EBOS GROUP LIMITED

INVESTOR PRESENTATION

INTERIM FINANCIAL RESULTS

Half Year ended 31 December 2018

20 February 2019

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This presentation contains a number of non-GAAP financial measures, including Gross Profit, Gross Operating Revenue, EBIT, EBITA, EBITDA, Underlying EBITDA, NPAT, Underlying NPAT, Underlying Earnings per Share, Free Cash Flow, Interest cover, Net Debt and Return on Capital Employed. Because they are not defined by GAAP or IFRS, EBOS' calculation of these measures may differ from similarly titled measures presented by other companies and they should not be considered in isolation from, or construed as an alternative to, other financial measures determined in accordance with GAAP. Although EBOS believes they provide useful information in measuring the financial performance and condition of EBOS' business, readers are cautioned not to place undue reliance on these non-GAAP financial measures.

The information contained in this presentation should be considered in conjunction with the consolidated financial statements for the period ended 31 December 2018.

All currency amounts are in Australian dollars unless stated otherwise.

Group Financial Results

H1 FY19 SUMMARY RESULTS[1]

Revenue

A$3.5b

-2.7%

Underlying EBITDA[2]

A$131.4m

+4.0%

Underlying NPAT[2]

A$72.7m

+4.0%

ROCE

16.1%

-0.2% on FY18
-0.8% on H1 FY18

Underlying EPS[2]

47.8c (A$)

+4.0%

Dividends per share

34.5c (NZ$)

+4.5%

Note 1: All currency amounts are in Australian dollars except for Dividends per share.
Note 2: Excludes one-off items for transaction costs incurred on M&A, warehouse transition and restructuring costs, net of gains on sale from disposal of a surplus property. Refer to page 23 for further information.

STRATEGIC HIGHLIGHTS

Investments and New Business

Acquisitions of $92.5m made in H1 FY18

- Acquisition of all the minority shares in TerryWhite Group Ltd for $46.7m in December 2018.
- Expansion of EBOS Healthcare's Australian business via the acquisition of Warner & Webster ("W&W") for $32.0m. W&W is a medical and surgical supplies wholesaler with operations in Victoria and South Australia.
- Expansion of Animal care's Australian vet wholesaling business via the acquisition of Therapon for $5.7m. Therapon is a veterinary distribution business with operations predominantly in Melbourne.
- Expansion of our Endeavour Consumer products business via the acquisition of the Quitnits head lice brand in December 2018.

Chemist Warehouse Group ('CWG') Contract Signed

- Chemist Warehouse Group ('CWG') contract was executed in October 2018. This five year supply agreement will take effect from 1 July 2019, with the potential for a further 3 year expansion.
- EBOS estimates that sales to the CWG stores will generate approximately A$1 billion in revenue in FY20.

Infrastructure

Opening of two new major facilities in Australia

- Brisbane - new highly automated wholesale distribution centre opened October 2018.
- Sydney - new 25,000m^2 Contract Logistics facility opened June 2018.

New Brisbane wholesale distribution facility

H1 FY19 FINANCIAL PERFORMANCE

A$m	H1 FY19 Statutory	H1 FY19 Underlying[2]	H1 FY18	Underlying Var$	Underlying Var%
Revenue	3,496.5	3,496.5	3,595.2	(98.7)	(2.7%)
Gross Operating Revenue	404.8	404.8	396.5	8.3	2.1%
EBITDA	122.6	131.4	126.3	5.1	4.0%
EBIT	107.3	116.1	110.5	5.6	5.1%
Net Finance Costs	12.4	12.4	9.8	(2.6)	(26.2%)
Profit Before Tax	95.0	103.8	100.7	3.0	3.0%
Net Profit After Tax [1]	**67.0**	**72.7**	**69.9**	**2.8**	**4.0%**
Earnings per share - cps	44.1c	47.8c	46.0c	1.8c	4.0%
Net Debt	552.1	552.1	407.0		
Net Debt : EBITDA		2.16x	1.73x		

- Revenue decrease of 2.7% was driven by lower hepatitis C medicine sales and the impacts of PBS reforms in Australia (combined impact -$251m).
- Revenue excluding hepatitis C medicine sales and the impacts of PBS reforms grew by $153m or 4.6%.
- Underlying EBITDA increase of $5.1m or 4.0%:
  - Healthcare up 3.0%.
  - Animal Care up 9.6%.
- Net Finance costs increase of $2.6m due to higher net debt associated with new acquisitions and base interest rate increases.
- Underlying NPAT and EPS increases of 4.0%.

Note 1: Net profit after tax and non-controlling interests.
Note 2: Excludes one-off items for transaction costs incurred on M&A, warehouse transition and restructuring costs, net of gains on sale from disposal of a surplus property. Refer to page 23 for further information.

