



INVESTOR DAY

14 November 2018



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The information contained in this presentation should be considered in conjunction with the consolidated financial statements for the period ended 30 June 2018.

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



AGENDA



Introduction and Group Overview

John Cullity, EBOS Group CEO



Healthcare

Brett Barons, CEO Symbion



Consumer Brands

Sean Duggan,
CEO Animal Care & Consumer Brands



Financial Overview

Shaun Hughes, CFO



Positioned for Future Growth

John Cullity, EBOS Group CEO



Site tour – new Brisbane facility



Introduction and Group Overview

John Cullity, EBOS Group CEO

EBOS will focus on delivering shareholder value through disciplined investments in a diverse portfolio of health and animal care related activities.

Together with our trading partners, we will play an important role in the delivery of health outcomes to the community and we aspire to hold leading positions in the sectors we participate in.

Life Matters.[®]

EBOS GROUP TODAY

Diversification within Healthcare and Animal Care is a key signature of our approach

HEALTHCARE



ANIMAL CARE



COMMUNITY PHARMACY

INSTITUTIONAL HEALTHCARE

CONTRACT LOGISTICS

CONSUMER PRODUCTS

PRODUCT & BRANDS

RETAIL

VET WHOLESALE



EXECUTIVE LEADERSHIP TEAM



Chief Executive Officer
John Cullity



CEO, Symbion
Brett Barons

CEO Animal Care & Consumer Brands
Sean Duggan

Chief Financial Officer
Shaun Hughes

Chief Information Officer
Andrea Bell

General Counsel
Janelle Cain

Group Human Resources Officer
Tim Goldenberg

Executive General Manager, Strategy
David Lewis



EBOS STRATEGIC APPROACH



Our Healthcare and Animal Care strategic focus is centred on



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.

Investing for Growth

Two types of investments:

- **Acquisitions:** we have a successful track record of deal execution.
[EBOS has completed 20 deals since 2000.](#)
- **Internal Capex:** investment to lift productivity, manage costs and deliver better customer service.

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 and new business focus on supporting the Group's return on capital employed.

We focus on delivering profitable growth and superior returns

LEADING MARKET POSITIONS

EBOS Group is the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products. It is also a leading marketer and distributor of recognised consumer products and animal care brands.

No.1



Combined pharmacy and hospital pharmaceutical wholesaler in Australia and New Zealand

No.1



Hospital pharmaceutical wholesaler in Australia and New Zealand

No.1



To be the #1 Community Pharmaceutical wholesaler in Australia from July 2019 following the commencement of trading with the Chemist Warehouse Group

No.1



3PL/4PL Pharmaceutical provider in New Zealand. Full range of services in Australia.

No.1



Pharmacy wholesaler in New Zealand



Comprehensive distribution network in the animal care market, with pet brands, speciality retail outlets in NZ, and a leading veterinary wholesaler.

EBOS M&A APPROACH



- Our M&A activity aligns with our strategy.
- We buy value accretive businesses with strong management teams and solid prospects for further growth.
- We are disciplined in the prices we will pay for businesses and aim to enhance the Group's ROCE >15%.
- Board provides valuable oversight of all M&A activity.

INVESTING FOR GROWTH

RECENT TRANSACTIONS



- Acquisition of the minority shares in **TerryWhite Group Limited**, expected to complete by 31 December 2018.¹

Warner & Webster

- Acquisition of **Warner & Webster** (31 Aug 2018). A medical & surgical supplies wholesaler with operations in Victoria and South Australia.



- Acquisition of **Ventura Health** (April 2018). Management company of Australian pharmacy retail group.

GRAN'S
REMEDY

- Acquisition of **Gran's Remedy** (March 2018). New Zealand leading foot care consumer health brand.



- 14% investment in ASX listed, **MedAdvisor Ltd** (October 2017). Australia's leading digital medication management company.

HPS

- **HPS** (June 2017) leading provider of outsourced pharmacy services to Australian Private Hospitals.

¹ Subject to approval of TWG minority shareholders and satisfaction of other conditions



