

Greencross Limited

The Pet Company

GREENCROSS LIMITED – COMPANY OVERVIEW

CITI AUSTRALIAN & NEW ZEALAND CONFERENCE

OCTOBER 2017





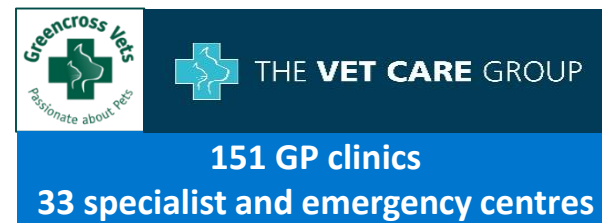
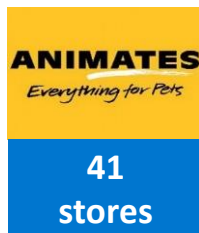
Greencross is Australasia's leading integrated petcare company

Standout leader in the ANZ Pet 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 650)
- Passionate team committed to excellent service

Multiple growth drivers

- Strong network pipeline with a target portfolio of 350 stores and over 300 vet clinics
- Significant opportunity for "in store" co-located vet practices, grooming salons and other services
- Margin opportunities from scale and increased sales of private label and exclusive products



Integrated offering driving customer engagement

- Over 85% retail swipe rate
- One stop shop – products, veterinary care, grooming, DIY dogwash and specialist medical
- Cross selling driving footfall and visit frequency
- Omnichannel offer, with growing online and digital presence

Strong financial performance and cash generation

- Track record of revenue growth
- Consistent LFL sales growth
- Cash generative business model

Our strategy

In FY2017 we continued to execute our integrated petcare strategy with a focus on organic growth

- **Optimising the current business**

- Strong cash conversion
- Expanding in-store service offering to provide a one-stop pet shop
- Store of the future project underway

- **Expanding our footprint**

- Added 18 stores, 25 clinics (including 20 in-store clinics) and 13 grooming salons in FY2017
- 3 stores, 4 in-store clinics and 3 grooming salons added in FY2018 YTD
- Confident in network runway with strong pipeline for in-store clinics and continued roll out of retail stores

- **Investing in future growth**

- In-store clinics performing well and targeting to add another 20 this year
- Expansion of service offering in retail stores
- Increased private label sales with near term opportunities in wet dog food and dry cat food
- Continued focus on online execution and delivery of a seamless omnichannel offering for our customers
- Leverage the successful relaunch of our Group Loyalty Program to increase customer engagement

Our competitive advantages

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

- **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



Our history



History of Greencross

Greencross Limited
The Pet Company

Mammoth Pet

FY06 - 09

Established
FY06
Entered NZ
Animates JV in
FY08

FY10

Entered
Victoria

FY11

Entered
South
Australia
and
Tasmania

FY12

1 million
FFL
members

FY13

Entered
WA

FY14

Merger of
Mammoth
and
Greencross

FY15

Acquired
City
Farmers

Today

Over 400
locations

41 in-
store
clinics

Over 1.8
million
active
customers

Greencross Vet

FY06 - 09

Listed on ASX
in FY07 with 31
clinics

FY10

Entered
Victoria

FY11

HPP
Program

FY12

Pathology

FY13

MSVC
acquired

Stores	10 ► 52	62	74	96	114	135	200	242
Clinics	31 ► 44	46	59	78	93	108	132	184
Total	41 ► 96	108	133	174	207	243	332	426

Gaining critical mass

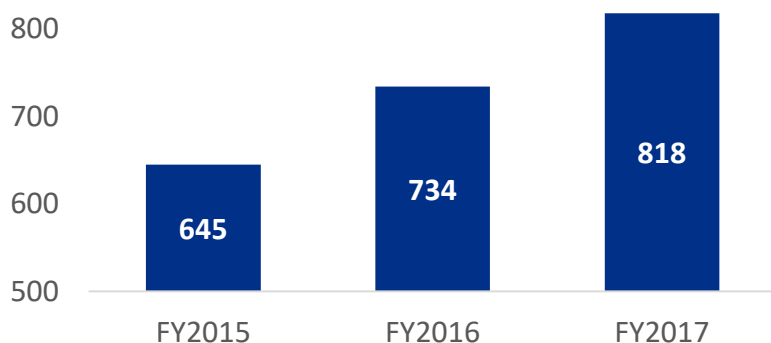
Building the brands

Integrated petcare model

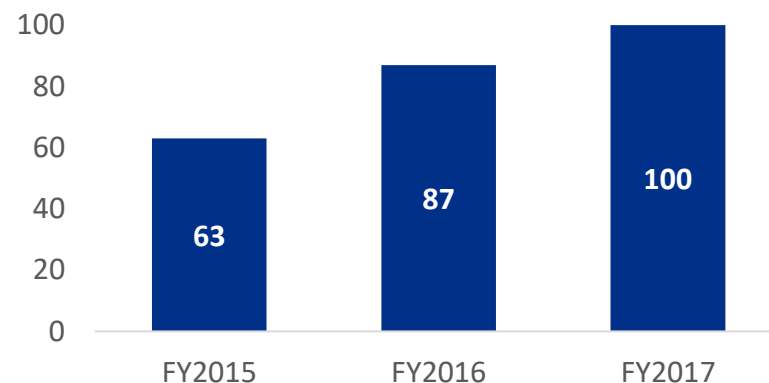
3 year revenue and earnings growth

Greencross has utilised its strong cash generation to profitably expand the business while reducing leverage