Healthcare Results

EBOS GROUP LIMITED

HEALTHCARE SEGMENT

Solid underlying trading performance across Australia and New Zealand

A$m	H1 FY19	H1 FY18	Var$	Var%
Revenue	3,304.2	3,405.7	(101.5)	(3.0%)
Underlying EBITDA[1]	112.7	109.4	3.3	3.0%
Underlying EBITDA%	3.41%	3.21%		
Australia				
Revenue	2,545.3	2,705.8	(160.5)	(5.9%)
Underlying EBITDA[1]	91.0	88.4	2.6	3.0%
Underlying EBITDA%	3.58%	3.27%		
New Zealand				
Revenue	758.9	699.9	59.0	8.4%
Underlying EBITDA[1]	21.7	21.0	0.6	2.9%
Underlying EBITDA%	2.85%	3.01%		

Underlying EBITDA increase of $3.3m or 3.0%:

- Australia up 3.0% from growth in Retail Pharmacy, Institutional Healthcare and Contract Logistics, partially offset by a subdued Wholesale Pharmacy performance.
- New Zealand up 2.9% primarily driven from strong revenue growth in our Endeavour consumer products business, partially offset by cost increases in labour and freight.

Revenue decrease of $101.5m or 3.0%:

- Australia down 5.9% (or up 3.8% excluding hepatitis C medicine sales and PBS price reforms).
- H1 FY19 revenue for hepatitis C revenue was $157m lower than last year and the impact of the Australian Government's PBS price reforms was $94m.
- New Zealand revenue up 8.4%, with strong growth from all business units.

Note 1: Excludes one-off items for transaction costs incurred on M&A, warehouse transition and restructuring costs, net of gains on sale from disposal of a surplus property. Refer to page 23 for further information.

COMMUNITY PHARMACY

- Total Pharmacy Revenue declined by $126m or 6.3%, attributable to lower hepatitis C medicine sales (-$78m) and PBS reforms (-$83m).
- Revenue growth (excluding hepatitis C and PBS reforms) was 1.8%.
- GOR decreased by 1.3%, primarily due to lower hepatitis C medicine and OTC sales, PBS price reforms and general market dynamics.
- First half saw further gains in productivity and cost saving initiatives. The new Brisbane facility is achieving initial productivity gains in line with internal expectations. Full operational benefits from this site are expected from FY20.
- Trading with Chemist Warehouse commences from 1 July 2019.

A$m	H1 FY19	H1 FY18	Var$	Var%
Revenue	1,892.2	2,018.6	(126.4)	(6.3%)
GOR	190.6	193.1	(2.5)	(1.3%)
GOR%	10.07%	9.56%		

New Brisbane wholesale distribution facility

INSTITUTIONAL HEALTHCARE

- First half revenue and GOR growth was impacted by reduced hepatitis C sales ($79m) and PBS reforms ($11m), partly offset by the contribution from Warner & Webster ('W&W').
- Underlying revenue growth (excluding hepatitis C and W&W) was strong at +7.2%.
- Strong GOR growth achieved from Symbion Hospitals (excluding hepatitis C), Onelink (ANZ) and Zest.
- HPS continues to perform well with solid first half revenue growth to last year of 3.0%.
- Acquired Warner & Webster, a medical and surgical supplies wholesaler with operations in Victoria and South Australia.

A$m	H1 FY19	H1 FY18	Var$	Var%
Revenue	1,154.9	1,148.2	6.6	0.6%
GOR	102.9	98.5	4.4	4.4%
GOR%	8.91%	8.58%		

CONTRACT LOGISTICS

HEALTHCARE LOGISTICS

- The Group expanded its Contract Logistics business in Australia with the opening of a new 25,000m² facility in Sydney (NSW) in June 2018.
- The NZ business also expanded operations by leasing an additional site in Auckland to support future growth.
- First half GOR growth achieved in both New Zealand and Australia from key principals.
- Both businesses are active in business development to drive continued future growth and profitability.

A$m	H1 FY19	H1 FY18	Var$	Var%
Revenue	234.8	217.0	17.8	8.2%
GOR	31.2	29.5	1.7	5.8%

Note: GOR % not relevant as sales activity is predominantly done on consignment.

