Greencross Limited

The Pet Company

MACQUARIE AUSTRALIA CONFERENCE

MAY 2017

ABN 58 119 778 862

Business overview

Greencross is ANZ's leading integrated pet care company – "much more than a retailer"

Standout leader in the ANZ pet care market

- More stores and clinics than nearest 3 competitors combined
- Single largest provider of pet services, #1 in vet practices and grooming services
- Australasia's largest employer of vets (over 500)
- Passionate team committed to excellent service

Multiple growth drivers

- Strong network pipeline with a target portfolio of 350 stores and 120 in-store clinics
- Significant opportunity for in-store services
- Margin opportunities from private label
- Integrated multi channel offer with growing online and digital presence

PETBARN Everything for Pets: 169 stores

City Farmers: 32 stores

ANIMATES Everything for Pets: 39 stores

PETBARN GROOMING / PETBARN DOG WASH: 75 grooming salons

Greencross Vets Passionate about Pets / The Vet Care Group / AEC animal emergency centre / mv Melbourne Veterinary Specialist Centre: 139 GP clinics, 30 specialist and emergency centres

Integrated offering driving customer engagement

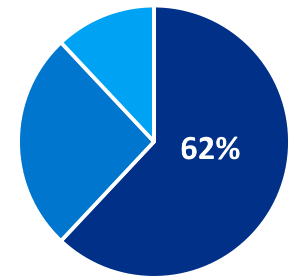
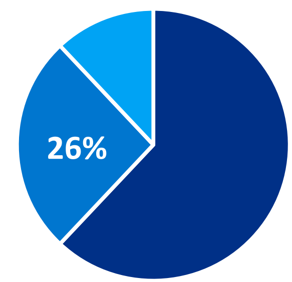
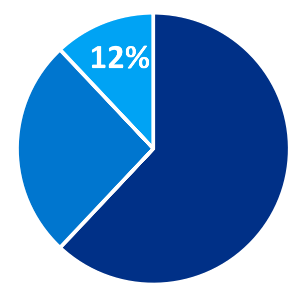
- Successful Group Loyalty scheme with 85% retail swipe rate
- One stop shop for products and services
- Cross selling driving footfall and visit frequency
- Online and click & collect

Strong financial performance and cash generation

- Track record of revenue, EBITDA and earnings growth
- Consistent positive LFL sales growth
- Cash generative business model
- Attractive dividends

Greencross' key business divisions

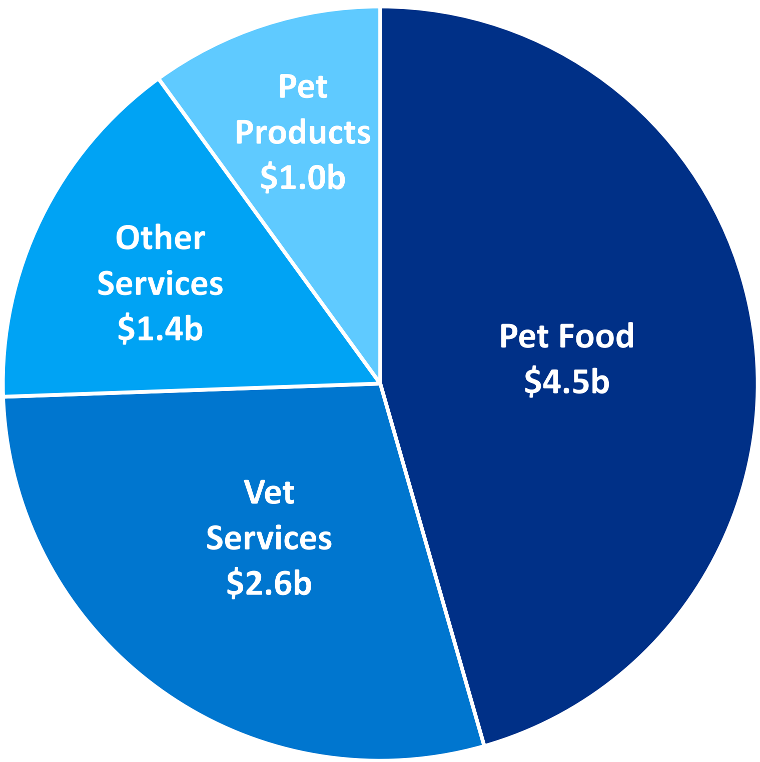
Greencross has three key business divisions

