



Greencross Vets

5 August 2013

GREENCROSS LIMITED (ASX: GXL) Announcement Greencross Full Year Guidance for the Year Ended 30 June 2013

Guidance

Greencross Limited ('Greencross' or 'the Company') is pleased to provide the following guidance for the full year period ending 30 June 2013:

1. Revenue growth of greater than 27%;
2. Underlying NPAT growth of greater than 27%;
3. Underlying earnings per share growth of greater than 16%;
4. Like for like revenue and EBITDA growth of approximately 5% and 10% respectively;
5. Net debt to equity as at 30 June 2013 of approximately 55% (FY12: 80%); and
6. Cash on hand at the end of the period of approximately \$8.8m (FY12: \$3.3m) with an unutilised acquisition funding facility with the Commonwealth Bank of Australia of approximately \$10.2m.

The Company is pleased to announce that it expects the underlying results for the period 1 July 2012 to 30 June 2013 to be as follows:

\$M	12 months to 30 June 2012	12 months to 30 June 2013	+ / (-)
REVENUE	82.60m	105.0m to 106.0m	27.1% to 28.3%
Underlying EBITDA	11.24m	13.8m to 14.1m	22.8% to 25.4%
Underlying EBIT	9.9m	12.0 to 12.3	21.2% to 24.24%
Underlying NPAT	4.85m	6.2m to 6.5m	27.8% to 34.0%
Underlying EPS	15.8 cents	18.3 to 19.1 cents	16.0% to 21.0%
DPS	8.0 cents	9.0 to 10.0 cents	12.5% to 25.0%

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.

Acquisitions

Following the \$11m capital raising in February 2013, for which \$5m was immediately applied to the strategic acquisition of the Ku-Ring-Gai Vet Hospital in Sydney, the Company has significant capacity for further acquisition growth with approximately \$8.8m cash on hand as at 30 June 2013, approximately \$10.2m of unutilised bank funding from the CBA and the ability to continue to use vendor deferred payments.

While the acquisition conversion rate was marginally slower than expected in April and May 2013, the Company has completed on six acquisitions over the past 6 weeks and the pipeline for acquisitions into FY 2014 remains strong.

The company continues to target approximately 1 to 2 new clinic acquisitions per month at an acquisition multiple of between 3.5x – 4.5x annualised EBIT.

Accounting Adjustments

Note Greencross' announcement on 18 December 2012 that the Company's auditor advised that the accounting treatment of eight deferred purchase payments recorded in the accounts of the Company need to be adjusted. 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 has made the required changes to the accounting treatment for the effected deferred purchase payments. This one-off accounting adjustment will result in full year 30 June 2013 reported NPAT being between \$3.10m to \$3.40m and reported EPS for the period of between 9.08 to 10.04 cents.

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.

Final full year financial statements are expected to be released to the ASX, on or around, 22 August 2013.

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ABOUT GREENCROSS

Greencross was established in 1994 and has grown to become Australia's leading veterinary services company through the acquisition and integration of 97 practices, laboratories and crematoria 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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