



Investor Presentation

March 2013



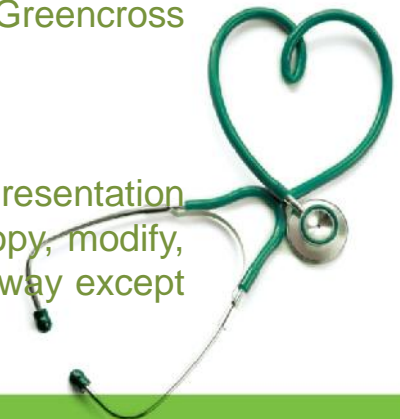
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Investment Summary

- Largest provider of veterinary services in Australia with 91 animal hospitals, clinics and laboratories focused primarily on companion animal care
- Industry turnover of \$2.5bn – Annual growth 2008 - 2013 of 1.6% with an estimated growth rate of 2.7% between 2013-2018¹
- Resilient earnings profile and strong cash flow generation
- Consistent and proven performance in acquisitions, integrations, and the management of multi-site veterinary hospitals
- First mover in the highly fragmented veterinary services industry – 2,659 practice locations and 1,865 enterprises nationally
- Significant benefits from consolidation (e.g. group buying power, management, marketing, education programs and operational leverage)
- Demographic shift favours acquisition strategy – genuine need for succession strategies for existing practice owners versus diminishing desire for practice ownership by new industry entrants



¹ IBISWorld 08640 – September 2012



H1 FY13 Highlights

- Revenue growth of 29.8% to \$51.2m for the six month period. Organic revenue growth of approximately 3.8%.
- Underlying EBITDA growth of 32.2% to \$7.8m for H1 FY13. Organic EBITDA growth of 12.1%.
- Underlying NPAT growth of 34.6% to \$3.5m for H1 FY13.
- Underlying earnings per share growth of 23.6% to 10.74cps.
- Operating cash flow for the period up 49.4% to \$6.7m.
- 1H13 dividend of 5cps (H1 FY12 was 4cps), fully franked. This is in line with the Company's stated dividend policy being a payout ratio of 50% of earnings.
- Expansion of the veterinary business network with the addition of 15 general practice acquisitions and the opening of 2 pathology laboratories and a state of the art general practice in the last 12 months.
- Healthy Pets Plus membership grows to 12,000 members in 10 months.
- The successful completion of an \$11m equity raising after the 31 December 2012 balance date to institutional and sophisticated investors.





H1 FY2013 – Results Summary

Six Months Ended 31 st December 2012	Amount	Change
Revenue	\$51.2m	29.8%
Underlying EBITDA*	\$7.8m	32.2%
Underlying NPAT*	\$3.5m	34.6%
Underlying EPS *	10.7cps	23.6%
Dividend	5.0cps	31.3%
Weighted Average Shares On Issue	32.2m	6.49%

** Underlying figures exclude adjustments for deferred purchase payments, one-off acquisition costs and set up costs in relation to the new VEPA pathology business.*





