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9 December 2021

NZX / ASX Code: EBO

## **ACQUISITION OF LIFEHEALTHCARE, EQUITY RAISING AND TRADING UPDATE**

### **KEY HIGHLIGHTS**

- Acquisition of LifeHealthcare for total consideration of approximately A\$1,167 million<sup>1</sup>, representing an enterprise value (EV) of approximately A\$1,275 million<sup>2</sup> on a 100% basis
- EBOS will acquire 100% of LifeHealthcare's Australian & New Zealand subsidiaries and 51% of LifeHealthcare's Asian subsidiary, Transmedic, with the remaining 49% retained by the Transmedic co-founders
- LifeHealthcare is one of the largest independent distributors of third party medical devices, consumables and capital equipment, and inhouse manufactured allograft material in Australia, New Zealand and South East Asia
- The Acquisition is expected to create one of the region's leading medical device distribution companies, providing EBOS with a platform to drive future growth
- Represents EBOS' first material investment into South East Asia and will enable EBOS to provide its original equipment manufacturer (OEM) partners with offerings across Australia, New Zealand and South East Asia
- EBOS anticipates LifeHealthcare will generate A\$110 million to A\$114 million EBITDA in CY22<sup>3</sup>
- Acquisition values LifeHealthcare at approximately 11.5x EV / CY22F EBITDA<sup>4</sup>
- The Acquisition will be fully funded through a combination of non-underwritten retail offer to raise up to A\$100 million<sup>5</sup>, a fully underwritten<sup>6</sup> placement of approximately A\$642 million<sup>7</sup>, A\$540 million new term loan debt facilities and approximately 0.7 million new EBOS shares issued to LifeHealthcare management (approximately \$23 million<sup>8</sup>)
- EBOS shareholder Sybos Holdings has committed to subscribe for its pro rata equivalent share of the equity raising
- The Transaction is expected to deliver low double digit percentage EPS accretion in CY22 on a pro forma basis<sup>9</sup>
- EBOS has recorded a strong start to FY22 with NPAT growth of over 14% for the four months to 31 October 2021 compared to the prior corresponding period

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<sup>1</sup> Excludes transaction costs of A\$37 million.

<sup>2</sup> On a 100% consolidated basis and excludes lease liabilities.

<sup>3</sup> On a 100% consolidated basis. See section 7 of the investor presentation for the key risks that may impact LifeHealthcare's ability to achieve the CY22 forecast.

<sup>4</sup> On a 100% consolidated basis. Based on the mid-point of EBOS' anticipated LifeHealthcare CY22 EBITDA of A\$110 million - A\$114 million.

<sup>5</sup> The retail offer will be in the form of a share purchase plan, pursuant to ASX Listing Rules, NZX Listing Rules, applicable ASIC Instruments and the terms of a Retail Offer booklet, expected to be released on 15 December 2021.

<sup>6</sup> For further details regarding the nature of the underwriting arrangements, please see section 7 of the investor presentation released to the ASX and NZX on 9 December 2021.

<sup>7</sup> If the Acquisition does not complete as a result of a failure to satisfy conditions (or otherwise), EBOS will need to consider alternative uses for the proceeds of the placement, or ways to return the proceeds to shareholders if suitable alternatives cannot be identified.

<sup>8</sup> Subject to escrow arrangements. Scrip Consideration to be issued at the Placement Price in A\$ based on the AUD NZD exchange rate as reported by the Reserve Bank of Australia as at 4pm AEDT on 9 December 2021.

<sup>9</sup> See section 7 of the investor presentation for the key risks that may impact LifeHealthcare's ability to achieve the CY22 forecast. EPS accretion includes LifeHealthcare for a full 12 months and is before amortisation of identifiable intangibles that will be recognised as a result of the Acquisition. Excludes any impact of shares that may be issued under the Retail Offer.

## ACQUISITION OF LIFEHEALTHCARE

EBOS Group Limited (**EBOS**)<sup>10</sup> has entered into a share purchase agreement to acquire LifeHealthcare from Funds advised by Pacific Equity Partners and other minority holders, comprising 100% of LifeHealthcare's Australian & New Zealand subsidiaries and 51% of LifeHealthcare's Asian subsidiary, Transmedic (together, **LifeHealthcare**), for total consideration of approximately A\$1,167 million (representing an enterprise value of approximately A\$1,275 million on a 100% basis) subject to customary purchase price adjustments (the **Acquisition** or **Transaction**)<sup>11</sup>. The remaining 49% of Transmedic will be retained by the Transmedic co-founders, who will continue to manage the business on a day-to-day basis. EBOS has entered into arrangements providing a pathway to attaining 100% ownership of Transmedic<sup>12</sup> in the medium term.