		Key brands	Outlets	% Group Revenue[1]
Australian Retail	Australia's largest specialty pet retailer	PETBARN Everything for Pets; City Farmers	201 retail stores	
Australian Veterinary Services	Australia's largest veterinary business	Greencross Vets Passionate about Pets	124 GP vet clinics 30 specialist centres & emergency hospitals	
New Zealand	New Zealand's largest specialty pet business	ANIMATES Everything for Pets	39 retail stores 15 GP vet clinics	

1. Based on contribution to H1 FY2017 revenue

Greencross has a ~9% share of the ANZ pet care market

ANZ Pet Market by segment



- The ANZ pet care market is worth ~$9.5 billion and is growing at 2% to 3% per annum[1]
- Services represent over 40% of the market
- The market remains highly fragmented
- Market growth is being driven by trends towards humanisation of pets, premiumisation of pet products and outsourcing of services like grooming, training & obedience and day-care and accommodation

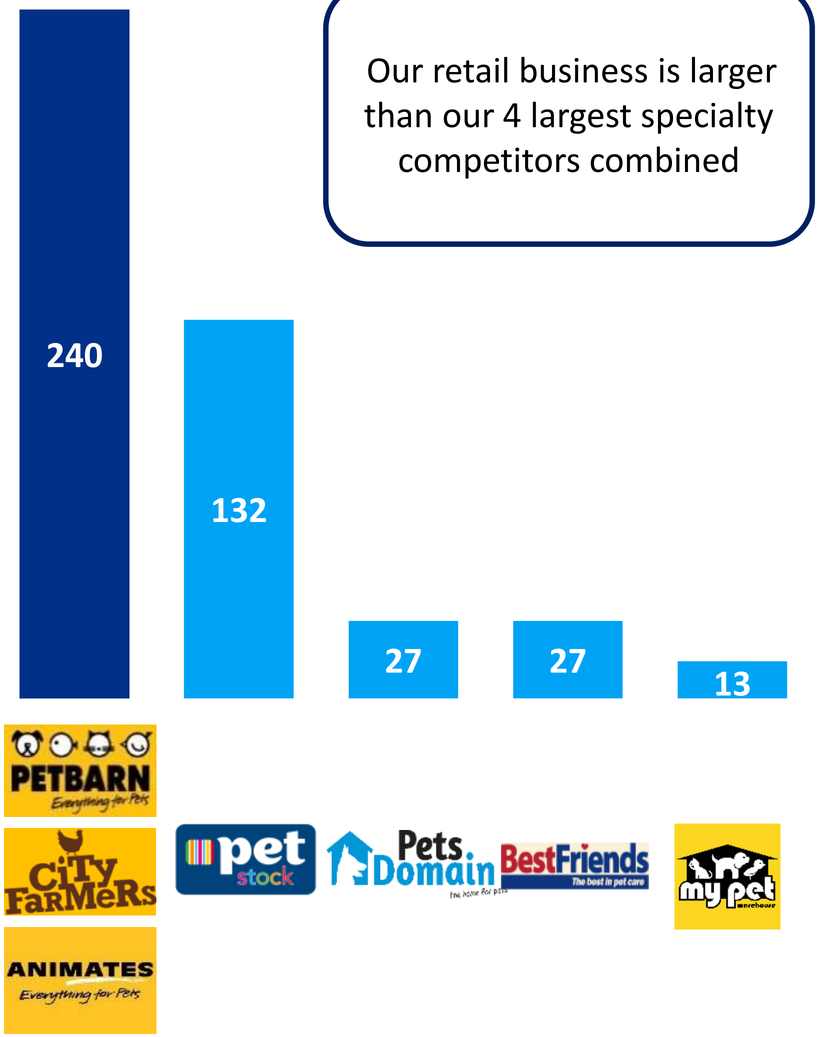
	5 year CAGR
Pet Food[2]	2.7%
Veterinary Services[3]	3.1%
Online Pet Food and Pet Products[4]	15.6%

