

21 February 2018

MARKET RELEASE

NZX/ASX Code: EBO

EBOS delivers record first-half earnings

EBOS Group today announced a record interim unaudited net profit of \$76.7 million for the six months to 31 December 2017, demonstrating the benefits of a diverse portfolio of Healthcare and Animal Care businesses in Australia and New Zealand.

Financial Highlights

- Group revenue stable at \$3.9 billion
- EBITDA growth of 15.6% (+9.5% underlying, constant currency basis)
- Net Profit after Tax up 11.5% (+5.5% underlying, constant currency basis)
- Record first half Operating Cashflow of \$101.7 million
- Earnings per Share growth of 11.0% (+7.4%, constant currency basis)
- Interim dividend declared of 33 cents per share, +10% to the previous corresponding period

Summary of Results

New Zealand Dollars ¹	31 December 2017 (unaudited)	Growth (actual FX)	Growth (constant FX)
----------------------------------	------------------------------	--------------------	----------------------

Statutory Results

Total Revenue	\$ 3.9 billion	-0.4%	-3.8%
EBITDA	\$138.5 million	+15.6%	+11.7%
Net Profit after Tax (NPAT)²	\$76.7 million	+11.5%	+7.8%
Earnings per Share (EPS)	50.4 cents	+11.0%	+7.4%

Underlying Results³

Underlying EBITDA³	\$138.5 million	+13.3%	+9.5%
Underlying NPAT³	\$76.7 million	+9.1%	+5.5%

¹ All amounts included are denoted in New Zealand dollars unless otherwise stated.

² Net Profit after tax and after non-controlling interests

³ Underlying results in 1HFY17 exclude \$2.4 million (\$1.4 million after tax and non-controlling interests) of transaction costs incurred on the merger of Chemmart and Terry White Group.

“Our record first half results are in line with our expectations and reflect a consistent positive momentum across both our Healthcare and Animal Care businesses”, said CEO, Patrick Davies.

“During the first half, we have fully transitioned HPS into the Group, further expanding our leading position in the Institutional Healthcare market. In October, we acquired a strategic 14.1% shareholding in MedAdvisor Ltd, Australia's leading digital medication management company.

“Of equal importance to our investment in new businesses is the organic growth we are seeing across our diversified portfolio. Our Animal Care segment continues to perform strongly and in July 2017 Black Hawk was launched in New Zealand with excellent retail support.

“In Healthcare, the rebranding of TerryWhite and Chemmart pharmacies to TerryWhite Chemmart is now largely complete. Red Seal continues to outperform in the New Zealand domestic market and is focused on growing into the Australian and Asian markets”, Mr Davies said.

“Our major capital projects in both Australia and New Zealand have all seen excellent progress over the period and remain on-track and budget. These investments are a key part of our strategy to provide the most efficient warehousing and distribution facilities for our expanding portfolio of businesses.”

Segment overview

Healthcare

Healthcare	31 December 2017 (unaudited)	Growth (actual FX)	Growth (constant FX)
Total Revenue	\$3.7 billion	-0.2%	-3.5%
EBITDA	\$120.0 million	+12.5%	+8.7%

In Australia, revenues declined 5.6% although EBITDA grew 9.0% (constant currency basis). The revenue decline was driven by a \$250m reduction in hepatitis C medicine sales. Excluding this impact, sales revenue grew \$76 million or +2.9%. EBITDA growth was assisted by the full six-month contribution of HPS which is performing in-line with expectations.

In the Australian pharmacy market, revenue growth (excluding hepatitis C medicines and acquisitions) of +1.9% was moderate due to the on-going impact of PBS reforms. Sales in the non-prescription over-the-counter (OTC) channel were flat compared to the prior corresponding period.

EBOS Group maintained its market leading positions in both the Australian and New Zealand Institutional markets delivering further earnings growth. Total revenue declined 8.1% (constant currency basis) driven by lower hepatitis C medicines sales. Excluding hepatitis C medicines and acquisitions, underlying sales growth was +2.2%.

