

Greencross Limited

The Pet Company

FY2017 FULL YEAR RESULTS PRESENTATION





Results Overview

Results overview

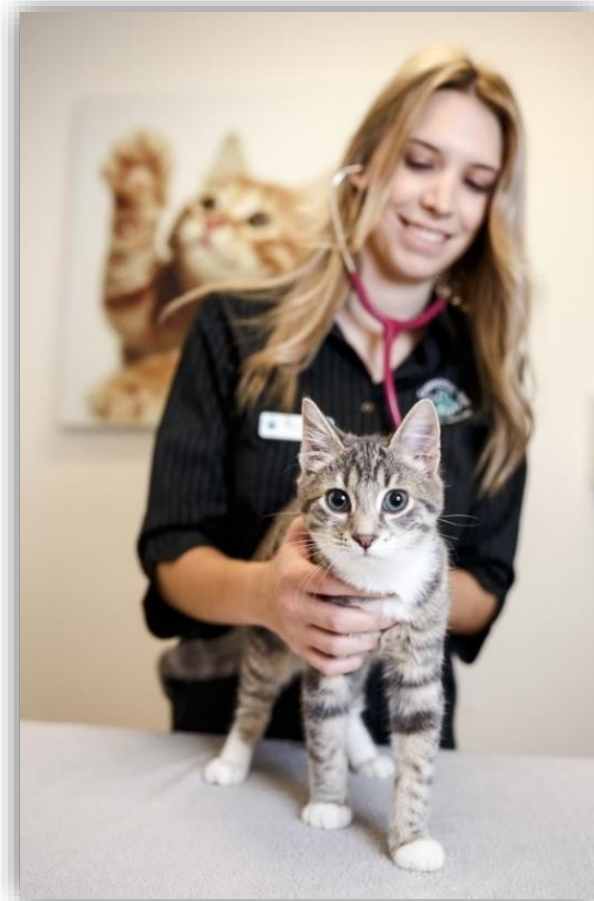
Integrated petcare model has delivered double digit sales & EBITDA growth

- **Our customer focused model is a winning strategy which differentiates us from competitors**

- Group LFL sales growth of 4.5% driven by 38% increase in cross shoppers
- Doubled in-store clinics with 37 open - target to include in 60% of stores
- Continued expansion of in-store services
- 55% online growth. Investing for future growth
- Full scope veterinary business - specialist & emergency growth
- Group Loyalty program successfully enhanced & relaunched

- **Our Veterinary division comprises 26% of Group revenue**

- 4.8% LFL sales growth and 10% total sales growth
- Strong growth from in-store clinic and specialist & emergency hospitals
- Focus on organic rollout raising hygiene and veterinary standards
- In-store clinics yielding superior returns after start up losses
- Disciplined acquisition approach
- Reinforced focus on vet recognition, retention and reward



Integrated petcare model has delivered double digit sales & EBITDA growth

- **Our Retail division is proving resilient in a challenging consumer environment**
 - 4.4% Group Retail LFL sales growth
 - Positive H2 sales momentum following April Group Loyalty relaunch
 - 66% of retail product sales are staple products
 - Strong LFL growth in dog food (7.4%) and cat food (7.0%)
 - Private label has reached 21% of Australian retail product sales
 - Leaps & Bounds achieved \$6m sales in first year
 - True omnichannel offering – store, click & collect, online
 - Continued investment in customer loyalty
 - GM% robust in face of increased price competitiveness, channel mix, cost increases and loyalty rewards
 - Store rollout continuing with emphasis on one stop shop



Results overview

Integrated petcare model has delivered double digit sales & EBITDA growth

■ Key Financials¹

- Group Revenue up 11% to \$817 million
- Group LFL sales growth 4.5%²
- Gross Margin up 11%
- EBITDA up 15% to \$100 million
- Exceptionals halved
- Underlying EBITDA up 9% to \$104 million
- NPAT up 21% to \$42 million
- Underlying NPAT up 7% to \$43 million
- EBITDA cash conversion of 96%
- Leverage (ND/EBITDA) reduced to 2.2x

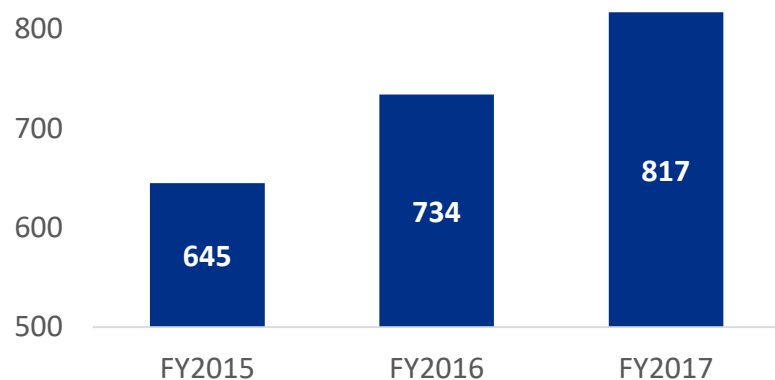


1. FY2017 was 53 weeks vs 52 weeks in FY2016. For comparison on a proforma 52 v 52 week basis refer to pages 39 and 40.
2. LFL sales measures same site sales growth for all stores and clinics that have been open for 53 weeks and makes no adjustment for cannibalisation or competition.

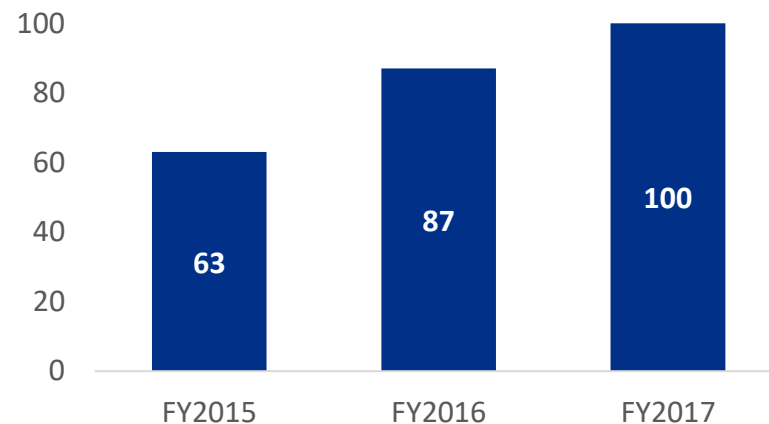
3 year revenue and earnings growth

Strong cash generation invested to profitably expand the business while reducing leverage

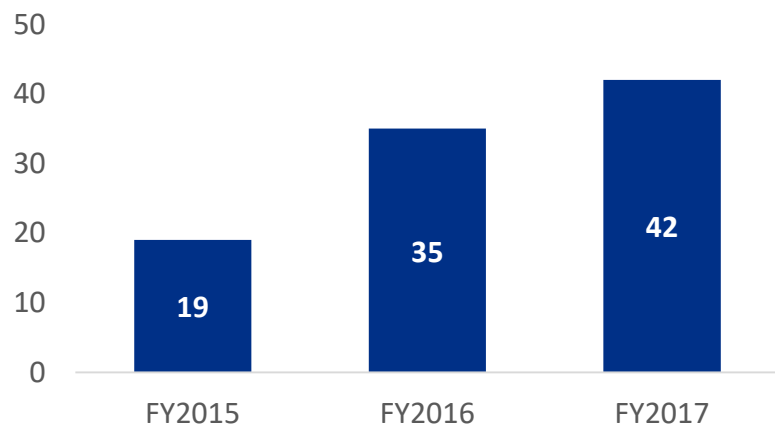
Revenue (\$m)