1. Management estimates based on industry reports
2. Source: Euromonitor International, Pet Care in Australia, August 2015
3. Source: IBIS World Report M6970 Veterinary Services in Australia, September 2016
4. Source: IBIS World Report OD4086 Online Pet Food and Pet Supply Sales, May 2016

Greencross is significantly larger than its competitors

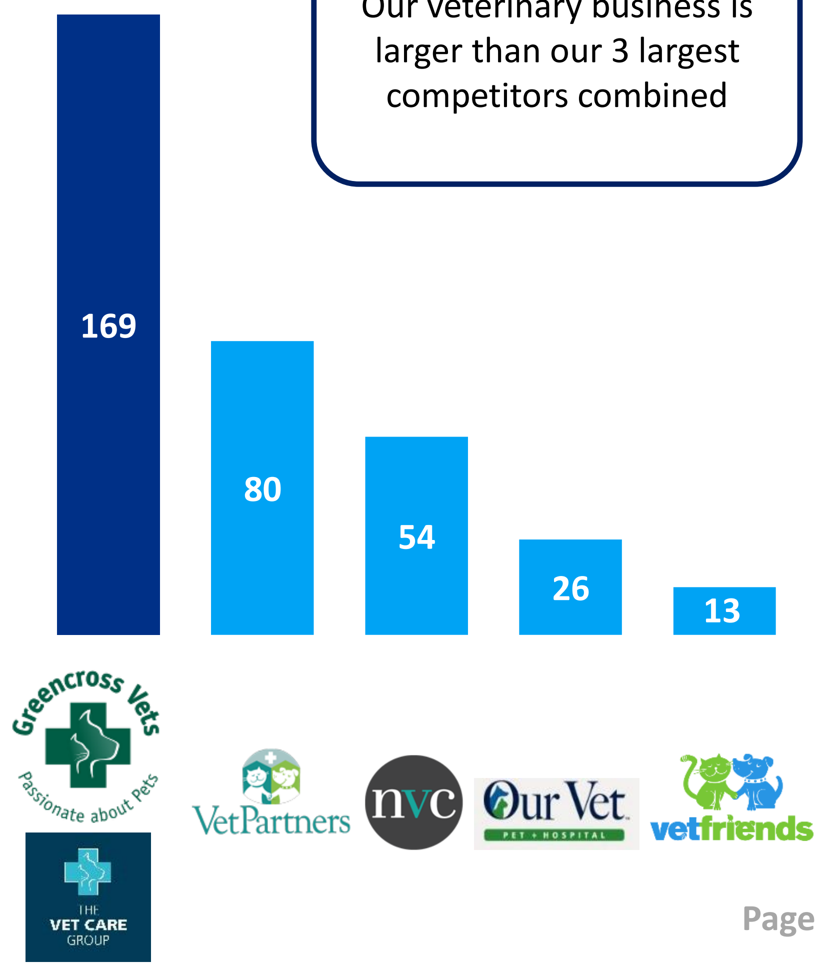
Largest number of stores in ANZ

Our retail business is larger than our 4 largest specialty competitors combined



Largest number of clinics in ANZ

Our veterinary business is larger than our 3 largest competitors combined



Our strategy

Our strategy is consistent and simple – to profitably expand our business, leverage the benefits of our scale, expand our reach, and increase our engagement with customers through our unique integrated pet care model

1 Optimise Current Business

Customer service excellence and affordability

- Focus on outstanding customer service and clinical excellence
- Expand in store product and services offering
- Grow penetration of private label and exclusive products
- Leverage scale & supply chain to decrease CODB and increase margin

2 Extend Foot Print

Improving accessibility to customer base

- Continue store roll out with multiple store formats
- Open in-store clinics and acquire vet clinics
- Expand non medical service offering
- Enhance multi channel offering with growing on-line and digital

