

24 August 2022

## MARKET RELEASE

NZX/ASX Code: EBO

### EBOS 2022 Full Year Results

#### EBOS' STRONG PERFORMANCE HAS CONTINUED WITH ANOTHER RECORD RESULT AND DOUBLE-DIGIT EARNINGS GROWTH

##### Full Year Highlights

- Revenue of \$10.7 billion, exceeding \$10 billion for the first time (up 16.6%)
- Underlying Net Profit after Tax ("Underlying NPAT") of \$228.2 million (up 21.3%)
  - \$25.6 million of M&A transaction costs (post-tax) were incurred in Statutory NPAT
- Final dividend declared of NZ 49.0 cents per share, bringing total dividends declared for the year to NZ 96.0 cents per share (up 8.5%)
- Continued strong performances from both our Healthcare and Animal Care segments, with Healthcare's Underlying EBIT up 24.0% and Animal Care's EBIT up 15.3%
- Underlying operating cash flow (before capex) of \$291.0 million (down 3.7%) reflecting higher investment in working capital and tax payments
- Consistent with our strategy of investing for growth, in FY22 we:
  - continued to invest in our operational infrastructure across the Group to support the growth in the business; and
  - completed five acquisitions in a further expansion of our Institutional Healthcare division, including the material acquisition of LifeHealthcare which establishes EBOS as one of the largest independent medical device distributors in Australia, New Zealand and Southeast Asia
- LifeHealthcare performed in line with expectations during June 2022, the first month under EBOS' ownership, contributing \$9.5 million of EBITDA
- Net Debt : EBITDA of 1.94x (0.85x at June 2021), reflecting our recent investments and remaining within the Group's target gearing range

A\$ <sup>1</sup>	Underlying Results <sup>2</sup>	Statutory Results
<b>Total Revenue</b>	\$10,734.1m up 16.6%	\$10,734.1m up 16.6%
<b>EBITDA</b>	\$436.8m up 19.0%	\$405.8m up 11.7%
<b>EBIT</b>	\$355.0m up 20.5%	\$323.9m up 11.5%
<b>Net Profit after Tax</b>	\$228.2m up 21.3%	\$202.6m up 9.3%
<b>Earnings per Share<sup>3</sup></b>	129.0 cents up 12.2%	114.5 cents up 1.2%
<b>Total Dividends per Share</b>		NZ 96.0cps up 8.5%
<b>Operating Cash Flow</b>	\$291.0m down 3.7%	\$248.7m down 16.6%
<b>ROCE</b>	18.6% up 0.6%	
<b>Net Debt : EBITDA<sup>4</sup></b>	1.94x up 1.09x	

<sup>1</sup> All amounts included are denoted in Australian dollars unless otherwise stated.

<sup>2</sup> Underlying results exclude net transaction costs of M&A. Refer to Appendix 1 for details.

<sup>3</sup> Underlying EPS calculated as Underlying NPAT divided by the weighted average number of shares on issue during FY22.

<sup>4</sup> Calculated in accordance with banking covenants.

EBOS Group Limited (“EBOS” or the “Group”) today announced another record result for the 2022 financial year, with key highlights including revenue exceeding \$10 billion for the first time, double-digit earnings growth and several growth investments. In commenting on today’s results announcement, EBOS Chief Executive Officer, John Cullity said:

“It is pleasing to report another record profit for EBOS for FY22, our 100<sup>th</sup> year of operation. Our double-digit revenue and earnings growth reflects a continuation of the strong first half that we announced in February 2022. In addition, throughout the year we made investments that position the Group for continued growth in the future.

The strength and diversity of our portfolio of businesses is reflected as both our Healthcare and Animal Care segments contributed strongly to the overall result and successfully executed our strategy of pursuing both organic and inorganic growth.

Our Healthcare segment benefited from its leading market positions and had strong contributions from each of our Community Pharmacy, TerryWhite Chemmart (“TWC”), Institutional Healthcare and Contract Logistics divisions and businesses. Each of our Healthcare divisions capitalised on strong market growth opportunities.

The Animal Care segment continued its strong first half performance with each of our key brands and divisions – Black Hawk, Vitapet and Lyppard – recording robust growth. Pet market conditions continue to be strong and our leading brands and divisions have capitalised on this.

