EBOS Group Ltd

Results presentation for the Half Year ended 31 December 2014

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The information contained in this presentation should be considered in conjunction with the consolidated financial statements for the period ended 31 December 2014, which are available at:

http://www.ebosgroup.com/information/investor-information/

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

1. Group Overview and Results

First Half Overview

Strong financial results

- NPAT of $53.9m for the first half, an increase of 9.2% on last year or 11.5% on a constant FX basis.
- EBITDA growth in both Healthcare (10.3%) and Animal Care (8.9%) (constant FX).
- Operating cash flow of $30.5m.
- Earnings per share of 36.2 cents, an increase of 6.5% on last year or 8.7% on a constant FX basis.

Continued Investment across the business

- Strategic 25% equity investment in Good Price Pharmacy Warehouse ('GPPW'). (Aug14)
- Opening of new Keysborough distribution facility in Melbourne on time and on budget. (Sep14)
- Acquisition of BlackHawk premium pet food business. (Nov14)

Trans-Tasman expertise creating new opportunities

- Announcement in January 2015 of Onelink's contract with NSW Health to provide warehousing and distribution services for medical consumable products to all NSW public hospitals.

Capital Management

- Cash generated from Operating activities of $30.5m.
- Industry leading cash conversion cycle of 24 days.
- Bank debt successfully refinanced August 2014 at improved margins and extended terms.
- Interim dividend of 22.0 cents, an increase of 7.3% on H1 FY14.

Half Year Results Summary

Strong financial performance

NZ$m	H1 FY15	H1 FY14	Var	Constant FX Var
Revenue	3,119.9	3,000.1	4.0%	6.1%
EBITDA[1]	100.3	94.8	5.9%	8.1%
EBIT[1]	88.5	83.4	6.0%	8.2%
Net Finance Costs[1]	(11.5)	(14.1)	(18.6%)	(16.9%)
Profit Before Tax	77.0	69.3	11.1%	13.4%
Net Profit After Tax	**53.9**	**49.4**	**9.2%**	**11.5%**
EPS - cps	36.2	34.0	6.5%	8.7%
Net Debt : EBITDA	2.0x	1.9x	0.1x	
ROCE	12.9%			

- 1H Group Revenue increase of 6.1% (constant FX), with growth achieved in both Healthcare and Animal care segments.
- EBITDA increase of 8.1% (constant FX):
  - Healthcare up 10.3%.
  - Animal Care up 8.9%.
- Net Finance Costs reduced by $2.6m due to a combination of lower bank margins (following the debt refinancing in August 2014) and expiry of old swaps.
- NPAT increase of 11.5% (constant FX).
- EPS growth of 8.7% (constant FX).

(1) *Interest revenue is now classified in Net finance costs rather than in EBITDA and EBIT. Comparative information has been restated. Interest revenue was $1.2m in H1 FY15 and $1.5m in H1 FY14.*

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EBOS Group today

A diverse and interconnected portfolio

HEALTHCARE			ANIMAL CARE
Community Pharmacy	Institutional Healthcare	Contract Logistics	Pet Care and Veterinary

Pharmacy Wholesale

Pharmacy Retail

Consumer Products

- EBOS remains the largest diversified Australasian marketer, wholesaler, distributor of healthcare, medical and pharmaceutical products, and a leading animal care products distributor.
- EBOS holds market leading positions across our industry segments.