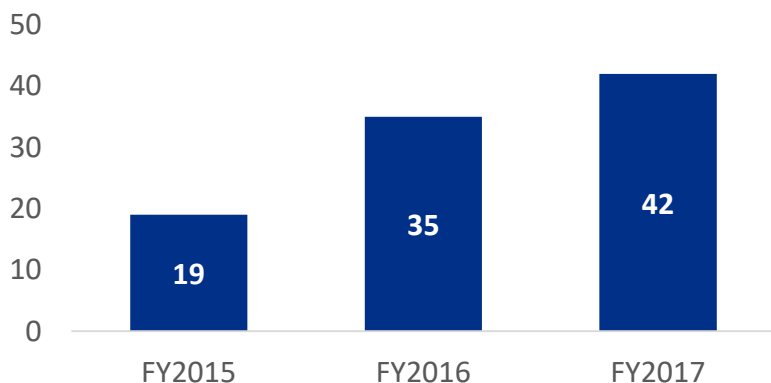
Revenue (\$m)



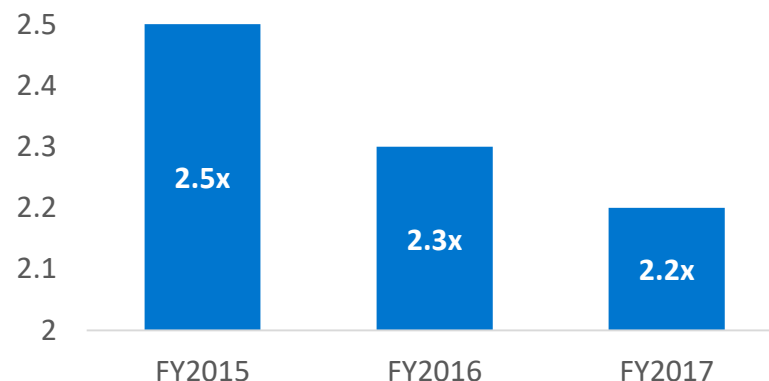
EBITDA (\$m)



NPAT (\$m)



Leverage (Net Debt/EBITDA)



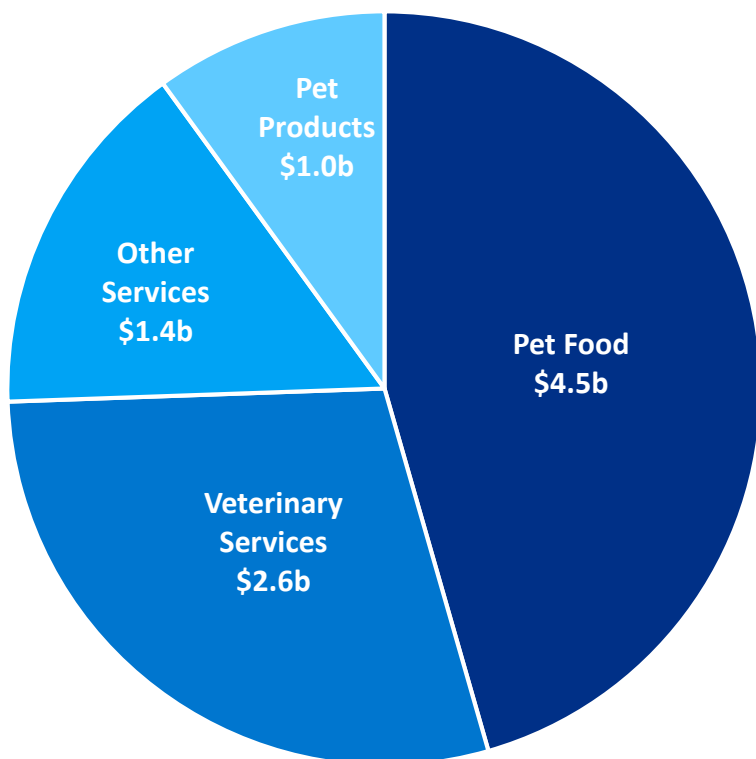


Business &
industry overview

The ANZ pet sector is worth \$9.5 billion

Greencross' addressable market in ANZ is estimated to be worth A\$9.5 billion and is growing at 2% to 3% per annum¹

