



Investor Presentation



FY17 Annual Results



24 August 2017

Disclaimer

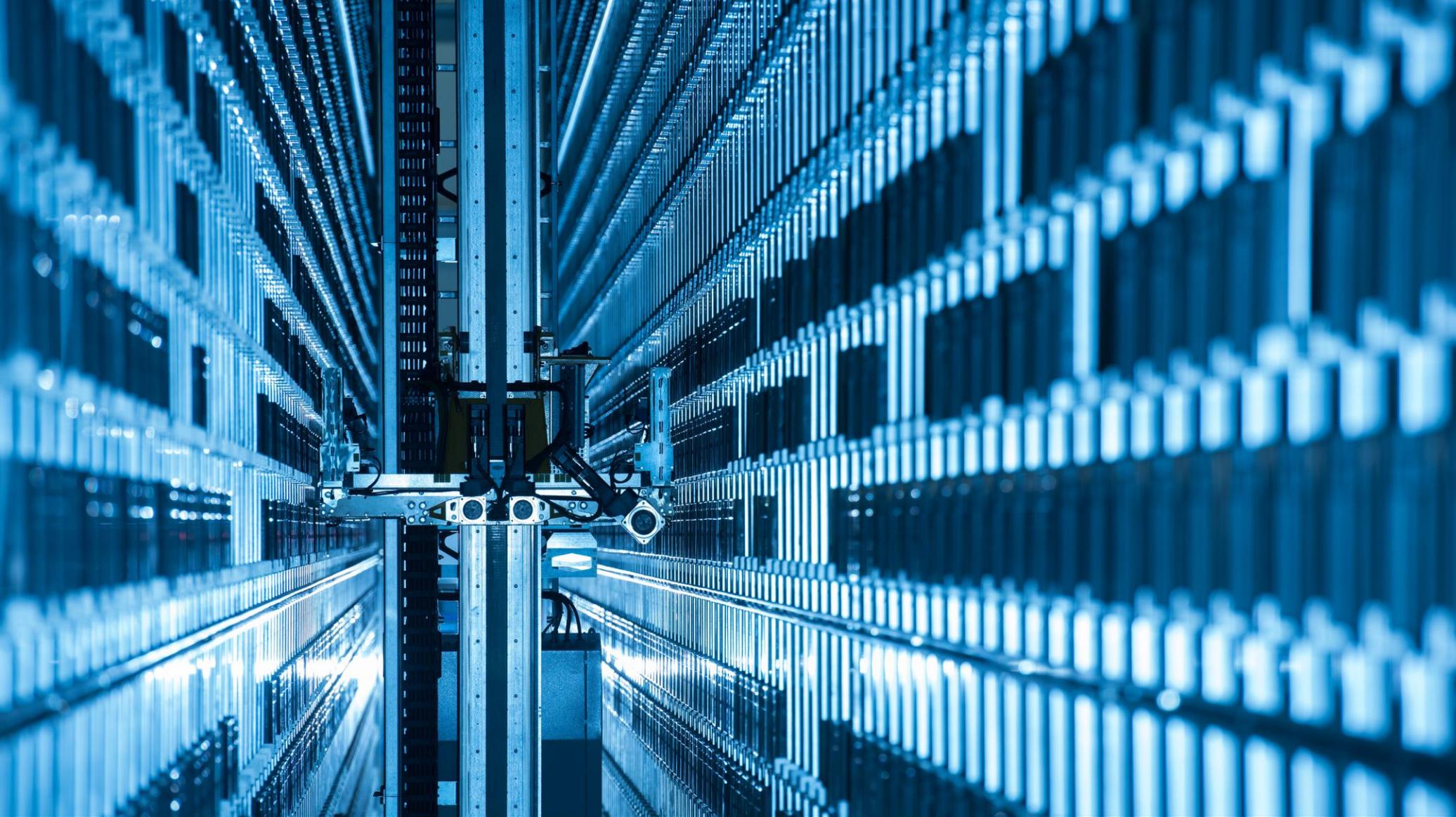
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This presentation contains a number of non-GAAP financial measures, including Gross Profit, Gross Operating Revenue, EBIT, EBITA, EBITDA, Underlying EBITDA, NPAT, Underlying NPAT, Underlying Earnings per Share, Free Cash Flow, Interest cover, Net Debt and Return on Capital Employed. Because they are not defined by GAAP or IFRS, EBOS' calculation of these measures may differ from similarly titled measures presented by other companies and they should not be considered in isolation from, or construed as an alternative to, other financial measures determined in accordance with GAAP. Although EBOS believes they provide useful information in measuring the financial performance and condition of EBOS' business, readers are cautioned not to place undue reliance on these non-GAAP financial measures.

The information contained in this presentation should be considered in conjunction with the consolidated financial statements for the period ended 30 June 2017.

All currency amounts are in New Zealand dollars unless stated otherwise.



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Group Financial Results

Symbion Keysborough facility,
Melbourne, Australia

FY17 Summary Results

Revenue

\$7.6b

▲ 7.4% (+9.5% Constant FX)

Underlying EBITDA¹

\$241.4m

▲ 7.1% (+9.6% Constant FX)

Underlying NPAT¹

\$138.6m

▲ 9.1% (+11.6% Constant FX)

ROCE

16.0%

▼ 0.3%

Underlying EPS¹

91.3c

▲ 8.7% (+11.1% Constant FX)

Total Dividends per share

63.0c

▲ 7.7%

Investment Highlights

Acquisitions



TWC Investment: 31 October 2016

- Merger of Chemmart and Terry White has created one of the largest retail pharmacy store networks in Australia.



HPS Acquired: 7 June 2017

- Australia's largest provider of outsourced pharmacy services to Hospitals.
- Acquisition expands EBOS' existing leading position in the Hospital channel.



Nature's Synergy Acquired: 31 March 2017

- Australian distributor of Floradix products, which include liquid herbal, vitamin and mineral supplements.



