

Passionate about Pets



# Greencross Vets



**GREENCROSS LIMITED**  
INVESTOR PRESENTATION

14 November 2013

# Important notice and disclaimer

## Important Notice

This presentation ("**Presentation**") has been prepared by Greencross Limited, ABN 58 119 778 862 ("**Greencross**"). This Presentation has been prepared in relation to a proposed merger between Greencross and Mammoth Pet Holdings Pty Limited, ABN 29 146 505 848 ("**Mammoth**") ("**the Merger**"), involving the acquisition by Greencross of all the issued share capital of Mammoth from the Mammoth shareholders, and the issue of shares to Mammoth shareholders in Greencross upon completion of the transaction.

## Not an offer

This Presentation is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or under any other law. It is for information purposes only and is not an invitation nor offer of securities for subscription, purchase or sale in any jurisdiction. This Presentation does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in Greencross nor does it contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act.

## Not investment advice

This Presentation has been prepared without taking account of any person's investment objectives, financial situation or particular needs and prospective investors should conduct their own independent investigation and assessment of the Merger and the information contained in, or referred to in, this Presentation. An investment in Greencross is subject to investment risk including possible loss of income and principal invested.

## Relevant of historical performance information

The pro forma financial information and past information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Greencross' views on its future financial condition and/or performance. Investors should note that past performance, including past share price performance, of Greencross cannot be relied upon as an indicator of (and provides no guidance as to) future Greencross performance including future share price performance.

## Future performance

This Presentation contains certain "forward looking statements". These statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Greencross to be materially different from future results, performance or achievements expressed or implied by those statements. These statements reflect views only as of the date of this Presentation. The actual results of Greencross may differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forwarding looking statements. Subject to any obligations under the Corporations Act or the ASX Listing Rules, Greencross disclaims any obligation to disseminate after the date of this Presentation any update or revisions to any forward looking statements to reflect any change in expectations in relation to those statements or any change in circumstances, events or conditions on which any of those statements are based.

While Greencross believes that the expectations reflected in the forward looking statements in this document are reasonable, neither Greencross nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Presentation will actually occur and you are cautioned not to place undue reliance on those forward looking statements.

## Disclaimer

The information contained in this Presentation is of a general nature and no representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information. None of Greencross' advisers, have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

The historical information relating to Greencross in this Presentation is, or is based upon, information that has been released to the Australian Securities Exchange ("ASX"). It should be read in conjunction with Greencross' other periodic and continuous disclosure announcements (read as at their date of release) available at [asx.com.au](http://asx.com.au).

No party other than Greencross has authorised or caused the issue, lodgement, submission, dispatch or provision of this Presentation, or takes any responsibility for, or makes or purports to make any statements, representations or undertakings in this Presentation. No person is authorised to give any information or make any representation in connection with the Merger which is not contained in this Presentation. Any information or representation not contained in this Presentation may not be relied upon as having been authorised by Greencross in connection with the Merger.

The information in this Presentation remains subject to change without notice. Greencross reserves the right to vary the timetable for or not proceed with the Merger without notice.



## Contents

1	Introduction	3
2	Why merge?	10
3	Mammoth overview	14
4	Strategic rationale and overview of MergeCo	28
5	Appendix 1: Forward looking assumptions	39
6	Appendix 2: Summary of SSA	45
7	Appendix 3: Risks disclosure	47



# 1

## Introduction

# Transaction highlights

## The Merger of Greencross and Mammoth will create Australasia's leading integrated consumer facing pet care company

### Details of the Merger

- **Scrip for scrip combination ("Merger")** of Greencross and Mammoth ("**MergeCo**")  
Greencross will issue c.52.6m shares to Mammoth shareholders, representing 58.25% of the merged company's share register
- Merger subject to approval by ordinary resolutions (>50%) at a general meeting ("**Meeting**") in late January 2014
- In line with corporate governance best practice, the Greencross Board established an Independent Board Committee ("**IBC**"), consisting of the Greencross Directors Stuart James, John Odium and Andrew Geddes, to consider the key Merger terms and transaction issues
- The IBC has unanimously<sup>(1)</sup> resolved to recommend the Merger to shareholders, subject to the Independent Expert opining that the Merger is fair and reasonable or is not fair but reasonable<sup>(2)</sup>

### Overview of Mammoth

- **A leading specialty pet care retailer in Australasia,<sup>(3)</sup> trading as Petbarn (Australia) and Animates (New Zealand)**
- Offers a **broad range of products and services** aimed at pet owners through its **retail store and online channels**
- **124 stores<sup>(4)</sup> across Australia and New Zealand** with FY14F sales of \$312m<sup>(5)</sup> and FY14F EBITDA of \$34m<sup>(5)</sup>

### Compelling strategic rationale

- **Company transforming Merger to create Australasia's largest integrated consumer facing pet care company**, strengthening client and customer engagement, expanding product and service offering and creating cross-selling opportunities  
Client and customer engagement at veterinary practice, specialty pet care retail and integrated locations
- **Integrated complementary retail and veterinary services model** provides a clear point of differentiation from competitors
- **Broadens Greencross' potential customer base** with Petbarn having c.1.1m "Friends for Life" members
- The Board believes that **substantial synergies could be achieved** following the Merger  
**Pro forma FY14 annualised cost synergies of \$1.5m** is expected to be realisable, with **future upside<sup>(6)</sup>**
- Significant **opportunity for further growth** given the highly fragmented nature of MergeCo's addressable market

### EPS accretion

- Merger is expected to deliver EPS accretion to Greencross shareholders  
**EPS accretive in FY14F** on a pro forma basis (i.e. assuming full 12 months of business combination)<sup>(5)</sup>  
**Double digit EPS accretion in FY15F** relative to market consensus estimates for Greencross<sup>(7)</sup>

(1) Various of the Merger Resolutions are subject to voting restrictions imposed by the Corporations Act and ASX Listing Rules. Each Director who is entitled to vote on a Merger Resolution recommends that you vote in favour of that resolution.

(2) For the purposes of: Listing Rules 10.1 and 10.10, to shareholders whose votes are not to be disregarded; and item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74, to shareholders not associated with the sellers, and in the absence of a superior proposal.

(3) Australasia refers to Australia and New Zealand.

(4) As at 12 November 2013.

(5) Details of this calculation are set out on slide 33. Before any amortisation of intangibles

(6) Greencross believes that the revenue and cost synergies identified on slide 32 could be realised from the Merger over time. The expected FY14 annualised synergies of \$1.5m includes short-term cost synergies only

(7) Before any amortisation of intangibles. Consensus estimate for Greencross standalone EPS in FY15F is 28.6 cents per share (Source: Bloomberg as at 12 November 2013).

# Company transforming transaction

The Merger adds significant scale to Greencross, which provides financial, strategic and capital markets benefits

	Greencross	MergeCo <sup>(1)</sup>		
FY14F revenue <sup>(2)</sup>	\$131m	\$443m	↑	238%
FY14F EBITDA <sup>(2)</sup>	\$18m	\$54m	↑	196%
FY14F EBIT <sup>(2)</sup>	\$16m	\$42m	↑	160%
FY14F NPAT <sup>(2)</sup>	\$9m	\$21m	↑	142%
Market capitalisation	\$245m <sup>(3)</sup>	\$588m <sup>(4)</sup>	↑	140%
Addressable market <sup>(5)</sup>	c.\$2bn	c.\$7bn	↑	250%

(1) Includes cost synergies.

(2) See Appendix 1 for key assumptions behind Greencross and Mammoth earnings.

(3) Assuming a share price of \$6.52 as at 12 November 2013. Excludes the new shares issued to be issued to Stuart James and John Odum.

(4) Market capitalisation of MergeCo calculated by multiplying the total shares on issue following the Merger (including 147,058 shares to be issued to Stuart James and John Odum) by the Greencross share price of \$6.52 at close of market on 12 November 2013.

(5) Management estimates. Addressable market refers to the annual revenue opportunity available for the products and services offered by each of Greencross and MergeCo.

# Creating Australasia's leading integrated consumer facing pet care company



## Strong competitive position

- Network of **124 stores and 100 vet clinics** across Australia and New Zealand
- **Integrated** pet care model provides point of differentiation for customers – established precedents in the US and UK markets
- **Combined retail and service offering** strengthens client and customer engagement, expands product and service offering and creates cross-selling opportunities

## Attractive category

- Combined **c.\$7bn** addressable market in Australia
- Demographic trends and **humanisation of pets** underpin expectation of growth
- **Highly fragmented** competitor landscape

## History of strong financial performance

- Greencross and Mammoth have each delivered FY11-FY13 historical EBITDA **CAGRs<sup>(1)</sup> of over 25%**
- Successful network expansion through new store / clinic openings and acquisitions

## Robust growth profile

- Ongoing **roll out of new stores / clinics, acquisition program** and **co-location of clinics and retail stores**
- Management believe that **pro forma FY14 annualised cost synergies of \$1.5m** is achievable, with future upside
- Pet specialty retail sector (prepared pet food and pet product) has outperformed most other retail categories over the last decade<sup>(2)</sup>

## Experienced board and management

- Extensive **industry expertise** and proven performance
- Board and senior management will have **significant shareholdings** in MergeCo

(1) Compound annual growth rate.

(2) Based on the compound annual growth rate of sector sales between 2003 and 2012. See slide 22 for additional detail.



# Board, management and ownership structure

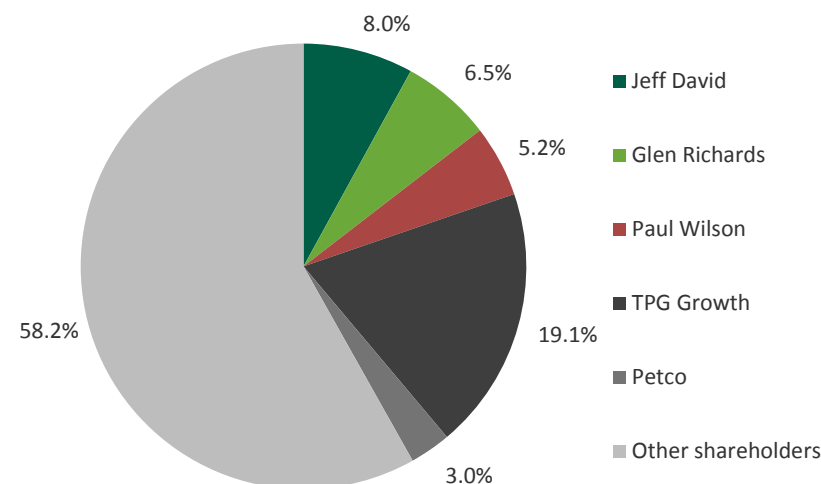
**MergeCo will have an experienced Board and management team and will draw on the expertise of both Greencross and Mammoth leadership teams**

## Board and management

- Board and management structure reflects the increased scale and reach of MergeCo
- Proposed changes to Board and management:
  - Stuart James will assume the role of Non-Executive Chairman
  - Jeff David, a co-founder of Mammoth, will retain his directorship and become Chief Executive Officer of MergeCo
  - Glen Richards will retain his directorship and become Managing Director, Veterinary Services
  - Paul Wilson, a co-founder of Mammoth, will be appointed to the Board and become Managing Director, Pet Care Retailing
  - Andrew Geddes will remain on the Board of MergeCo as a Non-Executive Director
  - Matthew Hobart and Scott Gilbertson (TPG Growth nominees) will also be appointed to the Board of MergeCo as Non-Executive Directors
- Profiles of the proposed Board members of MergeCo are set out on the following slide

## Ownership structure of MergeCo<sup>(1)</sup>

- Mammoth shareholders will be issued with c.52.6m Greencross shares upon completion of the Merger, representing 58.25% of the merged company's share register
- Key Mammoth shareholders (Jeff David, Glen Richards, Paul Wilson,<sup>(2)</sup> TPG and Petco) have indicated that they would not undertake any dealings in their shareholdings during the period which ends upon the release of MergeCo's FY14 results
- Combined shareholding of senior management (Jeff David, Glen Richards and Paul Wilson) of 19.7%










(1) Fully diluted basis.

(2) Jeff David, Glen Richards and Paul Wilson's intention relates to the MergeCo shares they will receive in exchange for their Mammoth shares when the Merger is implemented. These shares will represent approximately half of Glen Richards' total holding in MergeCo and a small proportion of Jeff David and Paul Wilson's holdings.