2. Segment Overview and Results

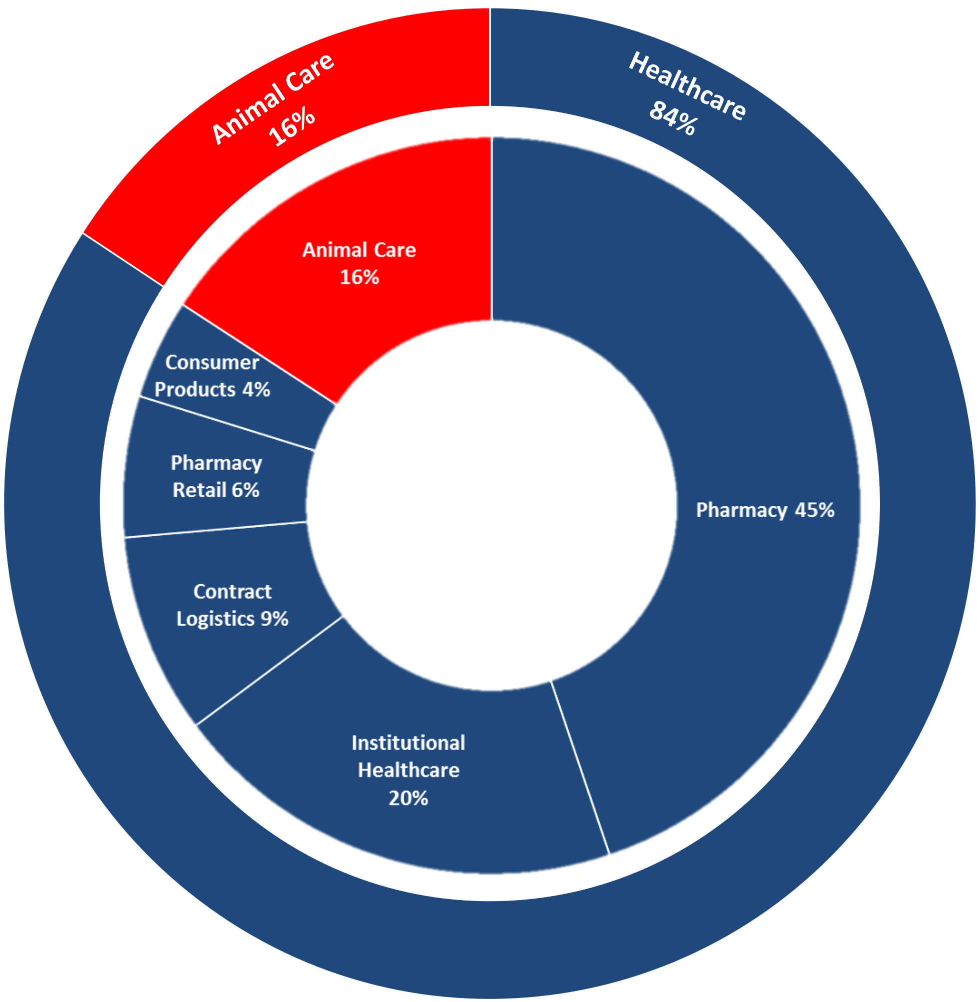
Segment earnings overview

EBITDA by segment

NZ$m	H1 FY15	H1 FY14	Var	Constant FX Var
Healthcare	88.5	81.9	8.1%	10.3%
Animal Care	16.8	15.7	7.1%	8.9%
Corporate	(5.0)	(2.8)	(79.5%)	(76.4%)
Group	**100.3**	**94.8**	**5.9%**	**8.1%**

- Very strong performance across both business segments.
- Gross Operating Revenue mix by division has remained stable over the period.
- H1 FY15 Corporate costs reflect the new management structure effective 1 July 2014.

Gross Operating Revenue H1 FY15



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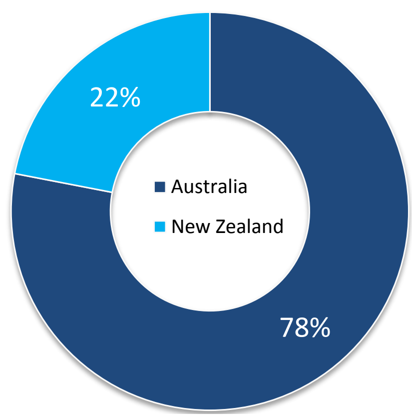
Healthcare segment

