2017, Veritiv has been named a 2016 Nestlé North America Procurement “Supplier of the Year.” This prestigious award is designed to recognize and formally acknowledge suppliers who exemplify outstanding performance and execution in the key areas of innovation, customer service, operations, quality, cost, and value creation.

In order to achieve this award, suppliers must exceed Nestlé’s high standards in performance as assessed via a rigorous business review process. Veritiv not only achieved the highest scoring in the business review process but also successfully executed several innovative ideas leading to value creation for both Nestlé and Veritiv. The Veritiv team was specifically recognized for their dedication and support in the design and management of Nestlé’s corporate marketing paper program. Veritiv’s support in driving chain of custody, minimizing risk management and delivering cost savings has shown a strong business impact for Nestlé and will continue to grow in other areas of the organization. What this basically means is that Veritiv not only outperforms their competitors. They crush them. No competition in sight!

Risks

For a comprehensive risk assessment, please look at section 1A of the Form 10-K. The top 3 risks:

1. The industry-wide decline in demand for paper and related products could have a material adverse effect on their financial condition and results of operations. Assessment. The industry-wide decrease in demand for paper and related products in key markets Veritiv serves is a fact. This

trend is expected to continue. I am convinced that the growth in the packaging segment will offset future losses in the print business.

2. The loss of any of their significant customers could adversely affect their financial condition. Assessment. Their ten largest customers generated approximately 9% of their consolidated net sales for the year ended December 31, 2016, and their largest customer accounted for approximately 3% of our consolidated net sales in that same period. The loss of significant customers could affect their financial condition, but with minor impact. And new customers in the packaging segment will offset these losses, I believe.
3. Risks relating to the Spin-off and Merger. They may not realize the anticipated synergies, cost savings and growth opportunities from the Merger. Assessment. The risk over here is that, even if they are able to integrate the xpedx and Unisource businesses successfully, this integration may not result in the realization of the full benefits of the growth opportunities and cost savings and other synergies that they currently expect from this integration within the anticipated time frame. Up until now, Veritiv has consistently exceeded synergy guidance and I believe they will continue to do so. There might be a delay in fully realizing anticipated synergies, but eventually they will.

Idea Updates

The author has not yet posted any updates for this idea.

Comments



Glenn Tongue

DEERHEAVEN CAPITAL MANAGEMENT • JULY 01, 2018

Thanks for the write up. Is there amazon risk here?



Peter Coenen

THE VALUE FIRM BV • JULY 02, 2018

Your question is astute. In general you could argue that if Jeff Bezos sets eye on any industry, all companies in that industry are “under pressure”. The question is if Amazon will set eye on the Veritiv packaging business...



Portfolio Manager

\$10M - \$50M HEDGE FUND • JULY 02, 2018

Given it's position in the value-chain I do believe Veritiv has every right to exist, but am unsure how its vendors will allow it to become substantially more profitable.

Continue the discussion

There are **5 comments** on this idea. Visit <https://sumzero.com/pro/research/ideas/15768> for the full discussion.

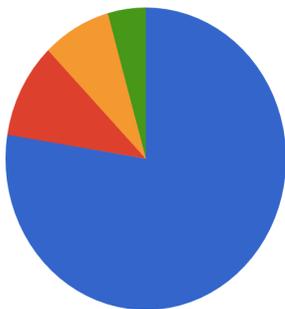
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REGION



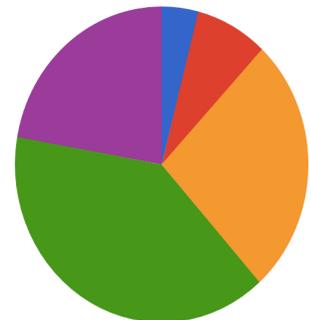
- North America - 77.5%
- Western Europe - 10.2%
- East and South Asia - 7.9%
- Other - 4.4%