# Board profiles

## Board of MergeCo

	<b>Stuart James</b> Non-Executive Chairman	<ul style="list-style-type: none"> <li>■ Stuart James is an experienced executive within the financial and healthcare sectors. Stuart's past roles have included Managing Director of Australian Financial Services for Colonial and Managing Director of Colonial State Bank (formerly the State Bank of NSW)</li> <li>■ Stuart also held an executive role as CEO of the Mayne Group from January 2002 to November 2005</li> <li>■ Stuart is currently a Non-Executive Director of Greencross</li> </ul>
	<b>Jeff David</b> CEO	<ul style="list-style-type: none"> <li>■ Jeff David is an experienced retail and logistics executive. Jeff has served in leadership roles in the USA, Australia and Asia, in both private and public companies. Prior to co-founding Mammoth he was the CEO of Davids Asia Pte Ltd. (an Asian retail logistics business), and Executive Chairman of ShopFast (an online grocer)</li> <li>■ Jeff is a founder of Mammoth and currently serves as Executive Chairman of Mammoth, Non-Executive Director of Greencross, and Non-Executive Director of the Skin and Cancer Foundation Australia</li> </ul>
	<b>Glen Richards</b> Managing Director, Veterinary Services	<ul style="list-style-type: none"> <li>■ Glen Richards practiced companion animal medicine and surgery in Brisbane, Townsville and London before commencing practice ownership and establishing Greencross in Townsville in 1994</li> <li>■ He is the founding Managing Director of Greencross and is a Director and shareholder of Mammoth. He is a past director of Lyppard Australia</li> </ul>
	<b>Paul Wilson</b> Managing Director, Pet Care Retailing	<ul style="list-style-type: none"> <li>■ Paul is a co-founder of Mammoth Pet Pty Ltd and has served as the Managing Director since its inception in 2005. Prior to Mammoth, Paul was the COO of ShopFast, Australia's largest online grocery retailer (sold to Coles in 2003).</li> <li>■ Paul has worked in the retail industry for 26 years. He was with Caltex Australia from 1987 to 1999, in a number of roles including, National Fuels pricing and Planning Manager, Retail Sales Manager for convenience retailing (500 locations), and GM of Caltex/Boral JV, Vitalgas.</li> <li>■ Paul is a Director of the Petbarn Foundation and is a Director of Animates NZ</li> </ul>
	<b>Andrew Geddes</b> Non-Executive Director	<ul style="list-style-type: none"> <li>■ Andrew Geddes specialises in professional services firm management and development. This involvement has led to his position as Non-Executive Director with Count Financial, a company offering financial services, since its listing on the ASX in 2001 through to its subsequent sale to the Commonwealth Bank of Australia in December 2011</li> <li>■ Andrew is the current Non-Executive Chairman of Greencross and a member of the Remuneration Committee and Audit Committee</li> </ul>
	<b>Matthew Hobart</b> Non-Executive Director	<ul style="list-style-type: none"> <li>■ Matthew Hobart is a partner of TPG Growth. Prior to joining TPG Growth in 2004, he was the Vice President of Corporate Development for Critical Path (NASDAQ: CPTH). Prior to this, he co-founded and served as a Managing Director of Vectis Group, a venture corporation that capitalised and built companies globally, in partnership with leading U.S. technology businesses</li> <li>■ Prior to Vectis Group, Matt made private equity investments in the US and Europe for the \$2.2bn Morgan Stanley Capital Partners III L.P. and helped raise and invest the \$350m Morgan Stanley Global Emerging Markets Fund</li> <li>■ Matthew is currently a Director of Mammoth</li> </ul>
	<b>Scott Gilbertson</b> Non-Executive Director	<ul style="list-style-type: none"> <li>■ Scott Gilbertson is a Partner of TPG. He joined TPG Growth in 1998 and has led the Operating group since 2007. During his career, Scott has served in leadership roles across the consumer, retail and eCommerce industry including Senior Vice President of Merchandising (Chief Merchant) at Under Armour Performance Apparel, COO of J.Crew Group, President eCommerce of J.Crew Group, and CEO of Ludi Labs</li> <li>■ In the course of his tenure on the TPG Operating team he has also served in a number of interim executive positions within the TPG portfolio. These roles include COO of Bally International, CEO of J.Crew Group and President and COO of Fender Musical Instruments Corporation</li> </ul>

# Overview of agreed transaction terms

## The Merger is a scrip for scrip combination of Greencross and Mammoth

- The transaction has been structured as a scrip for scrip merger pursuant to a share sale agreement (“SSA”)<sup>(1)</sup>
- Merger ratio of 41.75% (Greencross) : 58.25% (Mammoth)<sup>(2)</sup>
- Agreed enterprise value for Mammoth of c.\$403m<sup>(3)</sup>
  - c.\$325m equity value<sup>(3)</sup> and assumed net debt of c.\$78m<sup>(4)</sup>
- Merger is expected to be EPS accretive for Greencross shareholders<sup>(5)</sup>
  - EPS accretive in FY14F with forecast cost synergies of \$1.5m in FY14F on a pro forma basis (i.e. assuming full 12 months of business combination)
  - Double digit EPS accretion in FY15F relative to market consensus estimates for Greencross
  - EPS accretion excludes any revenue synergies that could be realised from the Merger
- Mammoth shareholders to receive c.52.6m new shares in MergeCo for 100% of the issued shares in Mammoth
- Key Mammoth shareholders have indicated that they would not undertake any dealings in their shareholdings, representing 38.3% of MergeCo, during the period which ends upon the release of MergeCo’s FY14 results

### Indicative timetable

Key event	Expected date
Distribution of explanatory memorandum (“EM”) and Notice of Meeting to Greencross shareholders	Early December 2013 <sup>(6)</sup>
Meeting and shareholder vote	Late January 2014
Transaction completion	31 January 2014 <sup>(7)</sup>

(1) For a summary of key terms, please refer to Appendix 2.

(2) Based on fully diluted shares on issue for both companies.

(3) Based on the 3 month volume weighted average price of Greencross shares as at 12 November 2013 of \$6.185.

(4) As at 31 October 2013.

(5) Before any amortisation of intangibles

(6) Subject to review by ASX and ASIC.

(7) Subject to Greencross shareholder approval and regulatory approvals.



# 2

Why merge?

## Why merge?

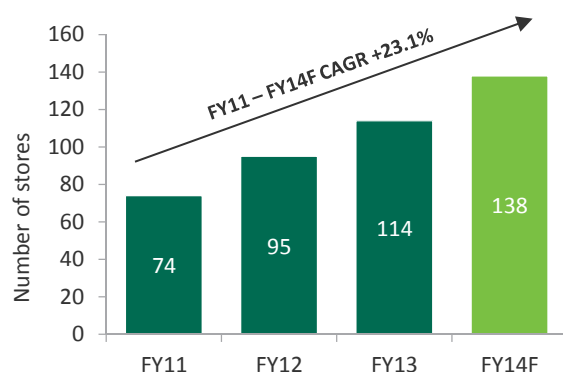
- 1 MergeCo's scale and complementary retail and services model provides a **clear point of differentiation** from competitors and an **attractive platform for future growth**
- 2 Enables MergeCo to **strengthen client and customer engagement, expand its product and service offering and create cross-selling opportunities**
- 3 Australasia's largest integrated consumer facing pet care company with 224<sup>(1)</sup> stores and clinics in Australia and New Zealand
- 4 A **leading market position** in the Australian pet care and pet services industry which has a combined **addressable market of c.\$7bn** and a **highly fragmented competitor landscape**
- 5 The Board anticipates there are **significant cost and revenue synergies** that could be delivered from the Merger
- 6 **Established precedents of integrated retail and services businesses in the US and UK** with a track record of successful network expansion and earnings growth
- 7 **Robust growth profile** driven by ongoing **store and clinic roll-out, acquisition program and synergies**
- 8 **Experienced Board and management** with significant industry expertise

(1) As at 12 November 2013.

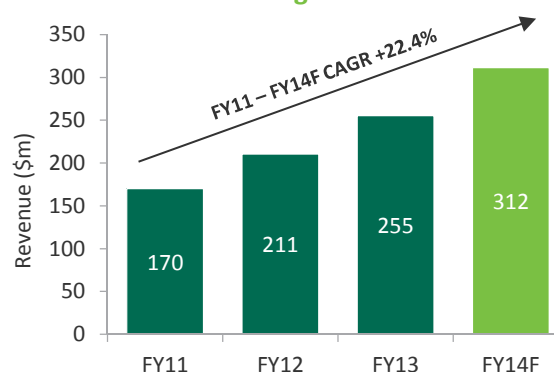
# Combining two fast growing businesses



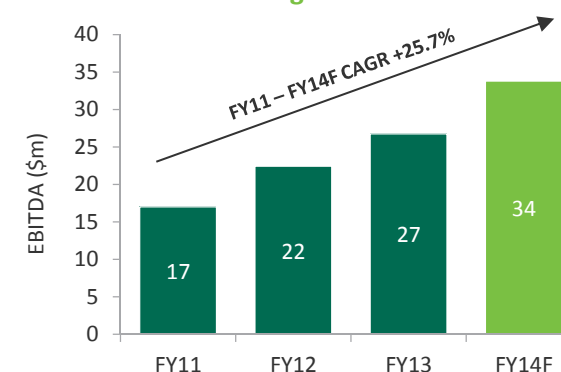
**Mammoth – Growth in number of stores**



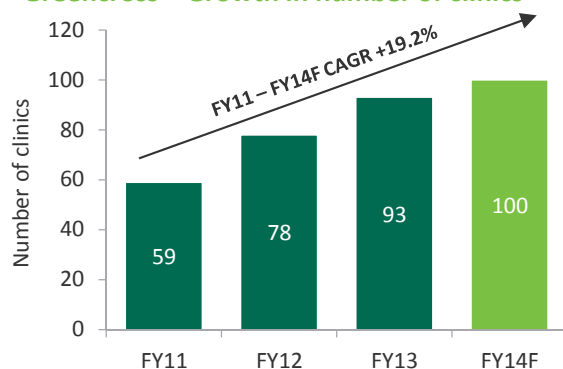
**Mammoth – Revenue growth<sup>(1)</sup>**



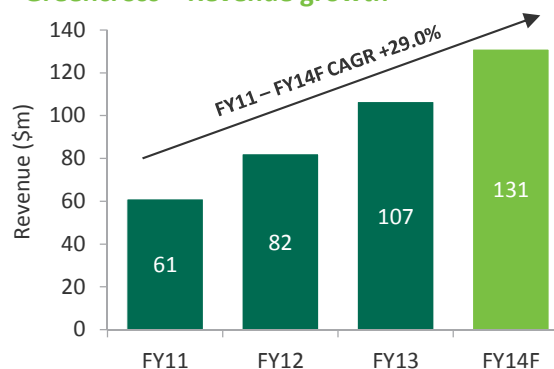
**Mammoth – EBITDA growth<sup>(1)</sup>**



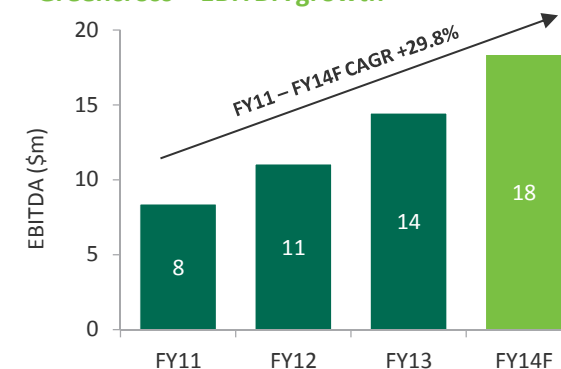
**Greencross – Growth in number of clinics<sup>(2)</sup>**



**Greencross – Revenue growth**



**Greencross – EBITDA growth**



Source: Statutory audited financials, adjusted for one-off and non-recurring items; management forecasts.

(1) Animates revenue and EBITDA 100% consolidated, with FY14F revenue and EBITDA converted at A\$1:NZ\$1.25.

