# EBOS Group AGM 2013

22 October 2013



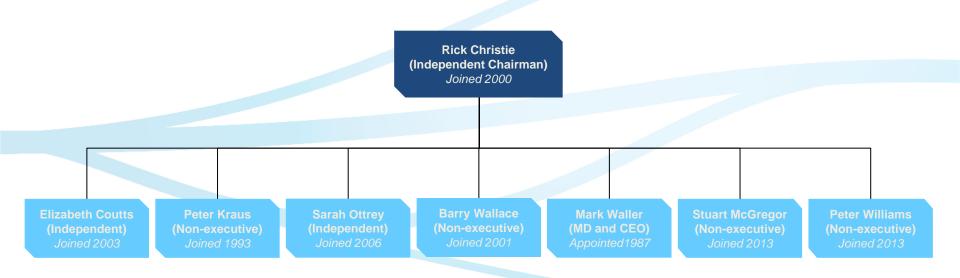
# Agenda

- Welcome
- Introducing the Board members
- Presentations:
  - Rick Christie EBOS Chairman
  - Mark Waller EBOS Managing Director
- Q&A
- Business of Meeting



## **Board of Directors**

**Experienced Board of Directors** 





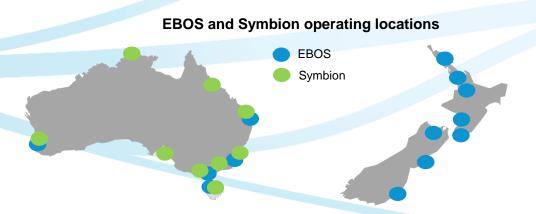
# Rick Christie Chairman's Address AGM 2013



### "THE MORE THINGS CHANGE THE MORE THEY STAY THE SAME"

Momentous year in which EBOS became a true Trans Tasman leader in the areas of its core operations

The increased scale of EBOS will provide the critical infrastructure required by healthcare and animal care
customers and suppliers





#### EBOS' key milestones 2013 Acquired 100% 2002 of Symbion Completion of the 1990 acquisition of 2007 The leading Acquired Health Support Ltd 1922 1986 1996 Acquired 100% of pharmaceutical Kempthorne 2005 Company Company Acquisition of the pharmaceutical wholesaler in **Medical Supplies** Acquisition of 2002 was founded name largest private wholesaler PRNZ the combined Scientific Ltd. New Acquisition of the as Early became medical Ltd (ProPharma & pharmacy and Zealand's oldest companies in Natures Kiss **EBOS Group Brothers** wholesaler in NSW Healthcare hospital both medical company business, including - Richard Trading Co. Ltd Logistics) markets in Australia and the Anti-Flamme Ltd Australia N7 brand 2004 2006 Acquisition of Attained 1989 Stelmara Medical 2011 Top 50 **EBOS** Pty & Vernon Carus 1993 2000 Acquired 100% of listing on 1960 commences to expand coverage Established Acquisition of Medic Masterpet the NZX Company status trading in to Queensland and separate operating Corporation a and listing on Australia Victoria divisions to focus Healthcare & A successful animal the New on market health business, and Scientific company Zealand Stock segments via its ownership. Exchange 50% of Animates pet



store group

# **Another rewarding year for shareholders**

Positive market reaction to the Symbion acquisition

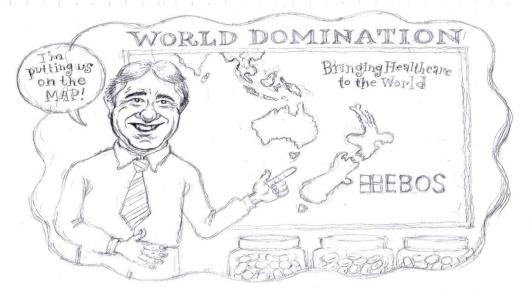
April: An interim dividend of 17.5 cents a share fully imputed

June: A two for 53 bonus issue of ordinary shares

October: A final dividend of 15 cents a share – partially imputed



# **Congratulations Mark**



Recipient of the 2013 Champion Canterbury Award "SPECIAL COMMENDATION" ...... for Outstanding Contribution to the Canterbury Community