MARKET CAP



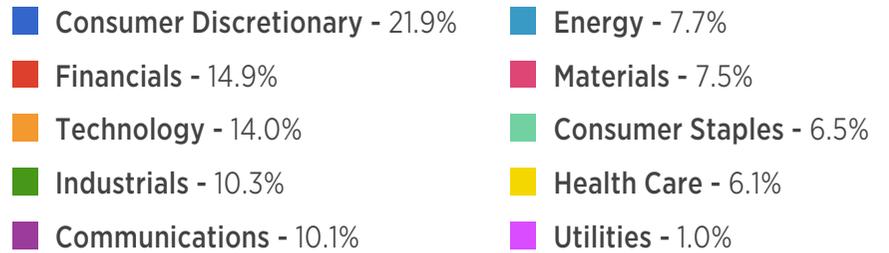
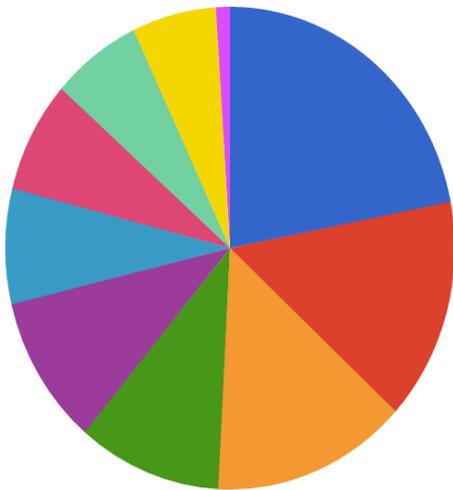
- Small Cap - 25.2%
- Mid Cap - 21.6%
- Mega Cap - 14.4%
- Micro Cap - 14.0%
- Large Cap - 13.4%
- Nano Cap - 11.5%

TIMEFRAME

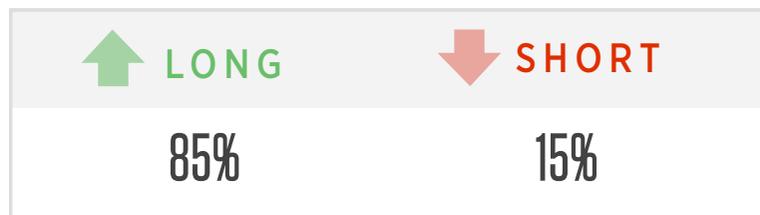


- Less than 3 months - 4.0%
- 3-6 months - 8.0%
- 6 mo. - 1 Year - 26.4%
- 1-2 Years - 39.4%
- 2-5 Years - 22.2%

IDEA BREAKDOWN BY SECTOR



IDEA BREAKDOWN BY DIRECTION



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Comments



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[Glenn Tongue](#)PORTFOLIO MANAGER AT [DEERHEAVEN CAPITAL MANAGEMENT](#)

JUL 01, 2018

Thanks for the write up. Is there amazon risk here?



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[Peter Coenen](#)DIRECTOR AT [THE VALUE FIRM BV](#)

JUL 02, 2018

Your question is astute. In general you could argue that if Jeff Bezos sets eye on any industry, all companies in that industry are “under pressure”. The question is if Amazon will set eye on the Veritiv packaging business. In my thesis I outlined the very high barriers to entry and my best guess is that Amazon will hunt for industries and companies that better fit its current “web services & customer empowerment” strategy and with easier barriers to entry. The future of Veritiv lies in the “packaging design and supply chain optimization business” and that is, I believe, a completely different ball game.

And it is a game that will be very hard to replicate. Most people underestimate how hard it is to become the Nestlé North America Procurement “Supplier of the Year”. As described in the thesis Veritiv achieved this award in 2016. In the latest annual report of Amazon, there is this nice story about how hard it is to learn to do a perfect free-standing handstand. And the same holds for the Veritiv business. It’s not easy to replicate. Here is the little story:

“A close friend recently decided to learn to do a perfect free-standing handstand. No leaning against a wall. Not for just a few seconds. Instagram good. She decided to start her journey by taking a handstand workshop at her yoga studio. She then practiced for a while but wasn’t getting the results she wanted. So, she hired a handstand coach. Yes, I know what you’re thinking, but evidently this is an actual thing that exists. In the very first lesson, the coach gave her some wonderful advice. “Most people,” he said, “think that if they work hard, they should be able to master a handstand in about two weeks. The reality is that it takes about six months of daily practice. If you think you should be able to do it in two weeks, you’re just going to end up quitting.”

But if Amazon decides anyhow to enter this business, the best way to make a huge leap is to buy Veritiv. And that would make Veritiv a very compelling acquisition target.