3 Leverage Integrated Offering

Deepening customer engagement through knowledge and community

- Maximize customer engagement and cross shop opportunities – cross referral, group loyalty program , in-store service offering and integrated digital offering
- Increase exposure to higher margin specialty vet services
- Facilitate pet owner communities leveraging Greencross knowledge

Our key competitive advantages

Our expert knowledge and advice, focus on customer service and education and the breadth and convenience of our integrated product and service offering are key to differentiating us from both our online and bricks and mortar competitors

- One stop pet shop
- Private label and exclusive brands
- In-store services (grooming, dogwash, vet, obedience training etc.)
- Professional veterinary expertise and product knowledge
- Customer service and in-store experience
- 85% retail swipe rate provides unique customer insights and facilitates tailored marketing and communication
- Group loyalty program
- Community ties and long standing relationships with animal charities
- Ability to educate pet owners about animal health, nutrition and wellbeing
- National network of stores and clinics
- Omnichannel offering – stores, online and click & collect
- Specialist range – broad, deep and innovative

Veterinary services

Snapshot of our veterinary business

Greencross is the leading player in the ANZ veterinary services market

- Our network comprises 139 GP clinics and 30 specialist centres and emergency hospitals
- Greencross has expanded its network by over 10% in the past 12 months through **organic growth**
- We are expanding the market by opening brand new in-store clinics
- Greencross employs over 500 vets and has over 240,000 active vet clients
- Greencross' veterinary division represents almost 30% of the Group and is expected to generate over $200 million of revenue and over $25 million of EBITDA in FY2017
- Greencross is achieving above industry growth in its veterinary division driven by the ramp up in-store clinic visits, group loyalty and cross referrals from our retail business
- We have strong links with industry – over 80 vet graduates employed in the past 2 years
- Commitment to clinical excellence through our Vet Advisory Board

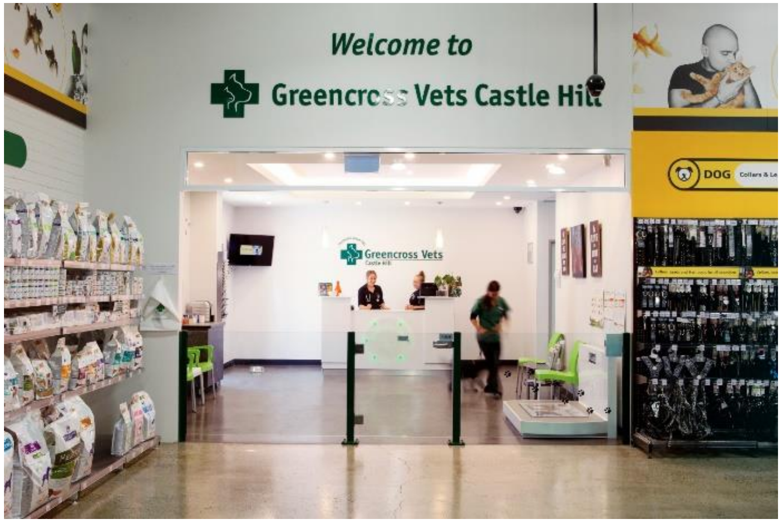
Snapshot of our veterinary business

Our clinics are fully equipped vet surgeries where we can provide a full range of services

- Digital radiology
- General anaesthesia
- Ultrasound
- Dental
- Desexing
- Exploratory laparotomy
- Orthopaedic repairs
- In house laboratory
- Fluid therapy and medical management
- Full pharmacy facilities
- Vaccinations & preventative healthcare

In-store clinics and attractiveness of our integrated pet care strategy

- Establishment capex \$0.5 - \$0.7 million compared to > \$1.2 million for vet acquisitions
- Modern state of the art clinics conveniently located
- Vet receives market salary and shadow equity to align interest
- Target revenue of ~\$400,000 in year 1 increasing to ~\$800,000 by year 5
- Positive EBITDA contribution in year 2 and target EBITDA margin of ~30% at maturity
- GXL benefits from rent saving as vet clinic takes a sub-lease within existing store footprint
- Payback period of ~4 years
- ROIC > 25%
- Targeting 39 in-store clinics by end of FY2017 (25% of GP clinic fleet)



