

# EBOS GROUP LIMITED

2012 Annual Meeting

# EBOS GROUP LIMITED

Welcome to our Shareholders and Invited Guests

## EBOS GROUP LIMITED



- 2012 Annual Meeting
- RICK CHRISTIE
- CHAIRMAN OF DIRECTORS

# EBOS Group Limited

## INTRODUCING:

- Peter Kraus
- Elizabeth Coutts
- Sarah Ottrey
- Barry Wallace
- Mark Waller – Chief Executive Officer and Managing Director.
- Dennis Doherty – Chief Financial Officer

# Agenda

- Chairman's Address
- Managing Director's Address
- Invitation for Questions on the company's performance
- Resolutions –
  - To receive the Annual Report
  - To re-elect Directors
  - To authorise Directors to set the remuneration of the Auditors.
- General Business
- Refreshments

# Chairman's Address

- 'Plus la change, plus c'est la meme chose'
- EBOS has displayed consistent good health.
- 2012 was a further year of postive change.
- Improved results delivered for shareholders .
- New phase for EBOS

# Chairman's Address

- Governments are limiting their spending.
- The economies of New Zealand and Australia are weathering the economic storm better than most.
- Our acquisition of the Masterpet group looks like an ideal complement to our traditional health sector markets.
  - the acquisition was our largest investment yet (\$105m + debt) and took us into a new and dynamic market sector.

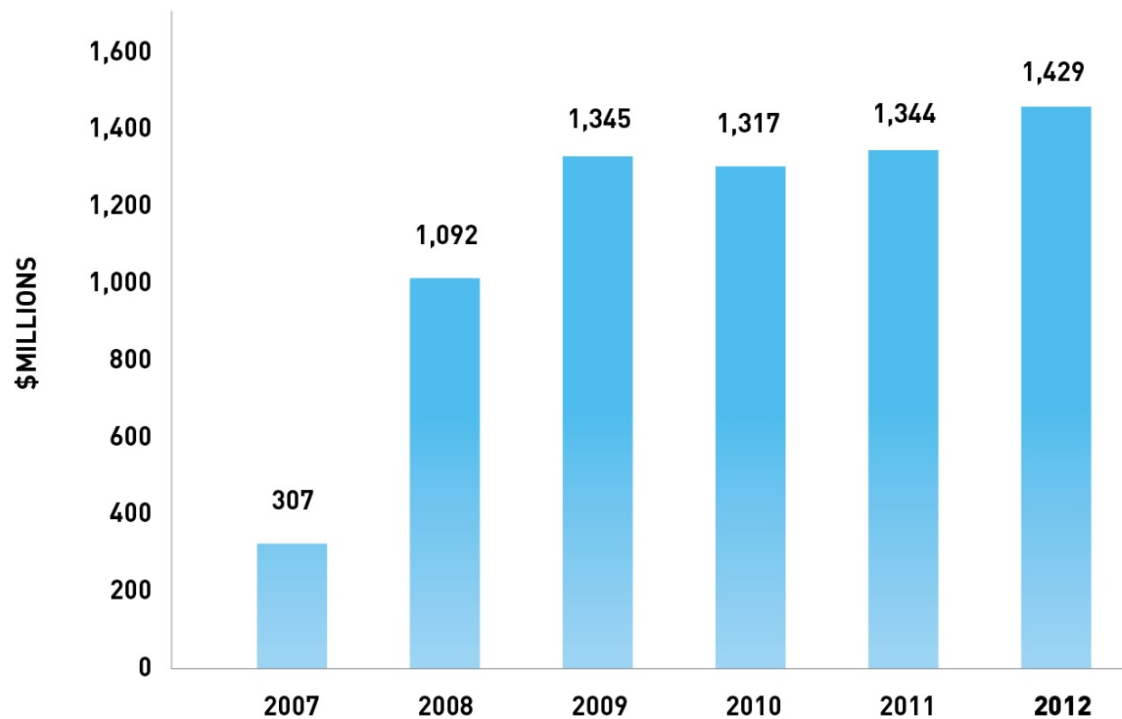
# Chairman's Address

- The group has made 18 acquisitions over recent years and the last two have been our largest and the best
  - ProPharma & Healthcare Logistics
  - Masterpet.
- 2011-2012 was a change year for management structure and operating systems.
- In Healthcare we integrated Health Support on to our PRNZ-SAP computer platform. That move has allowed us to create a combined offer for our Health Support and ProPharma DHB businesses.