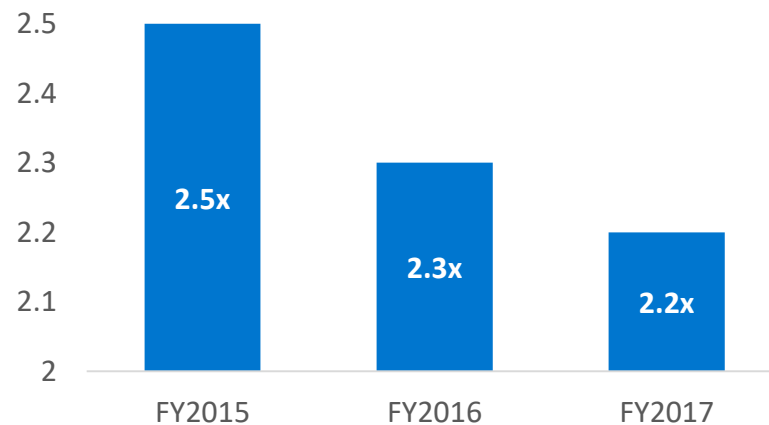
EBITDA (\$m)



NPAT (\$m)



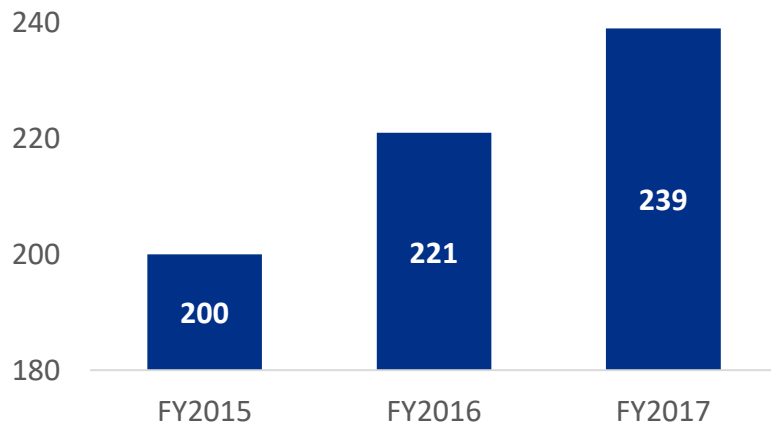
Leverage (Net Debt/EBITDA)



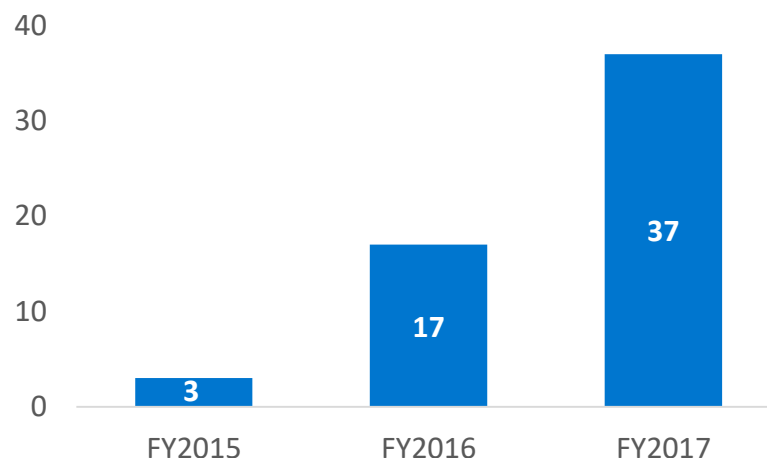
Network expansion

We have expanded our network footprint by 11% in FY2017, largely through organic growth

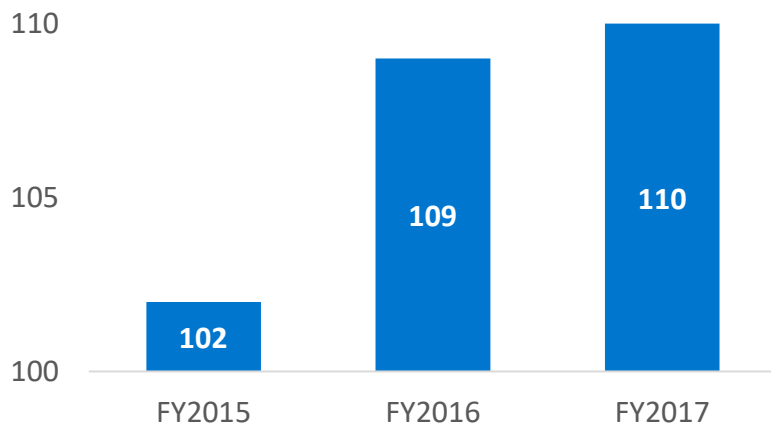
Retail stores (+18 to 239)



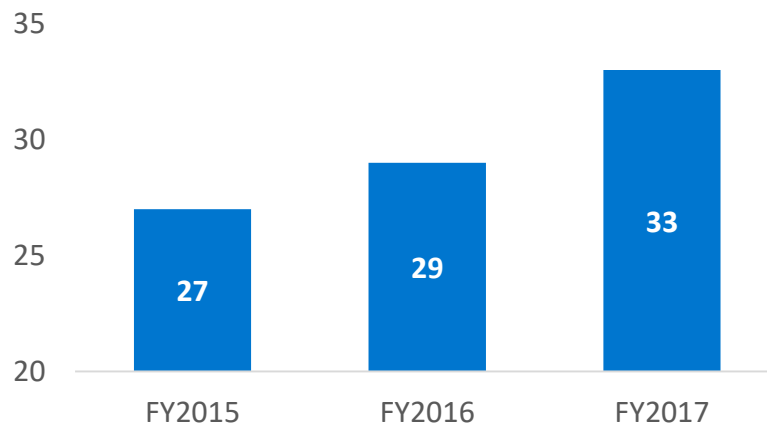
In-store vet clinics (+20 to 37)



Standalone vet clinics (+1 to 110)



Specialist & emergency vet practices (+4 to 33)





Customer Focus

Customer focus

We have a growing customer base and are committed to rewarding their loyalty

- We have **1.8 million** active customers.
- **Over 87%** of purchases were made on our **Group Loyalty Program**
- Great insights into spending habits enabling **tailored marketing** and promotional activity to suit our customers individual needs
- **Rewards customers** for loyalty and spending more **frequently** across our entire network
- The number of customers who **cross shop** across more than one of our formats has **increased by 38%** to over 188,000¹
- **Cross shoppers** represent 11% of our active customers, 26% of revenue and 30% of gross margin¹
- Customer service focussed training



1. Actual Greencross customer data for Australia for the 12 months ending 30 June 2017. Active customers are customers who have shopped at Greencross in the last 12 months.

Group Loyalty

Relaunched Group Loyalty program

- Our award winning FFL Group Loyalty program was **relaunched in April 2017**
- Now **90%** of retail spend via program
- Members can earn and spend points in Petbarn, City Farmers, Animates and Greencross Vet clinics
- Revitalised program now includes:
 - **3 membership tiers**
 - a range of **complimentary upfront benefits** including services like grooming, dogwash and upgraded pet hotel bookings
 - **premium food** rewards
- Strong customer response to \$3.5 million investment in refreshed loyalty program reflected in **growing retail LFL sales** momentum in Q4 FY2017 and FY2018 YTD



