

21 August 2024

## MARKET RELEASE

NZX/ASX Code: EBO

### EBOS 2024 Full Year Results

#### EBOS RECORDS ANOTHER YEAR OF STRONG GROWTH AND PROVIDES POSITIVE GUIDANCE FOR FY25

##### Highlights

- Revenue of \$13.2 billion (up 7.8%)
- Underlying EBITDA of \$624.3 million (up 7.3%)
- Underlying NPAT of \$303.4 million (up 7.7%)
- Underlying EPS of 157.9 cents (up 6.8%)
- Final dividend declared of NZ 61.5 cents per share, bringing total dividends declared for the year to NZ 118.5 cents per share (up 7.7%)
- Continued strong earnings growth in Healthcare and Animal Care segments with Healthcare Underlying EBITDA up 6.0% and Animal Care Underlying EBITDA up 13.2%
- Significant investments undertaken in line with our strategy of investing for growth, as previously announced we increased our shareholding in Transmedic and completed the acquisition of Superior Pet Food Co. (Superior). In addition, we completed four small bolt-on acquisitions in the Medical Technology and Medical Consumables businesses across ANZ and Southeast Asia<sup>1</sup>
- ROCE increased by 20 bp to 15.3%, in line with target
- Net Debt : EBITDA reduced to 1.89x compared to 2.06x at December 2023
- To assist investors EBOS is providing guidance for FY25 that the Group expects to generate Underlying EBITDA of between \$575 million to \$600 million

| \$m <sup>2</sup>                      | Underlying Results <sup>3</sup> | Statutory Results      |
|---------------------------------------|---------------------------------|------------------------|
| <b>Total Revenue</b>                  | \$13,189.1m up 7.8%             | \$13,189.1m up 7.8%    |
| <b>EBITDA</b>                         | \$624.3m up 7.3%                | \$605.6m up 6.5%       |
| <b>EBIT</b>                           | \$521.7m up 7.7%                | \$476.7m up 7.4%       |
| <b>Net Profit after Tax</b>           | \$303.4m up 7.7%                | \$271.5m up 7.2%       |
| <b>Earnings per Share<sup>4</sup></b> | 157.9 cents up 6.8%             | 141.3 cents up 6.3%    |
| <b>Total Dividends per Share</b>      |                                 | NZ 118.5 cents up 7.7% |
| <b>EBITDA margin</b>                  | 4.73% down 3bp                  | 4.59% down 6bp         |
| <b>Operating Cash Flow</b>            | \$367.0m down 9.3%              | \$348.2m down 11.0%    |
| <b>ROCE</b>                           | 15.3% up 20bp                   |                        |
| <b>Net Debt : EBITDA<sup>5</sup></b>  | 1.89x up 0.37x                  |                        |

<sup>1</sup> Three acquisitions completed throughout FY24 and one acquisition completed in July 2024.

<sup>2</sup> All amounts denoted in Australian dollars unless otherwise stated. Comparisons shown to prior corresponding period.

<sup>3</sup> Underlying Results exclude certain costs that are included in Statutory Results. Refer to Appendix 1 for details.

<sup>4</sup> Underlying EPS calculated as Underlying NPAT divided by the weighted average number of shares on issue.

<sup>5</sup> Calculated in accordance with banking covenants and excludes IFRS 16 lease impacts.

In commenting on today's results, EBOS Chief Executive Officer, John Cullity said:

"We are pleased to report another strong performance for the Group driven by continued organic growth as well as several strategic investments. Our sales revenue exceeded \$13 billion for the first time reflecting particularly strong growth within our Community Pharmacy and Institutional Healthcare divisions. Our confidence in our future growth strategies saw us make significant investments during the year in our operations and continue our expansion via acquisitions in both our Healthcare and Animal Care segments.

The Group's diversification is a key strength as we navigate challenging domestic economic conditions and we have a strong pipeline of opportunities ahead of us as we continue to expand our operations outside New Zealand and Australia."

EBOS' Healthcare segment benefitted from its strong market positions and solid contributions from each of the Community Pharmacy, TerryWhite Chemmart (TWC) and Institutional Healthcare businesses.

The Animal Care segment delivered double-digit Underlying EBITDA growth driven by the performance of the branded businesses and the contribution from the Superior acquisition.

