



# EQUITY CAPITAL RAISING

30 April 2019

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# ~NZ\$150 MILLION EQUITY RAISING

## About EBOS

- EBOS Group Limited (“EBOS”) is the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products
- EBOS is also a leading marketer and distributor of recognised consumer products and animal care brands

## FY18 & 1H FY19 results & strategic recap

- EBOS generated FY2018 Revenue of A\$7.0 billion, FY2018 EBITDA of A\$250.1 million and 1H FY2019 Underlying EBITDA of A\$131.4 million, up 4.0% on the prior corresponding period
- Following 1H FY2019 investments of A\$92.5 million which included the acquisitions of Warner & Webster, Therapon, Quitnits and the minority shares in Terry White Group, EBOS’ gearing modestly increased to 2.16x at 31 December 2018. EBOS also expects an inventory build of approximately A\$100 million (in relation to servicing the Chemist Warehouse Group contract) in Q4FY19, before wholesale operations commence 1 July 2019
- EBOS currently has a range of organic growth opportunities and is also actively considering a number of potential strategic acquisition opportunities

## FY19 Outlook

- EBOS confirms FY19 guidance of underlying earnings growth in FY19 with further growth forecast into FY20 as we commence servicing Chemist Warehouse contract volumes

## Equity raising

- EBOS plans to raise approximately NZ\$150 million via a fully underwritten placement at a price of NZ\$19.70 per share (“Placement”)
- Funds raised will initially pay down bank debt and reduce gearing before being used for strategic acquisitions, organic growth initiatives and general corporate purposes
- EBOS is assessing several acquisition targets and organic growth opportunities within its core markets that will add greater diversification to the Group and provide synergies through the use of EBOS’ existing network and capabilities. EBOS will continue to apply the same financial discipline that it has done with prior successful acquisitions, targeting a ROCE in excess of 15%
- EBOS’ Proforma Net Debt : EBITDA<sup>1</sup> (31 December 2018) will decrease to ~1.60x following the Placement, prior to the estimated A\$100 million inventory build in relation to the Chemist Warehouse Group contract
- EBOS will continue to target a long term Net Debt / EBITDA range of 1.7x – 2.3x

(1) Proforma Net Debt : EBITDA ratio is calculated as the net debt at period end to the last 12 months EBITDA, adjusting for pre acquisition earnings of acquisitions for the period and excluding one-off items.

# BUSINESS SNAPSHOT

**EBOS Group is the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products. It is also a leading marketer and distributor of recognised consumer products and animal care brands**

**NZ\$3.3 billion**

*market capitalisation  
(NZX and ASX dual listed)*

**52**

*locations in Australia and  
New Zealand*

**\$7.0 billion**

*FY18 Revenue  
Australia 79%, NZ 21%*

**3,300+**  
*employees*

**\$250.1 million**

*FY18 EBITDA*

**83% Healthcare  
17% Animal Care**

*FY18 EBITDA Split*

**\$137.3 million**

*FY18 NPAT*

**23.8% annualised  
Shareholder return<sup>1</sup>**

*last 4 calendar years*



All currency amounts are in Australian dollars unless stated otherwise

(1) Calculated as total shareholder return from 1 January 2015 to 31 December 2018 assuming dividends are reinvested

# GROUP OVERVIEW

Diversification within Healthcare & Animal Care is a key signature of our approach

## HEALTHCARE



## ANIMAL CARE



COMMUNITY PHARMACY

INSTITUTIONAL HEALTHCARE

CONTRACT LOGISTICS

CONSUMER PRODUCTS

PRODUCT & BRANDS

RETAIL

VET WHOLESALE

Wholesale



Retail



Warner & Webster



# EBOS EXECUTIVE LEADERSHIP TEAM



**Chief Executive Officer**  
John Cullity

**CEO, Symbion**  
Brett Barons

**CEO Animal Care & Consumer Brands**  
Sean Duggan

**Chief Financial Officer**  
Shaun Hughes

**Chief Information Officer**  
Andrea Bell

**General Counsel**  
Janelle Cain

**Group Human Resources Officer**  
Tim Goldenberg

**Executive General Manager, Strategy**  
David Lewis



# LEADING MARKET POSITIONS

EBOS has leading market positions across the Group in particular in hospital pharmaceutical wholesale and community pharmaceutical wholesale in both Australia and New Zealand