H1 FY2013 – Results Summary

Six Months Ended 31st December 2012

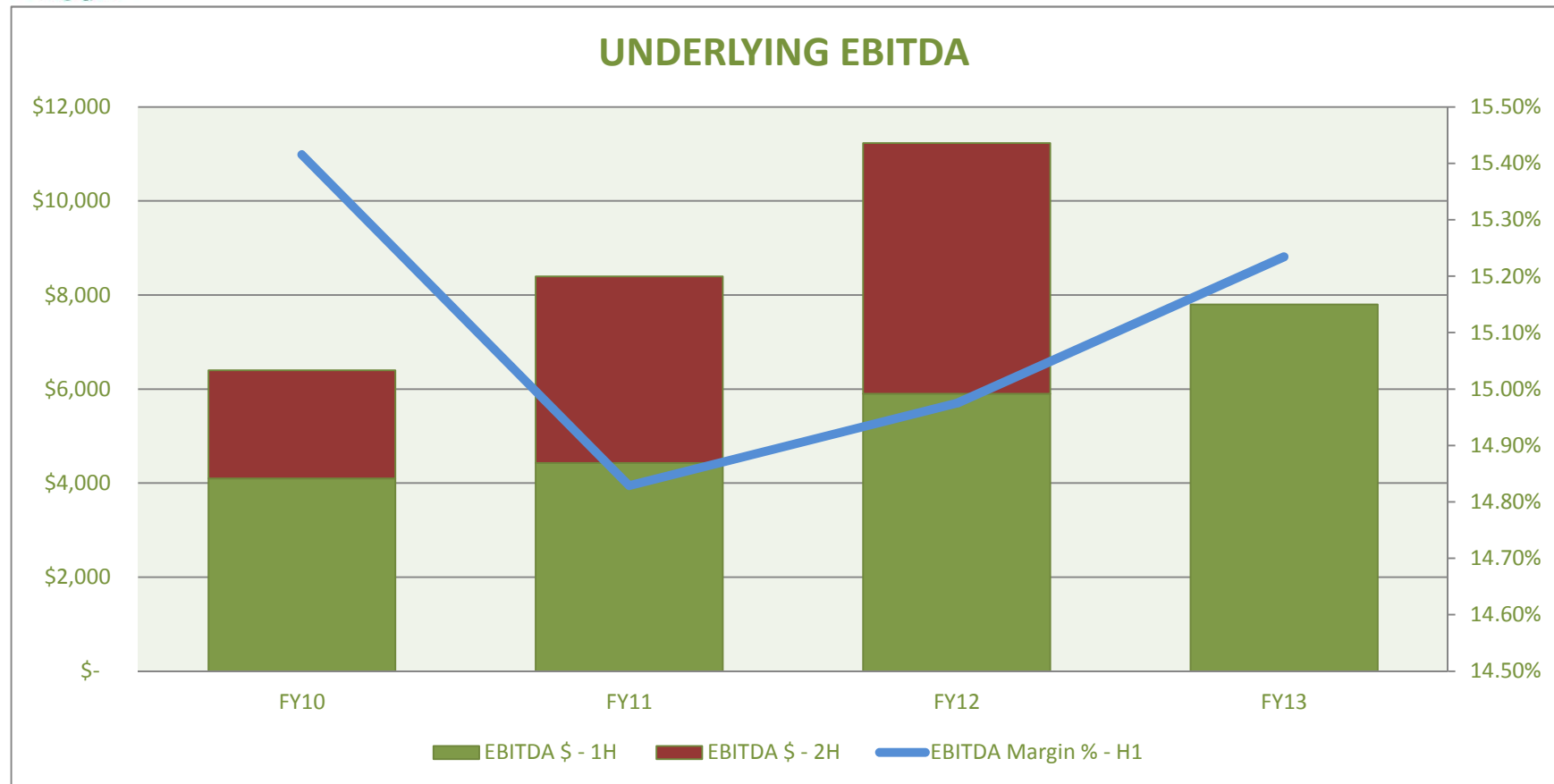
	FY13	Change
Operating cashflow	\$6.7m	48.9%
Net debt	30.1m	7.3%
Net debt / equity	83.9%	3.9%
Dividend payout ratio*	50%*	