Capacity Expansion

Significant progress made in FY17 on two key capex projects in Australia

- New Wholesale Distribution site Brisbane, Queensland
- New Contract Logistics site Sydney, New South Wales



Construction progress: new Brisbane wholesale distribution centre

Record FY17 financial performance

NZ\$m	FY17	FY16	Var	Constant FX Var
Statutory Results				
Revenue	7,625.9	7,101.5	7.4%	9.5%
Gross Operating Revenue	745.3	676.5	10.2%	12.4%
EBITDA	234.4	225.5	4.0%	6.4%
EBIT	208.6	200.8	3.9%	6.3%
Net Finance Costs	19.0	20.1	5.2%	3.2%
Profit Before Tax	189.6	180.7	4.9%	7.4%
Net Profit After Tax¹	133.3	127.0	4.9%	7.3%
Statutory EPS - cps	87.8	84.0	4.5%	6.9%
Underlying EBITDA²	241.4	225.5	7.1%	9.6%
Underlying NPAT²	138.6	127.0	9.1%	11.6%
Underlying EPS - cps²	91.3	84.0	8.7%	11.1%
Net Debt	434.7	247.6		
Net Debt : EBITDA	1.79x	1.14x		

- Full Year Group Revenue increase of \$524.4m or 9.5% (constant FX):
 - Healthcare up 9.8%.
 - Animal Care up 4.2%.
- Revenue increase driven by a full 12 month contribution from hepatitis C medicine sales, which were \$415m higher than FY16.
 - Revenue excluding hepatitis C medicine sales grew by \$110m or 3.7% (constant FX).
- Underlying EBITDA increase of \$16.0m or 9.6% (constant FX):
 - Healthcare up 9.5%.
 - Animal Care up 7.6%.
- Underlying NPAT increase of \$11.6m or 11.6% (constant FX).
- Increased NZD:AUD cross rate negatively impacted NPAT by \$2.8m in FY17.
- Underlying EPS growth of 11.1% (constant FX).



Healthcare Results

Top left: TerryWhite Chemmart Pharmacy in Melbourne.
Top right: Selection of Red Seal toothpaste and vitamin products.

Bottom left: Greystanes staff, NSW
Bottom right: Vy Nguyen, HPS Pharmacy Manager (Moorabbin, Victoria)

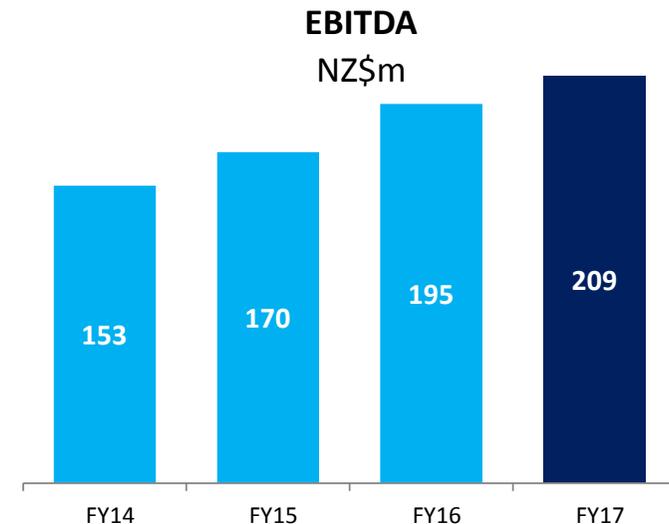
Healthcare segment

Strong trading performances across Australia and New Zealand



NZ\$m	FY17	FY16	Var	Constant FX Var
Healthcare segment				
Revenue	7,202.7	6,686.4	7.7%	9.8%
EBITDA	208.8	195.0	7.1%	9.5%
EBIT	187.1	174.1	7.5%	10.0%
EBITDA%	2.90%	2.92%	-2pts	-2pts
Australia				
Revenue	5,756.8	5,273.8	9.2%	11.8%
EBITDA	164.7	155.3	6.1%	8.8%
EBIT	145.2	136.5	6.4%	9.1%
EBITDA%	2.86%	2.94%	-8pts	-8pts
New Zealand				
Revenue	1,445.9	1,412.6	2.4%	
EBITDA	44.1	39.8	10.8%	
EBIT	41.9	37.6	11.6%	
EBITDA%	3.05%	2.82%	23pts	

- Revenue increase of \$516m or 9.8% (constant FX):
 - Australia up 11.8% (or 4.1% excluding hepatitis C medicine sales). Sales of hepatitis C medicines moderated in the second half of FY17 compared to the first half.
 - New Zealand up 2.4%.
- EBITDA increase of \$13.8m or 9.5% (constant FX):
 - Australia up 8.8%.
 - New Zealand up 10.8%.

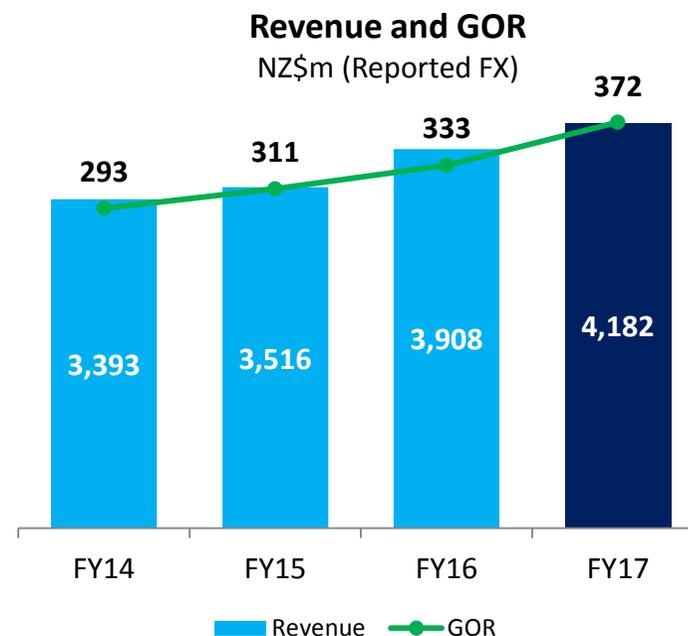


Community Pharmacy



- Pharmacy revenue in Australia grew by 11.3% (constant FX), attributable to new hepatitis C medicine sales (albeit at lower gross profit margins) and the inclusion of Terry White Group revenue from November 2016.
- Prescription medicine sales growth in Australia (excluding hepatitis C medicines) was flat due to the on-going impact of PBS reforms.
- Following industry trends across Australia and NZ, FY17 over-the-counter (OTC) sales declined on the unusually high (double digit) growth recorded in the prior year. OTC sales for the last three months have now returned to modest growth.
- Continued focus on our cost base resulted in cost savings and improved productivity across our operations.

