

Investor Presentation

August/September 2013

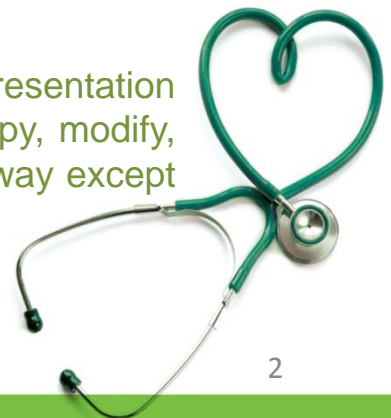
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Agenda

- **Industry Overview and Acquisitions**
- **Greencross Overview and Business Optimisation**
- **Outlook**



Veterinary Services Market

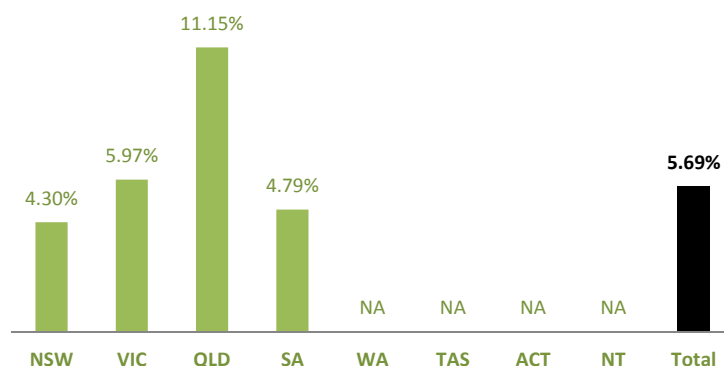
Opportunity

- Industry remains fragmented in FY 2013 with 2,659 practice locations and 1,865 businesses
- Industry turnover increased in the year 30 June 2013 by 1.4% to \$2.5bn
- Average annualised real growth rate estimated at 2.7% over the next 5 years to 30 June 2018 with companion animal income to account for 78% of turnover
- 63% of households own a pet with 53% of households owning a dog or cat
- 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

IBISWorld M6970 – May 2013

GXL Market Share

Market Share by State



Greencross Positioning

Leading Veterinary Services Provider

- Only listed Veterinary Services Provider in Australia
- ~\$106m of sales and ~ 98 veterinary businesses

Attractive Category

- ~AUD\$2.5b addressable market in Australia
- Demographic trends underpin market growth
- Fragmented competitor landscape

Proven Business Model

- Listed 2007
- Highly experienced board and management
- ~25% revenue and EBITDA CAGR F08 – F13

Strong Growth

- LTM like revenue and EBIT growth in Australia of ~ 5.38% and ~10.32% respectively
- ~ 1-2 new acquisitions forecast per month in FY14

Strong Capital Base

- ~\$10.3m stand by acquisition facility with the CBA and \$8.8m in cash reserves to help fund growth
- Supportive senior lender
- ~55% Net/ Debt to equity ratio as at 30 June 2013

