

MEDIA RELEASE



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Opus' acquisition of Ovato book printing business not opposed

The ACCC will not oppose Opus Group Pty Ltd's (Opus) proposed acquisition of Ovato Limited's (Ovato) (ASX: OVT) book printing business.

As part of the proposed transaction, separately, Ovato would issue a convertible note to Opus, which Opus can convert into approximately 15% of Ovato's issued share capital.

Opus' book printing division, McPherson's, and Ovato's book printing business unit, Ovato Book Printing, overlap in the printing of mono (black and white) books sold in Australia.

"Market feedback regarding the transaction raised two significant but competing concerns. The first was that the proposed acquisition would reduce competition by combining the two largest suppliers of printing of mono (black and white) books sold in Australia," ACCC Commissioner Liza Carver said.

"The second was that publishers who warned of the critical importance of maintaining book printers' capacity in the market to meet future demand, also raised significant concerns that printing capacity would be removed from the market if Ovato's financial position resulted in it closing down,"

"A key factor in the ACCC's decision was the likely imminent insolvency of Ovato if the proposed transaction did not proceed,"

The ACCC retained specialist insolvency advisers, carefully reviewed Ovato's internal business records including recent financial results and forecasts, and conducted a number of compulsory examinations of Ovato executives to assess the likelihood of insolvency.

"Based on that evidence we concluded that without the proposed transaction, Ovato would become insolvent and there was a real chance that its printing capacity would exit the book printing market," Ms Carver said.

Opus' commercial printing business, CanPrint, overlaps with Ovato's Print Australia business in the supply of certain commercial printing services. Following the proposed transaction, the Print Australia business will continue to be operated by Ovato. The ACCC concluded that this aspect of the proposed transaction was unlikely to result in a substantial lessening of competition in the supply of commercial printing services.

The ACCC understands that, as result of the sale of Ovato's book printing business and injection of cash via the convertible note, Ovato will be able to continue to compete in commercial printing services.

Further information is available at: [Opus Group Pty Ltd - Ovato Book Printing \(Ovato Limited\)](#)

Background

Opus Group is a group of Australian specialist print and related services businesses with operations based in NSW, ACT and VIC and is a wholly-owned subsidiary of the Left Field Printing Group (listed on The Stock Exchange of Hong Kong (HKEX: 1540)).

Opus Group is active in book printing and commercial printing in Australia via its subsidiary McPherson's, which is based in Victoria. McPherson's specialises in commercial printing and book printing services using both offset printers and digital printers.

Ovato Limited is an integrated print, distribution and marketing services company (formerly known as the PMP Group). Ovato has two principal business units in Australia:

- Ovato Book Printing (formerly known as Griffin Press) is solely a book printing business and operates out of Adelaide. It prints most types of books, with an emphasis on colourless "read for pleasure" books using both offset printers and digital printers.
- Print Australia is a commercial printing business which provides a range of printing services, including catalogue printing, mass market and special interest magazine and newspaper printing, other commercial printing and packaging.

On 25 May 2022, the parties announced the proposed transaction. Completion is expected on 15 June 2022.

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