EBOS GROUP LIMITED


INVESTOR PRESENTATION

INTERIM FINANCIAL RESULTS

Half year ended 31 December 2019

20 February 2020


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The information contained in this presentation should be considered in conjunction with the consolidated financial statements for the period ended 31 December 2019.

All currency amounts are in Australian dollars unless stated otherwise.

Group Financial Results

H1 FY20 SUMMARY RESULTS[1]

Revenue

$4.4b up 25.2%

Statutory EBITDA

$167.2m up 36.4%

Underlying EBITDA[2]

$149.0m up 13.4%

Statutory NPAT

$81.7m up 21.8%

Underlying NPAT[2]

$84.2m up 15.8%

Statutory EPS

50.6c up 14.8%

Underlying EPS[2]

52.2c up 9.1%

ROCE

15.9%

consistent with June 2019

Dividends per share

37.5c up 8.7%

(NZ$)

Note 1: All currency amounts are in Australian dollars except for Dividends per share.

Note 2: Underlying results exclude the impact of IFRS 16 Leases and net one-off costs.

Refer to page 24 for the reconciliation of Underlying to Statutory earnings.

STRATEGIC HIGHLIGHTS

Group revenue increased by 25.2% evidencing the strength of our portfolio of businesses with a substantial uplift in Pharmacy Wholesale and strong performances from TerryWhite Chemmart, Institutional Healthcare and Healthcare Logistics

- The Australian wholesale business has demonstrated its leading competitive position with a significant increase in revenues and profit, again evidencing the strength of the Group's long term strategy of driving productivity and consistently building capacity to create Australia's leading network of pharmacy distribution infrastructure.
- We have reignited the growth of TerryWhite Chemmart (TWC), one of Australia's leading community pharmacy networks, with our *That's Real Chemistry* campaign. The TWC network delivered 5.7% sales growth on the prior period and we welcomed 16 new stores to the network.
- The acquisition of LMT/NS for $34m signals EBOS' entry into the A$8b Australian and New Zealand medical device sector creating a new platform of growth for the Group.
- Another strong performance from our Institutional Healthcare business with growth in specialty medicines and medical consumables.
- Our new 25,000m² Contract Logistics facility in Sydney has enabled strong growth in our Australian Contract Logistics business.
- The Animal Care segment delivered another strong performance across our portfolio of businesses, with our Vitapet, Blackhawk and Lyppard wholesale business all gaining market share.

H1 FY20 FINANCIAL PERFORMANCE

A$m	H1 FY20	H1 FY19	Var$	Var%
Underlying Results [1]				
Revenue	4,376.1	3,496.5	879.6	25.2%
Gross Operating Revenue	449.4	404.8	44.6	11.0%
EBITDA	**149.0**	**131.4**	**17.6**	**13.4%**
Depreciation & Amortisation	17.7	15.2	(2.5)	(16.2%)
EBIT	131.3	116.1	15.2	13.1%
Net Finance Costs	11.5	12.4	0.8	6.7%
Profit Before Tax	119.8	103.8	16.0	15.4%
Net Profit after Tax	**84.2**	**72.7**	**11.5**	**15.8%**
Earnings per share - cps	52.2c	47.8c	4.4c	9.1%
Net Debt	392.2	552.1		
Net Debt : EBITDA	1.41x	2.16x		
Statutory Results				
Revenue	4,376.1	3,496.5	879.6	25.2%
EBITDA	167.2	122.6	44.6	36.4%
EBIT	131.4	107.3	24.0	22.4%
Profit Before Tax	115.9	95.0	21.0	22.1%
Net Profit After Tax	81.7	67.0	14.6	21.8%
Earnings per share - cps	50.6c	44.1c	6.5c	14.8%

- Significant revenue increase of 25.2% primarily due to growth in Pharmacy Wholesale, TerryWhite Chemmart, Institutional Healthcare and Contract Logistics.
- Statutory EBITDA of $167.2m, an increase of $44.6m or 36.4%. This includes a $19.4m benefit from the adoption of IFRS 16 Leases.
- Underlying EBITDA increase of $17.6m or 13.4%:
  - Healthcare up 16.3%.
  - Animal Care up 5.7%.
- Underlying NPAT and Underlying EPS increases of 15.8% and 9.1%, respectively.

Note 1: Underlying results exclude the impact of IFRS 16 Leases and net one-off costs. Refer to page 24 for the reconciliation of Underlying to Statutory earnings.