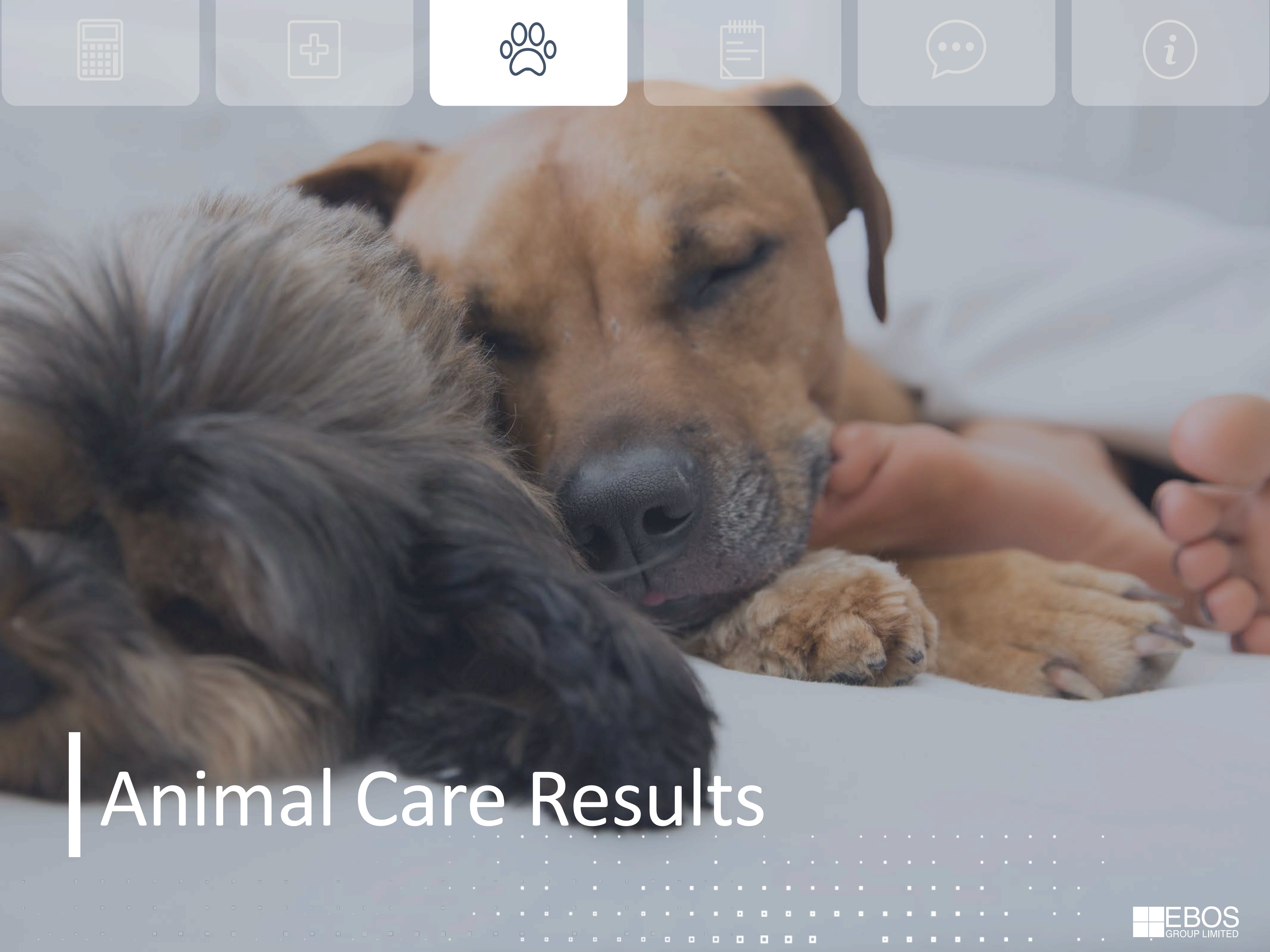
Photos of the new Sydney Contract Logistics facility.

CONSUMER PRODUCTS

Endeavour
CONSUMER HEALTH

- Revenue and GOR improvements are driven by strong Red Seal sales (both domestic and international markets) and the addition of Gran's Remedy.
- We have increased our investment in marketing and advertising in the first half to drive Red Seal's growth into the Australian grocery channel.
- The Endeavour brand portfolio has expanded via the recent acquisition of Quitnits, the leading brand in Australian grocery for treatment of head lice.