ANZ Pet Market by segment



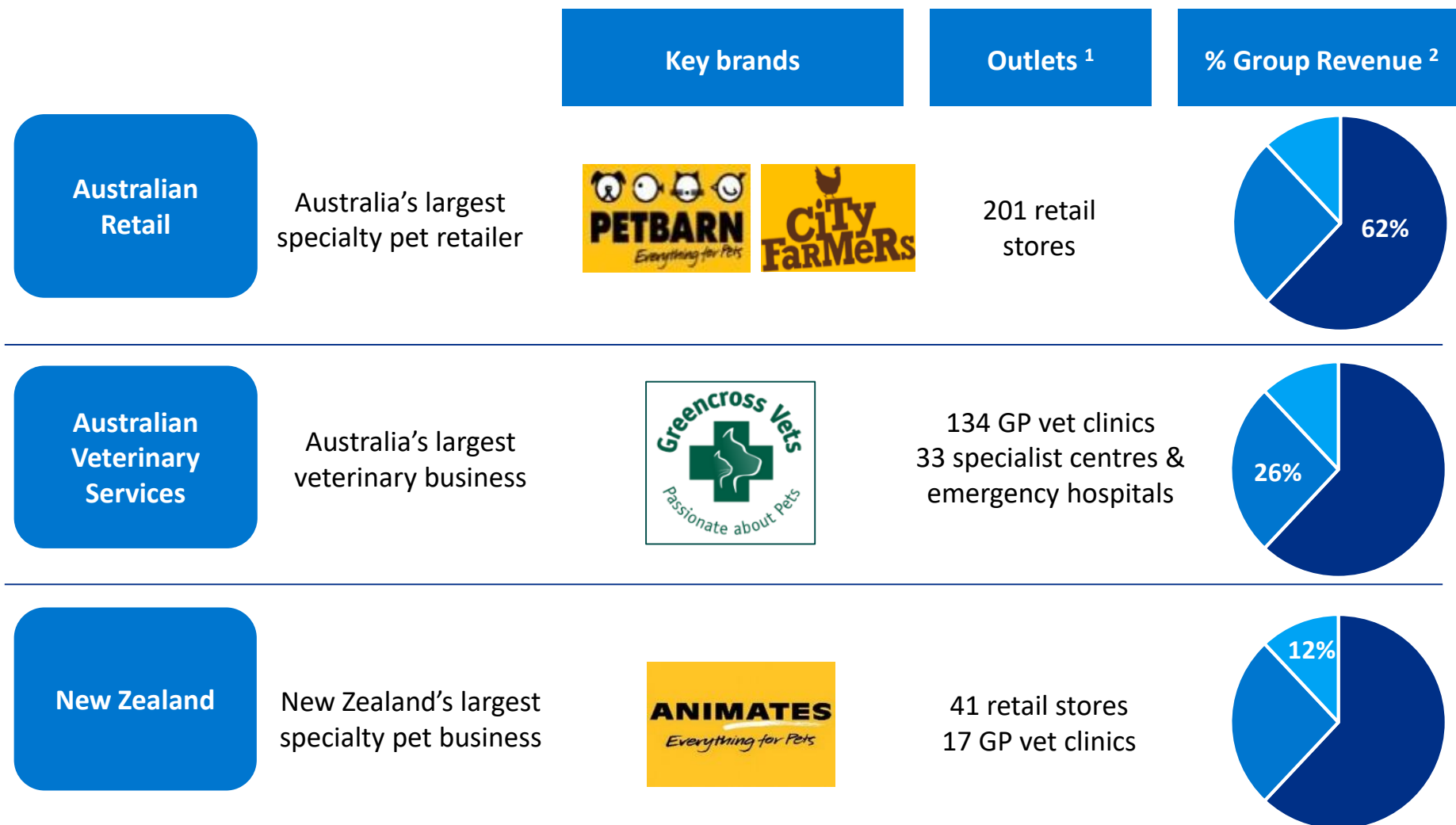
- Greencross has a 9% share of the ANZ petcare market
- Services represent almost 50% of the market
- The market remains highly fragmented
- Market growth is being driven by trends towards humanisation of pets, premiumisation of pet products and outsourcing of services like grooming, training & obedience and dog washing