Healthcare

Brett Barons, CEO Symbion

HEALTHCARE MANAGEMENT TEAM



CEO, Symbion
Brett Barons

**Executive GM, Pharmacy
and Institutional
Healthcare**
Stuart Spencer

**Executive GM,
Operations & Supply
Chain**
Simon Bunde

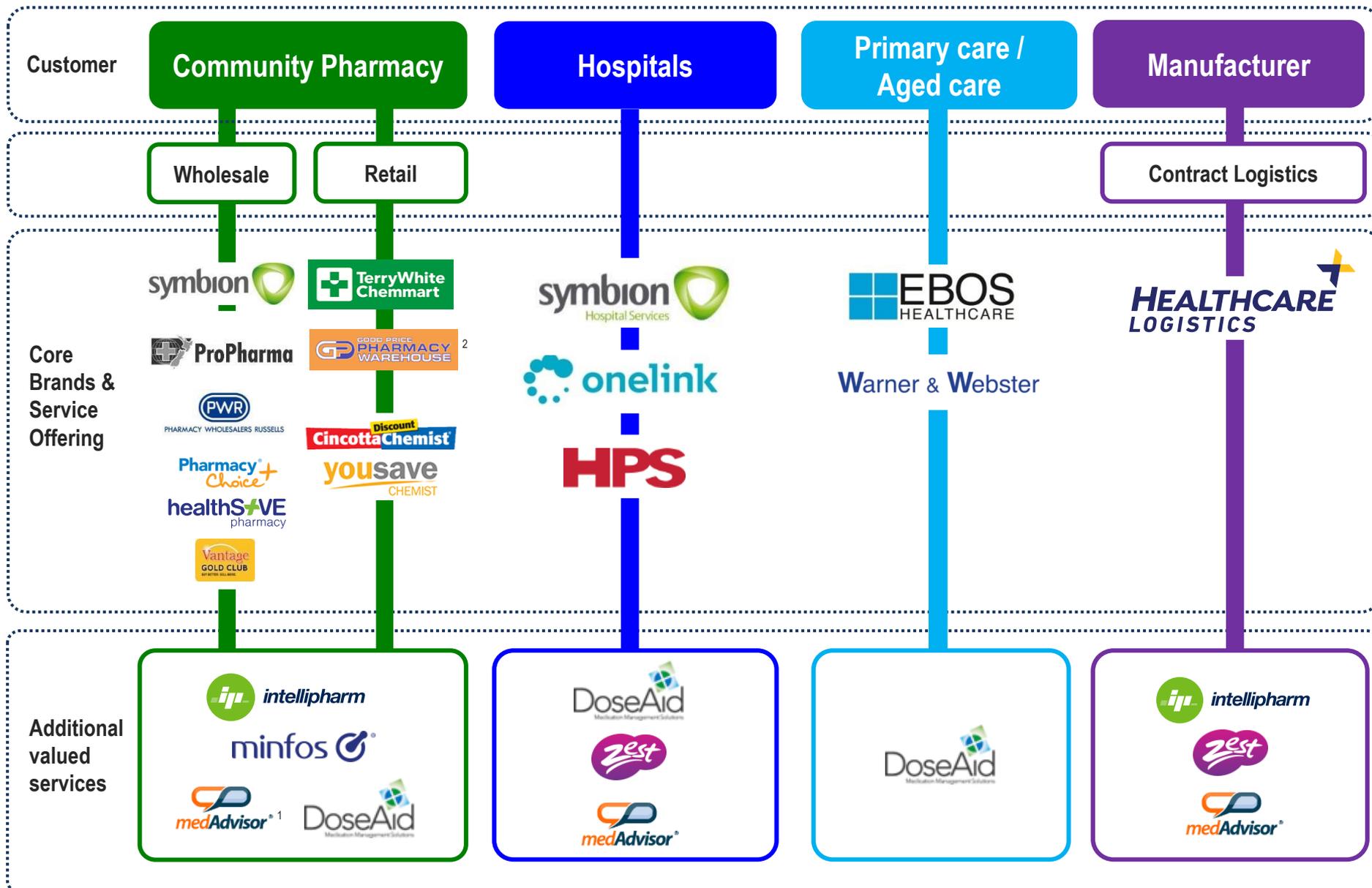
**Executive GM, Contract
Logistics**
Michael Broome

**GM Wholesale & Retail
Services**
Sab Ambroino

CFO, Symbion
Sharon Papworth



HEALTHCARE DIVISIONAL SUMMARY



¹ EBOS has a 14.1% shareholding in Medadvisor as at 30 June 2018. ² EBOS has a 25% shareholding in GPPW as at 30 June 2018.

CHEMIST WAREHOUSE TENDER WIN



- In July 2018, EBOS won the tender to act as the exclusive third party distributor of pharmaceutical products to more than 450 stores in Australia.
- EBOS expects to enter into a five-year supply agreement, to take effect from 1 July 2019, with the potential for an extension of a further 3 years.
- EBOS estimates that sales to the Chemist Warehouse Group (CWG) stores will generate approximately A\$1 billion in revenue in the first full year of the agreement.
- The increase in ethical sales volumes is estimated to increase our share of CSO funding from ~ one-third to over 40%.
- EBOS acts as CWG's wholesaler in New Zealand.



