

Passionate about Pets



Greencross Vets

31 January 2014

Completion of Mammoth acquisition, appointment of new Managing Director and CEO and acquisition update

- Greencross Limited (Greencross) (ASX:GXL) today completed its acquisition of Mammoth Pet Holdings Pty Limited (Mammoth), owner of Petbarn and Animates, creating Australasia's largest integrated consumer-facing pet care company.
- Jeff David has been appointed to the position of the Managing Director and Chief Executive Officer of Greencross.
- Since the announcement of the merger on 14 November 2013, 6 new Petbarn stores have been opened and Greencross has acquired 2 veterinary businesses.

Completion of Merger with Mammoth

Greencross today completed its merger with Mammoth, owner of Petbarn and Animates, by acquiring 100% of Mammoth's shares from the Mammoth shareholders in exchange for issuing them with a total of 52,574,753 new Greencross shares.

The merger has created Australasia's largest integrated consumer-facing pet care company, with a network of 130 stores and 102 vet clinics across Australia and New Zealand. This includes 6 new Petbarn stores which have been opened since the merger was announced at Myaree (WA), Gladstone (NSW), Casula (NSW), Bayswater (VIC), Ringwood (VIC) and Weston (ACT) and two recently acquired veterinary practices in Calwell (ACT) and Beaudesert (QLD).

Following completion of the merger, with effect from 6 February the board of Greencross and its senior executive team will change.

The new board will comprise:

- Stuart James (Non Executive Chairman)
- Jeff David (Managing Director and CEO)
- Glen Richards (Managing Director, Veterinary Services)
- Paul Wilson (Managing Director, Retail)
- Andrew Geddes (Non Executive Director)
- Matt Hobart (Non Executive Director)
- Scott Gilbertson (Non Executive Director)

Matt Hobart and Scott Gilbertson are Partners at TPG Growth, Greencross' largest shareholder.

Appointment of new Managing Director and CEO

As previously foreshadowed, Glen Richards, who will remain on the Greencross board, has stepped down as CEO and will be replaced by Jeff David.

The Chairman of Greencross, Mr Stuart James said "On behalf of my fellow directors, I would like to extend my thanks to Glen for his leadership of Greencross. His diligence and application have been a significant contributing factor to the success of the company and I look forward to continuing to work with Glen in his role as director and Head of Veterinary Services."

"We look forward to Jeff David leading the Greencross team as our company embarks on the next exciting phase of its development. Jeff's strategic vision, energy and passionate commitment to establishing Greencross as Australia's leading specialty pet care company make him an ideal candidate to manage the integration of the newly acquired Mammoth business and execute our growth plans."

Jeff David is a founder of Mammoth, has served as a Non-Executive Director of Greencross since 2007 and is a Non-Executive Director of the Skin Cancer Foundation Australia. Prior to co-founding Mammoth, he was the CEO of Davids Asia Pte Ltd (an Asian retail logistics business) and Chairman of ShopFast (an online grocer).

A summary of the material terms of the Employment Agreement for Mr David is attached in Appendix 1.

Acquisition of Two Veterinary Businesses

Greencross is pleased to announce that it has acquired two new veterinary businesses.

Total cash consideration, including deferred payments, to be paid for the combined acquisitions equals \$3.7 million. The businesses are expected to deliver annualised revenue and EBIT of \$3.9 million and \$0.8 million respectively and are expected to be earnings per share accretive in FY2014.

The transactions are subject to deferred vendor payments for a period of up to 12 months.

The acquisitions are located in Calwell (ACT) and Beaudesert (QLD). The Calwell business has been in operation for 30 years and the Beaudesert business has been in operation for 35 years. The transactions were effective as at 28 January 2014.

Announcement of Interim Results

Greencross confirms that the company intends to announce its interim results for the six months ending 31 December 2013 on Monday 10 February.

ABOUT GREENCROSS

Greencross was established in 2003 and has grown to become Australia's leading veterinary services company through the acquisition and integration of 102 practices around Australia. On 31 January 2014, Greencross acquired Mammoth, resulting in Greencross becoming Australasia's largest integrated consumer-facing pet care company.

Greencross' strategy is to continue to consolidate the fragmented veterinary services and pet accessories and pet food supply industries in Australia. Greencross is focused on delivering exceptional veterinary medicine, pet foods and products and levels of care to its customers and pets.

For further information please contact:

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Appendix 1

Summary of Material Terms of Employment Agreement between Greencross and Jeffrey David

Following completion of the merger between Greencross and Mammoth, Greencross has employed Mr Jeffrey David as the managing director and chief executive officer of Greencross. A summary of the material terms of employment of Mr David appears below.

1 Appointment

Mr David's appointment is to the position of Managing Director and Chief Executive Officer of Greencross.

2 Term

The appointment commences on 6 February 2014 and is ongoing, with the termination provisions noted below.

3 Duties and reporting structure

The duties of Mr David are those commonly expected of the CEO, including reporting to and receiving directions from the Board.

4 Remuneration

Mr David's remuneration comprises two components, namely:

- (a) Fixed remuneration - Mr David will be paid a total fixed remuneration (TFR) of \$575,000 each year, inclusive of base salary, compulsory superannuation contributions by Greencross and director's fees. The fixed remuneration will be reviewed annually with effect from 1 July each year starting next year.
- (b) Short term Incentive - Mr David will be eligible to participate in the Greencross annual short term incentive (STI) plan starting in the year commencing 1 July 2014. The STI plan allows for incentive payments as a percentage of TFR based on the level of annual earnings per share (EPS) growth as set out below:

Annual EPS Growth	Percentage of TFR to be paid
Greater than 30%	50%
Between 20% and 30%	The percentage of TFR to be paid will be determined on a proportionate straight line' basis between 25% and 50% based on the EPS Growth actually achieved.
At 20%	25%
Between 12% and 20%	The percentage of TFR to be paid will be determined on a proportionate straight line' basis between 12% and 25% based on the EPS Growth actually achieved.

At 12%	12%
Less than 12%	Nil

5 Termination

Mr David may end his employment at any time by giving three months' written notice.

Greencross may also end Mr David's employment at any time:

- (a) by giving three months' written notice;
- (b) at any time without notice to Mr David if he:
 - (i) engages in serious or wilful misconduct;
 - (ii) is seriously negligent in the performance of his duties;
 - (iii) commits a serious or persistent breach of his employment agreement;
 - (iv) commits an act, whether at work or otherwise, which brings Greencross into disrepute; or
 - (v) is convicted of an offence punishable by imprisonment.

6 Non-competition

During his employment Mr David must not be engaged in any activities, concerned or interested in any activities that are materially competitive with the pet business of the Greencross Group without Greencross' prior written consent.

After termination of Mr David's employment, except with the approval of the Chairman, Mr David must not, for a period of 3 months, be involved in any business which is materially competitive with the pet business of the Greencross Group

7 Other terms

The agreement also contains general provisions relating to hours of work, compliance with company policies, reimbursement of expenses, leave entitlements (including 4 weeks' annual leave, 10 days personal/carer's leave, long service leave and study leave), public holidays, suspension from duties (if Greencross views Mr David's conduct, capacity or performance may warrant serious disciplinary action), disclosure of information, intellectual property and compliance and approvals.

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