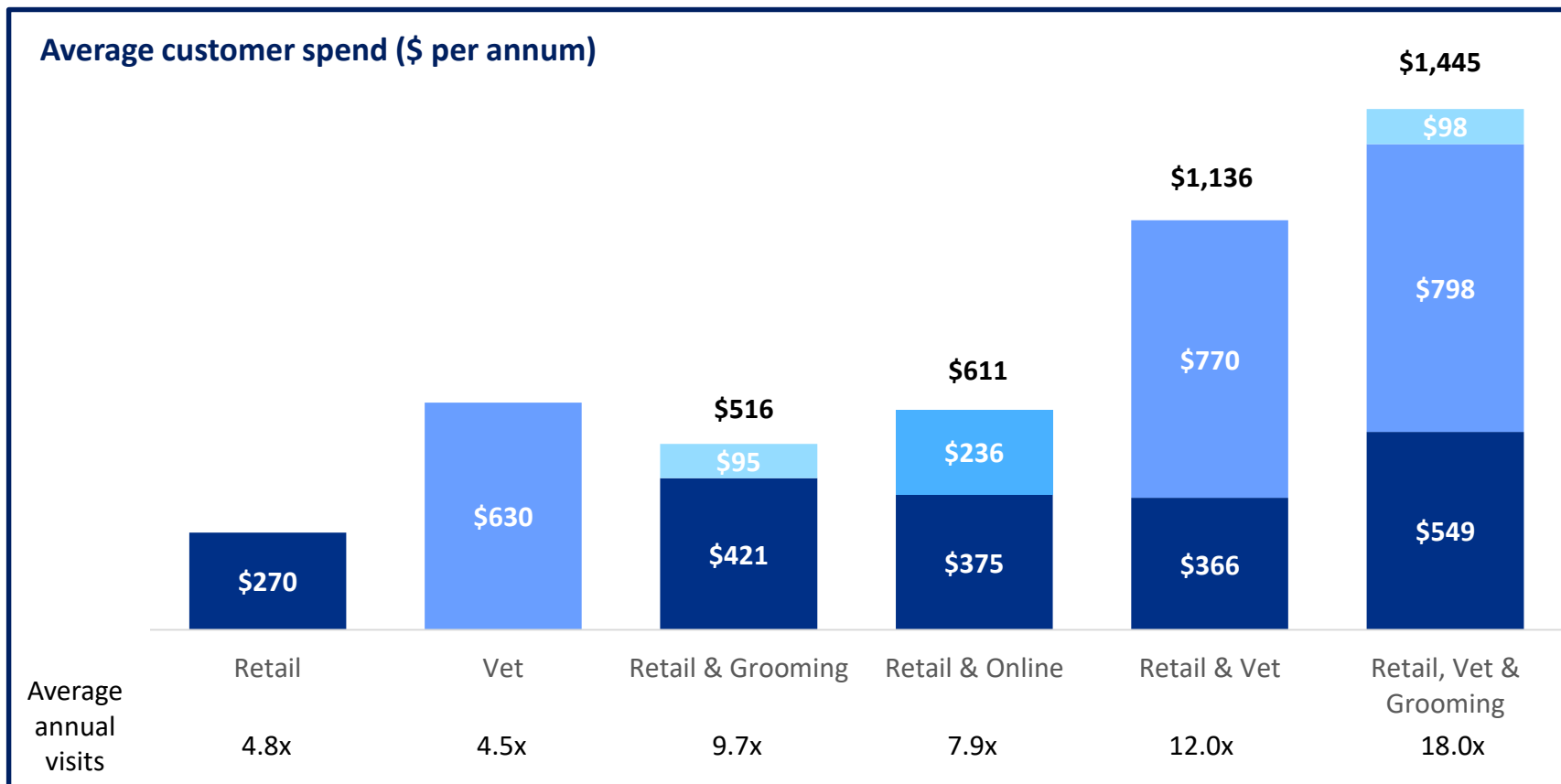
Get with the program.
Friends For Life -
Up front benefits &
easier, faster rewards.

 **Friends For Life**
Rewards program

PETBARN **CityFarmers** **Greencross Vets**

Cross shopping & loyalty

Customers who shop across retail, vet and grooming visit us 18.0x per year and spend \$1,445



1. Actual Greencross customer data for Australia for the 12 months ending 30 June 2017. Active customers are customers who have shopped at Greencross in the last 12 months.



Key Financials

Statutory results summary

Greencross has delivered 11% revenue growth and 21% NPAT growth in FY2017

	FY2017 53 weeks (\$m) ¹	FY2016 52 weeks (\$m) ²	Change 53 weeks %	FY2017 Pro forma 52 weeks (\$m) ³	Change %
Revenue	817	734	+11%	804	+10%
Gross margin	453	409	+11%		
<i>Gross margin (%)</i>	55.4%	55.7%	-30 bps		
EBITDA	100	87	+15%	98	+13%
<i>EBITDA (%)</i>	12.2%	11.9%	+30 bps		
Depreciation & amortisation	(23)	(18)	+30%		
Finance costs	(14)	(16)	-11%		
Income tax expense	(15)	(15)	+3%		
Non-controlling interest	(5)	(4)	+31%		
NPAT post minorities	42	35	+21%	42	+20%
EPS (cents)	36.2c	30.4c	+19%	35.8c	+18%

1. 53 week period ending 2 July 2017.
2. 52 week period ending 26 June 2016.
3. 52 week period ending 2 July 2017.

Underlying results summary

Underlying EBITDA growth of 9%

	FY2017 53 weeks (\$m) ¹	FY2016 52 weeks (\$m) ²	Change 53 weeks %		FY2017 52 weeks (\$m) ³	Change %
Revenue	817	734	+11%		804	+10%
Gross margin	453	409	+11%			
<i>Gross margin (%)</i>	<i>55.4%</i>	<i>55.7%</i>	<i>-30 bps</i>			
EBITDA	100	87	+15%		98	+13%
Exceptional items	4	8	-46%			
Underlying EBITDA⁴	104	95	+9%		103	+8%
<i>Underlying EBITDA (%)</i>	<i>12.7%</i>	<i>13.0%</i>	<i>-30 bps</i>			
Underlying NPAT post minorities⁴	43	40	+7%		43	+5%
Underlying EPS (cents)⁴	37.0c	35.6c	+4%		36.6c	+3%
Underlying EBITDA excl. immature clinics	105	96	+9%			
Underlying NPAT excl. immature clinics	44	41	+7%			

1. 53 week period ending 2 July 2017. Refer to Appendix for a comparison of FY2017 and FY2016 on a 52 week v 52 week basis.

2. 52 week period ending 26 June 2016.

3. 52 week period ending 2 July 2017.

4. Underlying results exclude exceptional costs and income items in order to facilitate year on year comparison. Underlying EBITDA is reported after excluding acquisition and restructuring costs, but now includes ongoing share based payments and site closure costs. For comparison FY2016 is now reported on this consistent basis. FY2016 underlying EBITDA of \$97.5 million, NPAT of \$42.1 million and EPS of 37.0c were previously reported after adding back share based payments and site closures. Underlying NPAT excludes the benefit of one off tax loss recognition in FY2017 results. Refer to page 37 and 38 for further details.

Cashflow

Strong cashflow conversion financing expansionary capex and steady deleveraging

Statutory cash flow	FY2017 (\$m)	FY2016 (\$m)	Change (\$m)
EBITDA	100	87	13
Net working capital movement	(4)	7	(10)
Ungeared, pre-tax operating cash flows	96	94	2
Cash conversion %	96%	108%	-12%
Net interest and finance costs paid	(11)	(14)	3
Income taxes paid	(10)	(1)	(9)
Expansionary capex	(58)	(39)	(19)
Underlying capex	(19)	(22)	3
Free cash flow	(2)	18	(20)
Dividends paid	-	(11)	11
Other financing activities	(3)	26	(29)
Net cash used in financing activities	(3)	15	(18)
Net increase/(decrease) in cash	(5)	33	(38)

- Continued strong cash conversion (96%)
- Supply chain performing well, with > 95% on-shelf availability for top 1,000 items
- Expansionary capex of \$58 million is higher than FY2016 due to aggressive in-store clinic roll out, increased investment in specialist & emergency hospitals plus further investment in technology capability/enabement (omni channel, loyalty)
- Tax payments have increased to normal level
- Marginal net debt increase as leverage reduced to 2.2x
- Operating cash flow will continue to fund expansion whilst targeting reduced leverage over medium term

Debt metrics	FY2017 (\$m)	FY2016 (\$m)
Net debt	236	228
Leverage - bank basis	2.2x	2.3x

Balance sheet

Key movements reflect working capital management and continued investment in expansion