Greencross Overview

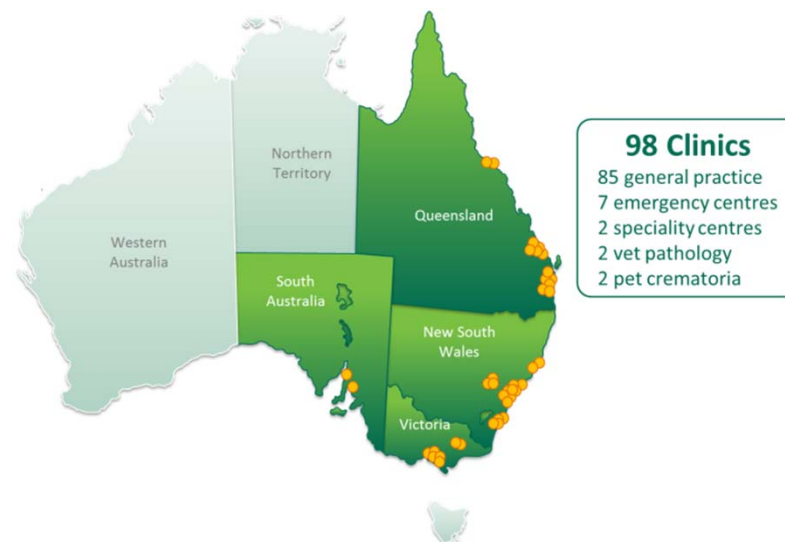
History, Ethos and Goals

- Greencross operates 98 veterinary businesses across the eastern states of Australia – 85 general practice, 7 emergency centres, 2 speciality centres, 2 vet pathology and 2 pet crematoria
- Founded in 1994 and listed on the ASX in June 2007 with 31 clinics:
 - Experienced management team
 - Attractive market segment with unmet consumer needs
 - The subsequent acquisition and integration of 67 businesses over a 5 year period
- Greencross has stated goals :
 - Acquire 1 – 2 veterinary businesses per month
 - Net debt/ Equity ratio to remain at >65%
 - Target minimum EPS growth rate of +20% through acquisitive and organic activity.

Strategic Imperative

- Achieve category dominator status
 - The largest network of clinics
 - Most compelling client offer
 - Lowest cost of operations
- Key drivers
 - Industry consolidation through acquisitive growth
 - Strong organic growth profile through operational efficiencies, economies of scale and key initiatives such as Healthy Pets Plus.
 - Roll out new to industry clinics in key target regions

