Greencross Vets

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Investor Presentation

August 2012

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Investment Summary

- Largest provider of veterinary services in Australia with 81 animal hospitals, clinics and laboratory focused primarily on companion animal care
- First mover in the highly fragmented veterinary services industry – 1,921 enterprises nationally with 2,633 establishments
- Management and board highly experienced and proven record in acquisitions, integrations, and the management of multi-site veterinary hospitals.
- Significant benefits from consolidation (e.g. group buying power, management, marketing, education programs and operational leverage)
- Resilient earnings profile and strong cash flow generation
- Demographic shift favours acquisition strategy – genuine need for succession strategies for existing practice owners versus diminishing desire for practice ownership by new industry entrants
- Industry turnover of $2.4bn – Annual growth 2006 - 2011 of 3.9% with an estimated growth rate of 4.5% between 2011-2016[1]

[1] IBISWorld 08640 – April 2011

FY12 Highlights

- Veterinary practice portfolio increased to 77 with the addition of 18 practices and two new emergency centres during FY12
- Revenue growth of 34.9% to $82.6m, was driven by acquisitions with organic revenue growth of approximately 1%
- EBITDA growth of 35.7% to $11.23m, including organic EBITDA growth of approximately 7%
- NPAT growth of 40.6% to $4.86m
- 2H12 Dividend of 4cps (2H11 was 3cps), fully franked. This is in line with the Company's stated dividend policy being a payout ratio of 50% of earnings
- Corporate Support office and Senior Management team established to acquire and manage a portfolio of +100 veterinary practices
- Strong acquisitions pipeline continues, with a strategic focus on Brisbane, Sydney Melbourne and major regional centres

FY2012 – Results Summary

12 Months Ended 30th June 2012	Amount	Change
Revenue	$82.603m	34.9%
EBITDA	$11.236m	35.7%
NPAT	$4.859m	40.6%
EPS	15.78cps	30%
Dividend	8.0cps	33.3%
Weighted Average Shares On Issue	30.78m	8.1%

FY2012 – Results Summary

12 Months Ended 30th June 2012	FY12	Change
Operating cashflow	$8.24m	34.2%
Net debt	$28.09m	59.8%
Net debt / equity	79.8%	37.5%
Dividend payout ratio*	50%*	

**The company has a stated dividend payout ratio of 50% of earnings*

Outlook

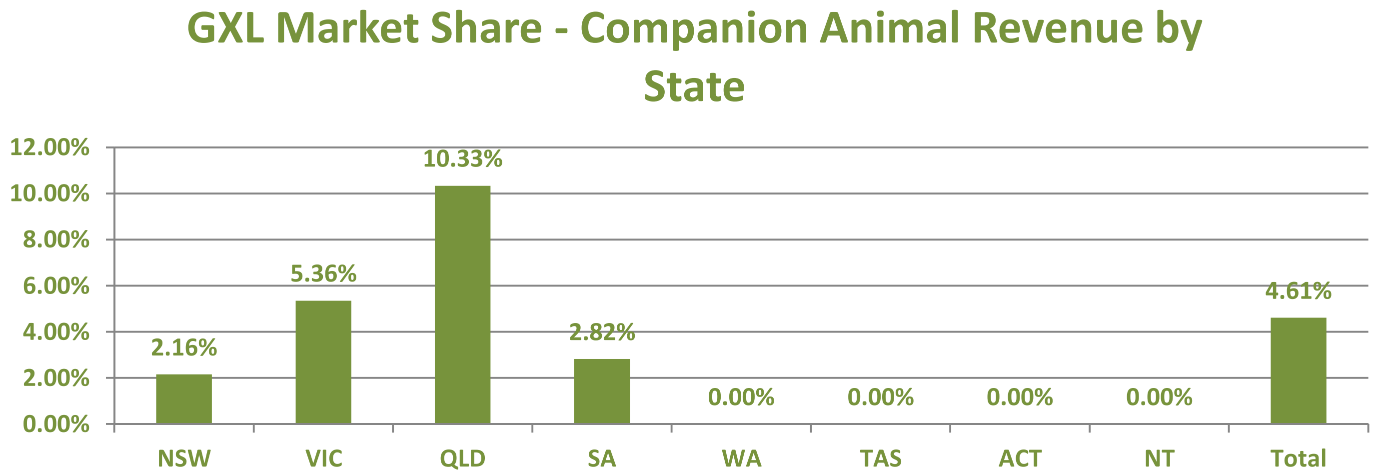
- FY13 EPS is expected to increase on PCP by at least 15%
- Fully franked dividends paid for the full year ended 30 June 2013 expected to be no less than 9.0cps
- Acquisition pipeline healthy – GXL will continue to target on average 12 practice acquisitions per year on multiples of 3.5 to 4.5 times EBIT
- Ongoing acquisitions will help leverage established costs base and drive key return metrics
- Acquisitions continue to be funded via a mix of debt, vendor finance and free cash flow. Gearing to slightly increase over the next 6 months then start to reduce as more acquisitions are funded through free cash and less debt
- Serviceability of debt remains comfortable with support continuing from the Company's financiers, the CBA with $14.5M stand-by debt facility yet to be utilised

