EBOS GROUP LIMITED

INVESTOR PRESENTATION

FY18 FINANCIAL RESULTS

23 August 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.

Group Financial Results

FY18 SUMMARY RESULTS

Revenue
$7.6b
-0.2%
(-2.5% Constant FX)

EBITDA
$272.4m
+16.2%
(+10.3% Constant FX and Underlying)

NPAT
$149.6m
+12.2%
(+5.5% Constant FX and Underlying)

ROCE
15.8%
-0.6%

EPS
98.5c
+12.1%
(+5.4% Constant FX and Underlying)

Dividends per share
68.5c
+8.7%

No underlying adjustments recorded in FY18

FY18 Guidance Exceeded: 10.3% underlying, constant currency EBITDA growth.

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STRATEGIC HIGHLIGHTS

Investments and New Business

Investments of $33.6m made in FY18

- 14% investment in ASX listed, MedAdvisor Ltd (October 2017). Australia's leading digital medication management company.
- Acquisition of Gran's Remedy (March 2018). New Zealand leading footcare consumer brand.
- Acquisition of Ventura Health (April 2018). Management company of Australian pharmacy retail group.
- HPS acquired in June 2017 and fully integrated.
- Black Hawk remains one of the fastest growing premium pet food brands in Australia and was successfully launched into the NZ market in FY18.

Announcement post 30 June 2018

- Symbion has been notified that it has won the tender with Chemist Warehouse to be the exclusive third party distributor of pharmaceutical products in Australia for 5 years, effective from 1 July 2019.

Capital Management & Leadership

Capex of $63.2m in FY18

- A new 25,000m^2 Contract Logistics facility in Sydney opened in June 2018.
- New highly automated wholesale distribution centre to open in Brisbane in H1 FY19.

Cash & Debt Management

- Disciplined cash management with strong cash flow before capex of $176m, up $32 million on prior year.
- Net Debt to EBITDA ratio improved to 1.74x (June 2017: 1.79x).
- Extended the tenor of our core debt facilities and entered into a new 3 year securitisation facility.

Leadership Transition

- John Cullity replaced Patrick Davies as CEO and Shaun Hughes commenced as CFO.
- New management structure implemented with Brett Barons, CEO Symbion and Sean Duggan, CEO Animal Care & Consumer Brands.

FY18 FINANCIAL PERFORMANCE

NZ$m	FY18	FY17	Var	Constant FX Var
Statutory Results				
Revenue	7,609.5	7,625.9	(0.2%)	(2.5%)
Gross Operating Revenue	856.6	745.3	14.9%	12.4%
EBITDA	272.4	234.4	16.2%	13.6%
EBIT	237.6	208.6	13.9%	11.4%
Net Finance Costs	22.7	19.0	(19.4%)	(16.9%)
Profit Before Tax	214.9	189.6	13.4%	10.9%
Net Profit After Tax [1]	**149.6**	**133.3**	**12.2%**	**9.7%**
Statutory EPS - cps	98.5	87.8	12.1%	9.6%
Underlying EBITDA [2]	**272.4**	**241.4**	**12.8%**	**10.3%**
Underlying NPAT [2]	**149.6**	**138.6**	**7.9%**	**5.5%**
Underlying EPS - cps [2]	**98.5**	**91.3**	**7.8%**	**5.4%**
Net Debt	471.1	434.7		
Net Debt : EBITDA	1.74x	1.79x		

- Revenue decrease was driven by lower hepatitis C medicine sales (which were $364m lower than FY17, constant FX).
- Revenue excluding hepatitis C medicine sales grew by $172m or 2.5% (constant FX).
- Underlying EBITDA increase of $31.0m or 10.3% (constant FX):
  - Healthcare up 10.4%.
  - Animal Care up 9.0%.
- Underlying NPAT increase of $11.0m or 5.5% (constant FX).
- Underlying EPS growth of 5.4% (constant FX).
- Lower NZD:AUD cross rate positively impacted EBITDA by $5.4m in FY18.

Note 1: Net profit after tax and non-controlling interests.
Note 2: Calculated on an underlying basis that excludes transaction costs incurred on prior year acquisitions.

Healthcare Results

HEALTHCARE SEGMENT

Strong trading performance across Australia and New Zealand

NZ$m	FY18	FY17	Var	Constant FX Var
Healthcare				
Revenue	7,197.6	7,202.7	(0.1%)	(2.3%)
EBITDA	235.9	208.8	13.0%	10.4%
EBIT	205.2	187.1	9.7%	7.2%
EBITDA%	3.28%	2.90%	38pts	38pts
Australia				
Revenue	5,661.7	5,756.8	(1.7%)	(4.4%)
EBITDA	189.8	164.7	15.2%	11.9%
EBIT	161.4	145.2	11.2%	8.0%
EBITDA%	3.35%	2.86%	49pts	49pts
New Zealand				
Revenue	1,535.9	1,445.9	6.2%	
EBITDA	46.1	44.1	4.6%	
EBIT	43.8	41.9	4.5%	
EBITDA%	3.00%	3.05%	-5pts	

EBITDA increase of $27.1m or 10.4% (constant FX):

- Australia up 11.9% assisted by the full year contributions of HPS (acquired June 2017) and TWC (acquired October 2016).
- New Zealand up 4.6%.

Revenue decrease of $5.1m or 2.3% (constant FX):

- Australia down 4.4% (although up $104m or 2.1% excluding hepatitis C medicine sales, constant FX).
- FY18 hepatitis C revenue was $364m lower than last year (constant FX) and monthly sales were steady in the second half of FY18.
- New Zealand revenue up 6.2%, with growth from all business units.

COMMUNITY PHARMACY

- Total Pharmacy Revenue declined by 1.6% (constant FX), attributable to lower hepatitis C medicine sales (-$147m) and PBS reforms, partially offset by a full year contribution from TerryWhite Chemmart (TWC) and growth in underlying business.
- Underlying Revenue growth (excluding hepatitis C and TWC) was 1.4%.
- Total OTC sales were marginally above last year.
- GOR (excluding acquisitions) increased by 2.9%, primarily due to underlying wholesale pharmacy growth in Australia and New Zealand, partly offset by lower hepatitis C medicine sales.
- TWC store rebranding project is largely complete.
- Acquisition of Ventura (April 2018), management company of an Australian retail pharmacy group with 80 stores.
- The new Brisbane facility is planned for completion in 1H FY19 and will further increase Symbion's warehouse productivity.

