



## **EBOS SET TO BECOME AUSTRALASIAN LEADER WITH \$1.1B ACQUISITION**

News Release

Date: 29 May 2013

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EBOS Group Limited (NZX: EBO) today announced details of a \$1.1 billion (enterprise value) acquisition that will transform the New Zealand-based company into a leading Australasian business with revenue in excess of \$6 billion.

Once the transaction is completed it will see EBOS become the third largest New Zealand listed company by revenue (behind only Fonterra and Fletcher Building).

In what will be one of New Zealand's largest private sector transactions in recent times, EBOS will acquire Australia's leading pharmaceutical wholesaler and distributor by revenue and a leading veterinary wholesale provider with economic effect from 1 June 2013.

The announcement comes after several months of intensive due diligence, culminating in EBOS entering into an agreement to acquire Zuellig Healthcare Holdings Australia Pty Ltd ("Symbion"), a 100% owned subsidiary of The Zuellig Group Incorporated ("Zuellig").

The cash portion of the acquisition purchase price (\$367 million) is to be funded by an underwritten share placement to institutional investors, a 7 for 20 pro-rata renounceable entitlement offer and an extension of EBOS' debt facilities, while the remainder of the purchase price (\$498 million) will be satisfied through an issue of new EBOS shares to Zuellig. The agreement is subject to certain conditions including EBOS shareholder approval at a Special Meeting in Christchurch on the 14<sup>th</sup> of June 2013.

Once the transaction is completed EBOS will be transformed into the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products by revenue and a leading Australasian animal care products marketer and distributor.

Whilst combined revenue is initially expected to be \$6 billion, looking forward, the increased scale and complementary nature of both businesses is expected to open up additional revenue opportunities and operational efficiencies.

EBOS Managing Director Mark Waller said: "This is a fantastic opportunity for EBOS. We are a New Zealand company that has been providing healthcare and medical products to New Zealanders for over 90 years. In the past 12 years we have successfully made 18 acquisitions in New Zealand and Australia. These have increased EBOS revenue from \$80.8 million (in 2000) to \$1.43 billion in the latest financial year ending June 2012. The Symbion acquisition will be by far our most significant to date and the two businesses are totally complementary."

"Symbion has a strong record of growth and profitability as does EBOS. It has a diversified earnings stream in pharmacy, hospital and animal care, and is a great fit with EBOS' core business

competencies in both countries. On the animal care side, Symbion's veterinary business Lyppard will sit well alongside our recent acquisition of Masterpet."

"We are bringing together two businesses that are very well matched geographically and operationally and are leaders in key segments in their respective markets. We see this transaction as a rare and transformational opportunity for EBOS and its shareholders."

"We have had a long and successful relationship with the Zuellig family. EBOS acquired PRNZ from Zuellig in 2007. The Symbion transaction continues that relationship, with Zuellig becoming a 40% shareholder in the enlarged group on mutually agreed terms. Zuellig's decision to retain this significant investment reflects the strong alignment between both parties, and a shared vision for the future of the combined company in the Australasian market."

"The transaction also fulfils EBOS' objective to grow its Australian business to become a mainstream player of significant scale which we consider necessary to achieve future growth."

Symbion Chief Executive Officer Patrick Davies said: "We are excited by the potential of joining together these two leading companies. The added scale, reach and expertise of the combined group will be hugely beneficial to all stakeholders. Certainly a key indicator of this potential is the decision by Symbion's owners to retain a significant investment in EBOS post the acquisition. Zuellig is a family enterprise with a proud and successful heritage in the distribution of pharmaceuticals and healthcare products, particularly throughout Asia. It has successfully transacted with EBOS before, selling PRNZ to them in 2007, and has maintained a great relationship and small shareholding ever since. Zuellig knows EBOS very well and welcome the prospect of investing in the new combined entity."

## **The Transaction**

Arrangements are already in place to fully fund the transaction. The offer has also been structured to allow current shareholders the opportunity to participate on an equitable basis.

The acquisition price of Symbion will be \$865 million, excluding the transfer to EBOS of existing Symbion debt. The cash portion of the purchase price (\$367 million) will be funded through:

- an underwritten institutional placement of shares (\$90 million) and an underwritten pro-rata renounceable rights issue to EBOS shareholders (\$149 million); and
- new debt facilities (\$140 million), with the remainder of the purchase price (\$498 million) being satisfied through an issue of new EBOS shares to Zuellig.

In addition EBOS will assume \$230 million of Symbion's net debt. This assumption of debt, combined with the purchase consideration, results in the approximately \$1.1 billion enterprise value ascribed to Symbion.