NEW BRISBANE WAREHOUSE



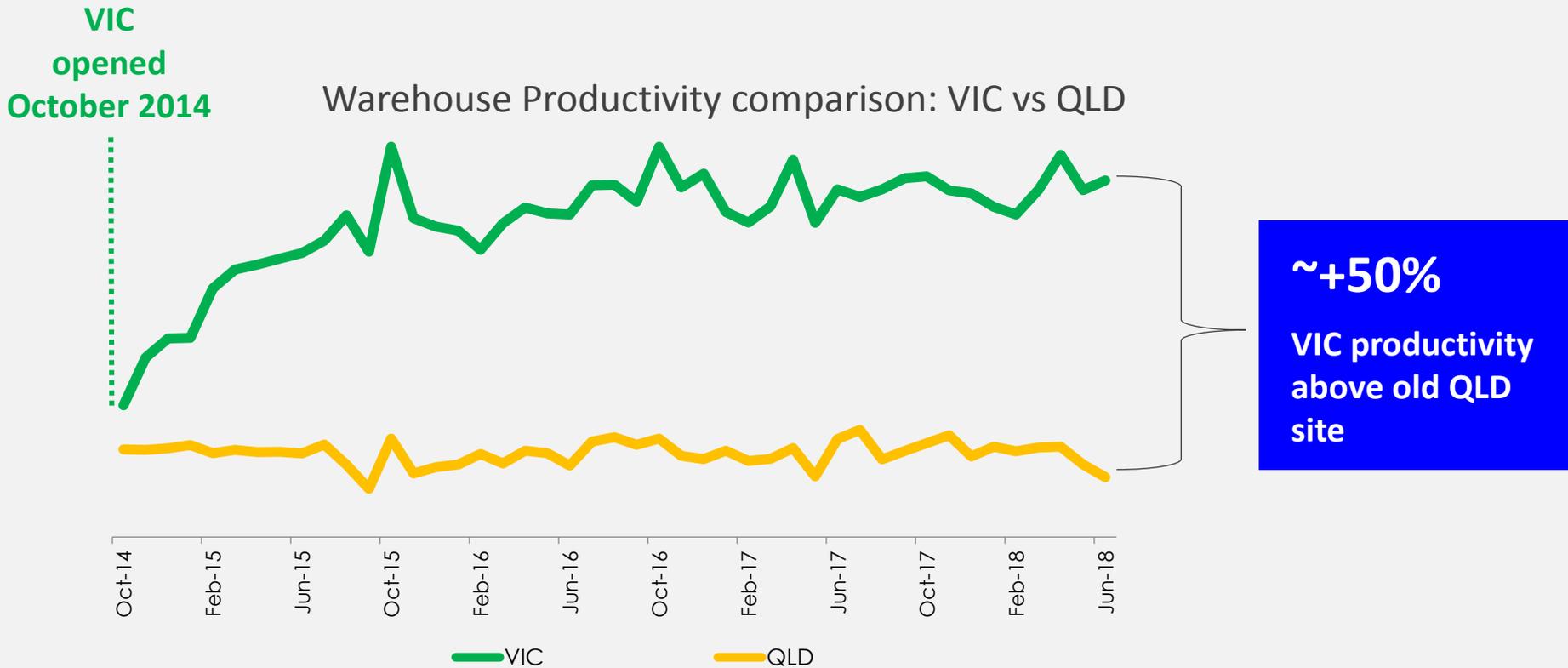
- High volume pharmaceutical facility – ~10,000m²
- World class storage and picking systems
- Highly efficient pick to person technology

PRODUCTIVITY GAINS FROM INVESTMENTS



Significant productivity and cost improvements are expected from the new Brisbane warehouse consistent with our investment in automation at Sydney and Melbourne.

Volume increases from 1 July 2019 will further improve productivity in all warehouses across Australia.



HEALTHCARE LOGISTICS



Logistics solutions to a GMP Pharmaceutical standard to Healthcare companies for their warehousing, distribution and related services in Australia and New Zealand.

Customers

- Pharmaceutical manufacturers (including generics & specialty).
- Medical consumables.
- Medical devices.
- Consumer products.

Facilities

- Auckland (x2), 16,000m².
- Sydney, 25,000m².

Services

- 3PL & 4PL healthcare distribution.
- Clinical trial logistics.
- Secondary packaging.
- Specialised programs.



AUSTRALIAN GOVERNMENT POLICIES

Proactive engagement with the Australian Government on key policies impacting wholesale distribution of medicines

Community Service Obligation

- CSO Deed expires December 2018.
- Government considering options to ensure adherence to National Medicines Policy standards.
- National Pharmaceutical Services Association continues to lobby Government.

Special Price Access

- Government seeking to reduce net funding of high cost drugs.
- Various alternatives have been scoped with the Pharmacy Guild, Medicines Australia and the NPSA.
- Model has not yet been agreed.
- Wholesalers will seek Government funding should additional costs be imposed.

