

**4 May 2022**

**NZX/ASX Code: EBO**

## **Macquarie Australia Conference Presentation**

Please see attached a copy of a presentation to be delivered at the Macquarie Australia Conference today.

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**Authorised for lodgement with NZX and ASX by Janelle Cain, General Counsel, EBOS Group Limited.**

### **About EBOS Group**

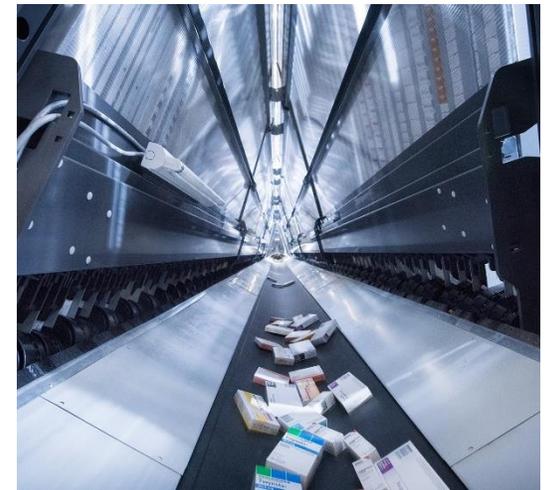
EBOS Group Limited NZBN 9429031998840 (NZX/ASX Code: EBO) is the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products. It is also a leading Australasian animal care brand owner, product marketer and distributor.



# INVESTOR PRESENTATION

MACQUARIE AUSTRALIA  
CONFERENCE

4 May 2022



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The information contained in this presentation should be considered in conjunction with the consolidated financial statements for the year ended 30 June 2021 and the consolidated financial statements for the half year ended 31 December 2021.

**All currency amounts are in Australian dollars unless stated otherwise.**

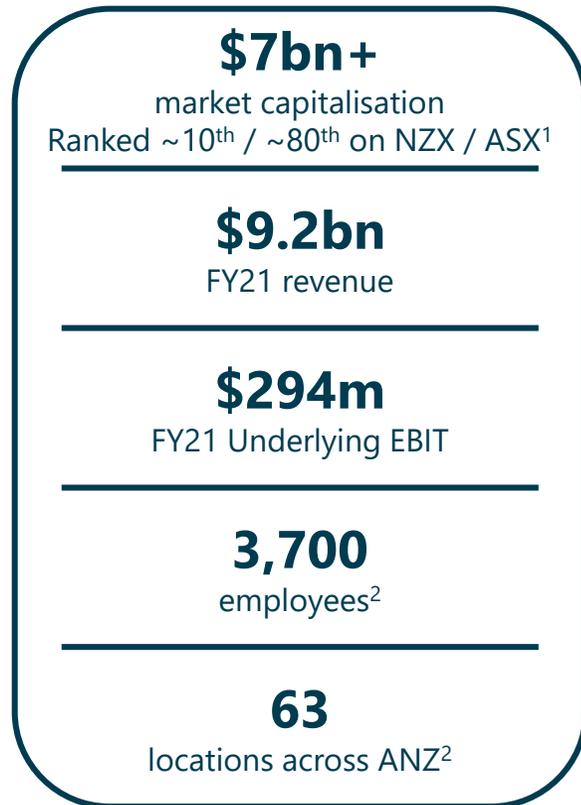
**All amounts are presented inclusive of IFRS16 Leases, except for periods FY19 and prior, unless stated otherwise.**

**Underlying results exclude the impact of one-off items.**

# EBOS SNAPSHOT

EBOS Group is a leading diversified Healthcare and Animal Care group

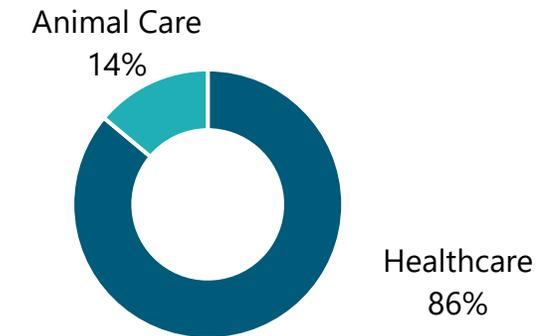
## Snapshot:



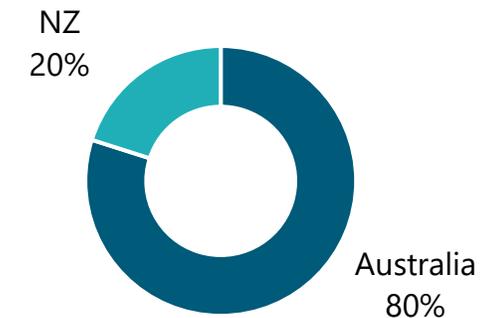
## Businesses:



## Segments<sup>3</sup>:

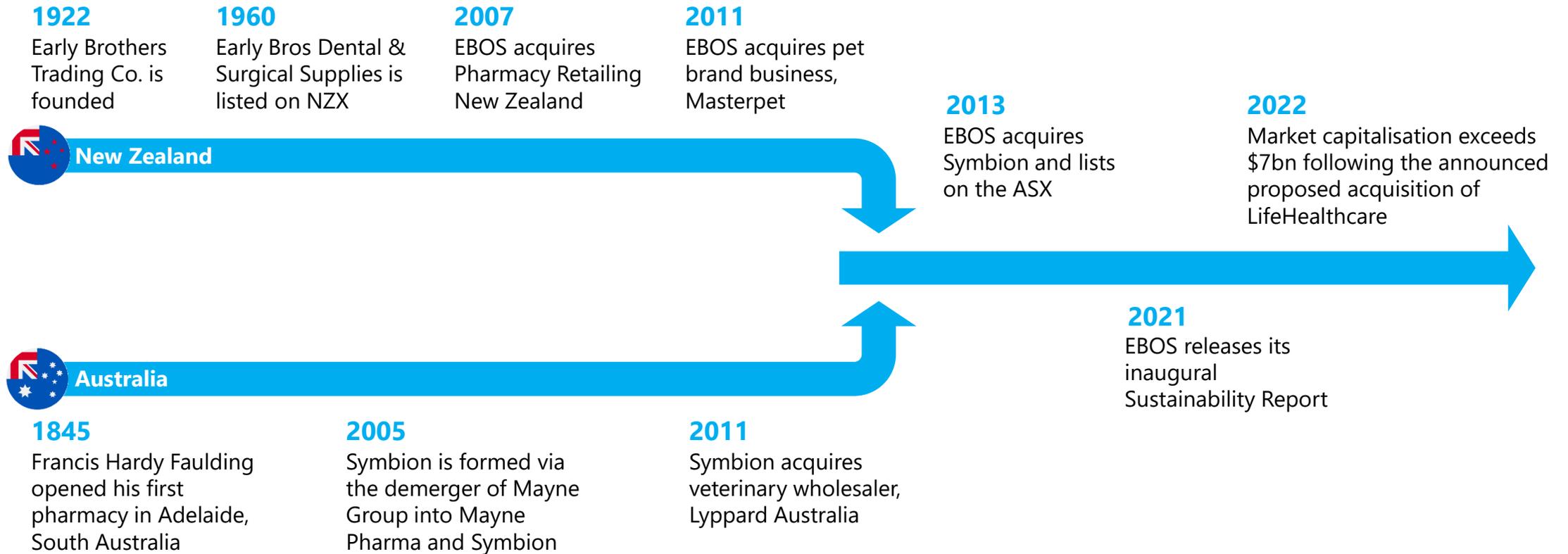


## Geographies<sup>3</sup>:



# OUR TRANS-TASMAN HISTORY

**EBOS' history stretches back 100 years in New Zealand and 175+ years in Australia**



# INVESTMENT THEMES

**EBOS has had a strong track record of growth, yield and shareholder returns**



**Defensive growth sectors**



**Scale and leading positions**



**Diversified group**



**Proven value creation strategy**



**Multiple growth drivers**



**Strong financial track record for over 20 years**

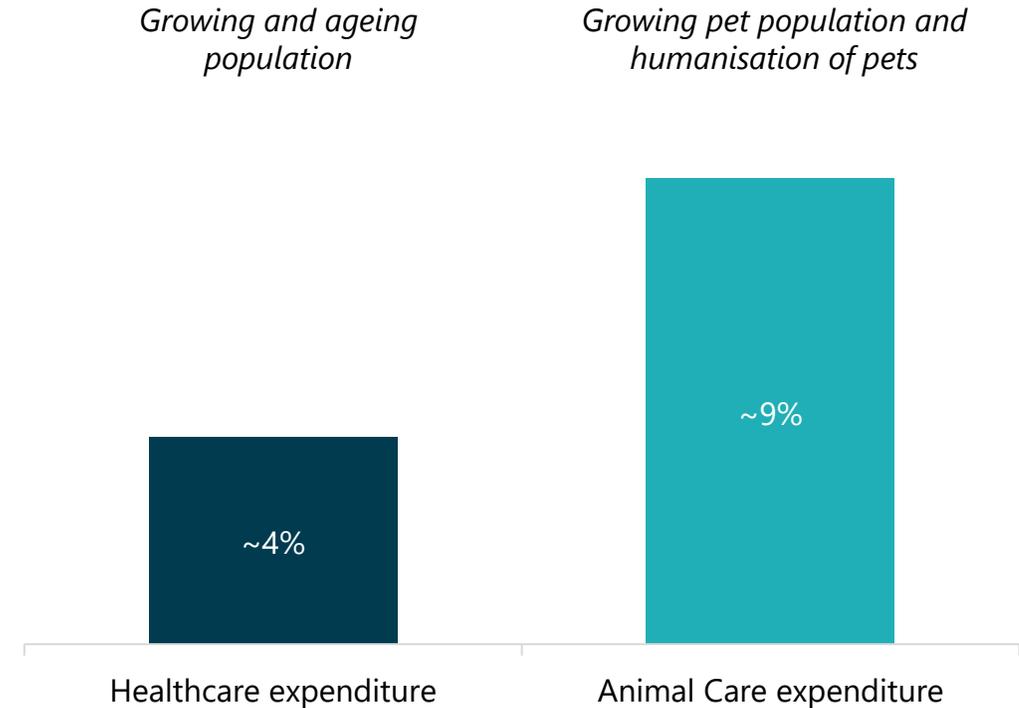
# LEADING POSITIONS IN ATTRACTIVE SEGMENTS

We operate leading businesses in defensive growth segments

EBOS segment positions across ANZ:



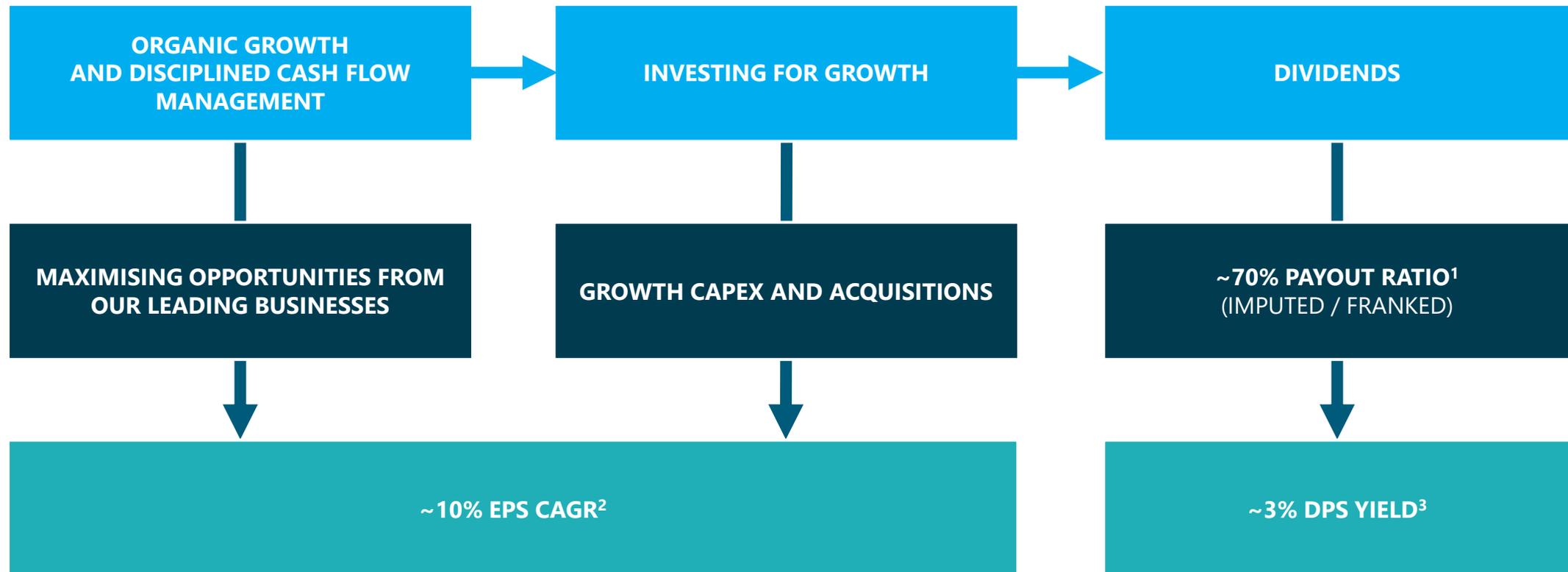
Australia sector growth<sup>5</sup> (3 year CAGR):