NZ\$m	Reported		Constant FX	
	FY17	FY16	FY16	Var%
Revenue	4,181.9	3,907.8	3,828.3	9.2%
GOR	372.2	332.6	325.0	14.5%
GOR%	8.9%	8.5%	8.5%	



- The merger of Chemmart with Terry White Group was completed in October 2016 to create one of Australia's largest retail pharmacy store networks.
- The integration of the two groups across marketing and merchandise, operations, store development and corporate functions is on schedule.
- TWG is investing in an extensive rebrand and alignment program. This program is currently on schedule, with the majority of stores already rebranded with the new TerryWhite Chemmart signage.
- In August 2017, TWG launched a nationwide consumer campaign titled "Alive & Well".



**NOT JUST
A BRAND.**

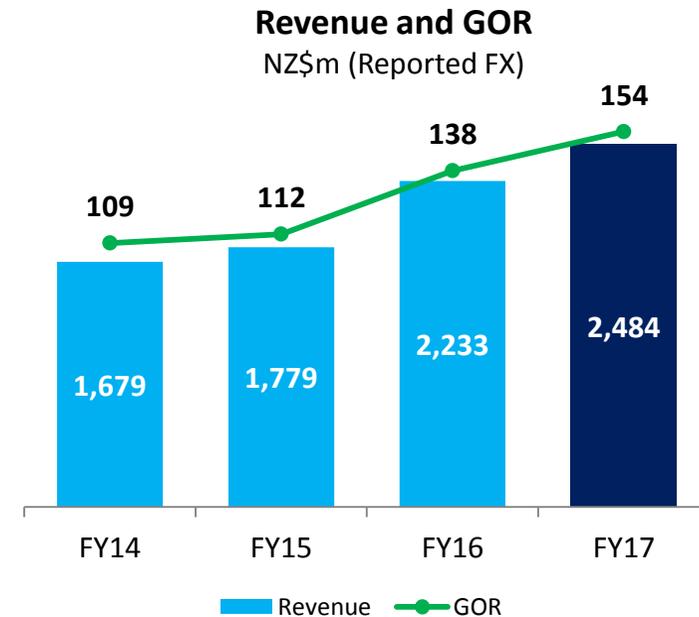
**BUT A POWERFUL
NETWORK OF
PHARMACISTS
BUILDING A
HEALTHIER FUTURE.**

Institutional Healthcare



- With the acquisition of HPS in June 2017, EBOS continues to expand its position as a specialised and essential partner across a number of areas, primarily in hospitals, aged care and primary care.
- Symbion Hospital Services maintained its market leading position and recorded revenue growth driven by a full 12 month period of hepatitis C medicine sales of \$496m, which is \$162m higher than FY16.
- FY17 GOR was assisted by the full year of operations at Onelink Australia, our exclusive outsourced logistics operation with NSW Health.
- Onelink NZ growth was primarily from the District Health Board hospitals in the northern region.

NZ\$m	Reported		Constant FX	
	FY17	FY16	FY16	Var%
Revenue	2,484.5	2,233.4	2,192.0	13.3%
GOR	154.3	138.2	135.4	14.0%
GOR%	6.2%	6.2%	6.2%	



HPS Acquisition

HPS



- The acquisition of HPS was completed in June 2017 and expands EBOS' existing leading position in the Hospital channel.
- HPS is Australia's largest provider of outsourced pharmacy services to hospitals – servicing approximately 43% of the outsourced private market.
- HPS has long term relationships and contracts with key private and public hospitals, correctional facilities, oncology clinics and IVF clinics.
- HPS provides EBOS with future revenue growth opportunities as new greenfield and brownfield hospitals open. These opportunities are expected to come on stream over the FY18 to FY20 period.
- HPS also provides customised and robust information technology solutions that enable better patient and pharmacy management.

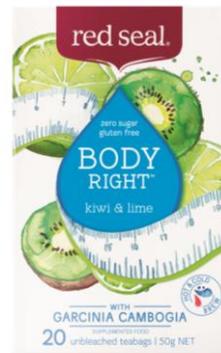
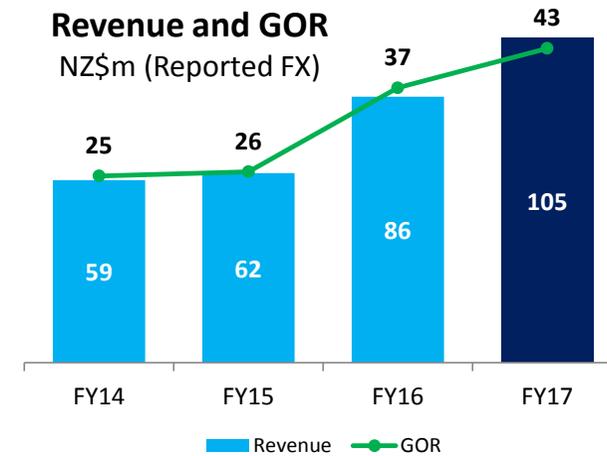
Consumer Products



- High growth for the year, driven by a full 12 months contribution from Red Seal (7 months in FY16).
- Red Seal is performing in-line with expectations with revenue growth recorded in teas, toothpaste and supplements.
 - Domestic NZ sales grew an impressive 11.6%.
 - Performance in export markets was mixed with high sales growth achieved in South Korea but lower growth from China.
- Acquisition of Nature's Synergy in March 2017, the Australian distributor of Floradix products (liquid herbal, vitamin and mineral supplements).

NZ\$m	Reported		Constant FX	
	FY17	FY16	FY16	Var%
Revenue	105.4	86.4	85.3	23.5%
GOR	42.5	37.2	36.7	15.7%
GOR%	40.3%	43.1%	43.1%	

Revenue and GOR
NZ\$m (Reported FX)



Contract Logistics



- Healthcare Logistics (NZ) maintained its leading market position and combined with cost management, delivered another period of increased earnings.
- GOR was steady in FY17 following high growth from FY14 to FY16.
- The Group is expanding its Contract Logistics business in Australia with the development of a new facility in Sydney (NSW). Capacity constraints has restricted recent growth in Australia.