	Reported		Constant FX	
NZ$m	**FY18**	**FY17**	**FY17**	**Var%**
Revenue	**4,215.9**	**4,181.9**	**4,283.6**	**(1.6%)**
- Revenue ex. acquisitions	4,092.0	4,088.4	4,187.7	(2.3%)
GOR	**410.2**	**372.2**	**381.8**	**7.5%**
- GOR ex. acquisitions	324.2	307.1	314.9	2.9%
GOR%	***9.7%***	***8.9%***	***8.9%***	

New Brisbane wholesale distribution facility

CHEMIST WAREHOUSE ANNOUNCEMENT

- In July 2018, EBOS was notified it won the tender to act as the exclusive third party distributor of pharmaceutical products to more than 400 Chemist Warehouse and My Chemist 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 stores will generate approximately A$1 billion in revenue in the first year of the agreement.
- To be selected as a trusted partner by Chemist Warehouse Group reinforces our capital investment strategy and reflects the efficiencies we have made over a number of years to our operations. It also reflects the high level of expertise and service standards that we offer the industry.
- EBOS is confident that it will generate an acceptable return on capital from this new business.

INSTITUTIONAL HEALTHCARE

- With the acquisition of HPS in June 2017, EBOS continues to expand its position as an essential partner to industry across a number of areas, primarily in hospitals, primary care and aged care.
- FY18 revenue and GOR growth was impacted by a significant reduction in hepatitis C sales (-$216m), partially offset by the contribution from HPS.
- Underlying revenue growth (excluding hepatitis C and HPS) was 2.9%.
- Solid GOR growth achieved from Symbion Hospitals (excluding hepatitis C), EBOS Healthcare and Onelink New Zealand.
- HPS is performing well and in-line with expectations.

	Reported		Constant FX	
NZ$m	FY18	FY17	FY17	Var%
Revenue	**2,451.2**	**2,484.5**	**2,544.5**	**(3.7%)**
- Revenue ex. acquisitions	2,381.3	2,479.3	2,539.2	(6.2%)
GOR	**214.4**	**154.3**	**157.7**	**36.0%**
- GOR ex. acquisitions	154.0	149.8	153.0	0.6%
GOR%	***8.7%***	***6.2%***	***6.2%***	

CONTRACT LOGISTICS

HEALTHCARE LOGISTICS

- GOR growth achieved in both New Zealand and Australia from key principals. Revenue declined to last year with some principals switching to a consignment 3PL model.
- Healthcare Logistics (NZ) maintained its leading market position and, combined with cost management, delivered another period of increased earnings.
- 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 Australian business has recently been rebranded as Healthcare Logistics to further align the ANZ operations.

	Reported		Constant FX	
NZ$m	FY18	FY17	FY17	Var%
Revenue	482.4	484.9	487.9	(1.1%)
GOR	65.0	60.5	61.3	6.1%

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

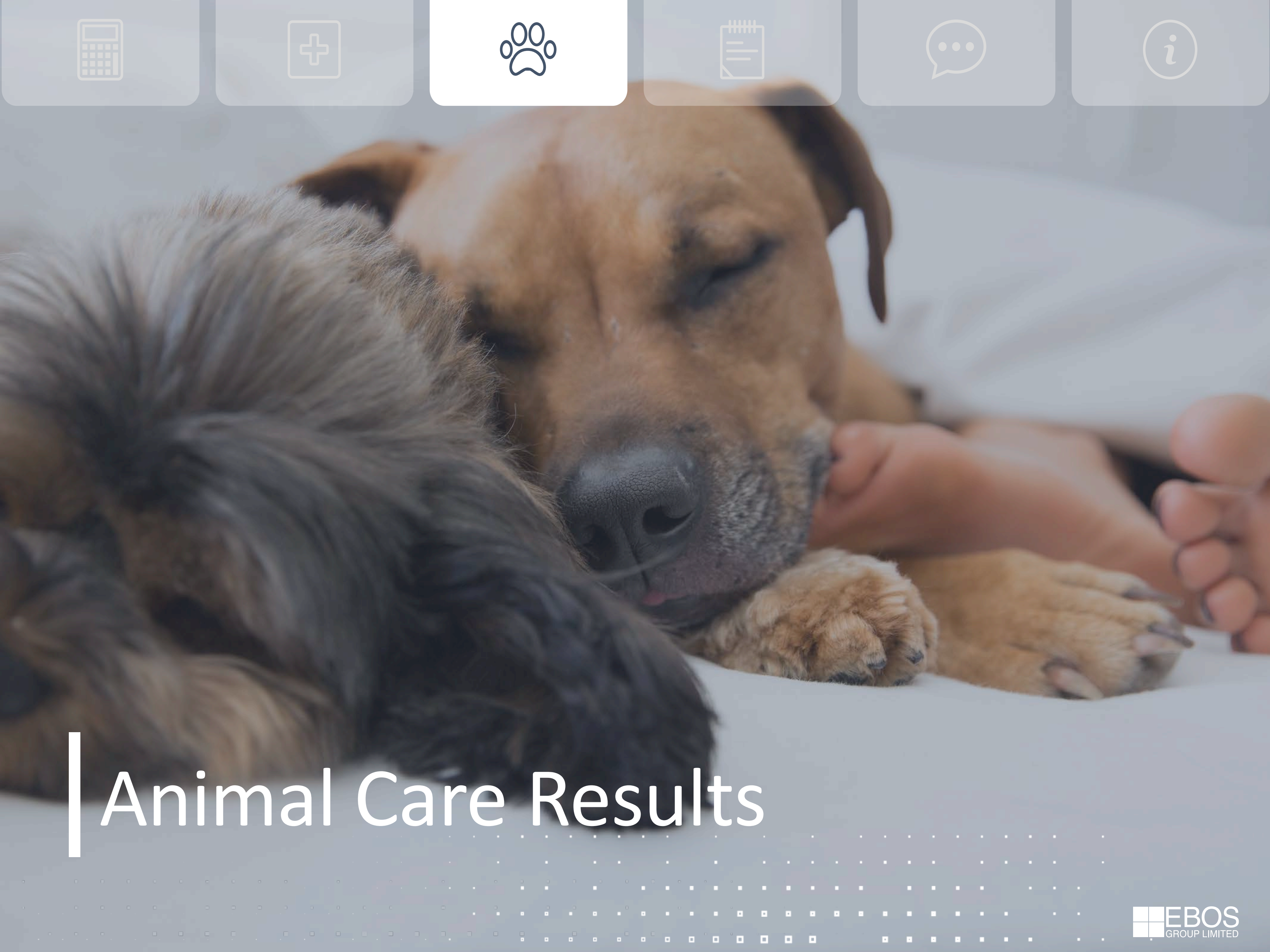
New Sydney Contract Logistics facility.

CONSUMER PRODUCTS

Endeavour
CONSUMER HEALTH

- Revenue and GOR were assisted by Red Seal sales growth (primarily in the toothpaste, teas and supplements categories) and the acquisition of Gran's Remedy in March 2018.
- Red Seal domestic NZ sales increased 7.3% and pleasingly, international sales grew 13.2% to last year.
- Sales and GOR margins were impacted in part by the decision in Australia to reschedule codeine products to prescription only effective from February 2018.