	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' key business divisions

Greencross has three key business divisions

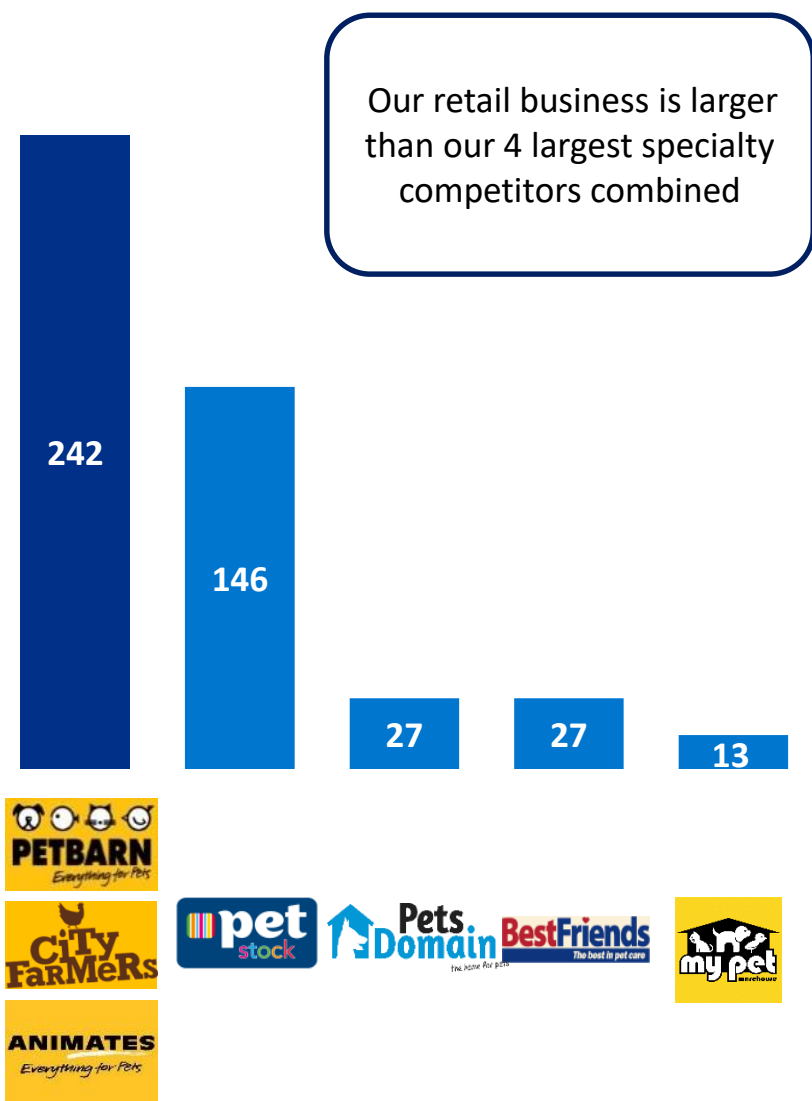


1. As at 30 September 2017

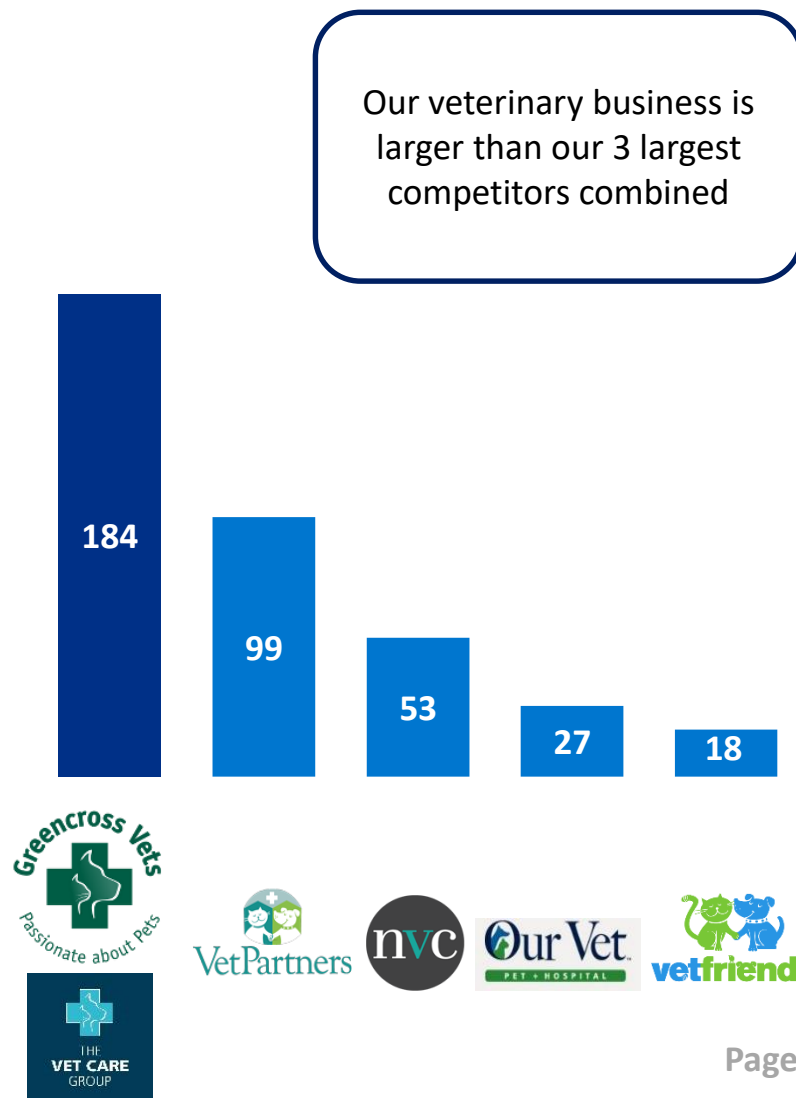
2. Based on contribution to FY2017 revenue

Greencross is the largest specialty pet retailer and veterinary group in Australasia