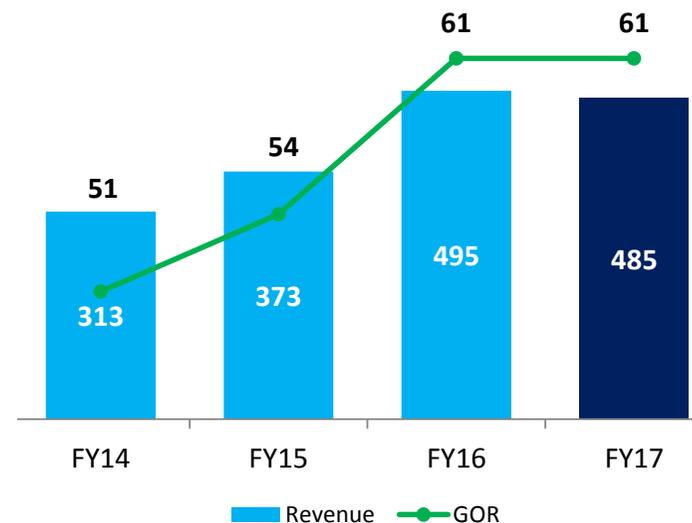
Construction progress: new Sydney Contract Logistics facility

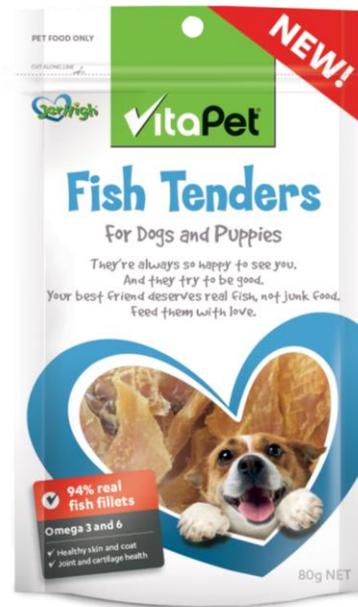
NZ\$m	Reported		Constant FX	
	FY17	FY16	FY16	Var%
Revenue	484.9	495.0	491.7	(1.4%)
GOR	60.5	60.5	59.8	1.1%

Note: GOR % not relevant as sales activity is predominantly done on consignment.

Revenue and GOR

NZ\$m (Reported FX)





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Animal Care Results

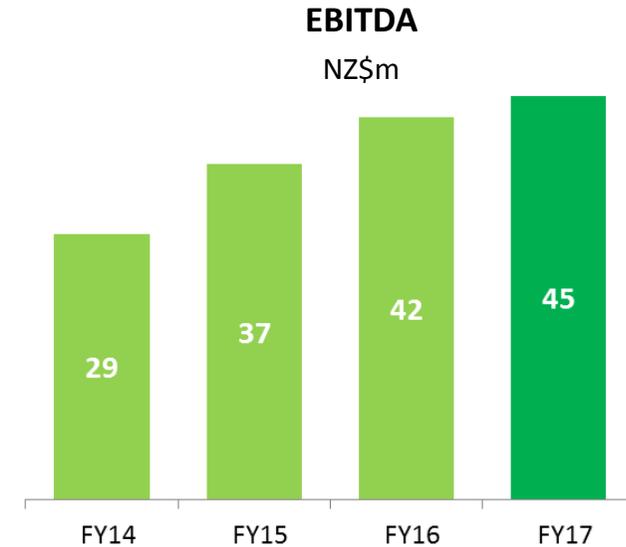
Selection of Animal Care products from the Black Hawk and Vitapet brands.

Animal Care segment

Black Hawk and Vitapet revenue growth key to earnings performance



NZ\$m	FY17	FY16	Var	Constant FX Var
Animal Care segment				
Revenue	423.2	415.0	2.0%	4.2%
EBITDA	44.7	42.3	5.7%	7.6%
EBIT	41.2	38.6	6.7%	8.6%
EBITDA%	10.57%	10.19%	38pts	38pts



- EBITDA increase of \$2.4m or 7.6% (constant FX) attributable to:
 - Revenue growth from our key branded products;
 - Black Hawk sales growth of 48%
 - Vitapet sales growth of 8.5%
- Significant additional investment in marketing and advertising undertaken in FY17.

Animal Care Segment



Performance Overview

PRODUCTS & BRANDS

- Black Hawk, our premium pet food brand, continues to receive very strong support and is outperforming the market. Revenue grew by 48% in FY17, driven by an investment in marketing, additional ranging in pet specialty stores and new product launches.
- Vitapet recorded revenue growth of 8.5% (constant FX) driven by new product development, range expansion and marketing investment.



RETAIL

- Increased Animates profit due to revenue growth of 15.9%. During the year, Animates opened seven new retail stores and eight veterinary clinics. The business now operates 39 retail stores and 16 veterinary clinics in New Zealand.



VET WHOLESALE

- Lyppard recorded steady revenue growth from its major customers.
- The wholesale market remains competitive and together with the consolidation of vet clinic ownership is placing pressure on margins. Notwithstanding this, earnings growth in the business continued.



Black Hawk Update

Black Hawk is focused on the natural premium pet food segment. The premium pet food category is estimated to be growing at 4 - 5% per annum.

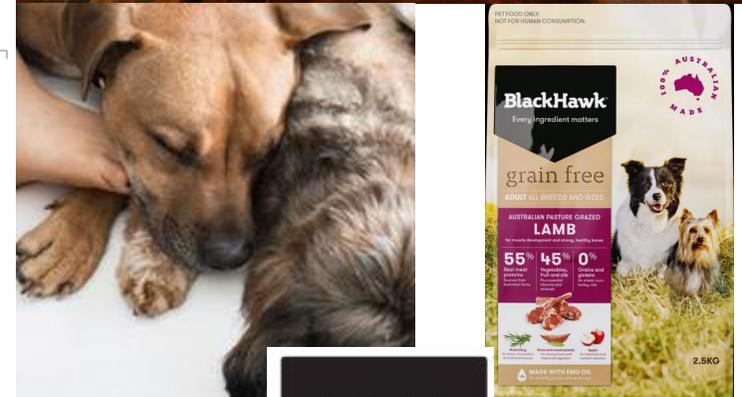
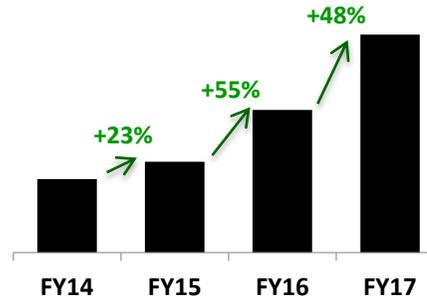
EBOS has been able to rapidly grow Black Hawk in Australia through:

- Our relationships with the pet specialty retailers who are fully ranging and supporting the product;
- Significant investment in advertising driving brand awareness and increasing customer demand;
- The launch of a number of new SKU's including a grain-free range in FY17; and
- Delivering a quality product at attractive prices to customers.