Consistent with our strategy of investing for growth, we increased our shareholding in Transmedic, our leading independent medical devices distributor in Southeast Asia, to 90% and entered into an option arrangement that will facilitate us moving to 100% following the conclusion of FY25. In addition, we completed the acquisition of Superior in July 2023, which is a leading New Zealand manufacturer and supplier of premium dog rolls and supplier of dog treats. We have also completed four small bolt-on acquisitions in the Medical Technology and Medical Consumables businesses across ANZ and Southeast Asia.<sup>6</sup> These acquisitions further strengthen and grow our core business.

We are confident in the outlook for the Group in FY25 and we are making strong progress on our near-term growth strategies, which are:

- Achieving base business growth in both our Healthcare and Animal Care segments;
- Winning new Community Pharmacy revenue in light of changed industry dynamics;
- Cost reduction initiatives to optimise the Group's cost base; and
- Continuing to undertake M&A that further strengthens our core business and diversifies and grows our earnings to add value for shareholders.

In commenting on today's result, EBOS Chair, Elizabeth Coutts said:

"It is pleasing to see EBOS continue its long term growth trajectory and deliver value for our stakeholders. The success we have achieved is the result of the combined efforts of our more than 5,200 employees across New Zealand, Australia and Southeast Asia. On behalf of the Board, I would like to acknowledge their commitment to our businesses and the communities they serve."

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<sup>6</sup> Three acquisitions completed throughout FY24 and one acquisition completed in July 2024.

## Healthcare

| Healthcare (\$m)               | 30 June 2024 | 30 June 2023 | Growth |
|--------------------------------|--------------|--------------|--------|
| Revenue                        | \$12,610.0m  | \$11,676.6m  | 8.0%   |
| Statutory EBITDA               | \$537.5m     | \$504.5m     | 6.5%   |
| Underlying EBITDA <sup>7</sup> | \$548.0m     | \$517.0m     | 6.0%   |
| Underlying EBITDA margin       | 4.35%        | 4.43%        | -8bp   |

Our Healthcare segment generated revenue of \$12.6 billion and Underlying EBITDA of \$548.0 million, an increase of 8.0% and 6.0% respectively on the prior year. This performance was driven by our strong market positions and organic growth.

In Australia, Healthcare revenue increased to \$10.2 billion and Underlying EBITDA increased to \$455.3 million, an increase of 8.0% and 9.4% respectively. In New Zealand & Southeast Asia, Healthcare revenue increased to \$2.4 billion representing growth of 7.9%, while Underlying EBITDA decreased to \$92.8 million as our New Zealand performance was impacted by a decline in non-recurring COVID-19 activity within our Contract Logistics business.

Community Pharmacy revenue increased by \$497.4 million (up 6.8%) and Gross Operating Revenue (GOR) increased by \$31.8 million (up 4.9%), driven by the strong performance from our retail brands including TWC, new pharmacy wholesale customer wins supporting segment share growth in both Australia and New Zealand and increased volumes for high value specialty medicines. Excluding revenue from COVID-19 related anti-viral medications, Community Pharmacy delivered normalised revenue growth of 8.6%. Our TWC franchise network continued its sales growth and store expansion with the network reaching 600 stores<sup>8</sup>, further strengthening its position as Australia's largest health advice-oriented community pharmacy network.

The 8th Community Pharmacy Agreement (CPA) came into effect on 1 July 2024 and provides continued investment in the community pharmacy sector. The CSO deed has been extended whilst we finalise discussions with the Australian Government regarding arrangements in the first pharmacy wholesaler agreement.

Institutional Healthcare revenue increased by \$414.2 million (up 11.5%) and GOR increased by \$40.8 million (up 7.2%), driven by growth in our Symbion Hospitals and Medical Technology businesses. Symbion Hospitals revenue grew by approximately 16% predominantly due to sales of high value specialty medicines. Our Medical Technology business delivered strong GOR growth of 10.2%, driven by our spine, implant, aesthetics and allograft channels. Revenue growth was lower at approximately 6%, reflecting the rationalisation of lower margin, non-strategic product portfolios during the year to optimise the business for future profitable growth. The Medical Consumables business delivered organic growth, partially offset by the unwind of PPE sales and other COVID-19 related activity and a weaker flu season compared to last year.

<sup>7</sup> Refer to Appendix 1 for details.

<sup>8</sup> The 600th store opened in July 2024.