Balance sheet	FY2017 (\$m)	FY2016 (\$m)	Change (\$m)	%
Assets				
Cash and cash equivalents	58	63	(5)	(7.8%)
Inventories	98	92	6	6.0%
Other	14	10	4	34.3%
Total current assets	169	165	4	2.5%
Intangibles	580	555	25	4.6%
Property, plant and equipment	189	155	33	21.4%
Other	7	12	(5)	(39.8%)
Total non-current assets	776	722	54	7.5%
Total assets	945	887	58	6.5%
Liabilities				
Trade and other payables	103	93	11	11.4%
Borrowings	293	291	3	0.9%
Tax and other provisions	49	50	(1)	(2.0%)
Total liabilities	446	434	12	2.8%
Net assets	499	453	46	10.1%

- Modest growth in inventory driven by expansionary activity. Average store inventories have decreased
- Intangible investment in clinic and store acquisition plus ongoing investment in capability
- Increase in PP&E reflects organic store and in-store clinic expansion
- Net debt \$236 million and leverage decreased to 2.2x.
- Lending covenants comfortably met
- Lenders have confirmed “look through” approach to IFRS 16 with absolutely no impact on debt covenants or economic exposure
- \$120 million headroom on the Australian senior debt facility provides ample capacity

Debt metrics	FY2017 (\$m)	FY2016 (\$m)
Net debt	236	228
Leverage - bank basis	2.2x	2.3x

Dividends

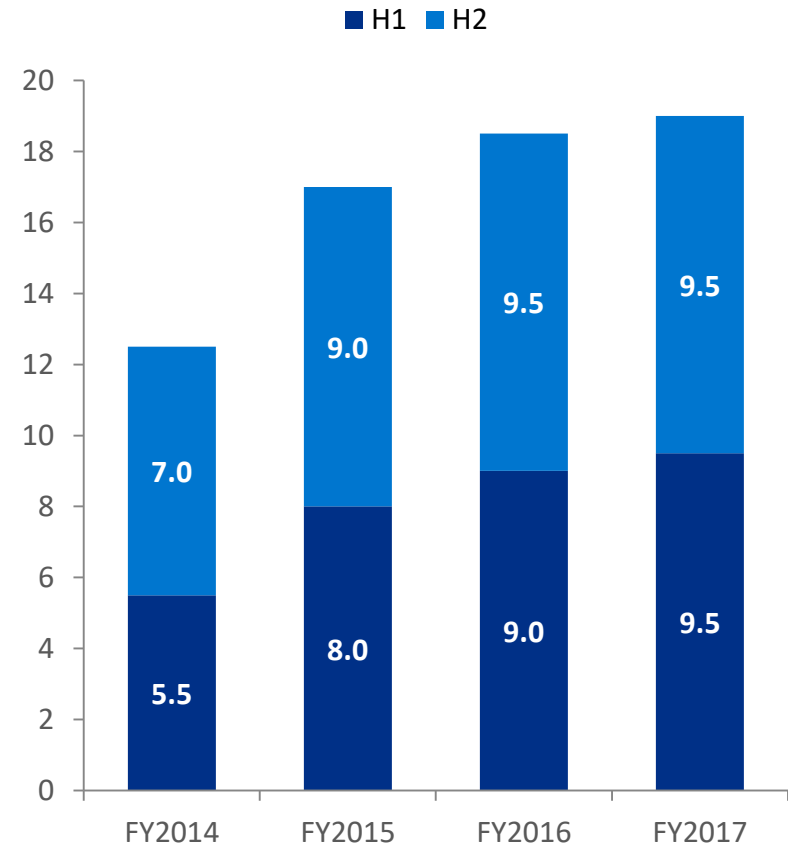
Annual dividends of 19.0 cents per share, in line with target payout ratio of 50%

Final dividend of 9.5 cents

- The directors have declared a fully franked final dividend of 9.5 cents per share
- Annual dividends for FY2017 of 19.0 cents
- Key dates
 - Ex dividend date – 7 September 2017
 - Record date – 8 September 2017
 - Dividend payment date – 6 October 2017
- DRP has been suspended



Greencross dividend history (cents per share)



Revenue

Group sales revenue increased by 11% to \$817 million

Australian Retail

- 11% revenue growth reflecting network expansion and strong growth in services and online
- 4.3% LFL sales growth driven by sales of food and pharmaceuticals and H2 Group Loyalty Program relaunch

Australian Veterinary

- 10% revenue growth and 4.8% LFL sales growth driven by strong performance from specialist and emergency and ramp up in visits to in-store clinics

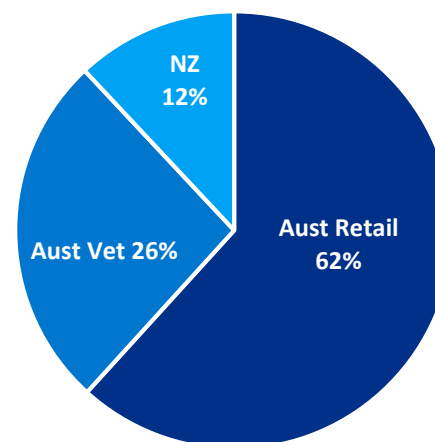
New Zealand

- 21% revenue growth driven by fleet expansion, with the addition of 7 stores and 8 in-store clinics
- 4.9% LFL sales growth

Sales revenue and LFL growth by segment ^{1,2}

Revenue (\$m)	FY2017 53 weeks	FY2016 52 weeks	Change	LFL sales growth
Group	817	734	+11%	+4.5%
Australian Retail	505	458	+10%	+4.3%
Australian Veterinary	214	194	+10%	+4.8%
New Zealand	98	81	+21%	+4.9%

Sales revenue by segment (%)



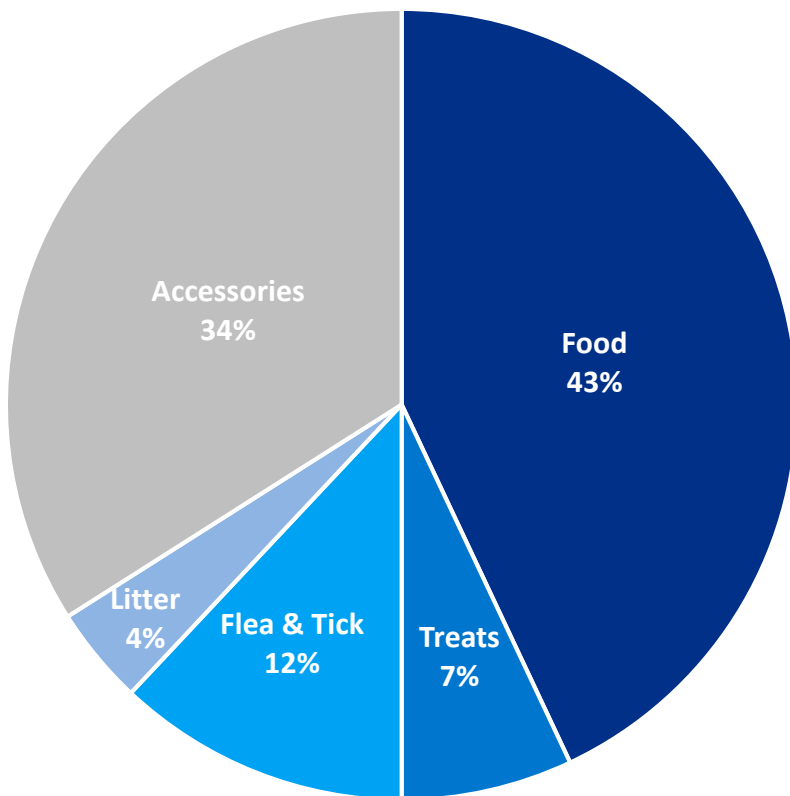
1. FY2017 sales are for the 53 week period ending 2 July 2017. FY2016 sales are for the 52 week period ending 26 June 2016.