The equity raising is fully underwritten and managed by Forsyth Barr Group Limited and UBS New Zealand Limited.

The required debt facilities have been agreed in principle and formal documentation is in the process of being finalised.

EBOS Directors have resolved to make a taxable bonus issue to EBOS shareholders at the ratio of 2 for 53 with a record date of 6 June 2013. This will allocate available imputation credits that would otherwise be lost due to the forthcoming change in shareholding.

The transaction will require shareholder approval at a Special Meeting of shareholders to be held in Christchurch at 10.00 am on 14 June 2013. Shareholders will also be asked to approve the appointment of two Zuellig nominated Directors, Peter Williams and Stuart McGregor, to the EBOS board.

The transaction settlement is expected to take place on or about 5 July 2013.

#### **Independent Adviser**

The independent adviser, Northington Partners, has concluded that “the purchase price of \$865 million [for Symbion] sits approximately 15% below the mid-point of our valuation range”. It concludes that the purchase price is attractive from EBOS’ point of view.

The Chairman of EBOS, Mr Christie, said: “The period up to this announcement has been the subject of the most thorough and searching due diligence and risk assessment EBOS has ever undertaken, and this has been reciprocated by Symbion. The EBOS Board will benefit from the addition of two new Zuellig director representatives providing a wealth of experience in the Australian and international healthcare markets.”

#### **Investment Highlights**

EBOS Managing Director Mark Waller said: “This acquisition makes sense from both a financial and strategic point of view. From day one it will be highly earnings accretive and offer shareholders an attractive dividend yield. When we approached the owners of Symbion, they wanted to be part of the transaction and a price was agreed that was fair to both sides. Their focus is on the go forward potential - what value can be achieved by combining these two complementary market leading businesses.”

“The combined group will have a greater range of capabilities to take advantage of new and exciting opportunities in the growing healthcare and animal care markets. Both EBOS and Symbion have a proven track record of profit growth under the guidance of the existing experienced management teams.”

“Symbion’s success in Australia is a credit to their CEO and senior management team, all of whom will remain with the company.”

“The increased scale of EBOS will also enhance our ability to provide the critical infrastructure required by healthcare and animal care customers and suppliers. EBOS has agreed to seek an ASX listing by 31 December 2013. This together with an increased market capitalisation and index weighting on the NZX, is expected to increase liquidity and investor interest.”

Ends

For further information

<b>Company inquiries</b>	<b>Media inquires</b>
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**About EBOS – [www.ebos.co.nz](http://www.ebos.co.nz)**

EBOS is New Zealand's largest diversified pharmaceutical and medical products group, focused on wholesaling, logistics and sales and marketing. EBOS has an established medical business in Australia and also owns the animal care business Masterpet, which operates in New Zealand and Australia.

Over the last 12 years, EBOS has successfully made 18 acquisitions, the most recent being Masterpet in 2011. Acquisitions have contributed to an increase in revenues from \$80.8 million to \$1.43 billion, with a corresponding lift in earnings and market capitalisation, now in excess of \$500 million. Most of these transactions have been funded from retained earnings and/or debt, with the last equity raising in 2007 for the acquisition of PRNZ. In the financial year ending June 2012, EBOS reported EBITDA of \$46.9 million and the company is expecting on a standalone basis EBITDA of \$53 million this financial year.

**About Symbion - [www.symbion.com.au](http://www.symbion.com.au)**

Symbion is the leading Australian pharmaceutical wholesaler and distributor by revenue, with operations across all states and has 22 warehouses in total. The company is involved in the distribution of over 14,000 prescription medicines and over the counter products to around 3,000 retail and hospital pharmacies. In 2011, Symbion expanded into veterinary wholesale through the purchase of Lyppard. In the year ending 30 June 2012, Symbion had revenue of nearly A\$3.9 billion and EBITDA of A\$108.5 million.

**About Zuellig Group**

The Zuellig Group, established in 1912, is active in the healthcare and agricultural equipment businesses throughout the Asia Pacific region. The Zuellig Group's healthcare businesses operate across Asia Pacific and include pharmaceutical distribution and manufacturing, and nutraceutical operations. In 2008 it acquired Symbion.

The Zuellig Group also has an existing New Zealand presence through its investments in Pharmacybrands (New Zealand's only listed retail pharmacy group) and C.B. Norwood (an importer, distributor and retailer of agricultural equipment). The Zuellig Group has a strong relationship with EBOS - in 2007 EBOS acquired PRNZ from the Zuellig Group. Zuellig Group subsidiary Elite Investment Holdings Limited currently owns 0.94% of EBOS.