



27 September 2010

GREENCROSS LIMITED (ASX: GXL) Announcement

Chairman's Address AGM – 27 September 2010

Despite challenging economic conditions during 2009/10, Greencross Limited has had another successful year and has further proven its resilience.

From a financial perspective, Greencross achieved the following results:

- Operating revenue for the year was \$50.52m up 10.63% on the previous year (2009: \$45.664m)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year was \$6.274m up 7.8% on previous year (2009: \$5.82m)

Some of the highlights for the year are as follows:

- The Company has identified and commenced negotiations with carefully selected high class veterinary practices throughout Australia. Greencross also opened a brand new state of the art veterinary clinic at Biggera Waters on the Gold Coast.
- The Company re-invested over \$2m in new capital equipment in the 2010 financial year. \$1m of this spend was on upgrading a number of our existing clinics that had facilities well below Greencross standards – these clinics were all purchased as part of the IPO process and all issues have now been addressed. Further to this, the Company invested in a number of Companywide one-off expenditures including but not limited to website development, intranet development and improvements in IT networking capabilities. This significant investment has helped set the Company up for continued growth both organically and through acquisitions.
- Greencross continued to focus on providing companion animal owners with a new level of professionalism and client peace of mind within the veterinary sector. We held our first companywide symposium on advanced veterinary care at SeaWorld in June where over 100 Greencross veterinarians and practice managers attended an exciting learning weekend. This has been backed up with in-house onsite training and internet based educational programs.
- Our new General Manager of Operations, Terry King, has settled into his operational role including consolidating operational procedures such as stock control and branding across the group as well as coaching our regional Area Managers, our Veterinary Directors and Practice Managers.

- For investors, Greencross has provided a unique opportunity to invest in the growing veterinary industry. Our management team is experienced and focused on supporting our growing portfolio of companion animal general practices, emergency centres and specialty centres as we continue our vision of improving the veterinary industry into the future. We now have a committed and experienced national operational management team ready to integrate our new acquisitions into the Greencross way of delivering high quality veterinary care.

We will continue to consolidate our existing clinics during the year ahead while bringing new high quality veterinary practices into the Greencross group via strategic acquisitions.

For example, we are pleased to announce that the Company has entered into an agreement to acquire an equity share in the Victorian veterinary clinics held by Babtec Holdings Pty Ltd :

1. Animal Emergency Centre – Mt Waverley (59%);
2. Animal Emergency Centre – Hallam (59%);
3. Animal Emergency Centre – Frankston (59%);
4. Anvet Werribee (50%)
5. Petsfirst Hoppers Crossing (50%);
6. Williamstown Veterinary hospital (100%); and
7. Point Cook animal Hospital (100%).

This acquisition will provide Greencross with an expanded geographic presence in this market and enhance the Company's position as the largest veterinary services provider in Australia.

The acquired Babtec businesses have forecast FY2011 revenue of \$7.5 million and EBITDA \$1.1 million.

Our board is well balanced with three non executive directors in myself, Mr Stuart James and Mr Jeff David; and three executive directors in Dr Glen Richards, Dr Stephen Coles and Dr John Odum.

The Company spent the last 12 months in a consolidation phase ensuring that its current portfolio of practices were delivering a superior service to its clients and staff. We now feel it is the right time for the Company to again focus on its stated acquisition objectives. Our recent capital raising has given us new liquidity to pursue this objective and introduced new sophisticated investors into Greencross's shareholders.

I would now like to invite our Managing Director Dr Glen Richards to provide you with additional details on our recent year and the outlook for the next year.

Andrew W. Geddes
Chairman, Greencross Limited

Managing Director's Address - AGM 27 September 2010

Greencross has a long and sustainable vision for our company based around developing a network of profitable companion animal practices. The last three years has seen much focus on developing innovative workplaces that challenge and excite our veterinary teams and deliver high quality veterinary care for passionate pet owners.

Despite tight economic times during the 2010 financial year, Greencross practices continued a path of positive growth. Excellent engagement by our veterinary teams and improved support from our area managers and corporate services saw underlying revenue and profit growth.

Reported results include:

- Operating revenue for the year was \$50.52m for the year up 10.63% on the previous year (2009: \$45.664m)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year was \$6.274m up 7.8% on previous year (2009: \$5.82m)

Greencross in the short time frame of three years has evolved the company to a clear leadership position in the veterinary industry. The 2010 financial year was a year of consolidation with strengthening of our management capability, improvement in our IT platform, expansion of our corporate services and improved engagement with our teams. Companywide team survey, construction of the Greencross intranet and knowledge base, implementation of regional nurse councils, the national practice manager and veterinarian symposium and expansion of our education programs have all contributed to improved cultural alignment.

Greencross has developed an exciting "business associate" program for our employed veterinarians that allow wealth creation and leadership opportunities in the practice they work. Remuneration strategies for all team members link practice production and remuneration.

Greencross will continue to acquire good quality practices across Australia, and we will expand our network of hospitals significantly in the 2011 financial year. Acquisition negotiations continue with a large group of veterinary hospitals in line with our strategic acquisitions program.

Greencross has moved into a strong position in the Australian veterinary industry. Strategies that ensure Greencross success include:

- Greencross is in the market willing to value practices fairly and negotiate terms that suit individual veterinarians looking for succession options.
- Greencross offers flexible employment options in well equipped facilities. Many new and current generation X and Y veterinarians do not wish the commitment of practice ownership as many prefer a more balanced lifestyle with the freedom to move locations.
- Greencross has developed corporate support services that allow veterinarians to focus on clinical activity rather than administration and business functions.
- Greencross has improved training and professional development for our veterinarians and nurses.
- Greencross has developed an accreditation program that ensures our practices operate under best practice guidelines.

- Greencross benchmarking and business coaching is helping our practices drive revenue and control costs. This helps to deliver improvements in profitability and therefore improved investment in training, education, equipment and facilities.
- Greencross is able to offer an expanded career map for veterinarians and nurses, with education and support to help our employees develop a more exciting and challenging career in the veterinary profession.
- Greencross employees now see strong collaboration among practices that were once in competition, developing a community and network of veterinarians and nurses that communicate and support each other.

The development of the Greencross brand is to clearly communicate to pet owners that we are creating a community of like-minded veterinary practitioners with loud regional marketing to attract pet owners seeking friendly, conscientious “high-end” veterinary services.

Thank you for your continued support.

Dr Glen Richards
Managing Director, Greencross Limited

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