#1 Specialty Pet Retailer

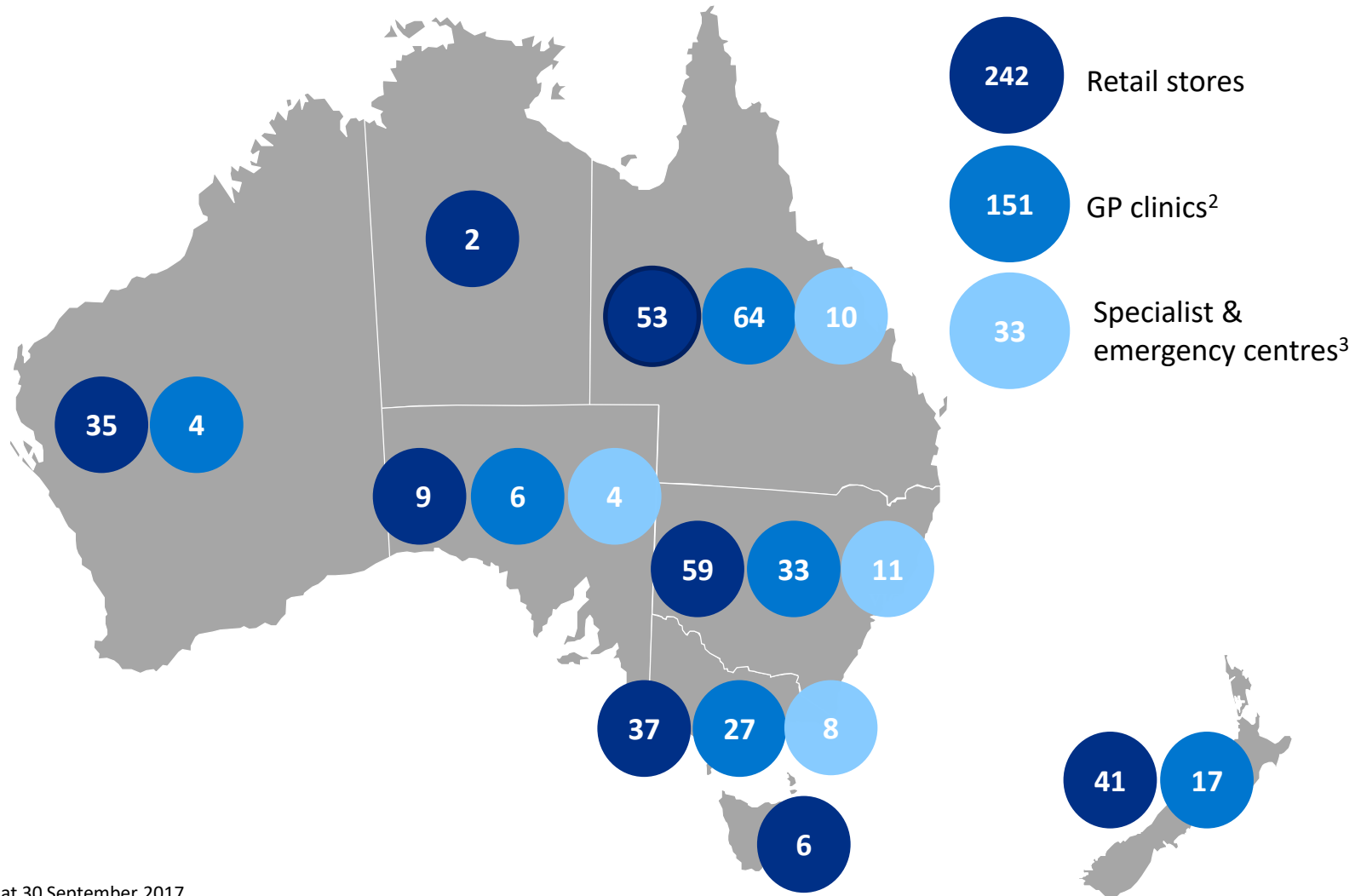


#1 Veterinary Group



Greencross store and clinic network

Greencross' network comprises 426 stores and clinics across Australia and New Zealand¹



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

Positive pet trends in Australia¹

Growing dog population

- Since 2013, the number of dogs in Australia has increased by 3% to 4.8 million
- 3.6 million Australian households in Australia have a dog
- 66% of all dogs are kept indoors

Growing cat population

- Since 2013, the number of cats in Australia has increased by 7% to 3.8 million
- 2.7 million Australian households in Australia have a cat
- 59% of all cats are kept indoors and outdoors

Increased expenditure on pets

- Since 2013, annual spend per dog has increased by 33% to \$1,475 and annual spend per cat has increased by 35% to \$1,029

Pet specialty is increasing its market share

- Australians are increasingly choosing to shop at pet specialty rather than supermarkets
- Approximately 25% of dog and cat owners now make the majority of their food purchases at specialty stores

Growing demand for services

- Last year, Australians spent \$2.2 billion per annum on veterinary services, \$580 million on grooming and \$490 million on pet insurance



Veterinary services

Snapshot of our veterinary business

Greencross is the #1 player in the ANZ veterinary services market

- Greencross is the leading player in the \$2.6 billion ANZ veterinary services market
- Our network comprises 151 GP clinics and 33 specialist centres and emergency hospitals
- Greencross has expanded its network by over 10% in the past 12 months, primarily through organic growth via the opening of in-store clinics
- Greencross employs over 650 vets and has over 250,000 active vet clients
- Greencross veterinary division represents ~30% of the Group and generated \$214 million of revenue and \$26 million of EBITDA in FY2017
- Greencross is achieving above industry growth (FY2017 LFL sales 4.8%) driven by the ramp up in-store clinic visits, group loyalty and cross referrals from our retail business