Sources and notes: 1. Pharmacy wholesale represents Ethicals, OTC and FMCG products and does not include directs across ANZ. 2. Hospital medicine wholesale include Ethicals and OTC and is based on industry data for February 2022 and excludes direct across ANZ. 3. Premium dog food reflects the pet specialty channel and is based on management estimates using industry data; 4. Grocery dog treats segment share is based on industry data. 5. Australian healthcare expenditure sourced from IBISWorld reports on Pharmaceuticals Wholesaling, Aged Care Residential Services, General Practice Medical Services, Private and Public General Hospitals and Medical and Scientific Equipment Wholesaling in Australia. CAGR is calculated for the period between June 2018 and June 2021. Australian Animal Care expenditure sourced from management estimates of Australian market size and consists of total spend on dog and cat food, treats and products across grocery, specialty and vet channels. CAGR is calculated for the period between June 2018 and June 2021.

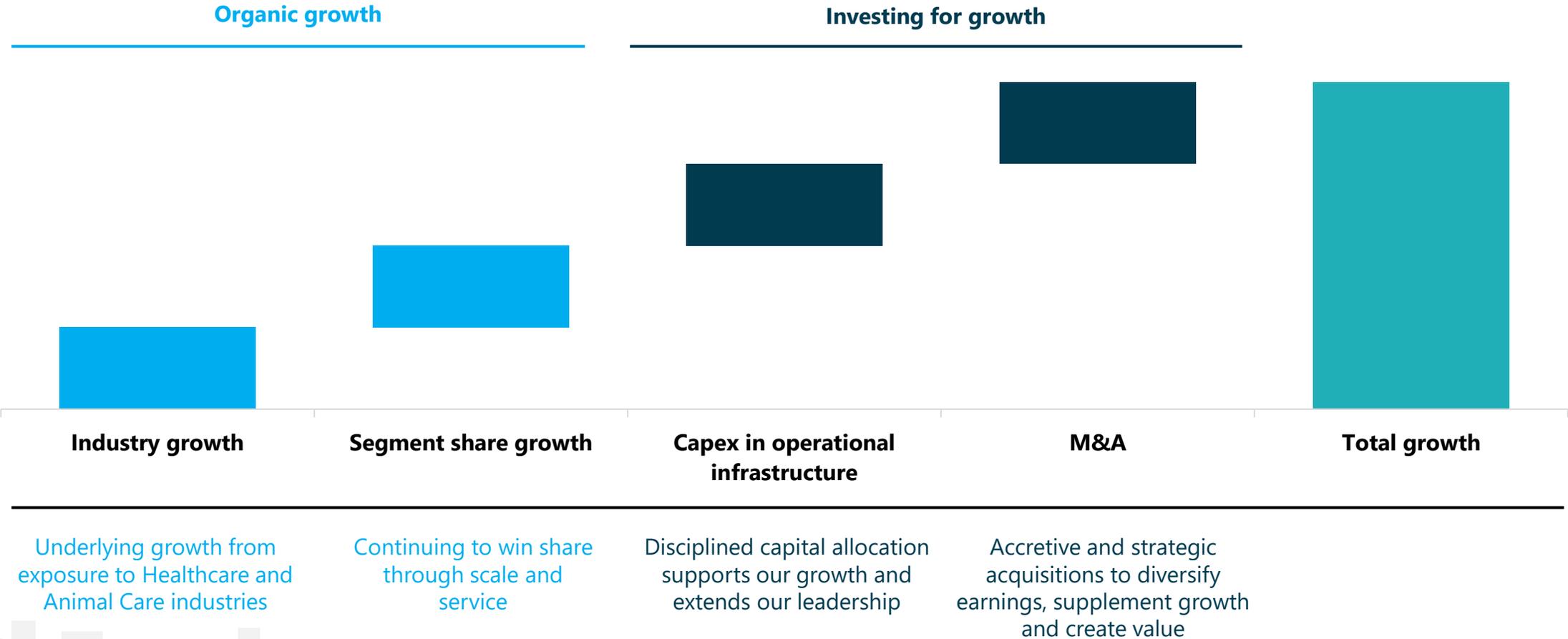
# VALUE CREATION STRATEGY

**Our businesses generate organic growth and significant cash flow, which funds our strategy of investing for growth, as well as dividends for shareholders**



# MULTIPLE GROWTH DRIVERS

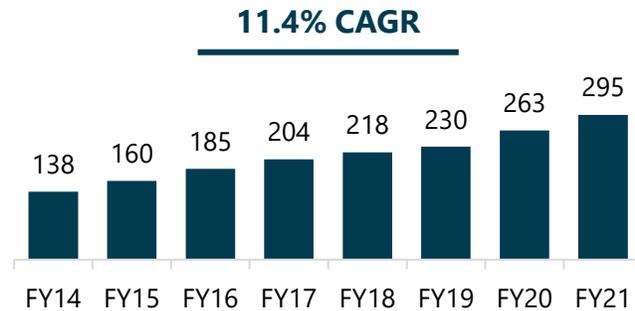
**EBOS leverages multiple growth drivers to generate shareholder value**



