

## ASX ANNOUNCEMENT

28 November 2022

### Major Sydney Site Consolidation

Probiotec Limited (ASX: PBP) ("**Probiotec**" or the "**Company**") is pleased to announce that it has agreed terms<sup>1</sup> with a major Australian developer for a circa 30,000 sqm facility in Kemps Creek, NSW. Once operational, this site will house the majority of Probiotec's current NSW pharmaceutical and FMCG packing businesses and deliver material financial and operational benefits to the Company.

#### HIGHLIGHTS

- ✓ Project expected to deliver **cost savings of \$3m to \$5m** per annum from 1 January 2025
- ✓ New facility to **deliver increased capacity, capabilities and efficiency**
- ✓ **Low Project Cost** with the developer responsible for the build and majority of specialised fit-out. Payback of circa 2 years from commencement of facility operation

#### STRATEGIC RATIONALE

Since the start of FY18, Probiotec has completed five acquisitions in NSW. Following this acquisitive period, Probiotec has been undertaking an extensive process to identify a new large-scale facility in NSW to consolidate its footprint in the state. The board and senior management team sees this as a highly accretive opportunity via this consolidation of its NSW footprint.

The site consolidation is expected to:

- ✓ significantly reduce overhead expenses
- ✓ remove duplication of products
- ✓ simplify logistics to deliver shorter turnaround times for customers
- ✓ improve coordination & efficiency of consolidated IT systems
- ✓ support the opportunity to cross-sell services across the enlarged platform
- ✓ increase capacity to meet increasing customer demands & any future acquisitions

Chief Executive Officer of Probiotec, Mr Wes Stringer comments:

"The new site will be state-of-the-art and provide an incredible platform for Probiotec to attract new clients, whilst allowing us to significantly expand our capabilities with existing customers to meet future demand."

#### FINANCIAL & OPERATIONAL IMPACT

The Agreement to Lease provides for a 15 year term plus two consecutive 5 year extension options (at Probiotec's discretion). Probiotec expects to transfer the majority of its current operations into

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<sup>1</sup> The Company expects to receive signed counterparts of the Agreement for Lease in the next 1 to 2 weeks.

the new site gradually before becoming fully operational from January 2025.

Once fully operational, the site consolidation is expected to deliver **cost savings of \$3m to \$5m per year**. Prior to this, the Company anticipates total cash outlays of \$7m – \$10m as a result of the capital and operating expenditure required to prepare the site for consolidation.

In the event that extraordinary growth in packing demand is attained over the next 12 to 18 months, the Group has the flexibility to retain some or all of the Multipack-LJM site in Eastern Creek.

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## About Probiotec

Probiotec Limited is a manufacturer, packer and distributor of a range of prescription and over-the-counter (OTC) pharmaceuticals, complementary medicines and consumer health products, and fast-moving consumer goods. The company owns six manufacturing facilities in Australia. Products are manufactured by Probiotec on behalf of a range of clients, including major international pharmaceutical companies.

Further details about Probiotec are available at [www.probiotec.com.au](http://www.probiotec.com.au)

**Authorised for release to the ASX by the board of directors.**

## For further information contact:

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