No.1



Combined pharmacy and hospital pharmaceutical wholesaler in Australia and New Zealand

No.1



Hospital pharmaceutical wholesaler in Australia and New Zealand

No.1



To be the #1 Community Pharmaceutical wholesaler in Australia from July 2019 following the commencement of trading with the Chemist Warehouse Group

No.1



3PL/4PL Pharmaceutical provider in New Zealand. Full range of services in Australia

No.1



Pharmacy wholesaler in New Zealand

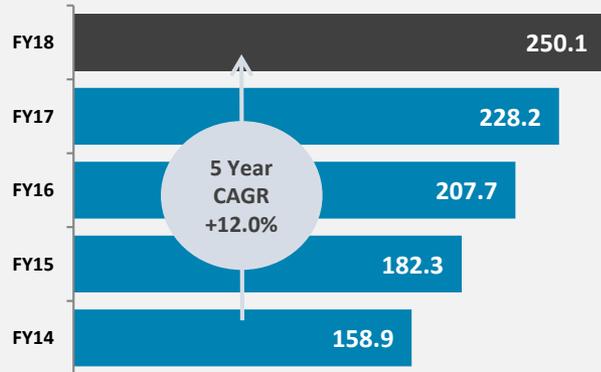


Comprehensive distribution network in the animal care market, with pet brands, speciality retail outlets in NZ, and a leading veterinary wholesaler

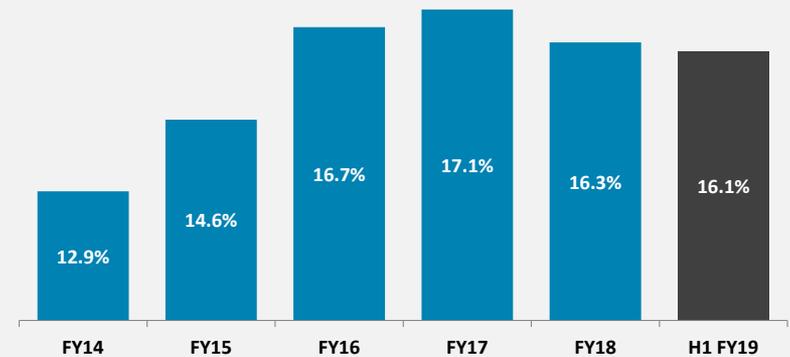
# EBOS' FINANCIAL PERFORMANCE

EBOS has delivered significant value to shareholders with a strong return on capital employed and consistent growth in EBITDA, earnings per share and dividends per share

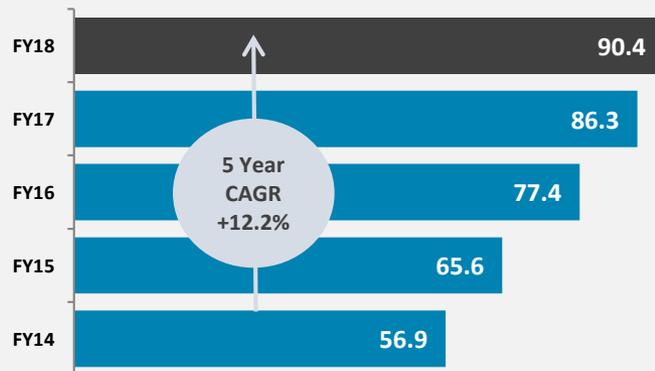
5 Year Underlying EBITDA<sup>1</sup>  
A\$m