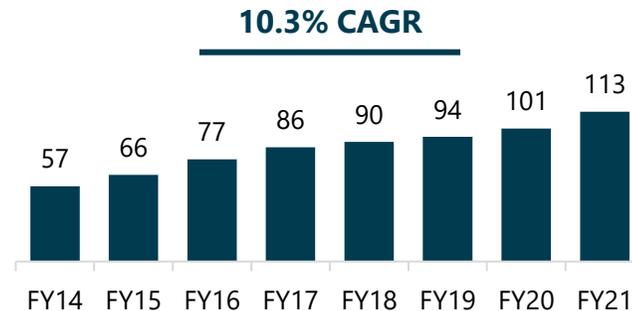
# STRONG FINANCIAL TRACK RECORD

EBOS has delivered consistent financial performance through the cycle

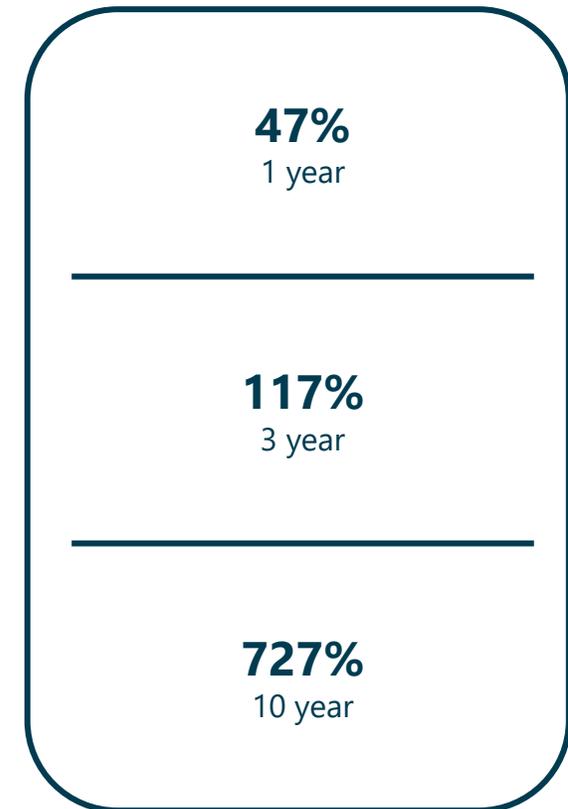
**Underlying EBIT<sup>1</sup>:**  
(A\$m)



**Underlying EPS<sup>1</sup>:**  
(A\$ cents per share)



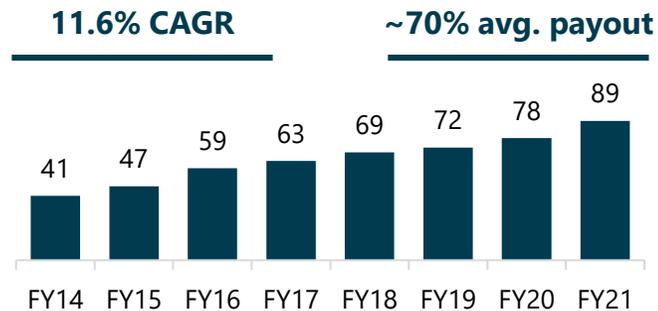
**Total shareholder returns<sup>2</sup>:**



**Return on capital employed:**  
(ROCE, %)



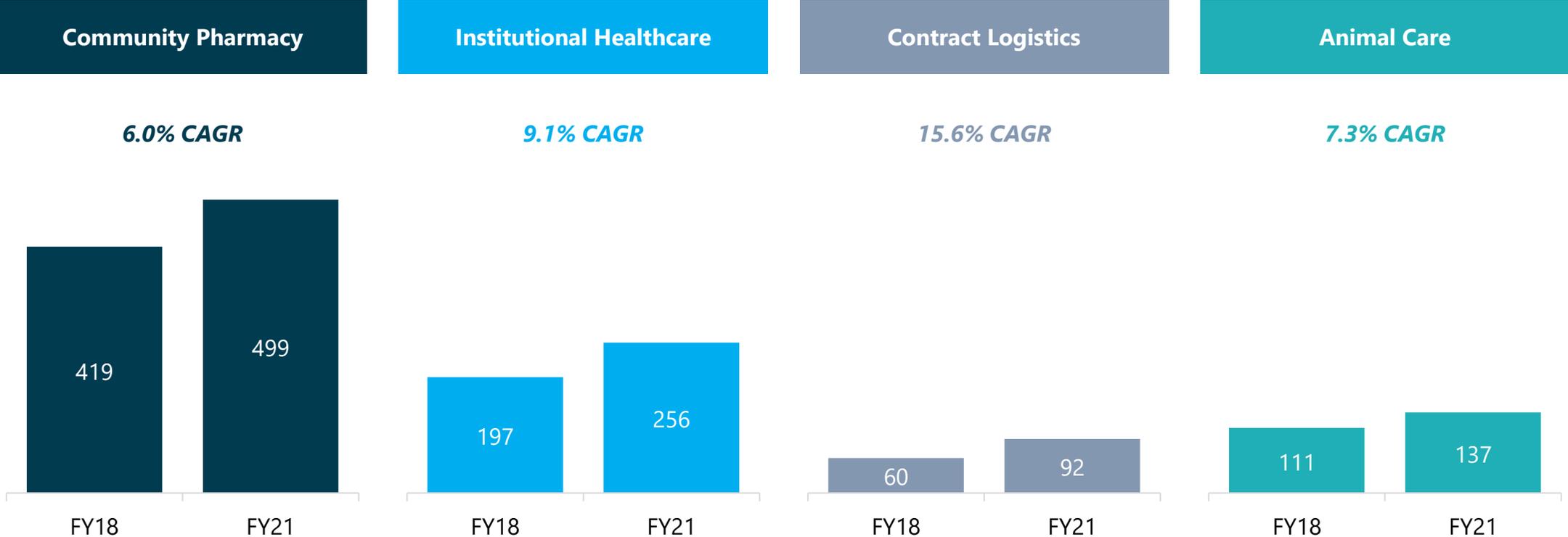
**DPS:**  
(NZ\$ cents per share)



# DIVERSE PORTFOLIO OF BUSINESSES

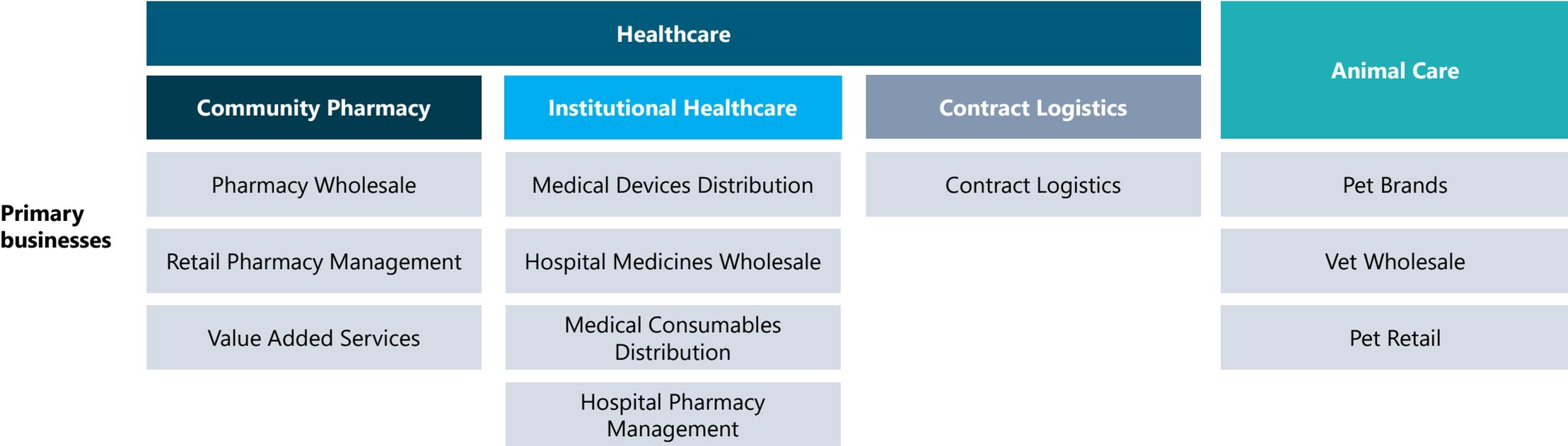
EBOS has a diversified portfolio of businesses that are all contributing to growth