Specialist and emergency business

Greencross is the largest owner of specialist and emergency hospitals in Australia

- Our specialist and emergency business represents ~30% of our Australian veterinary business
- Growing market sector with very attractive margins
- The increasing trends for humanisation of pets brings with it a demand for more advanced and comprehensive emergency and specialists services. The increasing take up of pet insurance is expected to make utilisation of these high cost services more attractive to clients.
- Our emergency centres provide animal hospital facilities for after hours care and treatment of critically injured pets. We own emergency hospitals in each of Sydney, Melbourne and Adelaide and we are currently building an emergency centre in Brisbane
- Our specialist centres provide specialist services including surgery, pathology, radiology, dermatology, cardiology, ophthalmology and dentistry
- We employ ~10% of the registered companion animal specialists in the Australian market
- Professional expertise, high standards of care and increased referrals from our GP clinic network are helping to drive above market growth

AEC animalemergencycentre

ADELAIDE VETERINARY SPECIALIST & REFERRAL CENTRE

mV Melbourne Veterinary Specialist Centre

VRH veterinaryreferralhospital


PETBARN
Everything for Pets
NOW OPEN
Retail

Snapshot of our retail business

The largest pet specialty retail chain in ANZ with 240 stores

- Our retail network comprises 201 stores in Australia and 39 retail stores in New Zealand
- We trade under the Petbarn, Animates and City Farmers brands
- Greencross' retail division represents over 70% of the Group and is expected to generate over $600 million of revenue and over $80 million of EBITDA in FY2017
- We sell a wide variety of pet food and treats, flea & tick medication and pet accessories including leads, collars, bowls, bedding, housing and clothing
- In addition we offer a wide variety of in-store services including veterinary services, grooming, dog washing, pet adoption and obedience training
- We aim to provide customers with all of the products and services they need in a one stop pet shop

Group loyalty

Over 85% of purchases in our retail stores are made on a Group Loyalty card

- Our award winning Friends for Life Group loyalty program provides us with great insights into our customers spending habits and enables us to tailor our marketing to suit our customers individual needs
- It also enables us to deliver real value to our customers by rewarding them for spending across our entire network
- We have ~1.5 million active loyalty club members
- Our customers can earn and spend reward points in our retail stores and our veterinary clinics
- We have recently upgraded our loyalty scheme with our frequent feeder 4th bag bonus program which rewards our customers even faster and provides tiered rewards for our more loyal customers

LOYALTY PROGRAM

Welcome back, **Martin**

- **Dashboard**
- My Pets
- Account Details
- Address Book
- Log Out

MY REWARDS

MEMBERSHIP

Platinum

Earn **14pts** per dollar spent
Membership Benefits

REWARD POINTS

0 pts 6000pts

1209pts

Earn another 4791pts to receive a $10 voucher!

AVAILABLE VOUCHERS

You don't have any voucher yet. Collect total of 6,000 points from any purchase to earn a $10 voucher.

Collect points to earn a voucher

FREQUENT FEEDER PROGRAM

Buy 4 food bags of the same brand to receive BONUS points!

When you make your 4th food bag purchase, your account will be topped up with 30 bonus points for every dollar spent on the total of all 4 participating super premium dry food purchased – any size for dog or cat as long as it is the same brand. Your bonus points can help you earn rewards in no time at all.

ADVANCE — **3 more bag(s)** to receive bonus — EARNED BONUS * 766pts

BONUS POINTS TO BE AWARDED AFTER PURCHASE OF THE 4TH BAG. *

Eukanuba — **3 more bag(s)** to receive bonus — EARNED BONUS * 905pts

BONUS POINTS TO BE AWARDED AFTER PURCHASE OF THE 4TH BAG. *

In-store services

In-store services are a key platform of our integrated pet care strategy. Grooming, dog washing, pet adoption and in-store vets make our stores a one stop destination for pet owners and help drive retail foot traffic and visit frequency.