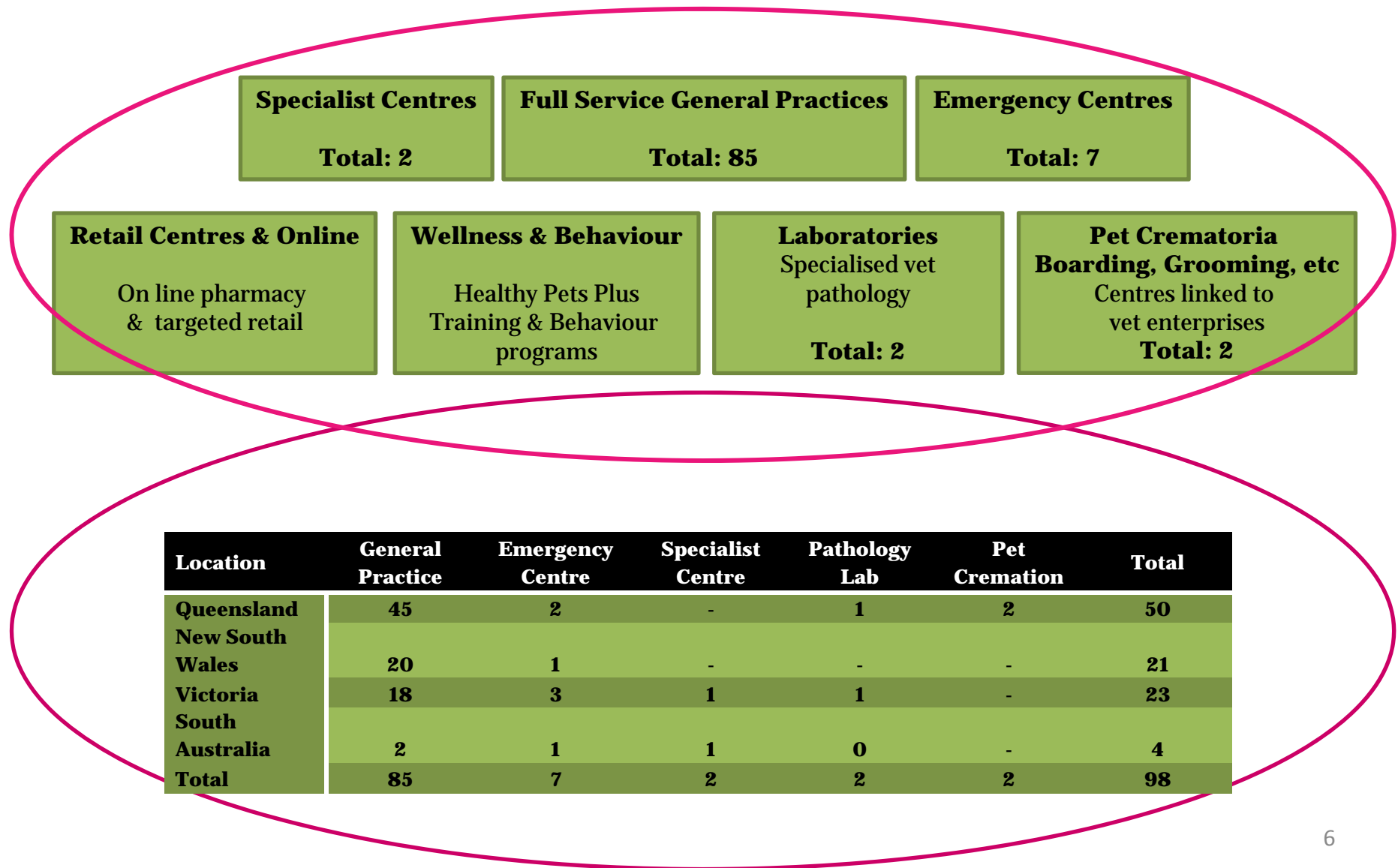
Network



Geographical Split

Location	General Practice	ER Centre	Spec Centre	Path Lab	Pet Crem	Total
QLD	45	2	-	1	2	50
NSW	19	1	-	-	-	20
VIC	18	3	1	1	-	23
SA	2	1	1	0	-	4
Total	85	7	2	2	2	98

Greencross Overview: Integrated Opportunities



Greencross Overview: Relevant to Employees

1970's	2013	Greencross Model
90% male vets	50% female vets, with 83% female graduates	✓ Flexible working arrangements, enhanced career path
Male vets desiring practice ownership	Current graduates little desire for practice ownership	✓ Exceptional human resource support and industry leading remuneration and reward programs
Simple procedures with low technology	Advanced procedures with vets desiring highly technologically advanced equipment	✓ Business Access Program for Veterinary Directors and Practice Managers
Low barriers to entry	Relatively high barriers to entry	✓ 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

Greencross Overview: Relevant to Pets

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

Opportunity

- Total members had grown to >14,000 by 30 June 2013 and are expected to grow to >15,000 by 31 December 2013
- Pet owners visit more frequently and evolve into exceptional pet owners
- HPP pet owners choose to purchase nutritional and preventative products at Greencross practices versus pet specialty and online retailers



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

20% discount
on all pet food and parasite prevention

ASK
how to SIGN UP today!

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

20% discount
on all pet food and parasite prevention

FREE
vaccinations & consultations

ASK
how to SIGN UP today!



Greencross Overview: Business Optimisation

Optimisation

- Regional clustering of General Practices aids development of allied veterinary businesses, including pathology, diagnostic imaging, specialty and emergency centres to drive greater returns to shareholders
- Branding and accreditation program, and customer service and best practice clinical training programs improve quality of medicine and quality of business
- Improved core ranging, merchandising, supply chain margin, reward programs and modular retail execution targeted to improve profitability, market share and retail spend in pet food and preventative categories
- Increase in average spend per visit related to “Best Care Standards,” Healthy Pets Plus Wellness program and advanced medical procedures
- Economies of scale in relation to supplier terms and agreements
- Leverage capex, education and marketing spend through regional approach
- Veterinary Directors and Practice Managers (Clinic Team Leaders) and Group Area Managers supported by the corporate team across multiple business disciplines to optimise support for “the local veterinary team”
- National Brand Development, New Client Acquisition program and Nationally Coordinated Campaign Calendar drives foot traffic to Greencross Businesses

Open Measure



Benchmarking

- Highly developed benchmarking and coaching tools support improvement in performance of individual practices and team members

