



EBOS Group Limited
Chief Executive Officer's Address to the Annual Meeting
27 October 2015

Thanks Rick and good afternoon ladies and gentlemen. It has been a pleasure working with you Rick over the last couple of years and I thank you for your support in this time. You have given great service to EBOS over many years and I wish you all the very best for the future.

As Rick has described, your company had a very good year and the results have been generally well received by the broader market. We are very fortunate in EBOS to have the very best people working for us and I want to acknowledge their ability and hard work, without which we would not be able to deliver such good results. We employ over 2,400 people across more than 40 locations and I'm very grateful for the excellent work they do every day.

For many years now we have been broadening our operations in healthcare and animal care through both organic growth and external acquisitions. Our strategy in in this regard has been carefully considered and it remains valid today. Pleasingly we saw in the year just past the benefit of having a diverse portfolio of trans-Tasman businesses.

If you need access to medicine or healthcare products in either New Zealand or Australia – whether through your pharmacy, in a hospital, an aged care facility or even for your pet through a veterinary service – it's very likely that EBOS plays a role in getting that product to you. There's no other company that can make this statement but we can because of our diversity and our long standing commitment to expanding our company to ensure we participate in emerging opportunities.

Our focused approach to running our businesses is to:

- protect and build market leading positions in a range of healthcare and animal care sectors;
- drive for operational excellence and efficiency;
- invest in infrastructure that will help us manage our costs over the long term;
- focus on managing our working capital keenly to generate good cash flows; and
- continue to seek appropriately priced acquisitions and investments to expand our company.

Rick gave an overview of the Group financial results and I'd like to comment on the divisional financial performance and mention some of the key activities across the business.

81% of our earnings are generated in Australian dollars and consequently we will see an impact on our reported financial results in New Zealand dollars due to exchange rate fluctuations. Movements in the AUD/NZD exchange rate were unfavourable for us in FY15 however we did deliver very pleasing results in both our Healthcare and Animal Care businesses in the year.

Our Healthcare businesses contribute the majority of our earnings and we achieved an increase in Healthcare EBITDA of 11.2% in FY15. It is pleasing to note that we saw good contributions from across a range of divisions within Healthcare, referencing again the value of having a diverse portfolio. Our Animal Care businesses contributed very strong growth in EBITDA of 27.9% in FY15 and I will discuss the reasons behind this in just a moment.

In Australia, the 6th Community Pharmacy Agreement is now in place with funding and industry regulation largely unchanged, including the maintenance of the CSO funding pool.

Our Pharmacy revenue in Australia and New Zealand grew, driven in part by our investment in Good Price Pharmacy Warehouse, together with productivity improvements which delivered earnings growth.

We have maintained our emphasis on developing retail franchise networks and programmes with these activities delivering positive results for both EBOS and our customers.

Sales growth was achieved across our consumer products brands including excellent progress with our Faulding range lifting sales by 29% in the year.

We did see good growth in our Institutional Healthcare businesses in Australia and New Zealand and we have well established positions in many areas. In this broad sector we are pushing into new areas as we see the market changing now and it will continue to do so in the future.

In January this year Onelink was awarded the NSW Health medical consumables warehousing and distribution contract, which was a wonderful signal to the entire healthcare industry about the depth of our capabilities. I can confirm that operations are on track to commence at our new site in Sydney next month.

Finally our Contract Logistics business had a very good year across both New Zealand and Australia. There was increased activity with pharmaceutical manufacturers that delivered earnings growth and we are committed to expanding in this sector over the long term.

As mentioned earlier our Animal Care businesses delivered very good growth in the year. The acquisition of BlackHawk was consistent with our ongoing strategy to expand our own range of brands. There continues to be very strong support for the BlackHawk brand in the pet specialty retail market and we are pleased with how well this business has performed since it was acquired just on a year ago.

Masterpet delivered strong revenue growth in FY15 and Vitapet sales had another good year of growth. Our vet wholesale business in Australia lifted earnings again and our joint venture share of the Animates pet retail business in New Zealand had a very good increase in profitability.

In closing I'd like to make a couple of comments about our current trading and near-term profit expectations.

We have made a positive start to the new financial year with growth in profit in the first quarter consistent with the performance we delivered in the second half of FY15. This is driven in part by the contribution of the acquisitions made in FY15 which are just now reaching their first anniversary inside our company. We are confident of delivering another year of double digit constant currency profit growth for our shareholders in FY16.

Thank you for your attention ladies and gentlemen. I'll hand back to Rick to continue with the other matters of this meeting.