A$m	H1 FY19	H1 FY18	Var$	Var%
Revenue	59.6	54.4	5.2	9.6%
GOR	23.2	20.4	2.8	13.5%
GOR%	38.90%	37.57%		



Animal Care Results

ANIMAL CARE SEGMENT

Strong EBITDA performance reflecting continued growth in our key brands

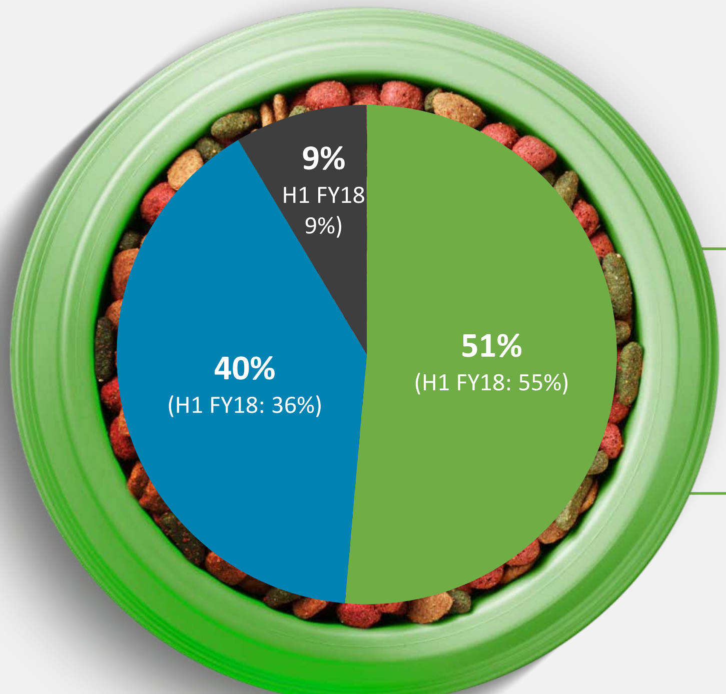
A$m	H1 FY19	H1 FY18	Var$	Var%
Revenue	192.3	189.6	2.7	1.4%
EBITDA	24.3	22.2	2.1	9.6%
EBITDA%	12.65%	11.70%		

EBITDA increase of $2.1m or 9.6%:

- Earnings improvement is primarily from Black Hawk sales revenue growth of 23%.

Sales increase of $2.7m or 1.4%:

- Total revenue growth impacted by a decline in Lyppard sales due to one manufacturer by-passing the wholesale channel and supplying direct into veterinary clinics.



REVENUE MIX BY CATEGORY

- Wholesale (Lyppard)
- EBOS brands (Black Hawk and Vitapet)
- Other products

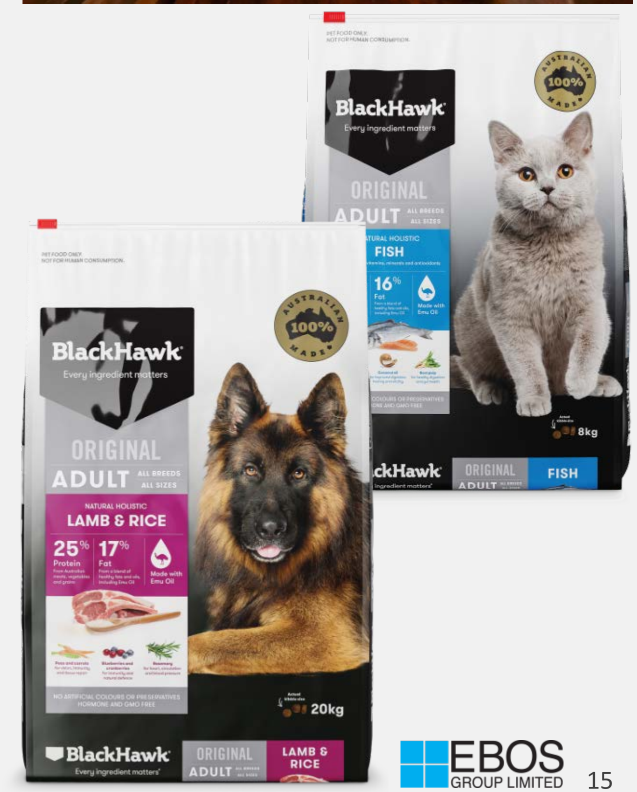
ANIMAL CARE SEGMENT

Black Hawk continues to perform strongly

- Black Hawk sales grew 23% (following Australian growth of 26% in H1 FY18 and 48% in H1 FY17). Continued growth well above market due to:
  - ❑ Continued investment in marketing driving increased brand awareness and strong retail support.
  - ❑ Maintaining the price value proposition against other premium foods.
  - ❑ Continued strong momentum in NZ following the brands introduction to that market in July 2017.

Acquisition of Therapon

- Acquired Therapon in November 2018, a veterinary wholesale business with operations based in Victoria which will be integrated into Lyppard.