Half Year Results Summary

NZ$m	H1 FY15	H1 FY14	Var	Constant FX Var
Healthcare segment				
Revenue	2,928.7	2,823.0	3.7%	5.9%
EBITDA	88.5	81.9	8.1%	10.3%
EBIT	78.5	72.3	8.5%	10.8%
EBITDA %	3.02%	2.90%	12pts	12pts
Australia				
Revenue	2,285.3	2,202.9	3.7%	6.5%
EBITDA	72.2	65.6	10.1%	13.0%
EBIT	63.4	57.1	11.1%	14.1%
EBITDA %	3.16%	2.98%	18pts	18pts
New Zealand				
Revenue	643.4	620.1	3.7%	
EBITDA	16.3	16.3	0.0%	
EBIT	15.1	15.2	(0.7%)	
EBITDA %	2.53%	2.63%	(10pts)	

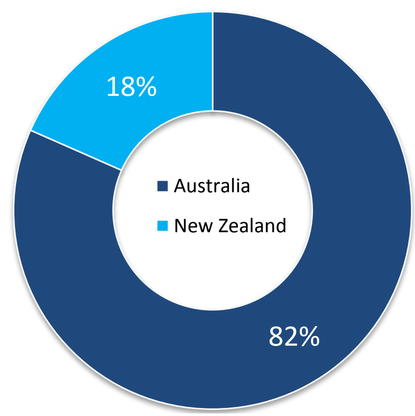
- Healthcare Revenue increase of 5.9% (constant FX):
  - Australia up 6.5%.
  - New Zealand up 3.7%.
- EBITDA increase of 10.3% (constant FX):
  - Australia up 13.0%.
  - New Zealand flat to last year.

Net Revenue
(First Half FY15)



H1 FY14: Australia 78%, NZ 22%

EBITDA
(First Half FY15)



H1 FY14: Australia 80%, NZ 20%

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Healthcare segment

First Half Overview

Australian Pharmacy Wholesale sales growth of 5.0%

- Pharmacy sales in Australia grew by 5.0% (constant FX), attributable to customer growth and new wholesale business.

Investment in GPPW

- In August 2014, EBOS Group acquired a 25% strategic investment in the Good Price Pharmacy Warehouse. GPPW is an expanding pharmacy retailer with 46 stores primarily in NSW and QLD. GPPW sales and profit contributions are tracking above expectations.

Australian Pharmaceutical Regulatory update

- The 6th Community Pharmacy Agreement is due for renewal by 30 June 2015 and we continue to work with the Guild and the Government in developing an acceptable outcome.

Strong growth in Institutional Healthcare in Australia

- We service a number of areas of Institutional Healthcare in Australia and New Zealand, primarily hospitals, aged care and primary care.
- The Symbion Hospitals business maintained its market leading position and recorded strong sales growth of 10.6%.
- The personalised medication management business significantly improved its operational performance and is now profitable.
- The EBOS Healthcare business across Australia and New Zealand delivered positive sales growth on the prior period.
- Onelink was recently awarded the NSW Health distribution contract reinforcing our position as a proven and trusted partner for Government.

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Healthcare segment

First Half Overview (continued)

Successful opening of the new Melbourne distribution centre	• A new Melbourne pharmaceutical distribution centre opened in September 2014 at a total cost of A$31m. This investment reflects our ongoing commitment to providing our customers with industry leading service and will provide cost efficiencies for the company. • The facility can move more than 10,000 units of medicine every hour and features the latest global warehousing and distribution technology.
Stable New Zealand Pharmacy Wholesale operations	• We have a leading market position in New Zealand through the ProPharma and PWR brands and have long-term supply relationships with major pharmacy groups and independent pharmacies. • Modest profit growth to last year reflects PHARMAC restricting expenditure growth.
Contract Logistics	• Both the New Zealand and Australian Contract Logistics businesses recorded strong revenue growth from increased activity with Pharmaceutical manufacturers and combined with strong cost management, grew earnings over the prior period.
Consumer Products	• Endeavour Consumer Products recorded strong sales growth in Australia of 8.4% with solid results recorded in Faulding and Pharmacy Choice from new product launches and account wins.