- In-store clinics in more than 10% of stores and aiming to have over 120 in-store clinics in the next 5 years
- We are the largest provider of grooming services in ANZ with over 75 grooming salons and over 180 DIY dog wash units in our retail stores
- We have grooming salons in over 30% of stores and we groomed over 100,000 dogs in the past 12 months
- We have pet adoption centres in over 100 of our stores – since inception we have saved the lives of over 20,000 animals by adopting them out to loving families

Private label sales

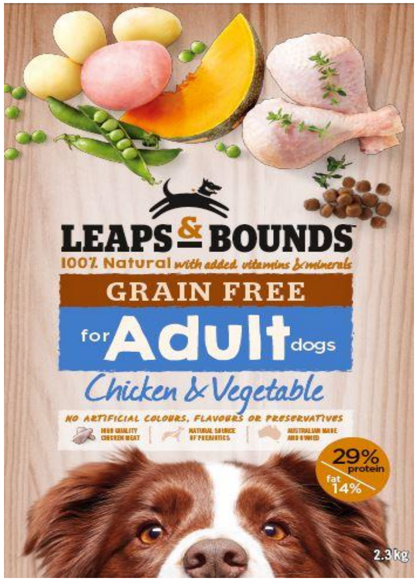
Private label sales have reached over 20% of Australian retail sales. Our medium term target for private label sales is 25%.

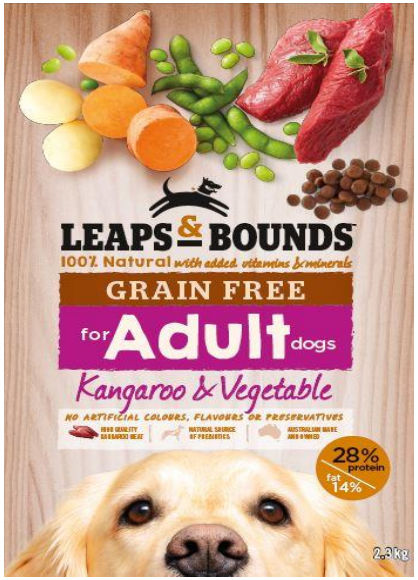
Accessories

- Joint buying office with Petco in China provides economies of scale and access to innovation

Food

- Successfully launched Leaps and Bounds private label food in June 2016 – overwhelming customer response with over $4 million of sales in the first 8 months
- Stable of exclusive brands including Wellness, Daily Bark, Barkers Best, Cats in the Kitchen and BFF
- Grain free and wet food range launching in Q4 FY2017





Online

- We are leveraging our unmatched database of pet owners and habits, to profitably build our online platform as a key part of Greencross' omnichannel growth strategy
- The Australian online pet sector is worth >$200 million and is growing strongly. Our online business model is both scalable and profitable
- Online sales increased by 45% to $4.8 million in H1 FY2017 and average online basket size increased by 8%
- We also completed an Australia wide roll out of click & collect in February 2017. Customer acceptance has been very strong.
- Our Group Loyalty program and data analytics capability means we tailor our marketing to meet the needs of individual customers and their pets
- We have enhanced our website to optimise responsiveness to mobiles and tablets and expanded our online range to over 4,100 product lines