	Reported		Constant FX	
NZ$m	**FY18**	**FY17**	**FY17**	**Var%**
Revenue	118.3	105.4	106.5	11.1%
GOR	46.2	42.5	42.9	7.7%
GOR%	*39.1%*	*40.3%*	*40.3%*	



Animal Care Results

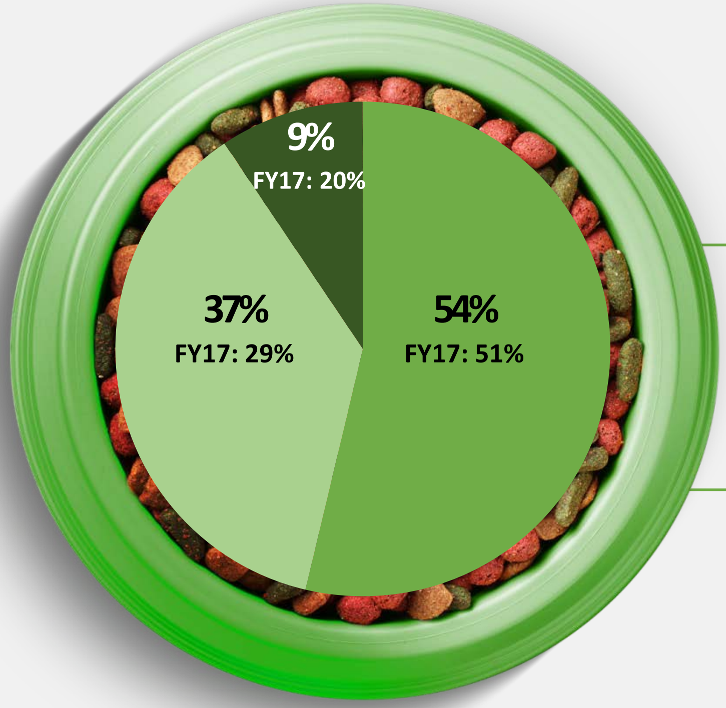
ANIMAL CARE SEGMENT

A strong EBITDA performance reflecting the pivot to our own key brands

NZ$m	FY18	FY17	Var	Constant FX Var
Animal Care				
Revenue	411.9	423.2	(2.7%)	(5.1%)
EBITDA	49.8	44.7	11.3%	9.0%
EBIT	46.2	41.2	12.2%	9.8%
EBITDA%	12.08%	10.57%	151pts	151pts

EBITDA increase of $5.1m or 9.0% (constant currency):

- Black Hawk sales growth in Australia of 23%.
- Earnings were negatively impacted by $3.3m: due to costs associated with the launch of Black Hawk in New Zealand and exiting the Mars agency business.
- EBITDA margin% increase reflects our strategic focus on developing our key brands.



REVENUE MIX BY CATEGORY

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

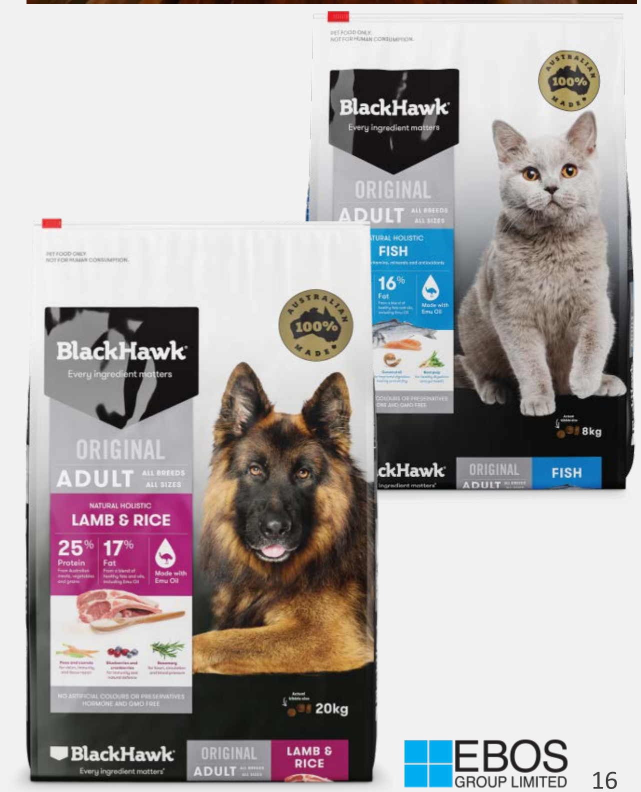
ANIMAL CARE SEGMENT

FY18 Revenue declined $11.3m or 5.1% (constant FX) due to:

- Ceasing low margin wholesale sales to a major Australian retail chain. Revenue in FY18 was impacted by $26 million.
- In July 2017, Black Hawk was launched in New Zealand and consequently we ceased the sales, marketing and distribution of Mars branded products in NZ.

Black Hawk continues to outperform:

- Black Hawk Australian sales grew 23% (following growth of 48% in FY17 and 55% in FY16). Growth well above market due to:
  - New product development including new Large breed Adult & Puppy SKU's and a complete new cat range.
  - Strong investment in marketing driving increased brand awareness and retail support
  - Rebranding and new packaging across the entire range
- Launch of Black Hawk in NZ has exceeded expectations. Strong support has been received from specialty retailers and veterinary clinics



Group Financial Information & Outlook

CASH FLOW

Record Operating Cash Flow performance

NZ$m	FY18	FY17	Var$	Var%
EBITDA	**272.4**	**234.4**	**38.0**	**16.2%**
Net interest paid	(22.7)	(19.0)	(3.7)	
Tax paid	(65.3)	(65.4)	0.1	
Net working capital and other movements	(8.2)	(6.1)	(2.1)	
Cash from Operating activities	**176.2**	**143.9**	**32.2**	**22.4%**
Capital expenditure (net)	(63.2)	(37.4)	(25.8)	
Free Cash Flow	**112.9**	**106.5**	**6.4**	**6.1%**
Acquisitions and investments	(33.6)	(184.1)	150.5	
Dividends paid	(100.7)	(94.9)	(5.7)	
Net Cash Flow	**(21.4)**	**(172.6)**	**151.2**	
Borrowings acquired on acquistion	-	(14.7)	14.7	
FX impact on net debt	(15.0)	0.2	(15.2)	
(Increase)/Reduction in Net Debt	**(36.4)**	**(187.1)**	**150.7**	

- Record operating cash flow of $176.2m demonstrates the Group's disciplined focus on cash flow management.
- FY18 Capex spend primarily comprises the new distribution centre in Brisbane ($24.6m) and the new contract logistics facility in Sydney ($14.6m).
- Acquisition and investments of $33.6m in FY18 includes the Group's acquisitions of Gran's Remedy and Ventura and the investment in MedAdvisor.