In store clinics

The roll out and retrofitting of in-store clinics is a key organic platform for Greencross

- Greencross is uniquely placed to drive significant growth via in-store clinics given the scale of our store network
- Rolling out in-store services is a key part of Greencross' integrated petcare strategy and we are committed to a long term target of 60% of retail stores with an in-store clinic
 - Opportunity for > 120 in-store clinics
 - Potential to double existing vet clinic fleet via organic growth
- In-store clinics provide a number of benefits to our business:
 - Uplift in sales and EBITDA/sqm for our retail stores.
 - Better customer experience offering all products and services in one convenient location
 - Higher customer engagement, underpinned by Group loyalty program
 - Driving store foot traffic and visit frequency and enabling cross selling
 - Deliver a superior ROIC to standalone vet acquisitions
- Offset retail store lease costs through rental charge to the vet practice for the space occupied
- Proving attractive to vets because of the opportunity to partner in the business and leverage the retail store customer base to increase vet patient numbers

Welcome to Greencross Vets Castle Hill



In-store clinics



17% 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
- Superior return on capital. 25% ROIC with capital cost 60% of equivalent acquired clinic
- Initial start up losses but strong pay back
- Typically GXL contributes 90% of establishment capex and vet contributes balance in exchange for profit participation
- Vet receives market salary, annual profit share (subject to performance targets) and exit payment based on year 5 EBITDA

Strong Performance

- 20 in-store clinics opened in FY2017 and 4 opened FY2018 YTD bringing total to 41
- 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

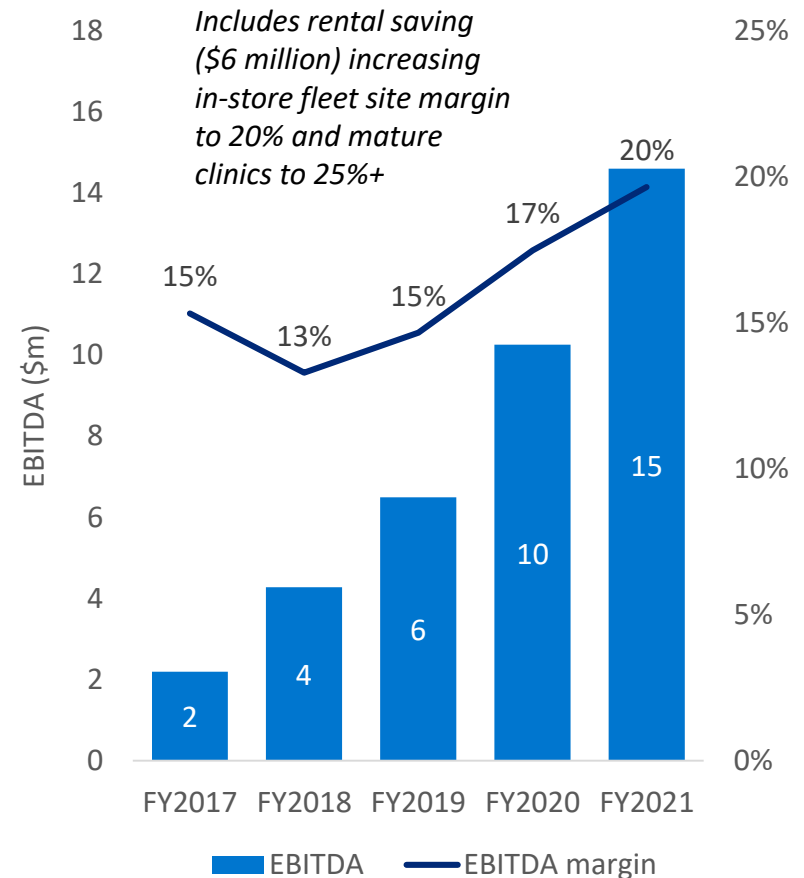
17% of stores have an in-store clinic – with a target of 60%

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



Specialist & emergency

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





Retail

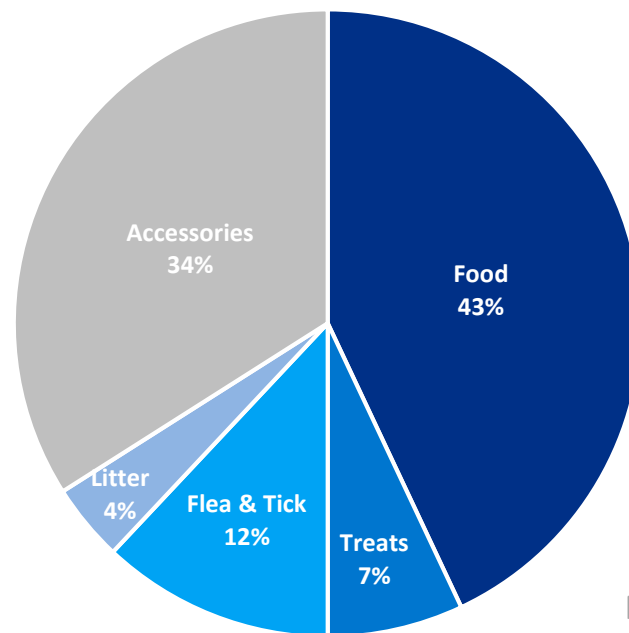
Snapshot of our retail business

The largest pet specialty retail chain in Australasia

- Our retail network comprises 201 stores in Australia and 41 stores in New Zealand¹
- We trade under the Petbarn, Animates and City Farmers brands
- Greencross' retail division represents over 70% of the Group and generated over \$600 million of revenue and \$74 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