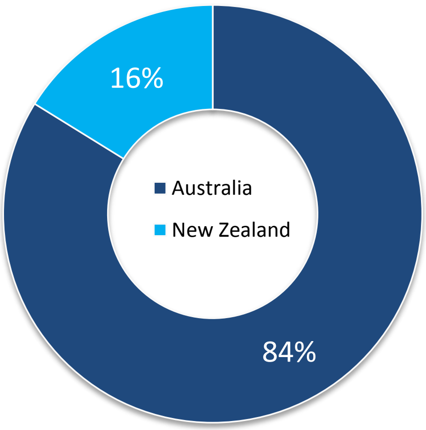
Animal Care segment

Half Year Results Summary

NZ$m	H1 FY15	H1 FY14	Var	Constant FX Var
Animal Care segment				
Revenue	191.1	177.0	8.0%	10.3%
EBITDA	16.8	15.7	7.1%	8.9%
EBIT	15.0	13.9	7.5%	9.2%
EBITDA %	8.81%	8.88%	(7pts)	(12pts)

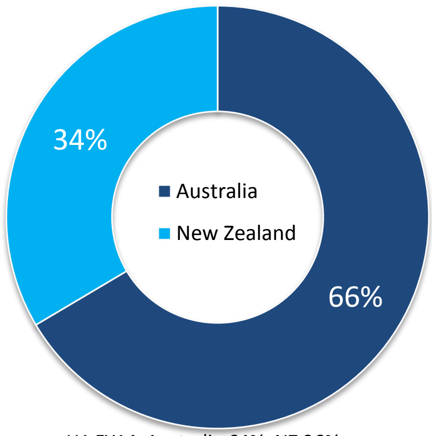
- Revenue increase of 10.3% (constant FX) primarily from growth of branded products (including BlackHawk) and wholesale operations (Lyppard).
- EBITDA increase of 8.9% (constant FX) attributable to:
  - revenue growth; and
  - includes the impact of additional advertising and marketing spend as we continue to build our brands.

Net Revenue
(First Half FY15)



H1 FY14: Australia 83%, NZ 17%

EBITDA
(First Half FY15)



H1 FY14: Australia 64%, NZ 36%

Animal Care segment

First Half Overview

BlackHawk acquisition and integration

- Acquisition of BlackHawk premium pet food business for $57.4m on 31 October 2014, increased our Animal Care branded offering. BlackHawk is a rapidly growing premium pet food brand sold exclusively through Australian pet stores and veterinary clinics.
- The integration of BlackHawk into Masterpet Australia is largely complete and the business is performing in line with our expectations.

Revenue increase of 10.3% (constant FX)

- Strong revenue growth achieved from growth of the Vitapet brand in both markets, strong wholesale sales growth in Australia and the two month contribution from BlackHawk.

Investment in brand building

- As part of our strategy to develop our own brands there has been a significant investment made in marketing and new product development in the first half.

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3. Group Financial Information

Cash Flow

EBOS has an excellent portfolio of strong cash generating businesses

NZ$m	H1 FY15	H1 FY14	Var$	Var%
Reported EBITDA	**100.3**	**94.8**	**5.5**	**5.9%**
Interest paid	(11.5)	(14.1)	2.6	18.6%
Tax paid	(27.5)	(8.5)	(19.0)	(225%)
Net working capital and other movements	(30.8)	(22.6)	(8.2)	(36.4%)
Cash from Operating activities	**30.5**	**49.6**	**(19.1)**	**(38.5%)**
Capital expenditure (net)	(9.4)	(15.6)	6.2	39.9%
Free Cash Flow	**21.1**	**34.0**	**(12.9)**	**(37.9%)**
Proceeds of borrowings	44.8	106.7	(61.9)	(58.0%)
Proceeds from share issue	-	141.6	(141.6)	(100%)
Acquisition of subsidiaries	(57.4)	(366.9)	309.5	84.4%
Investment in associates	(5.6)	(3.0)	(2.6)	(87%)
Dividends paid (net of DRP)	(21.6)	(12.5)	(9.1)	(72.8%)
FX impact on cash held	(1.1)	(5.3)	4.2	79.6%
Net Cash Flow	**(19.8)**	**(105.4)**	**85.6**	**81.2%**

- Focus on tight working capital management, with an industry leading cash conversion cycle of 24 days.
- Tax paid of $27.5m is $19m higher than last year due to the prior period being unusually low as a result of the Symbion acquisition.
- Capex in H1 FY15 includes $5.3m for the new Melbourne distribution centre.
- The H1 FY15 cash flow includes the BlackHawk acquisition and the investment in GPPW, both of which were funded by debt.
- The Group typically generates stronger cash flows in the second half of the financial year.