In July 2017, EBOS launched Black Hawk into New Zealand and consequently ceased the sales, marketing and distribution of Mars NZ brands (IAMS and Eukanuba). The NZ premium pet food market (including vet) is estimated to be NZ\$100 million.



Black Hawk Sales (pre and post acquisition)





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Group Financial Information

EBOS Healthcare warehouse,
Auckland, New Zealand

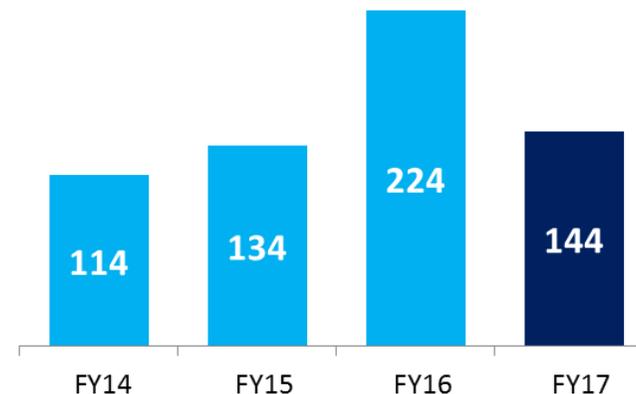
Cash Flow

Another strong Operating Cash Flow performance

NZ\$m	FY17	FY16	Var\$
EBITDA	234.4	225.5	9.0
Net interest paid	(19.0)	(20.1)	1.0
Tax paid	(65.4)	(54.5)	(10.8)
Net working capital and other movements	(6.1)	73.2	(79.3)
Cash from Operating activities	143.9	224.1	(80.2)
Proceeds from disposal of assets	0.1	5.2	(5.2)
Capital expenditure	(37.6)	(17.6)	(20.0)
Free Cash Flow	106.5	211.7	(105.2)
Acquisitions and investments	(184.1)	(92.1)	(92.1)
Dividends paid (net of DRP)	(94.9)	(69.1)	(25.8)
Net Cash Flow	(172.6)	50.5	(223.1)
Borrowings acquired on acquisition	(14.7)	-	(14.7)
FX impact on net debt	0.2	18.8	(18.6)
(Increase)/Reduction in Net Debt	(187.1)	69.3	(256.5)

- Another year of strong cash flow (\$143.9m) demonstrating the Group's disciplined focus on cash flow management.
- Capex spend in FY17 includes payments for the new distribution centre in Brisbane (\$23.0m).
- Significant additional Capex will be incurred in FY18 on the new warehouses in Brisbane and Sydney, with spend on these projects in FY18 of approximately \$40m.
- Acquisition and investments in FY17 represents the Group's acquisitions of HPS, Terry White Group and Nature's Synergy.

Operating Cash Flow (NZ\$m)



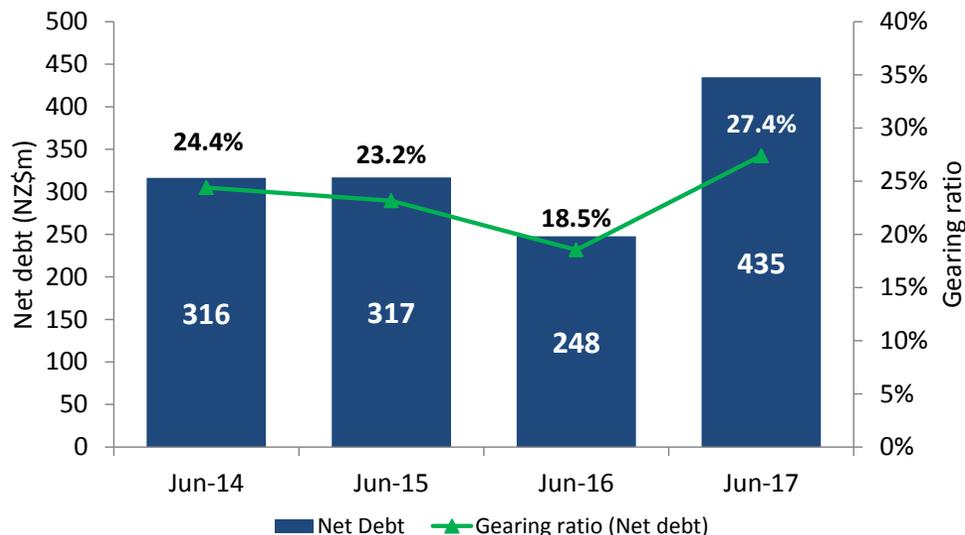
Working Capital and Cash Conversion

NZ\$m	June 2017	June 2016
Net Working Capital		
Trade receivables	1,015.1	1,302.8
Inventory	572.0	578.5
Trade payables	(1,230.0)	(1,539.9)
Other	(123.7)	(98.9)
Total	233.4	242.6
Cash conversion days¹		
Debtor days	41	42
Inventory days	30	29
Creditor days	57	58
Cash conversion days	14	13

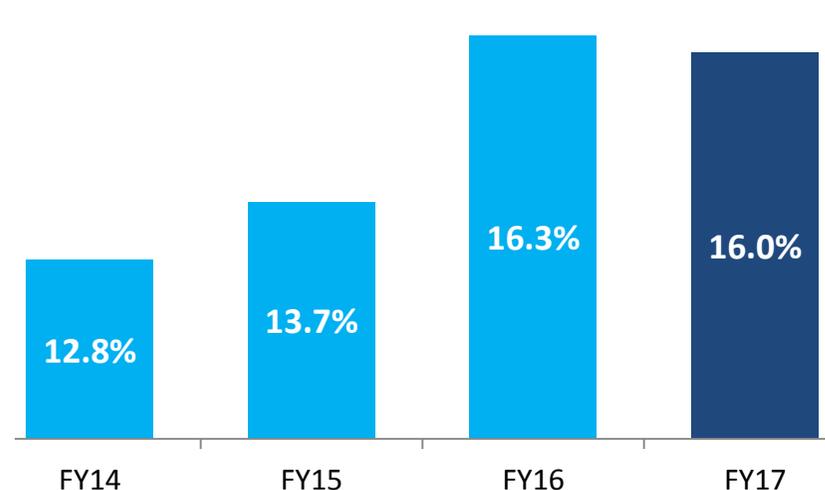
- Working capital management discipline is a key focus of the Group.
- Cash conversion cycle of 14 days.