(2) Assumes current clinic portfolio only

# Established business model in the US and UK markets

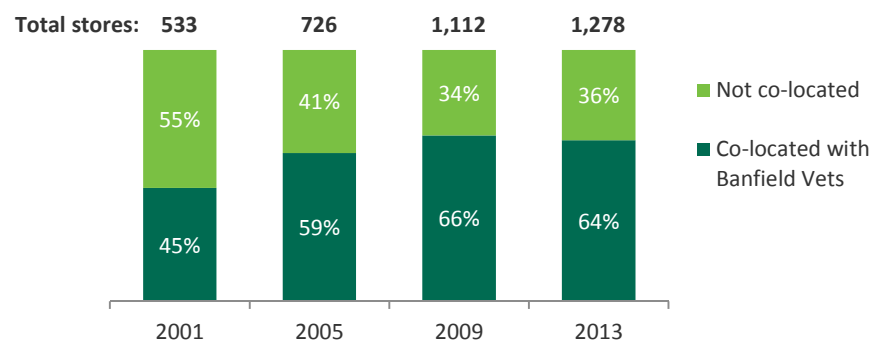
There is an opportunity for Greencross and Mammoth to use the scale of their respective businesses to establish an integrated business model for pet care in Australasia

The integrated pet care retailing and veterinary services model has been implemented by major US and UK pet care companies

- The combination of specialty pet care retailing and veterinary services businesses is well established in the US and UK markets
- Significant expansion of the co-location model by the leading players in these markets demonstrates the attractiveness of the business case
- Greencross and Mammoth already have an established history of working collaboratively on a range of initiatives including in-store vaccine clinics, dog training and behaviour, pet fun day support and co-location

PetSmart (US)  

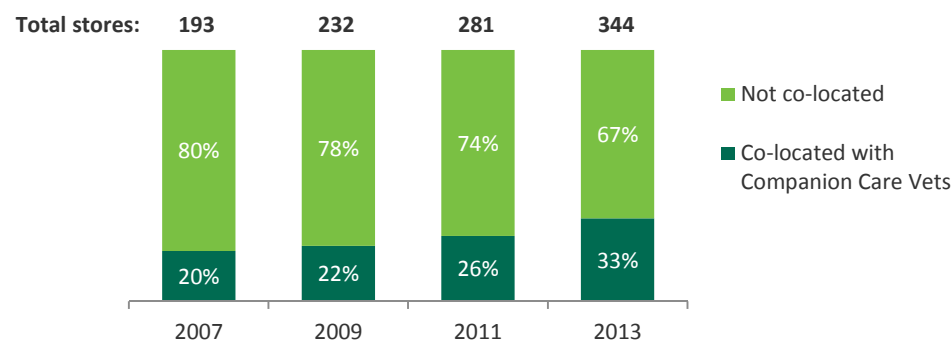
- Largest retailer of pet food and pet supplies in the US, with 2012 revenues of c.US\$6.8bn
- Operates c.1,300 stores with veterinary services available in >60% of the stores, employing over 1,000 veterinarians
- Broad service offering including adoptions, grooming, overnight and supervised all-day care, dog training and vet services



Source: PetSmart SEC filings.

Pets at Home (UK)   

- UK's leading specialist retailer of pet foods, pet-related products, accessories and veterinary and grooming services, with FY13 revenue of £598m and EBITDA of £101m
- >345 stores with veterinary services available at >30% of the stores, in addition to 93 standalone Vets4Pets practices



Source: Pets at Home regulatory filings.



# 3

## Mammoth overview



# Mammoth



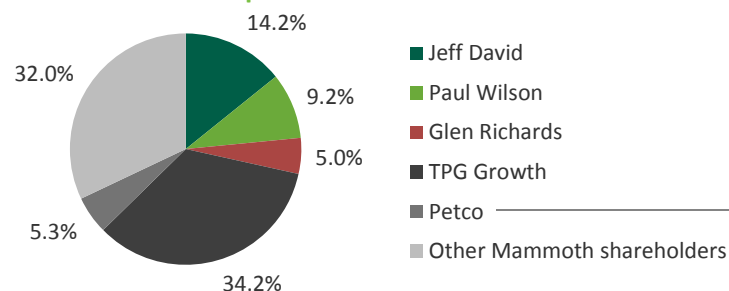
# Mammoth today

## Mammoth is Australasia's leading specialty pet care retailer

**124 stores<sup>(1)</sup> across Australia and New Zealand with FY13 sales of \$255m and FY13 EBITDA of \$27m**

- Mammoth was established in November 2005 with the acquisition of 10 Petbarn stores
- Since inception, Mammoth has grown significantly through both an organic store roll-out program and the acquisition of existing pet stores
- As at 12 November 2013, Mammoth operated a network of 124 large format pet stores:
  - 100 in Australia trading as Petbarn
  - 24 in New Zealand trading as Animates in a 50:50 JV
- Lease commitments have already been entered into for additional premises as part of the store roll out program
- Mammoth's partner in Animates is EBOS Group Limited, a New Zealand listed healthcare and animal care provider

### Mammoth ownership structure<sup>(2)</sup>

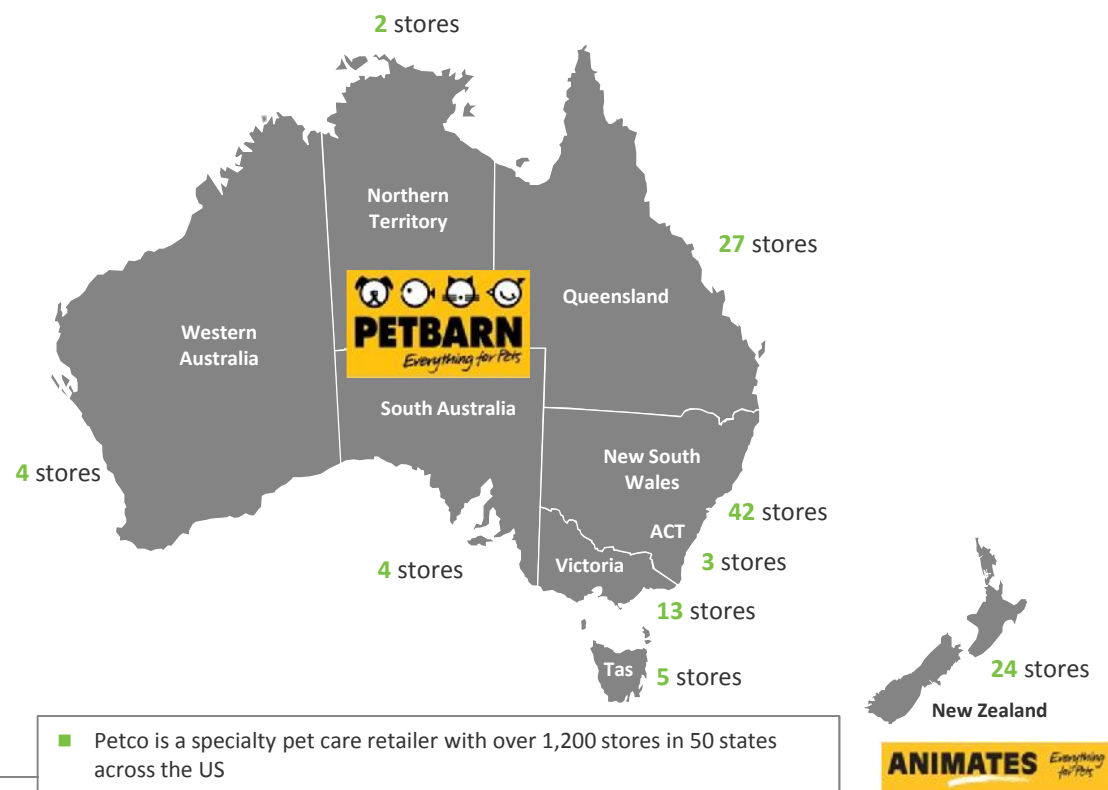


(1) As at 12 November 2013.

(2) Undiluted basis.

(3) Management estimate that its addressable market (which excludes veterinary services) is c.\$5bn. See slide 23 for additional detail.

**Mammoth's long term goal is to achieve 20% market share from its existing c.4% market share in its addressable market<sup>(3)</sup>**



- Petco is a specialty pet care retailer with over 1,200 stores in 50 states across the US
- In addition to having a 5.3% interest in Mammoth, Petco has an operational relationship with Mammoth which includes assisting with the development of Mammoth's private label brands and supply optimisation






# History of Mammoth

Since its inception in 2005, Mammoth has grown both organically and through acquisitions to become Australasia's leading specialty pet care retailer

Mammoth has invested in the team and systems to build a platform that is capable of executing future growth opportunities, and further strengthening Mammoth's market position

FY05	FY06	FY07	FY09 – FY10		FY11	FY11	FY12	FY13
18 months due diligence	Acquired original Petbarn stores	Acquired Jansens and Animates	Entered Queensland		Entered Victoria	Entered Tasmania and South Australia	Further network expansion	Entered Western Australia

Stores	0	10	31	45	52	62	74	96	114
Total staff	0	100	350	480	545	650	750	1,000	1,200

Head office staff	3 head office	23 head office	32 head office	65 head office	110 head office	
						
	Introduction to the industry	Discovery	Gaining critical mass	Leading execution	Building the brand	Driving advocacy



# How Mammoth delivers its vision

## The five critical details of retail

1. A motivated and enthusiastic team
2. The best locations
3. Efficient systems and processes
4. The most compelling customer offer
5. Low cost structure

### Provider

#### 2006 – 2010

- Products
- Staff
- Parking
- Door open
- Knowledge
- Uniforms
- Brands
- Tickets
- Lighting



### Inspirer

#### Today

- Logical adjacencies
- Easy to shop format
- Motivated and passionate team
- Distinctive private label brands
- Inspiring promotions
- Engaging communications



### Promoter

#### Tomorrow

- Strong brand affiliation
- Advocates who endorse and recommend our business
- Connectedness and Trust



# Everything for pets

Mammoth offers a broad range of products and services aimed at owners of a variety of pets, including dogs, cats, fish, birds, reptiles and small animals, through its retail store and online channels<sup>(1)</sup>

Every species



DOG



CAT



FISH



BIRD



REPTILE



SMALL ANIMAL

A comprehensive product range

<b>Food</b> 	<b>Training and behaviour control</b> 
<b>Health and wellbeing</b> 	<b>Collars, leads, other accessories</b> 
<b>Grooming</b> 	<b>Bedding and clothing</b> 
<b>Toys</b> 	<b>Kennels, cages and aquariums</b> 

Thoughtful advice

**Did you know?**

The right food improves your pets health and happiness.



It pays to feed your dog the very best.

We have litter in 4 different materials to suit your needs.

**PETBARN**  Everything for Pets

100% satisfaction guarantee on all of our super premium dry dog food

**Did you know?**

Our Friends for Life members have saved over \$2.3 million in 6 months

**Friends for Life Club**

We guarantee our fish for 7 days

Petbarn Adoptions have saved over 10,000 lives

[petbarn.com.au](http://petbarn.com.au)

Supportive services



- Petbarn is the largest provider of grooming services in Australia
- Dog wash and grooming facilities in a modern, comfortable and safe environment for your pet



- Do It Yourself dog wash units conveniently located in selected Petbarn stores



- Petbarn provides accessible drop off points for your pets. Pet accommodation in conjunction with Hanrob Pet Hotels



- Promote pet adoption with charity based organisations such as the RSPCA and Lort Smith



- Petbarn Foundation was established to support charities focused on enriching the lives of pets and the people who love and need them

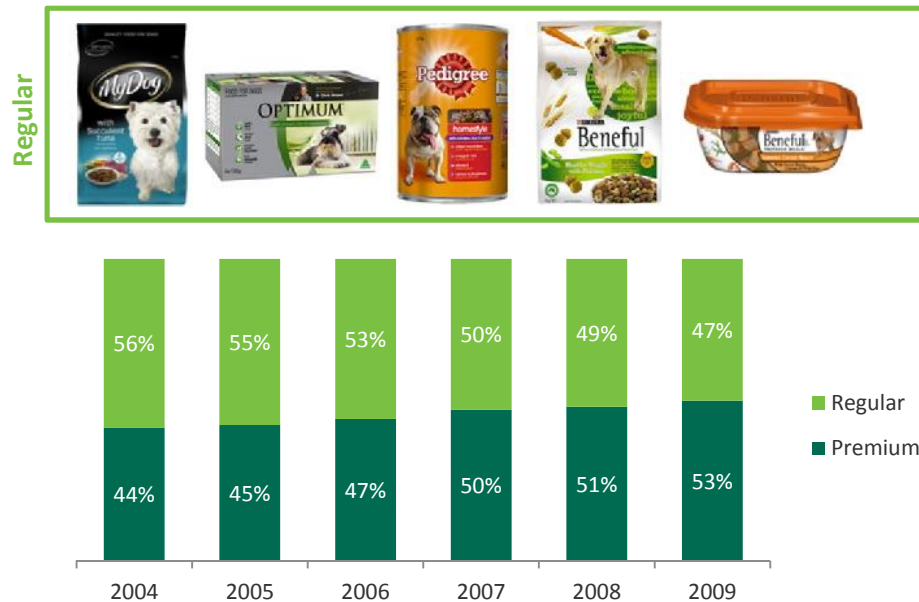
(1) Mammoth does not sell live animals (other than fish).