Network growth runway

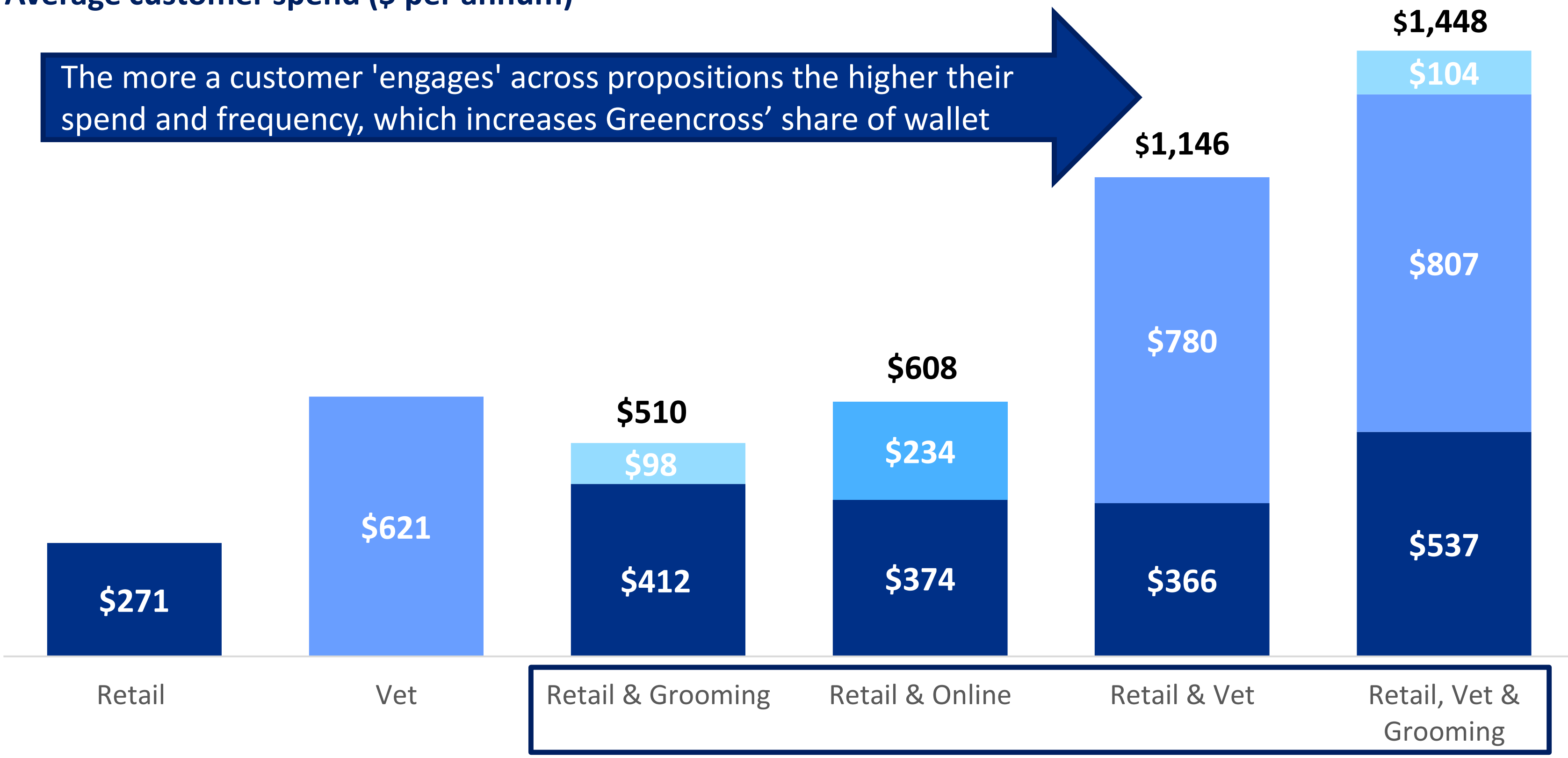
Greencross has three core expansionary growth platforms, each with attractive returns and significant runway remaining

		Annual target	Revenue at maturity	Required investment	Target payback	EBITDA margin at maturity	Network target
Organic	Retail stores	~20 stores	>$2.5m plus services	$1.2m including inventory and services	3.5 years	~20%	350
Organic	In-store clinics	~20 clinics	$0.8m	$0.7m	4.0 years	~30%	>120
Acquisitive	Vet acquisitions	~$5m to $10m annualised revenue	$1.2m	$1.2m	5.0 years	~19%	Fragmented market

Increased customer engagement

Customers who shop at more than 1 format have increased by 23% during the past 12 months to over 166,000. These customers represent over 11% of active customers, 23% of sales revenue and 27% of gross margin.

Average customer spend ($ per annum)[1]



1. Actual Greencross customer data for Australia for the 12 months ending 31 March 2017. Active customers are customers who have shopped at Greencross in the last 12 months.

End

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