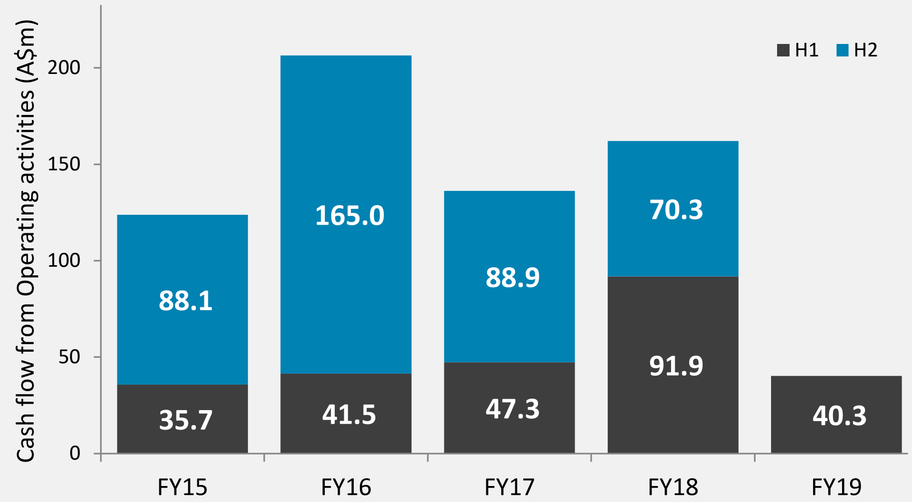


Group Financial Information & Outlook

CASH FLOW

A$m	H1 FY19	H1 FY18	Var$
EBITDA	**122.6**	**126.3**	**(3.7)**
Net interest paid	(12.4)	(9.8)	(2.6)
Tax paid	(25.7)	(28.0)	2.3
Net working capital and other movements	(44.3)	3.4	(47.7)
Cash from Operating activities	**40.3**	**91.9**	**(51.7)**
Capital expenditure (net)	(16.9)	(28.7)	11.8
Free Cash Flow	**23.3**	**63.2**	**(39.9)**
Acquisition of subsidiaries and investments	(92.5)	(11.8)	(80.7)
Dividends paid	(50.1)	(44.9)	(5.2)
Net Cash Flow	**(119.3)**	**6.4**	**(125.7)**
FX impact on net debt	(0.3)	(0.1)	(0.1)
Reduction/(Increase) in Net Debt	**(119.6)**	**6.3**	**(125.9)**

Cash Flow from Operating Activities – half year



- Operating cash flow of $40.3m reflecting seasonality and a further unwinding of the Hepatitis C working capital benefit.
- H1 FY19 Capex spend comprises primarily of the new warehouse facilities in Sydney and Brisbane.
- Acquisition of $92.5m in H1 FY19 includes the Group's acquisitions of TerryWhite Group, Warner & Webster, Therapon and Quitnits.

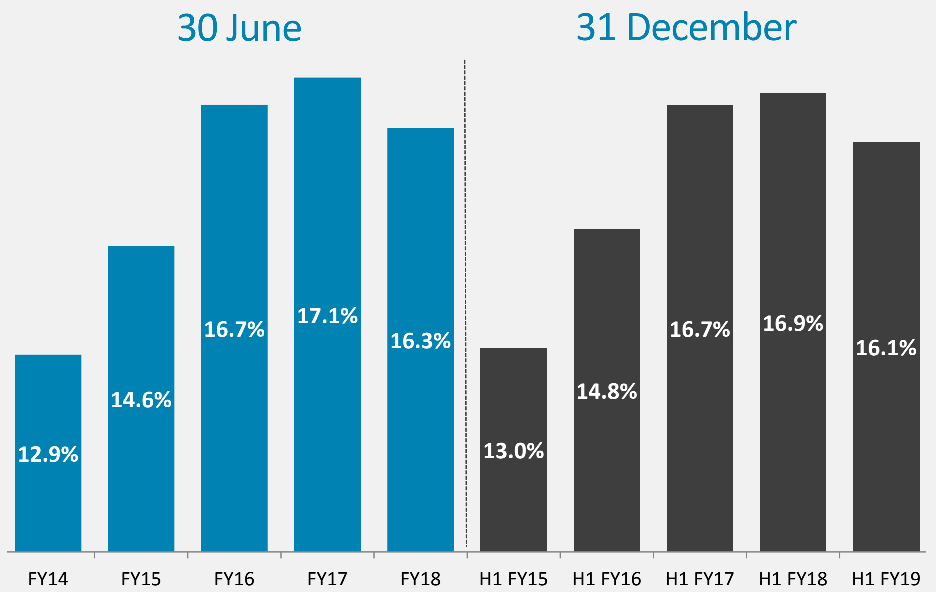
WORKING CAPITAL AND ROCE

Working Capital

A$m	Dec 2018	June 2018
Net Working Capital		
Trade receivables	874.4	892.2
Inventory	564.6	535.1
Trade payables/other	(1,156.2)	(1,196.4)
Total	**282.8**	**230.8**
Cash conversion days[1]		
Debtor days	43	41
Inventory days	34	32
Creditor days	59	58
Cash conversion days	**18**	**15**

- Working capital management discipline is a key focus of the Group and maintaining the industry leading cash conversion cycle of 18 days is reflective of this.