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Working Capital and cash conversion

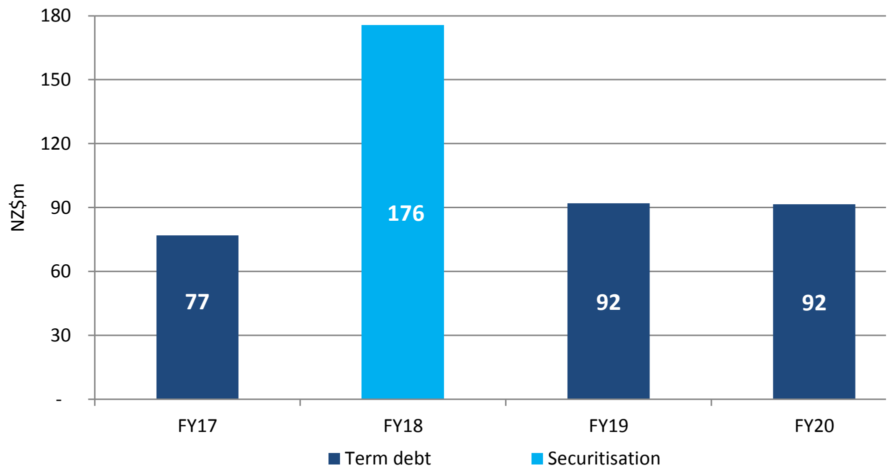
Industry leading cash conversion cycle of 24 days

	Dec-14	Jun-14	Dec-13
Net Working Capital (NZ$m)			
Trade receivables	773.4	687.3	741.3
Inventories	515.4	491.6	505.8
Trade creditors	(855.0)	(775.8)	(820.9)
Other	(87.6)	(69.7)	(68.3)
Net Working Capital	**346.2**	**333.4**	**357.9**
Cash conversion days			
Debtor days	46	45	46
Inventory days	34	35	34
Creditor days	56	55	56
Cash conversion days	**24**	**25**	**24**

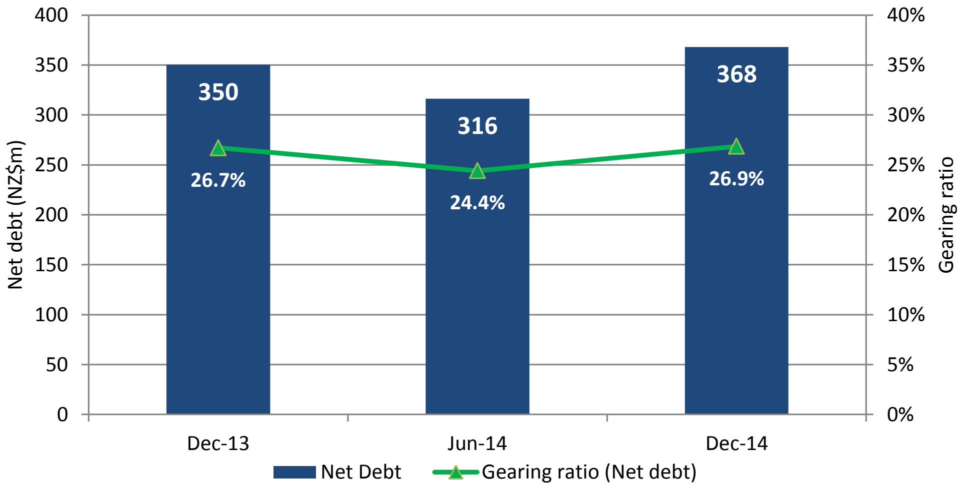
- Strong working capital management disciplines are a key focus of the group.
- Key ratios are consistent with prior periods.
- Adequate debtor provisions are held at 31 December 2014 and we continue to monitor at risk customers.