## Managing Director's Address: Mark Waller

#### Introduction

- Financial performance for year ending 30 June 2013
- Symbion transaction completed
  - Accompanied with a short Video Clip of Symbion's Greystanes plant
- How the company looks now
- PFI how we are tracking to how we said we would
- Future Strategy
- Opportunities
- Investment philosophy



# Reported Consolidated Income Statement for the Financial Year Ended 30 June 2013

|         | <u>2013</u>  | <u>2012</u>  |        |
|---------|--------------|--------------|--------|
|         | NZ\$ million | NZ\$ million |        |
| REVENUE | 1,823.20     | 1,428.70     | +27.6% |
| EBITDA  | 58.2         | 46.9         | +24.1% |
| EBIT    | 51.8         | 43.0         | +20.5% |
| EBT     | 42.2         | 36.1         | +16.9% |
| (TAX)   | (14.0)       | (8.2)        |        |
| NPAT    | 28.2         | 27.9         |        |

# Income Statement Excluding Symbion Acquisition # for the Financial Year Ended 30 June 2013

|         | <u>2013</u>  | <u>2012</u>  |        |
|---------|--------------|--------------|--------|
|         | NZ\$ million | NZ\$ million |        |
| REVENUE | 1,482.20     | 1,428.70     | + 3.7% |
| EBITDA  | 53.6         | 46.9         | +14.4% |
| EBIT    | 49.2         | 43.0         | +14.4% |
| EBT     | 41.1         | 36.1         | +13.9% |
| (TAX)   | (11.6)       | (8.2)        |        |
| NPAT    | 29.5         | 27.9         | + 5.5% |

(# Excludes Symbion results for June 2013 and associated one-off transaction costs)



## **Symbion Transaction Overview**

- Symbion transaction positions EBOS as mainstream player of significant scale in Australian and New Zealand healthcare and animal care.
  - No1 in combined pharmacy and hospital pharmaceutical wholesale distribution in NZ and Australia
  - No1 pharmacy wholesaler in NZ
  - No2 pharmacy wholesaler in Australia
  - No1 hospital pharmaceutical distribution in NZ
  - No1 hospital pharmaceutical distribution in Australia
  - No1 and 2 in pre-wholesale and 3PL in New Zealand and Australia
- Well placed to adapt to Australian healthcare reform by leveraging NZ experience.
- Symbion management has demonstrated capability to grow business 15.2% CAGR in EBITDA 2007-12.
- Increased capabilities to take advantage of new and existing opportunities
  - 3PL in Australia
  - Animal care
    - Quality brand and product offering across all channels
    - Leverage Symbion expertise in veterinary wholesale
- Increased scale allows operational efficiencies
  - Optimise use of premises, operations and back office functions



# A greater breadth of service offering and capability

Complementary businesses with a high degree of alignment, 89% overlap

|                       | HEALTHCARE  |  |   |  | ANIMAL CARE  |   |
|-----------------------|---|--|---|--|--|---|
|                       | Logistics and Distribution  | Manufacturer<br>Services   | Pharm. & Hospital<br>Wholesaling  | Sales &<br>Marketing   | Retail brands & Services   | Veterinary / pet products   |
|                       | 3 <sup>rd</sup> party distribution & logistics solutions. Distribution systems and electronic ordering of supplies for healthcare providers | Product management solutions to pharmaceutical companies. Clinical trial logistics and depot services  | Specialist wholesaler<br>and distributor of<br>ethical, OTC and<br>consumer products to<br>pharmacies and public<br>and private hospitals | Sales and marketing of<br>a wide range of<br>healthcare products<br>across consumer,<br>primary care, hospital,<br>aged care and | Retail pharmacy brand<br>ownership, sales of<br>branded product and<br>operation of pharmacy<br>support and<br>management systems  | Veterinary wholesaler,<br>distributor and retailer of<br>animal healthcare products,<br>pet accessories and premium<br>foods across Australasia |
| EBOS<br>GROUP LIMITED | HEALTHCARE LOGISTICS Onelink  |  | ProPharma  PHARMACY WHOLESALERS RUSSELLS  | HEALTHCARE Anti-Flamme   | Vantage<br>GOLD CLUB   | Mastepet  Animates Employer Per   |
| symbion               | symbion Contract Logistics  | Symboo Clinical trials  CLINECT CLINEC | Symbion Pharmacy Services  Symbion Hospital Services  | symbion Consumer Products Faulding*  | Chemmart  PHARMACY  TerryWhite chemists  Pharmacy  Choice  Figure 1 of the pharmacy of the pha | Lyppard  Austrilia Pty Ud   |