Healthcare Results

EBOS GROUP LIMITED

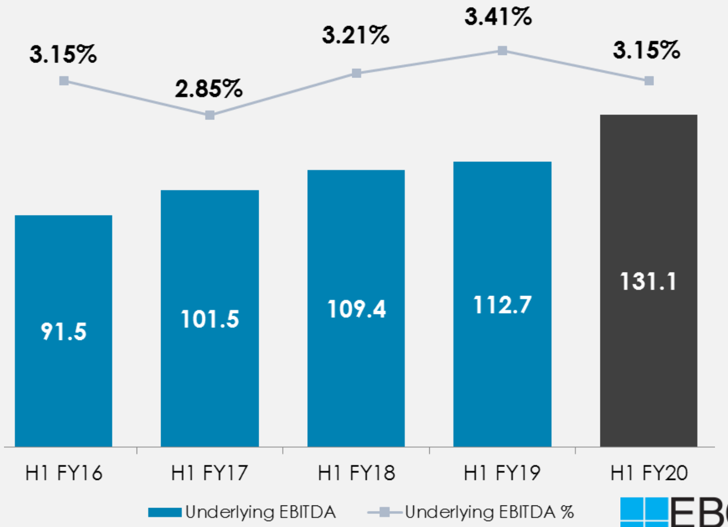
HEALTHCARE SEGMENT

Significant growth in Australia from a strong underlying trading performance

A$m	H1 FY20	H1 FY19	Var$	Var%
Revenue	4,165.5	3,304.2	861.3	26.1%
Underlying EBITDA[1]	131.1	112.7	18.4	16.3%
Underlying EBITDA%	3.15%	3.41%		
Australia				
Revenue	3,331.4	2,545.3	786.1	30.9%
Underlying EBITDA[1]	111.3	91.0	20.3	22.3%
Underlying EBITDA%	3.34%	3.58%		
New Zealand				
Revenue	834.1	758.9	75.2	9.9%
Underlying EBITDA[1]	19.8	21.7	(1.9)	(8.7%)
Underlying EBITDA%	2.37%	2.85%		

- Australia's growth in revenue of 30.9% and Underlying EBITDA of 22.3% was driven by the performances of our Pharmacy Wholesale, TWC, Institutional Healthcare and Contract Logistics businesses.
- New Zealand revenue growth was 9.9%, however, Underlying EBITDA was affected by softer overseas demand for our consumer products, reflective of the changes which have impacted the daigou export channel.

Underlying EBITDA and Underlying EBITDA %



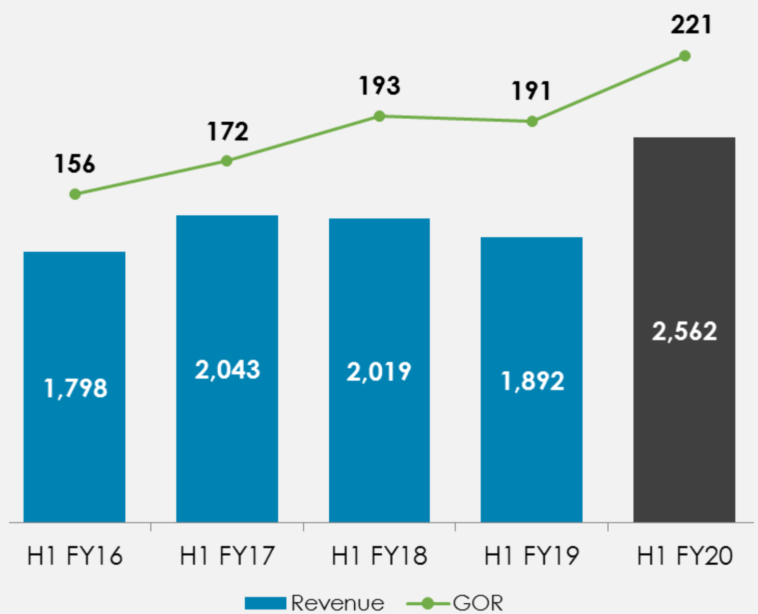
Note 1: Underlying results exclude the impact of IFRS 16 Leases and net one-off costs. Refer to page 24 for the reconciliation of Underlying to Statutory earnings.

COMMUNITY PHARMACY

- Pharmacy revenue increased by $670m and GOR by $31m due to increased wholesale volumes in both Australia and New Zealand.
- The pharmacy business benefitted from:
  - Successful commencement of the Chemist Warehouse Group (CWG) contract from 1 July 2019;
  - Productivity improvements in wholesale operations due to higher volumes across our sites and the new Brisbane facility; and
  - The performance of our retail brands, particularly TerryWhite Chemmart.
- The movement in GOR % margin is due to sales mix of ethical/OTC products in the wholesale business and the loss of rental income from the sale of a surplus property in FY19.

A$m	H1 FY20	H1 FY19	Var$	Var%
Revenue	2,561.9	1,892.2	669.7	35.4%
GOR	221.4	190.6	30.8	16.2%
GOR%	8.64%	10.07%		

Revenue and GOR



H1 FY16 to H1 FY20 CAGR

- Revenue: 9.3%
- GOR: 9.1%

TERRYWHITE CHEMMART

Continued growth in one of Australia's leading community pharmacy networks

16 new pharmacies joined the network
In the last six months, we welcomed 16 new pharmacies to our national network

5.7% network sales growth
With prescription sales growth of 5.3%, on a like-for-like basis

that's *real* chemistry
Repositioning the brand under 'that's *real* chemistry'

250,000 flu vaccinations
Leading pharmacy brand for pharmacist administered vaccines in 2019

Bupa · afterpay · FREQUENT FLYER

Partnerships to access new customers and drive sales growth

Exclusive Masterclass program
Over 600 pharmacists attend our industry leading education and health program

#1 Customer Satisfaction
Roy Morgan research puts TWC in the number one position for pharmacy customer satisfaction

Exclusive brands
Growing national and private label brands in destination categories