HEALTHCARE STRATEGIC PRIORITIES



- Continue to drive efficiencies through cost leadership in a competitive environment.
- Bed down Chemist Warehouse.
- Grow Healthcare Logistics in Australia.
- Increase retail presence through TerryWhite Chemmart, Ventura and other management company investments.
- Pursue acquisition opportunities in the medical consumables sector.



Consumer Brands

Sean Duggan, CEO Animal Care & Consumer Brands

BUSINESS OVERVIEW



Business

ENDEAVOUR CONSUMER HEALTH

ANIMAL CARE

Key Brands and Service Offering

Products & Brands

Products & Brands



Australia Wholesale Distribution



New Zealand Retail



ANIMATES

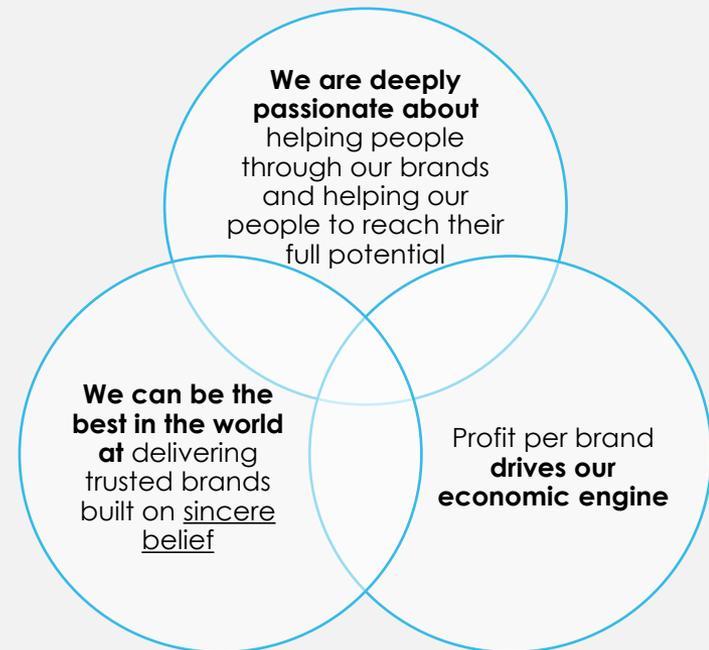
Everything for Pets



CONSUMER BRANDS ROLE WITHIN EBOS

- **Attractive earnings**
 - Higher gross margin & EBIT%
 - Higher growth potential
 - Strong ROCE
- **Diversified earnings** in a less regulated environment
- Consistent, reliable **growth**

Brands play a key role within our markets



CONSUMER BRANDS LEADERSHIP TEAM



CEO
Sean Duggan

IS/IT Manager
Australasia

Commercial Director

EGM
Endeavour Consumer
Health

EGM
EBOS Asia

EGM
Wholesale

OUR CORE COMPETENCIES

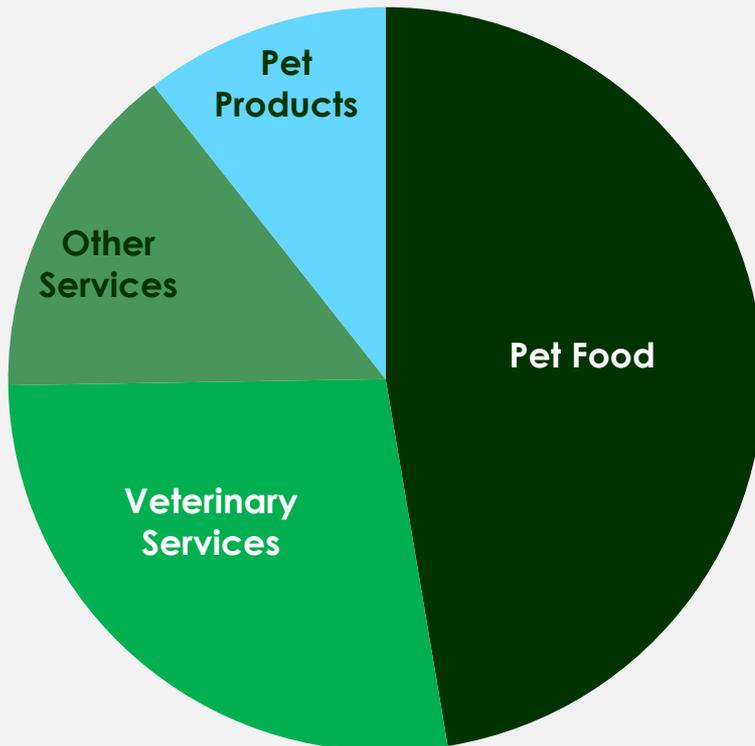
- Leading teams of engaged employees passionate about our brands & categories
- Belief based Brand building
- Supply chain & logistics, leveraged off our broader network
- Vendor management & sourcing
- Quality control and quality assurance
- Sales across FMCG & specialty environments

PET INDUSTRY – ANZ



ANZ pet sector is worth ~\$14 billion and is growing at an estimated 2% to 3% per annum¹

ANZ Pet Market by segment



- Market growth driven by trends towards:
 - humanisation of pets;
 - premiumisation of pet food and products; and
 - outsourcing of services like grooming, training and obedience and dog washing.
- Australian 5 year forecast sales growth rates per annum:
 - Pet retailers: 3.2%², with premium food growing at faster rates.
 - Online pet food and pet products: 7.8%³.
 - Veterinary services: 2.6%⁴.

