NZX/ ASX Code: EBO

EBOS Group Limited
Chairman's Address to the Annual Meeting
16 October 2018

The 2018 financial year was yet another successful year for EBOS. The record financial results continued the momentum of recent years and demonstrate the successful execution of our strategy.

In 2018 EBOS delivered:

- revenue of $7.6 billion, and
- a 12.2% increase in net profit after tax to $149.6 million.

Our reported results were positively impacted by the weaker NZD/AUD exchange rate compared to the prior year.

Adjusting for foreign exchange, our financial performance on an underlying, constant currency basis delivered:

- EBITDA growth of 10.3% to $272.4 million reflecting organic growth, cost control and the strategic acquisitions of HPS and a 50.1% stake in TerryWhite Chemmart undertaken in FY17; and
- net profit after tax growth of 5.5%.

On the back of this performance, I'm very pleased to report that dividends to shareholders for the year were increased by 8.7% to 68.5c per share.

Post the transformational Symbion deal in June 2013, we have continued on our strategy of growing our Healthcare and Animal care businesses so that today we are uniquely positioned as the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products. We are also a leading marketer and distributor of recognised consumer products and animal care brands.

The strength of our balance sheet and cash flow management has allowed us to invest $569 million in acquisitions and capital expenditure since the 1st of July 2013 - with close to $100 million invested in FY18 - without the need to call on shareholders for additional capital.

Our results over the same period show that these investments, coupled with organic growth drivers, have led to the Group recording very strong financial results. In a relatively short period we have grown EBITDA from $175 million in FY14 to $272 million in 2018 and grown earnings per share by 57% from 62.8 cents in FY14 to 98.5 cents for FY18.

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At the same time we have improved our return on capital employed from 12.8% in FY14 to 15.8% in FY18.

Shareholders have benefitted from a steady increase in both dividends received and capital growth through the increase in share price that has had an annualised return of over 20% for the last 5 years. It is great to see EBOS shareholders being rewarded with your company recently recognised as the strongest performer on the NZX during the September 2018 quarter with the share price increasing 25% over the last three months to an all-time high.

Your Board remains supportive of investing further to expand the Group. We have a sharp focus on generating strong cash flows and returns from our businesses, which allows us to pay consistent dividends to our shareholders whilst keeping our debt at acceptably conservative levels.

As mentioned previously, we have a wide range of businesses and we view this breadth of activity as a key strength.

The Group has a very long heritage of operating healthcare businesses in both New Zealand and Australia and it is this heritage, combined with our operational expertise and scale, which has delivered consistently strong financial returns.

We have strategically expanded the Group well beyond our traditional Pharmacy wholesale operations so that this business unit now accounts for less than 50% of the Group's gross operating revenue.

We have many businesses that operate in highly competitive and regulated markets in New Zealand and Australia. Government healthcare funding remains constrained and we expect this to continue. That said, we've proven our ability to deliver strong growth in this environment over many years and we see many future opportunities for the Group to grow in the years ahead.

EBOS will continue to invest in its principal business segments of Healthcare and Animal care and we are confident that our strategy will lead to continued long term growth for the benefit of our customers, suppliers, employees and shareholders.

To summarise the Group's strategy we continue to:

1. invest for growth through external acquisitions and also commit internal capital expenditure to lift productivity, manage costs and deliver better customer service;

2. protect, build or acquire market leading positions in a range of healthcare and animal care sectors so as to maximize our growth opportunities; and

3. focus on generating strong operating cash flow to allow for further investment and improved returns for shareholders.

2018 was another year of delivering on this strategy with a number of smaller investments made and excellent progress made on completing our large capital expenditure programs in New South Wales and Brisbane which John will soon discuss in more detail.

These investments will further shape the growth of the business for the future and show EBOS' unwavering commitment to the provision of high-quality healthcare and animal care products that positively impact the lives of millions of people and animals across the Australasian region, every single day.

Your Board continues to review its structure to ensure that it brings to its deliberations a range of experience. Accordingly, the Board intends to appoint two new independent directors in 2019.

Finally, I would like to thank John, the management team and all employees of the EBOS Group for their efforts in this past year in delivering another excellent result. On behalf of the Board I would also like to thank you, our shareholders, for your continued support.

I will now hand over to John for a more in depth review of the operational performance of the business, and to provide some guidance on where we are heading in 2019.

EBOS Group Limited
Chief Executive Officer's Address to the Annual Meeting
16 October 2018

Thank you Mark, and good afternoon ladies and gentlemen. As Mark has described, our company had another strong year in FY18 and the results reflect the excellent work of our staff across our businesses in both New Zealand and Australia. We now employ over 3,300 people across more than 50 locations and I want to acknowledge their ability and hard work, without which we would not be able to deliver these results.

I would also like to personally thank the Board for entrusting me to succeed Patrick Davies as the Group's new CEO and for their continued support. I joined the business over 8 years ago as the CFO of Symbion and have had the privilege of working with a highly motivated management team who are always striving for the best outcomes for our customers, suppliers and shareholders. This is a wonderful company and I'm very passionate about continuing to build on our strategy as Australasia's premier Healthcare and Animal care business.

