



25 October 2011

GREENCROSS LIMITED (ASX: GXL) Announcement

CHAIRMAN'S ADDRESS AGM – 25 OCTOBER 2011

PERFORMANCE HIGHLIGHTS

The Board and Management Team of Greencross Limited are delighted with result for the financial year ending 30 June 2011. Some of the financial highlights are as follows:

- Revenue for the group was \$61.216 million, up 2.2% on a like for like basis and up 21.1% on the prior reported period;
- Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$8.281 million, up 6.7% on a like for like basis and up 32.0% on the prior reported period;
- 35.2% increase in Net Profit after Tax (NPAT) to \$3.967 million;
- 5.6% increase in Earnings Per Share (EPS) to \$0.1214 per share; and
- 66.7% increase in Operating Cash Flows to \$6.143million.

The financial results have been achieved despite some very challenging economic times and despite the Brisbane floods and Cyclone Yasi in the North. The results show the robust nature of veterinary services and the depth and experience that now exists within the Company.

The Company is well positioned to continue to deliver these kinds of financial results going forward both organically and through acquisitions.

Greencross made a number of acquisitions since the last AGM. Acquisitions made are as follow:

Animal Emergency Centre – Mt Waverley
Animal Emergency Centre – Hallam
Animal Emergency Centre – Frankston
Williamston Veterinary Hospital
Anvet Werribee Animal Hospital
Pets First Hoppers Crossing
Point Cook Animal Hospital
Caloundra Vet hospital
Springvale Animal Hospital
Marshall Veterinary Clinic

Lambton Veterinary Clinic
Ballarat Family Vet
Creswick Family Vet
Carevet South Toowoomba
Carevet Chandlers
Pets at the Vets North Ringwood
Mortdale Animal Hospital
Wollongong Veterinary Hospital Group Fairy Meadows
Wollongong Veterinary Hospital Group Woonona-Bulli
Wollongong Veterinary Hospital Group Wollongong
Wollongong Veterinary Hospital Group Warilla-Shell Cove
Animal Health Centre Livingstone Road
Hurstbridge Animal Clinic

Furthermore, Greencross acquired two smaller clinics, Dee Why and Brookvale, and merged these into a new state of the art facility at Brookvale.

The Animal Emergency Centre – Woolloongabba was opened in December 2010 and is located inside our already existing Woolloongabba clinic. This start up business provides after-hours critical care for the network of veterinary clinics in the Brisbane area. This new business is an example of the various efficiencies that scale will deliver to the Company in the future with this business budgeted to contribute revenue of \$1m and EBITDA of \$250k in FY12, with start up costs of \$15k.

This is a total of 25 acquisitions in just over 12 months. The Board, at present, is comfortable that the Company will be able to facilitate its stated acquisition growth of twelve new clinics per year through the use of free cash, vendor deferred payments and the current debt facility with the Commonwealth Bank of Australia.

DEDICATED STAFF

Greencross currently employs over 700 highly skilled, talented and dedicated vets, nurse and support staff. The results for this financial year are a credit to the hard work they have put in over the last year. As we continue to grow, both organically and through acquisitions, we will welcome on board new team members who will share our core goal which is to deliver value to our clients and shareholders through our love and passion for animals.

On behalf of the Board, I would like to welcome those new team members who have joined Greencross in the last year either as a replacement in one of our existing clinics or through one of the acquisitions we have made.

SHAREHOLDERS RETURN

The Board has formally resolved to payout a minimum of 50% of the Net Profit After Tax to shareholders as a fully franked dividend. In the 2011 financial year shareholders received fully franked dividends of 6 cents per share. This is up 140% on the previous year's dividend of 2.5 cents per share.

The Company has in place a Dividend Reinvestment Plan (DRP) which will balance the need for shareholders to receive a return via a dividend and the Company's need for cash to fund future acquisitions. It is anticipated that all dividends will continue to be at least 50% underwritten.

Earnings per Share has increased by 0.64 cents per share, or 5.6%, in financial year 2011. The Company is well positioned to continue to grow Earnings per Share and it is expected that Earnings per Share will grow by at least 15% in Financial Year 2012.