# Product innovation and shift to premium food

Growing awareness of the importance of pet nutrition has driven product innovation and a shift to premium pet food products

- The shift to premium pet food helps drive customers away from the self service “mass market” trading environment to specialty pet care retailers due to their ability to give advice and serve customers

## Australian dog food market



## Australian cat food market



Source: Management estimates based on data from ACAC.

# Favourable industry thematics

**Mammoth's addressable market has a robust growth outlook and a highly fragmented structure that is supportive of MergeCo's future growth**

- **Favourable demographic trends expected to drive growth**

- Australian prepared pet food and pet product sales have delivered annual growth of 5% over the last decade, outperforming most other retail categories
- Australia has one of the highest rates of pet ownership in the world
- 63% of households own a pet with 53% of households owning a dog or cat
- Trend of increasing spend per pet

- **Highly fragmented competitor landscape with significant opportunities for consolidation**

- Greencross estimate that over three quarters of specialty pet care retailers in Australia are independent operators
- Whilst it is the market leader, Mammoth still only has c.4% market share in its addressable market – significant opportunity for further growth

- **Growing awareness of the importance of pet nutrition**

- Trend towards higher margin premium and specialty food brands, which offer higher nutritional value than mass market food brands
- Reduction in “table scrapping” (feeding pets from leftovers)
- Adoption of alternative health treatments like acupuncture, chiropractic services, etc.

- **Humanisation of pets**

- Pet owners are indulging their pets more by feeding them more often and buying them presents
- Driving premium products (treats) and services (grooming, accommodation and hydrotherapy)
- Growing market in pet insurance



**'Butch'**



**'April'**

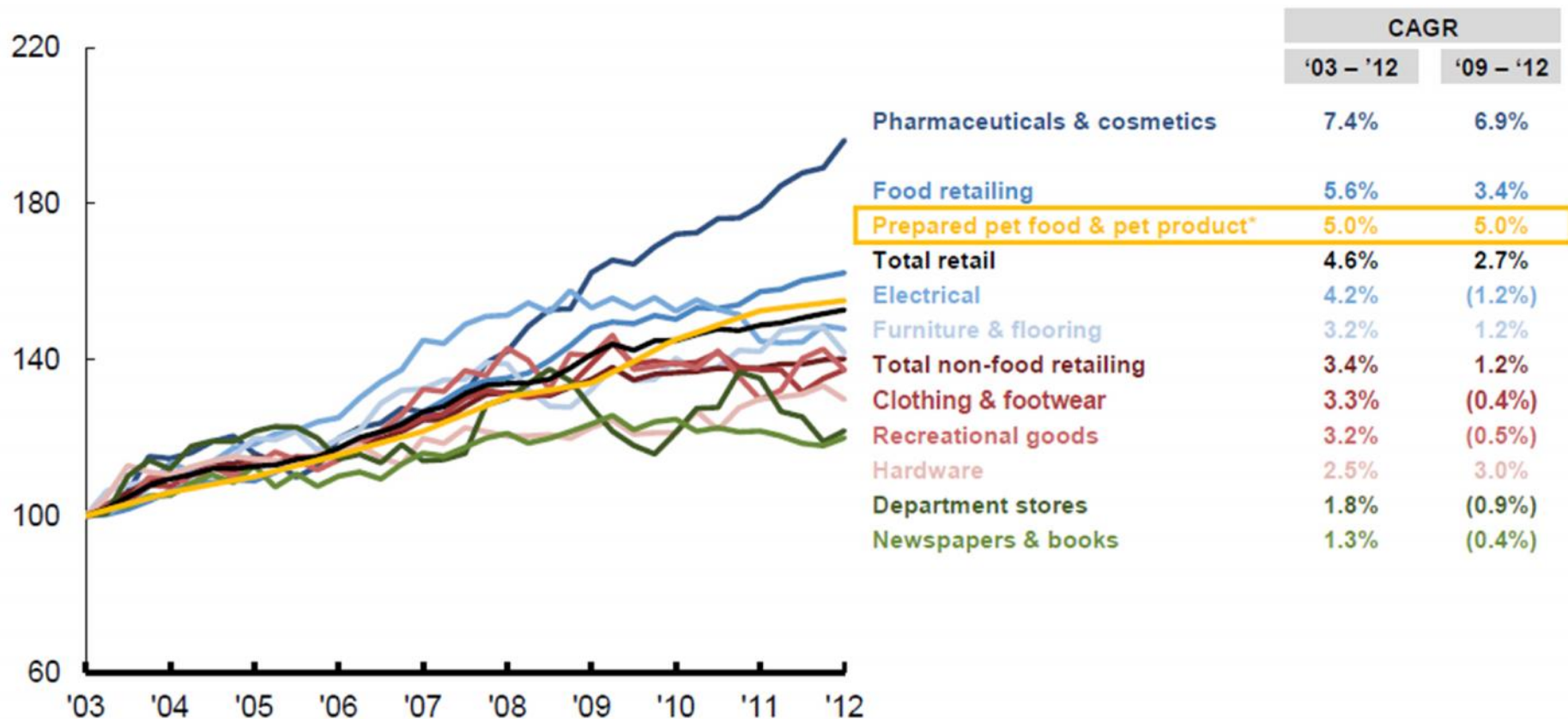


# Pet specialty segment has driven the growth in prepared pet food and pet products



Pet food and pet product sales have grown at c.5.0% over the last decade, outperforming most other retail categories, and have been primarily driven by the growth in the pet specialty segment

Australian retail sales, 2003 – 2012



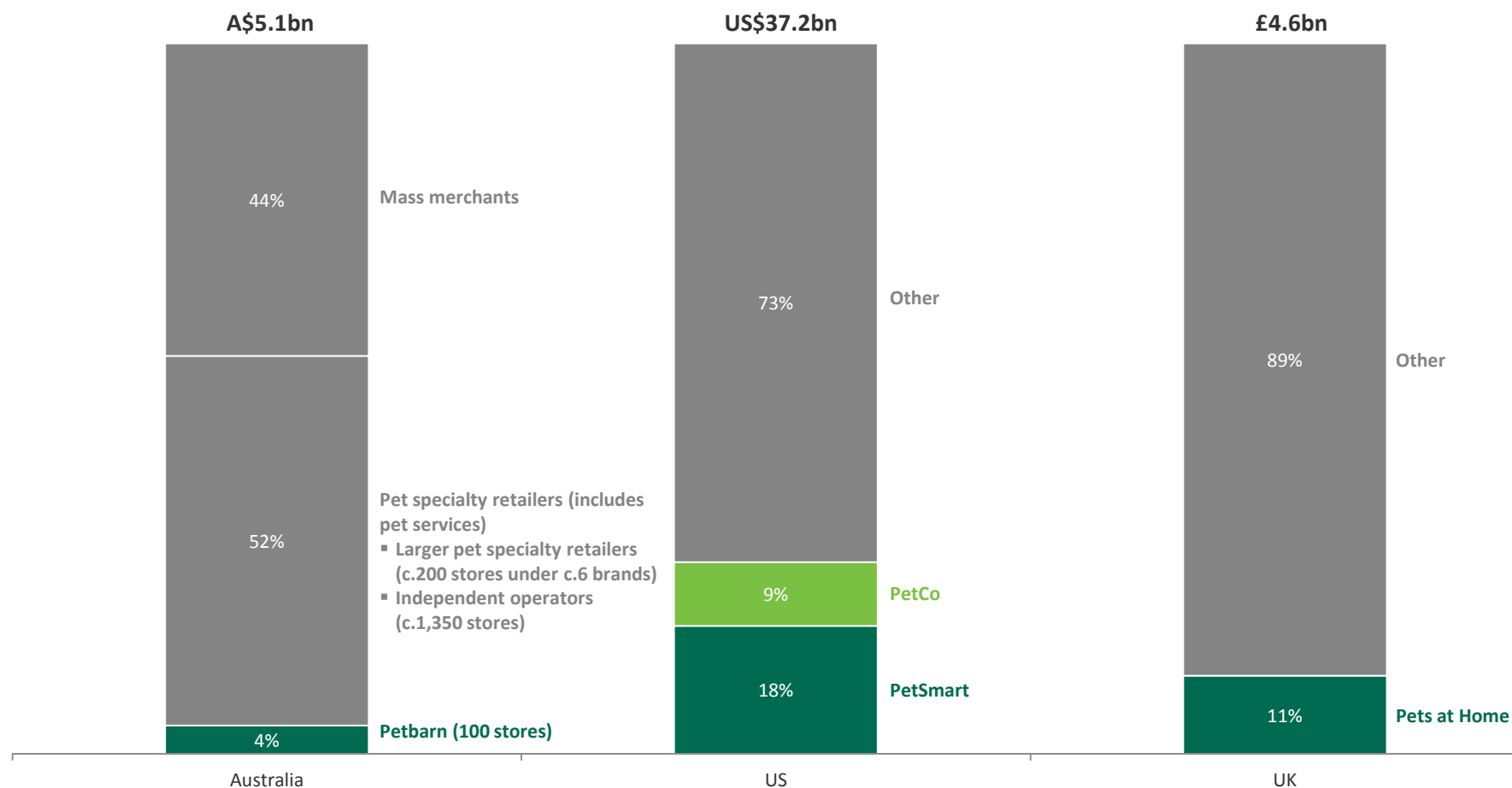
\* Management estimates.

Source: Management estimates based on data from ABS and Euromonitor.

# The pet care market is highly fragmented in Australia

Mammoth has a significant opportunity for further growth given the highly fragmented nature of the Australian pet care market, supported by the fact that comparable businesses in the US and UK have much larger market shares

Pet care and pet services industry structure, 2012 (excludes veterinary services)



Source: Management estimates based on data from Euromonitor, PetSmart 2013 annual report, American Pet Products Association, IBISWorld, OC&C and other sources.

# Mammoth growth drivers – from c.4% to 20% target market share

There are three key drivers of future Mammoth growth

1

## Operating initiatives

- Improved understanding of customer needs through the Friends for Life loyalty program, supporting targeted marketing and ranging
- Dynamic category management, to manage product mix to maximise returns, including the thoughtful direct import of higher margin private label products, where it makes sense
- Implementation of a multi-channel offering via its e-commerce website
- Development of centralised distribution to improve supply chain management
- Further investment in systems to streamline and advance business processes

2

## New store growth

- Roll-out of new to industry (“NTI”) stores to achieve critical mass in target regions
- Long term goal to achieve 20% market share from its existing c.4% in Australia, with NTI stores to account for a large component of this expansion in market share
- Since 2007, Mammoth has reviewed over 300 potential locations, leading to 69 NTI openings

3

## Acquisitive growth

- Mammoth’s historical growth has materially benefited from its store acquisition strategy, using acquisitions to move into new geographies to provide critical mass
- Of its current portfolio of 124 stores,<sup>(1)</sup> 55 of these have been acquired
- Acquiring stores enables access to favourable locations, reduces the maturity profile and provides ready access to a mature customer base

### Shift market share from independent operators and mass merchants

Other ways Mammoth will seek to shift market share from its competitors is through:

- Better customer experience and service levels
- Better product offering (super premium, natural and organic)
- Better product availability
- Better perceived value

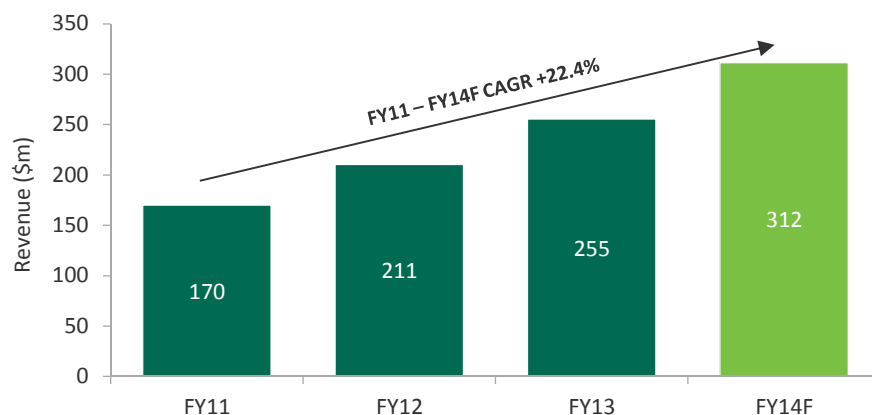
### Acquire share from pet specialty

(1) As at 12 November 2013.