Let me take this opportunity to give you an idea where Veritiv is going and I will do that by describing the developments in their new Mississauga facility, one of their largest design centers in North America. In the past, packaging was often considered a last-minute process before products went to market. It was part of shipping, plain and simple. Nowadays, leading brands are leveraging packaging and supply-chain efficiencies as

a competitive advantage. By making packaging part of the product development process and implementing strategic improvements throughout the supply chain, businesses around the world are boosting their top and bottom lines through strategic packaging. And Veritiv aims to be at the forefront to help these businesses thrive.

Their new Mississauga facility—part of Veritiv’s network of 14 DCs across Canada and one of their largest in North America—is making it easier than ever for customers to solve their most pressing packaging and business challenges. The new DC—housing approximately 410,000 square feet of warehouse space and another 42,000 square feet of office space—gives Veritiv customers access to packaging and facility supply products and services, along with paper and print offerings, from one of the largest inventories in the country, all sourced from best-in-class suppliers. While this facility’s massive inventory is impressive, its real differentiating value lies in the packaging experts, sales representatives and customer support specialists who collaborate with customers to develop and implement innovative packaging solutions.

The new Mississauga facility is the birthplace of new ideas and innovations, where Veritiv works with client businesses to understand their goals and objectives then align the right experts to develop an effective solution.

- Veritiv’s corrugated specialists evaluate a customer’s current packaging to provide guidance for more effective design and sourcing strategies.
- Packaging equipment specialists perform on-site surveys and help deploy automated packaging equipment that can help speed up the process and reduce labor requirements.
- Creative and structural designers improve packaging design to protect products, promote the brand, entice buyers and create a positive unboxing experience.
- Unit Load Containment Specialists identify ways to help reduce breakage, damage and loss so more products get into the hands of consumers.

All of these professionals, and many more like them, frequent the hallways at Veritiv’s Mississauga facility, providing customers with a central source for hands-on guidance and personal service. Each customer’s products, goals and resources are different, so Veritiv believes each packaging solution should be too. Rather than selecting from a limited assortment of materials, Veritiv packaging designers take a material-neutral approach. This involves researching a wide array of conventional and emerging substrates—from essential corrugated and progressive PaperFoam to recycled PET (polyethylene terephthalate) and everything in-between—to find the right solution for each package.

Moreover, Veritiv’s team of design engineers, equipment technicians and supply chain experts work with customers to identify and resolve operational inefficiencies by analyzing every detail of their packaging operations—from sourcing and manufacturing to delivery and unboxing. Veritiv then collaborates with the customer to develop packaging, processes and ideas that boost efficiency and cut costs, while protecting their products and elevating their brand. This strategic approach is helping deliver new benefits to customers as they work to capture market share in a growing economy. Veritiv’s holistic approach to packaging design and supply chain optimization helps businesses across Canada unlock efficiencies, significantly improve profitability and evolve as they grow.

Notably, if not entirely surprisingly, it is the robust rate of growth in the packaging part of the business that has Jason Alderman, Veritiv’s regional vice-president, excited about the future prospect for Veritiv’s new Canadian headquarters. “Our packaging business has been growing since we have opened the new Mississauga facility,” Alderman relates, “and we are expecting this growth to continue in the future.” As Alderman points out, Veritiv’s new Mississauga DC has everything in place to benefit from this expected growth in the packaging business—much of it closely tied to the ongoing boom in the fast-growing e-commerce industry across major North American markets.

“It’s great that we were able to combine all of Veritiv’s business segments in the GTA region under one roof,” Alderman points out, “alongside our customer service and sales team.” Along with traditional end-of-line equipment offerings such as stretch wrappers, shrink tunnels, case rectors and taping machines, Veritiv’s Mississauga DC also supplies commodity-type packaging products such as packaging tapes, corrugated boxes, folding cartons and bottles—offering many of its customers one-stop-shop convenience backed up by impeccable service support capabilities. Employing close to 1,000 people at 14 strategically-located DCs across Canada, Veritiv serves a vast and growing customer base of manufacturing and industrial clients with clockwork JIT (just-in-time) reliability, according to Alderman.