Consistent with our strategy of investing for growth, we continued to invest in our operational infrastructure and make strategic acquisitions to further expand and diversify our earnings. As highlighted previously, EBOS invested approximately \$80 million in a new state of the art pet food manufacturing facility in Parkes, New South Wales. We have also continued to invest in operational infrastructure for our pharmacy wholesaling, medical consumables distribution and contract logistics businesses to support their growth. In addition, EBOS completed five acquisitions during the year, including the recent acquisitions of LifeHealthcare, which has accelerated our medical devices strategy, as well as a small distributor of a broad range of own-branded and third-party medical consumables.”

In commenting on today’s result, EBOS Chair, Elizabeth Coutts said:

“It is pleasing to see EBOS, in its 100-year anniversary, achieve another record result. It is an honour to be the Chair of a company with such a long heritage and focus on providing essential healthcare and animal care services across our key markets. Our focus on driving growth for the long term continues to deliver value to our stakeholders.

The success we have achieved as a business across the 2022 financial year is the result of the combined efforts of our almost 5,000 employees across New Zealand, Australia and now Southeast Asia. We acknowledge their commitment to each other, our businesses and to the communities they serve.”

## Healthcare

Healthcare (A\$m)	30 June 2022	30 June 2021	Growth
Revenue	\$10,192.8m	\$8,705.4m	17.1%
Statutory EBIT	\$285.1m	\$251.1m	13.5%
Underlying EBIT <sup>5</sup>	\$316.2m	\$254.9m	24.0%
Underlying EBIT margin	3.1%	2.9%	

Our Healthcare segment generated revenue of \$10.2 billion and Underlying EBIT of \$316.2 million, an increase of 17.1% and 24.0%, respectively on the prior year. This growth was driven by the performances of our Community Pharmacy, TWC, Institutional Healthcare and Contract Logistics divisions and businesses, each of which capitalised on strong market conditions and growth opportunities.

In Australia, Healthcare revenue increased to \$8.2 billion and Underlying EBIT increased to \$267.1 million, an increase of 18.0% and 23.6%, respectively. In New Zealand, Healthcare revenue increased to \$2.0 billion and Underlying EBIT increased to \$49.1 million, an increase of 13.4% and 26.2%, respectively.

Community Pharmacy revenue increased by \$1.05 billion (up 19.5%), driven by customer growth, market share gains, sales growth of high value specialty medicines and the return of Pfizer's retail pharmacy volumes to the wholesale channel. The drivers of this growth included the strong performances from our community pharmacy retail brands and growth in both ethical and OTC wholesale volumes.

Our TWC franchise continues its robust growth with an additional 51 new pharmacies joining the network during the year. This builds on growth in prior years and further strengthens TWC's position as Australia's largest health advice-oriented community pharmacy network with over 500 trading stores. TWC network sales demonstrated above-market growth at 13.9% and on a like-for-like basis increased by 11.9%. This performance was driven by continued above-market increases in media spend and ongoing industry leading pharmacist education programs. Additionally, TWC's network partners were responsible for delivering over 1.7 million vaccinations in FY22, representing approximately 18%<sup>6</sup> and 20% of the total COVID-19 and flu vaccinations in community pharmacy, respectively.

Institutional Healthcare generated strong revenue growth of \$383.5 million (up 14.3%), driven by further increases in demand for new specialty medicines combined with strong organic and inorganic growth in the medical consumables and medical devices businesses.

<sup>5</sup> Underlying EBIT and Underlying EBIT margin exclude net transaction costs of M&A. Refer to Appendix 1 for details.

<sup>6</sup> Australian Immunisation Register for 1 July 2021 to 30 June 2022, accessed on 22 July 2022.

During the year, EBOS completed five acquisitions consisting of Pioneer Medical, Sentry Medical, MD Solutions, LifeHealthcare and a small medical consumables distributor, which together expanded our presence in medical consumables and medical devices distribution.

The acquisition of LifeHealthcare was completed on 31 May 2022. Following the acquisition, EBOS is one of the largest independent medical device distributors in Australia, New Zealand and Southeast Asia. LifeHealthcare performed in line with expectations during June 2022, the first month under EBOS' ownership, contributing EBITDA of \$9.5 million.

Contract Logistics increased Gross Operating Revenue ("GOR") by \$37.1 million (up 40.2%), attributable to growth in Australia via increased market share, as well as growth in New Zealand from increased demand for storage and servicing of protective equipment, testing kits and COVID-19 vaccines.

The Healthcare segment invested in its operational infrastructure to support its growth, including the recently completed expansion of our pharmacy wholesale distribution centres in Brisbane and Melbourne, the completed construction of new medical consumables distribution centres in Sydney and Perth and construction commencing for new contract logistics distribution centres in Sydney and Auckland.