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





EBITDA

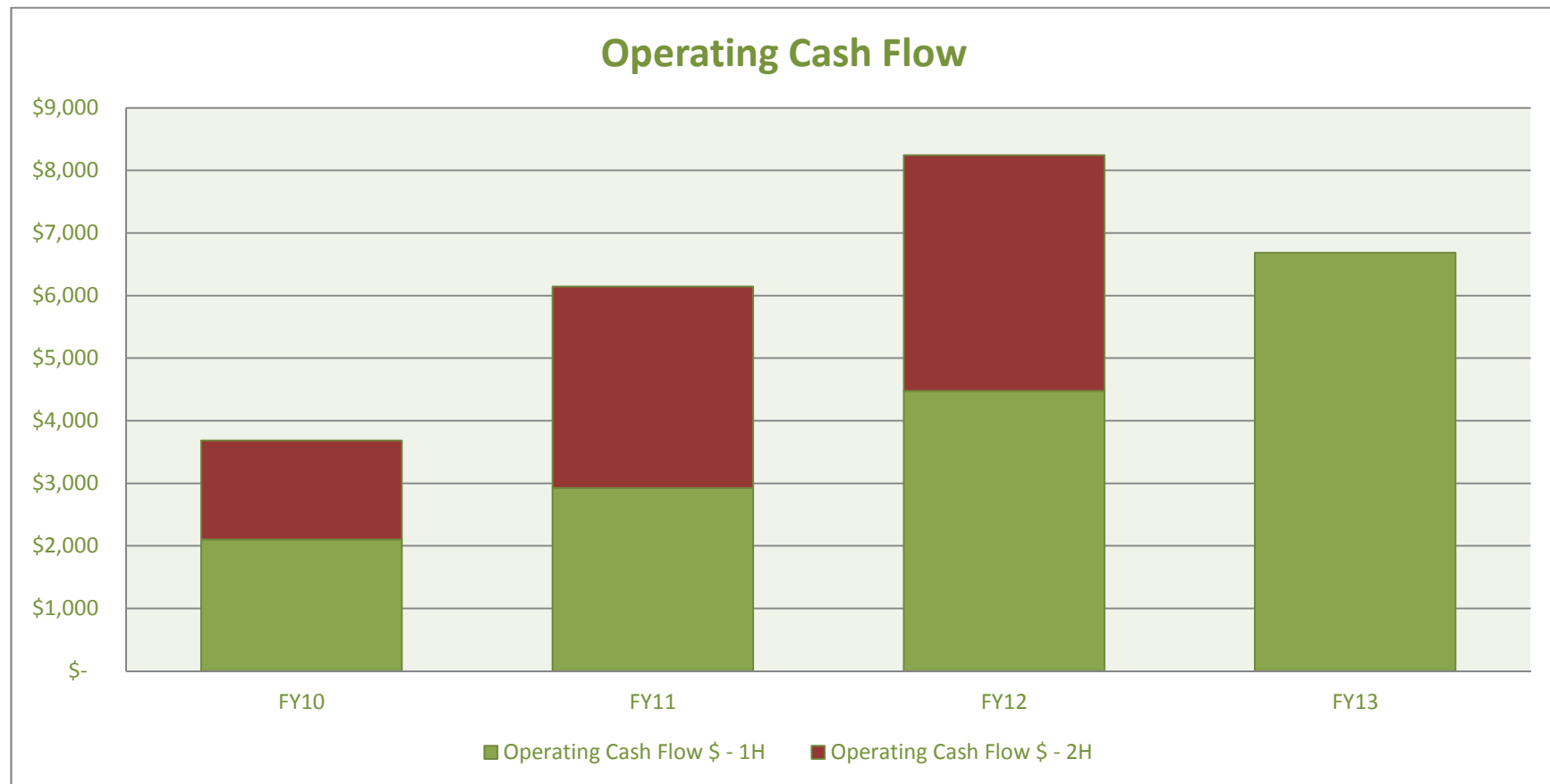


1H13 EBITDA margin of 15% was the highest since 1H10, reflecting operating cost leverage on relatively fixed corporate overheads