THE MAN SHAKE

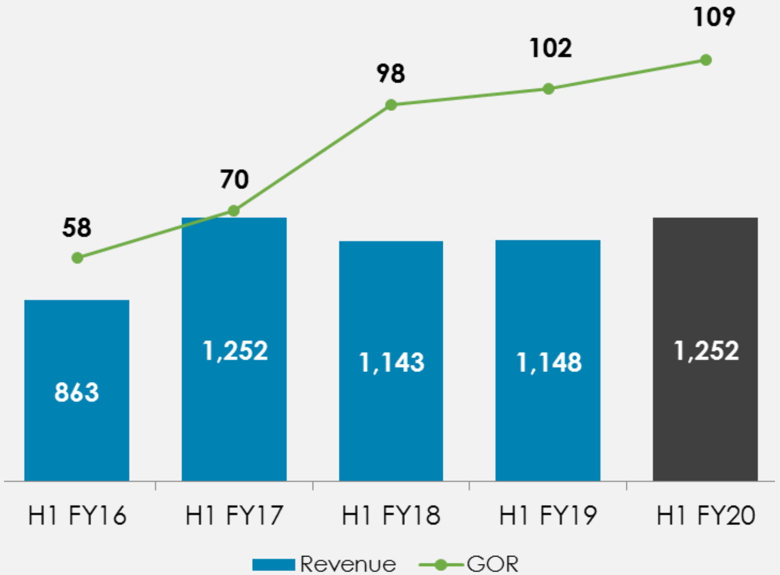
Supplier relationships strengthened
New partnership approach with suppliers driving improved outcomes

INSTITUTIONAL HEALTHCARE

- Revenue growth of 9.1% was driven largely from increases in new specialty medicines, combined with strong growth in the medical consumables sector and the acquisition of LMT/NS.
- Symbion Hospitals had strong growth and our excellent service levels and relationships with both private and public customers saw us maintain our market leading position.
- Our entry into the devices sector via the acquisition of LMT/NS represents an important development in the Group's growth trajectory as a foundation step in building another significant platform to our Healthcare portfolio.

A$m	H1 FY20	H1 FY19	Var$	Var%
Revenue	1,252.3	1,147.8	104.5	9.1%
GOR	109.4	101.8	7.6	7.4%
GOR%	8.73%	8.87%		

Revenue and GOR



H1 FY16 to H1 FY20 CAGR
- Revenue: 9.7%
- GOR: 17.2%

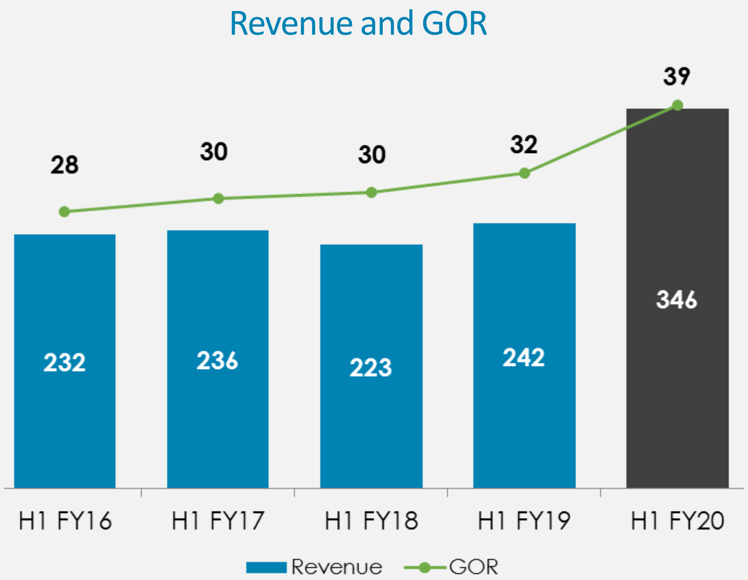
CONTRACT LOGISTICS

- An active business development focus led to GOR growth of 21.5% as the business continues to drive growth and profitability as customers join our new facilities.
- The new 25,000m² facility in Sydney and further expansion in Auckland has created further growth in both countries.

A$m	H1 FY20	H1 FY19	Var$	Var%
Revenue	346.4	241.9	104.5	43.2%
GOR	39.3	32.3	7.0	21.5%

Note: GOR % not relevant as sales are predominantly on consignment.

Photo of the new Sydney Contract Logistics facility.



H1 FY16 to H1 FY20 CAGR
- Revenue: 10.6%
- GOR: 8.5%

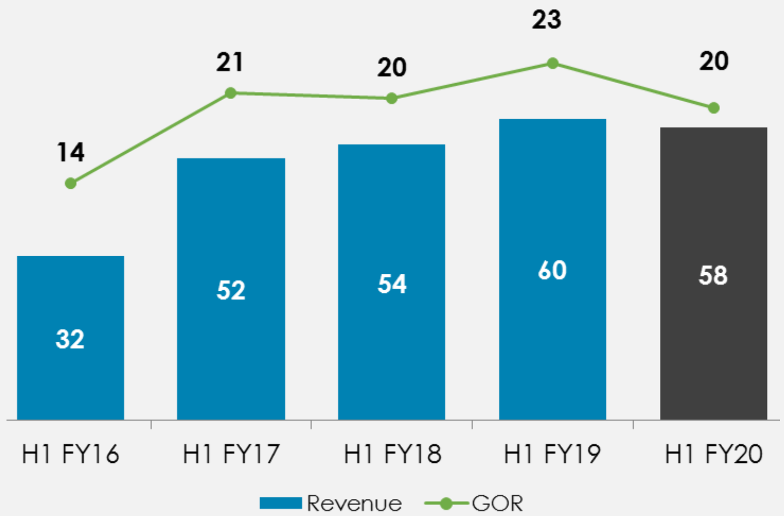
CONSUMER PRODUCTS

Endeavour CONSUMER HEALTH

- Consumer Products performance was affected by softer overseas demand for our products, reflective of the changes which have impacted the daigou export channel.
- We have increased our investment in this business segment through the opening of our new purpose built manufacturing and distribution facility in Auckland.