Appendices

Appendix 1 – Greencross overview

- Over 265,000 active patients with 297,000 primary visits per year
- Over 300 Veterinarians and 550 Nurses and support team members
- Employee retention rates of 85% for Veterinarians and 79% for receptionists and nurses across the company
- Integrated and 'industry relevant' model to attract and retain industry professionals and graduates – currently 83% female
- Ability to leverage client visitations with cross referrals into full service hospitals, Pet Centres of Excellence, and Specialty and Emergency centers
- Greencross branding reflects 'best practice' accreditation of veterinary practices
- Healthy Pets Plus subscription wellness plans hit the mark for passionate pet owners with over 5000 patients enrolled since 1st May 2012
- Significant focus on education in the veterinary workplace including internal programs and workshops for Veterinarians, Practice Managers and Nurses delivered nationally and regionally

Appendix 1 – Greencross overview



- Greencross operates 81 veterinary businesses along the eastern seaboard – consisting of 8 Emergency Practices, 2 Specialty Practices, 1 laboratory and 70 General Practices
- Greencross has a 3.44% market share of the Veterinary Services Industry in Australia, while specifically within the companion animal market Greencross has grown its share to 4.61%
- Greencross has a 10.33% market share of companion animal revenue in Queensland. In the bigger pet markets of NSW and VIC, Greencross' market share of companion animal revenue is only 2.16% and 5.33% respectively

Appendix 1 – Greencross overview

Location	Practices	Specialty/Emergency/Lab Centres
Townsville	6 general practices	
Brisbane	14 general practices	1 emergency centre
Gold Coast	12 general practices	1 emergency centre
Toowoomba	4 general practices	1 emergency centre
Queensland Regional	3 general practices	
NSW Central Coast	7 general practices	1 Emergency centre
Sydney	4 general practices	
Wollongong	4 general practices	
Melbourne & Victoria	16 general practices	3 emergency centres 1 specialty centre 1 laboratory
Adelaide	0 general practices	1 specialty centre 1 emergency centre

Appendix 2 – Industry overview

- Industry remains fragmented with 2,633 practice locations and 1,921 businesses[1]
- Industry turnover in the year to 30 June 2011 was forecasted to be $2.47bn[1]
- Average annualised real growth rate estimated at 4.5% over the next 5 years to 30 June 2016[1]
- Companion animal income represented 79% of total expected turnover in 2010 - 2011 averaging 4.8% growth[1]
- 63% of households own a pet with 53% of households owning a dog or cat[1]
- Competition in the industry is low[1], level of regulation is heavy, capital intensity is low and barriers to entry are high[1]
- 350 veterinary graduates per year recently increased to 550 graduates per year with three universities opening veterinary schools in recent years