Return on Capital Employed[2]

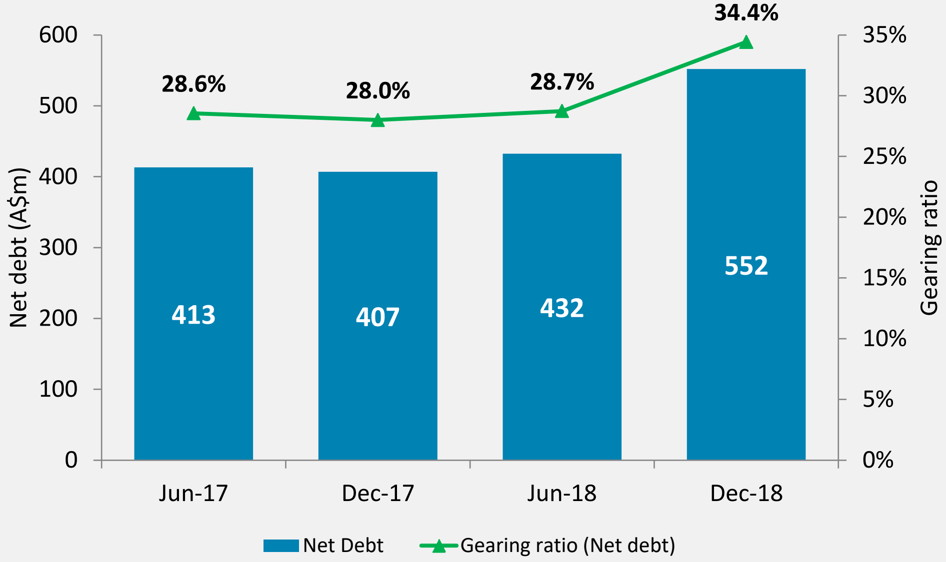


- Return on Capital Employed of 16.1% at December 2018, lower than June 2018 (-0.2%) due to a higher investment in net working capital.

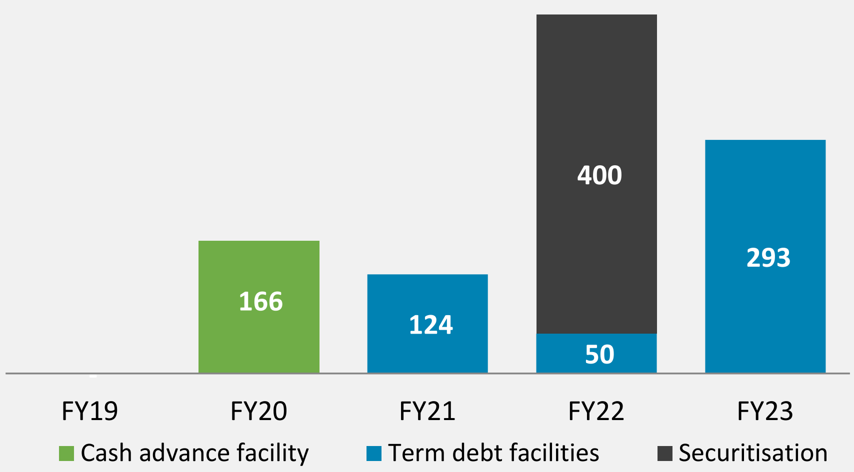
Note 1: Cash conversion days are adjusted for the Group's 3PL debtors and creditors arising from its hepatitis C business.
Note 2: Prior period ROCE figures have been updated from previous results presentations due to the change in presentational currency to AUD.

NET DEBT, GEARING AND MATURITY PROFILE

Net Debt and Gearing



Debt Maturity Profile – facility limits (A$m)