Operating Cash Flow

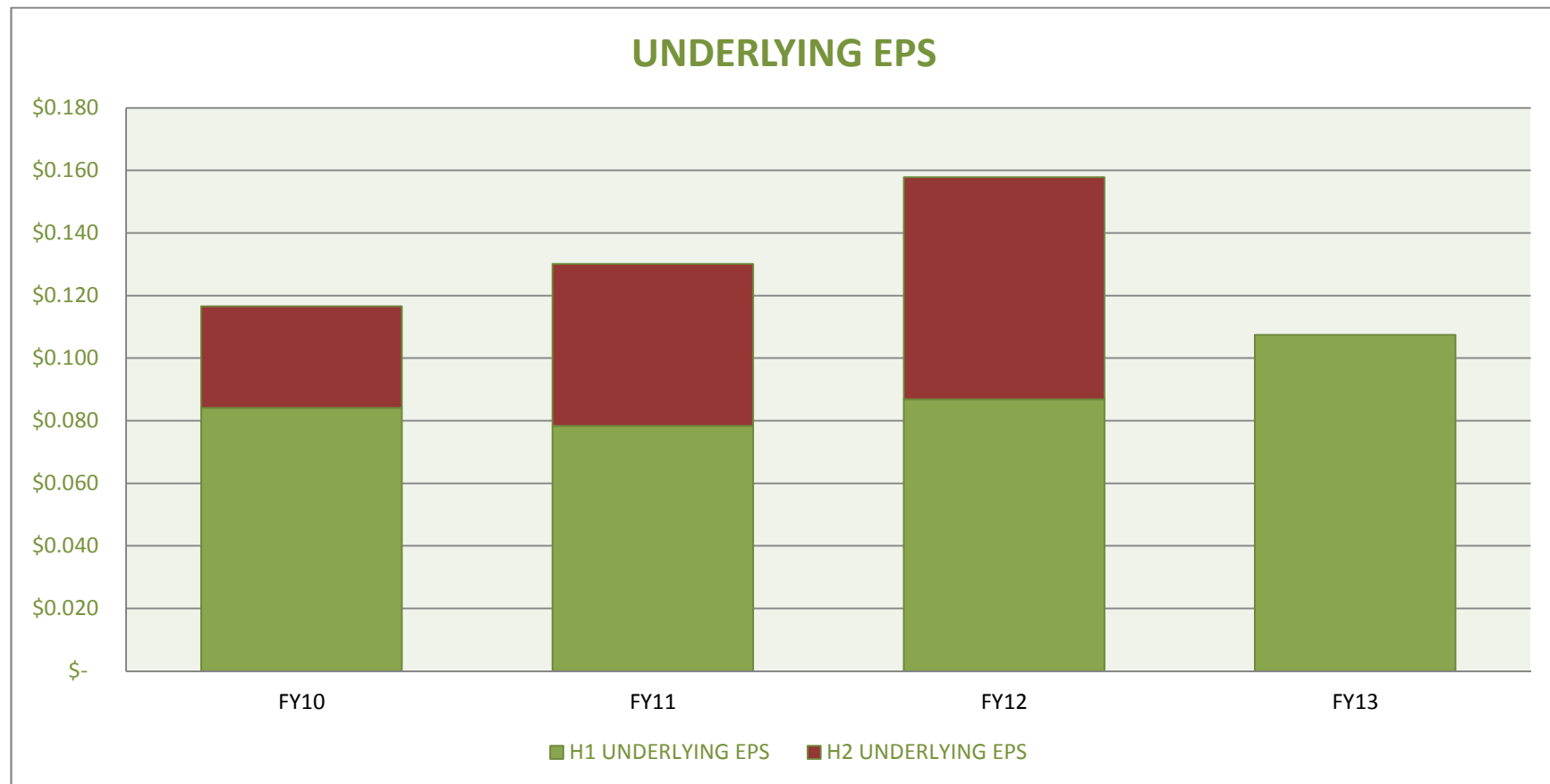


Operating cash flow continues to build from earnings contributions and tight working capital control





Underlying Earnings Per Share



Earning per share continues to grow through tightly controlled and disciplined acquisitions and on the back of organic growth.





Outlook

- Strong acquisitions pipeline
- Acquisitions continue as a key driver of growth with a target of at least one to two acquisitions per month on multiples of 3.5 to 4.5 times EBIT
- Pathology business to increase referrals via the Greencross network and external marketing activities
- Gearing (Net debt to equity ratio) to trend below 65% as more acquisitions are funded through free cash and less debt
- Healthy Pets Plus targeted to grow to at least 15,000 members over the next six months
- FY13 EPS is expected to increase on PCP by at least 15%