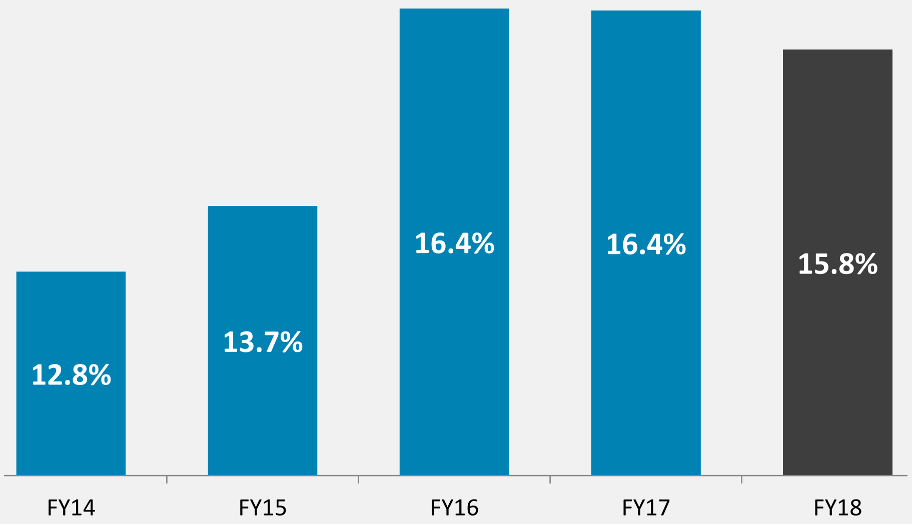
WORKING CAPITAL AND ROCE

Working Capital

NZ$m	June 2018	June 2017
Net Working Capital		
Trade receivables	971.8	1,015.1
Inventory	582.9	572.0
Trade payables/other	(1,303.3)	(1,353.7)
Total	**251.4**	**233.4**
Cash conversion days[1]		
Debtor days	41	41
Inventory days	32	30
Creditor days	58	57
Cash conversion days	**15**	**14**

- Working capital management discipline is a key focus of the Group and maintaining the industry leading cash conversion cycle of 15 days is reflective of this.

Return on Capital Employed

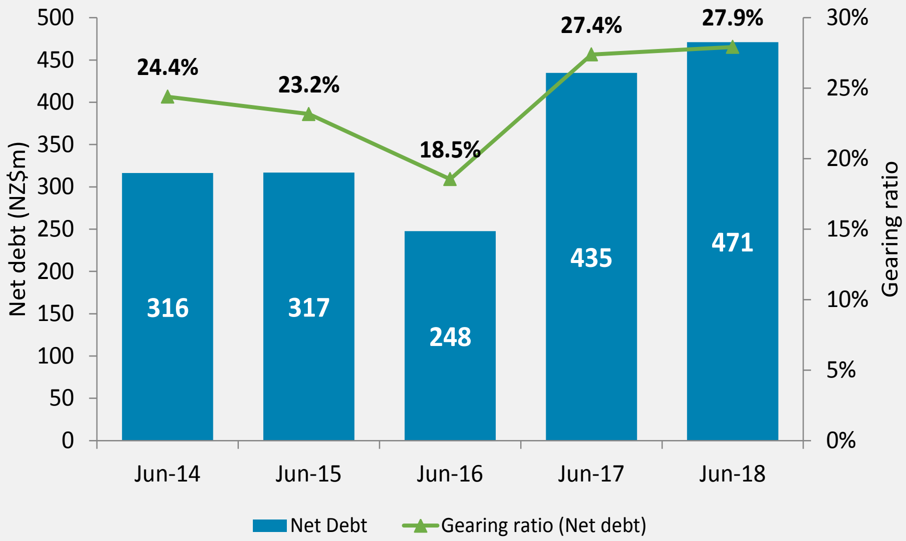


- Return on Capital Employed of 15.8% at June 2018, lower than June 2017 (-0.6%) primarily due to a higher investment in net working capital and the cost of the recently acquired HPS business.

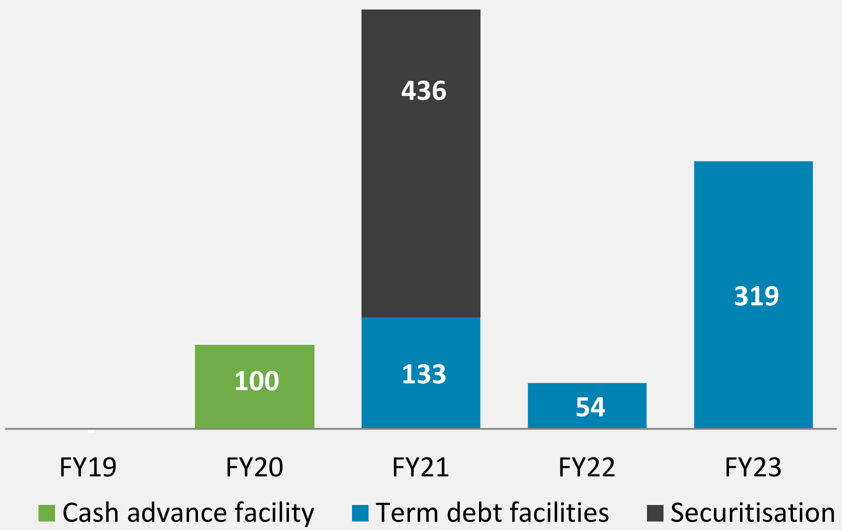
Note 1: Cash conversion days are adjusted for the Group's 3PL debtors and creditors arising from its hepatitis C business.

NET DEBT, GEARING AND MATURITY PROFILE

Net Debt and Gearing



Debt Maturity Profile – current facility limits (NZ$m)



- Net Debt of $471m at June 2018, an increase of $36m from June 2017.
- Net Debt : EBITDA of 1.74x at June 2017 (1.79x at June 2017).
- Current gearing continues to provide headroom for future acquisitions.

- In H2 FY18, EBOS completed:
  - A new 3 year securitisation facility (A$400m) which expires in January 2021.
  - Refinancing of term debt facilities (NZ$319m) extended to May 2023.
- At 30 June 2018, the weighted average maturity of our combined term debt & securitisation facilities is 3.4 years.

