

# CASE STUDY

## PRO-PAC PACKAGING

In 2003, CVC acquired a majority interest in a niche manufacturer and distributor of packaging products with operations in Sydney, Melbourne and Brisbane. The business had achieved over 15 years of organic growth under the guidance of the owner and Managing Director but needed to look to an outside partner to assist it with further expansion.

The MD realised that growing the business from its current size would only come about from the involvement of a larger corporate partner who could provide strategic advice, who could assist in identifying and reviewing strategic expansion opportunities and who could assist with expansion capital if required. Having achieved financial security from building a profitable business, he did not feel comfortable taking this next step with the inherent risk attached.

CVC's investment in Pro-Pac soon resulted in the shared benefits of both parties in the new structure. The company's profit increased significantly through both organic and acquisitional growth. In April 2005, the business listed on the ASX which resulted in the owner manager further selling down his ownership share at a significantly increased price.

From CVC's perspective, this was a win-win. We saw a unique business with a competitive advantage in the market, proven track record of growth and a strong, experienced management team. The fundamentals of the business clearly met our investment criteria. We were able to take an ownership stake with the added security of a partnering approach with current management who had a clear view of where the business needed to go.

From the perspective of the owner manager, the deal delivered the crystallisation of some financial returns whilst enabling him to retain a significant ongoing equity stake.

Pro-Pac continues to grow organically and through acquisition and is today one of the largest diversified packaging distribution groups in Australia with a unique national footprint.

In October 2011 CVC sold its holding in Pro-Pac, realising a profit of \$9.3 million.



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