



The vitamins business has been healthy, with Blackmores reporting a 160 per cent rise in profit. PHOTO: ANDREW QUILTY

EBOS banks on Faulding to indulge China's craving for superfoods

Simon Evans

The chief executive of the \$2 billion EBOS healthcare group says the appetite from Asia for clean and green health products from Australasia will keep growing strongly and that's why it's using the 171-year-old Faulding brand in a drive into China with infant formula, vitamins and superfoods.

The Faulding brand of superfoods, vitamins and probiotics is averaging revenue growth of about 25 per cent on an annualised basis in Australia through 1500 pharmacy outlets as EBOS puts extra investment behind it and seeks to capitalise on the growing demand that has delivered extraordinary sales growth for the vitamins giants Blackmores and Swisse.

Faulding, which was originally established in 1845 as a pharmacy in South Australia and later became a medicinal brand, went through a series of ownership changes from 2001.

This included a takeover by the Mayne Group and a demerger, and it is now part of EBOS.

EBOS is listed on both the New Zealand and Australian Stock Exchanges and the company generates about 80

per cent of its revenues from Australia.

EBOS chief executive Patrick Davies says the company will steer clear of the big supermarket chains Woolworths and Coles in expanding the Faulding brand, and will continue to concentrate on sales from pharmacies, where Faulding has traditionally been strongest.

"We're not selling in grocery channels. We see it as a pharmaceutical heritage," Mr Davies says.

EBOS last Wednesday announced an 18.9 per cent rise in net profit after tax to \$64.2 million, with the healthcare division increasing earnings before interest tax, depreciation and amortisation by 12.7 per cent, and notching a revenue increase of 8.2 per cent.

A day later, Blackmores showed just what extraordinary growth it is achieving, delivering a 160 per cent rise in net profit after tax to \$48.3 million for the first half of 2015-16 and giving all 1000 staff a bonus of 4½ weeks' pay.

Mr Davies says EBOS is preparing to step up Faulding exports to China and is carefully scoping the market, after initially dipping a toe in the water with a range of infant formula products. "It's really in the early stages".

The newly acquired Red Seal vitamins and nutrition business bought for \$NZ80 million (\$74.3 million) in 2015 will also be a solid platform for growth in the sector.

The Faulding brand encompasses 125 different products, and Mr Davies says one of the fastest growing is a range of probiotics to help digestion, which don't require refrigeration.

The company has watched the big leap in sales by Blackmores and Swisse closely, and Mr Davies says it is crucial that a strong business in Australia is built up first to give credibility and trust to consumers in China.

Faulding has a strong pedigree among the pharmacy community, and is trusted by consumers.

"You have to execute well. It's not just a case of an opportunistic drop-in," he says.

Mr Davies believes demand in Asia for "clean and green" health products from Australia will keep rising.

"It's a really powerful dynamic that's not about to turn off".

The Faulding brand had been let drift under previous owners, but its clout in pharmacy had been revived. "It just needed some attention."