



NZX AND MEDIA STATEMENT

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Major Acquisition by EBOS Group.

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EBOS Group Ltd, the publicly listed healthcare marketer, wholesaler and logistics provider, has diversified and expanded with the acquisition of the privately owned Masterpet Group of Companies for approximately NZ\$105m plus Masterpet debt.

This is EBOS Group's largest acquisition to date and follows the successful acquisition and integration of pharmaceutical wholesaler and healthcare distributor PRNZ, four years ago.

Agreement has been reached with Wellington-based Masterpet to acquire the shares, wholly-owned brands and trading interests of the group in New Zealand and Australia.

"EBOS Group has been searching for a complementary acquisition and after thorough consideration of Masterpet's performance and market position, we believe this to be a significant growth opportunity," said Mr Rick Christie, chairman of EBOS Group Ltd.

Masterpet is recognised as the innovative market leader of branded animal healthcare, pet accessories, and premium foods throughout Australasia and is well known to consumers with sales to veterinary clinics, pet specialty stores and grocery markets.

Masterpet represents the market leading Proctor & Gamble pet care brands, Eukanuba and IAMS, in a brand portfolio of nutritional products for animal health and wellbeing. Masterpet also owns several house brands including the market leading Vitapet brand in grocery. Proctor & Gamble, one of the world's leading manufacturers of animal nutritional products, have confirmed that they are highly supportive of the new partnership with EBOS.

"Masterpet is well positioned in one of the fastest growing global business sectors with excellent management, modern distribution facilities and networks, and a strong brand portfolio," said EBOS Group managing director and chief executive Mr Mark Waller.

"EBOS will continue to operate Masterpet as a dedicated business under its own name with all executives and staff continuing within the enlarged group."

"We are acquiring Masterpet from a consortium of private interests including Brent Wootton of the founding Wootton family, and other investors.

"As part of the transaction, EBOS will also acquire a 50% interest in the Animates retail business. Animates is New Zealand's leading specialty retailer of animal healthcare products with a retail chain of 20 stores."

Mr Waller said EBOS and Masterpet had been introduced by Forsyth Barr Limited's investment banking team.

The chief executive of Masterpet, Sydney-based Sean Duggan, said, "Masterpet is a regional success story, based on the hard work and vision of the original family owners.

"EBOS is a great fit for our staff, our customers and our suppliers. Together we share many of the core competencies required to be successful in a market focused on health professionals, whether that's pets or people, doctors or veterinarians.

"The company's success over 50 years is built on a combination of innovation, always being customer-focused, having modern technology and intellectual assets – and people who are empowered to go the extra mile to provide exemplary service to clients."

The Masterpet brand was established by H.J. Wootton in 1961, as a pet supplies wholesaling company and then led in succession by brothers Wayne and Brent. Mr Brent Wootton will continue to work with the business, as he has since "retiring" 2 years ago. He commented, "I am delighted that Masterpet continues under New Zealand ownership with one of New Zealand's most respected companies. "

Masterpet employs just under 300 staff, with a New Zealand head office, distribution centres in Wellington and Sydney, sales offices and showrooms in Wellington, Auckland, Christchurch, Sydney, Brisbane and Melbourne.

EBOS is one of New Zealand's leading healthcare products suppliers to the New Zealand health system, including hospitals, primary care, aged care, pharmacy and retail grocery sectors – it is also one of the Top 50 companies listed on the New Zealand Stock Exchange.

Mr Waller said, "We believe Masterpet is a good strategic fit for EBOS in a growth sector and with the added benefit of not being reliant on government funding."

"Whilst the animal health focus is a new direction from our human healthcare businesses, there are many similarities to the EBOS business. Healthcare for pets is also a high-quality brands-based activity and like EBOS, Masterpet has a technology-based backbone and a service focus on customers.

"We both have core competencies in sales and marketing of internationally sourced products, logistics and warehousing, wholesaling and specialised support for front-line services."

"EBOS has always set exacting criteria in our pursuit of growth either organic or acquired. We expect Masterpet will contribute very positively to the enlarged group and add to our growth in earnings per share."

EBOS is projecting a revenue contribution of ~NZ\$170m and EBITDA of ~NZ\$20m in first full year to 30 June 2013. These earnings projections are inclusive of the Masterpet half-share of Animates, if consolidated.

EBOS will debt fund the acquisition supported by a strong balance sheet, funds on deposit and strong operating cashflow.

Over the last 10 years EBOS has grown revenues to \$1.3bn and total assets to \$538m. During the last three years EBOS has realised further value for shareholders by achieving internal efficiencies in its healthcare businesses in both New Zealand and Australia and through the profitable disposal of its Scientific business in 2010.

This has placed EBOS in a strong position to undertake a fully debt funded acquisition of this scale.

“It is very pleasing to follow up our reassurances at the 2011 annual meeting that we were looking at investment opportunities with this acquisition of an attractive company that is achieving excellent margins in a strongly growing market sector,” Mr Waller said.

EBOS employs around 800 staff across Australia and New Zealand, with the group’s head office in New Zealand. The group has sales offices and distribution centres in Auckland, Wellington, Christchurch, Sydney, Melbourne, Brisbane, Perth and Hobart. Group member PRNZ operates a pharmaceutical sales and distribution network in eight New Zealand cities. In the Pacific Region there are EBOS sales offices at Port Moresby (PNG), and Suva (Fiji).

In the year ended 30 June 2011, EBOS reported revenue of \$1.34bn and EBITDA at \$41.1m. The company paid dividends totaling 51.5 cents per share including a special dividend of 20 cents. EBOS Group has 4,800 shareholders.

FOR FURTHER INFORMATION PLEASE CONTACT:

A handwritten signature in black ink, appearing to read 'Mark Waller', with a stylized flourish at the end.

Mr Mark Waller
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