2. LFL sales are shown on a 52 weeks vs 52 weeks basis. LFL sales growth measures same site sales growth for all stores and clinics that have been open for 53 weeks and makes no adjustment for cannibalisation or competition.

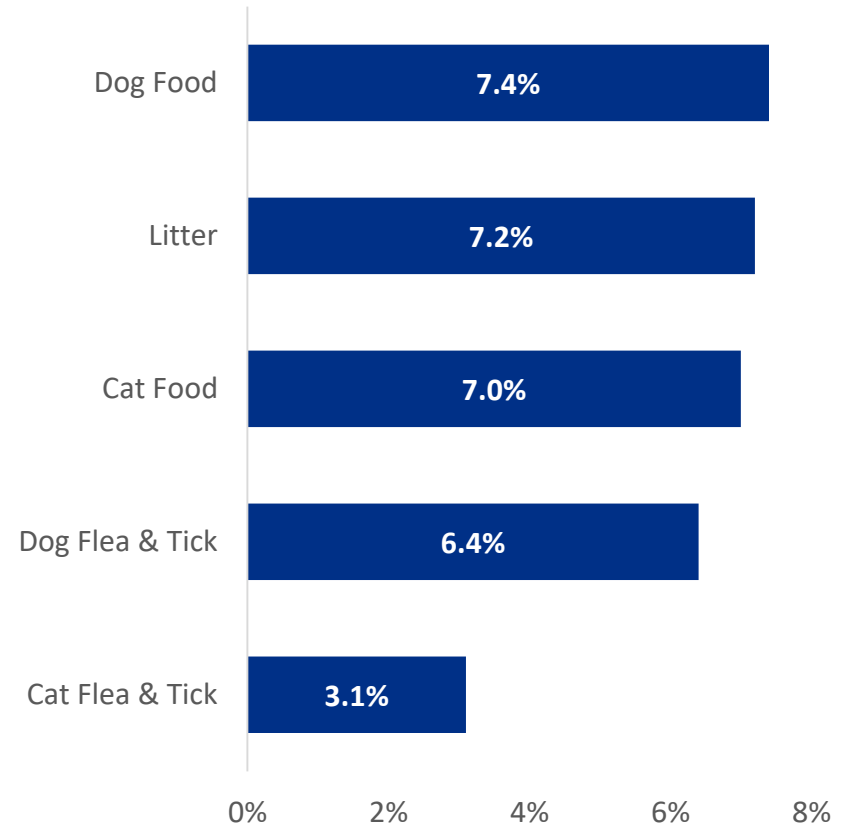
Retail revenue

66% of Australian retail products are staple products which consumers purchase on a regular basis

FY2017 Australian retail sales by category¹



FY2017 LFL sales for key staple products¹

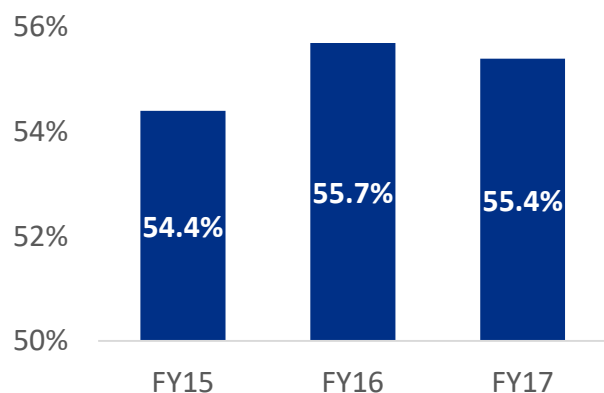


1. FY2017 sales mix and LFL sales for Australian retail product sales.

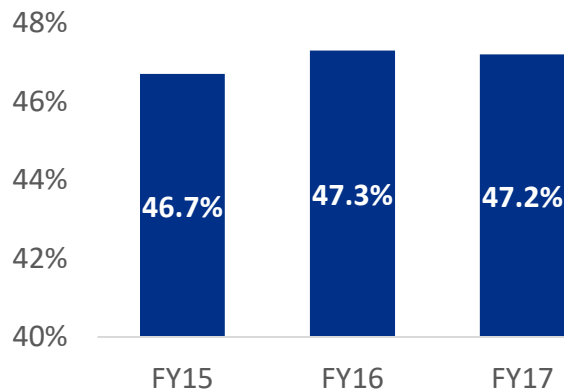
Gross margin

Overall GM healthy. Increased customer investment and growth in food sales as % of mix impacting retail gross margin %

Group – Gross Margin %

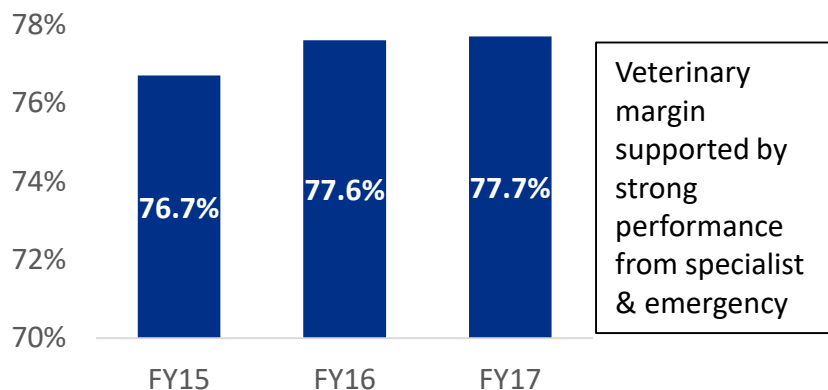


Australian Retail – Gross Margin %



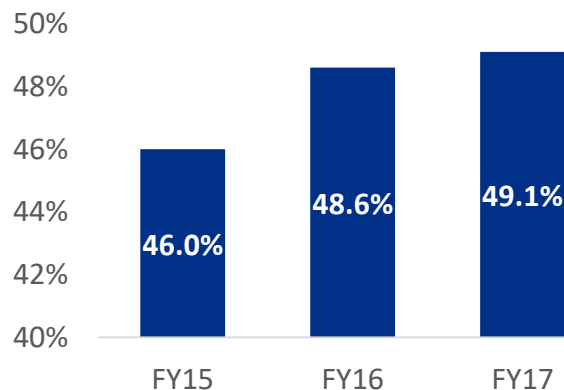
Investment in the customer, including April relaunch of Group Loyalty relaunch plus a shift in sales mix towards staple food categories impacts H2 gross margin %

Australian Veterinary – Gross Margin %



Veterinary margin supported by strong performance from specialist & emergency

New Zealand – Gross Margin %



Higher gross margin in NZ reflects higher contribution from veterinary services and increase in private label sales

Operating Highlights



Australian Retail

Continued network expansion and LFL sales growth

Operational highlights

- 11% sales growth and **4.3% LFL sales growth strengthening in H2** following investment in Group Loyalty
- Opened **13 new stores** in FY2017¹
- **Record loyalty club membership** representing 87% of sales increasing to 90% since loyalty relaunch
- Added **12 in-store clinics** into retail utilising 2200 sqm of floor space
- **Private label** reaching **>21% of sales**. Important margin and loyalty driver
- Steady **online progress** including click and collect launch
- Continued success with **services**
- **Retail GM** impacted by mix and loyalty investment
- Invested over 165,000 hours into **training and education** with customer excellence focus
- Together with **The Petbarn Foundation** we have raised over \$2.8 million for animal charities and facilitated over 7,000 adoptions

Australian Retail	FY2017	FY2016
Revenue (\$m)	505	458
Gross margin %	47.2%	47.3%
EBITDA (\$m)	61	54
% retail sales on a loyalty card	87%	86%
Stores	200	189
Grooming salons	57	47
% stores with a grooming salon	29%	25%
In-store GP clinics	28	16
% stores with an in-store clinic	14%	8%



1. Australia only. A further 7 stores were opened in NZ.

Online – making progress

Online reaches 3.4% of retail sales. Online growth remains a key priority.