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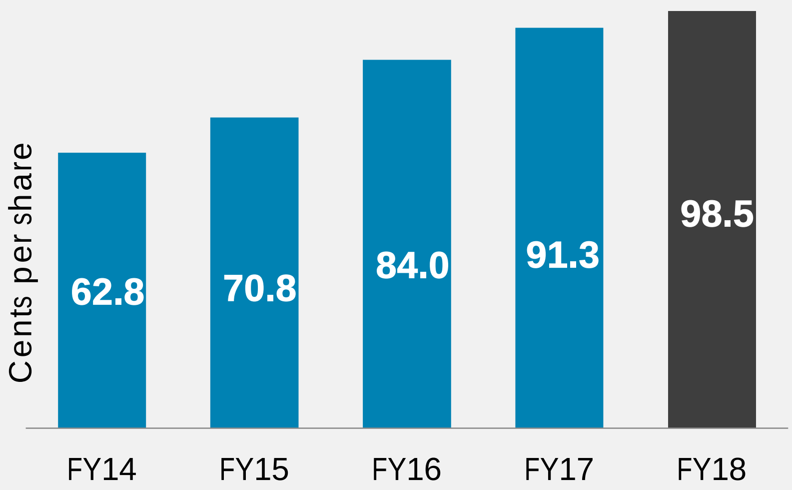
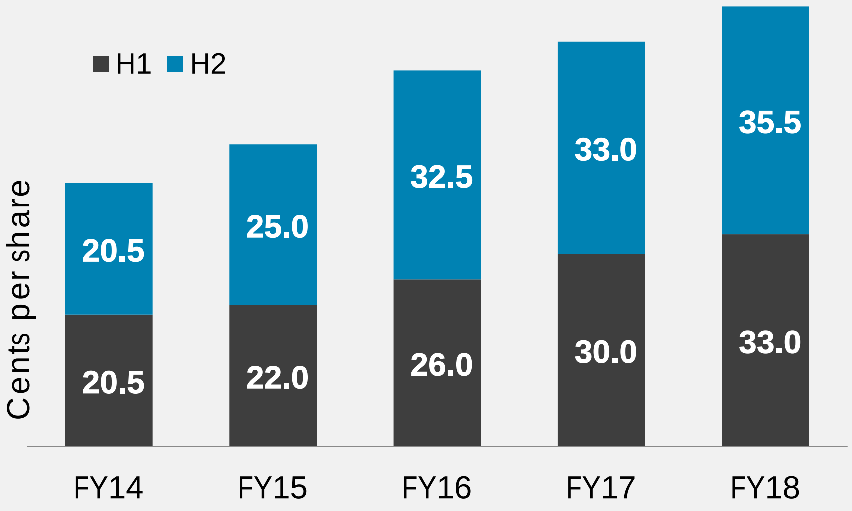
EARNINGS AND DIVIDENDS PER SHARE

Underlying Earnings Per Share



Dividends Per Share



- Underlying EPS growth of 7.8% in FY18, or 5.4% (constant FX) following increases of 11.1% in FY17 and 18.2% in FY16.
- Final dividend of 35.5 cents (imputed to 25% and franked to 100% for Australian resident shareholders).
- Total dividends in FY18 of 68.5 cents represents an increase of 8.7% on last year.
- Dividend payout ratio of 70%.

OUTLOOK

- EBOS Group has recorded a strong financial performance in FY18 and the Company is confident of further profit growth into FY19 on an underlying, constant currency basis.
- A performance update will be provided to shareholders at the Annual Meeting on 16 October 2018.

CHANGE IN PRESENTATION CURRENCY

- With 82% of the Group's earnings generated from Australia, the statutory results have historically been significantly impacted by movements in the NZD:AUD exchange rate. In order to reduce this volatility for future periods, the Board has decided to change the Group's presentation currency from New Zealand dollars to Australian dollars effective 1 July 2018.

Supporting Information

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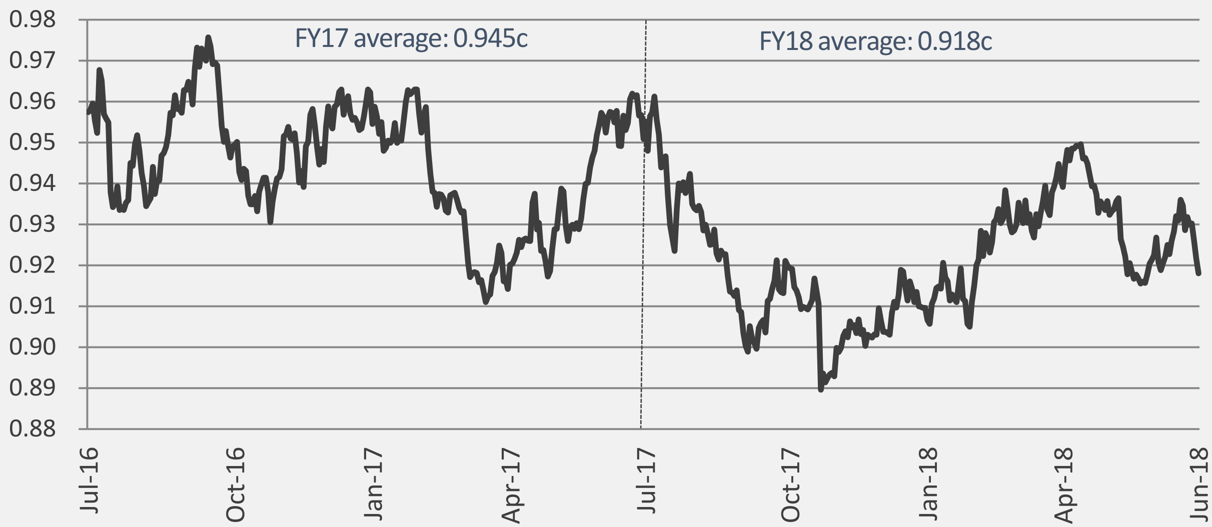
FOREIGN EXCHANGE

Depreciation of the average NZD:AUD cross-rate by 2.7c to 0.918 positively impacted EBITDA by $5.4m in FY18

Revenue and EBITDA by currency

$m	AUD Operations AUD	Average NZD: AUD translation	AUD Operations NZD	NZ Operations NZD	Group Consolidated NZD
FY18					
Revenue	5,527.6	0.92	6,022.0	1,587.5	**7,609.5**
EBITDA	204.2	0.92	222.4	50.0	**272.4**
EBITDA%	3.69%		3.69%	3.15%	**3.58%**

NZD:AUD exchange rate – July 2016 to June 2018



- 82% of the Group's earnings (EBITDA) are generated in AUD.
- The average NZD:AUD FX rate for FY18 decreased by 2.7 cents from FY17, positively impacting the Group's FY18 EBITDA by approximately $5.4m.
- EBITDA sensitivity to a 1 cent movement in NZD:AUD exchange rate is approximately $2.1m per annum.

