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21 May 2012

GREENCROSS LIMITED (ASX: GXL) ANNOUNCEMENT

Greencross to Invest in Veterinary Pathology Business

Australia's largest veterinary group, Greencross Limited ('Greencross' or 'The Company'), is pleased to announce that it will be the cornerstone investor in a newly created Veterinary Pathology business. The Company has entered into employment agreements with key staff, including a number of highly regarded Veterinary Pathologists. The new venture is expected to be fully operational by 1 September 2012.

Veterinary Pathology Industry Australia

It is estimated that the Veterinary Pathology market is worth approximately $35m in Australia. The main participants in this market are Healthscope (Gribbles Veterinary Pathology), Primary Health Care (Vetnostics & QML) and Idexx Laboratories. Healthscope has recently announced the sale of its human and commercial pathology businesses in Queensland, New South Wales and Western Australia to Sonic Healthcare.

Veterinary Pathology business VCA Antec (USA) and Companion Care (UK)

Greencross's peers in the USA and the UK both operate veterinary pathology businesses. VCA Antec ('VCA') has 53 veterinary laboratories in the USA. These laboratories produce approximately 18% of VCA's income and 42.5% of the company's EBITDA.

Companion Care ('CVS') has 6 laboratories in the UK with 8.45% of their revenue and 6.85% of EBITDA produced by their laboratories.

Most income generated by VCA and CVS pathology businesses is derived from independent veterinary clinics (86% of VCA's, and 72% of CVS's, pathology revenue). Greencross expects that over time the new Veterinary Pathology business will generate similar revenue from non-Greencross clinics.

Set Up Costs

The Veterinary Pathology business will open two new laboratories by 1 September 2012 in Queensland and Victoria. Total set up costs is expected to be approximately $1.762m.

Forecast Earnings

The forecast financial performance of the new Veterinary Pathology business for the 2013 and 2014 financial years are as follows:

	FY13 $000	**FY14 $000**
Revenue	2,284	4,103
EBITDA	174	492
NPAT	- 18	283

Managing Director Glen Richards said, "As well as being a cornerstone investor, Greencross will support the new pathology business with referrals from our existing Greencross group of clinics. We are looking forward to supporting a pathology business that is 100% Australian owned and totally focused on the veterinary industry. The pathology team is well recognized in the veterinary industry and they are dedicated to building a strong reputation for excellence in service and science."

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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 74 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. Greencross's purpose is to share our love and passion for animals through veterinary excellence.

For further information please contact:
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