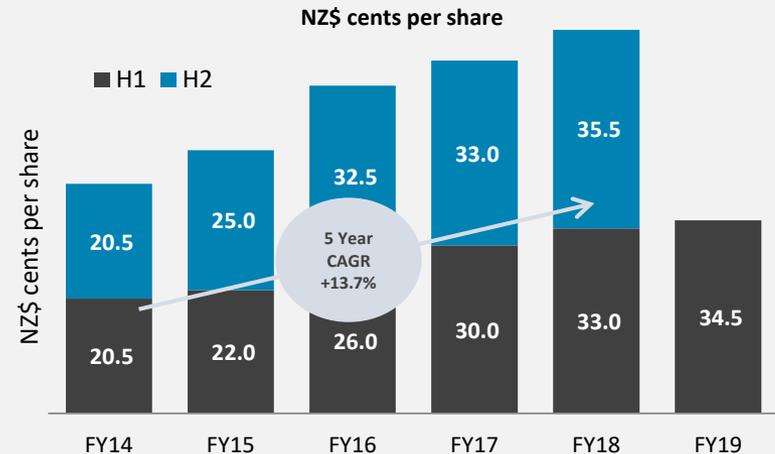
Return on capital employed<sup>3</sup>



5 Year Underlying Earnings Per Share (EPS)<sup>2</sup>  
A\$ cents per share



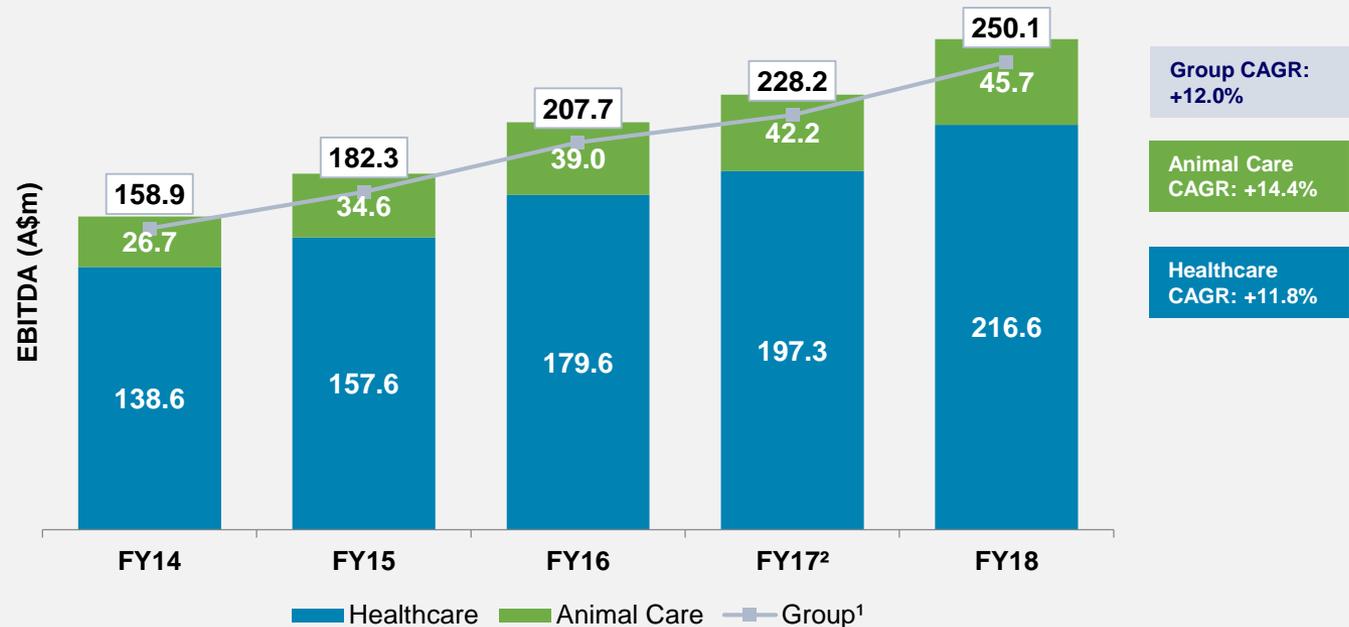
5 Year Dividends per share (DPS)



- (1) Underlying EBITDA is earnings before interest, tax, depreciation, amortisation and before one-off items.
- (2) Underlying EPS is calculated as net profit after tax excluding one-off items, divided by the weighted average number of shares on issue during the period in accordance with IAS 33 'Earnings per share'
- (3) Measured as underlying earnings before interest, tax and amortisation of finite life intangibles for 12 months divided by closing capital employed (including a pro-rata adjustment for entities acquired and excluding amounts for significant capital projects yet to complete and strategic investments)