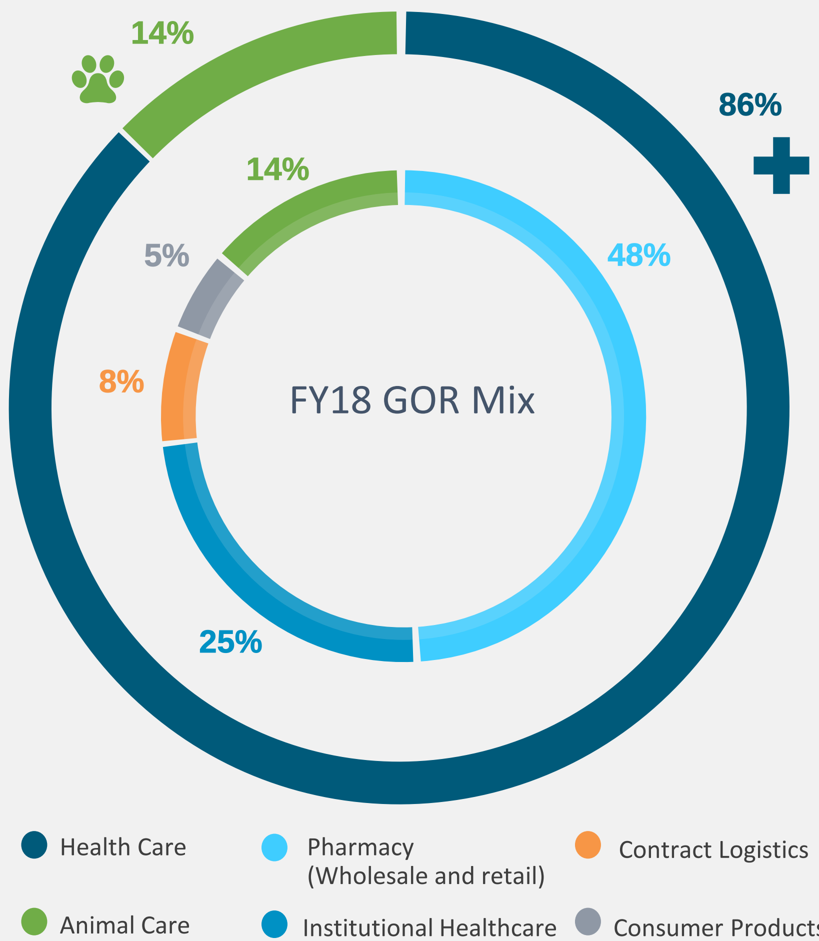
SEGMENT EARNINGS AND GOR MIX

EBITDA by segment

NZ$m	FY18	FY17	Var	Constant FX Var
Healthcare	235.9	208.8	13.0%	10.4%
Animal Care	49.8	44.7	11.3%	9.0%
Corporate	(13.2)	(19.1)	30.5%	32.1%
Group	**272.4**	**234.4**	**16.2%**	**13.6%**
Transaction costs	-	7.0		
Group - underlying	**272.4**	**241.4**	**12.8%**	**10.3%**

- FY17 Corporate segment result includes $7.0m of transaction costs incurred on the TerryWhite Chemmart merger and the HPS acquisition.

Gross Operating Revenue (GOR) FY18



EBOS STRATEGIC APPROACH

Our Healthcare and Animal Care strategic focus is centred on

Investing for Growth	Leading Market Positions	Disciplined Capital Management
Two types of investments: ▪ **Acquisitions:** we have a successful track record of deal execution. ▪ **Internal Capex:** investment to lift productivity, manage costs and deliver better customer service.	We aim to have positions of scale in the markets we operate in and maximise opportunities across our wide range of businesses wherever possible.	▪ 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.

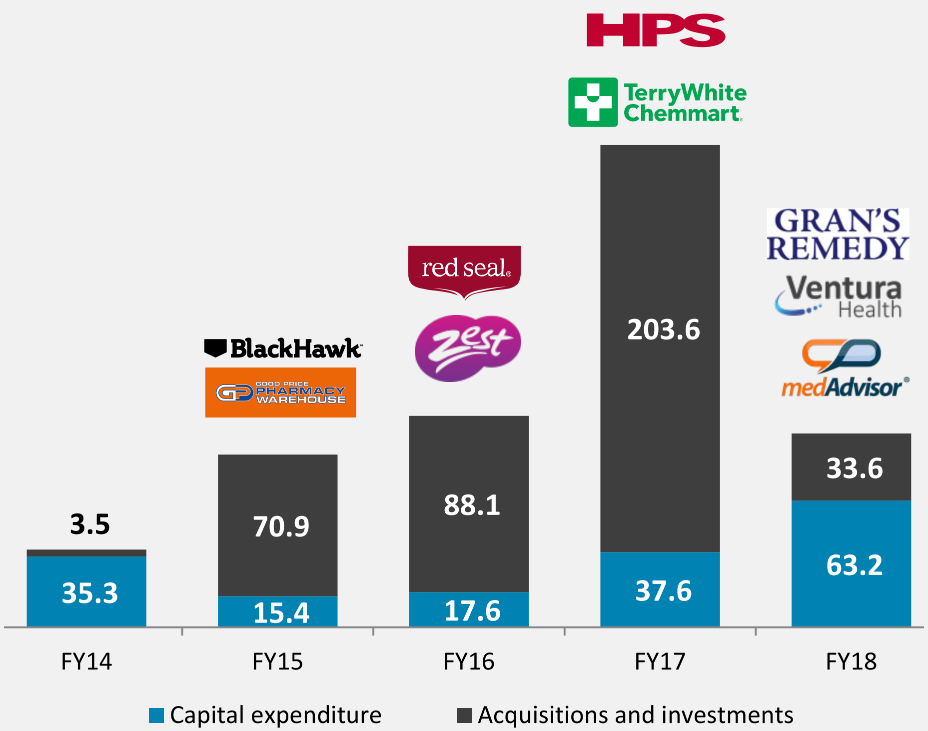
We focus on delivering profitable growth and superior returns

5 YEARS POST SYMBION DEAL

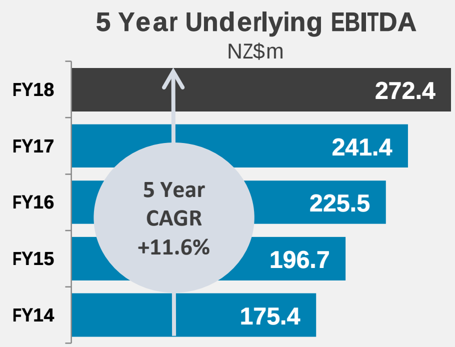
We continue to deliver results whilst reinvesting for growth

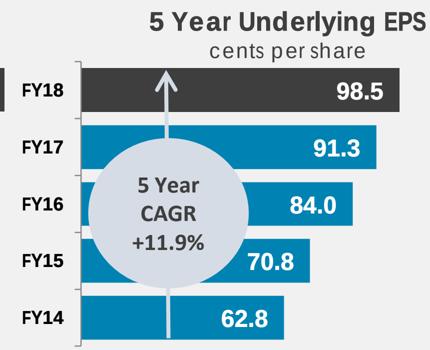
Investments made (NZ$m)