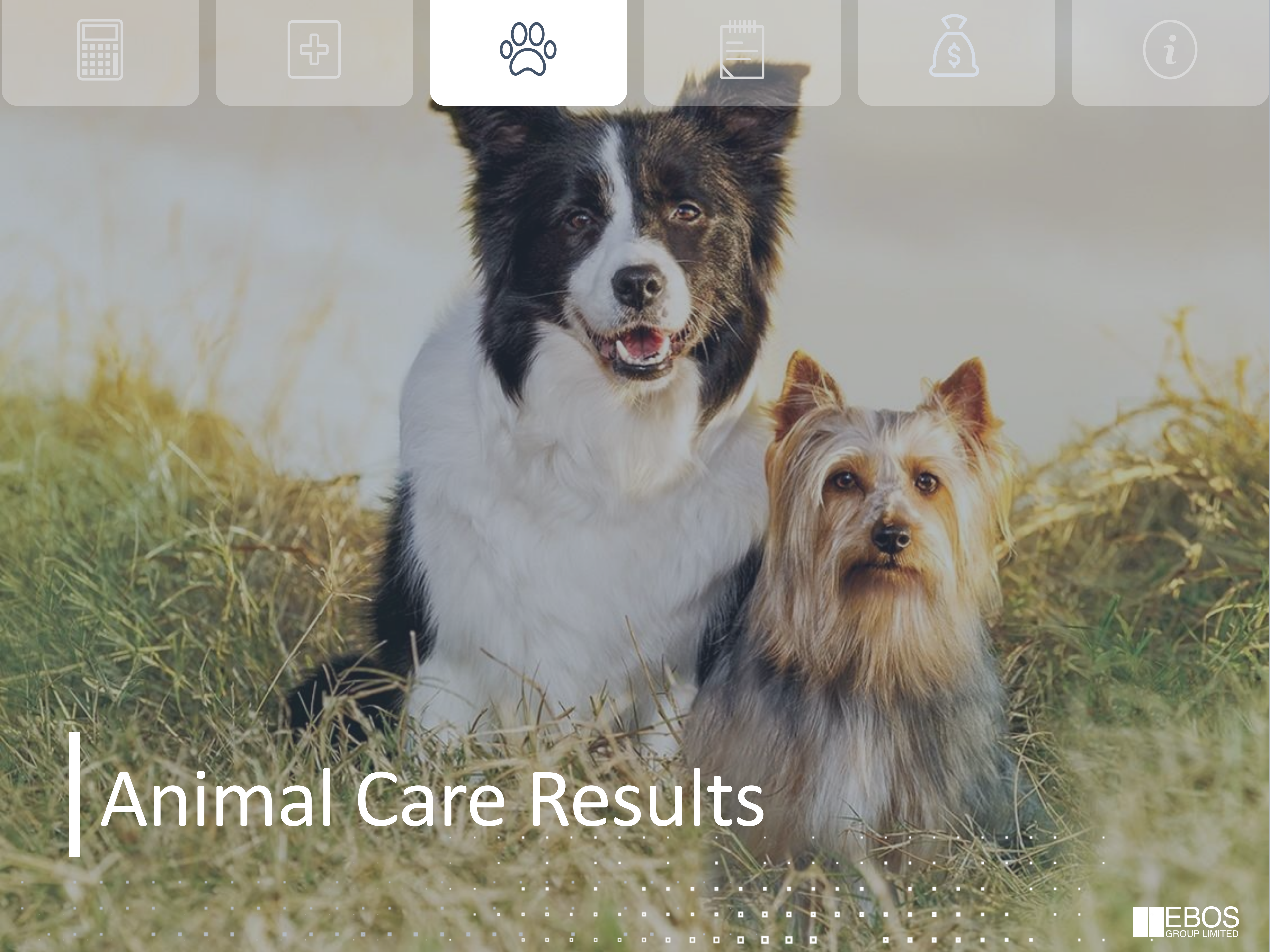
A$m	H1 FY20	H1 FY19	Var$	Var%
Revenue	57.9	59.6	(1.7)	(2.9%)
GOR	19.7	23.2	(3.5)	(15.0%)
GOR%	34.03%	38.90%		

Revenue and GOR



H1 FY16 to H1 FY20 CAGR

- Revenue: 15.6%
- GOR: 9.4%



Animal Care Results

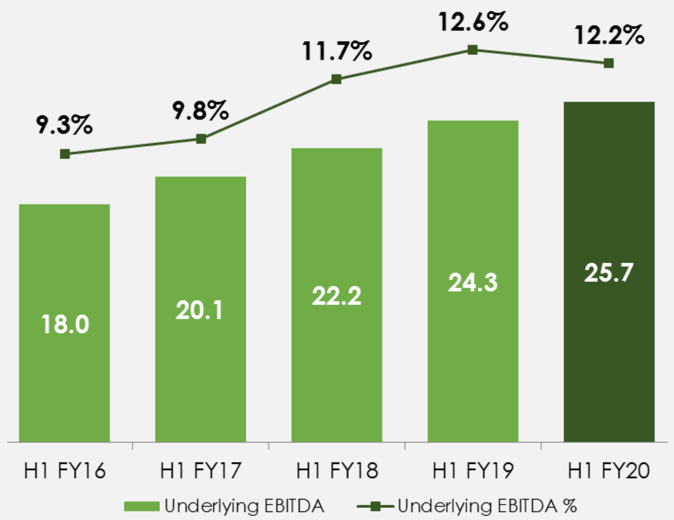
ANIMAL CARE SEGMENT

Strong Revenue and Underlying EBITDA performance reflecting continued growth in our key brands