LifeHealthcare is one of the largest independent distributors of third party medical devices, consumables, capital equipment, and inhouse manufactured allograft material in Australia, New Zealand and South East Asia. LifeHealthcare comprises two primary divisions: Australia and New Zealand (**ANZ**) Distribution & Allografts and Asia Distribution. For the 12 months ended 30 June 2021, LifeHealthcare generated A\$326 million in pro forma revenue<sup>13</sup> and A\$92 million in pro forma EBITDA<sup>14</sup>. EBOS anticipates LifeHealthcare will generate between A\$110 million - A\$114 million EBITDA in calendar year 2022<sup>15</sup>.

Key investment highlights of LifeHealthcare include:

- Attractive sector / industry positions across ANZ Distribution & Allograft and Asia Distribution
- Distributes for leading global medical devices OEMs with a pipeline of new products and technologies
- Diversification across OEMs, therapeutic areas and geographies
- Strong historical organic earnings growth
- Opportunities for further expansion across OEMs, therapeutic areas and geographies
- Experienced management team with a track record of achieving growth

The Acquisition is consistent with EBOS' strategy of investing for growth. The strategic rationale for the Acquisition is as follows:

- Substantially accelerates EBOS' medical devices strategy and creates scale
- Enhances and diversifies EBOS' existing medical devices portfolio while facilitating entry into new therapeutic areas and introducing new OEM relationships
- Provides EBOS' medical devices business with sufficient breadth and depth to service OEMs across the entire Asia Pacific region
- Expands and diversifies EBOS' earnings by segment and geography and increases exposure to the high growth medical devices sector
- Establishes a measured entry into South East Asia for EBOS
- Creates a platform for EBOS to capitalise on additional future growth opportunities
- Expected to deliver low double digit percentage EPS accretion in CY22<sup>16</sup> on a pro forma basis

<sup>10</sup> An Australian subsidiary of EBOS will be the acquirer of LifeHealthcare.

<sup>11</sup> On a 100% consolidated basis and excludes lease liabilities.

<sup>12</sup> There are minority shareholders holding shares in subsidiaries of Transmedic. EBOS has a pathway to acquire 100% of Transmedic Singapore Pte Ltd, the holding company of the Transmedic group.

<sup>13</sup> On a 100% consolidated basis. Pro forma financials include financials from acquired business for FY21.

<sup>14</sup> On a 100% consolidated basis. Pro forma financials include financials from acquired business for FY21.

<sup>15</sup> On a 100% consolidated basis. See section 7 of the investor presentation for the key risks that may impact LifeHealthcare's ability to achieve the CY22 forecast.

<sup>16</sup> See section 7 of the investor presentation for the key risks that may impact LifeHealthcare's ability to achieve the CY22 forecast. EPS accretion includes LifeHealthcare for a full 12 months and is before amortisation of identifiable intangibles that will be recognised as a result of the Acquisition. Excludes any impact of shares that may be issued under the Retail Offer.

EBOS CEO, John Cullity, said “The acquisition of LifeHealthcare represents an important step in EBOS’ medical devices strategy, providing greater exposure to this high growth sector as well as providing a measured entry into South East Asia.”

“The enlarged medical devices business will remain part of EBOS’ existing Institutional Healthcare division, which will represent approximately 38% of EBOS’ gross operating revenue. After entering the medical devices distribution sector in 2019, EBOS has grown its medical devices offering and post-Acquisition, we will have created a division generating approximately A\$420 million in pro forma annualised revenue.”

“The Acquisition aligns with our strategy to build a medical devices platform, and provides an opportunity for future growth across existing and adjacent therapeutic areas.”

“We are excited to welcome the LifeHealthcare management team and employees to EBOS and look forward to continuing the strong growth they have achieved to date.”

In commenting on the acquisition EBOS Chair Liz Coutts said, “The continued success of EBOS is underpinned by our adherence to a disciplined strategy that includes investing for growth and expanding and diversifying our earnings. The acquisition of LifeHealthcare is consistent with this strategy and part of our overall objective to deliver value for our shareholders”.

The Acquisition is subject to closing conditions including obtaining warranty & indemnity insurance, certain OEM and key counterparty consents in relation to change of control of LifeHealthcare, as well as regulatory approvals from FIRB and NZCC and the finalisation of certain restructuring steps in respect of Transmedic, and is expected to complete before the end of FY22. EBOS also has a termination right if a material adverse effect occurs prior to closing.