The 2018 financial year was another successful year for the Group as we continued on our strategic path of expansion.

In October 2017, we acquired a strategic 14.1% shareholding in MedAdvisor Ltd, an Australian digital medication company and in March 2018, we acquired one of New Zealand's leading footcare consumer brands, Gran's Remedy.

We also further expanded our pharmacy retail network with the acquisition of Ventura Health which is responsible for the franchise management of approximately 80 retail stores in Australia.

Our major capital projects in both Australia and New Zealand have all seen excellent progress over the period. The new Christchurch and Sydney Contract Logistics facilities are now fully operational and our new Brisbane distribution facility commenced operations yesterday on time and on budget. These investments are a key part of our strategy to provide the most efficient warehousing and distribution facilities for our expanding portfolio of businesses. These new facilities are state-of-the-art, adopting high degrees of automation and are integral to the Group maintaining its Industry leading position.

We have made a positive start to the 2019 financial year with a number of important developments:

In July 2018, we were notified that we had been successful in winning the tender to act as the exclusive third party distributor of pharmaceutical products to more than 400 Chemist Warehouse and My Chemist stores in Australia for 5 years, effective from 1 July 2019.

We expect sales to the Chemist Warehouse Group will generate approximately $1 billion additional revenue in the first year of operations.

We have also more recently acquired Warner & Webster, a medical and surgical supplies wholesaler with operations in Victoria and South Australia. This business focuses on servicing GP clinics and aged care facilities and is an excellent addition to our EBOS Healthcare business in Australia.

With the Group continuing to expand and with so many different components now part of EBOS, we would now like to share with you our latest corporate video that provides a visual perspective of our Group and our progress over the last 12 months.

This video will also be available on our website.

<VIDEO IS AVAILABLE ON WWW.EBOSGROUP.COM>

As the video demonstrates our business is diverse and is focused on our two main segments being Healthcare and Animal care and both performed very well in 2018.

Our Healthcare businesses generated revenue of $7.2 billion and a 13% increase in EBITDA to $235.9 million.

Healthcare Revenue was flat to last year driven by a $364 million decline in Hepatitis C medicines in Australia as the number of patients taking these highly specialised medicines declined on the previous year's volumes.

Despite the ongoing impact of the Australian Government's Pharmaceutical Benefits Scheme reforms and low levels of growth in the non-prescription over-the-counter (OTC) channel, our Healthcare business continued to perform solidly through a combination of multiple revenue streams, the acquisitions of HPS and a 50.1% stake in TerryWhite Chemmart and improved productivity generating cost savings.

On the subject of the regulatory environment in the Australian Pharmacy market we don't shy away from the fact we operate in a complex environment. We are firmly of the view that the wholesale model serves the community exceptionally well, delivering medicines when and where required but the model today is under threat from the issues of exclusive direct distribution and the current government funding not adequately addressing falling PBS prices. We are encouraged with the level of engagement with the Australian Government's Minister for Health, but we do require successful resolution of these issues for the benefit of all stakeholders including, most importantly, the population who are dependent on timely and full access to medicines.

Our New Zealand Healthcare businesses continue to deliver strong results, increasing revenue by 6.2% and EBITDA by 4.6% driven by Red Seal consumer products achieving strong growth and the acquisition of Gran's Remedy late in the year. We are expanding the growth of Red Seal into Asian markets and are confident we can build on our presence in China, South Korea and Japan in the years ahead.

Our Animal Care segment performed exceptionally well in FY18 and recorded 11.3% EBITDA growth as the business continues to benefit from excellent growth in our branded products. This includes our premium pet food brand, Black Hawk which recorded very strong sales growth in Australia of

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23% and remains one of Australia's fastest growing pet food brands and is a market leader in the pet specialty retail channel.

In July 2017, we launched Black Hawk in New Zealand and sales have continued to grow over the course of the year. We have been very pleased with the brand's acceptance and support from both specialty retailers and veterinary clinics.

It is also worth noting that at the recent NZ National Dog show in Wellington, the dogs that won the Best in Show and Best Puppy in Show are both fed Black Hawk which is a fantastic achievement for our team and the brand.

Total Animal care revenue declined 2.7% for the year, principally due to the business ceasing sales of low-margin products to a major Australian retail chain and discontinuing sales of other products upon the introduction of Black Hawk into New Zealand. We have strategically repositioned our Animal care business to focus on developing our own brands to drive greater shareholder value.

EBOS Group's 50% owned Animates business also performed very well with our share of NPAT increasing 13% on last year.

In closing I'd like to comment about our current trading and near-term profit expectations.

We have made a solid start to the first quarter of FY19, with strong growth in Animal care and modest underlying growth in Healthcare attributable to increasingly competitive market dynamics.

On the basis of our current trading performance, we expect the Group to generate underlying earnings growth in FY19 with further growth forecast into FY20 as we commence servicing the Chemist warehouse volumes.

Thank you for your attention ladies and gentlemen and your continued support as shareholders.
I'll hand back to Mark to continue with the formal matters of this meeting.

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