Debt profile

Debt maturity profile



Net debt and Gearing



- NZ$402m (A$385m) Securitisation facility renegotiated in August 2014 for a 3 year term expiring in FY18 on improved margins.
- Term debt of NZ$260m extended on improved margins.
- Debt facility split: Australia 80%, NZ 20%.

- Marginal increase in the Gearing ratio from 24.4% at June 2014 to 26.9% at December 2014 – primarily due to the 100% debt financing of the BlackHawk acquisition.
- Interest cover increased to 8.8x at December 2014 (June 2014: 6.5x).
- Ample headroom available in debt facilities to undertake further acquisitions.

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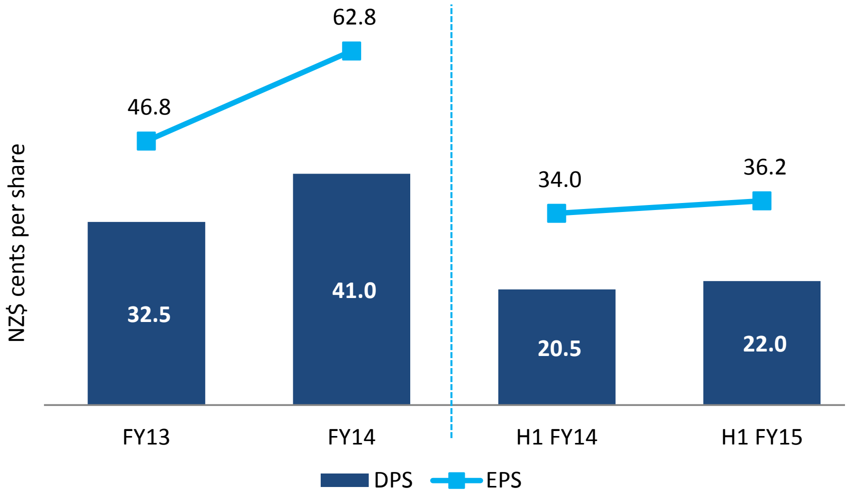
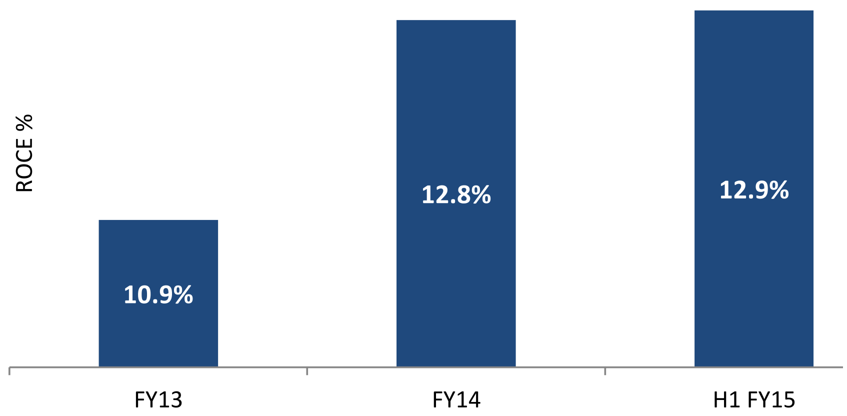
Dividends and Earnings per share

Earnings per share



- EPS growth of 6.5% (8.7% constant FX) in first half following a 34% increase in FY14.
- Interim dividend of 22.0 cents (imputed to 30%), an increase of 1.5 cents or 7.3% from H1 FY14.
- Dividend payout ratio of 61%.

Return on Capital Employed



- Return on Capital Employed of 12.9% at December 2014, an increase of 0.1% from June 2014.