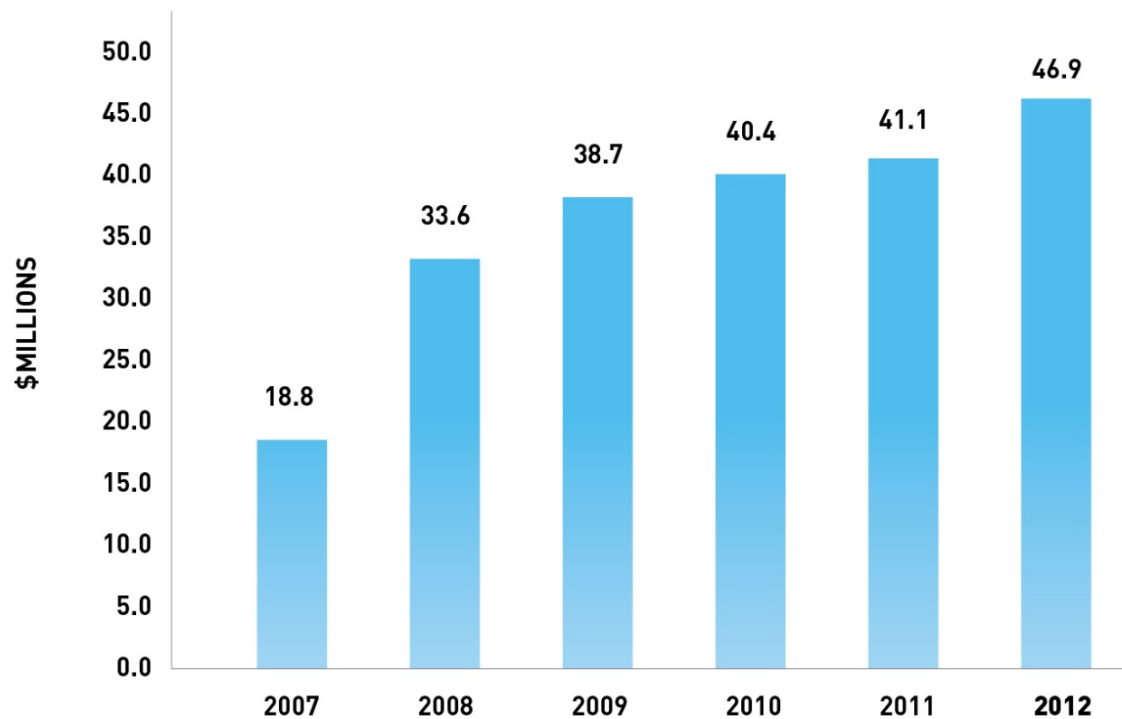
# 2012 Revenue \$m's

**EBOS Group Limited six year revenue trend**



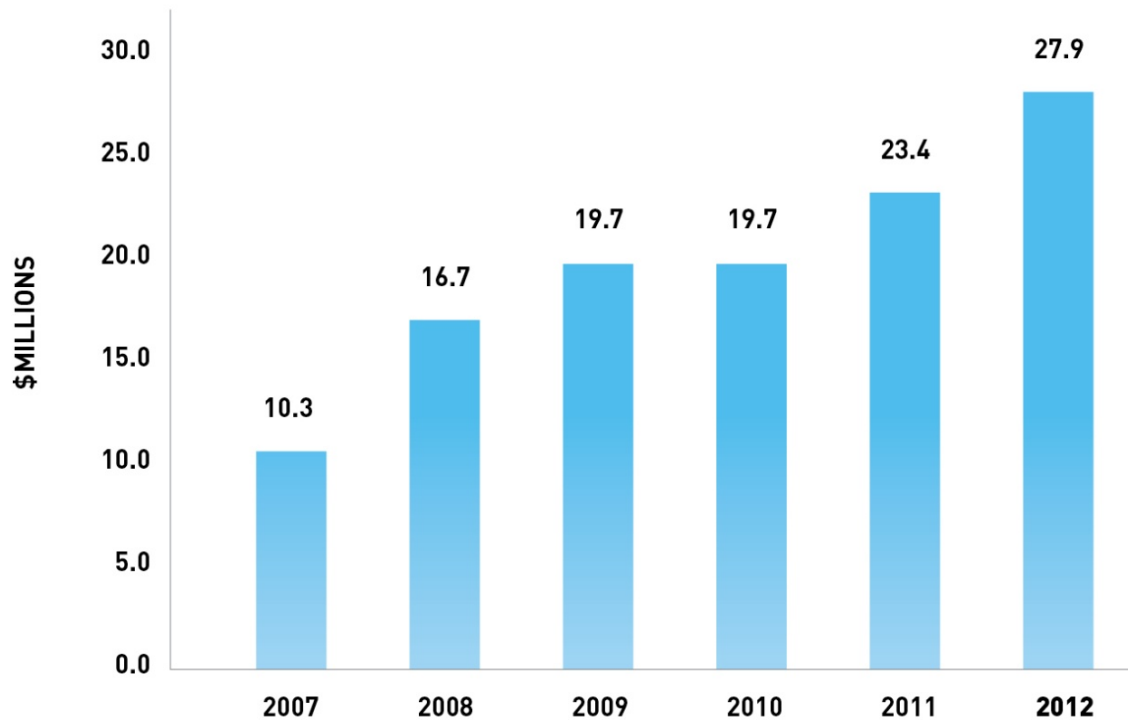
# 2012 EBITDA \$m's

**EBOS Group Limited six year EBITDA trend**



# 2012 NPAT \$m's

**EBOS Group Limited six year continuing operations NPAT trend**



# 2012 Balance Sheet

Underlying strength:

- Low net bank debt of \$87m, after our Masterpet investment of \$105m + debt.
- New dual banking partnership with the ANZ and BNZ banks.
- Net assets \$208.6m.
- Total assets \$658m.
- Dividend 34.0 cents per share.

# Financial Fundamentals

• Issued Shares	52.54 million
• Share Price	\$8.30
• Earnings Per Share	53.6 cents on continuing operations
• Price Earnings Ratio	15.5x
• Dividend per share	34.0c
• Gross Dividend Yield	5.7%
• Market Capitalisation	\$436 million

# Shareholding - Board - Management

- Greater liquidity in the share register. 5,255 shareholders.
- Board diversity in skill sets and experience.
- Peter Merton and Mark Stewart have left the board with our thanks for their excellent contribution.
- A new independent director will be added in future; timing to align with our acquisition strategy.
- Depth of management expertise.
- Our Australian operations are now led by David Lewis, formerly GM ProPharma. Sean Duggan, Chief Executive Masterpet, has joined the senior management team.

# Chairman's Address

## EBOS Group Limited market capitalisation



**+524% over 10 years**

# EBOS GROUP LIMITED



- 2012 Annual Meeting
- MARK WALLER
- MANAGING DIRECTOR



# The EBOS Journey

- We are trying to build a great NZ company.
- The numbers are important, however they say little about the Company or the quality of EBOS Group as an investment.
- Our track record over 20+ years has been that of a highly flexible group. We constantly adapt to market conditions and create shareholder value.
  - the sale of Scientific was important.
  - the purchase of Masterpet was more significant.

# 2012 Key Messages

- Our core NZ healthcare business is still in great shape.
- Our Australian healthcare business was in a market sweet spot in 2010. We now need to build scale.
- Health reforms are not a scary proposition for EBOS; they will create many exciting opportunities.
- Masterpet is an excellent business and a great fit with EBOS.

# Year of Change

In FY12 we have shown that we continue to embrace change.

- Operational structure has changed.
- Merged parts of ProPharma and Health Support DHB business to create ONELINK
- Different roles for most senior managers with people playing to their strengths, keeping expertise and creating fresh challenges.
- Additional expertise from acquisition of Masterpet Group of companies.



**onelink**  
connected to health

# Interconnected

Several trading entities and multiple markets geographically and by type.

- All interconnected as one whole.
- Ability to service any type of healthcare customer or supplier.
- The constant focus is adding value for the customer.

# Headline numbers

	<b><u>FY2012</u></b>	<b><u>FY2011</u></b>	<b><u>%</u></b>
Revenue	\$1,429m	\$1,344m	+6.3%
Earnings before Interest & Tax	\$43.1m	\$37.7m	+14.3%
Net Profit After Tax from continuing businesses	\$27.9m	\$23.4m	+19.4%
One off gain on sale of Scientific business	-	\$8.2m	N/A
EPS continuing operations	53.6c	45.4c	+18.1%
Final Dividend	20.5c	18.0c	+13.9%
Full year dividend	34.0c	31.5c	+7.9%
Special dividend	-	20.0c	N/A
Operational cash flow	+\$28m		

# Explanatory Comments

- Turnover approximately \$50m higher than shown on a comparative basis (HCL) # i.e. 10% up overall including Masterpet.
- Revenue
  - Healthcare \$1,342m + \$50#
  - Animal \$86.4m – part year
- EBITDA
  - Healthcare \$36.719m
  - Animal \$10.137m
- NPAT
  - Healthcare \$21.103m
  - Animal \$6.846m

# Healthcare - NZ

Healthcare New Zealand was up in both revenue and profit in Fy12 reflecting:

- Increased District Health Board business.
- Increased Pharmacy business and new PharmacyBrand contract
- ACC home delivery contract.
- Cost savings from merging Health Support into PRNZ.



# Healthcare

- Post-balance date highlight was the opening of EBOS NZ's new distribution centre at Albany by Health Minister Tony Ryall. The purpose built centre is at the leading edge of technology.
- The opening showcased our capability to deliver supplies to our EBOS healthcare markets, through incredibly efficient supply chain systems.