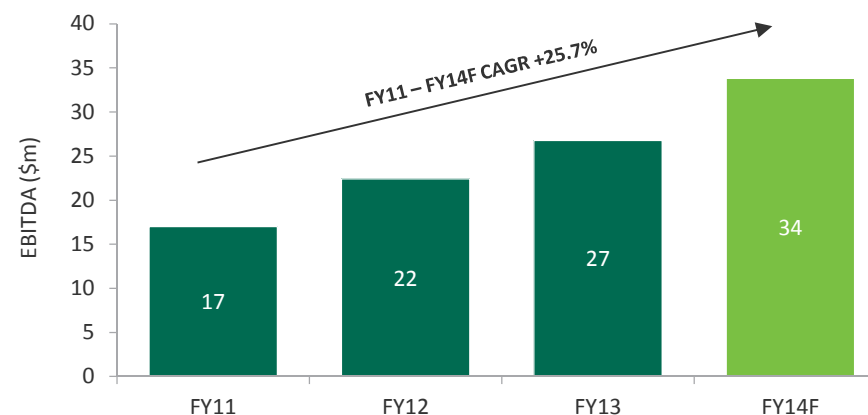
# Track record of growth

Mammoth is expected to deliver 4 year revenue CAGR of 22.4% and 4 year EBITDA CAGR of 25.7%

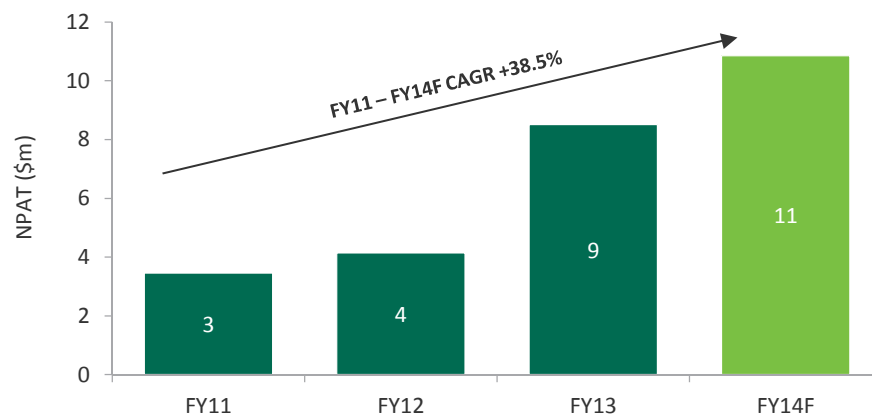
## Revenue growth<sup>(1)</sup>



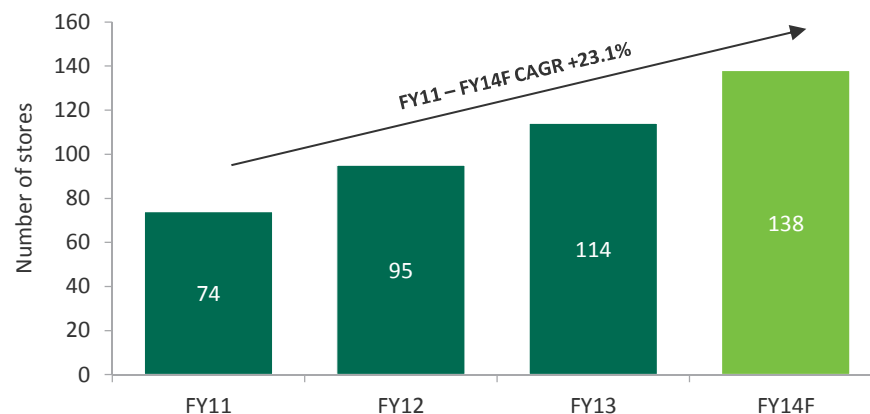
## EBITDA growth<sup>(1)</sup>



## NPAT growth



## Growth in number of stores

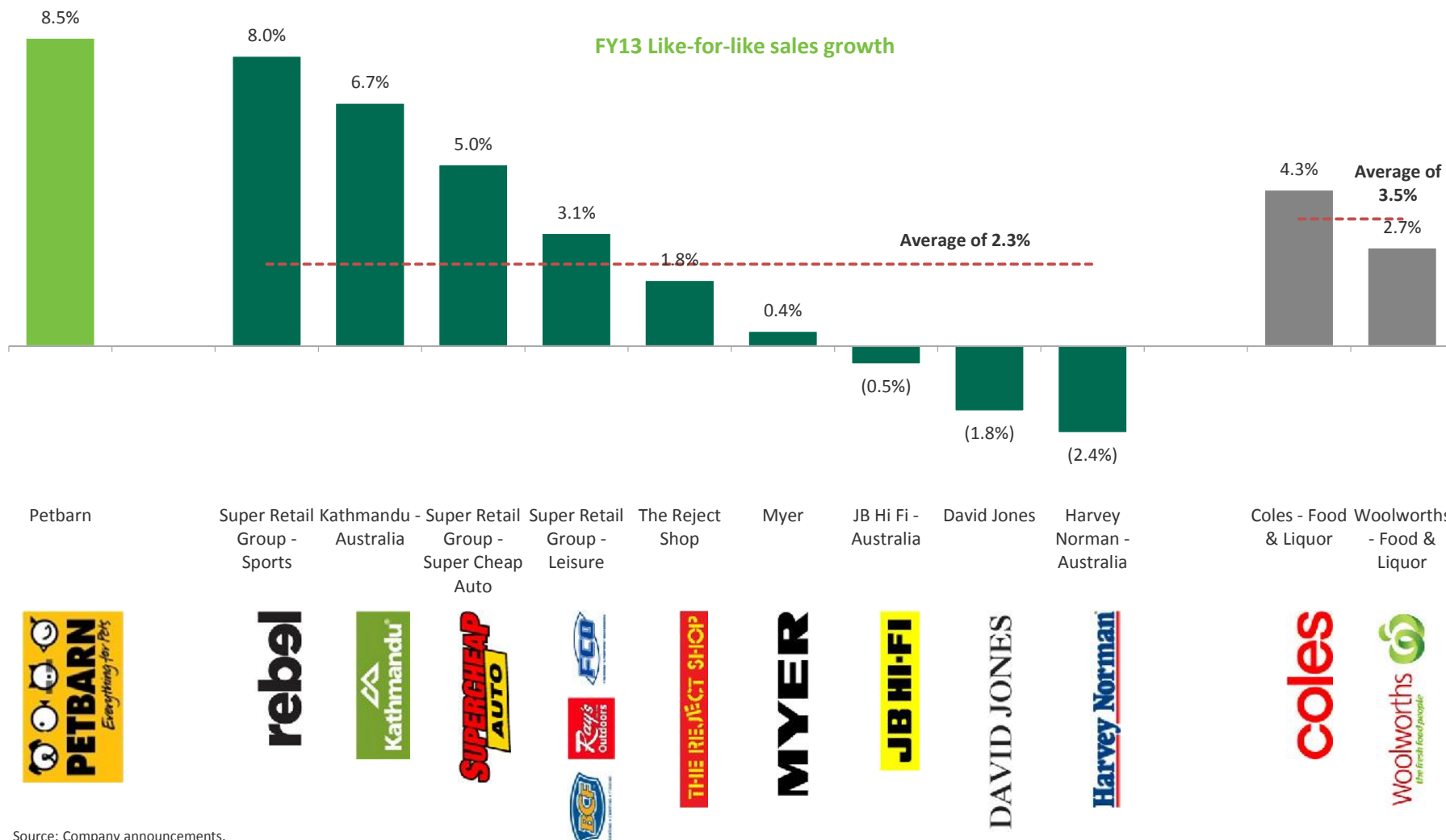


Source: Statutory audited financials, adjusted for one-off and non-recurring items; management forecasts.

(1) Animates revenue and EBITDA 100% consolidated, with FY14F revenue and EBITDA converted at A\$1:NZ\$1.25.

# Like-for-like sales growth

Petbarn's like-for-like sales growth<sup>(1)</sup> compares favourably to ASX listed retailers and consumer staples



# The Petbarn Foundation: enabling Mammoth's social conscience



With the support of its customers in Australia and New Zealand, Mammoth has donated over \$1m to animal welfare charities and saved the lives of over 10,000 cats, dogs, puppies and kittens

## Mammoth coordinates its philanthropic endeavours through The Petbarn Foundation

### The Foundation's purpose

- To enrich the lives of pets and the people who love and need them
- Supporting charities involved in the following:
  - Reducing the incidence of unwanted pets
  - Rescuing and rehoming of animals
  - Rehabilitation of rescued animals
  - Responsible pet ownership
  - Relief to pets in crisis situations
- Mammoth has established strong relationships with welfare groups large and small, including:



### Saving lives

- Mammoth provides highly trained teams to care for the animals in its adoption centres
- Mammoth has invested over \$300,000 in infrastructure to deliver the highest standards of care, accommodation, promotion and training
- Each year Mammoth donates over 20,000 labour hours in Australia and 14,000 labour hours in New Zealand to support adoption centres and save lives

### Methods of fundraising

- Petbarn Patronage
- Online and in-store donations
- In-store fundraising – The Giving Tree, Bush Fire appeal





# 4

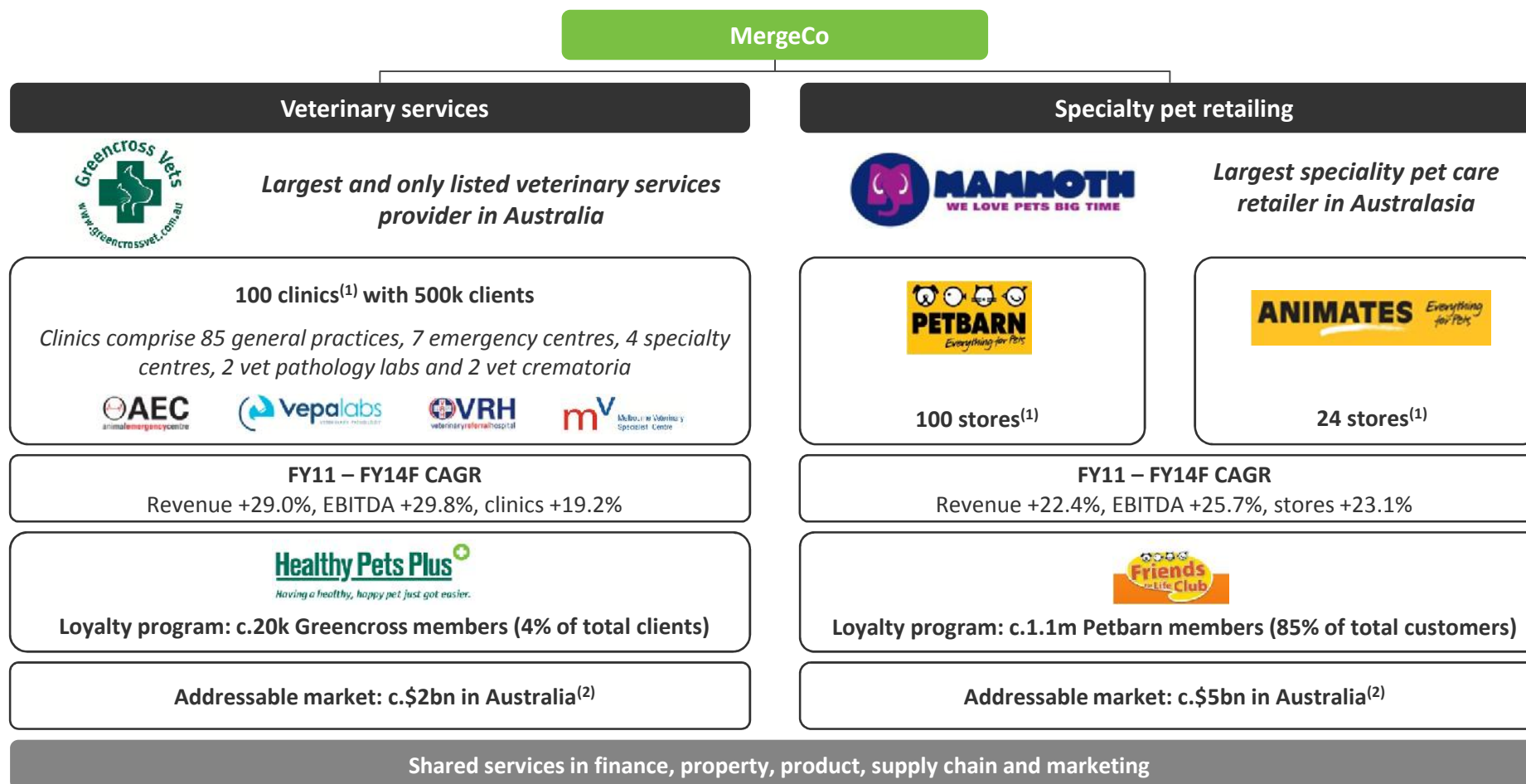
Strategic rationale and overview of  
MergeCo



# Overview of MergeCo

As Australasia's largest integrated consumer facing pet care company, MergeCo's purpose is to enrich the lives of pets and their families via its vision to be:

## Australasia's pet specialist of choice



(1) As at 12 November 2013.