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Foreign exchange

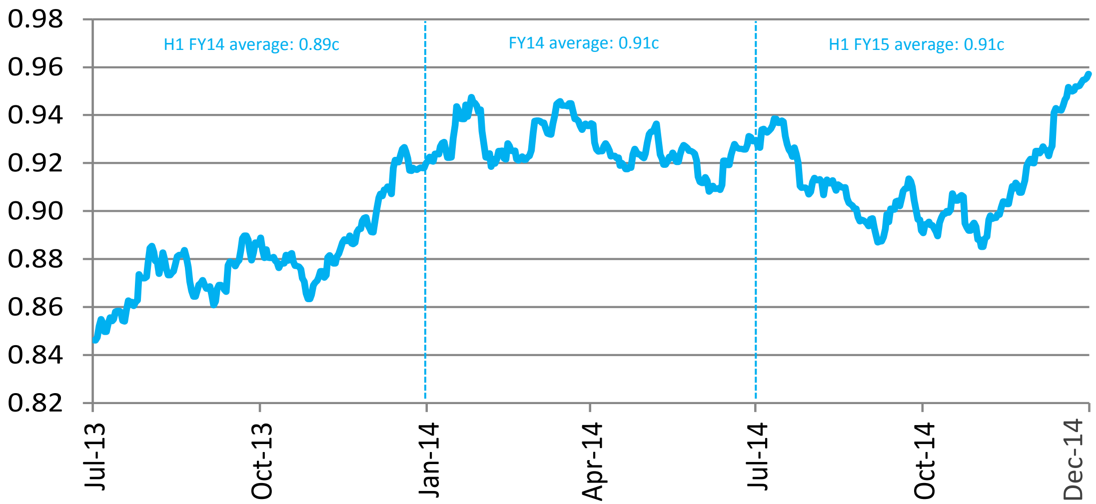
Appreciation of the NZD has continued to impact NZD translated earnings

Net Revenue and EBITDA by currency

$m	AUD Operations AUD	Average NZD: AUD translation	AUD Operations NZD	NZ Operations NZD	Group Consolidated NZD
H1 FY15					
Net Revenue	2,227.6	0.91	2,447.6	672.3	**3,119.9**
EBITDA	74.7	0.91	81.8	18.5	**100.3**
EBITDA%	3.35%		3.34%	2.75%	**3.22%**

- 82% of the Group's earnings (EBITDA) are generated in AUD.
- The average NZD:AUD FX rate for the first half has increased by 2.4 cents from last year, impacting the Group's H1 FY15 EBITDA by approximately $2.2m.
- EBITDA sensitivity to a 1 cent movement in NZD:AUD exchange rate is $1.8m per annum.

NZD:AUD exchange rate – July 2013 to December 2014



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4. Outlook

Outlook

- We see continued growth in our business across both Healthcare and Animal Care and expect second half constant currency profit growth to be approximately the same rate as recorded in the first half.

Supporting information

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.
Cash conversion cycle	Net working capital days, being Debtor days plus Inventory days less Creditor days.
Constant FX/currency	Calculated by translating the prior period results into NZ dollars at the actual monthly exchange rates applicable in the current 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.
Debtor days	Trade debtors at the end of period divided by Revenue for the period, multiplied by number of days in the period.
Earnings per share (EPS)	Profit after tax divided by the weighted average number of shares on issue during the period.
EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
Gross Operating Revenue (GOR)	Net Revenue less cost of sales and the write-down of inventory
Inventory days	Inventory at the end of period divided by Cost of Sales for the period, multiplied by number of days in the period.
Net Debt : EBITDA	Ratio of net debt at period end to EBITDA for the Consolidated Group for 12 months. EBITDA for this ratio includes 12 months of pro-forma earnings for acquired entities.
Return on Capital Employed (ROCE)	Measured as earnings before interest, tax and amortisation of finite life intangibles for the prior 12 month period divided by closing capital employed (including a pro-rata adjustment for entities acquired).
Revenue	Net Revenue from the sale of goods and the rendering of services.

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