GOR (\$m):

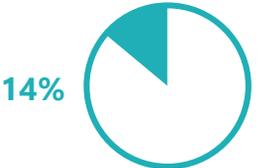
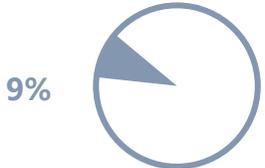
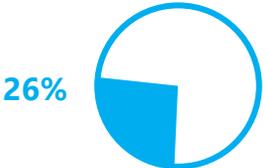


# INTRODUCTION TO EBOS' BUSINESS ACTIVITIES

**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 animal care brands**



**GOR contribution<sup>1</sup>**



# COMMUNITY PHARMACY

Leading pharmaceutical wholesaler in ANZ with best-in-class distribution network, as well as retail pharmacy management for TWC, one of Australia's largest community pharmacy networks

## Key trends:



Alignment to large wholesale pharmacy customers, driving above-market growth



Ongoing expansion of the TerryWhite Chemmart network, one of Australia's leading community pharmacy networks, now with 500+ stores



Continual investment in distribution network to optimise productivity and provide leading service solutions to customers

## Australian pharmaceutical PBS ethical wholesaling segment share<sup>1</sup>:



## TerryWhite Chemmart franchise network expansion (# stores):



# INSTITUTIONAL HEALTHCARE

**A leading distributor and wholesaler of medical devices, medicines and medical consumables**

## Key trends:



Expected to achieve a leading position in medical devices distribution within three years of entering the sector, following completion of LifeHealthcare acquisition



Growth in specialty medicines in hospital channel



Continued organic and inorganic growth in medical consumables distribution

## Recent acquisitions:

**Medical devices distribution**



**Medical consumables distribution**



# CONTRACT LOGISTICS

**Specialised healthcare contract logistics provider with market share upside in Australia**

## Key trends:



Trusted outsourced logistics partner for pharmaceutical manufacturers that has played a critical role during COVID-19



Need for improved medicines supply chain certainty driving global pharmaceutical manufacturers to hold more stock onshore in ANZ



Continued expansion of warehouse infrastructure to capture market share upside in Australia

## Contract Logistics' network across ANZ:



# ANIMAL CARE

**Owner and marketer of leading pet food and treats brands with newly completed manufacturing capability and the leading vet wholesaler in Australia**

## Key trends:



Supportive market tailwinds via growing pet population, the humanisation of pets and premiumisation of products



Realising benefits of our ~\$80m investment in a state-of-the-art pet food manufacturing facility



Leveraging our strong brands into new product development opportunities

## Completed pet food manufacturing facility in Parkes NSW:



## New product development:

### Black Hawk Dog Treats



### Black Hawk Puppy



# COST BASE

- EBOS is well positioned to manage potentially increasing costs through top line growth as well as its scale and leading market positions
- Key group costs include:
  - COGS
  - Labour
  - Freight
  - Occupancy
- Group EBITDA margins were stable in H1 FY22

# ENVIRONMENT, SOCIAL AND GOVERNANCE

EBOS continues to progress ESG initiatives in areas that are important to our stakeholders

## Our ESG program comprises five pillars



# STRATEGIC ACQUISITIONS

Our acquisitions diversify and grow our earnings and are value accretive to shareholders

~20 acquisitions since 2014 adding \$800m+ to annual Group revenue:

Healthcare	 <sup>1</sup>		
			
			
			
			
			
Animal Care			

Acquisition strategy:

- ✓ Targets: established, profitable, well managed and growing businesses
- ✓ Size: bolt-on through to larger opportunities
- ✓ Geography: Australia, New Zealand and increasingly SE Asia
- ✓ Disciplined adherence to investment criteria

Key focus areas:

# LIFEHEALTHCARE UPDATE



## EBOS announced the acquisition of LifeHealthcare on 9 December 2021, one of the largest independent distributors of medical devices across ANZ and South East Asia

### Overview of LifeHealthcare:

- One of the largest independent distributors of third party medical devices, consumables, capital equipment and inhouse manufactured allograft material in Australia, New Zealand and SE Asia
- Comprises two divisions: ANZ Distribution & Allograft and SE Asia Distribution

### Key details:

- EBOS acquired LifeHealthcare for approximately \$1,167m<sup>1</sup>
- The transaction is expected to complete before the end of FY22

### ANZ Distribution & Allograft

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- Distribution partner to leading device OEMs
- Therapeutic areas include spine, orthopaedics, neurovascular intervention, plastics and reconstructive surgery
- Processes and distributes allograft tissue products for use in a variety of surgical procedures

### SE Asia Distribution

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- Distribution partner to some of the world's largest medical device manufacturers
- Therapeutic areas covered include orthopaedics, blood therapy, in vitro diagnostics and cardiac
- Presence in Singapore, Malaysia, Thailand, Indonesia, Hong Kong, Philippines and Vietnam
- 51% interest with path to full ownership

