NZX/ ASX Code: EBO

EBOS Group Limited
Chairman's Address to the Annual Meeting
17 October 2017

The 2017 financial year was yet another successful year for EBOS. The record financial results continued the momentum of recent years and demonstrate the successful execution of our strategy.

In 2017 EBOS delivered reported financial results of:

- a 7.4% increase in Revenue from last year to $7.6 billion; and;
- a 4.9% increase in Net Profit after Tax to $133.3 million.

Our reported results were negatively impacted by one-off transaction costs incurred on acquisitions in the period and the stronger NZD/AUD exchange rate compared to the prior year.

Adjusting for these two items, our financial performance on an underlying, constant currency basis, was particularly satisfying with:

- EBITDA growth of 9.6% to $241.4 million reflecting organic growth, cost control and strategic investments undertaken in prior years; and
- Net Profit after tax growth of 11.6% to $138.6 million.

On the back of this performance, dividends for the year were increased by 7.7% to 63c per share.

Post the transformational Symbion deal in June 2013, EBOS has continued on a strategy of growing its Healthcare and Animal care businesses so that today we are uniquely positioned as the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products. We are also a leading Australasian Animal Care products marketer and distributor.

The strength of our balance sheet and cash flow management has allowed us to invest over $470 million in acquisitions and capital expenditure since the 1st of July 2013, without the need to call on investors for additional capital.

Our results over the same period show that this investment, coupled with organic growth drivers, has led to the Group recording very strong financial results. In a relatively short period we have grown underlying EBITDA from $175m in FY14 to $241m in 2017 and grown earnings per share by 45% from 62.8 cents in FY14 to 91.3 cents for FY17.

At the same time we have improved our return on capital employed from 12.8% in FY14 to 16.0%.

Shareholders have benefitted from a steady increase in both dividends received and the share price, with an annualised return over that 4 year period of 21.1%.

Your Board remains supportive of investing further to expand the Group. We have a sharp focus on generating good cash flows from our businesses, which allows us to pay consistent dividends to our shareholders and also keep our debt at acceptable levels.

As mentioned previously, we have a wide range of businesses within the Group today and we view this breadth of activity as a strength.

The Group has a very long heritage of operating healthcare businesses in both New Zealand and Australia and it is this heritage, combined with our operational expertise and scale, which has delivered consistently strong financial returns.

We have strategically expanded the Group well beyond our Pharmacy operations so that this business unit now accounts for less than 50% of the Group’s gross operating revenue.

We have many businesses that operate in highly competitive and regulated markets in New Zealand and Australia. Government healthcare funding remains constrained and we expect this to continue. That said, we’ve proven our ability to deliver good growth in this environment over many years and we still see many future opportunities for the Group to grow in the years ahead.

The final report from the Australian Government’s independent review into Pharmacy Remuneration and Regulation is yet to be issued, however, EBOS has been active in making submissions to the review panel via our membership in the National Pharmaceutical Services Association.

We have expressed our disappointment that the interim report failed to recognise the wholesale industry’s proposals to ensure the longer-term sustainability of the industry. Our view is that there are some relatively minor changes to the funding model which could be implemented to better reflect the importance of the role wholesalers play in the industry and achieve a more sustainable funding arrangement. We await the final outcome of the review, and ultimately the Government’s response to the review.

EBOS will continue to invest in its principal business segments of Healthcare and Animal care and we are confident that our strategy will lead to continued long term growth for the benefit of our customers, suppliers, employees and shareholders.

Finally, I would like to thank Patrick, the management team and all employees of the EBOS Group for their efforts in this past year in delivering another excellent result. And finally, on behalf of the Board I would also like to thank you, our shareholders, for your continued support.

I will now hand over to Patrick for a more in depth review of the operational performance of the business, and to provide some guidance on where we are heading in 2018.

EBOS Group Limited
Chief Executive Officer's Address to the Annual Meeting
17 October 2017

Thank you Mark, and good afternoon ladies and gentlemen. As Mark has described, your company had another very good year and the results reflect the excellent work of our staff across our businesses both here in New Zealand and in Australia. We now employ over 3,000 people across more than 50 locations and I want to acknowledge their ability and hard work, without which we would not be able to deliver these results.

As Mark has already outlined, the benefits of executing our strategy over many years are clear to see and our approach to running the group has remained consistent. In summary we:

- invest for growth through external acquisitions and also commit to internal capital expenditure to lift productivity, manage costs and deliver better customer service;
- protect and build market leading positions in a range of healthcare and animal care sectors so as to maximize our growth opportunities; and
- focus on generating strong operating cash flow to allow for further investment and improved returns for shareholders.