CONSUMER HEALTH & WELLBEING - ANZ



The Consumer Health & Wellbeing market across Australia and NZ is significant and highly fragmented across multiple product categories

Total Consumer Health & Wellbeing markets			
Australia ¹		New Zealand ²	
\$17.4b		\$1.28b	
Grocery	Pharmacy	Grocery	Pharmacy
\$13.2b	\$4.2b	\$900m	\$383m

EBOS has focussed on developing our own brands in the following sub-categories :

Vitamins, Minerals & Supplements ³	\$4.9b	\$262m
Toothpaste ⁴	\$273m (total) \$7m (natural)	\$80m (total) \$7.3m (natural)
Specialty Tea ⁴	\$104m	\$32m
Liniments ⁴	\$84m	\$17m
OTC Medicines ⁵	\$2.5b	

EBOS brands



1 Management estimate from extrapolation of data from IBIS World reports -Supermarkets & Grocery in Australia (Oct-18) & Pharmacies in Australia Industry Report (Sep-18).

2 NZ data from IRI market data , 3 AU Data from CMA Annual Report 2018, NZ based on IRI market data , 4 Management estimates based Neilsen and Aztec scan data ,

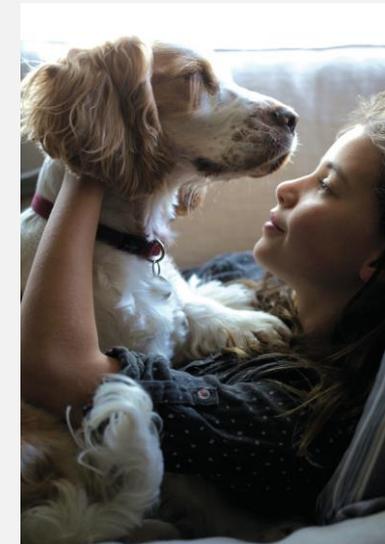
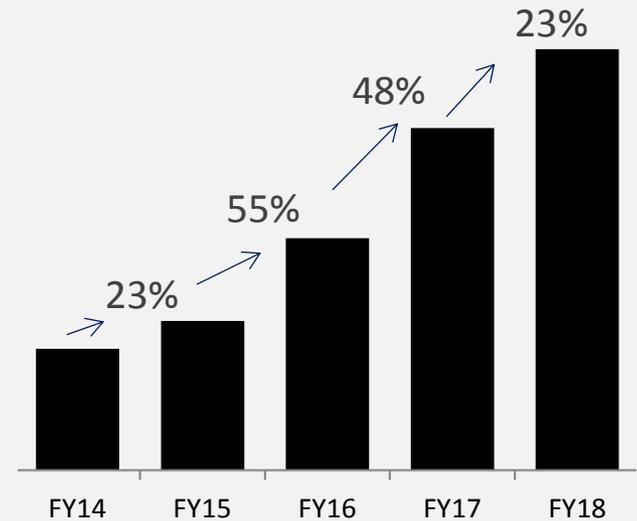
5 Management estimate based on IBIS World Report - Pharmacies in Australia Industry Report (Sep-18)

BLACK HAWK GROWTH



- Australia's fastest growing premium pet food brand over the last four years, now with a leading position in the pet specialty retail channel.
 - Range & brand extension
 - Investment in marketing driving increased brand awareness and retail support.
- In July 2017, Black Hawk was launched in the New Zealand market and has exceeded our expectations.
- Growing presence in Asian markets.