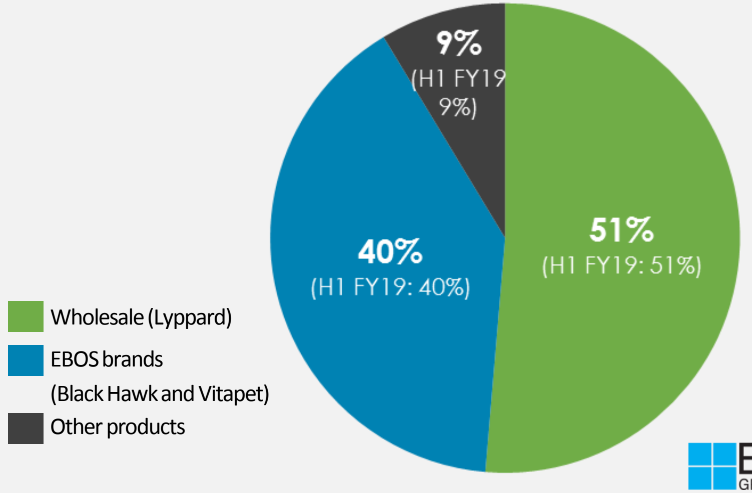
A$m	H1 FY20	H1 FY19	Var$	Var%
Revenue	210.6	192.3	18.3	9.5%
Underlying EBITDA	25.7	24.3	1.4	5.7%
Underlying EBITDA%	12.20%	12.65%		

- Revenue growth of $18.3m, or 9.5%, due to the continued excellent performance of our branded products portfolio and higher wholesale volumes.
- Our key brands Black Hawk and Vitapet recorded strong uplifts in revenue both growing their market share.
- Our Vitapet brand made significant headway in the Australian grocery channel with revenue growth above market.
- Lyppard strengthened its market position during the period with revenue increasing by 9.4% due to customer growth and the new Therapon business acquired in December 2018.

Underlying EBITDA and Underlying EBITDA %



Revenue mix by category



CONTINUED GROWTH FROM OUR BRANDS

Both our Black Hawk and Vitapet brands continue strong growth rates

- **Black Hawk** sales grew 9.7% due to:
  - Strong consumer support for our products.
  - Continued investment in marketing to drive increased brand awareness and retail support.
  - Maintaining the price value proposition against other premium foods.

- **Vitapet's** strong sales growth of 14.7% due to:
  - Strong new product pipeline.
  - Marketing support to grow brand awareness.
  - Improved packaging and branding enhancing shelf presence.

Group Financial Information & Outlook

CASH FLOW

A$m	H1 FY20	H1 FY19	Var$	Var%
Statutory Cash Flow including IFRS 16 Leases				
EBITDA	**167.2**	**122.6**	**44.6**	**36.4%**
Net interest paid	(15.4)	(12.4)	(3.1)	
Tax paid	(32.6)	(25.7)	(6.9)	
Net working capital and other movements	(45.0)	(44.3)	(0.7)	
Cash from Operating activities	**74.2**	**40.3**	**34.0**	**84.4%**
Capital expenditure (net)	(13.7)	(16.9)	3.2	
Free Cash Flow	**60.5**	**23.3**	**37.2**	**159.5%**

- Statutory Operating Cash Flow of $74.2m is above last year by $34.0m due to the significant increase in earnings and continued working capital management. Cash from Operating activities also reflects a $15.5m uplift arising from the adoption of IFRS 16 Leases.
- Capex of $13.7m primarily comprised spend on the new Consumer Products facility in Auckland and other smaller projects.

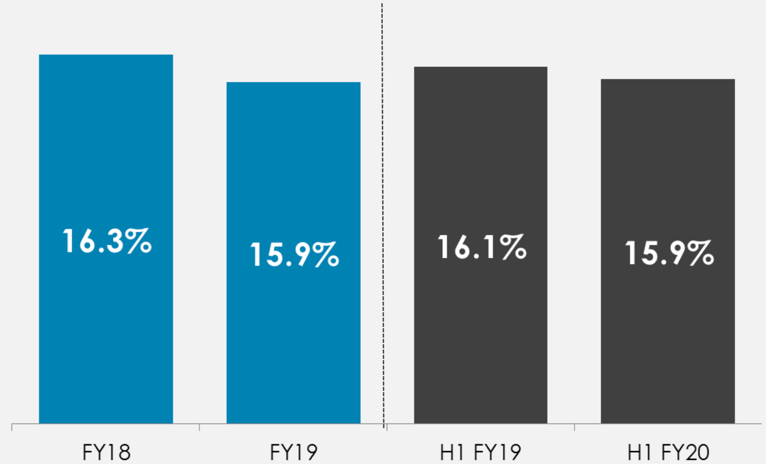
WORKING CAPITAL AND ROCE

Working Capital [1]

A$m	Dec 2019	June 2019
Net Working Capital		
Trade receivables	1,069.6	865.7
Inventory	728.7	723.5
Trade payables/other	(1,462.1)	(1,307.3)
Total	**336.2**	**281.9**
Cash conversion days[2]		
Debtor days	43	43
Inventory days	34	43
Creditor days	61	68
Cash conversion days	**16**	**18**

- Working capital management discipline is a key focus of the Group and maintaining the industry leading cash conversion cycle of 16 days is reflective of this.

