

SIG to acquire Visy Cartons in Australia

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SIG has reached agreement to acquire Visy Cartons Pty Ltd (“Visy Cartons”) from VisyPak Operations Pty Ltd, a subsidiary of Pratt Consolidated Holdings Pty Ltd, for AU\$70 million (around €43 million at current exchange rates), subject to customary conditions being met. Pratt Consolidated Holdings Pty Ltd is a privately owned Australian company operating in the packaging, paper and recycling industries. Visy Cartons will become part of SIG’s business in the Asia Pacific region.

Visy Cartons has for many years produced SIG aseptic cartons under licence from SIG for sale in the Australia and New Zealand markets. The company generated revenue of AU\$84 million (around €52 million) in its fiscal year ending June 2019, of which approximately 80% was from the sale of SIG aseptic cartons with the remainder from fresh milk cartons that are not covered by the SIG licence arrangement. Visy Cartons is one of the leading players in the Australian beverage carton market, placing filling machines with customers under long-term contracts supported by a strong local service organisation. There is scope to expand the business to New Zealand where Visy Cartons currently has a very limited presence.

The acquisition will be funded through cash balances and existing credit facilities. The profitability of Visy is expected to increase with the realisation of significant synergies, arising from supply chain optimisation and access to SIG’s latest technologies and solutions.

The overall Australia and New Zealand market for aseptic beverage cartons is projected to grow at around 3% CAGR over the next five years, driven mainly by investments in dairies for the export of aseptic milk to China and other Asian countries. The acquisition of Visy Cartons will enable SIG to further support its existing customers in Asia who have invested into or

partnered with players in Australia and New Zealand. SIG's aseptic carton technology is the ideal packaging solution for the export of liquid dairy products, offering long shelf life, efficient logistics and differentiation potential. In China in particular, demand for premium milk imported from Australia and New Zealand is expected to grow by around 7% CAGR over the next five years. SIG is already strongly positioned in the Chinese market, with an expanding local manufacturing presence and a newly opened regional Tech Centre.

Commenting on the agreement, Lawrence Fok, President and General Manager of SIG Asia Pacific said: "We are very pleased to welcome the management and employees of Visy Cartons to SIG after many years of collaboration. Visy has an excellent team with a proven track record and together we will work to ensure that customers in Australia and New Zealand enjoy excellent service and access to our leading technologies. We plan to leverage our broad product portfolio to tap into the New Zealand market."

Adam Lipscomb, who will remain General Manager of Visy Cartons, said: "We are delighted at becoming a member of the SIG family and are looking forward to pursuing growth opportunities from a strengthened position with expanded product and geographic opportunities."

The transaction is expected to close during the fourth quarter of 2019.