



PROBIOTEC LIMITED

ABN 91 075 170 151

83 Cherry Lane
Laverton North, VIC 3026
AUSTRALIA

Phone: + 61 3 9278 7555
Fax: + 61 3 9369 6730

www.probiotec.com.au

ASX ANNOUNCEMENT

20 September 2017

ACQUISITION OF PHARMACEUTICAL PACKING BUSINESS

Probiotec Limited (ASX: PBP) ("**Probiotec**") today announces that it has entered into an agreement to acquire all of the issued shares of South Pack Laboratories (Aust) Pty Ltd ("**SPL**").

SPL is a leading nutraceutical and pharmaceutical contract packer that has been established for over 15 years. SPL has long standing relationships with many of Australia's largest consumer health companies.

The acquisition will be settled by way of an issue of 7.9m fully paid ordinary PBP shares issued at the volume weighted average price for the 30 days prior to today and a cash payment of \$8m of which \$1m will be deferred for 1 year and a further \$1m deferred for two years, under a vendor finance arrangement. 50% of the issued shares will be to an entity associated with the CEO of SPL and these shares will be subject to escrow with half released after 1 year and the balance released after 2 years, subject to certain conditions.

The vendors will also be entitled to additional cash consideration of \$1m subject to achievement of a minimum earnings hurdle for the first year post completion and a further \$1m cash consideration subject to achievement of a higher minimum earnings hurdle for the second year post completion.

The initial cash component of \$6m will be funded through an increase in Probiotec's current debt facilities.

Completion of the acquisition, anticipated for early October, is subject to satisfaction of a number of conditions precedent that are standard for a transaction of this nature and the acquisition is expected to be EPS accretive from completion.

SPL will continue to operate within its current production facility, which is in the process of being upgraded to increase both capacity and capabilities. The business will continue to be led by the existing management team at SPL.

Probiotec's Managing Director, Wes Stringer said that the acquisition of SPL represents the continuation of the company's business strategy of increasing its manufacturing capabilities and scale.

“This acquisition is consistent with our stated strategy that Probiotec would look to grow its core business units, with contract manufacturing being our largest segment”.

“We are excited that the SPL team will be joining the Probiotec group and we believe our shared commitment to high quality manufacturing and customer service will provide significant benefits to both businesses”.

About Probiotec

Probiotec Limited is a brand owner, manufacturer, marketer and distributor of a range of prescription and over-the-counter (OTC) pharmaceuticals, complementary medicines and specialty ingredients. The company owns two manufacturing facilities in Australia and distributes its products both domestically and internationally. Products are manufactured by Probiotec for both its own products and on behalf of others, including major international pharmaceutical companies.

Further details about Probiotec are available at www.probiotec.com.au.

For further information contact:

Wes Stringer, Managing Director

Ph: (03) 9278 7555