(2) Management estimates.

# Combining two leaders in highly fragmented industries



## Leading business

- No.1 speciality pet care retailer in Australia and NZ
- FY14F revenue of \$312m across 138 stores<sup>(1)</sup>

- Largest, and only listed, veterinary services provider in Australia
- FY14F revenue of \$131m across 100 clinics<sup>(1)</sup>

## Attractive market dynamic

- c.\$5bn addressable market in Australia
- Highly fragmented – Petbarn (100 stores), other specialty pet care retailers (c.200 stores under c.6 brands) and independent operators (c.1,350 stores)

- c.\$2bn addressable market in Australia
- Highly fragmented – c.2,650 veterinary practice locations across c.1,850 corporates

## Strong growth

- Like-for-like sales growth of c.8.5% in Australia in FY13
- Long term goal to achieve 20% market share from its existing c.4% in Australia

- Like-for-like sales growth of c.5.4% in FY13
- Long term goal to achieve 20% market share from its existing c.5%

## Cultural alignment

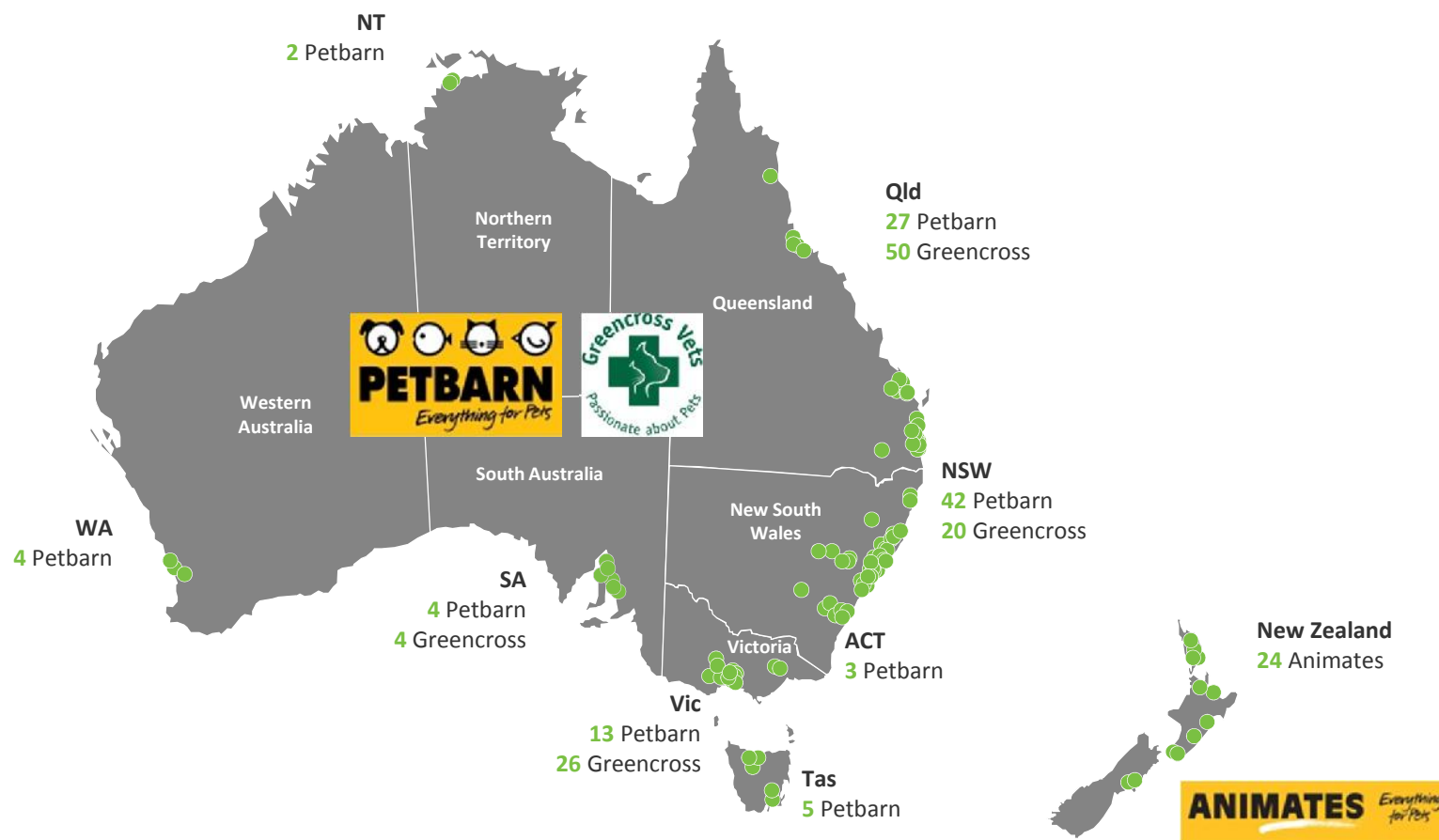
- “We love pets big time”
- “Dedicated to serving pet passionate people and their pets”

- “Passionate about pets”
- “Our purpose is to share our love and passion for animals through the pursuit of veterinary excellence”

(1) Management forecasts.

# Extensive footprint across Australia and New Zealand

224 consumer engagement points across Australia and New Zealand comprising 124 stores and 100 clinics<sup>(1)</sup>



(1) As at 12 November 2013.

# Realising value – synergies

The Board believes that significant cost and revenue synergies are achievable as a result of the Merger

Type	Synergy driver	Detail	Key initiatives	Timing
Cost	Increased scale	<ul style="list-style-type: none"> <li>■ MergeCo's significantly greater size will enable the business to reduce scalable costs</li> <li>■ Currently c.20% of Greencross revenue is generated by product sales</li> </ul>	<ol style="list-style-type: none"> <li>1. Equalise procurement terms</li> <li>2. Drive margin improvement from increased scale and private label</li> <li>3. Leverage shared services</li> </ol>	<p>Near-team</p> <p>Near-team</p> <p>Longer term</p>
		<ul style="list-style-type: none"> <li>■ Leverage large <b>customer base of each business</b> (Mammoth's "Friends for Life" loyalty program has c.1.1m members and Greencross' "Healthy Pets Plus" program has c.20k members)</li> <li>■ Currently limited overlap –only c.20% of Greencross customers shop at Petbarn, and only c.6% of Petbarn customers visit Greencross</li> </ul>	<ol style="list-style-type: none"> <li>4. Targeted marketing to encourage FFL customers to Greencross</li> <li>5. Targeted marketing to encourage Greencross clients (incl. HPP) to Mammoth</li> </ol>	<p>Immediate</p> <p>Immediate</p>
		<ul style="list-style-type: none"> <li>■ Accelerate growth of Greencross network through co-location model</li> </ul>	<ol style="list-style-type: none"> <li>6. Co-locate Greencross clinics in existing and new Petbarn stores</li> </ol>	<p>Longer term</p>
Revenue	Mammoth's store footprint	<ul style="list-style-type: none"> <li>■ Utilise Mammoth's retailing competency to enhance Greencross merchandise offering</li> <li>■ Utilise Greencross vet capabilities and brand to extend Petbarn's offering</li> </ul>	<ol style="list-style-type: none"> <li>7. Enhance Greencross product merchandising</li> <li>8. Offer Greencross products and services in Petbarn</li> </ol>	<p>Near-team</p> <p>Near-team</p>

(1) Management estimates.

(2) Majority of benefits commence 6 – 12 months from Merger.

Immediate = benefits commence 0 – 6 months from Merger  
Near-team = benefits commence 6 – 12 months from Merger<sup>(2)</sup>  
Longer term = benefits commence 12+ months from Merger

# MergeCo – pro forma income statement

## Forecast pro forma income for the period ended 30 June 2014

\$m	Greencross	Mammoth <sup>(1)</sup>	Transaction adjustments <sup>(2)</sup>	MergeCo
<b>Revenue</b>	<b>131.2</b>	<b>311.6</b>	<b>-</b>	<b>442.8</b>
<b>EBITDA</b>	<b>18.4</b>	<b>33.8</b>	<b>2.2</b>	<b>54.3</b>
Less D&A	(2.3)	(9.7)	-	(12.0)
<b>EBIT</b>	<b>16.0</b>	<b>24.2</b>	<b>2.2</b>	<b>42.3</b>
Less Interest	(2.7)	(6.9)	-	(9.5)
<b>PBT</b>	<b>13.3</b>	<b>17.3</b>	<b>2.2</b>	<b>32.8</b>
Less Tax	(4.0)	(5.4)	(0.5)	(9.9)
<b>NPAT (pre minorities)</b>	<b>9.3</b>	<b>11.9</b>	<b>1.7</b>	<b>22.9</b>
Less minorities	(0.5)	(1.0)	-	(1.5)
<b>NPAT (post minorities)</b>	<b>8.9</b>	<b>10.9</b>	<b>1.7</b>	<b>21.5</b>
<hr/>				
EPS	<b>0.235</b>	-	-	<b>0.238</b>

### Pro forma adjustments

- Assumes Merger on 1 July 2013
- Pro forma annualised cost synergy benefits of \$1.5m
  - For conservatism, potential revenue synergies have been excluded from FY14
- Reduction in Mammoth Long Term Incentive Plan (“LTIP”) expense to reflect the expected post Merger scheme for MergeCo
- Net nil change in interest expense after adjusting for:
  - Estimated increase in interest expenses of due to the debt drawdown to fund transaction costs;
  - Estimated reduction in interest expense due to improved terms for Greencross debt; and
  - Reduction in amortisation charges reflecting lower capitalised borrowing costs
- Tax impact of adjustments
  - Reduction of LTIP not deductible for tax purposes

(1) Animates revenue and EBITDA 100% consolidated and converted at A\$1:NZ\$1.25.