Return on Capital Employed [1]

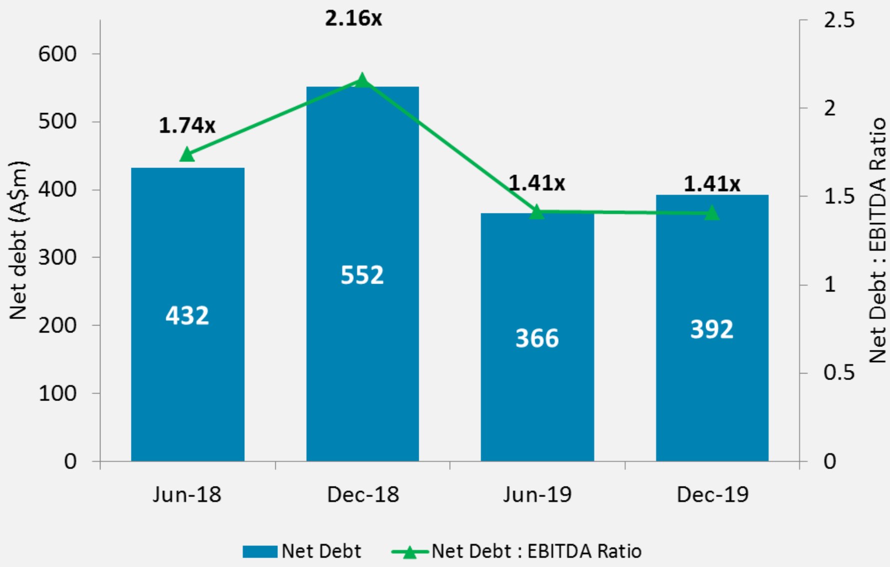


- Return on Capital Employed of 15.9% at December 2019 is consistent with June 2019 and reflects the strong earnings growth, partially offset by the seasonality of the Group's working capital cycle.

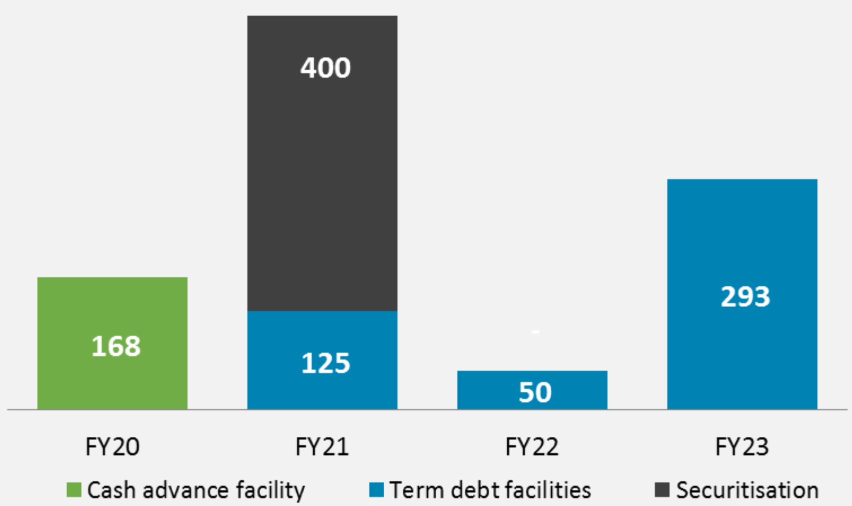
Note 1: Working Capital and ROCE excludes the impacts of IFRS 16 Leases.
Note 2: Cash conversion days are adjusted for the Group's 3PL debtors and creditors arising from its hepatitis C business.

NET DEBT AND MATURITY PROFILE

Net Debt and Net Debt : EBITDA ratio [1]



Debt Maturity Profile – facility limits [1]



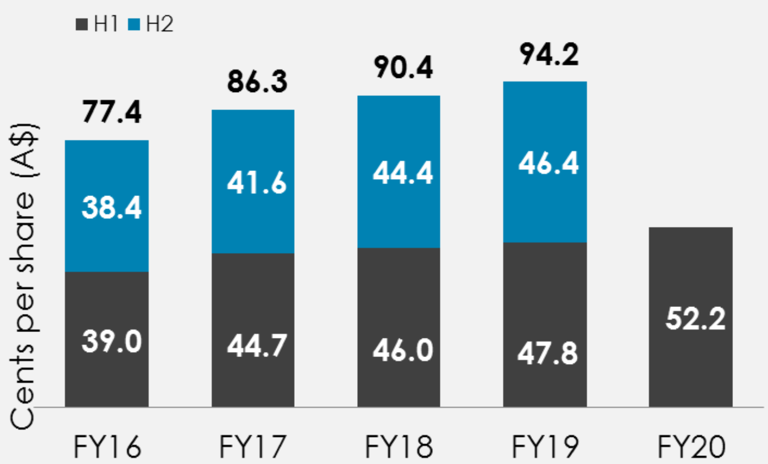
- Net Debt[1] of $392m at December 2019, with a Net Debt : EBITDA[1] ratio of 1.41x (1.41x at June 2019).
- Current gearing continues to provide approximately $300m – $350m headroom for future acquisitions.
- Bank covenants have been amended to adopt a frozen gap approach with respect to IFRS 16 Leases.

- At 31 December 2019, gross drawn debt[1] was $666m or 64% of total facility limits.
- At 31 December 2019, the weighted average maturity of our combined term debt and securitisation facilities is 1.9 years with actions underway to extend the term of our debt facilities by 30 June 2020.