Achievements

- Online **revenue grew by 55%** in FY2017
- **Click & collect** launched in February 2017 and now represents over 40% of online sales
- Online **basket size 50%** higher than in-store and has increased by 7% in FY2017
- Over 4,600 SKUs
- **Online** vet appointment and services booking
- Upgraded **advice and content**
- **Profitable** model

Opportunities

- **Delivery speed** including same day delivery leveraging store based fulfilment
- Online **customer experience** to match store based customer service. Redesigned, simpler online shopping experience
- Leverage **customer data** to better target shoppers including subscription opportunity



Click and collect has enjoyed very strong customer take up since February launch

Private label sales – good progress

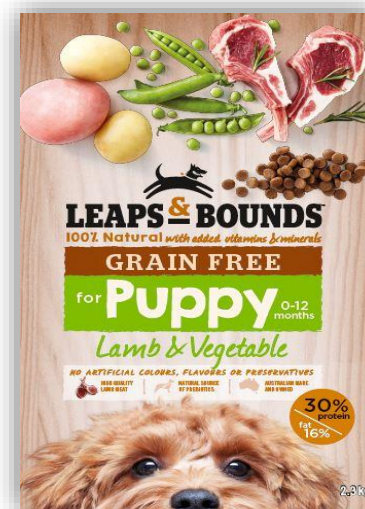
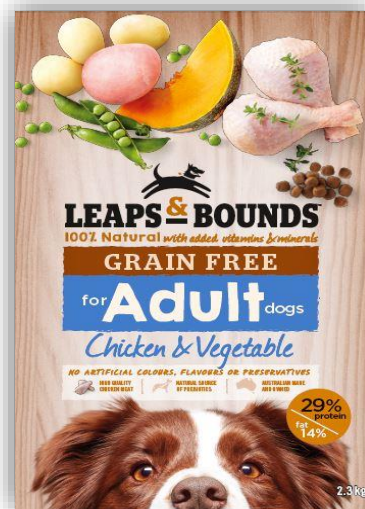
Private label sales have now reached 21% of Australian retail product sales

Accessories

- **Joint buying office with Petco** (US Retailer) in China provides economies of scale and access to innovation
- Private label **accessory sales are 30%** of total Australian accessory sales

Food

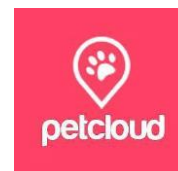
- Private label **food sales** (excluding treats) **are 10%** of total Australian food sales
- Launched **Leaps and Bounds** in June 2016
 - overwhelming customer response with \$6 million of sales
 - Number two selling brand in the essential dog food category
 - Grain free launched in Q4, doubling the size of the range, with wet range to be launched this year
 - Adds to **stable of exclusive brands** including *Wellness*, *Daily Bark*, *Barkers Best* and *Cats in the Kitchen*
- **Significant opportunity** for further private and partner brand food extensions



In-store & online services – good progress

One stop shop driving foot traffic and cross shopping

- **In-store clinics** in 15% of stores with target of > 60%
- **Largest pet groomer in ANZ** with 80 grooming salons (34% of stores) and 140,000 happy customers
- **Petbarn pet insurance** recognised by Canstar as a winner for outstanding value pet insurance
- **Petbarn adoptions** rehomed 7,000 pets in FY2017 with our charity partners
- Other services we offer in-store include **dogwash**, **pet hotel bookings** and **puppy school**
- Petbarn now gives pet owners the opportunity to access **sitting**, **walking** and other pet care services online through its trusted partner **Petcloud**



Australian Veterinary

Focused on organic growth

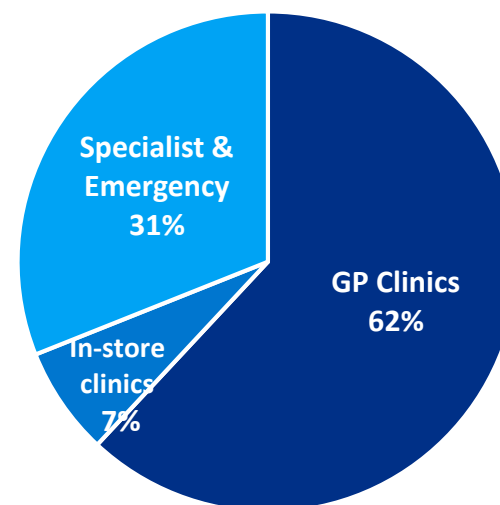
Operational highlights

- 10% sales growth with **4.8% LFL sales growth**
- Outstanding **clinical and customer care** underpinned by our Veterinary Advisory Board chaired by our Chief Veterinary Officer, Dr Rachel Chay
- Opened **12 in-store clinics** with 5 under construction
- Completed 3 GP clinic acquisitions. Disciplined approach
- **4 new specialist & emergency centres** in Brisbane and Adelaide
- Recruited **50 vets** into **graduate** program and reinforced focus on **vet retention, recognition and reward**
- Largest employer of vets in Australasia with 650 vets
- Invested over 40,000 hours into **professional training & education**



Australian Veterinary ¹	FY2017	FY2016
Revenue (\$m)	214	194
Gross margin %	77.7%	77.6%
EBITDA (\$m)	26	23
In-store GP clinics	28	16
Standalone GP clinics	103	102
Specialist & emergency centres	33	29

Australian Veterinary – FY2017 revenue split



1. Australia only. Excludes New Zealand. Net of clinic closures.

Specialist & emergency – strong growth

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 supported by humanisation of pets and higher insurance penetration
- Emergency centres provide **after hours care** and treat **critically injured pets**
- We own and operate emergency hospitals in Brisbane, Sydney, Melbourne, Central Coast, Canberra and Adelaide with our partners
- Our specialist centres provide **specialist care** including surgery, pathology, radiology, dermatology, cardiology, ophthalmology, medicines and oncology
- We employ and partner with ~10% of the registered companion animal specialists in the Australian market
- Professional expertise, **outstanding standards of care** and increased referrals from our GP clinic network are helping to drive above market growth



In-store clinics – performing well



Greencross Limited
The Pet Company

15% of stores have an in-store clinic – with a target of 60%

Attractive Opportunity

- **Modern**, hygienic clinics with **high standards of care** attractive to customers and vets
- New revenue and **profit generating use** of ~150-200m² **floor area** in existing stores - **a high margin opportunity**
- **Enhanced cross referral** opportunity
- **Superior return on capital**. 25% ROIC with capital cost 60% of equivalent acquired clinic
- **Initial start up losses** but strong pay back

Strong Performance

- GXL annual vet **spend higher for clients** at in-store clinics than for standalone clinics
- **20 in-store clinics opened** in FY2017 (with 12 opened in Q4) bringing total to 37
- Contributed **\$14 million** in revenue and 9% of total GP revenue in FY2017
- Revenue growth & EBITDA margins in line with expectations

In-store clinics - target performance per clinic

Year of opening	Revenue (\$000)	Site EBITDA margin (%) ¹
Year 1	400	-10%
Year 2	550	10% to 15%
Year 3	675	20%
Year 4	750	25%
Year 5	800	>25%



