

Passionate about Pets



# Greencross Vets

**25 January 2013**

## **GREENCROSS LIMITED (ASX: GXL) Announcement PROFIT GUIDANCE FOR FIRST HALF 2013**

Greencross Limited ('Greencross' or 'the Company') is pleased to provide the following guidance for the half year period ending 31 December 2012:

1. Revenue growth of greater than 30%;
2. Underlying earnings per share growth of greater than 15%;
3. Like for like revenue and EBITDA growth are expected to be approximately 4% and 12% respectively; and
4. Cash on hand at the end of the period was approximately \$6.8m (FY12: \$3.3m) and the unutilised acquisition funding facility with the Commonwealth Bank of Australia was \$9.7m.

The Company is pleased to announce that it expects the underlying results for the period 1 July 2012 to 31 December 2012 to be as follows:

<b>\$M</b>	<b>1H12 Actual</b>	<b>1H13 Guidance</b>	<b>Increase</b>
<b>REVENUE</b>	<b>39.4m</b>	<b>52.0m to 53.0m</b>	<b>31.8% to 34.4%</b>
<b>UNDERLYING EBITDA</b>	<b>5.9m</b>	<b>7.8m to 8.2m</b>	<b>32.1% to 38.8%</b>
<b>UNDERLYING NPAT</b>	<b>2.6m</b>	<b>3.2 to 3.6m</b>	<b>24.6% to 37.0%</b>
<b>UNDERLYING BASIC EPS</b>	<b>8.6 cents</b>	<b>10.0 to 11.0 cents</b>	<b>16.9% to 28.6%</b>
<b>DIVIDENDS PER SHARE</b>	<b>4.0 cents</b>	<b>5.0 to 5.5 cents</b>	<b>20.0% to 37.5%</b>

Note: Underlying figures exclude adjustments for deferred purchase payments, one-off acquisition costs and set-up costs in relation to the new Vepa Labs business.

Note also Greencross' announcement on 18 December 2012 that the Company's auditor disputed the accounting treatment of eight deferred purchase payments recorded in the accounts of the Company. The effect of the accounting discrepancy is to treat these payments as a remuneration expense rather than payments for goodwill of the business.

As previously noted the Company will make the required changes to the accounting treatment for the effected deferred purchase payments. This one-off accounting adjustment will result in 1H13 reported NPAT being between \$1.2m to \$1.5m and reported EPS for the period of between 3.5 to 4.5 cents.

However the Company emphasises, in relation to the changes in the accounting treatment of deferred consideration payments which are required by the auditors, that there is NO effect on the underlying earnings or cashflow of the business, and that the Company's ability to distribute 50% of underlying earnings in dividends to shareholders is unaffected.

The Company also confirms there is no impact on its funding arrangements with its financiers, CBA. The Company will continue to make acquisitions and ensure no ambiguity in future business purchase agreements.

Final half year financial statements are expected to be released to the ASX, on or around, 25 February 2013.

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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 87 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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