## Animal Care

Animal Care (A\$m)	30 June 2022	30 June 2021	Growth
Revenue	\$541.3m	\$497.5m	8.8%
EBIT	\$72.6m	\$62.9m	15.3%
EBIT margin	13.4%	12.7%	

Our Animal Care segment generated revenue of \$541.3 million and EBIT of \$72.6 million, an increase of 8.8% and 15.3%, respectively on the prior year.

Each of Animal Care's key brands and divisions – Black Hawk, Vitapet and Lyppard – maintained robust growth. The strong pet care market conditions observed in the first half have continued and our divisions have capitalised on these opportunities due to their strong market positions and leading brands. The pet care market is supported by well-established trends including the humanisation of pets and premiumisation of products. These trends have been supported by changed household behaviours as a result of COVID-19.

Capitalising on Black Hawk's strong brand, new treat and puppy food products were launched with performance in line with expectations.

Construction and commissioning of the new state of the art premium pet food manufacturing facility located in Parkes, New South Wales is now complete and commercial production rates have been steadily increasing. The new facility enhances our local supply chain capabilities and is a competitive

advantage in this environment. In response to increased consumer demand for Black Hawk, we will be commencing a third shift at the site earlier than initially projected.

### **Supply Side Constraints and Cost Increases**

Despite the Group's strong performance, our various businesses have experienced operational challenges as a result of supply side constraints, including a higher rate of supplier out of stocks and availability of staff and other key inputs. EBOS' key cost items within the Group are cost of goods sold, labour, freight and rent. With the current inflationary environment, we have experienced increases in these key cost items to varying degrees across our businesses (other than fixed regulated cost items).

Each business has various strategies to mitigate these increases and preserve margins. Our Group EBIT margin increased slightly in FY22.

### **Sustainability and Community**

During FY22, EBOS developed strategies for several high priority topics that make up our ESG Program. This included setting targets, milestones and KPIs for areas including Environmental Stewardship, Consumer Packaging, Ethical Sourcing and Our People.

EBOS is committed to reducing emissions from our business operations. We are progressing plans to work towards carbon neutrality, aiming to be carbon neutral for Scope 1 emissions in FY23. This year, the EBOS Board approved the scoping of an 18.8 MW solar array which is planned to meet current and estimated future electricity needs for our Australian operations.

We are also pleased to celebrate our 15-year partnership with Greenfleet this year. Since 2007, EBOS has been offsetting the estimated greenhouse gas emissions from transport associated with customer deliveries in the Healthcare segment, totalling over 90,000 tonnes of CO<sub>2</sub>e. We look forward to continuing this partnership in the years to come.

We strive to build an engaged, diverse and talented workforce across EBOS. During FY22, we delivered on our Diversity and Inclusion strategy, continuing to train our leaders in this area. We also commenced Cultural Awareness training in New Zealand after a successful rollout in Australia in FY21. We celebrated International Women's Day and, under our Be Well from Anywhere Program, offered staff a range of activities to improve their wellbeing and keep them connected.

In Australia we continue to implement action items within our Reconciliation Action Plan, identifying areas where we can develop appropriate and relevant initiatives to our business. As part of this journey, we have also commenced work on the development of an overall programme recognising native cultures and their people across both New Zealand and Australia.

Separately, workplace health and safety continues to be a major area of focus for the Group and it is pleasing to see a continued reduction in the frequency rate of recordable injuries. Safety is an area

where EBOS will continue to invest in resources, new training and programs to continue to ensure the ongoing safety of all our employees.

Further information on our sustainability and community initiatives is available in our 2022 Sustainability Report.

## **COVID-19 Update**

COVID-19 continues to have an impact across many areas of EBOS' operations and this has required the Group to be flexible in managing situations across its operations. Our businesses continue to stringently follow COVID-19 protocols and the advice of the local authorities relevant to our locations and operations, as applicable to the circumstances at the time. We continue to maintain strict controls with the objective of keeping both our people safe and our primary distribution facilities open to ensure the uninterrupted supply of medicines across the community.

The impacts of lockdowns and other restrictions have put extra demands on the business and our people. We are very conscious of the wellbeing and safety of our people and have invested in extra resources to assist us through the pandemic.

With respect to financial performance, COVID-19 continues to have both positive and negative impacts across our Group businesses. Overall, we estimate the net impact of COVID-19 has been positive to Group earnings.