## EBOS TRADING UPDATE

EBOS has had a pleasing start to FY22 with strong revenue and earnings growth recorded across both the Healthcare and Animal Care segments. For the four months ended 31 October 2021, growth compared to the prior corresponding period<sup>17</sup> was:

	Healthcare	Animal Care	Group
<b>Revenue</b>	10.4%	14.3%	10.6%
<b>EBIT</b>	12.7%	14.8%	13.1%
<b>NPAT</b>			14.2%

EBOS’ FY22 dividend is expected to be in line with EBOS’ dividend policy to declare dividends representing between 60% and 80% of NPAT.

<sup>17</sup> The financial results underpinning this growth are unaudited. The four months ended 31 October 2021 had one less trading day than the corresponding period in 2020.

## FUNDING

The Acquisition will be fully funded through a combination of the proceeds of a non-underwritten retail offer to eligible existing shareholders to raise up to A\$100 million, with the ability to accept oversubscriptions at EBOS' discretion, approximately A\$642 million raised from the Placement (refer below), a new A\$540 million term loan debt facility and approximately 0.7 million new EBOS shares issued to LifeHealthcare management (approximately \$23 million<sup>18</sup>). EBOS expects net debt / LTM pro forma EBITDA to be below 2.25x at 30 June 2022<sup>19</sup>.

## RETAIL OFFER

EBOS intends to conduct a non-underwritten retail offer to eligible existing shareholders to raise up to NZ\$105 million (A\$100 million<sup>20</sup>), with the ability to accept oversubscriptions at EBOS' discretion (**Retail Offer**).

Eligible shareholders in New Zealand and Australia will be invited to apply for up to NZ\$50,000 and A\$47,500, respectively of new shares under the Retail Offer, free of any brokerage, commission and transaction costs.

The maximum application size has been selected with the objective of enabling as many retail shareholders as possible to apply for their pro rata share of the equity raising via the Retail Offer<sup>21</sup>.

New shares to be issued under the Retail Offer will be issued at the lower of the Placement Price and the five-day VWAP of EBOS shares up to, and including, close of the Retail Offer.

New Shares to be issued under the Retail Offer will rank equally with existing EBOS shares on issue and will be quoted on the NZX and ASX from the date of Retail Offer allotment.

If the Retail Offer is oversubscribed, applications will be scaled having regard to existing shareholdings at 7:00pm NZDT / 5:00pm AEDT on Wednesday, 8 December 2021, and otherwise at EBOS' discretion.

Full details of the Retail Offer will be set out in the Retail Offer booklet, which will be released to the NZX and ASX, and sent to eligible shareholders on Wednesday, 15 December 2021. The closing date for applications by eligible shareholders is Monday, 17 January 2022.

## PLACEMENT

EBOS is undertaking a fully underwritten<sup>22</sup> placement of new fully paid ordinary shares to eligible investors to raise approximately NZ\$674 million / A\$642 million<sup>23</sup> (**Placement**).

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<sup>18</sup> Subject to escrow arrangements. Scrip Consideration to be issued at the Placement Price in A\$ based on the AUD NZD exchange rate as reported by the Reserve Bank of Australia as at 4pm AEDT on 9 December 2021.

<sup>19</sup> Net debt / LTM pro forma EBITDA ratio is based on covenant definitions which excludes the impacts of IFRS 16 Leases. The expected leverage ratio is dependent on a range of factors including Retail Offer proceeds.

<sup>20</sup> Assumes an AUD NZD exchange rate of 1.0499 as at 8 December 2021.

<sup>21</sup> The A\$ price will be determined with reference to the AUD NZD exchange rate as reported by the Reserve Bank of Australia as at 4pm AEDT on the date of close of the Retail Offer. Further details of the Retail Offer will be contained in the Retail Offer Booklet, which will be sent to eligible EBOS shareholders on 15 December 2021. EBOS may decide to accept applications (in whole or in part) that result in the Retail Offer raising more or less than A\$100 million, at its absolute discretion.

<sup>22</sup> For further details regarding the nature of the underwriting arrangements, please see section 7 of the investor presentation released to the ASX and NZX on 9 December 2021.

<sup>23</sup> Assumes an AUD NZD exchange rate of 1.0499 as at 8 December 2021.

The new shares under the Placement will be issued at NZ\$34.50 per share<sup>24</sup> (**Placement Price**), representing a discount of 5.5% to the last close price of NZ\$36.50 per share as at 8 December 2021.

The Placement will result in approximately 20 million new shares being issued, representing approximately 11.9% of EBOS' existing shares on issue.