Net Debt, Gearing and ROCE

Net Debt and Gearing



Return on Capital Employed

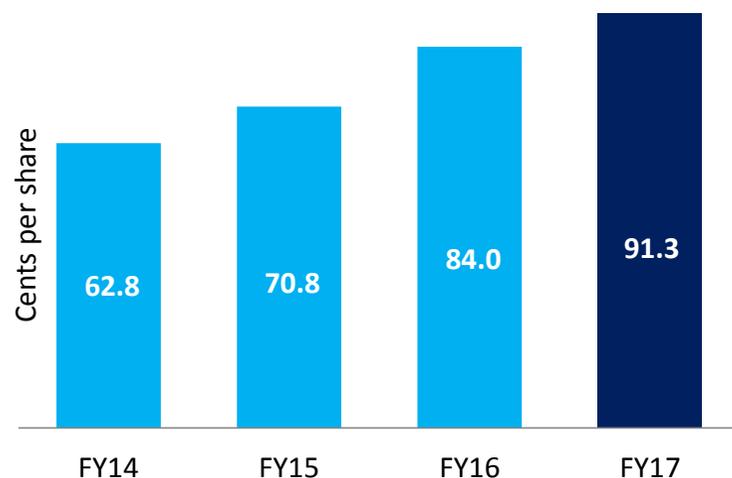


- Net Debt of \$435m at June 2017 includes all of the debt required to purchase HPS in June 2017.
- Net Debt : EBITDA of 1.79x at June 2017 (1.14x at June 2016).

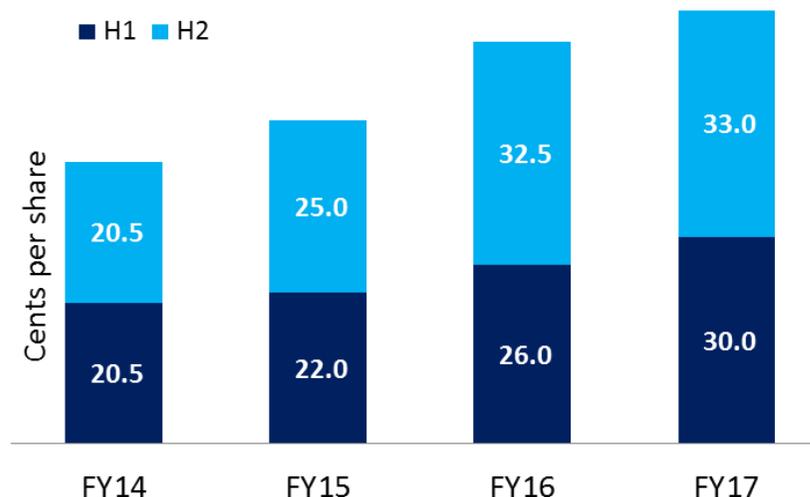
- Return on Capital Employed of 16.0% at June 2017, marginally lower than June 2016 (-0.3%) primarily due to capital expenditure on the Brisbane distribution facility (under construction).

Earnings and Dividends per share

Underlying Earnings per share



Dividends per share



- EPS growth of 11.1% on an underlying and constant FX basis in FY17 following a 18.2% increase in FY16.
- Final dividend of 33.0 cents (imputed to 25% and franked to 100% for Australian resident shareholders).
- Total dividends in FY17 of 63.0 cents represents an increase of 7.7% on last year.
- Dividend payout ratio of 71.8%.
- DRP remains suspended and will not operate for this dividend.



5 Summary and Outlook

Top: EBOS, Auckland. Symbion, Melbourne
Bottom: ProPharma, Auckland. Monash
veterinary clinic, a customer of Lyppard.

EBOS Strategic Approach



Our Healthcare and Animal Care strategic focus is centred on



Investing for Growth

Two types of investments:

- **Acquisitions** – we have a successful track record of deal execution.

HPS



Floradix®

- **Internal Capex** – investment to lift productivity, manage costs and deliver better customer service.

Leading Market Positions

We aim to have positions of scale in the markets we operate in and maximise opportunities across our wide range of businesses wherever possible.

Disciplined Capital Management

- Cash generation to drive scope for further investment which allows for dividends to be paid in the range of 60-70% of Net Profit After Tax.
- Acquisitions focus on supporting the Group's return on capital employed.

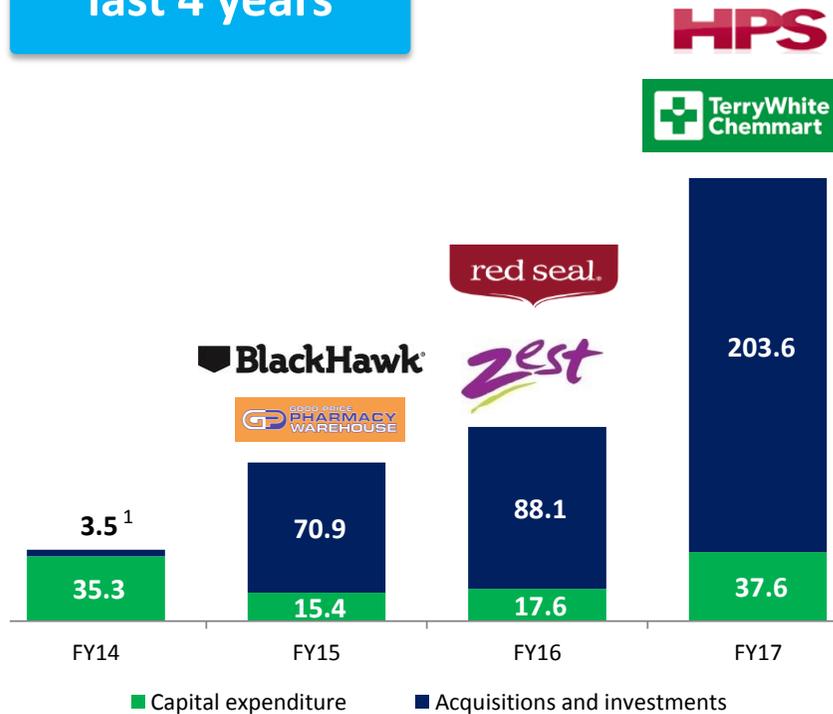
We focus on delivering profitable growth and superior returns

It is now 4 years post the transformational Symbion deal

We continue to deliver results while reinvesting for growth

Investments made (NZ\$m)