(2) No amortisation of intangibles assumed. To be determined by acquisition accounting

# MergeCo – pro forma balance sheet

## Pro forma balance sheet as at 30 June 2013

\$m	Greencross	Mammoth	Pro forma adjustments	Pro-forma MergeCo
<b>Current assets</b>				
Cash and cash equivalents	8.8	8.3	(4.5)	12.6
Inventories	4.2	35.4	-	39.6
Trade receivables	1.8	4.6	-	6.4
Other	0.8	0.5	-	1.3
<b>Total current assets</b>	<b>15.6</b>	<b>48.8</b>	<b>(4.5)</b>	<b>59.9</b>
<b>Non current assets</b>				
Property, plant and equipment	14.8	56.5	-	71.3
Intangibles	71.8	54.8	202.7	329.2
Other	1.7	3.7	1.9	7.4
<b>Total non current assets</b>	<b>88.3</b>	<b>114.9</b>	<b>204.6</b>	<b>407.9</b>
<b>Total assets</b>	<b>103.9</b>	<b>163.8</b>	<b>200.1</b>	<b>467.8</b>
<b>Current liabilities</b>				
Trade and other payables	11.3	24.4	-	35.7
Borrowings	1.6	8.0	-	9.6
Other	5.1	11.0	(0.8)	15.3
<b>Total current liabilities</b>	<b>18.0</b>	<b>43.4</b>	<b>(0.8)</b>	<b>60.7</b>
<b>Non current liabilities</b>				
Borrowings	33.6	74.1	12.7	120.4
Other	4.9	7.7	-	12.6
<b>Total non current liabilities</b>	<b>38.5</b>	<b>81.8</b>	<b>12.7</b>	<b>132.9</b>
<b>Total liabilities</b>	<b>56.6</b>	<b>125.2</b>	<b>11.9</b>	<b>193.7</b>
<b>Net assets</b>	<b>47.3</b>	<b>38.6</b>	<b>188.2</b>	<b>274.1</b>

## Pro forma debt and debt metrics

- Net debt : \$117.3m
- Net debt / FY14 EBITDA: 2.2x
- FY14 EBITDA / FY14 Interest: 6.1x

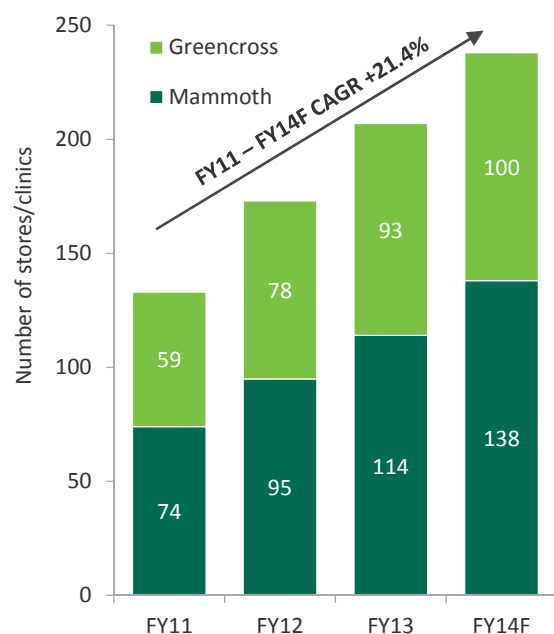
## Pro forma adjustments

- Assumes Merger on 30 June 2013
- Cash and debt funding of transaction costs  
— Primarily debt funded
- Cash funding of financing costs
- Payroll tax paid on LTIP and Greencross Employee Loan Plan (“ELP”)
- Intangibles resulting from the Merger
- Deferred tax asset in relation to amortisation of capitalised transaction costs
- Deferred tax liability associated with the write-off of the carrying value of capitalised finance costs in relation to Mammoth’s existing borrowings
- Reduction in the tax provision in respect of the transaction costs and the vesting of employee options under the ELP
- Write-off of the carrying value of finance costs capitalised in relation to Mammoth’s existing borrowings

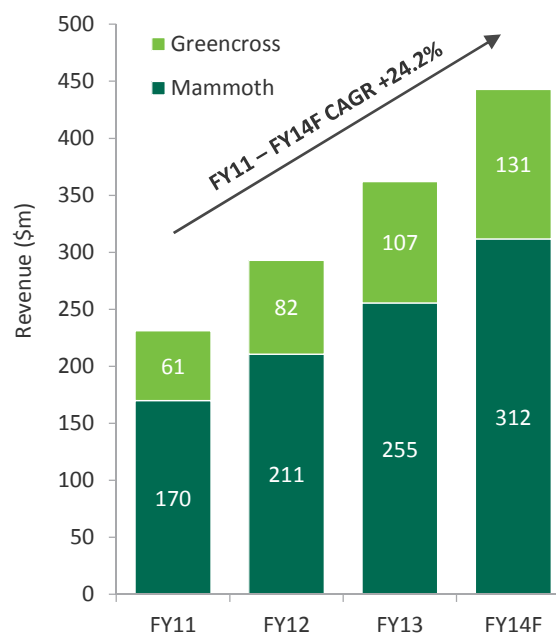
# MergeCo's key financials

MergeCo is expected to generate pro forma FY14F revenue of \$443m and FY14F EBITDA of \$54m

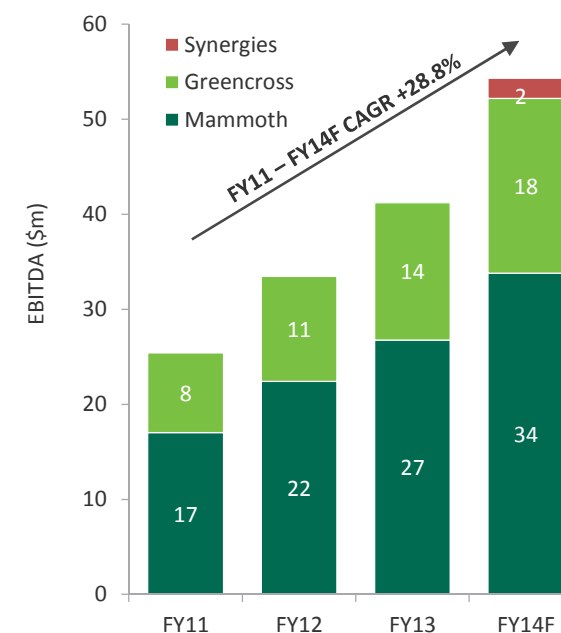
Pro forma number of stores<sup>(1)</sup>



Pro forma revenue (\$m)<sup>(1)</sup>



Pro forma EBITDA (\$m)<sup>(1)(2)</sup>



Source: Statutory audited financials, adjusted for one-off and non-recurring items; management forecasts.

(1) Assumes current Greencross clinic portfolio only

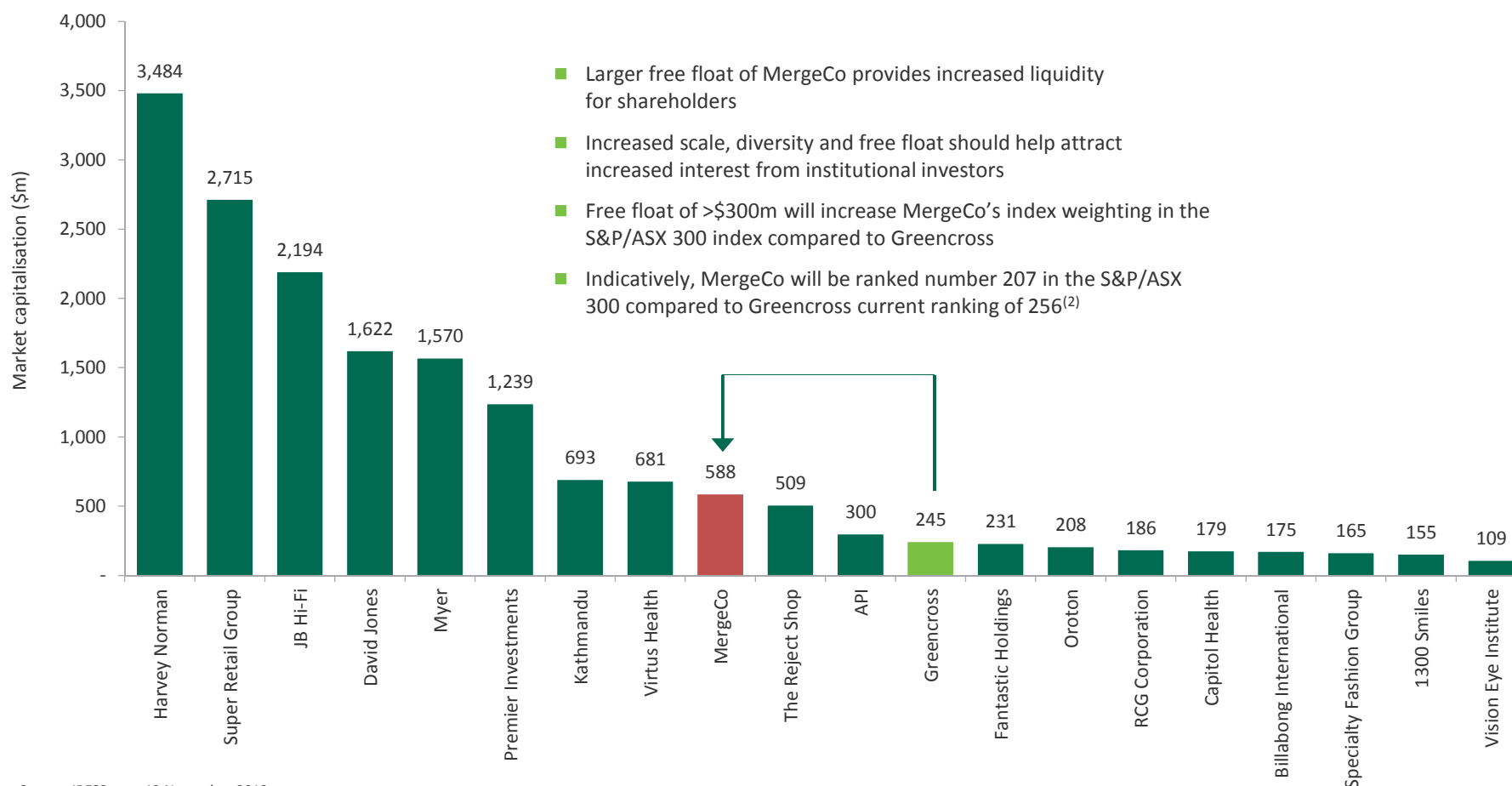
(2) Animates revenue and EBITDA 100% consolidated and converted at A\$1:NZ\$1.25.

(3) Pro forma cost synergies of \$1.5m in FY14F plus other adjustments as set out on slide 33 (assumes 12 months of business combination).



# Indicative market capitalisation

The Merger will create a company with a combined market capitalisation of >\$588m<sup>(1)</sup>



Source: IRESS as at 12 November 2013.

(1) Market capitalisation of MergeCo calculated by multiplying the total shares on issue following the Merger (including 147,058 shares to be issued to Stuart James and John Odum) by the Greencross share price of \$6.52 at close of market on 12 November 2013.

(2) S&P/ASX 300 ranks constituents by market capitalisation adjusted to exclude shareholders with >5% stake. MergeCo's market capitalisation has been adjusted in this way for the purposes of providing indicative rankings. Source: IRESS as at 12 November 2013.

# Transaction mechanics and timetable

## The Merger is subject to shareholder approval

- Merger subject to shareholder approval by ordinary resolution (>50%) at a Meeting in late January 2014
  - Shareholders will receive an EM, which will include an Independent Expert Report, to help them in making a decision
  - Certain shareholders will be excluded from voting

### Indicative timetable

Key event	Expected date
Distribution of EM and Notice of Meeting to Greencross shareholders	Early December 2013 <sup>(1)</sup>
Meeting and shareholder vote	Late January 2014
Transaction completion	31 January 2014 <sup>(2)</sup>

(1) Subject to review by ASX and ASIC.

(2) Subject to Greencross shareholder approval and regulatory approvals.

# Questions?



# 5

## Appendix 1

### Forward looking assumptions

# Forward looking assumptions

## General

- The forecast financial information has been prepared by the Directors based on an assessment of present economic and operating conditions, and on a number of best estimate assumptions regarding future events and actions as set out in the section below. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.
- Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the forecast financial information, and that this may have a material positive or material negative effect on MergeCo's actual financial performance or financial position.
- Accordingly, neither the Directors nor any other person can give investors any assurance that the outcomes discussed in the forecast financial information will arise.
- The information in this section should be read in conjunction with the specific and general assumptions as set out in this section below, the risk factors as set out in Appendix 3 below and other information in this presentation.
- The Directors have no intention to update or revise the forecast financial information or other forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this presentation, except where required by law.