$569m over
last 5 years

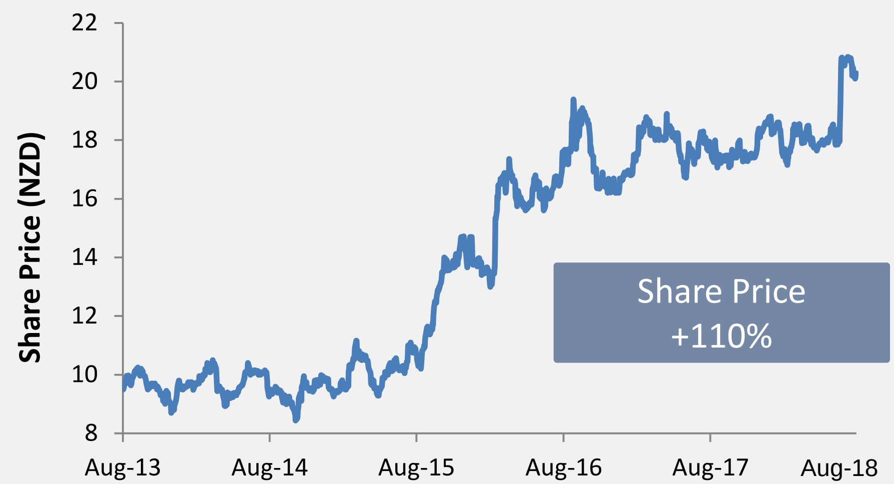


Results achieved





EBOS Share Price (NZ$) – Last 5 Years performance



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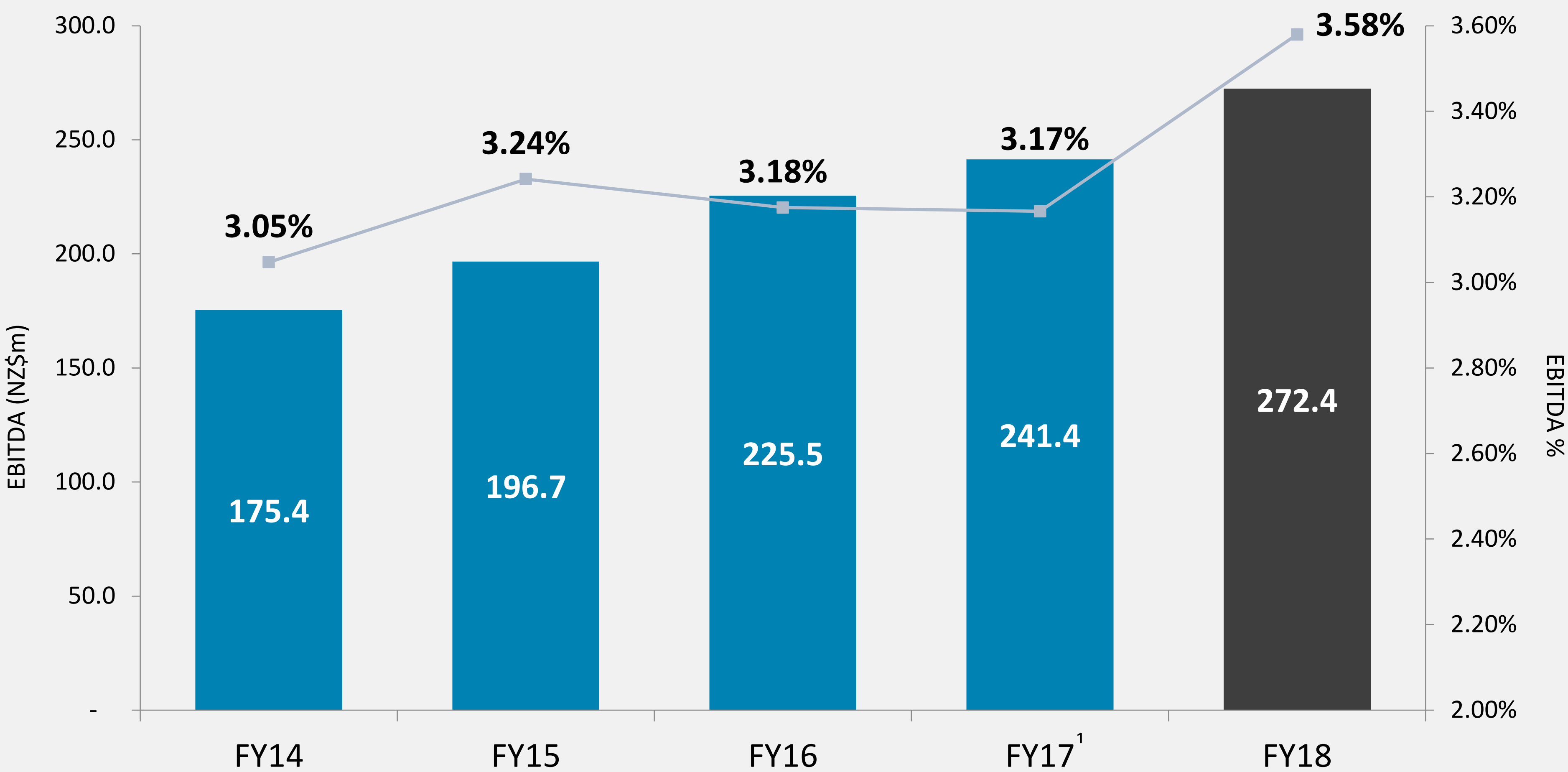
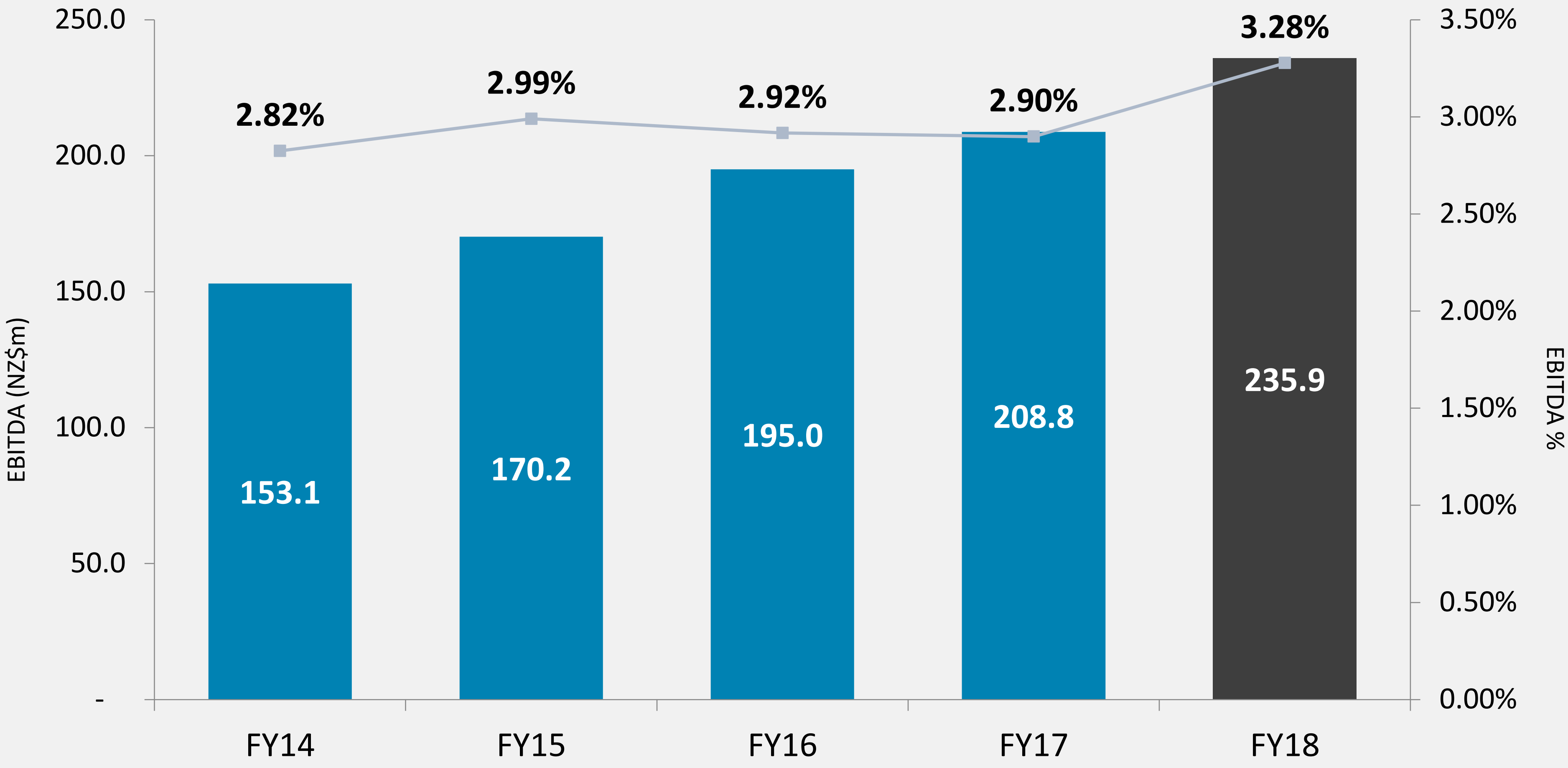
HISTORICAL EBITDA & MARGIN