# HISTORICAL FINANCIALS

EBOS has delivered consistently strong cash flows and earnings growth



	FY14	FY15	FY16	FY17	FY18
Ungearing Cash flow from Operating activities before interest, tax and capex (A\$m) <sup>3</sup>	154.8	193.2	275.1	216.0	243.1
Ungearing Cash flow from Operating activities before interest, tax capex / EBITDA (%)	97.4%	105.9%	132.5%	94.7%	97.2%

(1) Includes corporate costs

(2) FY17 EBITDA is presented on an underlying basis and excludes \$6.7m in transaction costs incurred on acquisitions

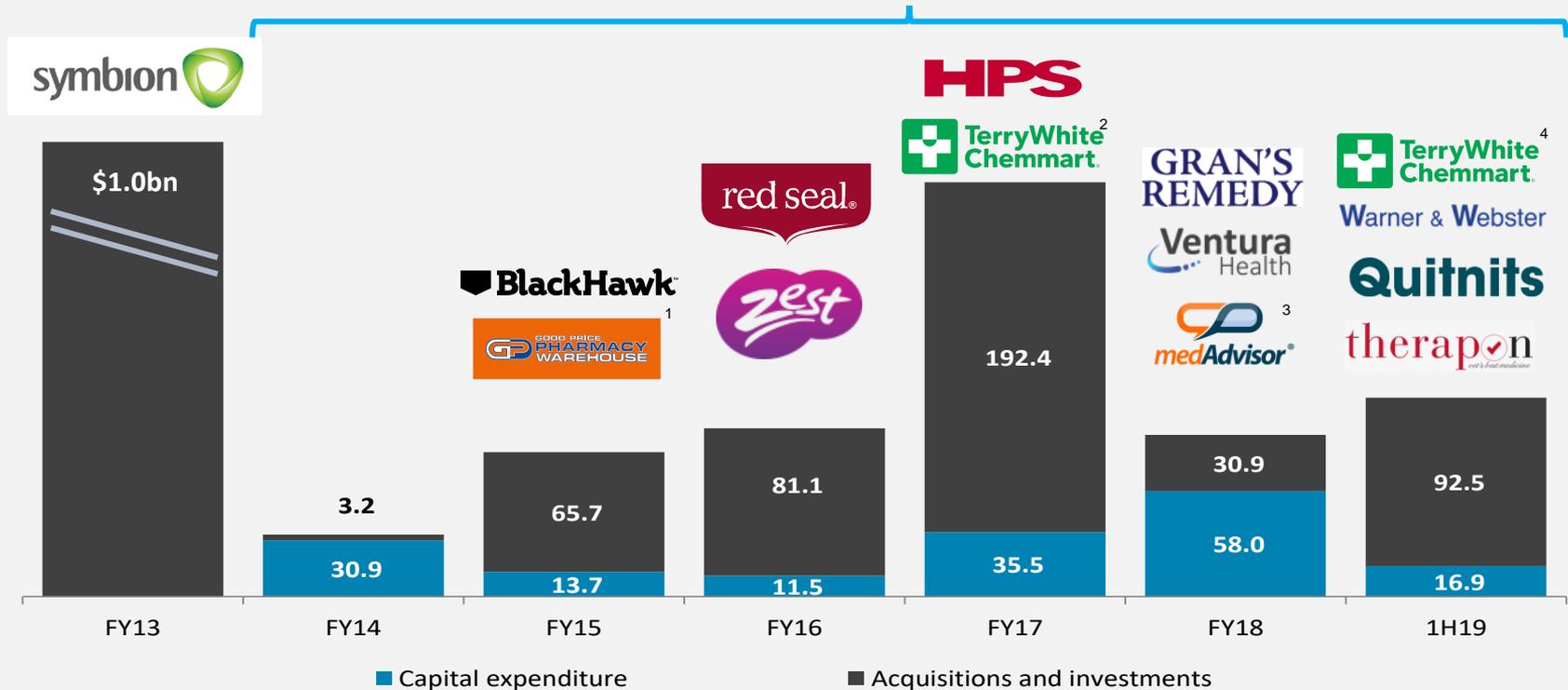
(3) Ungearing cash flow from operating activities before capex excludes net interest and tax paid