# Forward looking assumptions (continued)

## Mammoth

- Pro forma earnings have been disclosed as it is more reflective of the business' underlying performance and excludes one-off and non-recurring items.
- **Revenue**
  - Revenue growth of \$56.1m in the year ended 30 June 2014 (22.0% revenue growth) is forecast to be driven by:
    - The continuation of Mammoth's store roll-out, with 14 stores anticipated to be opened (in addition to the existing 124 as at 12 November 2013)
    - Continued organic like-for-like sales growth from the current store portfolio
- **Gross margin**
  - Gross margin is forecast to increase by \$29.3m between the year ended 30 June 2013 and the year ended 30 June 2014, with a corresponding improvement in the gross margin percentage from 45.0% to 46.3%. The improvement in the gross margin percentage is consistent with the annual improvement achieved historically and includes a full year of increased settlement discounts with a key supplier and increased private label penetration.
- **EBITDA**
  - Mammoth EBITDA is forecast to increase by \$7.1m between the year ended 30 June 2013 and the year ended 30 June 2014, with an increase in EBITDA margin of 0.4% from 10.5% to 10.9%. The forecast incorporates an increase in CODB as a percentage of sales from 34.5% to 35.5%. This includes an increase in overall per store labour costs of c.3%, principally due to the impact of a 2.9% statutory wage increase effective from July 2013, and an increase in rental expense based on the terms of the relevant lease agreements for current stores and the costs associated with new store openings.
- **Depreciation and amortisation**
  - Depreciation and amortisation expense is forecast to be \$9.7m in FY2014, compared to \$7.3m in FY2013. Depreciation for FY2014 is based on the useful lives and costs of the existing asset base, adjusted for the impact of additional capital expenditure from the date of commissioning of assets.
- **Net interest expense**
  - The net interest expense forecast assumes \$82.1m of drawn facilities as at 30 June 2013.
- **Income Tax Expense**
  - Income tax expense of \$5.4m has been forecast based on an effective tax rate of 30% for Australian operations and 28% for New Zealand operations, consistent with the respective corporate tax rates applicable in FY2014.

# Forward looking assumptions (continued)

## Mammoth (continued)

### ■ Other general assumptions

- Animates earnings have been fully consolidated into the Mammoth pro forma earnings. FY14F earnings in New Zealand dollars have been converted at an exchange rate of \$1 Australian dollar to \$1.25 New Zealand dollars.
- In preparing the forecast financial information, the following best estimate assumptions have been adopted:
  - No material change in the competitive operating environment in which Mammoth operates;
  - No significant deviation from current market expectations of global, Australian or New Zealand economic conditions relevant to the retail industry in Australia and New Zealand for the period;
  - No material changes in Australian Commonwealth, state or local government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of Mammoth during the forecast period;
  - No material changes in New Zealand Commonwealth, state or local government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of Mammoth during the forecast period;
  - No material changes in key personnel;
  - No material changes in applicable Australian Accounting Standards, other mandatory professional reporting requirements or the Corporations Act which have a material effect on Mammoth's financial performance, financial position, accounting policies, financial reporting or disclosure;
  - No material industry strikes or other disturbances, environmental costs, contingent liabilities or legal claims will arise or be settled to the detriment of Mammoth;
  - No material cash flow or income statement or financial position impact in relation to litigation (existing or otherwise);
  - No material acquisitions or disposals of businesses other than as set out in, or contemplated by, this presentation;
  - No material changes to Mammoth's corporate and funding structure other than as set out in, or contemplated by, this presentation;
  - No material disruptions to the continuity of operations of Mammoth nor other material changes in its business;
  - No material amendment to any material agreement or arrangement relating to Mammoth's business other than set out in, or contemplated by, this presentation; and
  - None of the risks listed in Appendix 3 have a material adverse impact on the operations of Mammoth.



# Forward looking assumptions (continued)

## Greencross

- Pro forma earnings have been disclosed as it is more reflective of the business' underlying performance and excludes one-off and non-recurring items. The commentary in this Section refers to Greencross' pro forma earnings performance on a standalone basis only.

### ■ Revenue

- Revenue growth of \$24.6m in the year ended 30 June 2014 (23.1% revenue growth) is forecast to be driven by:
  - Vet services supplied at 5 additional General Practice clinics; contribution from the acquisition of MVSC; and further expansion of Crematory and Pathology services, all of which have actively commenced operations for Greencross in the period post 30 June 2013;
  - A full year of trade from acquisitions made in the year ended 30 June 2013; and
  - Organic like-for-like sales growth across the Vet Services portfolio

### ■ Gross margin

- Gross margin is forecast to increase by \$19.9m between the year ended 30 June 2013 and the year ended 30 June 2014, with a corresponding improvement in the gross margin percentage from 74.2% to 75.4%. The improvement in the gross margin percentage follows the Board's expectations of the benefits to be achieved from ongoing clinic initiatives.

### ■ EBITDA

- Greencross EBITDA is forecast to increase by \$3.9m between the year ended 30 June 2013 and the year ended 30 June 2014, with an increase in EBITDA margin of 0.4% from 13.6% to 14.0%. The forecast incorporates an increase in CODB as a percentage of sales from 60.6% to 61.4% reflecting the impact of a full year of trade from acquisitions in the year ended 30 June 2013 and the cost of operating the new services introduced in the year ended 30 June 2014.

### ■ Depreciation and amortisation

- Depreciation and amortisation expense is forecast to be \$2.3m in FY2014, compared to \$1.9m in FY2013 and does not assume amortisation of intangibles. Depreciation for FY2014 is based on the useful lives and costs of the existing asset base, adjusted for the impact of additional capital expenditure from the date of commissioning of assets.

### ■ Net interest expense

- The net interest expense forecast assumes no material draw down of facilities other than those disclosed in this presentation.

### ■ Income Tax Expense

- Income tax expense of \$4.0m has been forecast based on an effective tax rate of 30% consistent with the respective corporate tax rate applicable in FY2014.

# Forward looking assumptions (continued)

## Greencross (continued)

### ■ Other general assumptions

- In preparing the Forecast Financial Information, the following best estimate assumptions have been adopted:
  - No material change in the competitive operating environment in which Greencross operates;
  - No significant deviation from current market expectations of global or Australian economic conditions relevant to the retail industry in Australia for the period;
  - No material changes in Australian Commonwealth, state or local government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of Greencross during the forecast period;
  - No material changes in key personnel;
  - No material changes in applicable Australian Accounting Standards, other mandatory professional reporting requirements or the Corporations Act which have a material effect on Greencross' financial performance, financial position, accounting policies, financial reporting or disclosure;
  - No material industry strikes or other disturbances, environmental costs, contingent liabilities or legal claims will arise or be settled to the detriment of Greencross;
  - No material cash flow or income statement or financial position impact in relation to litigation (existing or otherwise);
  - No material acquisitions or disposals of businesses other than as set out in, or contemplated by, this presentation;
  - No material changes to Greencross corporate and funding structure other than as set out in, or contemplated by, this presentation;
  - No material disruptions to the continuity of operations of Greencross nor other material changes in its business, nor amortisation of intangibles;
  - No material amendment to any material agreement or arrangement relating to Greencross' business other than set out in, or contemplated by, this presentation; and
  - None of the risks listed in Appendix 3 have a material adverse impact on the operations of Greencross.



# 6

## Appendix 2 Summary of SSA

# Summary of SSA

- **Structure:** Each Mammoth shareholder agrees to sell their Mammoth shares to Greencross in return for Greencross shares. Mammoth shareholders will receive in aggregate 58.25% of the issued shares in the merged entity on completion of the Merger.
- **Conditions precedent to closing and termination events:** Include:
  - TPG/Petco receiving FIRB approval.
  - Greencross obtaining shareholder approval.
  - Mammoth obtaining the counterparty consent under a number of leases to which it is a party and certain key contracts.
  - Greencross can terminate if there is a material adverse change in relation to Mammoth and Mammoth shareholders can terminate if there is a material adverse change in relation to Greencross.
  - Mammoth shareholders have the right to terminate if the Greencross share price falls below an agreed price.
- **Warranties/indemnities:** The SSA contains warranties and indemnities granted by Greencross and Mammoth which are common for a transaction of this type.
- **Other:** Other provisions in the SSA include:
  - Obligations to conduct the Greencross and Mammoth businesses in the ordinary course from signing to completion.
  - Exclusivity obligations on Greencross which mean for a defined period Greencross cannot approach, negotiate with, or grant due diligence access to any person (other than Mammoth) in relation to a competing transaction, subject to fiduciary and statutory duties.
  - A mutual break fee to be paid by either Greencross or Mammoth upon the occurrence of certain events which may prevent the transaction from proceeding.



# 7

## Appendix 3 Risks disclosure

# Key risks

## General

- An investment in Greencross will be exposed to a number of risks as a result of proceeding with the Merger. A decision not to proceed with the Merger will also expose your investments in Greencross to a number of risks.
- Risks that the Directors believe are potentially material are described later in this section.
- There are also risks that are common to all investments in shares and which are not specific to an investment in Greencross or the Merger; for example, the general volatility of share prices including as a result of general economic conditions (including monetary and fiscal policy settings as well as exchange and interest rates) in Australia and overseas and other events outside the usual course of Greencross' business such as acts of terrorism or war.
- Investors should note that the occurrence or consequences of some of the risks described in this section of the presentation are partially or completely outside the control of Greencross, its Directors and senior Management.
- Further, investors should note that this description focuses on the potentially risks and does not purport to list every risk that Greencross may have now or in the future. It is also important to note that there can be no guarantee that Greencross will achieve its stated objectives or that any forward looking statements or forecasts contained in this presentation will be realised or otherwise eventuate.
- Investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section of the presentation, and have regard to their own investment objectives, financial circumstances and taxation position before investing in Greencross. If you do not understand any part of this presentation, or are in any doubt as to whether to invest in Shares or not, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

## Key risks (continued)

### Risks relating to the implementation of the Merger, if approved

- As with any merger, combining the businesses of Greencross and Mammoth may carry some integration risk, including potential delays or costs in implementing necessary changes, and difficulties in integrating various operations.
- There is a risk that the synergy benefits of the Merger may be less than expected or may not materialise at all. While Greencross and Mammoth have undertaken analysis in this area, expected synergies cannot be confirmed until the Merger is approved and fully implemented.
- There is the risk that unforeseen events may cause the synergies to be delayed, not be obtained, or cost more to achieve than originally expected.
- To address these risks, integration committees consisting of management and advisers to Greencross and Mammoth have been formed to devise strategies to integrate people, processes, systems and risk management frameworks for the immediate post-Merger period.



## Key risks (continued)

### Risks relating to Greencross following the Merger, if approved

- If the Merger proceeds, Greencross will issue approximately 52.6m shares to the Mammoth Sellers as consideration for Mammoth. Given the size of the Mammoth business relative to the current Greencross business, the operating and financial performance of Mammoth in the future will have a material impact on the performance of Greencross and on the value of Greencross shares. Despite being more diversified, the enlarged Greencross will have additional exposure to cyclical retail drivers and may perform worse than the standalone Greencross in subdued economic conditions.
- As the post-Merger Greencross will be larger, it may be less likely to receive a takeover bid in the future. Further, in the short-term at least, TPG will have a stake sufficiently large enough to block a takeover as it sees fit. As a result, by voting in favour of the Merger, Greencross Shareholders may be foregoing an opportunity to sell their shares at a premium to trading via a future takeover offer.
- In the short-term at least, there will be a shareholder stake capable of blocking a takeover bid whether or not the Merger proceeds
  - TPG if the Merger proceeds and John Odlum if the Merger does not proceed
- Due to their strong shareholding, Board representation and association with Mammoth management, it could be that the enlarged Greencross is operated in such a way to benefit the Mammoth Sellers, potentially at the detriment of existing Greencross Shareholders. However, protections against such behaviour is available under the Corporations Act.
- If the Merger proceeds, Greencross Shareholders will share a proportional risk of any contingent liabilities associated with the past operations of Mammoth. This includes exposure to possible taxation and legal claims in respect of, amongst other things, business practices, product and public liability and employee health and safety issues. Greencross undertook a due diligence review regarding these potential exposures prior to signing the Share Sale Agreement. Certain warranties and indemnities were obtained under the Share Sale Agreement. In addition, certain warranties and indemnities were obtained by Mammoth from Greencross, recognising that as a consequence of the Merger, Mammoth is accepting 58.25% of any similar contingent liabilities. Equally, Greencross provided limited warranties and indemnities for the benefit of Mammoth.
- The factors outlined above are not an exhaustive list and there may be other matters which cannot be foreseen that may, in the future, affect the performance of the enlarged Greencross entity and the value of Greencross shares.

## Key risks (continued)

### Business specific risks

- Greencross faces a number of risks to its future network expansion and like-for-like growth, including:
  - Fewer than expected acquisition opportunities emerge that meet current criteria
  - Increasing competition for acquisitions and drives up multiples
  - Like-for-like revenue growth is lower than forecast
  - Contribution of “super clinics” is smaller than expected
- Mammoth faces a number of risks to its future network expansion and like-for-like growth, including:
  - Larger competitors under new private equity ownership structures may accelerate their roll-out plans, increasing competition for new sites
  - Online sales may penetrate Mammoth’s addressable market more than anticipated
  - Mass merchants may intensify price competition in pet food, driving down industry margins and potentially stealing market share from specialist retailers