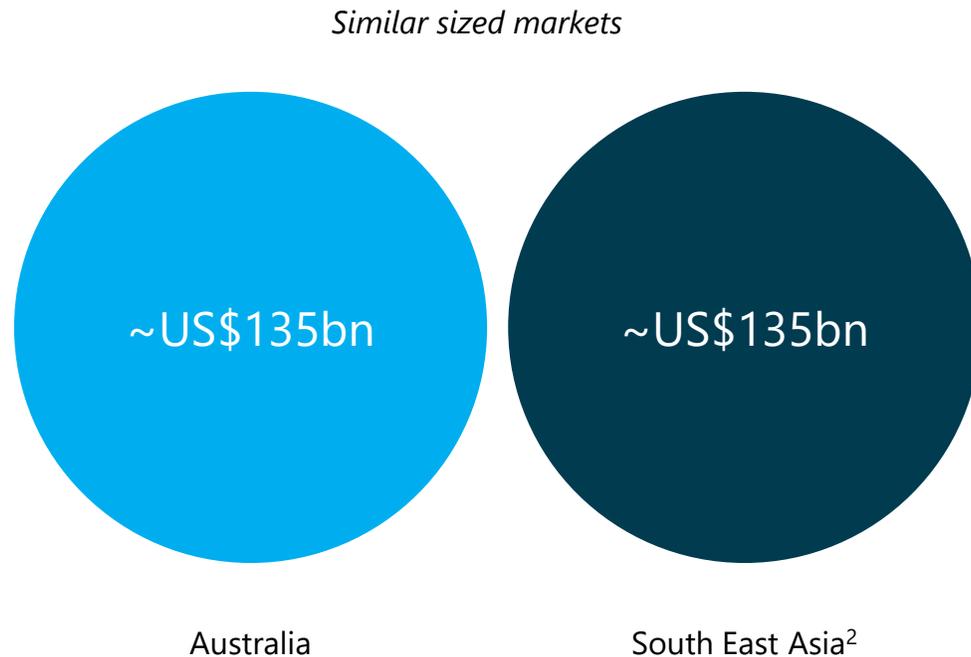
### Strategic rationale:

- Substantially accelerates EBOS' medical devices strategy and creates scale
- Expands and diversifies EBOS' earnings and increases exposure to the high growth medical devices sector
  - Institutional Healthcare division to represent 38% of group GOR post acquisition (up from 26%)<sup>3</sup>
- A measured entry into South East Asia, providing a platform for growth in the region

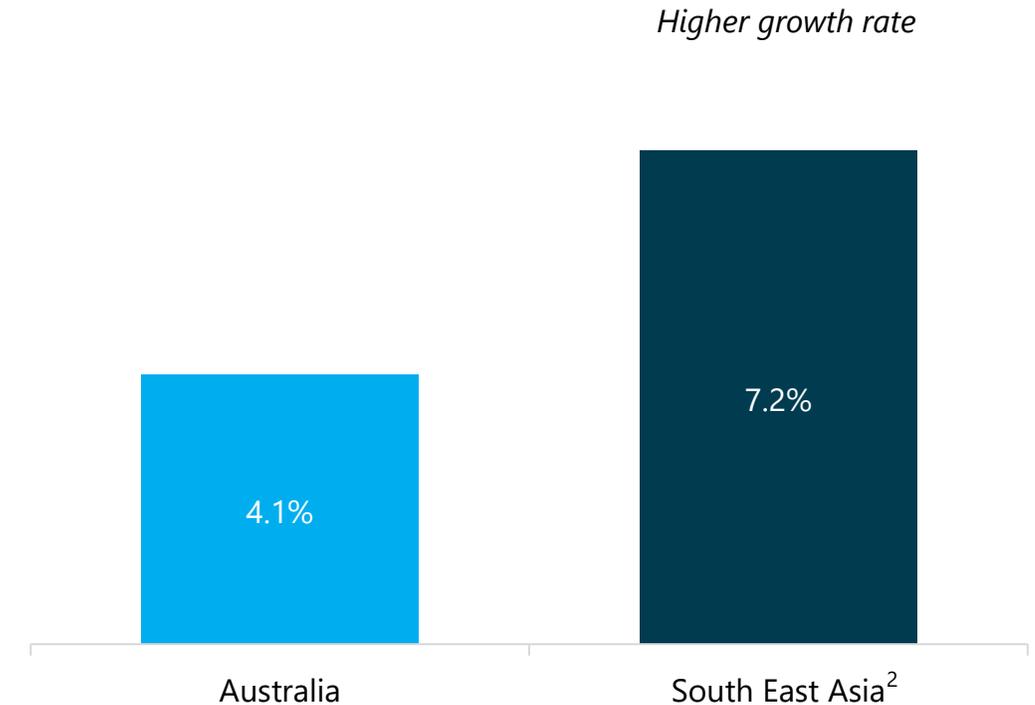
# GEOGRAPHIC EXPANSION OPPORTUNITY

The acquisition of an interest in the SE Asia Distribution business within LifeHealthcare has opened up the region as a potential growth opportunity, both in medical devices as well as other Group businesses

## Healthcare expenditure<sup>1</sup>:



## Healthcare expenditure growth rates (3 year CAGR)<sup>3</sup>:



Notes: 1. Healthcare expenditure in US\$ sourced from World Bank and from Hong Kong's Food and Health Bureau and based on 2019 data. HK dollars converted to US dollars using HKDUSD exchange rate of 0.13. 2. South East Asia consists of Singapore, Indonesia, Malaysia, Philippines, Thailand, Vietnam and Hong Kong. 3. 3 year CAGR calculated based on the period between calendar years 2016 and 2019.