Our Contract Logistics business in Australia continues to generate growth through new and existing principals and our recently completed second facility in Sydney, NSW, will facilitate ongoing growth in the business. In New Zealand, the Contract Logistics business experienced a reduction in GOR due to a fall in demand for the storage and servicing of COVID-19 related products and as a result overall Contract Logistics GOR decreased by 2.9%.

As we continue to invest for growth, the Group increased its shareholding in Transmedic to 90% and completed four small bolt-on acquisitions in the Medical Technology and Medical Consumables businesses across ANZ and Southeast Asia<sup>9</sup>. Transmedic has long term relationships with global medical device OEMs, representing their products in hospitals and other clinical settings across several therapeutic channels. EBOS acquired its original 51% interest in Transmedic as part of the LifeHealthcare acquisition, which completed in May 2022. An option arrangement has been entered into that will facilitate EBOS moving to 100% ownership following the conclusion of FY25.

In addition, the Healthcare segment continued to invest in its operational infrastructure to support its growth, with additional facilities being opened during the year in both Sydney and Auckland as we position the various divisions for future growth.

## Animal Care

| Animal Care (\$m)               | 30 June 2024 | 30 June 2023 | Growth |
|---------------------------------|--------------|--------------|--------|
| Revenue                         | \$579.0m     | \$560.8m     | 3.2%   |
| Statutory EBITDA                | \$104.0m     | \$98.4m      | 5.6%   |
| Underlying EBITDA <sup>10</sup> | \$112.2m     | \$99.1m      | 13.2%  |
| Underlying EBITDA margin        | 19.4%        | 17.7%        | 170bp  |

Our Animal Care segment generated revenue of \$579.0 million and Underlying EBITDA of \$112.2 million, an increase of 3.2% and 13.2% respectively on the prior corresponding period. The Animal Care segment's strong result was driven by the performance of higher margin businesses.

The branded business delivered double-digit revenue growth driven by ongoing resilience in the food category, the contribution of the Superior acquisition and new product development launches, partially offset by softer demand in discretionary categories such as accessories. The recently acquired Superior business performed strongly in its first year under EBOS' ownership with growth in both dog roll products and bulk treats.

As disclosed in our H1 results announcement, vet wholesale revenue was negatively impacted by a supplier commencing direct supply to vet clinics (following the acquisition of it by another large direct supplier) as well as a global cat vaccine shortage.

<sup>9</sup> Three acquisitions completed throughout FY24 and one acquisition completed in July 2024.

<sup>10</sup> Refer to Appendix 1 for details.

Consistent with our Animal Care growth strategy, several new product development launches occurred in FY24 diversifying our product offering and complementing our strong existing core products. These include the Black Hawk Healthy Benefits® range, the relaunch and extension of the Black Hawk cat food range and the Vitapet food range. The development of the new product pipeline continues to be a key focus for the Animal Care segment.

The Underlying EBITDA margin improved again during the period reflecting the relative performance of higher margin businesses and the successful mitigation of cost inflation.

### Normalised Group Performance

As previously disclosed, the Chemist Warehouse Australia (CWA) contract ceased on 30 June 2024. To provide investors with more detail on the performance of our underlying business, we have set out below the growth rates in FY24 on an underlying actual basis as well as on a normalised basis to exclude the impact of the CWA contract and COVID-19 anti-viral wholesale sales.

|                   | Underlying actual<br>FY24 growth vs. pcg | Normalised FY24 growth vs. pcg, excluding: |                                        |
|-------------------|------------------------------------------|--------------------------------------------|----------------------------------------|
|                   |                                          | CWA contract                               | COVID-19 anti-viral<br>wholesale sales |
| Underlying EBITDA | 7.3%                                     | ~ 8%                                       | ~ 8%                                   |

### One-off Costs

The Group incurred one-off costs of \$18.7 million in FY24 primarily associated with a large strategic acquisition that did not proceed and Healthcare segment restructuring and site transition costs to set the Group up for growth following the cessation of the CWA contract. Refer to Appendix 1 for further details.

### Cash Flow, Net Debt and Return on Capital Employed

The Group generated solid underlying operating cash flow of \$367.0 million, reflecting strong Underlying EBITDA, partially offset by finance costs, tax payments and net working capital movements.

Return on Capital Employed (ROCE) of 15.3% was ahead of June 2023 by approximately 20bp and in line with the Group's target of 15%.