Black Hawk Sales (pre and post acquisition)

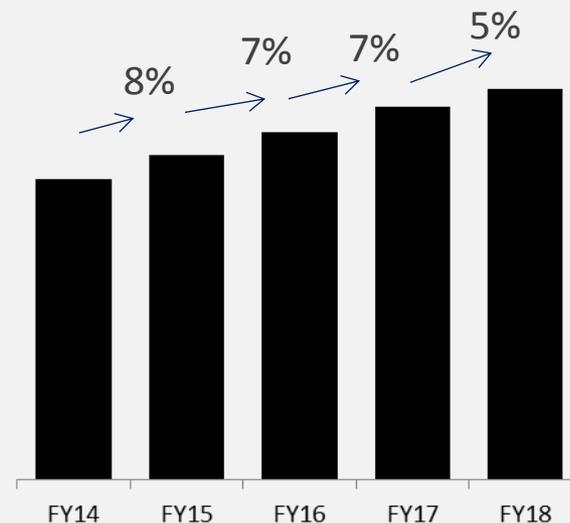


VITAPET – CONSISTENT GROWTH

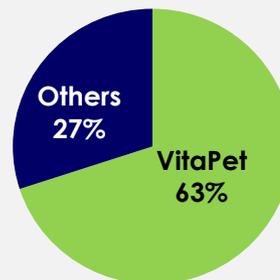


- Vitapet has an extensive range of pet treats in both Grocery and Pet Specialty
- Vitapet has built very strong market positions in both Australia and New Zealand due to:
 - an extensive and growing product range
 - products having quality ingredients that are loved by pets; and
 - the humanisation of pets driving premiumisation and an increased spend per pet.

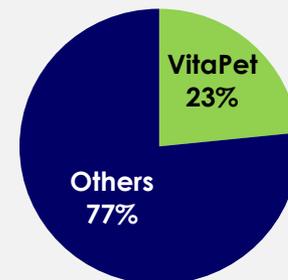
Vitapet sales growth last 5 Years



Vitapet NZ Grocery market share¹



Vitapet AU Grocery market share¹

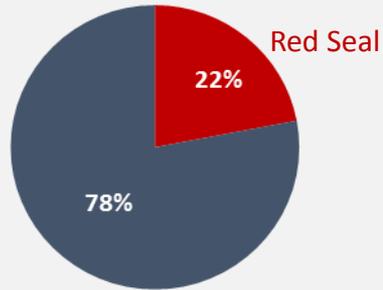


¹ MAT Data - Aztec Scan data period ended 14/10/18

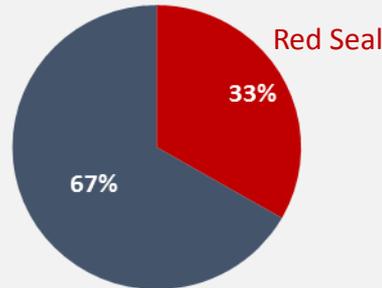
RED SEAL IN NEW ZEALAND

Strong market share in New Zealand supermarkets across key categories ¹

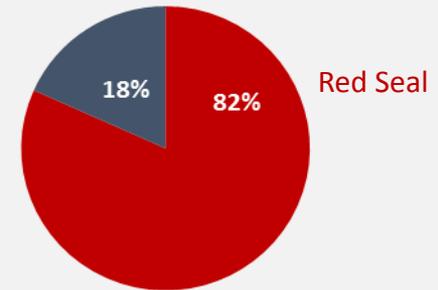
Vitamins - Grocery



Specialty Teas - Grocery



Natural Toothpaste - Grocery



¹ Data based on IRI scanned sales market share data Aug-18.

ASIA – CONSUMER BRANDS OPPORTUNITY

- Asia, especially China, wants brands that are trusted and successful in our own home markets
- The important role of brands in our categories are just as relevant in Asia
- Viewed as an important ‘third leg’ of growth for EBOS

Our Asian strategy:

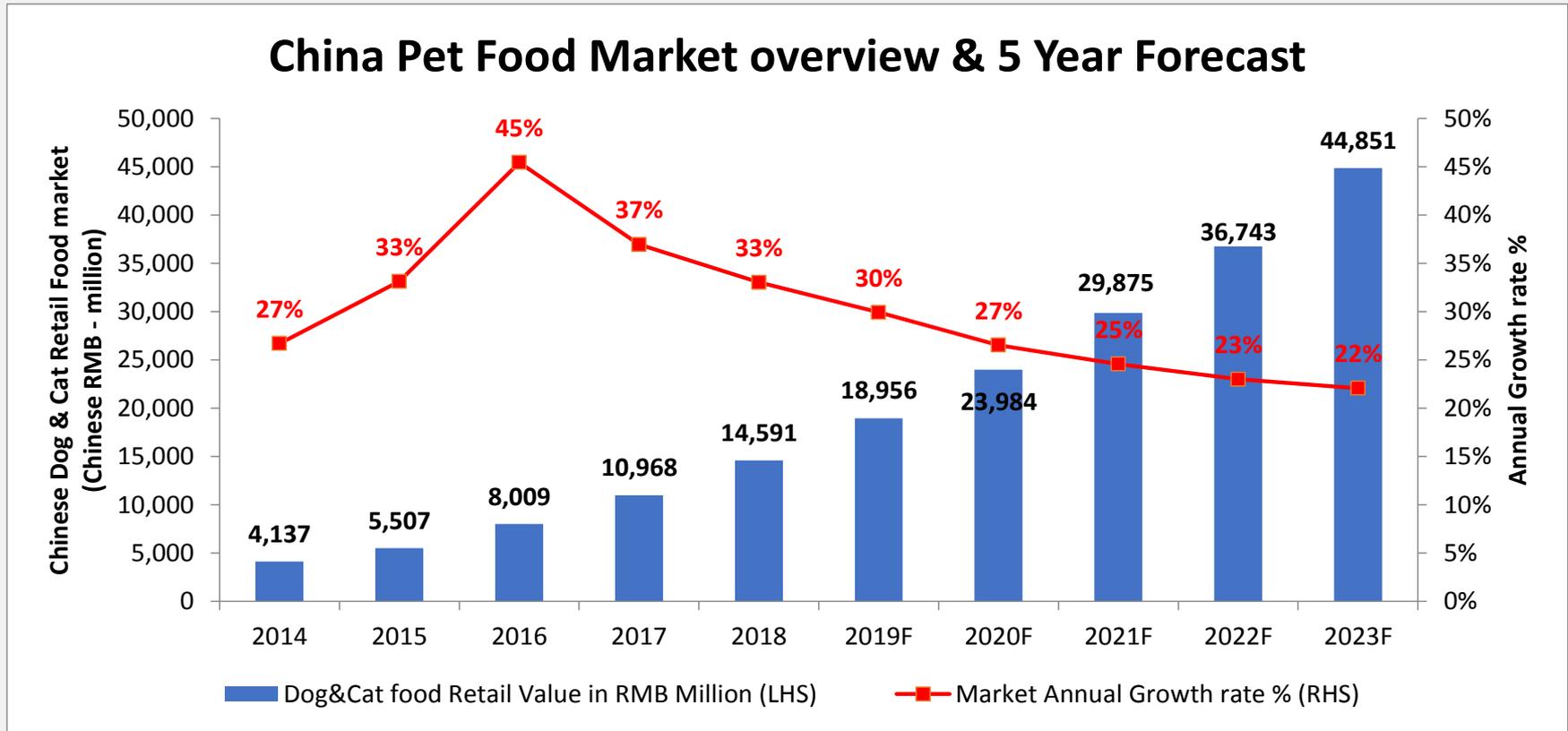
- Tailored for each brand and market
- Establish a physical presence in China
 - Speed up responsiveness to market needs
 - Localise offering & execution



CHINA'S PET FOOD MARKET

A growing export opportunity

- China's Pet Food market is growing at >30% pa.
- Households owning a pet in China is ~5% vs Australia & NZ ~60%



Source: Euromonitor International Pet Care in China May 2018

SUMMARY - CONSUMER BRANDS

Our role within the wider EBOS group is to deliver **enduring profitable growth**

Future opportunities are strong:

- Build out existing brands & markets
- Continued Asian expansion
- Acquire new 'seed' brands to take advantage of our existing infrastructure



Financial Overview

Shaun Hughes, EBOS Group CFO

CAPITAL ALLOCATION



Proven record in delivering superior returns from investment in existing businesses whilst leveraging financial strength & cash flow generation to invest in adjacent & new opportunities

1

Portfolio of strong Trans-tasman businesses with good momentum and cash generation

- Opportunities to invest & drive continued growth in existing portfolio of businesses with leading market positions
- Capital & resources available to support divisional strategy & execution
- Good balance between Divisional autonomy and Corporate support

2

Leveraging financial strength to invest in adjacent & new business opportunities

- Established capabilities to evaluate & execute M&A opportunities for long-term growth
- Framework to encourage new business initiatives and leverage existing assets

symbion

red seal®

BlackHawk
Every ingredient matters

TerryWhite
Chemmart.

HPS

Warner & Webster

Strict criteria & financial discipline applied to all investment decisions

Strong commercial capabilities across Corporate office & divisions

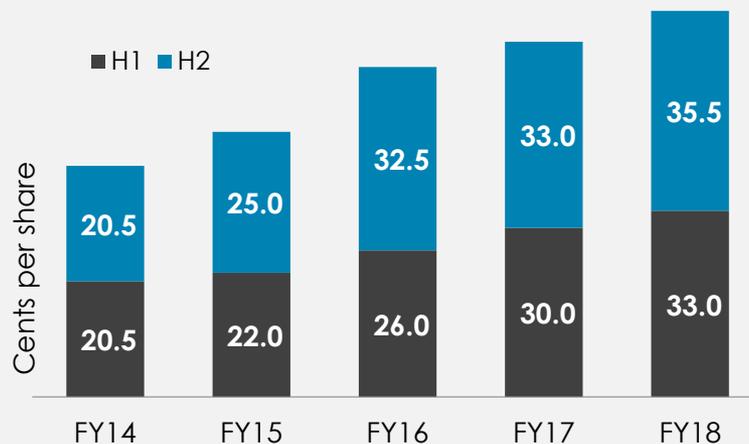
SHAREHOLDER DISTRIBUTIONS



Delivering long-term returns to shareholders

- We believe we have the right balance between shareholder distributions and retaining sufficient funds for further investment.
- Target dividend pay-out ratio is between 60-70% of Net Profit After Tax (NPAT).
- Dividends are 100% franked for Australian resident shareholders.