## **Cash Flow, Net Debt and Return on Capital Employed**

The Group generated underlying operating cash flow (before capital expenditures) of \$291.0 million, a 3.7% decrease on the prior year. The cash performance reflects our increased investment in net working capital to cater for sales growth and higher tax payments.

Total capital expenditure was \$89.2 million comprising net business-as-usual capex of \$59.2 million and \$30.0 million to complete construction of the new pet food manufacturing facility.

During FY22, EBOS completed five acquisitions for aggregate consideration of approximately \$1.3 billion, being Pioneer Medical, Sentry Medical, MD Solutions, LifeHealthcare and a small medical consumables distributor.

Return on Capital Employed ("ROCE") of 18.6% was higher than FY21, reflecting the Group's growth in underlying earnings and the performance of strategic investments. ROCE is expected to reduce in FY23 following a full year impact of the LifeHealthcare acquisition.

Net Debt : EBITDA ratio at 30 June 2022 was 1.94x, reflecting the completed acquisition of LifeHealthcare and other investments (0.85x as at 30 June 2021) and is within the Group's target leverage ratio range.

## Final Dividend

The Directors declared a final dividend of NZ 49.0 cents per share. In combination with the interim dividend, this brings total dividends declared for FY22 to NZ 96.0 cents per share (up 8.5%), representing a 74.2% pay-out ratio<sup>7</sup>.

The Dividend Reinvestment Plan (“DRP”) will be operational for the upcoming final dividend. Shareholders can elect to take shares in lieu of a cash dividend at a discount of 2.5% to the volume weighted average share price (“VWAP”).

The record date for the dividend is 9 September 2022 and the dividend will be paid on 30 September 2022. The final dividend will be imputed to 25% for New Zealand tax resident shareholders and fully franked for Australian tax resident shareholders.

## Outlook

EBOS is pleased with the strong earnings growth in FY22 and we expect another year of profitable growth in FY23.

The Group’s portfolio of businesses has proven to be very resilient throughout the COVID-19 pandemic, however, given the global economic and geopolitical environment there are material uncertainties that may impact upon the Group’s future trading performance.

Capital expenditure for FY23 is expected to remain elevated as EBOS embarks upon facility expansions and upgrades to support the growth in the business.

EBOS’ balance sheet is within its target range and is well positioned to support the capital expenditure requirements and pursue growth opportunities.

---

<sup>7</sup> Dividend payout ratio calculated on an underlying basis based on a NZD:AUD average FY22 exchange rate of 0.933.

**This media release, the full-year results and related materials were authorised for lodgement with NZX and ASX by the Board of EBOS Group Limited.**

**For further information, please contact:**

**Media:**

**New Zealand**

Geoff Senescall  
Senescall Akers  
+64 21 481 234

**Investor Relations:**

Martin Krauskopf  
General Manager, M&A and Investor Relations  
EBOS Group  
+61 3 9918 5555  
[martin.krauskopf@ebosgroup.com](mailto:martin.krauskopf@ebosgroup.com)

**Australia:**

Patrick Rasmussen  
PRX  
+61 430 159 690

**Financial Results Presentation webcast link:**

<https://edge.media-server.com/mmc/p/umusphqq>

**About EBOS Group**

EBOS Group Limited NZBN 9429031998840 (NZX/ASX Code: EBO) is the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products. It is also a leading Australasian animal care brand owner, product marketer and distributor.

### Appendix 1 – Reconciliation of Statutory to Underlying Result

\$m	FY22				FY21			
	EBITDA	EBIT	PBT	NPAT	EBITDA	EBIT	PBT	NPAT
<b>Statutory result</b>	<b>405.8</b>	<b>323.9</b>	<b>295.3</b>	<b>202.6</b>	<b>363.3</b>	<b>290.7</b>	<b>263.0</b>	<b>185.3</b>
Net transaction costs incurred on M&A	31.0	31.0	29.8	25.6	3.8	3.8	3.8	2.9
<b>Underlying result</b>	<b>436.8</b>	<b>355.0</b>	<b>325.1</b>	<b>228.2</b>	<b>367.1</b>	<b>294.5</b>	<b>266.8</b>	<b>188.2</b>

- During FY22 EBOS had higher than usual levels of M&A activity, completing five acquisitions.
- Net one-off costs of \$25.6m (post tax) associated with these acquisitions were incurred in FY22, compared to \$2.9m (post tax) in FY21, and these costs are excluded from underlying earnings.
- The net transaction costs include advisory, consulting, warranty and indemnity insurance and other transaction costs, less the interest expense benefit from capital raisings.