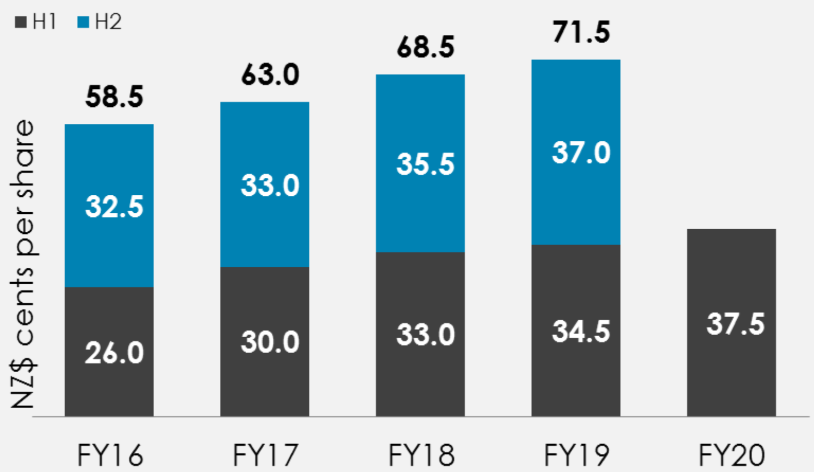
Note 1: Debt and the Net Debt : EBITDA ratio excludes the impacts of IFRS 16 Leases.

EARNINGS AND DIVIDENDS PER SHARE

Underlying Earnings Per Share (A$ cents)



Dividends Per Share (NZ$ cents)



- Underlying EPS of 52.2 cents representing growth of 9.1% in H1 FY20.
- Interim dividend of 37.5 cents (imputed to 25% and franked to 100% for Australian resident shareholders).
- Dividend payout ratio of 70.2%, excluding the impact of the Dividend Reinvestment Plan (DRP).
- The Group's DRP will again be operational for the interim dividend with a discount of 2.5% applicable to VWAP.

FY20 OUTLOOK

- Trading for the first half of FY20 was in line with our internal expectations and we reconfirm the Group is confident of a significant increase in earnings in the current financial year.
- We have not seen any significant impact to the Group as a result of the coronavirus (COVID-19). We continue to closely monitor this issue and will take all necessary actions to ensure we are well placed to respond to any challenges that arise as the situation unfolds.

Supporting Information

H1 FY20 RECONCILIATION OF UNDERLYING AND STATUTORY EARNINGS

	Underlying[1]				H1 FY20		H1 FY19	Statutory			
A$m	H1 FY20	H1 FY19	Var$	Var%	IFRS16 Impact	M&A costs	One-off costs	H1 FY20	H1 FY19	Var$	Var%
Group Income Statement											
Revenue	4,376.1	3,496.5	879.6	25.2%	-	-	-	4,376.1	3,496.5	879.6	25.2%
Gross Operating Revenue	449.4	404.8	44.6	11.0%	-	-	-	449.4	404.8	44.6	11.0%
EBITDA	**149.0**	**131.4**	**17.6**	**13.4%**	**19.4**	**(1.2)**	**(8.8)**	**167.2**	**122.6**	**44.6**	**36.4%**
Depreciation & Amortisation	17.7	15.2	(2.5)	(16.2%)	18.1	-	-	35.9	15.2	(20.6)	(135.1%)
EBIT	131.3	116.1	15.2	13.1%	1.3	**(1.2)**	**(8.8)**	131.4	107.3	24.0	22.4%
Net Finance Costs	11.5	12.4	0.8	6.7%	3.9	-	-	15.4	12.4	(3.1)	(24.8%)
Profit Before Tax	119.8	103.8	16.0	15.4%	(2.6)	**(1.2)**	**(8.8)**	115.9	95.0	21.0	22.1%
Net Profit after Tax	**84.2**	**72.7**	**11.5**	**15.8%**	**(1.5)**	**(1.0)**	**(5.6)**	**81.7**	**67.0**	**14.6**	**21.8%**
Earnings per share - cps	52.2c	47.8c	4.4c	9.1%				50.6c	44.1c	6.5c	14.8%
EBITDA by Segment											
Healthcare	131.1	112.7	18.4	16.3%	16.0	(1.2)	(8.4)	145.8	104.3	41.6	39.9%
Animal Care	25.7	24.3	1.4	5.7%	2.8	-	-	28.5	24.3	4.2	17.2%
Corporate	(7.7)	(5.6)	(2.1)	(38.1%)	0.6	-	(0.4)	(7.1)	(6.0)	(1.1)	(18.2%)
Group	**149.0**	**131.4**	**17.6**	**13.4%**	**19.4**	**(1.2)**	**(8.8)**	**167.2**	**122.6**	**44.6**	**36.4%**

Note 1: Underlying earnings is a Non-GAAP measure which adjusts for the impact of IFRS 16 Leases and net one-off costs.