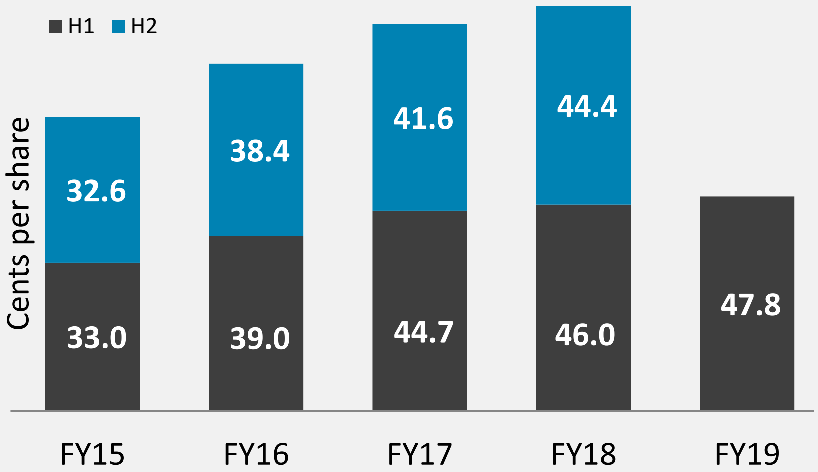


- Net Debt of $552m at December 2018, an increase of $120m from June 2018 due to acquisitions and investments ($93m) and dividends ($50m), partly offset by the Operating cash flow after Capex ($23m).
- Net Debt : EBITDA of 2.16x at December 2018 (1.74x at June 2018).

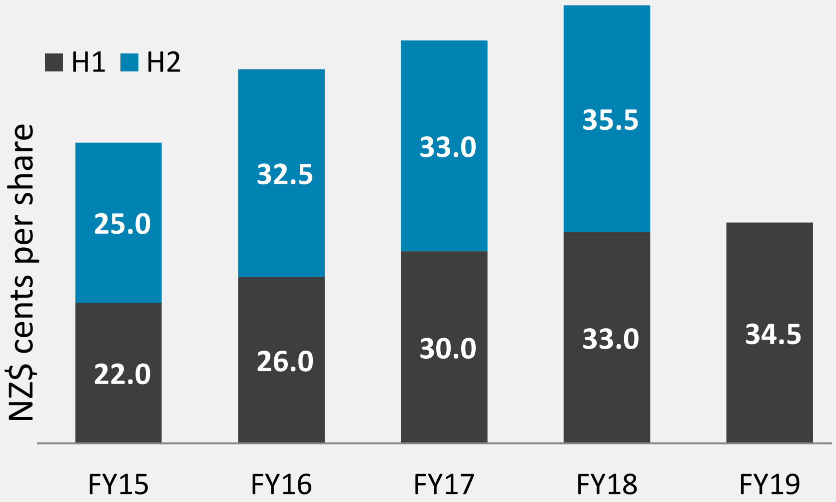
- At 31 December 2018, the weighted average maturity of our combined term debt and securitisation facilities is 2.9 years.

EARNINGS AND DIVIDENDS PER SHARE

Underlying Earnings Per Share (A$ cents)



Dividends Per Share (NZ$ cents)



- Underlying EPS growth of 4.0% in H1 FY19, a 9.7% CAGR from H1 FY15.
- Interim dividend of 34.5 cents (imputed to 25% and franked to 100% for Australian resident shareholders).
- Dividend payout ratio of 67%.
- The Group’s Dividend Reinvestment Plan (DRP) will be reinstated for the upcoming interim dividend. Shareholders can elect to take shares in lieu of a cash dividend at a discount of 2.5% to the volume weighted average price (VWAP).

OUTLOOK

- EBOS Group has recorded a positive start for the first half of the financial year, with strong growth in Animal Care and subdued growth in Healthcare attributable to the general market environment and the impact of PBS reforms.
- On the basis of our current trading performance, we expect the Group to generate full year underlying earnings growth in FY19 with further growth forecast into FY20 as we commence servicing the Chemist Warehouse contract volumes.

Supporting Information

RECONCILIATION OF STATUTORY AND UNDERLYING RESULTS

	H1 FY19		H1 FY18	
A$m	EBITDA	NPAT	EBITDA	NPAT
Statutory result	**122.6**	**67.0**	**126.3**	**69.9**
Deduct				
Profit on sale of surplus property	(2.9)	(2.4)	-	-
Add back				
Transition costs for major new warehouses and Restructuring costs	6.9	4.7	-	-
Transaction costs incurred on M&A	4.9	3.3	-	-
Net of One-off items	8.8	5.6	-	-
Underlying result [1]	**131.4**	**72.7**	**126.3**	**69.9**