“We also provide a growing number of custom packaging solutions,” Alderman adds. “For example, we supply one of our baking industry clients with some specialty widgets that are used solely for applying icing onto a

cake, which we source strictly for that customer. That's the kind of custom packaging solution that Veritiv is keen to tap into on a greater basis. We are working hard to increase our offerings of unique solutions that are not your basic off-the-shelf product offerings." According to Alderman, the booming e-commerce business will provide many additional new growth opportunities for Veritiv to move into that direction in the future, as well as increase the sheer volume of corrugated packaging, tapes, pallet wrap and many other key packaging supplies widely used by online distributors to protect their shipments.

"We have the space and we have an inventory management system that is second to none," Alderman asserts. "So even though we have already established good relationship with many leading e-commerce players over the last five to six years, there are plenty of additional opportunities ahead for further growth," he adds.

With online food sales growing at a brisk pace, Alderman sees the food-and-beverage sector as an example of one important source of further packaging innovation and advancement for Veritiv. "Food manufactures are continuing to look for bold new ways to distinguish themselves from competition on the shelves," he says, "which results in new technologies coming online all the time to support that trend. As we strive to keep up with the latest from a contact packaging perspective, what makes that food look good, what promotes better shelf-life, and all the other things that go into getting a product off the processing line onto a store-shelf in the most appealing packaging solution," he states.

Contrary to popular belief, Alderman contends that major retailers have not eased up in pressing their vendors and suppliers to continue to reduce the amount and the weight of packaging sent to their retail outlets in recent years. "Helping manufacturers improve their supply chain to protect their product with less packaging is one of Veritiv's core strengths that we are very proud to have," states Alderman, while acknowledging that a significant increase in the amount of products purchased online in the future, especially food, will drive overall demand growth for more packaging.

"There is no getting away from the fact that as consumers continue to buy more products online, there will be a greater need for packaging to make sure their purchases arrive to their homes safe and sound," Alderman reasons. According to Alderman, Veritiv is currently going through a comprehensive company-wide IT systems upgrade that will significantly enhance its supply chain efficiencies and data acquisition capabilities. "We are still going through a process of internal integration of our assets and brand recognition, and while we are still finding out who we are as Veritiv, we know that we have a fantastic customer base. "It is our job to cultivate that base beyond just the procurement side of the business to provide solutions and services that will enhance their marketing and product development activities and efforts. "It certainly is an evolution for Veritiv." Alderman sums up, "but evolving as a company is the only way to be able to attract new customers in the future to support our growing business and market ambitions. "And our new Mississauga facility is a good example of how we are planning for the future."



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[Portfolio Manager](#)

\$10M - \$50M HEDGE FUND

JUL 02, 2018

Given it's position in the value-chain I do believe Veritiv has every right to exist, but am unsure how its vendors will allow it to become substantially more profitable.



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[Peter Coenen](#)

DIRECTOR AT [THE VALUE FIRM BV](#)

JUL 02, 2018

It's fascinating. Obviously, and that's the way capitalism works, if the vendors are able to compete with the Veritiv solutions, they will. But as I pointed out in the answer to the previous question, it's not easy to compete with the holistic approach of the Veritiv solutions in the packaging business. Most of the vendors try to sell a product based upon price, and I would argue that there is more to it than just that.

And sure. Don't take my word for it. Feel free to disagree. Have a look at the Veritiv customer and partner testimonials @ <https://www.veritivcorp.com/testimonials#>.

Veritiv has total solutions for their customers in packaging, from concept to deliver. Today they do extensive work developing concepts and designing packaging for their customers. They have in house capabilities around structural and graphic design to meet branding, marketing and product needs. It's a total solution for a customer with multiple materials in any given box. In addition to their specialty packaging, they also have a broad array of standard packaging and they source both the standard and the specialty often times from the same suppliers.

They have extensive relationships with the markets largest suppliers across most categories. They are of the size and scale that they have their own private label offering as part of their standard packaging line-up. So when a customer comes to them, they can provide the full array, both from a standard packaging as well as from specialty packaging. They also have the ability to deliver, on multiple service fronts, with their packaging customers. They have broad reach and they have the ability to provide value added services, that many of their customers ask for today.

I am excited about their competitive position. They are an industry leader today. They are one of the few that have the capabilities to provide an end-to-end packaging solution nationally to their customers.



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[Vice President](#)

\$500M - \$1B HEDGE FUND

JUL 04, 2018

Thanks for sharing the interesting and unique idea!