# EBOS' TRACK RECORD

EBOS has a proven track record of successfully completing strategic acquisitions and accretive capital works programs having deployed over A\$600m since FY14

## Investments made (A\$m)

Over A\$600m invested since FY14



(1) EBOS currently has a 25.77% interest in Good Price Pharmacy Warehouse  
 (2) Terry White Group investment in FY17 relates to the initial majority investment in Terry White Group  
 (3) EBOS currently has a 13.6% interest in MedAdvisor  
 (4) Terry White Group investment in H1FY19 relates to the acquisition of the minority interests completed in December 2018

# EBOS STRATEGIC APPROACH



Our Healthcare and Animal Care strategic focus is centred on



## Leading Market Positions

We aim to have positions of scale in the markets we operate in and maximise opportunities across our wide range of businesses wherever possible

## Investing for Growth

Two types of investments:

- **Acquisitions:** we have a successful track record of deal execution (EBOS has completed 20 deals since 2000)
- **Internal Capex:** investment to lift productivity, manage costs and deliver better customer service

## Disciplined Capital Management

- Cash generation to drive scope for further investment which allows for dividends to be paid in the range of 60-70% of Net Profit After Tax
- Acquisitions and new business focus on supporting the Group's long term return on capital employed

We focus on delivering profitable growth and superior returns

# INVESTING FOR GROWTH: CAPEX

Over the past five years, EBOS has invested ~A\$160m, principally in its Healthcare distribution infrastructure to increase the Group's capacity, reduce its cost to serve and improve productivity



**Oct-18**  
New Brisbane  
Distribution Centre  
10,000 sqm



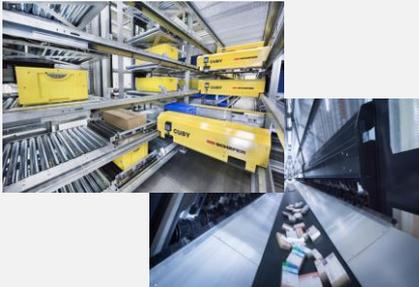
**Jul-18**  
New Sydney Contract  
Logistics Distribution  
Centre. 25,000 sqm



**2015**  
New Keysborough (VIC)  
Distribution Centre  
11,500 sqm



**2015**  
New Onelink Australia  
Distribution Centre (NSW)  
13,000 sqm



Advanced automation  
technology is a key  
feature across a number  
of our facilities



EBOS' major Healthcare capital  
expenditure program is largely  
complete

Further productivity and cost improvements are expected from the new Brisbane warehouse consistent with our investment in automation at the Sydney and Melbourne wholesale sites. Volume increases from 1 July 2019 are expected to further improve the Group's national productivity

# INVESTING FOR GROWTH: ACQUISITIONS

EBOS has a long history of successfully acquiring high quality businesses which have delivered attractive levels of growth

- Established capabilities to evaluate and execute M&A opportunities for long-term growth, targeting EPS/ROCE accretive acquisitions
- Encourage new business initiatives and leverage existing assets

## Case studies

### BlackHawk™

### BH

- Acquisition of **BlackHawk** for A\$57m (Oct-14). Premium pet food business sold through pet specialty stores in Australia and NZ
- Under EBOS ownership BlackHawk has become one of Australia's most loved premium pet food brands with a leading position in the pet specialty retail channel



### red seal®

- Acquisition of **Red Seal** for NZ\$80m (Nov-15). New Zealand natural health products business
- Since acquisition, Red Seal has delivered high single digit sales growth with strong New Zealand supermarket market share and expanding in Asian markets

#### Red Seal's NZ Grocery Market share <sup>1</sup>

Category	Red Seal	Others
Vitamins	22%	78%
Specialty Teas	32%	68%
Natural Toothpaste	79%	21%



### HPS

- Acquisition of **HPS** for A\$154m (Jun-17). Leading provider of outsourced pharmacy services to Australian Private Hospitals
- Demonstrates EBOS' ability to move into markets adjacent to its Healthcare wholesaling business