Net Debt : EBITDA leverage ratio at 30 June 2024 was 1.89x (1.52x as at 30 June 2023) primarily reflecting consideration paid for acquisitions completed during the period. The Group's Net Debt : EBITDA ratio improved from the 2.06x reported at 31 December 2023, primarily attributable to strong operating cash flows in the second half of the financial year.

## Sustainability and Community

The Group continued to make solid progress with our ESG strategies during the year, including the electrification of the new 500kW roof-mounted solar array at our pet food manufacturing facility in Parkes, NSW. Our focus at Parkes has now turned to the installation of a ground-mounted array that is expected to generate approximately 5MW of clean energy. We continue to work with regulators on the necessary approvals for subsequent works with the aim to generate electricity equivalent to our forecast Australian electricity needs during FY27.

Building upon our climate scenario analysis, including identifying climate risks and opportunities for the Group, we will release our inaugural Climate Statement in accordance with the 'Aotearoa New Zealand Climate Standards' in October 2024.

Looking forward, ongoing initiatives on sustainable packaging are expected to contribute to the strengthening of the circular economy. Our grocery brands are on track to commence the transition to more sustainable packaging in 2025 by eliminating hard-to-recycle plastics to meet industry expectations and anticipated government regulations.

EBOS cannot achieve its ESG Program objectives in isolation, so we invest in strategic partnerships with organisations that share our common values. We are proud to continue our longstanding relationship with Greenfleet, a leading environmental not-for-profit. Greenfleet uses our donations for biodiverse reforestation projects offsetting a large part of our freight emissions.

During the reporting period, we continued to focus on enhancing safeguards to protect against social risks. We commenced embedding proactive risk management measures in relation to modern slavery and other social risks as part of our ethical sourcing framework and, more broadly, in response to emerging and dynamic threats, we remain focussed on enhancing safeguards to protect our data and systems. The Group will release its 2024 Modern Slavery Statement shortly.

Together with other aspects of our corporate strategy, the Board oversees development and implementation of our ESG Program as part of its commitment to sound corporate governance. Business ethics are central to leadership and decision making at EBOS, as outlined in our Corporate Governance Code which was most recently updated in October 2023.

For many years, EBOS has strived to 'help out' by providing support to various healthcare, animal care and community focussed charities. Across New Zealand and Australia, we proudly continue to support the work of Ovarian Cancer Australia, Back Track, Landsar, Fight MND, Cerebral Palsy Alliance, Malpa and the Australian Prostate Centre.

Further detail on our ESG Program is contained in our 2024 Sustainability Report.

## Board and Executive Update

As previously announced, consistent with EBOS' Board renewal process, independent director Peter Williams will retire as a director with effect from the conclusion of the 2024 Annual Meeting. Peter's retirement is part of a carefully considered succession process that has included the appointments of Mark Bloom and Julie Tay as independent directors during the last two years, as well as the newly proposed appointment of Matt Muscio (refer below). Mr Williams has been a director since 2013 and has made valuable contributions to EBOS during his tenure, a period in which EBOS generated significant growth and shareholder value.

We also announced the appointment of Alistair Gray to the role of Chief Financial Officer (CFO) (commencing 30 September 2024) and Andrew McLean to the role of Chief Executive Officer – Medical Technology (commenced 5 August 2024).

Mr Gray is currently Deputy CFO at Endeavour Group, which includes the Dan Murphy's, BWS and ALH Hotel businesses and is Australia's largest retailer and hospitality group. Mr Gray joined Endeavour Group in 2018 just prior to the demerger from Woolworths and has responsibility for the Group finance teams. Leonard Hansen will continue in the role of EBOS CFO until Mr Gray's commencement in September and will then continue with EBOS in the capacity of Chief Risk Officer.

Mr McLean has more than 25 years' experience in the medical device and pharmaceutical industries and has successfully driven growth across several global businesses. Most recently Mr McLean was President and CEO of SteriPack, which has a global presence providing contract manufacturing and packaging services for medical devices and pharmaceuticals. As previously announced, Matt Muscio, EBOS' previous CEO – Medical Technology, will remain with the business in an executive capacity until 31 December 2024 to support Mr McLean's transition. In addition, following a search for a non-executive director as part of the Board's succession and renewal process, the Board intends to propose a resolution at the 2024 Annual Meeting for Mr Muscio to be appointed as a non-executive director of EBOS with effect from 1 January 2025.<sup>11</sup>

## Final Dividend

The Directors declared a final dividend of NZ 61.5 cents per share. In combination with the interim dividend, this brings total dividends declared for FY24 to NZ 118.5 cents per share (up 7.7%), representing a 69.5% payout ratio<sup>12</sup>.

