

## EBOS MAKES STRONG START TO FINANCIAL YEAR

News Release - half year result

19 February 2014

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### Highlights

- Excellent Result – on track with Net Profit after Tax (NPAT) of \$49.4 million (unaudited), exceeding PFI
- All businesses performed well – generating revenue in excess of \$3 billion.
- Focus on growth initiatives continues
- Strong cashflow generation
- Dividend payout increased to 20.5 cps on enlarged capital base
- Gearing levels further reduced
- Clear strategy on succession plans

### Result on Track

EBOS Group made an excellent start to the 2014 financial year as it seeks to capitalise on its position as the leading Australasian provider of healthcare and animal care services and products.

In the six months ending 31 December 2013 EBOS reported NPAT of \$49.4 million. That compares to \$15 million (unaudited) in the same period a year earlier. It also beats the \$48.7 million as forecast in the prospectus dated 5 June 2013 to support its acquisition of Symbion in Australia. This is a remarkable achievement given that the NZ dollar exchange rate used in our forecast was 0.82. The actual rate at 31 December was 0.92.

EBOS Managing Director Mark Waller said: “We delivered a result in line with what we said we would. We did this in spite of a much higher than expected NZ dollar. The strength of our result can be put down to excellent performances across all our business units, which together generated turnover in excess of \$3 billion. We are delighted with the first half results”.

### Focus on Growth

EBOS is a company founded on growth through acquisitions, organic expansion and efficiencies.

In the six months to 31 December 2013 cash generated from operations was \$49.6 million, or equivalent to the half year NPAT. Gearing, or net interest bearing debt to net interest bearing debt plus equity, was 26.7%.

The low gearing and strong cashflow generation of the Group, combined with undrawn bank facilities of \$390 million, provides significant headroom for future growth.

A number of acquisition opportunities were reviewed during our first half. None met our strict criteria for shareholder returns.

### Dividend

The Directors have declared an interim dividend of 20.5 cents per share, imputed to 50%. This compares to the 2013 interim dividend of 17.5 cents per share. The record date for the dividend is close of business 14 March 2014, payable on 4 April 2014.

The dividend reinvestment plan will operate for this interim dividend, enabling shareholders to elect to take shares in lieu of a dividend at a discount of 2.5% to VWAP.

### **Succession planning / Business continuity**

The Board of EBOS has given careful consideration to future growth plans and how best to manage these with a well signalled succession plan. The key roles of CEO, Chairman and CFO are an integral part of these plans, given that they have been vital to the successful growth of EBOS into a company with revenues of \$6 billion.

- Our Chairman of 10 years and director for 14 years, Mr Rick Christie will retire at the AGM in October 2015.
- Long standing EBOS Managing Director and CEO, Mark Waller will take over the role of Chairman in 2015 to coincide with Mr Christie's retirement.
- Mark Waller will retire from his managing director role at the conclusion of our full year result presentations in late August 2014.

Thereafter, Mark will undertake a key project role for 12 months to work on driving the next phase of the EBOS growth story.

Mark will continue as a director of EBOS during this period up until taking over the Chairmanship.

- Patrick Davies will become CEO of EBOS Group.
- Our current CFO, Dennis Doherty, had already delayed his planned retirement following the large Symbion acquisition and will now retire at the end of August to coincide with the release of our full year result. John Cullity will become CFO of EBOS Group.
- Patrick Davies and John Cullity are currently the Symbion CEO and CFO and together have driven the success of Symbion. Patrick and John are high calibre executives with a real depth of Health industry experience.
- Leonard Hansen who is currently our group financial controller will take up the role of senior finance executive for NZ on the retirement of Dennis Doherty.

Chairman, Rick Christie said "The EBOS board is delighted to be able to offer investors the right mix of continuity to maintain our strategic direction, proven operational talent and a seamless transition, with an even stronger growth focus".

### **Outlook**

EBOS continues to look for excellent performance delivered by a strong management team and supported by a board that is focused on delivering shareholder wealth. A number of acquisition prospects are being actively pursued. Negotiations with the NZ Crown owned Health Benefits Limited are progressing well. Having been chosen as the 'preferred respondent', EBOS subsidiary Onelink is seeking to finalise a contract that will see it provide the national supply chain for medical devices and consumables across the public hospital network and similarly pharmaceutical distribution to certain public hospitals.

The period under review included a full 6 months of Symbion. Our excellent result, which is a real step change, clearly reflects this. We are delighted with the performance of Symbion.

Our journey to redefine our aspirational goals and seek further growth continues.



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Rick Christie  
Chairman of Directors