Dividends Per Share (NZ\$ cents)



Underlying Earnings Per Share (NZ\$ cents)



BALANCE SHEET & DEBT MANAGEMENT



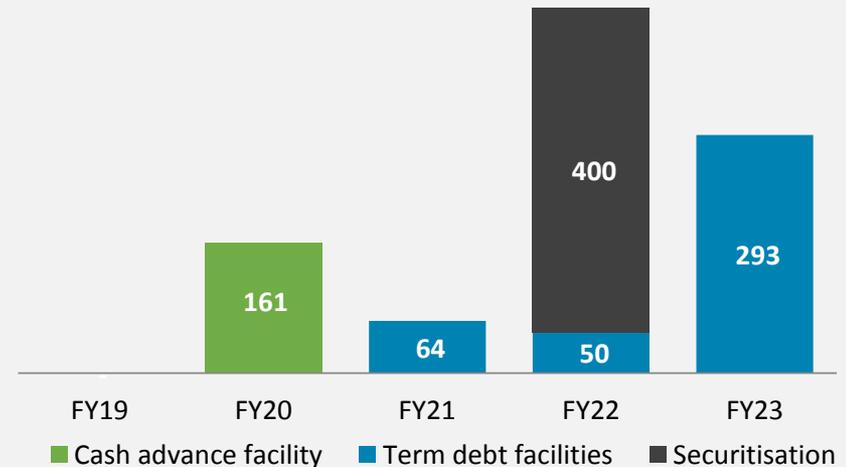
Strong balance sheet

- Average maturity of term debt & securitisation facilities of 3.4 years at 30 June 2018.
- Focus on maintaining ROCE above 15.0%.

Net Financial debt of NZ\$471m (A\$432m) at 30 June 2018 (Gearing 1.74x)

- Recent acquisition of Warner & Webster and Terry White investment will modestly increase gearing in 1H FY19.
- Inventory build expected to start Q4 FY19 (in relation to CWG) of approximately \$100m.

Debt Maturity Profile – current facility limits (A\$m)



Return on Capital Employed

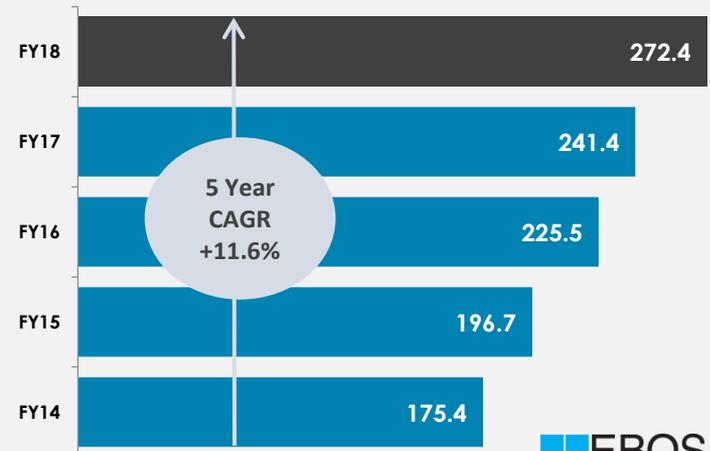


FINANCIAL AND CAPITAL CONSIDERATIONS



- Focus on maintaining our:
 - Industry leading cash conversion cycle (Cash conversion days: 15 at Jun-18).
 - Strong credit disciplines balance sales and credit risk.
 - Disciplined capital allocation approach.
 - Strong balance sheet with capacity for acquisition opportunities.
 - ROCE >15%.
- Acquisition and internal investments to be earnings accretive and deliver acceptable returns on capital employed.
- Deliver returns to shareholders.

5 Year Underlying EBITDA (NZ\$m)





Positioned for Future Growth

John Cullity, EBOS Group CEO

STRATEGIC FOCUS AREAS FOR GROWTH



- Continue to execute on both organic growth and strategic value accretive acquisitions.
- Leverage our position as the lowest cost wholesaler / distributor.
- Expand our presence in community pharmacy.
- Build and acquire brands that consumers value.
- Expand our brands into Asian markets.



Site Tour – New Brisbane Facility OHS
Bus departing at 11.15am, returning to the Stamford
at 1.00pm.