FY2017 Australian retail sales by category

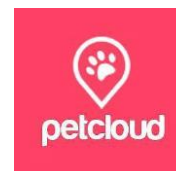


1. As at 30 September 2017

In-store & online services

One stop shop driving foot traffic and cross shopping

- In-store clinics in 17% of stores with target of > 60%
- Largest pet groomer in ANZ with 83 grooming salons (34% of stores)
- 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



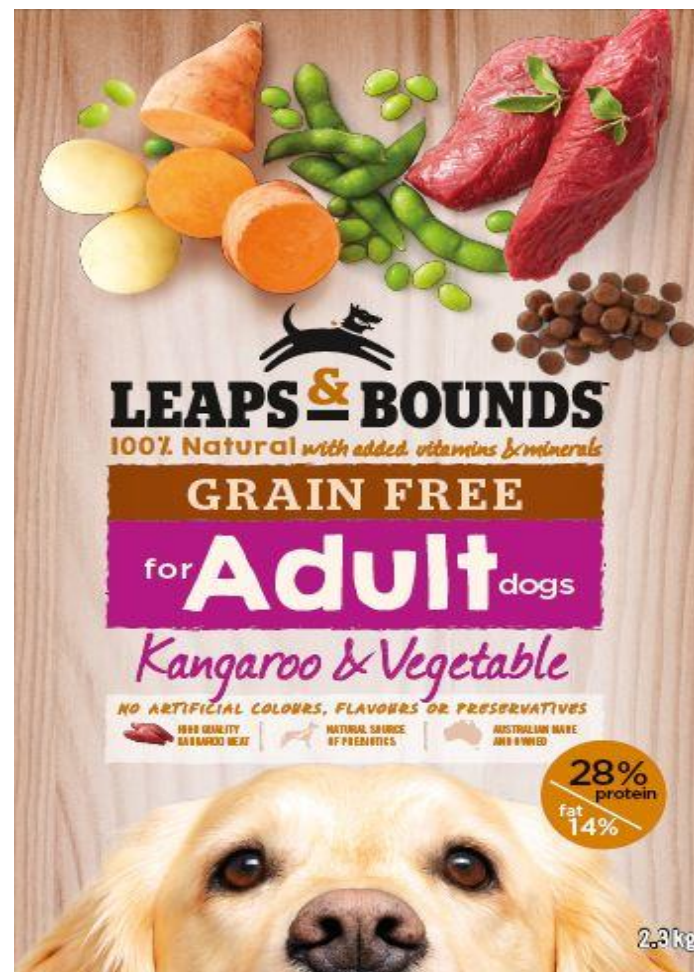
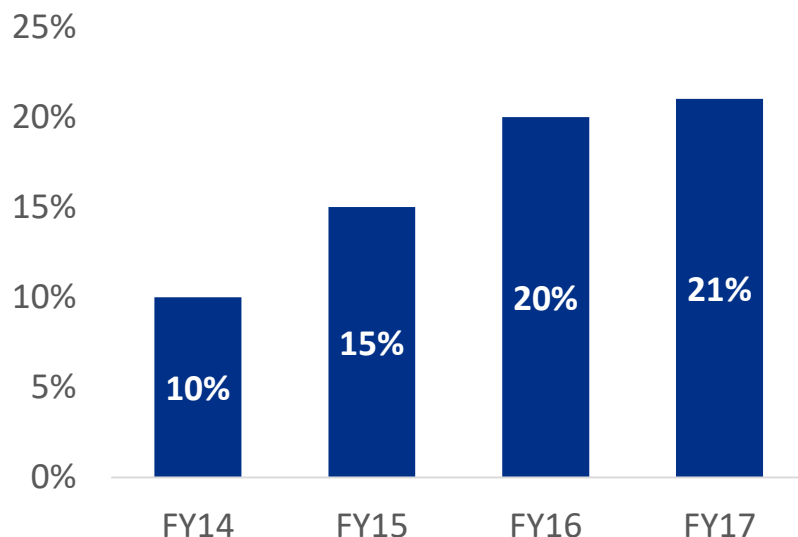
Private label sales

Private label sales have reached 21% of Australian retail sales. Our medium term target for private label sales is 25%.

Leaps & Bounds

- Greencross launched its own private label Leaps & Bounds dog food in June 2016
- Australian made 100% natural essential dog food
- Customer response has been extremely positive, with \$6 million sales in FY2017

Private label sales as a % of Australian retail sales



Online growth remains a key priority

- We are leveraging our unmatched database of pet owners 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
- Our online sales grew by 55% in FY2017 and now represent 3.5% of total retail sales
- Our Group Loyalty program and data analytics capability means we can 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 4,500 product lines
- We completed an Australia wide roll out of click & collect in February 2017. Click & Collect now represents over 40% of online sales.