The 2017 financial year was another very busy one for EBOS and there are a number of important new activities worth highlighting.

In October 2016, we finalised the merger of Chemmart with the Terry White Group to create one of Australia's leading retail pharmacy businesses. The last twelve months has been a transformational period for TerryWhite Chemmart with the network undergoing an extensive rebranding and alignment program to bring the two franchise groups together.

Just before the close of the 2017 financial year we settled on the acquisition of HPS, Australia's largest provider of outsourced pharmacy services to Hospitals. We were thrilled to acquire this business which further expands on our leading position in the Hospital channel. HPS provides outsourced pharmacy services to over 100 sites, employing 580 staff and has contracts with several key private hospital groups, correctional facilities, oncology and fertility clinics.

The acquisition of HPS has given us market leadership in the provision of outsourced pharmacy services to Australian hospitals and provides the platform for further revenue growth across HPS' extensive network of clients.

Significant progress was also made on two major capital expenditure projects both of which are expected to be brought on stream in 2018. These two projects involve a capital spend commitment of approximately $73 million.

The first major project, which is now well advanced, is our new pharmaceutical distribution centre in Brisbane, Queensland. Upon opening of this new facility in 2018 we will have completed the final leg of a major capital expenditure program undertaken over the last 6 years that has seen our major Australian pharmaceutical wholesale distribution facilities in Sydney, Melbourne and

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Brisbane all replaced with new facilities equipped with world-class automation and providing improved service to our customers.

The other large scale project is the construction of a new contract logistics distribution facility in Sydney, NSW. This expansionary project is required for us to take advantage of future growth opportunities in the Australian contract logistics, clinical trials and secondary packaging markets.

We are also embarking on capital expenditure projects in Christchurch, Hamilton and Auckland at present. All projects underline the Group's commitment to providing the highest possible service to our customers.

With the Group continuing to expand and with so many different components now part of EBOS we thought it would be beneficial to share with you a short video that provides a visual perspective of our Group.

This video is available on our website.

<VIDEO IS AVAILABLE ON WWW.EBOSGROUP.COM>

As the video demonstrates there are many components of our business today servicing many customers and consumers, but if we look at the two main segments being Healthcare and Animal care you can see that both performed very well in 2017.

Our Healthcare businesses once again performed strongly this past financial year, generating combined revenue of $7.2 billion and a 7.1% increase in EBITDA to $208.8 million.

Australian revenue growth was driven by the full twelve months sales of specialist Hepatitis C medicines, while key investments including the Terry White Group contributed to revenue growth through an increasingly diversified portfolio of businesses.

Despite the ongoing impact of the Australian Government's Pharmaceutical Benefits Scheme reforms and lower levels of activity in the non-prescription over-the-counter (OTC) channel, our Healthcare business continues to perform strongly through a combination of multiple revenue streams and improved productivity generating cost efficiencies.

Our New Zealand Healthcare businesses continue to deliver solid results, increasing revenue by 2.4% and EBITDA by 10.8% with Red Seal consumer products achieving strong growth. We are keen to see Red Seal's growth into new export markets, including China, South Korea and Japan in the years ahead.

Our Animal Care segment continues to perform well with Black Hawk and Vitapet delivering good revenue growth. The Animal Care business recorded 2.0% revenue growth and 5.7% EBITDA growth over the year.

Black Hawk has had another excellent year and is an example of our ability to accelerate the growth of a business using our distribution network, market knowledge and financial resources. In

2017, Black Hawk launched its premium grain-free product range, which assisted in driving significant sales growth in the Australian market.

In another exciting development for the future growth of Black Hawk, we commenced sales into the New Zealand market in July 2017.

Our Vitapet brand continues to perform strongly in both the New Zealand and Australian markets, achieving revenue growth well above the market average through new product development and wider distribution.

The Animates business also performed very well recording 15.9% sales growth thanks to further network expansion.

In closing I'd like to make a couple of comments about our current trading and near-term profit expectations.

We have made a positive start to the first quarter of the 2018 financial year, with growth from both our Healthcare and Animal care segments.

On the basis of our current trading performance, we expect constant currency, underlying EBITDA for the 2018 financial year to grow by approximately 10% on the prior year.

Thank you for your attention ladies and gentlemen. I'll hand back to Mark to continue with the formal matters of this meeting.