# Prospective Information 6 months ended 31 December 2013 NZ\$ \*

Forecast (PFI) numbers for our first 6 months were:

| • | <u>REVENUE</u> | <u>EBITDA</u> | EBT     | <u>NPAT</u> |
|---|----------------|---------------|---------|-------------|
|   | \$3.17bn       | \$103.6m      | \$69.6m | \$48.7m     |

- Earnings per share 33c (based on 147.3m shares) up 13% of first half 2013.
- Net debt \$383m.
- Net Cash Surplus from operations \$42.7m.

#### \* PLEASE NOTE:

Reported NZ\$ earnings will be affected by the actual versus forecast NZD/AUD exchange rate

AT THE END OF OUR FIRST QUARTER WE ARE ON TARGET



## Future strategy

Leverage the combined group's scale and broad set of capabilities to enhance revenue growth and margin improvement

#### Healthcare

- Expand 3PL offering in Australia using Symbion's scale / infrastructure and EBOS' 3PL expertise
- Expand the existing EBOS Australian medical consumable business utilising Symbion's scale and infrastructure
- Increase contribution from business activities that are less reliant on government policy e.g. OTC products and clinical trials
- Leverage group buying power and management expertise

#### **Animal care**

- Expand into veterinary wholesale in New Zealand
- Utilise combined Australian resources to significantly enhance both Lyppard's and Masterpet's market presence
- Leverage group buying power and management expertise



# **Opportunities**

Further acquisitions possible to extend offering.

- Clearly Symbion has been our focus
- We get to see a lot of companies
- We have the financial head room for the right acquisition

HBL preferred bidder status and finalisation of contract with Ministry of Health creates platform for step-up in logistics expertise

- Potentially very significant transaction for us
- Speaks to our logistics capability
- It is a big tick of approval by the government



# **Investment Philosophy**



#### Proven Model

Do no harm

Buy good companies

...with good management

...at attractive multiples

... that add to our core competences in healthcare and animal care

We've been doing this a long time and we plan on keeping going

#### Proven track record of performance

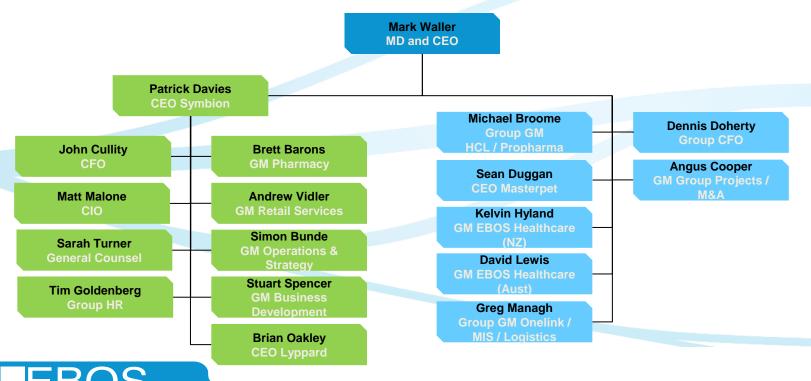
- 20 investments in 12 years
- Revenue growth from \$80.8m to \$6b in 12 years
- Returns over the past 10 years of 19% p.a.
- EBITDA CAGR of 8.7% 2007-12



# Management team

**GROUP LIMITED** 

Highly skilled executive management team



# Q&A



### RESOLUTIONS

#### **Resolution 1**

'To consider and receive the Annual Report and the financial statements for the year ended 30 June 2013 and the audit report thereon'

#### **Resolution 2**

To consider the re-Election of Rick Christie as a director of the Company.

#### **Resolution 3**

To consider the re-Election of Sarah Ottrey as a director of the Company.

#### Resolution 4

To consider the re-Election of Peter Kraus as a director of the Company.

#### **Resolution 5**

To record the reappointment of Deloitte as Auditors



# Refreshments