[1] IBISWorld 08640 – April 2011

Appendix 2 – Industry Opportunities

Specialist Centres

Full Service General Practices

Emergency Centres

Retail Centres & Online
On line pharmacy
& targeted retail

Wellness & Behaviour
Healthy Pets Plus
Training & Behaviour
programs

Laboratories
Specialised vet
pathology

Boarding, Grooming, etc
Centres linked to
vet enterprises

The Australian pet industry presents a wide market of opportunities

Appendix 2 – Industry Demographics

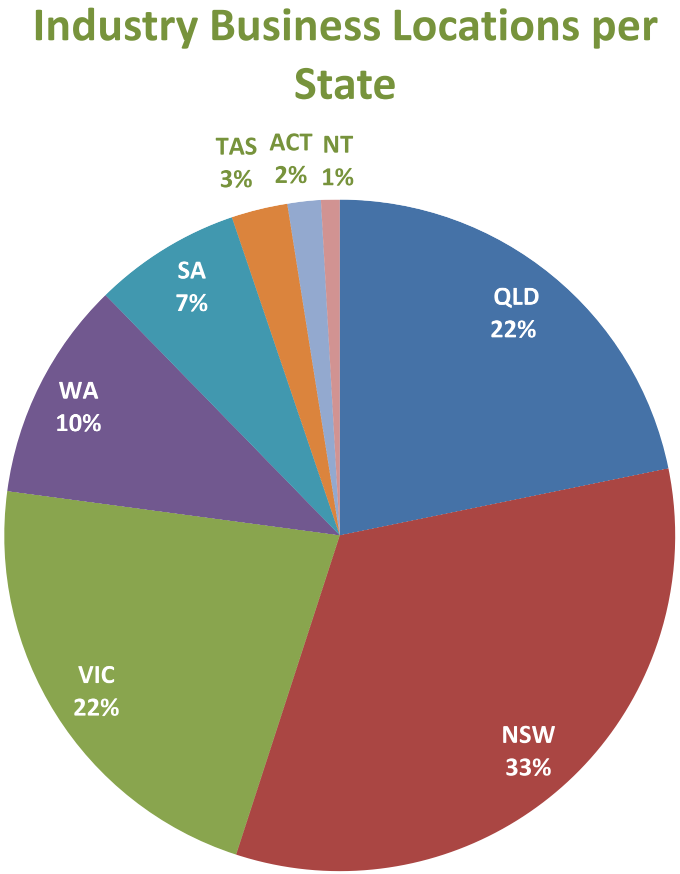
1970's	2012
90% male vets	50% female vets, with 83% female graduates
Male vets desiring practice ownership	Current graduates little desire for practice ownership
Simple procedures with low technology	Advanced procedures with vets desiring highly technologically advanced equipment
Low barriers to entry	Relatively high barriers to entry[1]

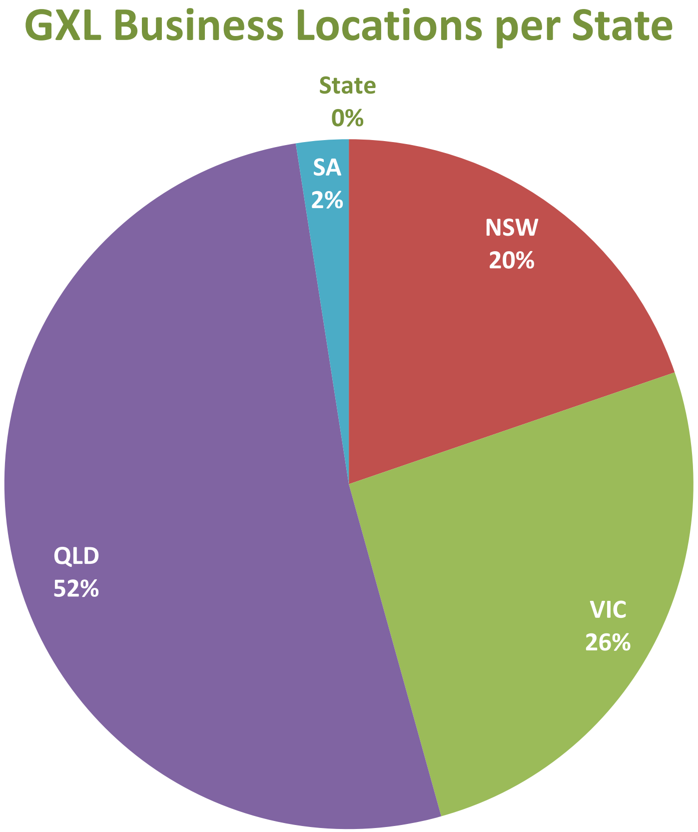
Greencross Model

- ✓ Aligned with a corporate model incorporating succession planning
- ✓ Technologically advanced superior patient care
- ✓ Veterinary professional personal advancement through ongoing training and development
- ✓ Enables vets to work in a medically advanced environment without personal capital outlay

[1] IBISWorld 08640 – April 2011

Appendix 2 – Industry Locations





Source: IBISWorld 08640 – April 2011

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Thank you