New shares to be issued under the Placement will rank equally with existing EBOS shares on issue and will be quoted on the NZX and ASX from the date of Placement allotment.

EBOS shareholder Sybos Holdings Pte Limited, holding approximately 18.9% of current EBOS shares on issue, has provided a commitment to subscribe for its pro rata equivalent share of the equity raising.

It is EBOS' intention that eligible shareholders who bid for an amount less than or equal to their 'pro rata' share<sup>25</sup> of New Shares under the Placement and Retail Offer will be allocated their full bid on a best endeavours basis.

The Placement is fully underwritten by Macquarie Securities (NZ) Limited.

## KEY DATES

Description	Date (NZT)
Record date (for identifying shareholders eligible to participate in the Retail Offer)	7pm, Wednesday, 8 December 2021
Trading halt and announcement of the Placement and Retail Offer	Thursday, 9 December 2021
Placement bookbuild and allocation	Thursday, 9 December 2021
Trading halt lifted – trading resumes on the NZX and ASX	Friday, 10 December 2021
ASX settlement of new shares issued under the Placement	Tuesday, 14 December 2021
NZX settlement of new shares issued under the Placement	Wednesday, 15 December 2021
ASX and NZX allotment and normal trading of new shares issued under the Placement	Wednesday, 15 December 2021
Retail Offer opens and Retail Offer Booklet is dispatched	Wednesday, 15 December 2021
Retail Offer closes	Monday, 17 January 2022

<sup>24</sup> The prices for shares issued in A\$ will be determined with reference to the AUD NZD exchange rate as reported by the Reserve Bank of Australia as at 4pm AEDT on 9 December 2021.

<sup>25</sup> For this purpose, an eligible institutional shareholder's 'pro rata' share of New Shares under the Placement and Retail Offer (based on the NZ\$674 million target size) will be estimated by reference to EBOS' beneficial register on 24 November 2021, but without undertaking any reconciliation processes. Unlike in a rights issue, this may not truly reflect the participating shareholder's actual pro rata share of the New Shares under the Placement and Retail Offer. Nothing in this release gives a shareholder a right or entitlement to participate in the Placement or Retail Offer and EBOS has no obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining a shareholder's 'pro rata' share of New Shares under the Placement and Retail Offer. Investors who do not reside in New Zealand or Australia or other eligible jurisdictions will not be able to participate in the Placement. EBOS and the Lead Manager disclaim any duty or liability (including for negligence) in respect of the determination of a shareholder's 'pro rata' share of New Shares under the Placement and the Retail Offer.

Retail Offer allotment date	Monday, 24 January 2022
Commencement of normal trading of new shares issued under the Retail Offer on NZX Main Board	Monday, 24 January 2022
Commencement of normal trading of new shares issued under the Retail Offer on ASX	Tuesday, 25 January 2022
Despatch of holding statements	Friday, 28 January 2022

All dates and times are indicative and subject to change without notice. EBOS and Macquarie Securities (NZ) Limited reserve the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules, the NZX Listing Rules and other applicable laws.

### **FURTHER INFORMATION**

Further details of the Acquisition, Retail Offer and Placement are set out in the Investor Presentation also provided to the NZX and ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Placement.

Macquarie Capital (Australia) Limited and Lazard Australia have acted as financial advisers. Macquarie Securities (NZ) Limited is acting as sole lead manager, sole bookrunner and sole underwriter to EBOS. Chapman Tripp and King & Wood Mallesons are acting as legal advisers.

If you have any questions in relation to the Retail Offer, please contact the EBOS Offer Information Line on 0800 650 034 (within New Zealand) or 61 3 9415 5000 (in Australia) between 8:30am and 5:00pm (NZT) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

This media release and related materials were authorised for lodgement with NZX and ASX by the Board of EBOS.

### **For further information, please contact:**

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**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.

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You must not send copies of this announcement or any other material relating to the Retail Offer to any person in the United States or elsewhere outside Australia and New Zealand.

**FORWARD LOOKING STATEMENTS**

This market release contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar expressions that are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks, uncertainties, assumptions, contingencies and other factors, many of which are

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Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the Covid pandemic. Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based.

These statements may assume the success of EBOS' business strategies, the success of which may not be realised within the period for which the forward-looking statements may have been prepared, or at all.

No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this announcement.

These forward-looking statements speak only as of the date of this market release, and except as required by applicable laws or regulations, EBOS, its representatives or advisers do not undertake to publicly update or revise any forward- looking statement or other statements in this announcement, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances. Past performance and pro forma historical financial information is given for illustrative purposes only. It should not be relied on and it is not indicative of future performance, including future security prices.

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