The Dividend Reinvestment Plan (DRP) will be operational for the final dividend. Shareholders can elect to take shares in lieu of a cash dividend at a discount of 2.5% to the volume weighted average share price (VWAP).

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<sup>11</sup> Should Mr Muscio be elected he will not be regarded as an independent director.

<sup>12</sup> Dividend payout ratio is based on an underlying basis on a NZD:AUD average exchange rate of 0.924.

The record date for the dividend is 30 August 2024 and the dividend will be paid on 18 September 2024. The dividend will be imputed to 25% for New Zealand tax resident shareholders and fully franked for Australian tax resident shareholders.

## Outlook

EBOS is pleased with the strong earnings growth achieved in FY24, driven by both organic growth and acquisitions.

Our earnings have demonstrated resilience and continued growth despite the uncertain macroeconomic environment, reflecting the defensive and diverse nature of our Group.

Our FY25 performance will be impacted by the non-renewal of the CWA contract, which generated approximately \$2.2 billion of revenue in FY24 and ceased on 30 June 2024.

To assist investors EBOS is providing guidance for FY25 that the Group expects to generate Underlying EBITDA of between \$575 million to \$600 million.

This guidance implies Underlying FY25 EBITDA growth compared to the prior year (excluding the CWA contract) of approximately 5% to 10%, driven by:

- Base business growth in both the Healthcare and Animal Care segments;
- Community Pharmacy revenue and segment share growth against a backdrop of changed industry dynamics; and
- Cost reduction initiatives across the Group.

July 2024 trading demonstrated positive growth compared to the prior corresponding period (excluding the CWA contract) and is supportive of the FY25 guidance. A further trading update for the first three months of FY25 will be provided at the Annual Meeting in October 2024.

ROCE is expected to decline in FY25 reflective of the guidance above. ROCE remains a key focus of the Group and we expect to grow ROCE back towards our 15% target within the short to medium term.

EBOS' balance sheet is strong and we are well positioned to pursue growth opportunities.

This media release, the full year results and related materials were authorised for lodgement with NZX and ASX by the Board of EBOS Group Limited.

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**Financial Results Presentation webcast link:**

<https://edge.media-server.com/mmc/p/tkzucyqz>

**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.

## Appendix 1 – Reconciliation of Statutory to Underlying Results

| \$m                                              | FY24         |              |              |              | FY23         |              |              |              |
|--------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                                  | EBITDA       | EBIT         | PBT          | NPAT         | EBITDA       | EBIT         | PBT          | NPAT         |
| <b>Statutory result</b>                          | <b>605.6</b> | <b>476.7</b> | <b>383.1</b> | <b>271.5</b> | <b>568.8</b> | <b>444.0</b> | <b>373.4</b> | <b>253.4</b> |
| M&A transaction costs                            | 10.1         | 10.1         | 10.1         | 7.5          | 0.7          | 0.7          | 0.7          | 0.7          |
| Healthcare restructuring & site transition costs | 8.6          | 8.6          | 8.6          | 6.1          | -            | -            | -            | -            |
| LifeHealthcare PPA amortisation (non-cash)       | -            | 26.2         | 26.2         | 18.3         | -            | 26.9         | 26.9         | 18.9         |
| Medical Technology division integration costs    | -            | -            | -            | -            | 12.5         | 12.5         | 12.5         | 8.9          |
| Total underlying earnings adjustments            | 18.7         | 44.9         | 44.9         | 31.9         | 13.2         | 40.2         | 40.2         | 28.5         |
| <b>Underlying result</b>                         | <b>624.3</b> | <b>521.7</b> | <b>428.0</b> | <b>303.4</b> | <b>582.0</b> | <b>484.2</b> | <b>413.6</b> | <b>281.8</b> |

FY24 Underlying earnings excludes one-off M&A costs primarily associated with a large strategic transaction which did not proceed, non-recurring restructuring and site transition costs (which primarily includes staff redundancies) to enable future underlying growth and the amortisation (non-cash) expense attributable to the LifeHealthcare acquisition purchase price accounting (PPA) of finite life intangible assets.

FY23 Underlying earnings exclude the amortisation (non-cash) expense attributable to the LifeHealthcare acquisition PPA of finite life intangible assets, Medical Technology business integration costs and one-off M&A costs.