(1) Data based on IRI scanned sales market share data Mar-19

# USE OF PROCEEDS

The proceeds from the placement will initially pay down bank debt and reduce gearing, before being used for strategic acquisitions, organic growth initiatives and general corporate purposes as they arise

## Strategic acquisition opportunities

EBOS' potential acquisition pipeline is strong with the group actively considering a number of bolt-on M&A opportunities across both our Healthcare and Animal Care segments, which include:

- 1 Opportunities to acquire Healthcare consumer brands to take advantage of our existing infrastructure
- 2 Opportunities in the medical devices and consumables sectors
- 3 Pharmacy segment expansion opportunities across Australia and New Zealand
- 4 Opportunities for expansion in the Animal Care sector

## Organic growth initiatives

There are a wide range of organic growth opportunities within the Group, including some that may require investment of capital, as we:

- Invest and drive continued growth in the existing portfolio of Healthcare and Animal Care businesses
- Fund the development of our existing brands into new growth markets (e.g. Asia)

# EQUITY RAISING OVERVIEW

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## Placement

- Approximately NZ\$150 million Placement of approximately 7.7 million new ordinary shares (“New Shares”)
  - Placement is to be underwritten at a fixed price of NZ\$19.70 per New Share, representing an 8.0% discount to the closing price on the NZX of NZ\$21.42 on Monday 29<sup>th</sup> April 2019
- 

## Ranking

- All New Shares issued will rank equally with existing EBOS shares
- 

## Risks

- Investors are encouraged to review the risk factors in the Appendix to this presentation
- 

## Lead manager and Underwriter

- UBS New Zealand Limited
-

# TIMETABLE

Event	Date
Trading halt on NZX and ASX	Tuesday 30 <sup>th</sup> April 2019
Placement announcement	Tuesday 30 <sup>th</sup> April 2019
Placement completion announcement lodged with NZX / ASX and EBOS recommences trading on NZX and ASX	Wednesday 1 <sup>st</sup> May 2019
ASX Settlement	Friday 3 <sup>rd</sup> May 2019
NZX Settlement	Monday 6 <sup>th</sup> May 2019
Allotment and trading of Placement Shares	Monday 6 <sup>th</sup> May 2019

The timetable (and each reference in this presentation to a date specified in the timetable) is indicative only and EBOS may, at its discretion, vary any of the above dates by lodging a revised timetable with the NZX/ASX



# Key Risks & International Offer Restrictions

# KEY RISKS

Risk	Description
<b>Product liability exposure</b>	EBOS may, from time to time, experience product defects or other claims relating to its products or services. Defects in products that EBOS markets, sells or distributes could be difficult or costly to correct, cause significant customer relations and business reputation problems, harm EBOS' financial results and result in damage to or claims by its customers. Any such claim could also result in increased challenges in obtaining insurance on comparatively reasonable terms.
<b>Currency risk</b>	EBOS' operations are primarily in New Zealand and Australia. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the primary currency for EBOS' operations. EBOS makes purchases in foreign currencies such as the US dollar and the Euro and is therefore exposed to foreign exchange risk arising from movements in exchange rates. To manage the currency risk in respect of both revenue and expenses, EBOS may hedge a percentage of its net foreign currency exposures using forward foreign exchange contracts and/or foreign exchange options to reduce the variability from any changes in EBOS' net operating income and cash flows to acceptable parameters. Such hedging does not, however, guarantee a more favourable outcome than that achieved by not hedging.
<b>Competition</b>	EBOS operates in a highly competitive environment. This competitive environment can be significantly affected by local market forces, general competitive dynamics, new market entrants, changes in economic conditions and product demand. Contracts with pharmacy wholesale customers tend to be for periods of between 2 to 5 years. For this reason at any point in time EBOS is engaged in customer negotiations and tender processes. Any increased competition from new and existing competitors can impact on EBOS' ability to generate sales, lead to a loss of market share, and cause a decline in profitability. Such changes to the competitive environment in which EBOS operates may have an adverse impact on EBOS' financial position, performance and prospects.
<b>Counterparty risk</b>	There is a risk that counterparties (including customers) may fail to meet their contractual obligations resulting in loss to EBOS and impacting on EBOS' business relationships and operations. EBOS cannot guarantee that its counterparties will fulfil these obligations or that EBOS will successfully manage counterparty risk (including credit risk). The failure of customers to meet their obligations to EBOS may adversely impact on EBOS' revenue and the financial position, performance and prospects of EBOS.
<b>Reliance on key suppliers</b>	EBOS' ability to supply products to its customers is highly dependent on securing products from third party suppliers. The business of EBOS would be materially impacted if any of those suppliers were unwilling or unable to provide products as contracted or made a decision to supply products on unfavourable terms. If suppliers failed to supply the products, terminated the contracts connected with the supply of products (or allowed them to expire without renewing them) or changed terms to be less favourable than those currently offered, and EBOS was unable to arrange for the supply of replacement products from another supplier on terms acceptable to EBOS or at all, this change may materially impact the financial position, performance and prospects of EBOS.
<b>Impairment risk</b>	EBOS carries significant goodwill and indefinite life intangible assets on its balance sheet. Accounting policies require that these assets be regularly tested for impairment and that the underlying assumptions supporting their carrying value be confirmed. There is a risk that the carrying balances for goodwill and/or intangibles may become impaired in the future, which would have an adverse impact on the financial position, performance and prospects of EBOS.