# CONCLUSION

**EBOS has had a strong track record of growth, yield and shareholder returns**



**Defensive growth sectors**



**Scale and leading positions**



**Diversified group**



**Proven value creation strategy**

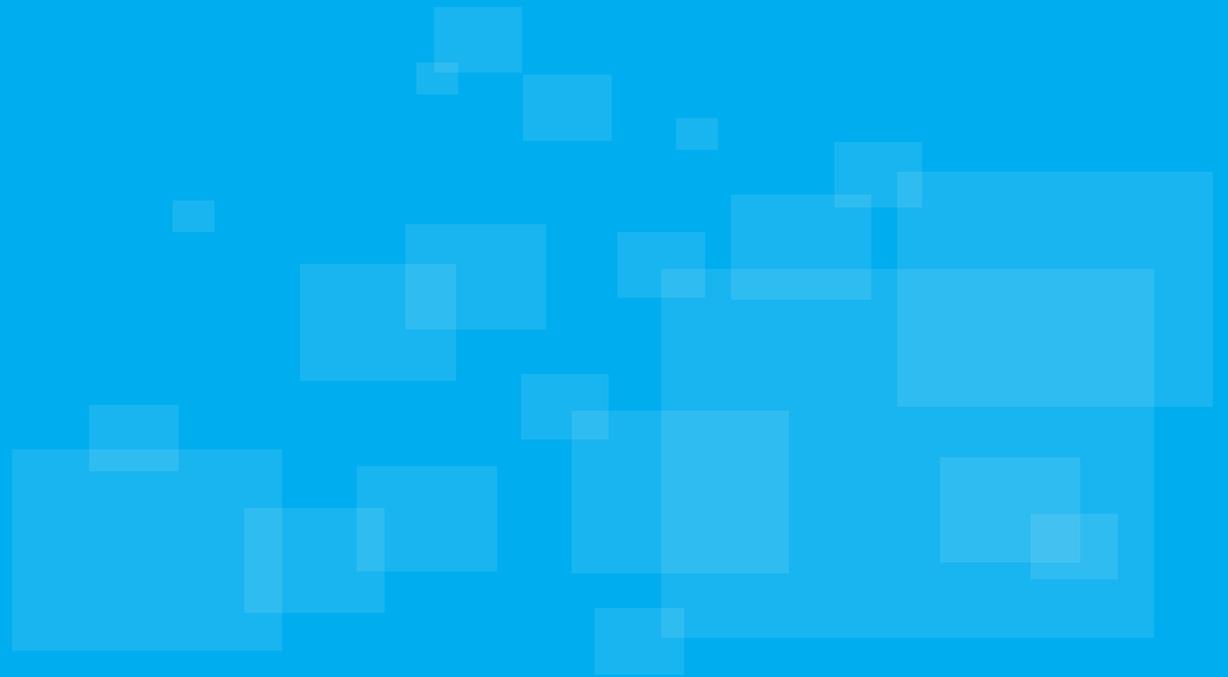


**Multiple growth drivers**



**Strong financial track record for over 20 years**

# Questions



# APPENDIX



# BUSINESS ACTIVITIES: HEALTHCARE

**EBOS is the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products**

## Healthcare overview:

FY21 Group GOR contribution %

Community Pharmacy	Pharmacy Wholesale	Leading wholesaler of pharmaceutical and healthcare products to retail pharmacies in ANZ	51%
	Retail Pharmacy Management	Provider of franchisor and support services to leading pharmacy banners including 500+ TerryWhite Chemmart stores in Australia	
	Value Added Services	Provider of software and other services including point of sale, medication management and business data intelligence services to pharmacies in ANZ	
Institutional Healthcare	Medical Devices Distribution	A leading third party distributor of medical devices to surgeons and clinicians across Australia, New Zealand and South East Asia <sup>1</sup>	26%
	Hospital Medicine Wholesale	Leading wholesaler of pharmaceuticals to hospitals in ANZ	
	Medical Consumables Distribution	Strong presence in wholesaling of medical consumables to hospitals, aged care, medical centres and GPs in ANZ	
	Hospital Pharmacy Management	Leading provider of outsourced pharmacy services to hospitals in Australia	
Contract Logistics		Leading 3PL/4PL provider to pharmaceutical and healthcare products manufacturers in ANZ	9%

# BUSINESS ACTIVITIES: ANIMAL CARE

**EBOS is also a leading marketer and distributor of animal care brands**

**Animal Care overview:**

**FY21 Group GOR contribution %**

Animal Care	Pet Brands	Owner and marketer of Blackhawk, a leading premium pet food brand and Vitapet, a leading pet treats brand, as well as other brands, sold through pet specialty and grocery retailers in ANZ
	Vet Wholesale	Wholesaler of pet medicines, health and food products to vet clinics and pet retailers in Australia
	Pet Retail	50% joint venture partner in Animates, a leading pet retailer and owner of vet clinics with 51 locations in New Zealand



# H1 FY22 SUMMARY RESULTS

**EBOS' strong performance has continued with another record half year result**

\$m	Underlying	Var	Statutory	Var
Revenue	5,251	▲ 12.8%	5,251	▲ 12.8%
EBITDA	207.7	▲ 12.8%	199.9	▲ 9.7%
EBIT	169.1	▲ 14.4%	161.3	▲ 10.6%
NPAT	109.3	▲ 15.8%	101.9	▲ 9.7%
EPS (cents)	66.6	▲ 15.2%	61.4	▲ 8.0%
DPS (NZ cents)			47.0	▲ 10.6%
ROCE (%)	18.2%	▲ 0.7%		
Net debt : EBITDA (x)	1.28x <sup>1</sup>	▲ 0.28x		

*Double-digit earnings growth*

*Continued ROCE improvement*

*Investing for growth*

*Strong balance sheet*

*Increased dividends to shareholders*

# KEY HIGHLIGHTS (H1 FY22)

## Continued strong organic growth in Healthcare and Animal Care and investing for future growth

<b>Healthcare</b> <i>EBIT up 17.0%<sup>1</sup></i>	<ul style="list-style-type: none"><li>• Healthcare’s strong performance was driven by our Community Pharmacy, TerryWhite Chemmart (“TWC”), Institutional Healthcare and Contract Logistics businesses. Key highlights included:<ul style="list-style-type: none"><li>◦ Community Pharmacy wholesale volumes grew strongly driven by customer and market share growth and the return of Pfizer’s retail pharmacy volumes to the wholesale channel;</li><li>◦ TWC network sales growth of 7.4% and 16 net new trading stores added to the network;</li><li>◦ Institutional Healthcare growth driven by specialty medicines, medical consumables demand and medical devices growth;</li><li>◦ Contract Logistics seeing increased demand for protective equipment, testing kits and COVID-19 vaccines; and</li><li>◦ Three acquisitions completed in H1 FY22 – Pioneer Medical, Sentry Medical and MD Solutions. We also announced we have reached agreement to acquire LifeHealthcare which will create a leading ANZ and SE Asia medical device distributor. This acquisition is expected to complete in H2 FY22.</li></ul></li></ul>
<b>Animal Care</b> <i>EBIT up 14.9%</i>	<ul style="list-style-type: none"><li>• Animal Care’s Black Hawk, Vitapet and Lyppard businesses maintained strong sales growth. Key highlights included:<ul style="list-style-type: none"><li>◦ Our key pet brands, Black Hawk and Vitapet strengthened their market positions and capitalised on strong pet care market conditions;</li><li>◦ Lyppard experienced another period of solid growth primarily driven by sales in the vet channel; and</li><li>◦ Construction completed and commissioning phase commenced at our new state of the art pet food manufacturing facility in Parkes, NSW, with full commercial benefits expected in FY24.</li></ul></li></ul>
<b>Group</b> <i>NPAT up 15.8%<sup>1</sup></i>	<ul style="list-style-type: none"><li>• Excellent operating cash flow of \$106.8m.</li><li>• ROCE of 18.2%, which is a record for the Group.</li><li>• Underlying Net Debt : EBITDA increased to 1.28x<sup>2</sup> due to investing for growth in acquisitions and capital expenditure. EBOS has no debt maturities until H2 FY23.</li></ul>

