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EBOS REPORTS STRONG EARNINGS GROWTH FOR HALF YEAR 2015

Financial and Business Highlights

New Zealand Dollars	31 December 2014 (Unaudited)	Growth (actual FX)	Growth (constant FX)
Total Revenues	\$3.1 billion	+4.0%	+6.1%
EBIT	\$88.5 million	+6.0%	+8.2%
EBITDA	\$100.3 million	+5.9%	+8.1%
Net Profit after Tax	\$53.9 million	+9.2%	+11.5%
Earnings per Share	36.2 cents	+6.5%	+8.7%
Interim Dividend per Share	22.0 cents	+7.3%	+7.3%

- Acquisition of BlackHawk Premium Pet Care Pty Ltd (BlackHawk)
- Strategic 25% investment in Good Price Pharmacy Warehouse (GPPW)
- Major new distribution centre opened in Melbourne
- Awarded the New South Wales Health, Warehousing and Distribution Contract

Group overview

EBOS Group Limited today reported strong interim financial results for the half year ending 31 December 2014, showing growth across both its Healthcare and Animal care businesses.

EBOS Group Chief Executive Officer Patrick Davies said the company's progress had been underpinned by both organic growth and strategic acquisitions.

"Our business model continues to drive the profitable development of the Group and is allowing us to continue to pursue opportunities for the benefit of our customers and shareholders," Mr Davies said.

Group Financial Results

Revenues for the 6 month period were \$3.1 billion, up 4% on the same period last year. In constant currency terms, revenues were up 6.1%. Healthcare revenues increased by 3.7% over the period led by continuing growth in the Group's Pharmacy and Hospital businesses.

Earnings before net finance costs, tax, depreciation and amortisation (**EBITDA**) grew to \$100.3 million representing an increase of 5.9% or 8.1% in constant currency terms.

Net Profit after Tax increased to \$53.9 million, representing an increase of 9.2% due to the improved operating earnings and lower net finance costs.

Operating cash flow for the period was \$30.5 million and the Group's Net Debt/EBITDA ratio increased slightly to 2.0x at 31 December 2014, incorporating the debt funded acquisition of BlackHawk. Gearing or net interest bearing debt to net interest bearing debt plus equity was 26.9% (2013-26.7%). The company's focus and strength in working capital management was evident in the results with a **Cash Conversion Cycle** of 24 days.

The Group now generates approximately 82% of its earnings in Australia and the continued appreciation of the NZD during the period negatively impacted NZD reported EBITDA by approximately \$2.2 million.

Divisional overview

Healthcare

The Healthcare business generated an 8.1% increase in EBITDA on the back of a 3.7% increase in revenue. The performance of the Australian business was particularly strong with a 3.7% increase in revenue and a 10.1% increase in EBITDA. The company's wide range of businesses all demonstrated sound growth with the Institutional Healthcare, Consumer Products and Pharmacy businesses in particular providing strong contributions to the results.

The performance of this segment was further enhanced by the additional sales and profit generated from the Group's recent investment in GPPW.

"We are particularly pleased with the level of wholesale conversion for GPPW stores we were able to achieve during the first half, which puts us on track to realise the full benefits of our investment in the second half of FY15," Mr Davies said.

In November, EBOS opened its new pharmacy distribution facility in Keysborough, Melbourne, representing a capital investment of A\$31million. Mr Davies said this type of investment reflected EBOS' long term commitment to the industry.

The New Zealand operations made a solid contribution to the Group's result with the Contract Logistics business continuing to demonstrate the benefits of its market leading position. The

New Zealand pharmacy wholesale business continues to perform well in a challenging environment .

Animal care

The Animal Care business generated a 7.1% increase in EBITDA on the back of an 8% increase in revenue. The revenue growth reflects the Group's continued focus on developing its own brands, with the Vitapet brand now representing approximately 35% of this segment's retail revenues. Substantial investments in operations, advertising and marketing were made to reinforce the focus on growth of this segment for the long term.

The performance of the BlackHawk business (acquired 1 November 2014) has been in line with expectations.

Debt Refinancing

In August 2014, the Company took advantage of favourable credit markets and successfully refinanced its banking facilities incorporating both an extension of term and reduced margins. The benefits of this refinancing are already being realised with net finance costs decreasing by 18.6% on the prior corresponding period.

Interim Dividend

The Board declared an interim dividend of 22 cents a share payable on 2nd April 2015 imputed to 30%. This represents an increase on the prior corresponding period of 7.3%. The dividend reinvestment plan will operate for the interim dividend, enabling shareholders to elect to take shares in lieu of a dividend at a discount of 2.5% to VWAP. The Record Date for the interim dividend is 13 March 2015.

Outlook

EBOS has made a strong start to the financial year with solid growth across both its Healthcare and Animal care businesses. Management expects the second half constant currency profit growth to be at approximately the same rate as recorded in the first half.



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