RECONCILIATION OF UNDERLYING AND STATUTORY NET ASSETS FOR IFRS 16 LEASES

Net Assets as at 31 December 2019

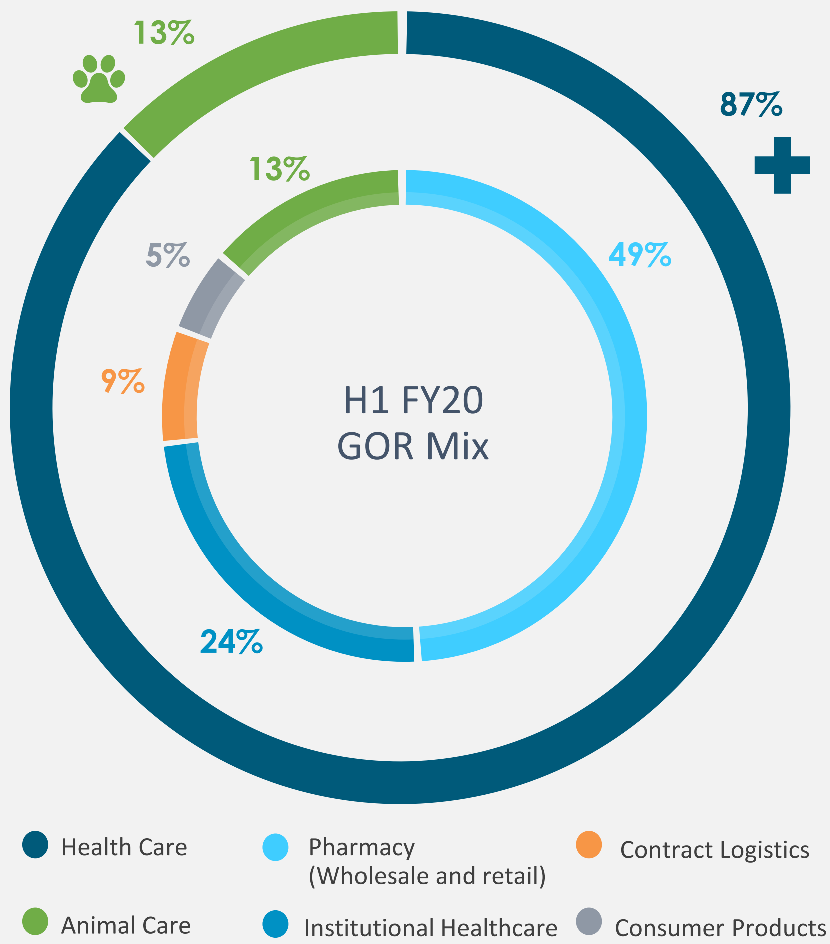
A$m	Pre IFRS 16 lease adjustment 31-Dec-19	IFRS 16 impact	Statutory 31-Dec-19
Current assets	2,136.9		2,136.9
Non-current assets	1,424.0	298.1	1,722.1
Current liabilities	(1,726.3)	(34.6)	(1,760.9)
Non-current liabilities	(551.2)	(265.0)	(816.2)
Net Assets	**1,283.4**	**(1.5)**	**1,281.9**

SEGMENT EARNINGS AND GOR MIX

EBITDA by segment

A$m	H1 FY20	H1 FY19	Var$	Var%
Statutory EBITDA				
Healthcare	145.8	104.3	41.6	39.9%
Animal Care	28.5	24.3	4.2	17.2%
Corporate	(7.1)	(6.0)	(1.1)	(18.2%)
Group	**167.2**	**122.6**	**44.6**	**36.4%**
Underlying EBITDA				
Healthcare	131.1	112.7	18.4	16.3%
Animal Care	25.7	24.3	1.4	5.7%
Corporate	(7.7)	(5.6)	(2.1)	(38.1%)
Group	**149.0**	**131.4**	**17.6**	**13.4%**
One-off items				
Healthcare	(1.2)	(8.4)	7.2	
Animal Care	-	-	-	
Corporate	-	(0.4)	0.4	
Group	**(1.2)**	**(8.8)**	**7.6**	
IFRS 16 Impact				
Healthcare	16.0	-	16.0	
Animal Care	2.8	-	2.8	
Corporate	0.6	-	0.6	
Group	**19.4**	**-**	**19.4**	

Gross Operating Revenue (GOR) H1 FY20



GLOSSARY OF TERMS AND MEASURES

Except where noted, common terms and measures used in this document are based upon the following definitions:

Term	Definition
Debtor days	Trade debtors at the end of period divided by Revenue for the period, multiplied by number of days in the period.
Inventory days	Inventory at the end of period divided by Cost of Sales for the period, multiplied by number of days in the period.
Creditor days	Trade creditors at the end of period divided by Cost of Sales for the period, multiplied by number of days in the period.
Revenue	Revenue from the sale of goods and the rendering of services.
Gross Operating Revenue (GOR)	Revenue less cost of sales and the write-down of inventory.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
Underlying EBITDA	Earnings before interest, tax, depreciation, amortisation and adjusted for IFRS16 Leases and one-off items.
EBIT	Earnings before interest and tax.
Underlying EBIT	Earnings before interest and tax and adjusted for IFRS16 Leases and one-off items.
PBT	Profit before tax.
Underlying PBT	Profit before tax and adjusted for IFRS16 Leases and one-off items.
NPAT	Net Profit After Tax attributable to the owners of the company.
Underlying NPAT	Net Profit After Tax attributable to the owners of the company and adjusted for IFRS16 Leases and one-off items.
One-off items	The net transaction costs incurred on M&A, transition costs for major new warehouses, restructuring costs and gains on sale of surplus property.
Free Cash Flow	Cash from operations less capital expenditure net of proceeds from disposals.
Earnings per share (EPS)	Net Profit after tax divided by the weighted average number of shares on issue during the period in accordance with IAS 33 ‘Earnings per share’.
Underlying EPS	Underlying NPAT divided by the weighted average number of shares on issue during the period.
Underlying Net Debt	Net debt excluding the impacts of IFRS16 Leases.
Net Debt : EBITDA	Ratio of Underlying net debt at period end to the last 12 months Underlying EBITDA, adjusting for pre acquisition earnings of acquisitions for the period.
Return on Capital Employed (ROCE)	Measured as underlying earnings before interest, tax and amortisation of finite life intangibles for 12 months (EBITA) divided by closing capital employed (including a pro-rata adjustment for entities acquired and excluding amounts for significant capital projects yet to complete and strategic investments).

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