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EBOS advises of strong recent trading conditions and confirms its balance sheet and liquidity strength as the COVID-19 situation develops

EBOS Group Limited (“EBOS” or the “Group”) is today providing a business update with respect to the COVID-19 situation as well as an update regarding the continued strength of its liquidity and balance sheet, in the context of a recent debt refinancing.

EBOS advises that since its 1H 2020 results it has continued to see positive momentum across its businesses through to the end of the third quarter ended 31 March 2020. Both the Group’s Healthcare and Animal Care segments generated solid revenue growth as a result of increased demand.

COVID-19 impact

EBOS’s wholesale, distribution and retail Healthcare businesses are essential services and critical in ensuring continued and stable supply of healthcare, medical and pharmaceutical products to the community. The Group’s Healthcare segment has remained open and operational as governments in Australia and New Zealand have introduced a range of measures in response to COVID-19.

Health and safety

Commenting on the COVID-19 situation John Cullity, EBOS’s Chief Executive Officer, stated “The health and safety of our staff, customers, and the communities in which we operate remain our highest priority. I’m incredibly proud of our staff who are working tirelessly to serve our customers during this challenging time.”

A range of health and safety measures have been introduced to protect our staff and customers and to ensure that our Healthcare distribution sites remain operational during this emergency situation. These measures include strict hygiene and social distancing protocols, introduction of a work from home policy for support teams and restrictions on non-essential staff visiting our distribution centres. Further, EBOS has established a Pandemic Response Team that meets frequently to rapidly identify and evaluate issues and take any actions required.

Our TerryWhite Chemmart network partners are providing invaluable support to the Australian community as they provide professional advice to consumers concerned about their health. They are also making available influenza vaccinations to the community in-store.

Businesses within our Animal Care segment have also been adopting appropriate initiatives to protect the health and safety of our staff and customers.

Business update

During the third quarter ended 31 March 2020, the Healthcare segment experienced unprecedented levels of demand in response to COVID-19 developments. The Group's significant investment over recent years in its distribution network positioned us well to meet the increased demand and highlights the role we play as part of the region's critical infrastructure in ensuring our communities continue to have timely access to all important medicines wherever they live. During this same period, the Animal Care segment also continued to make a strong contribution to the Group's performance.

While we expect the majority of the Group's operations to continue to operate, we do face a period of uncertain consumer demand. COVID-19 may affect different areas of the Group's diversified Healthcare and Animal Care businesses in different ways. For example, our Animates New Zealand joint venture announced the temporary closure of its retail outlets as a result of the Level 4 measures announced by the New Zealand Government, however the business is able to still trade via its online platform under these measures. When New Zealand moves to Level 3 from 28 April 2020 then Animates will reintroduce its click and collect service from these retail outlets.

Whilst the outlook for consumer demand in the current environment is evolving and uncertain, at this stage there is no indication that the Group will not meet its previous guidance for FY2020.

Debt refinancing, liquidity and balance sheet

EBOS recently refinanced approximately AUD200 million of bank debt and working capital facilities and due to strong bank demand upsized these facilities by AUD50 million to AUD250 million. The Group received strong support from its banking partners, notwithstanding the present challenging credit market conditions, evidencing the scale, diversity and resilience of the Group's operations as well as its leading market positions. The refinancing follows the Group's NZD175 million equity raising in 2019. The Group has a strong balance sheet and liquidity position to meet its ongoing business needs and growth strategy.

Commenting on the debt refinancing John Cullity said "Our prudent capital management and acquisition strategy over many years places the Group in a strong financial position. Our strong balance sheet and liquidity position will allow us to continue growing our Healthcare and Animal Care segments during these unprecedented market conditions and capitalise on opportunities as they arise."

In summarising the COVID-19 situation and our balance sheet strength, EBOS's Chairman, Elizabeth Coutts said: "The Board is pleased that EBOS is in a strong financial position during these market conditions. I am especially proud of the way our business has been able to adjust its operations to meet unprecedented levels of demand. Our staff are doing everything possible in challenging circumstances to meet community demand for our products. On behalf of the Board, I would like to thank our people for their continued efforts and our customers for their support."

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About EBOS Group

EBOS Group Limited is the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products. It is also a leading marketer and distributor of recognised consumer products and animal care brands.