

From: Mergers
Subject: Opus' proposed acquisition of Ovato Book Printing

Market inquiries email – Opus' proposed acquisition of Ovato Book Printing – 25 May 2022

Dear interested party

Opus is proposing to acquire Ovato's book printing business (**Ovato Book Printing**). Ovato Book Printing is solely a book printing business that prints most types of books. As a part of the proposed acquisition, Ovato will also issue a convertible note to Opus, convertible at Opus' election into fully paid ordinary shares in Ovato (equivalent to approximately 15% of Ovato's issued share capital) (together, the **proposed acquisition**).

We are seeking your views on the proposed acquisition because we understand you have an interest in markets that may be affected.

The Australian Competition and Consumer Commission (**ACCC**) is an independent statutory authority responsible for investigating whether mergers are likely to substantially lessen competition.

The parties

Opus Group

Opus Group is a group of Australian specialist print and related services businesses with operations based in NSW, ACT and VIC and is a wholly-owned subsidiary of the Left Field Printing Group (listed on The Stock Exchange of Hong Kong (HKEX: 1540)).

Opus Group is active in book printing and commercial printing in Australia via its subsidiary **McPherson's**, which is based in Victoria. McPherson's specialises in commercial printing book printing services using both offset printers and digital printers. The Opus Group's related activities include:

- **Ligare Pty Limited** produce education books and catalogues, operating manuals and promotions leaflets.
- **CanPrint Communications Pty Limited (also known as Union Offset)** produce government printed matters and catalogues, operating manuals and promotions leaflets.

Ovato Limited

Ovato Limited (**Ovato**) is an integrated print, distribution and marketing services company (ASX: OVT, formerly known as the PMP Group). Ovato has two principal business units in Australia:

- **Ovato Book Printing** (formerly known as Griffin Press) is solely a book printing business and operates out of Adelaide. It prints most types of books, with an emphasis on colourless "read for pleasure" books using both offset printers and digital printers.
- **Print Australia** is a commercial printing business which provides a range of printing services, including catalogue printing, mass market and special interest magazine and newspaper printing, other commercial printing and packaging.

Overlap

In Australia, Ovato and Opus Group overlap in the provision of book printing services and certain commercial printing services.

Book printing includes novels, educational books, self-published works, print-on-demand.

Commercial printing includes but is not limited to the following:

- Advertising materials (e.g. catalogues, posters, point-of-sale materials, banners, fliers and brochures).
- Newspapers, magazines, journals and periodicals.
- Non-publications printed materials (e.g. packaging materials, labels, letter and correspondence cards and signs).
- Business and financial documents (e.g. business stationary, stamps, chequebooks, financial reports and prospectuses).

Ovato and Opus Group also offer logistics and distribution to customers of their printing services.

Questions

1. Please provide a brief description of your organisation, and the reasons for your interest in the proposed acquisition, including any commercial relationship/s with Ovato Book Printing, Ovato, McPherson's or Opus Group. This will help us to better understand your views.
2. Do you consider Ovato and Opus to be close competitors? Relevant factors may include the range of printing services, the price, quality, turnaround times, winning and losing customers from each other, and/or participating in tenders. Please provide specific examples where possible.
3. What other printers compete in book and/or commercial printing? In particular, we are interested to understand how different suppliers compare based on factors including price, service quality and market share.

Please also comment on the extent to which the following book printers compete with Ovato and/or Opus Group:

- a. IVE (formerly branded as Blue Star Print);
 - b. Amazon;
 - c. Lightning Source (part of the Ingram group); and
 - d. Any other book printers (domestic or offshore) that prints books for sale in Australia.
4. To what extent do suppliers of book and/or commercial printing influence the price of services in Australia? Is there scope for customers to negotiate the price?
 5. How easy is it for customers to switch book and/or commercial printing suppliers? Please provide details of the process and the results of any recent tenders.
 6. Please explain whether, or in what circumstances (e.g. print run lengths, quality), you see book and/or commercial printing using digital printing technology to be a viable alternative to using offset printing technology and why.
 7. Please explain whether, or in what circumstances (e.g. print run lengths, timing) you see offshore printing to be a viable alternative to using book and/or commercial printers in Australia.

Please identify offshore book and/or commercial printers that supply customers in Australia, and if you are a book or commercial printing customer, explain the extent to which your organisation uses offshore printing solutions.
 8. How easy or difficult is it for new entrants to enter and/or expand into book and/or commercial printing in Australia? What are the likely costs and lead times involved for each?

9. Do you consider that there is sufficient demand for book printing and/or commercial printing in Australia to support the existence of more than two major book printers in Australia?

10. Do you have any concerns with the proposed acquisition? Please provide reasons for this view.

How to engage

Please see our specific questions below and also address any other issues you think are relevant. We would be happy to receive your response by email or have a discussion with you over the phone or via Microsoft Teams.

This matter is public and you can forward this email to anybody who may be interested. Updates regarding the ACCC's investigation will be available on the ACCC's public mergers register [here](#).

If you would like to comment in writing, please do so by **3 June 2022** by return email. Alternatively, call Steven Lee on 02 6243 1347 or Olivia King on 03 9290 1498, if you prefer to set up a time to discuss or if you need more time to respond.

Confidentiality

Please clearly indicate if any information you provide is confidential. The ACCC treats sensitive information it receives during a merger review as confidential and will not publish your submission. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the *Competition and Consumer Act 2010*. Where the ACCC is required to disclose confidential information, we will notify you in advance where possible so that you have an opportunity to be heard. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

If you have any questions, please contact Steven Lee on 02 6243 1347 or Olivia King on 03 9290 1498.

Kind regards

Australian Competition & Consumer Commission

<http://www.accc.gov.au>



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The ACCC acknowledges the traditional owners and custodians of Country throughout Australia and recognises their continuing connection to the land, sea and community. We pay our respects to them and their cultures; and to their Elders past, present and future.