CVC Limited

CVC LIMITED TO GENERATE STRONG RETURNS FROM VALUE CREATION

Diversified listed investment company CVC Limited (ASX:CVC) has reinforced the long-term benefits to shareholders of its measured investment philosophy by realising significant value from listed Pro-Pac Packaging's recent $21.2 million acquisition of Plastic Bottles Limited.

CVC Limited has built a strong, long-term investment partnership with Pro-Pac since acquiring its interest in Pro-Pac Group Limited in June 2003.

In April 2005, CVC Limited successfully managed Pro-Pac Packaging Limited's $11.95 million Initial Public Offering (IPO). Following the IPO, CVC emerged as majority shareholders in Pro-Pac.

CVC Limited Chief Executive Officer Sandy Beard said CVC Limited's strong relationship with Pro-Pac Packing is underpinned by a patient investment philosophy in which CVC has worked with Pro-Pac management to deliver significant returns and growth opportunities.

"The value realised by Pro-Pac's acquisition of Plastic Bottles is the culmination of three years of our patient, open ended investment approach coupled with active management," Mr Beard said.

"Pro-Pac is now reaping the benefits of a measured expansion program that has transformed the company and tripled annual sales to approximately $75 million.

"CVC and its shareholders have also benefited with a significant return on fees generated through transaction origination, negotiation and underwriting, deal structuring and due diligence activities."

Reinforcing CVC's long-term commitment to supporting Pro-Pac's acquisitive growth strategy, CVC will subscribe to a significant portion of the $15.2 million institutional placement to fund the Plastic Bottles acquisition and has also secured a strategic industry shareholder.

"These initiatives demonstrate CVC's active management approach to realising long-term shareholder value and securing a solid platform for Pro-Pac's future growth," Mr Beard said.

"Given Pro-Pac's increased annual group turnover of more than $75 million, we expect the Plastic Bottles acquisition to be earnings per share accretive in its first financial year with a significantly higher equity accounted profit compared with the previous period."

CVC Limited is escalating its underwriting and transaction advisory activity. In April 2007, it secured a 20.6% stake in mobile phone content and entertainment provider Mercury and is working with management to successfully demerge its operations from Cellnet Group Limited.

Immediately following the demerger, CVC will underwrite a share placement to raise $3 million through a non-renounceable rights issue prior to Mercury's separate ASX listing application.

"By retaining our significant shareholding in the demerged group and through our ongoing participation in the Mercury rights issue, CVC is well placed to generate further long term value for CVC shareholders," Mr Beard said.

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