The Board is pleased to report that it is on track to deliver the 5 year strategic plan which it has developed. The 5 year plan considers the balance between the need to organically manage the Company, deliver on our acquisition promises and provide the greatest return to shareholders on their investment. Furthermore, the Board has complete confidence in our Managing Director Dr Glen Richards and his team to deliver on the various promises made to shareholders and for the Company to continue to increase shareholders' wealth now and into the future.



Andrew Geddes
Chairman



MANAGING DIRECTOR'S ADDRESS AGM – 25 OCTOBER 2011

RESILIENT BUSINESS MODEL

Greencross Ltd once again demonstrated the resilience of its business model and of the veterinary industry with four straight years of profit growth since listing in 2007. We have continued to focus on developing a national network of profitable companion animal practices that are innovative places to work, that challenge and excite our veterinary teams, and deliver high quality veterinary care for passionate pet owners.

Reported financial results include:

- Revenue for the year was \$61.16m, up 21.1% on the previous year (2010: \$50.5m)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year was \$8.281m, up 32.0% on the previous year (2010: \$6.325m)

INCREASE IN MARKET SHARE THROUGH ACQUISITION GROWTH

Greencross continued to develop management and corporate capabilities to support our existing practices and to increase our acquisition and integration activity.

The main driver of growth in 2011 was through acquisitions, with twenty-five practices acquired between August 2010 and October 2011. The Support office and management team are to be

commended on the success in acquisitions and integrations to date. Execution of the business plan will see Greencross acquire and integrate at least twelve practices each twelve months.

ROBUST CORE BUSINESS

Greencross prides itself as a company that manages our practices well and creates work environments for our teams and our clients that are recognised as exceptional in the veterinary industry. Tough economic conditions dampened our organic growth with like for like revenue growing at a slow 2.2% but strong internal controls ensured the corresponding grew at 6.7% for the 2011 financial year.

Our area managers, veterinary directors and practice managers have worked hard on developing our workplaces, engaging our teams, and developing our internal controls to ensure our practices improved profitability during tough economic times. The next 12 months will see an expansion of services and products available to our patients to keep them healthy, with a commitment to our pet owners to ensure they are able to access the best in veterinary care.

Our centralised data base and IT platform enables Greencross to benchmark our practices with each other as well as to easily communicate with our pet owners on a regular basis for marketing and education purposes. We survey our clients once per year to confirm our hospitals are living up to our pet owners' expectations and to provide valuable feedback to improve our standards of care.

Greencross actively seeks to be an employer of choice for our team members through wide ranging human resource initiatives. Greencross continues to expand education opportunities, develop reward and recognition programs, communicate our remuneration strategies as well as expanding the career path and career opportunities for our employees.

Our "business associate" program for Veterinary Directors and Practice Managers provides wealth creation and leadership opportunities for our key team members. The program was expanded in 2011 to include three, five and ten year options. This has seen a increase in participants keen to take up the business opportunity.

Recently we commissioned Best Practice Australia Pty Ltd to conduct our second companywide survey of our 700 employees. The results were very pleasing. We have moved to the highest level of cultural engagement possible for any organisation with feedback from our employees suggesting that support, teamwork, opportunities, work environment and team relationships make Greencross a truly great place to work.

At Greencross, we are committed to delivering outstanding client service, high end professional patient care in well-equipped and well promoted facilities. We are fortunate to have many engaged, capable and conscientious employees at all levels of our company that strive to make a difference for our pet owners, for our fellow team members and for our shareholders.

In the next twelve months we will expand our support for our people, we will deliver excellence in veterinary care for our clients and patients, and with the support of our bankers and investors, we will drive shareholder value through our acquisitive and organic initiatives



Glen Richards
Managing Director



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ABOUT GREENCROSS

Greencross was established in 2003 and has grown to become Australia's leading veterinary services company through the acquisition and integration of 67 practices around Australia.

Greencross's strategy is to continue to consolidate the fragmented veterinary services industry in Australia and is focused on delivering exceptional veterinary medicine and levels of care to its patients. The company's vision is to be the practice of choice for employees, clients, patients and shareholders.

For further information please contact:
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