Appendices





Appendix 1: Industry Overview

- Industry remains fragmented in FY 2013 with 2,659 practice locations and 1,865 businesses¹
- Industry turnover increased 1.6% in the year to 30 June 2012 to \$2.5bn¹
- Average annualised real growth rate estimated at 2.7% over the next 5 years to 30 June 2018¹
- Companion animal income expected to account for 78% of total turnover in 2012 -2013
- 63% of households own a pet with 53% of households owning a dog or cat¹
- Competition in the industry is low¹, level of regulation is heavy, capital intensity is low revenue volatility is low, and barriers to entry are high¹
- Number of registered Veterinarians have grown by 73% over the decade with numbers to exceed 11,000 in FY 2013.
- 350 veterinary graduates per year recently increased to 550 graduates per year with three universities opening veterinary schools in recent years

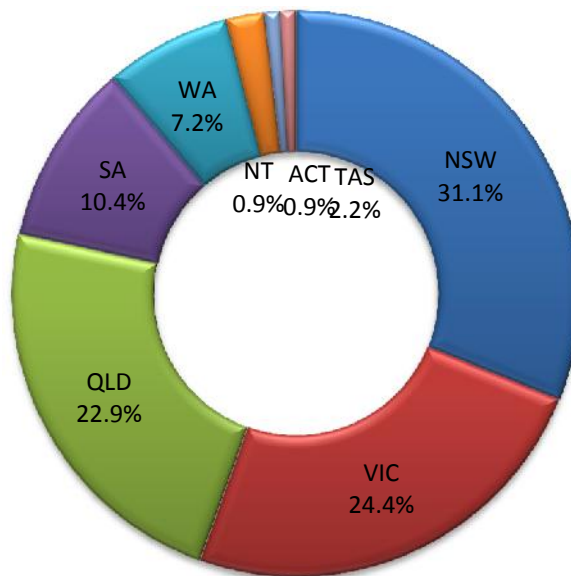
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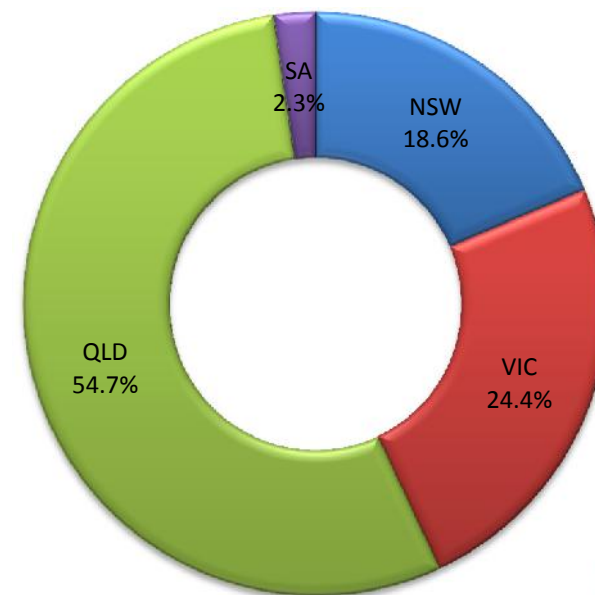


Appendix 1: Industry Overview

Industry Business Locations per State



GXL Business Locations per State





Appendix 2: Greencross Overview

- Over 200,000 active clients with 270,000 patients visiting our hospital with 308,000 primary visits per year
- 1,100 team members (full time, part time and casual), with over 350 Veterinarians and 600 Nurses and support team members
- Annualised employee retention rates of 80% for Veterinarians and 79% for receptionists and nurses across the company
- Integrated and 'industry relevant' model to attract and retain industry professionals
- 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
- World class clinical and management education programs implemented in the veterinary workplace delivered nationally and regionally every two to three months