# Healthcare Australia

With the benefit of hindsight our small Australian healthcare business was in a sweet spot in late 2010.

Sales and profit were down in 2012.

## WHY?

- Capex was down due to removal of enhanced depreciation allowance.
- Loss of a disinfectant wipes contract in Queensland.
- Patient visits to GP's down.

NB: the 'real'/non mining economy is doing it quite hard in Australia.

- Former Vital Medical Medical staff new business start up and margin impact.

# EBOS Australia

- Australia is already an important part of the EBOS group. Australia will become an increasingly important part of our future.
- Current Australian businesses:
  - EBOS Healthcare
  - Vital Medical
  - Masterpet Australia
  - Beaphar (from 50% to 100%)
  - Botany Bay

# Healthcare Summary

## **New Zealand**

- Highly influential.
- Market leader across multiple channels.
- Benefit of scale.
- Businesses in great shape with real management depth.

## **Australia**

- Growing presence in Primary Care but still too small – no pricing power.
- Minimal presence in Hospital market.
- Just starting to expand in Aged Care sector.
- Excellent business base – we now need scale.

# Animal Care

- Superb acquisition – another quantum step for EBOS.
- Contributed \$6.85m to group result this year.
- Market leader in NZ with multiple points of synergy.
- Business base is a mix:
  - Premium food and treats
  - Pharmaceuticals
  - Pet accessories



# Animal Care

- Masterpet has diversity in customer channels:

Veterinary clinics

Pet stores

Bulk retail

Grocery



# Masterpet NZ





# Animates

- Vertical integration via 50% ownership of Animates NZ, the only 'big box' pet retailer in NZ with scale.



# Growth prospects

- Growth opportunities exist in:
  - Veterinary wholesale
  - New product categories
  - Potentially ownership of vet clinics





# Masterpet Australia

- Aussie market dominated by several 'big box' retailers and multinationals have large direct to market operations.
- Masterpet business mix of own brand and wholesale.
- Different '*volume vs. return*' equation owing to lower 'own brand' market penetration and margins.
- Evident growth opportunities
- Close focus with Masterpet CEO based in Sydney.
- Brisbane pharmaceutical manufacturer Beaphar Australia now 100% owned.

# Government reform

- Public health sector reforms are on Government's agenda.
- EBOS already manage the logistics for medical consumables and pharmaceuticals for many DHBs.
- This supply chain could be rolled out nationally.
- EBOS must be the leading contender given our existing expertise and experience.
- Our business model offers **real savings** by bringing supply chain efficiencies, product aggregation/standardisation and inventory reduction.
- The need is obvious. The timing is soon. We are ready.

# Outlook

- National growth is likely to slowly improve . Expect some uncertainty in the healthcare markets preceding possible reforms.
- Reforms in the healthcare sector will represent opportunities to show what we can do . Our core competencies are unsurpassed.
- We will actively seek public-private partnerships in procurement and distribution.
- Simultaneously, we will build breadth and depth in our Healthcare and Animal Care markets.
- For EBOS the way forward in 2013 is very clear.
  - We have the ability to service any kind of healthcare customer or supplier.
  - Masterpet provides multiple growth opportunities
- Our strong balance sheet, new banking facilities and supportive shareholders enable us to look at larger acquisitions.

# Outlook

From an investment perspective our goals are clear:

- **To become a \$1 billion business by market capitalisation within 5 years.**
- **To become the blue-chip investment choice in the healthcare market by maintaining our track record of growth in revenue, earnings per share, share price momentum and dividend income.**

# EBOS GROUP LIMITED

2012 Annual Meeting

RICK CHRISTIE

CHAIRMAN OF DIRECTORS

# Questions from Shareholders

- Questions from shareholders in the room related to the performance of the company are welcomed.
- Please wait for the microphone.
- Please do state your name.

# Resolution- Annual Report

- To consider and receive the annual report and financial statements for the year ended 30 June 2012 and the audit report thereon.

# Resolutions - Directors

## Election of Directors:

- Elizabeth Coutts
- Barry Wallace



# Resolutions - Auditor

- To record the reappointment of Deloitte as Auditors of the Company and to authorise the Board of the Company to determine the remuneration of the Auditors.

# General Business

- Matters of General Business raised by Shareholders through the Chair.

# Conclusion of Meeting

- Thank you for attending the 2012 Annual Meeting.
- The Chairman invites you to join the Directors for light refreshment.

# EBOS GROUP LIMITED

The annual addresses to the 2012 Annual Meeting will  
be available on the corporate website

[www.ebos.co.nz](http://www.ebos.co.nz)

**THANK YOU FOR YOUR  
ATTENDANCE TODAY**