1. Site EBITDA margin pre allocation of rental expense.

In-store clinics – performing well



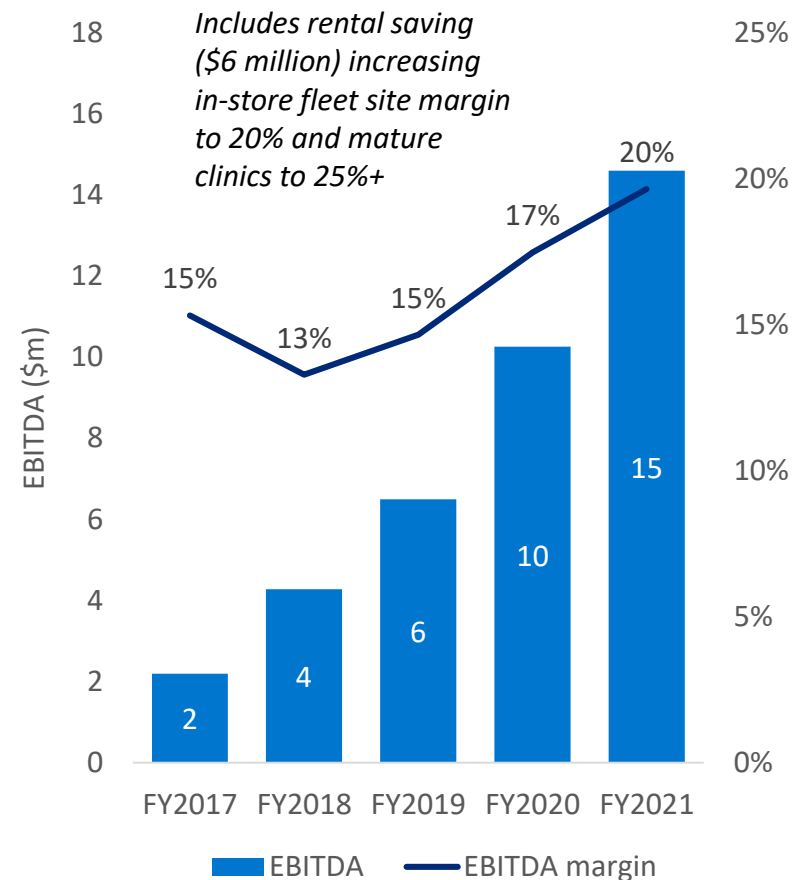
15% of stores have an in-store clinic – with a target of 60%

Outlook

- **Improved customer loyalty** and cross referral
- **Continued roll out** of 20+ clinics per annum
- Expected to build to \$70 million revenue and \$15 million EBITDA (including \$6 million of rental saving) in 5 years
- **Increasing consumer choice** supporting improving clinical and hygiene standards
- **Strong profit contributor**
- Start up losses and margin dilution from immature clinics in first 3 years



Indicative aggregate EBITDA (\$m) and site EBITDA margin for in-store clinic fleet including rental saving



New Zealand

We expanded our New Zealand store and clinic network by over 35% this year

Operational highlights

- Delivered **21% revenue growth** and 4.9% LFL sales growth
- Opened **7 new stores** with 1 store opened in FY2018
- Made **4 in-store vet** acquisitions (Pet Doctors) and opened 4 in-store vet clinics
- Added **7 grooming salons** and groomed over 20,000 dogs
- Increased **private label sales** to 13% of retail product sales
- Increased retail gross margin to 47%
- **Excellent customer engagement** with loyalty card purchases representing 91% of sales
- Raised in excess of \$300,000 for our charity partners Mobility Dogs and the SPCA

New Zealand	FY2017	FY2016
Revenue (\$m)	98	81
Gross margin %	49.1%	48.6%
EBITDA (\$m)	13	10
Stores	39	32
% retail sales on a loyalty card	91%	88%
Grooming salons	23	16
% stores with a grooming salon	59%	50%
In-store GP clinics	9	1
% stores with an in-store clinic	23%	3%
Standalone GP clinics	7	7



The Petbarn Foundation

Greencross sponsored over 7,000 pet adoptions this year (that's over 7,000 lives saved!)

- The Petbarn Foundation's mission is 'to enrich the lives of pets and people who love and need them' and to raise much needed funds for our charity partners
- We have facilitated over 7,000 adoptions in FY2017 and over 24,000 adoptions since our program was first introduced
- Over 120 Petbarn, Animates and City Farmers stores have pet adoption centres
- This year's donations have funded training for 13 seeing eye dogs (SEDA) and 10 K9 Support Dogs (Soldier On)
- We have raised over \$2.8 million this year for our charity partners below



SEEING EYE DOGS
australia



vets
beyond
borders



Pets Haven
Foundation





Competitive
Advantages

Our competitive advantages

Customer centric integrated petcare model differentiates us from competitors, driving customer loyalty

Advantages

- **One stop shop** – convenience, value, loyalty
- World class professional **veterinary expertise**
- Trip driving **in-store services**
- Loyalty building **private label** sales
- Foundation for strong **omnichannel** offering
- Engaged customer via **Group Loyalty**, outstanding data and opportunity to personalise offering
- In-store **theatre** & customer service

Key executional challenges/opportunities

- Delivering online customer service excellence to deliver a **step change in sales**
- Maintaining and growing **cross shoppers** and **customer loyalty** via continued delivery of one stop shop and outstanding service
- Experiential **store of the future**
- Motivating and retaining our **best vets** with recognition, reward and remuneration
- Continued **investment and expansion** funded by cashflow and within acceptable leverage levels



Trading Update



■ Trading update as at week 7

- Total sales growth 10%
- Group LFL sales growth 4.9%
- Australian Retail LFL sales growth 5.0%
- Australian Veterinary LFL sales growth 5.8%
- New Zealand LFL sales growth 2.7%

■ Network expansion

- Opened 1 store and 2 in-store clinics in FY2018 YTD
- 5 in-store clinics currently under construction

■ FY2018 outlook

- In FY2018, Greencross expects ongoing execution of its integrated petcare strategy will drive continued top and bottom line growth
- Greencross will continue to invest in organic growth through the roll out of stores, in-store clinics and services and store refurbishment
- We will maintain a disciplined approach to acquisitions
- We expect to maintain leverage at current levels
- Our effective tax rate will increase to 30%



Appendix



Underlying to statutory profit reconciliation

Current adjustments	FY2017	FY2016	FY2017	FY2016
	EBITDA (\$m)	EBITDA (\$m)	NPAT (\$m)	NPAT (\$m)
Statutory	99.8	87.1	42.1	34.6
Adjustments (refer slide 39)	4.5	8.2	0.9	5.6
Underlying	104.2	95.3	43.0	40.2

Previously reported adjustments

Statutory	87.1	34.6
Adjustments as reported in FY2016 (refer slide 39)	10.4	7.5
Reported FY2016 Underlying	97.5	42.1

- Underlying results exclude exceptional costs and income items in order to facilitate year on year comparison. Underlying EBITDA is reported after excluding acquisition and restructuring costs, but now includes ongoing share based payments and site closure costs. For comparison FY2016 is now reported on this consistent basis. FY2016 underlying EBITDA of \$97.5 million, NPAT of \$42.1 million and EPS of 37.0 cents were previously reported after adding back share based payments and site closures. Underlying NPAT excludes the benefit of one off tax loss recognition in FY2017 results.

Underlying profit adjustments

Significant reduction in underlying profit adjustments. No adjustment for share based payments or site closure.

Current adjustments

	FY2017 EBITDA (\$m)	FY2016 EBITDA (\$m)	FY2017 NPAT (\$m)	FY2016 NPAT (\$m)
Acquisition, due diligence & defence costs ¹	1.8	3.4	1.3	2.7
Product recall costs ²	0.8		0.6	
Redundancy & restructuring ³	1.8	2.4	1.3	1.7
Integration, range and brand harmonisation		2.5		1.8
Recognition of tax losses ⁴			(2.0)	
Effective tax rate adjustment ⁵			(0.3)	(0.6)
Total adjustments	4.5	8.2	0.9	5.6
% Statutory	4%	9%	2%	16%

Previously reported

Share based payments		1.2		1.2
Site closure/rationalisation costs		1.0		0.7
Total adjustments as previously reported in FY2016	4.5	10.4	0.9	7.5
% Statutory	4%	12%	2%	22%

1. Costs associated with completed and targeted acquisitions. No defence costs were incurred in FY2017.
2. Costs associated with one-off product recall of 'BFF' cat food.
3. Redundancy and restructuring costs associated with Brisbane support office transition and other redundancies.
4. One off benefit from recognition of historic tax losses associated with City Farmers acquisition.
5. Adjustment to normalise tax expense to an effective tax rate of 28%.