Appendix 2: Greencross locations

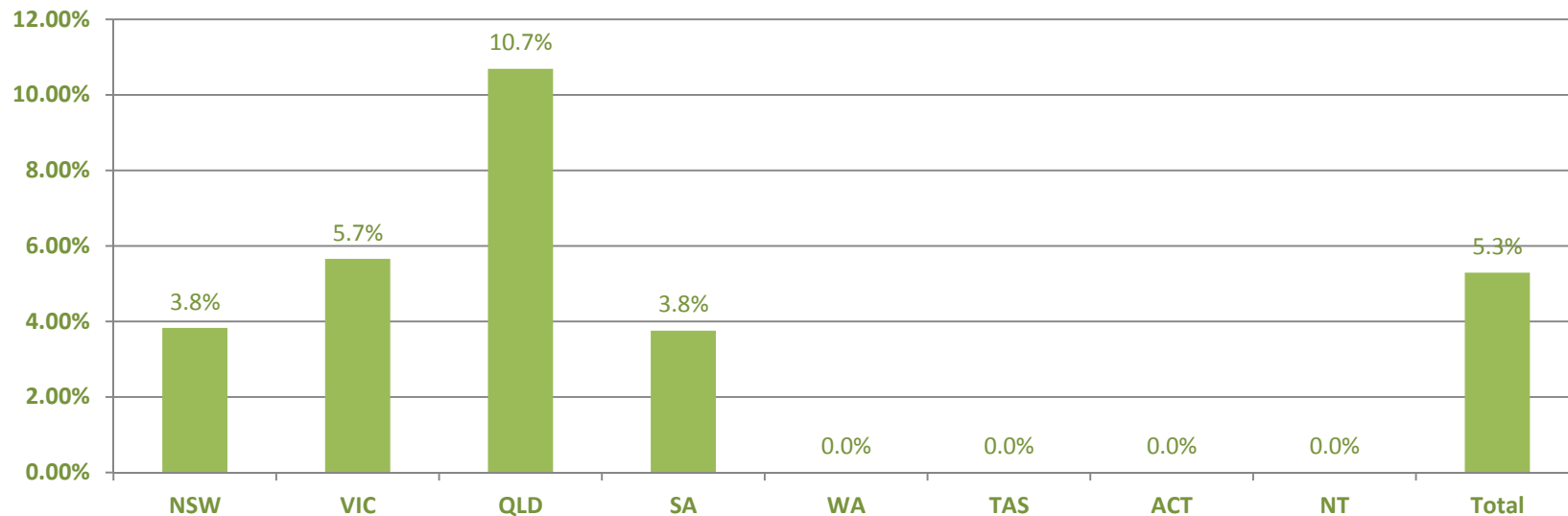
Location	Practices	Specialty/Emergency/Lab Centres
Townsville	6 general practices	
Brisbane & Ipswich	17 general practices	1 emergency centre & 1 laboratory
Gold Coast	16 general practices	1 emergency centre
Toowoomba	4 general practices	1 emergency centre
Queensland Regional	3 general practices	
NSW Regional	6 general practices	1 emergency centre
Sydney & Wollongong	10 general practices	
Melbourne & Victoria	16 general practices	3 emergency centres 1 specialty centre 1 laboratory
Adelaide	1 general practice	1 specialty centre 1 emergency centre





Appendix 2: Greencross Market Share

GXL Market Share - Companion Animal Revenue by State



- Greencross has a 4% market share of the Veterinary Services Industry in Australia, while specifically within the companion animal market Greencross has grown its share to 5%
- Greencross has a 11% 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 4% and 6% respectively