\$470m+ over last 4 years



Results achieved

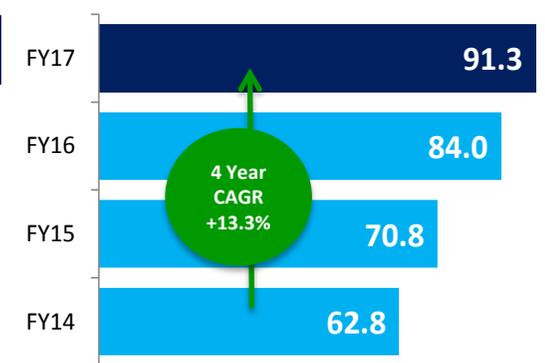
Underlying EBITDA

NZ\$m

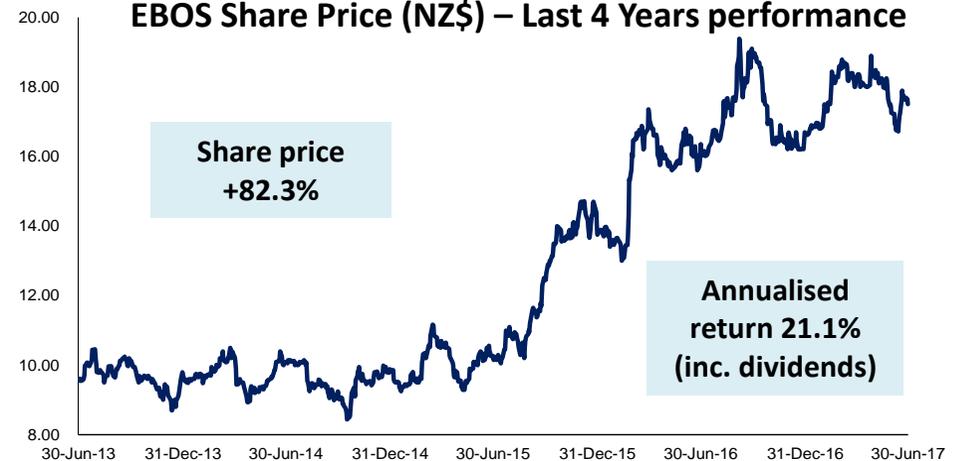


Underlying EPS

cents per share



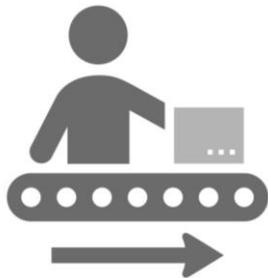
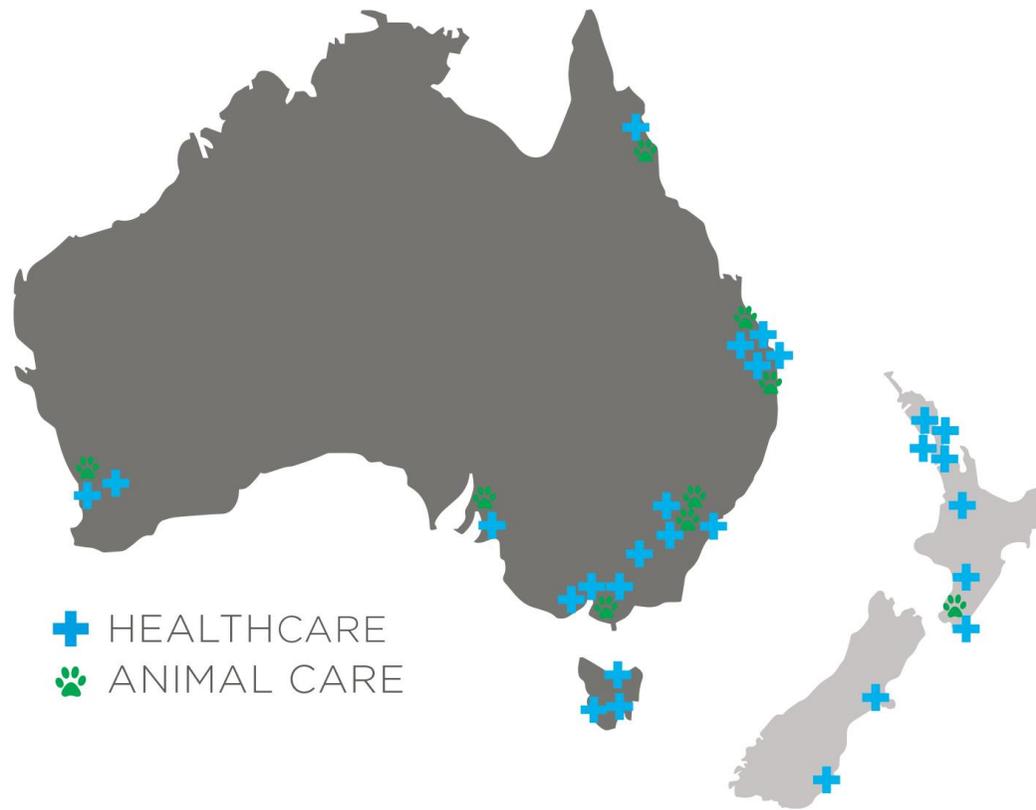
EBOS Share Price (NZ\$) – Last 4 Years performance



Outlook

EBOS Group has recorded a strong financial performance in FY17 and the Company is confident of further profit growth into FY18 on an underlying, constant currency basis.

A performance update will be provided to shareholders at the Annual Meeting on 17 October 2017.



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Supporting Information

Foreign exchange

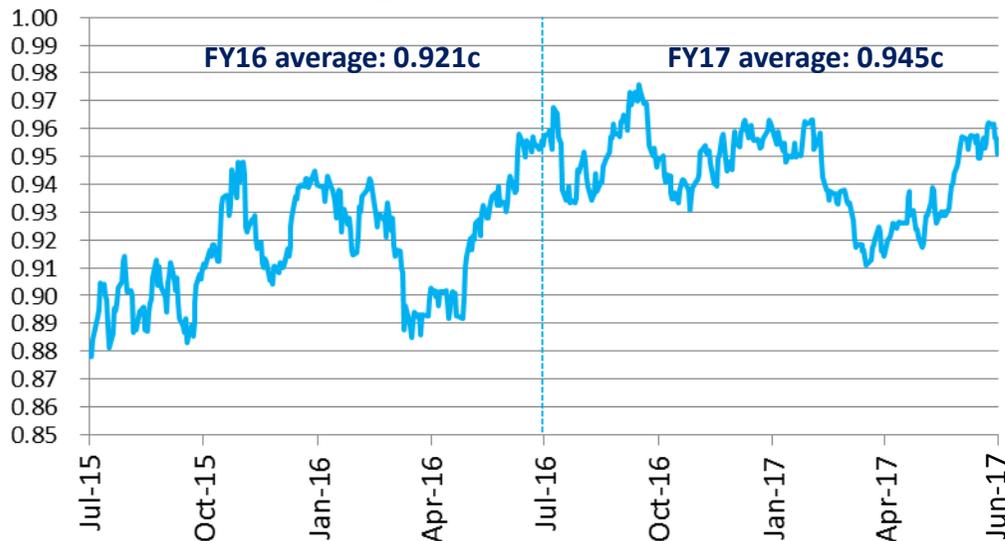
Appreciation of the average NZD:AUD cross-rate by 2.4c to 0.945 negatively impacted EBITDA by \$5.1m in FY17