The New Zealand Healthcare operations again delivered a solid performance over the period with revenue increasing 5.1% and EBITDA increasing 7.5% with growth across all NZ business units.

The Group's Consumer Products division recorded solid revenue growth (+7.7% year on year), principally driven by Red Seal's strong domestic performance in toothpastes, teas and supplements.

Animal Care

Animal Care	31 December 2017 (unaudited)	Growth (actual FX)	Growth (constant FX)
Total Revenue	\$207.9 million	-3.8%	-7.2%
EBITDA	\$24.3 million	+15.3%	+11.7%

The Animal Care segment recorded 15.3% EBITDA growth (+11.7% constant currency basis) for the period as the business continues to benefit from excellent growth in our branded products, with first-half Black Hawk sales in Australia up 26% from last year. Black Hawk today is Australia's fastest growing premium pet food brand with a leading market position in the pet specialty retail channel.

In another exciting development for the business, Black Hawk was launched into the New Zealand market in July 2017 and has gained strong acceptance from both specialty retailers and veterinary clinics.

Total Animal Care revenue declined principally due to ceasing low-margin wholesale sales to a major retail chain in Australia and discontinuing sales of Mars products upon the introduction of Black Hawk into New Zealand.

Operating Cash Flow, Net Debt and Return on Capital Employed

Record first half operating cash flow of \$101.7 million was achieved and is a significant increase on the prior corresponding period (+\$53.8 million). The Group's Net Debt/EBITDA ratio at 31 December 2017 of 1.76x is in line with the level recorded at June 2017.

Return on Capital Employed of 16.1% was in line with the prior year.

Capital expenditure for the period was \$31.5 million, with \$17.0 million spent on the new highly automated distribution facility in Brisbane, Queensland and \$4.5 million on the new contract logistics facility in Sydney, New South Wales. Additional capex will be incurred in the second half on these major projects, with total spend on these projects alone in FY18 estimated at \$43 million.

Subsequent to balance date, EBOS entered into a new three-year, A\$400m securitisation facility replacing its previous facility which was due to expire in 2018.

Interim Dividend

The Directors are pleased to announce an interim dividend of 33 cents per share. This represents an increase of 10% on the prior corresponding period.

The record date for the dividend will be 16 March 2018 and the dividend will be paid on 6 April 2018. The interim dividend will again be imputed to 25% for New Zealand tax resident shareholders and will be fully franked for Australian tax resident shareholders.

Outlook

EBOS Group has recorded a strong start to the first half of the financial year across both our Healthcare and Animal Care segments.

We expect constant currency, underlying EBITDA for the 2018 financial year to grow by approximately 10% on the prior year.

Leadership Transition

As announced on 13 December 2017, Patrick Davies has advised he is stepping down as Group Chief Executive Officer and will be succeeded by John Cullity, currently the Chief Financial Officer of the Group, effective 31 March 2018.

In what will be his last results release, Patrick commented that he felt privileged to have led Symbion and now EBOS over a number of years.

"EBOS today plays such a pivotal role in Australia and New Zealand's healthcare system and continues to expand its substantial trans-tasman Animal Care business", said Mr Davies.

"I am very proud of what the management team and everyone at EBOS has achieved since the transformational deal with Symbion in 2013. The business today is extremely well diversified with enviable market positions and is very well placed to continue to grow and deliver on our strategy."

For further information, please contact:

Media:

New Zealand

Geoff Senescall, Senescall Akers
+64 21 481 234

Australia:

Phil Martin, Michels Warren PR
+61 418 817 876

Investor Relations:

Mark Connell
Investor Relations Manager, EBOS Group Ltd
+61 402 995 519

Interim Financial Results Presentation webcast link:

<https://edge.media-server.com/m6/p/uihsudm>

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.