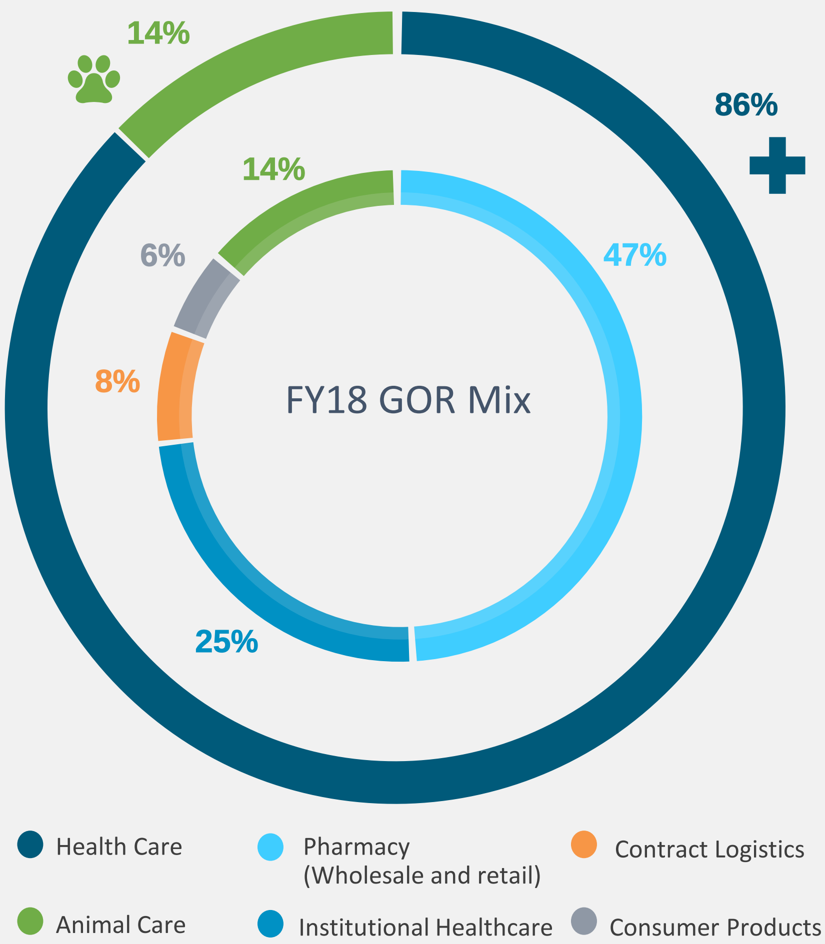
Note 1: Underlying EBITDA and Underlying Net Profit After Tax (attributable to the owners of the company) are both Non-GAAP measures which adjust for the effects of one-off items.

SEGMENT EARNINGS AND GOR MIX

EBITDA by segment

A$m	H1 FY19	H1 FY18	Var$	Var%
Underlying EBITDA				
Healthcare	112.7	109.4	3.3	3.0%
Animal Care	24.3	22.2	2.1	9.6%
Corporate	(5.6)	(5.3)	(0.3)	(5.6%)
Group	**131.4**	**126.3**	**5.1**	**4.0%**
Statutory EBITDA				
Healthcare	104.3	109.4	(5.1)	(4.7%)
Animal Care	24.3	22.2	2.1	9.6%
Corporate	(6.0)	(5.3)	(0.7)	(13.3%)
Group	**122.6**	**126.3**	**(3.7)**	**(2.9%)**
One-off items				
Healthcare	(8.4)	-	(8.4)	
Animal Care	-	-	-	
Corporate	(0.4)	-	(0.4)	
Group	**(8.8)**	**-**	**(8.8)**	

Gross Operating Revenue (GOR) FY18



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 over 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

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 Australian dollars at the applicable actual monthly exchange rates ruling in each period.
Debtor days	Trade debtors at the end of period divided by Revenue for the period, multiplied by number of days in the period.
Inventory days	Inventory at the end of period divided by Cost of Sales for the period, multiplied by number of days in the 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.
Constant FX/currency	Calculated by translating the prior period results into Australian dollars at the actual monthly exchange rates applicable in the current period.
Revenue	Revenue from the sale of goods and the rendering of services.
Gross Operating Revenue (GOR)	Revenue less cost of sales and the write-down of inventory.
EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
Underlying EBITDA	Earnings before interest, tax, depreciation, amortisation and before one-off items.
NPAT	Net Profit After Tax attributable to the owners of the company.
Underlying NPAT	Net Profit After Tax attributable to the owners of the company and before one-off items.
One-off items	The net of material transaction costs incurred on acquisitions, transition costs for major new warehouses, restructuring costs and a gain on sale of surplus property.
Free Cash Flow	Cash from operations less capital expenditure net of proceeds from disposals.
Earnings per share (EPS)	Net Profit after tax divided by the weighted average number of shares on issue during the period in accordance with IAS 33 ‘Earnings per share’.
Underlying EPS	NPAT excluding one-off items, divided by the weighted average number of shares on issue during the period.
Net Debt : EBITDA	Ratio of net debt at period end to the last 12 months EBITDA, adjusting for pre acquisition earnings of acquisitions for the period and excluding one-off items.
Return on Capital Employed (ROCE)	Measured as underlying earnings before interest, tax and amortisation of finite life intangibles for 12 months divided by closing capital employed (including a pro-rata adjustment for entities acquired and excluding amounts for significant capital projects yet to complete and strategic investments).

EBOS
GROUP LIMITED

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