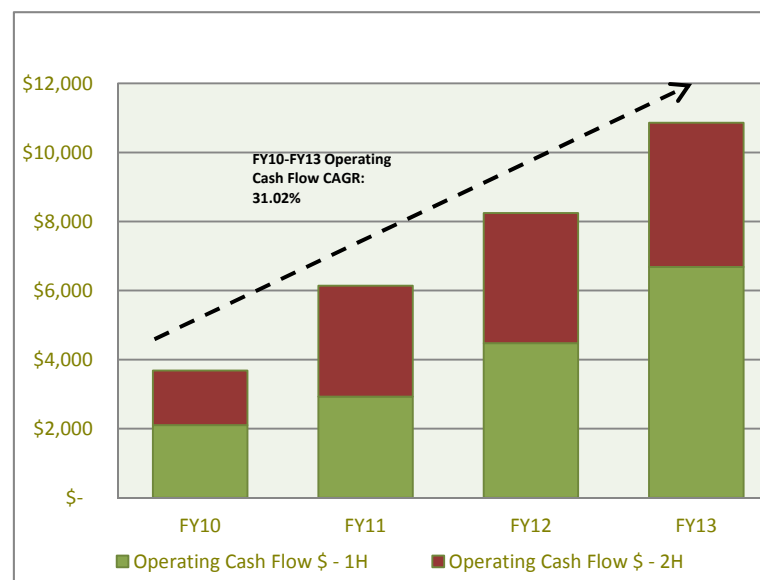
Greencross Overview: Relevant to Investors

Key Statistics

- Largest provider of veterinary services in Australia with 98 veterinary businesses including animal hospitals, laboratories and crematoria 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
- 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
- Demographic shift favours acquisition strategy – genuine need for succession strategies for existing practice owners versus diminishing desire for practice ownership by new industry entrants

Cash Flow

- Resilient earnings profile and strong cash flow generation
- Operating cash flows are expected to strengthen due to greater operational efficiencies, especially in relation to the two new pathology businesses, and through tighter working capital control



¹ IBISWorld M6970 – May 2013

Full Year Result FY2013 & FY2014 Outlook

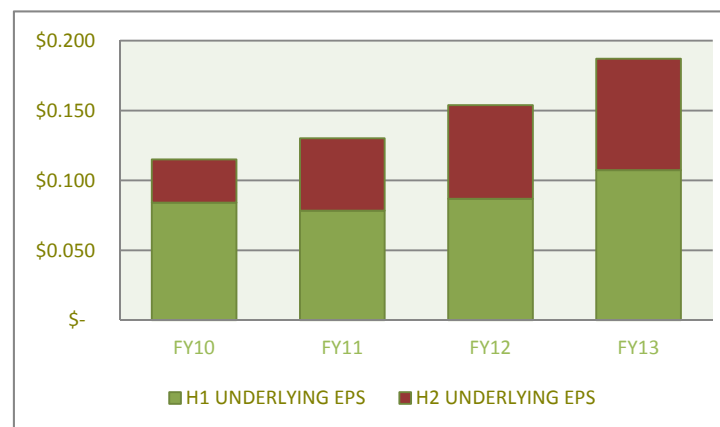
Key Results

Twelve Months Ended 30 June 2013	Amount	Change
Revenue	\$106.7m	29.6%
Underlying EBITDA*	\$14.5m	30.7%
Underlying EBIT*	\$12.4m	27.9%
Underlying NPAT*	\$6.4m	34.8%
Underlying EPS *	18.71cps	21.6%
Dividend	10.0cps	25.0%
Operating cashflow	\$10.9m	31.7%
Net debt	26.5m	7.3%
Net debt / equity	55%	
Dividend payout ratio**	53.45%	
Weighted Average Shares On Issue	34.1m	10.9%

**Underlying figures exclude adjustments for deferred purchase payments, acquisition related costs, one-off legal costs and set up costs which are unable to be capitalised.*

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

Earnings Per Share



Company Outlook

- Strong acquisitions pipeline
- Strong organic growth to continue
- Acquisitions continue as a key driver of growth with a target of at least 1 to 2 acquisitions per month on multiples of 3.0 to 4.5 times EBIT
- Net debt to equity ratio to remain below 65% as acquisitions are funded through free cash and less debt
- Company Imperatives are reset every 90 days to ensure continual focus on integrating, managing and supporting the network of veterinary businesses across Australia
- Healthy Pets Plus targeted to grow to at least 15,000 members over the next six months
- FY14 EPS is expected to increase on PCP by at least 20%