# KEY RISKS (CONT'D)

Risk	Description
<b>Regulatory risk and changes in law</b>	<p>EBOS operates in a number of highly regulated industry segments, including in relation to the distribution and supply of pharmaceutical, medical and related products.</p> <p>EBOS is exposed to the risk of new government policies, regulations and legislation that may impact on both the pricing of products and, accordingly, EBOS' profitability. For example, the Australian Government's reforms to the Pharmaceutical Benefits Scheme (PBS) over many years has had and continues to have the effect of lowering the prices paid for medicines, thereby lowering the distribution margin earned by the Group.</p> <p>Additionally, the financial performance of EBOS may be materially affected by changes in government regulations with respect to the pharmacy industry in New Zealand and Australia, including the Community Service Obligation (CSO). Symbion Pty Ltd (a wholly-owned subsidiary of EBOS) is a signatory to a CSO deed which governs the arrangements under which Symbion distributes PBS medicines around Australia, in return for access to a pool of funding that subsidises the distribution of PBS medicines to rural and remote parts of Australia. Any material adverse change in the CSO arrangements could have a material negative impact on the financial performance of EBOS Group. These changes could include: changes to the basis of the CSO funding (including a reduction in the overall CSO funding pool or the way in which payments to eligible wholesalers are calculated), changes to the performance criteria, or the termination or expiry of Symbion's CSO deed. In addition, Symbion could fail to achieve the performance criteria resulting in restricted or no access to the CSO funding pool.</p> <p>More broadly, changes to government policy, law or regulations, or the introduction of new regulatory regimes (for example, in relation to climate change), may lead to an increase in operational costs, reduce margin and may have a materially adverse effect on the financial position, performance and prospects of EBOS.</p> <p>Failure to comply with applicable laws and regulations may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include civil or criminal fines or penalties.</p>
<b>Cyber risk</b>	<p>EBOS operates a number of information technology systems. These systems may be subject to internal or external security breaches. A security breach could result in significant business disruption and cost, misappropriation of funds, loss of intellectual property and disclosure of sensitive business information or personal data. Other consequences as a result of a security breach could include legal or regulatory liability, loss of business and reputational damage. Any damage to EBOS' information technology systems could lead to extended downtime of EBOS' websites or corporate systems. This could adversely affect EBOS' operations and financial position, performance and prospects.</p>
<b>Privacy risk</b>	<p>The protection of customer, employee, third party and company data is critical to EBOS' operations. The legal and regulatory environment surrounding information security and privacy is increasingly complex and demanding. Customers, employees and third parties such as suppliers also have an expectation that EBOS will adequately protect their personal information. A breach of customer, employee, third party or company data could attract significant media attention, damage EBOS' reputation and customer or supplier relationships and ultimately result in lost sales, legal or regulatory liability or litigation. This could have a material adverse effect on EBOS' future financial position, performance and prospects.</p>
<b>Supply chain risk</b>	<p>Disruptions to EBOS' supply chain may have a material adverse effect on the productivity and results of EBOS' operations during the affected period. Any material damage or disruption to EBOS' supply chain will impair EBOS' ability to provide products and services and result in significant disruption to the business and EBOS' customers.</p>

