

ASX Announcement

1 September 2016

The Manager
ASX Market Announcements
Australian Securities Exchange Limited
Sydney NSW 2000

By e-lodgement

STRATEGIC PARTNERSHIP

Highlights

- Asia Pacific Digital Limited (**Company**) has received informal expressions of interest to acquire a shareholding in its 360 Degree Digital Services business (**APD**).
- These expressions of interest have been received from large corporates who see APD as a platform to serve their clients in the Asia Pacific region.
- The Company believes that corporate interest in APD validates its unique position, providing a single point of market entry into the fast-growing Asia Pacific digital economy, following completion of its major investment programme through FY16.
- Based on current industry dynamics and transaction evidence, Directors believe that a strategic partner is likely to attribute a higher value to the APD platform than the Company's equity market capitalisation implies.
- The Board has authorised a formal process to test this thesis, and if demand is as anticipated, select a strategic equity partner to accelerate its expansion.

Strategic Partner

The Company has received informal expressions of interest to acquire a shareholding in its APD subsidiary. These expressions of interest are from large corporates who see APD as a platform to serve their clients in the Asia Pacific region.

The Company believes that APD can accelerate both its own growth and that of a strategic equity partner by providing a single point of market entry into the fast-growing Asia Pacific digital economy.

Asia Pacific Digital expects that this process has the potential to drive significant value into the APD platform and intends to remain a significant shareholder for the foreseeable future.

Based on recent transaction evidence in the sector, the Directors believe that a strategic partner is likely to attribute a higher value to the APD platform than the Company's equity market capitalisation implies, and has the potential to deliver significant value to shareholders.

Structure, Timing and Process

A formal process will be launched shortly. The percentage to be sold, if any, will depend on a variety of factors.

The parties to be engaged in the process are broadly characterised as multinational companies that specialise in consulting, technology, business process outsourcing and marketing.

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ACN: 000 386 685



During the next three months APD will work with each party to determine how its operations and market positioning would align with APD's clients, people and offerings.

The Directors intend on determining whether sufficient interest exists to pursue a transaction before Christmas 2016.

Background on APD

The Company has built an integrated digital services platform providing 360 degree digital services (strategy, technology, performance marketing, CRM and analytics) to clients across Southeast Asia and Australasia.

With just under 400 employees located in its major offices in Shanghai, Manila, Kuala Lumpur, Singapore, Sydney, Melbourne and Auckland (Jakarta is under option), APD is the largest independent digital services provider across these markets.

APD wholly owns its operations in all countries, and has no earn outs or minority shareholdings in place. These structural factors enable APD to serve clients uniformly across the region.

APD concluded its major investment program during FY16 and its leadership team is now targeting the achievement of industry profit margins as the business scales.

Commenting on the potential strategic partner opportunity, Chairman Roger Sharp said:

"The Asia Pacific markets in which APD operates are expected to show high levels of growth for many years due to positive demographic trends. Asia Pacific Digital has invested in building a platform that is uniquely positioned to capture that opportunity at scale. We believe that a carefully structured partnership has the potential to deliver considerable growth to both APD and its selected partner."

For more information:

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