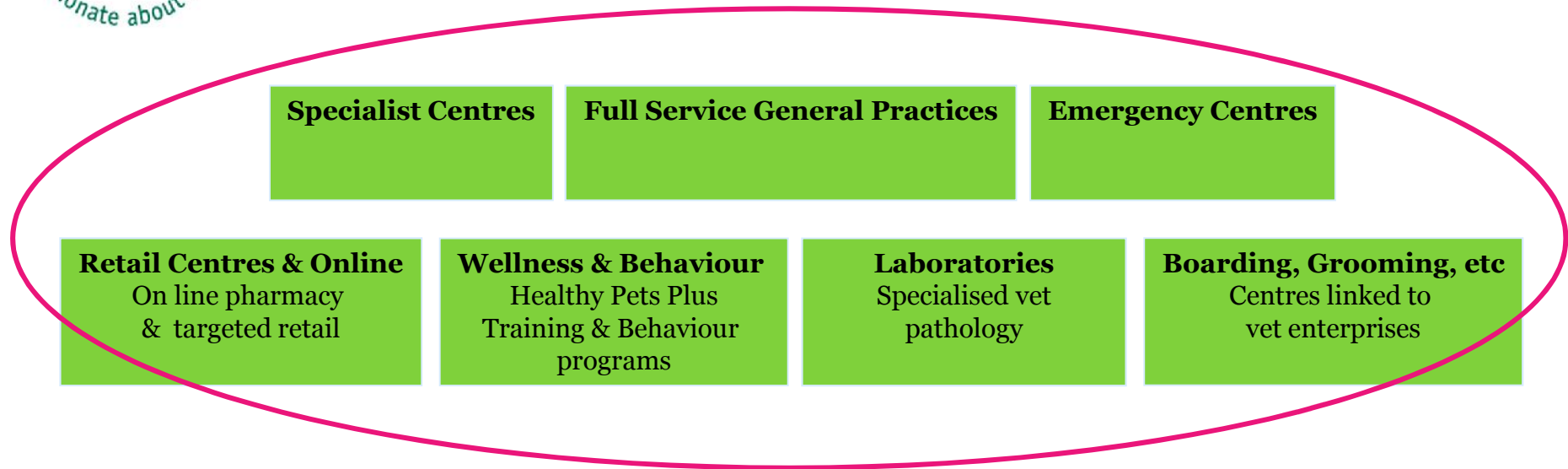
Appendix 3: Succession Plan of Choice

- Greencross is an important succession option for aging “baby boomer” vets as traditional succession options diminish
- Fair valuation methodology typically 3-4.5 times historical maintainable earnings for veterinary practices
- Average practice size acquired in the last 12 months was \$1.7M in turnover
- Greencross will continue to target 1-2 practices per month or \$12m-\$15m in aggregate revenue per annum
- 20%-30% consideration subject to earn out with carrot and stick clauses
- Pipeline of acquisitions with enquiries active in all capital cities and major regional centres
- Acquisitions, integrations and regional management teams expanded to accommodate a timely acquisitions program





Appendix 3: Wide Market of Opportunities



The Australian pet industry presents a wide market of opportunities





Appendix 3: Employer of Choice

1970's

2013

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

Greencross Model

- ✓ Flexible working arrangements, enhanced career path
- ✓ Exceptional human resource support and industry leading remuneration and reward programs
- ✓ Business Access Program for Veterinary Directors and Practice Managers
- ✓ Technologically advanced superior patient care
- ✓ World class internal workshops, training and professional development delivered by a dedicated education team
- ✓ Accreditation system and equipment upgrades ensures medically advanced environments for teams to work in





Appendix 3: Healthy Pets Plus

- Paradigm Shift...from being reactive to proactive, and moving towards a 'human-like' system of prevention.
- Pets examined and screened regularly to enable early detection, diagnosis, and treatment; with the goal of pets living happier, healthier and longer lives.
- HPP is a healthcare plan which allows easy access to veterinary care and discounts on food, medication and additional services
- Pet owners visit more frequently and evolve into exceptional pet owners
- HPP members increase their average annual spend on sickness, wellness, nutrition and preventative products and services

Healthy Pets Plus
Having a healthy, happy pet just got easier.

20% discount
on all pet food
and parasite
prevention

20% discount
on all pet food
and parasite
prevention

FREE
vaccinations &
consultations

ASK
how to SIGN UP
today!

ASK
how to SIGN UP
today!





Appendix 3: Optimising Services and Products

- Regional clustering of General Practices aids development of allied veterinary businesses including pathology, diagnostic imaging , specialty and emergency centres
- Branding and accreditation program, and customer service and best practice clinical training programs improve quality of medicine and quality of business
- Highly developed benchmarking and coaching tools support rapid improvement in performance of individual practices and team members
- Improved core ranging, merchandising, supply chain margin, reward programs and retail execution targeted to improve profitability, market share and retail spend in pet food and preventative categories