# GROUP PERFORMANCE (H1 FY22)

\$m	H1 FY22	H1 FY21	Var	Var%
<b>Underlying Results</b>				
<b>Revenue</b>	<b>5,250.9</b>	<b>4,653.3</b>	<b>597.6</b>	<b>12.8%</b>
GOR	575.0	488.6	86.4	17.7%
EBITDA	207.7	184.1	23.5	12.8%
Depreciation & Amortisation	38.6	36.3	(2.3)	(6.2%)
<b>EBIT</b>	<b>169.1</b>	<b>147.8</b>	<b>21.3</b>	<b>14.4%</b>
Net Finance Costs	13.8	14.1	0.3	1.8%
Profit Before Tax	155.3	133.8	21.5	16.1%
<b>Net Profit After Tax</b>	<b>109.3</b>	<b>94.3</b>	<b>14.9</b>	<b>15.8%</b>
Earnings per share - cps	66.6c	57.8c	8.8c	15.2%
EBIT margin	3.22%	3.18%	0.04%	
Underlying Net Debt <sup>1</sup>	402.3	308.9		
Underlying Net Debt : EBITDA <sup>1</sup>	1.28x	0.85x		
<b>Statutory Results</b>				
Revenue	5,250.9	4,653.3	597.6	12.8%
EBITDA	199.9	182.2	17.7	9.7%
EBIT	161.3	145.9	15.4	10.6%
Profit Before Tax	147.5	131.9	15.7	11.9%
Net Profit After Tax	101.9	92.9	9.0	9.7%
Earnings per share - cps	61.4c	56.9c	4.5c	8.0%

- Revenue of \$5,250.9m, an increase of \$597.6m or 12.8%:
  - Healthcare up 12.9%.
  - Animal Care up 12.4%.
- Underlying EBIT of \$169.1m, an increase of \$21.3m or 14.4%:
  - Healthcare up 17.0%.
  - Animal Care up 14.9%.
- Underlying EBIT margin expanded to 3.22% (from 3.18%).
- Underlying NPAT and EPS increased by 15.8% and 15.2%, respectively.
- Increased Underlying Net Debt of \$402.3m and Underlying Net Debt : EBITDA of 1.28x reflects investing for growth in acquisitions and capital expenditure<sup>1</sup>.
- Due to high levels of M&A activity during the period, \$7.4m (post tax) of one-off M&A costs were incurred that are excluded from underlying NPAT.

Notes: 1. Underlying Net Debt and Underlying Net Debt : EBITDA ratio excludes the impacts of IFRS16 Leases and excludes \$628.3m of net cash proceeds raised via the December 2021 share placement in connection with the expected acquisition of LifeHealthcare. Including the proceeds of the share placement, EBOS had net cash of \$226 million as at 31 December 2021.

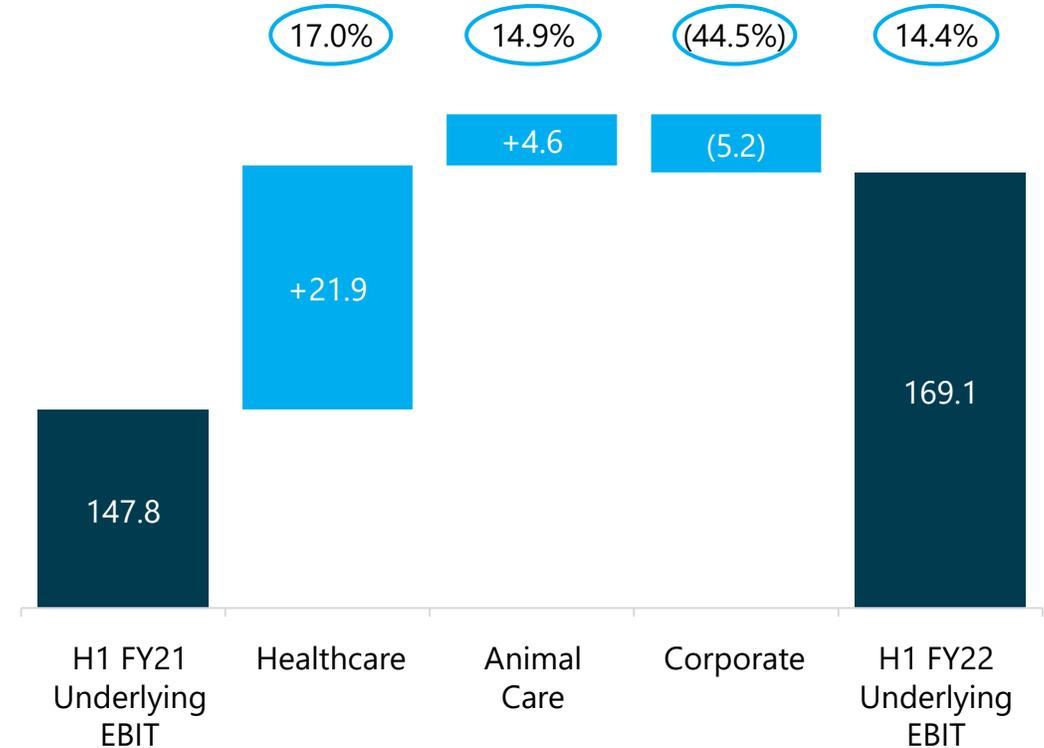
# BUSINESS AND SEGMENT PERFORMANCE (H1 FY22)

**Our Healthcare and Animal Care businesses contributed positively to strong earnings growth**

**GOR bridge (\$m)**



**Underlying EBIT bridge (\$m)**



# GLOSSARY OF TERMS AND MEASURES

Except where noted, common terms and measures used in this document are based upon the following definitions:

Term	Definition
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.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
Underlying EBITDA	Earnings before interest, tax, depreciation, amortisation and adjusted for one-off items.
EBIT	Earnings before interest and tax.
Underlying EBIT	Earnings before interest and tax and adjusted for one-off items.
PBT	Profit before tax.
Underlying PBT	Profit before tax and adjusted for 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 adjusted for one-off items.
One-off items	Transaction costs incurred on M&A activities.
Free Cash Flow	Cash from operating activities 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'.
IFRS	International Financial Reporting Standards.
Underlying EPS	Underlying NPAT divided by the weighted average number of shares on issue during the period, excluding the impact of shares issued from the equity raise in December 2021.
Underlying Net Debt	Net debt excluding the impacts of IFRS16 Leases and the proceeds from the equity raise in December 2021.
Underlying Net Debt : EBITDA	Ratio of Underlying net debt at period end to the last 12 months Underlying EBITDA, adjusting for pre acquisition earnings of acquisitions for the period. Calculation is applied for the Group's banking covenants.
Return on Capital Employed (ROCE)	Underlying earnings before interest, tax and amortisation of finite life intangibles for 12 months (EBITA) divided by closing capital employed (excluding IFRS16 Leases and including a pro-rata adjustment for entities recently acquired and strategic investments).



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