# KEY RISKS (CONT'D)

Risk	Description
<b>Future dividends and franking</b>	No assurance can be given in relation to the payment of future dividends. Future determinations as to the payment of dividends by EBOS will be at the discretion of the directors and will depend upon the availability of profits, the operating results and financial condition of EBOS, future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by the directors. No assurance can be given in relation to the level of imputation and/or franking credits attaching to future dividend payments. The level of imputation and/or franking credits attaching to future dividend payments will largely depend upon the Group's ability to carry forward the existing balance of imputation and franking credits, the amount of tax paid in Australia and New Zealand in the future, and other factors.
<b>Health and safety risk</b>	Due to the nature of some of the industries in which EBOS operates, there is a risk of accidents or unsafe operations. Notwithstanding the preventative measures which EBOS has taken or may take, there can be no assurance that accidents or unsafe operations will not occur and injure EBOS' own personnel or third parties. Such events may result in additional costs and fines, and may jeopardise EBOS' reputation and credibility.
<b>Interest rate risk</b>	EBOS is subject to the risk of rising interest rates associated with borrowing on a floating rate basis. EBOS seeks to manage part of its exposure to adverse fluctuations in floating interest rates through interest rate hedging arrangements, including derivative financial instruments. Such arrangements involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements, and that such arrangements may not be effective in reducing exposure to movements in interest rates. To the extent that EBOS does not hedge effectively (or at all) against movements in interest rates, such interest rate movements may adversely affect EBOS' results.
<b>Litigation risk</b>	Disputes or litigation may arise from time to time in the course of the business activities of EBOS. There is a risk that any material or costly dispute or litigation could adversely affect EBOS' reputation, financial position, performance or prospects.
<b>Insurance risk</b>	Although EBOS maintains insurance coverage that it believes is appropriate to protect against major operating and other risks, not all risks are insured or insurable. EBOS cannot be sure that adequate insurance coverage for potential losses and liabilities will be available in the future on commercially reasonable terms, and may also carry large deductibles and premiums. If EBOS experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties. This may have a materially adverse effect on EBOS' financial position, performance and prospects.
<b>Taxation risks</b>	Future changes in New Zealand or Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in New Zealand or Australia, may affect the taxation treatment of an investment in EBOS shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the jurisdictions in which EBOS operates (in particular, New Zealand and Australia), may impact the future tax liabilities of EBOS.
<b>Changes to accounting standards</b>	Changes to accounting standards that apply to EBOS could materially adversely affect the financial position and performance reported in EBOS' financial statements.

# INTERNATIONAL OFFER RESTRICTIONS

This presentation does not constitute an offer of shares (**New Shares**) of EBOS Group Limited (the **Company**) in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and New Shares may not be offered or sold, in any country outside New Zealand except to the extent permitted below.

## Australia

The offer of New Shares in Australia is only being made to "sophisticated investors" or "professional investors" within the meaning of sections 708(8) and 708(11) of the Australian Corporations Act 2001 (Cth) ("Corporations Act").

This document is not a prospectus, product disclosure statement or any other formal "disclosure document" for the purposes of the Corporations Act and is not required to, and does not, contain all the information which would be required to be in a "disclosure document" under the Corporations Act. This document has not been, and will not be, lodged or registered with the Australian Securities and Investments Commission.

Prospective investors should not construe anything in this document as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Corporations Act. Prospective investors in Australia should be aware that the offer of New Shares for resale in Australia within 12 months of their issue may, under section 707(3) of the Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 of the Corporations Act apply to the re-sale.

## Hong Kong

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This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

# INTERNATIONAL OFFER RESTRICTIONS (CONT'D)

## United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

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