All data shown above is on a Reported basis

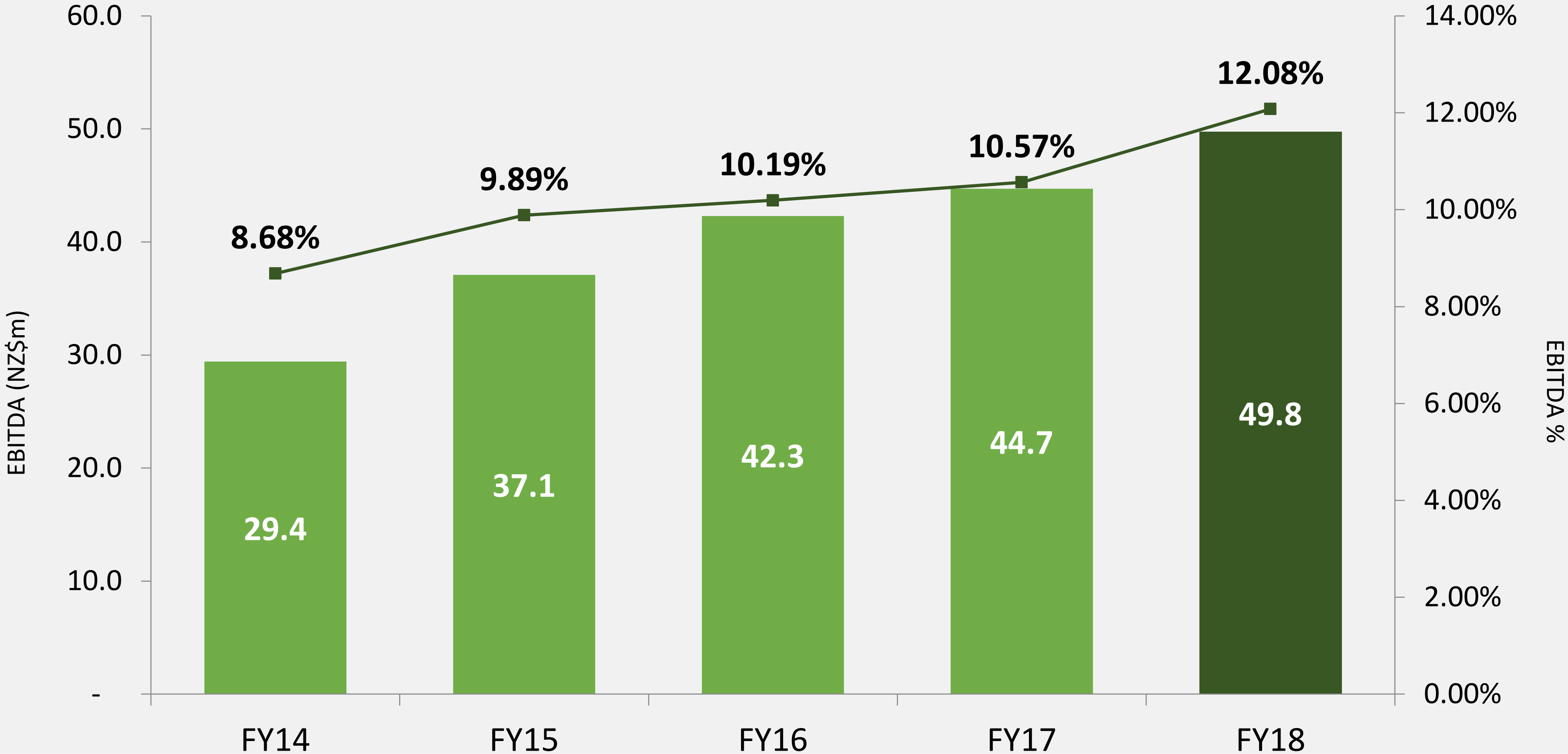
Note 1: FY17 EBITDA and EBITDA margin is presented on an underlying basis and excludes $7m in transaction costs incurred on acquisitions.

HEALTHCARE HISTORICAL EBITDA & MARGIN



All data shown above is on a Reported basis

ANIMAL CARE
HISTORICAL EBITDA & MARGIN



All data shown above is on a Reported basis.

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.
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 NZ 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 transaction costs relating to acquisitions.
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 transaction costs relating to acquisitions.
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 transaction costs on acquisitions, 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.
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).

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