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EBOS REPORTS STRONG EARNINGS GROWTH FOR 2015

Financial and Business Highlights

New Zealand Dollars ¹	30 June 2015 (audited)	Growth (actual FX)	Growth (constant FX)
Total Revenues	\$6.1 billion	+5.4%	+7.2%
EBITDA	\$196.7 million	+12.1%	+14.2%
EBIT	\$172.6 million	+12.9%	+15.0%
Profit before Tax	\$150.7 million	+19.8%	+22.0%
Net Profit after Tax	\$105.9 million	+15.1%	+16.9%
Earnings per Share	70.8 cents	+12.7%	+14.6%
Operating Cash Flow	\$133.8 million	+17.2%	
Final Dividend per Share	25.0 cents	+22.0%	

- Acquisition of BlackHawk Premium Pet Food Business (BlackHawk)
- Strategic 25% investment in Good Price Pharmacy Warehouse (GPPW)
- Major new distribution centre opened in Melbourne
- Awarded the New South Wales Health Medical Consumables Warehousing and Distribution contract

Group overview

EBOS Group Limited today reported strong financial results for the year ending 30 June 2015, showing growth across both its Healthcare and Animal care businesses.

EBOS Group Chief Executive Officer, Patrick Davies said he was pleased with how all elements of the Group had contributed to the result, reflecting the strength of the Group's trans-Tasman approach to Healthcare and Animal Care.

"We continue to grow our portfolio of businesses and have achieved a number of significant milestones during the year," Mr Davies said.

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

“We are encouraged by our most recent financial performance knowing that our model continues to add value to our customers while also rewarding our shareholders with improved returns.”

The Group’s Healthcare businesses are benefitting from sound underlying economic fundamentals with solid increases in demand for services across the sector whilst our Animal Care businesses continue to benefit from ongoing growth in consumer pet spending.

Group Financial Results

Revenues for the year exceeded the \$6 billion mark for the first time, increasing by 5.4% on the previous year. In constant currency terms, revenues were up 7.2%.

Earnings before net finance costs, tax, depreciation and amortisation (**EBITDA**) grew by \$21.3 million to \$196.7 million representing an increase of 12.1% or 14.2% in constant currency terms, reflecting the substantial growth in sales revenue at an improved margin.

The Group generates approximately 81% of its earnings in Australia and the appreciation of the NZD during the year negatively impacted NZD reported EBITDA by approximately \$3.9 million.

Profit before Tax increased by \$24.9 million or 19.8% (22% in constant currency) due to the good growth in operating earnings and lower net finance costs incurred throughout the year.

Net Profit after Tax increased to \$105.9 million, representing an increase of 15.1% on the prior year, and **earnings per share** increased by 12.7%.

Divisional overview

Healthcare

The Healthcare business generated an 11.2% increase in EBITDA on the back of a 5.1% increase in revenue.

The performance of the Australian business was very pleasing with a 5.1% increase in revenue and an 11.9% increase in EBITDA. The company’s wide range of businesses all demonstrated sound growth with the Institutional Healthcare and Pharmacy businesses in particular providing good contributions to the results.

The performance of the Australian Pharmacy business was enhanced by the revenues generated from the Group’s strategic investment in GPPW in October 2014.

“Our investment in Good Price Pharmacy Warehouse is complementary to our market-leading Chemmart Pharmacy offering, which continued to perform well with 39 new stores opening throughout the year and an additional 33 stores signing up to join the Chemmart brand,” Mr Davies said.

In November 2014, EBOS opened its new pharmacy distribution facility in Keysborough, Melbourne, representing a capital investment of A\$31 million. Mr Davies said that while returns on this investment will be generated over the long term, he was encouraged by the significant increase in productivity the company had already achieved since opening the facility.

The company is on schedule to commence operations in late 2015 under its recently awarded NSW Health medical consumables warehousing and distribution contract. It is pleasing that a major Australian State Government has chosen to partner with the Group in recognition of our supply chain expertise.

The New Zealand operations made a solid contribution to the Group's result with EBITDA increasing by 8.1%, driven by strong performance in the Contract Logistics and International business units.

Animal care

The Animal care business generated a 10.7% increase in Revenue and a 26.1% increase in EBITDA. The revenue and profit growth includes eight months' contribution from the recently acquired BlackHawk business.

"Our strategic focus in Animal care is on the continued growth and development of our brands and it was pleasing to see the strong performance of BlackHawk under our ownership," Mr Davies said.

The Vitapet brand also performed well with revenue growth of 8% on the prior year, assisted by the investment in advertising and marketing made in the first half of 2015.

Operating Cash Flow and Return on Capital Employed

Operating cash flow for the period was a record \$133.8 million and the Group's Net Debt/EBITDA ratio reduced to 1.6x from 1.8x at 30 June 2014. Gearing or net interest bearing debt to net interest bearing debt plus equity was 23.2% (2014-24.4%).

"Our cash generation has allowed us to fully debt finance the acquisition of BlackHawk and reward shareholders with increased dividends and finish the year with a lower Net Debt to EBITDA ratio," Mr Davies said.

Return on Capital Employed increased by 0.9% to 13.7% reflecting the increased operating profit and cash performance of the Group, including the benefits of strategic investments undertaken throughout the year.

Final Dividend

The Directors have declared a final dividend of 25.0 cents per share representing an increase of 22.0%. This takes full year dividends to 47 cents per share, which is an increase of 14.6% on the prior year and represents a dividend payout ratio of 67%.

The record date for the dividend will be 2 October 2015 and the dividend will be paid on 16 October 2015. The final dividend will be imputed to 25% for New Zealand resident shareholders. It is the Board's intention to fully frank subsequent dividends (starting with the 30 June 2016 financial year Interim dividend) for Australian tax resident shareholders.

Whilst the dividend reinvestment plan will operate for the final dividend, enabling shareholders to elect to take shares in lieu of a dividend at a discount of 2.5% to the volume weighted average price, it is the Board's intention to review the operation of the DRP for future dividends.

Outlook

Over many years we have shown our ability to successfully adapt to changes in the regulatory environments and EBOS has once again delivered strong financial results. We are confident of continued growth in our business across both healthcare and animal care into FY16 on a constant currency basis.

The Group has the balance sheet capacity to progress with its acquisition strategy to add to its portfolio of businesses and continue to improve shareholder returns.

A performance update will be provided at the Annual Meeting on 27 October 2015.

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