Underlying results: 52 week v 52 week comparison

Underlying	H1 FY2017 26 Weeks (\$m)	H2 FY2017 26 Weeks (\$m)	FY2017 52 Weeks ¹ (\$m)	FY2016 52 Weeks ² (\$m)	Change %
Revenue	398	405	804	734	+10%
Gross margin	222	224	445	409	+9%
<i>Gross margin (%)</i>	<i>55.7%</i>	<i>55.2%</i>	<i>55.4%</i>	<i>55.7%</i>	<i>-30 bps</i>
Operating costs	(170)	(173)	(342)	(313)	+9%
Underlying EBITDA	52	51	103	95	+8%
<i>EBITDA (%)</i>	<i>13.1%</i>	<i>12.5%</i>	<i>12.8%</i>	<i>13.0%</i>	<i>-20 bps</i>
Depreciation & amortisation	(11)	(12)	(23)	(18)	+28%
Finance costs	(7)	(7)	(14)	(16)	-13%
Income tax expense	(10)	(9)	(19)	(17)	+7%
Profit after tax	25	23	48	45	+7%
Non-controlling interest	(2)	(3)	(5)	(4)	+29%
NPAT post minorities	22	20	43	40	+5%

1. FY2017 reflects the 52 week period ending 25 June 2017.

2. FY2016 reflects the 52 week period ending 26 June 2016.

Unaudited statutory results:

Pro Forma 52 week v 52 week comparison

Underlying	H1 FY2017 26 Weeks (\$m)	H2 FY2017 26 Weeks (\$m)	FY2017 52 Weeks ¹ (\$m)	FY2016 52 Weeks ² (\$m)	Change %
Revenue	398	405	804	734	+10%
Gross margin	222	224	445	409	+9%
<i>Gross margin (%)</i>	<i>55.7%</i>	<i>55.2%</i>	<i>55.4%</i>	<i>55.7%</i>	<i>-30 bps</i>
Operating costs	(172)	(175)	(347)	(322)	+8%
EBITDA	50	48	98	87	+13%
<i>EBITDA (%)</i>	<i>12.6%</i>	<i>11.9%</i>	<i>12.2%</i>	<i>11.9%</i>	<i>+30 bps</i>
Depreciation & amortisation	(11)	(12)	(23)	(18)	+28%
Finance costs	(7)	(7)	(14)	(16)	-13%
Income tax expense	(8)	(7)	(15)	(15)	+2%
Profit after tax	24	23	47	39	+21%
Non-controlling interest	(2)	(3)	(5)	(4)	+29%
NPAT post minorities	21	20	42	35	+20%
EPS (cents)	18.4c	17.3c	35.8c	30.4c	+17%

1. FY2017 reflects the 52 week period ending 25 June 2017.

2. FY2016 reflects the 52 week period ending 26 June 2016.

Network summary

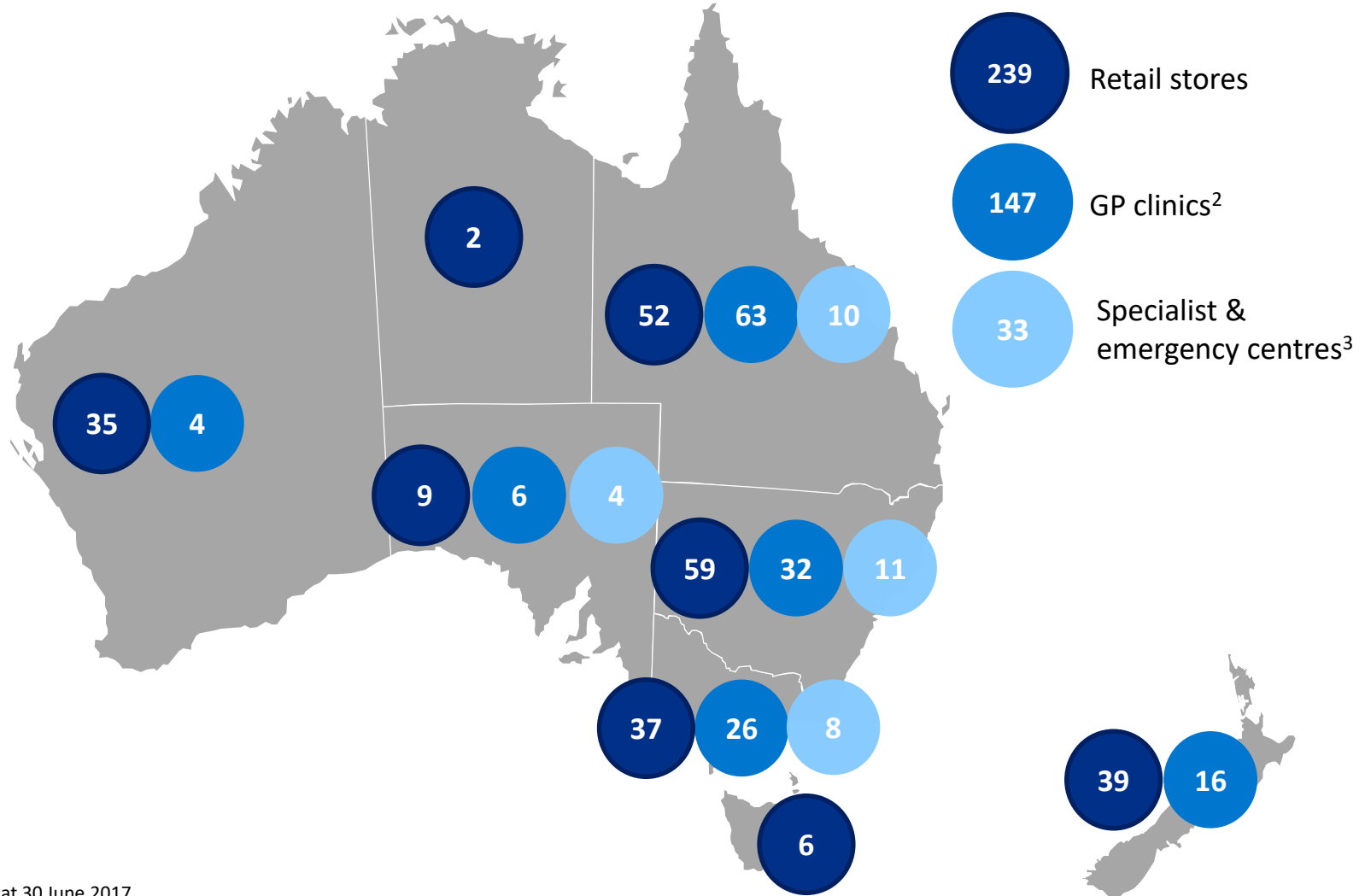
Retail stores	FY2017	FY2016
Stores at beginning of period	221	200
New stores	20	21
Stores at end of period ²	239	221
% of stores with an in-store vet clinic at end of period	15%	8%
Veterinary practices	FY2017	FY2016
Total practices at beginning of period ¹	155	132
New standalone GP vet clinics	3	9
New in-store GP vet clinics	20	14
New specialist & emergency	4	2
Total practices at end of period ^{1,2}	180	155
Grooming salons	FY2017	FY2016
Grooming salons at beginning of period	63	49
New grooming salons	17	14
Grooming salons at end of period	80	63
% of stores with a grooming salon at end of period	33%	32%

1. Includes standalone GP vet clinics, in-store GP clinics, specialist and emergency centres and pet crematoria.

2. Net of closures. In FY2017, 2 stores were closed at Camberwell (VIC) and Ashmore (QLD) and 2 clinics were closed at Beaudesert (QLD) and Narre Warren (VIC).

Greencross store and clinic network

Greencross' network comprises ~420 stores and clinics across Australia and New Zealand¹



1. As at 30 June 2017.
2. Includes standalone clinics and in-store clinics.
3. Includes specialist centres, accident and emergency hospitals and pet crematoria.

End