Revenue and EBITDA by currency

\$m	AUD Operations AUD	Average NZD: AUD translation	AUD Operations NZD	NZ Operations NZD	Group Consolidated NZD
FY17					
Revenue	5,792.2	0.95	6,116.8	1,509.1	7,625.9
EBITDA	174.3	0.95	184.3	50.1	234.4
EBITDA%	3.01%		3.01%	3.32%	3.07%

- 79% of the Group's earnings (EBITDA) are generated in AUD.
- The average NZD:AUD FX rate for FY17 increased by 2.4 cents from FY16, negatively impacting the Group's FY17 EBITDA by approximately \$5.1m.
- EBITDA sensitivity to a 1 cent movement in NZD:AUD exchange rate is approximately \$2.1m per annum.

NZD:AUD exchange rate – July 2015 to June 2017



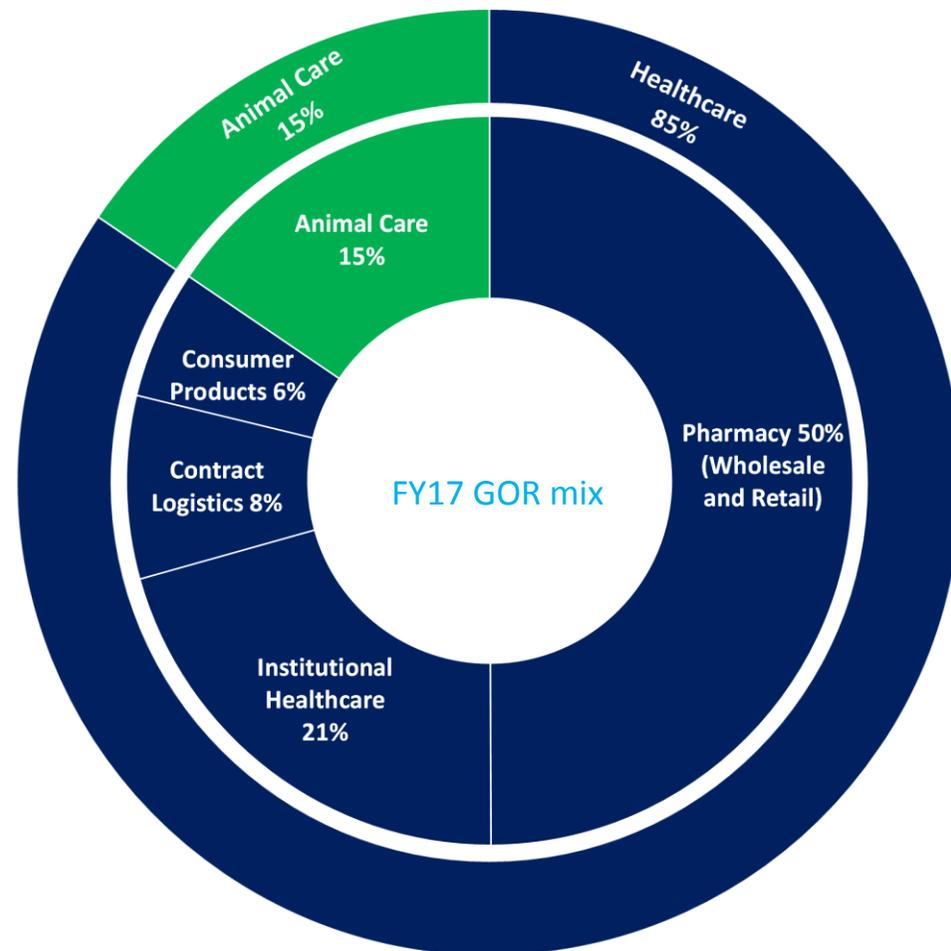
Segment earnings and GOR mix

EBITDA by segment

NZ\$m	FY17	FY16	Var	Constant FX Var
Healthcare	208.8	195.0	7.1%	9.5%
Animal Care	44.7	42.3	5.7%	7.6%
Corporate	(19.1)	(11.9)	(60.8%)	(61.3%)
Group	234.4	225.5	4.0%	6.4%
Transaction costs	7.0	-		
Corporate - underlying	(12.0)	(11.9)	(1.6%)	(1.9%)
Group - underlying	241.4	225.5	7.1%	9.6%

- FY17 Corporate segment result includes \$7.0m of transaction costs incurred on the TerryWhite Chemmart merger and the HPS acquisition.

Gross Operating Revenue (GOR) FY17



Reconciliation of statutory and underlying results

NZ\$m	FY17		FY16	
	EBITDA	NPAT	EBITDA	NPAT
Statutory result	234.4	133.3	225.5	127.0
<i>Add back</i>				
Transaction costs incurred on acquisitions undertaken during the year	7.0	5.3	-	-
Underlying result ¹	241.4	138.6	225.5	127.0

Glossary of terms and measures

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

Term	Definition
Actual results	Results translated into NZ dollars at the applicable actual monthly exchange rates ruling in each period.
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.
Constant FX/currency	Calculated by translating the prior period results into NZ dollars at the actual monthly exchange rates applicable in the current 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.
EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
Underlying EBITDA	Earnings before interest, tax, depreciation, amortisation and transaction costs relating to acquisitions.
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 before transaction costs relating to acquisitions.
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.
Underlying EPS	Underlying NPAT divided by the weighted average number of shares on issue during the period.
Net Debt : EBITDA	Ratio of net debt at period end to the last 12 months EBITDA.
Return on Capital Employed (ROCE)	Measured as underlying earnings before interest, tax and amortisation of finite life intangibles for 12 months divided by closing capital employed (including a pro-rata adjustment for entities acquired).

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