CLICK & COLLECT

ORDER ONLINE, PICK UP IN-STORE.

- ✓ Free collection
- ✓ Place Order by 7am pick up after 11am*
- ✓ Place Order by Noon pick up after 3pm*

*Please note that occasionally during periods of high demand this may not be possible, please ensure you have received an email confirming your order is ready to be collected before proceeding to store.

Group loyalty

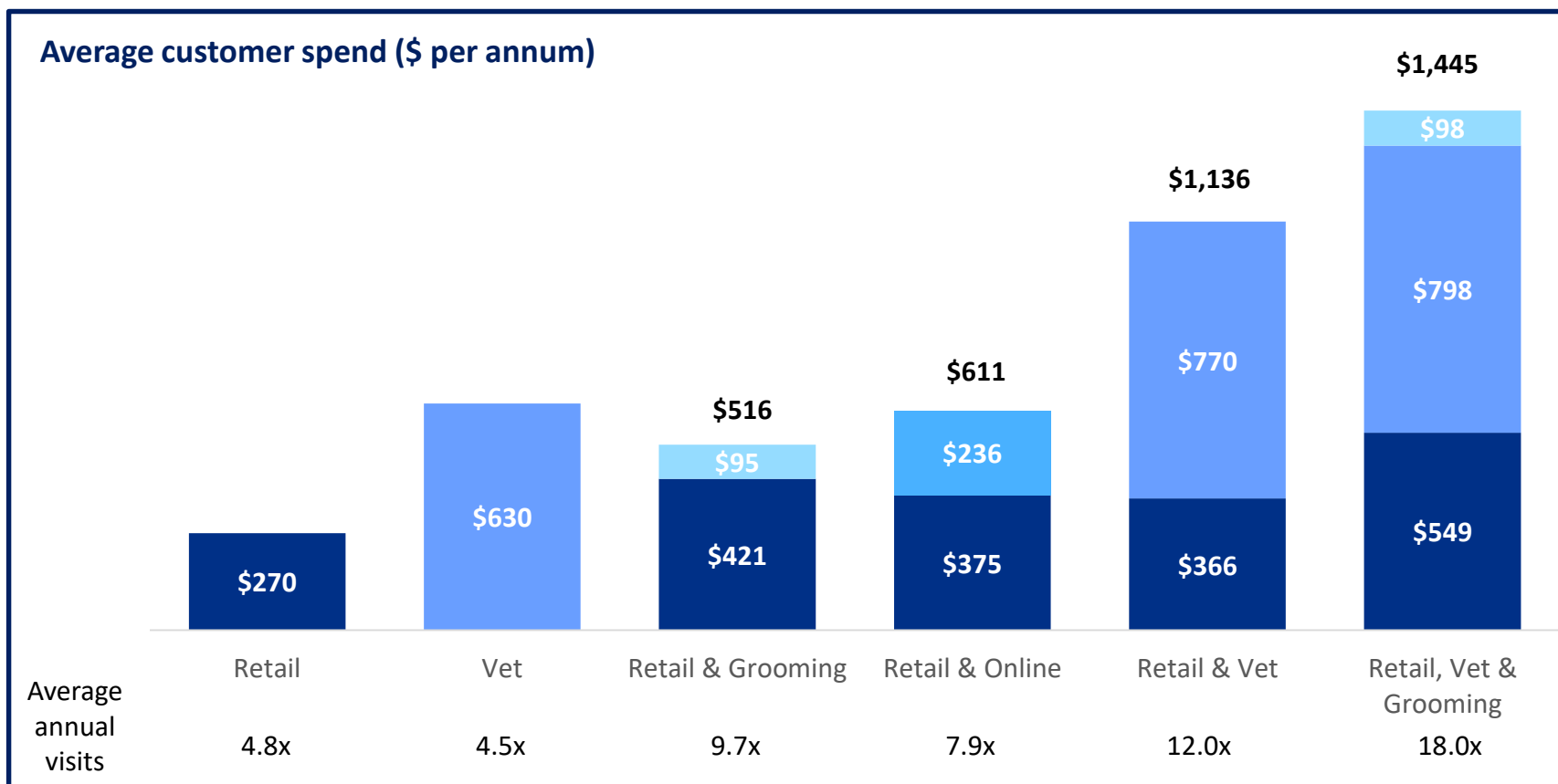
Relaunched Group Loyalty program

- 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 investment in refreshed loyalty program reflected in retail LFL sales



Cross shopping

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.

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	15 - 20 stores	>\$2.5m plus services	\$1.2m including inventory and services	3.5 years	~20%	350
	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

Management team



Management team



Martin Nicholas , Chief Executive Officer

Martin has 30 years of operational experience in finance, M&A, IT, supply chain, retail, professional services and FMCG sectors. Martin joined Greencross Limited as Chief Financial Officer and was subsequently appointed Chief Executive Officer in August 2015. Prior to joining Greencross Limited, Martin spent two decades in the consumer goods industry with Unilever across the UK, China, Asia and Australia, with responsibility for finance, IT, supply chain, M&A, and retail pricing and promotional strategy development. Martin was also CFO of Study Group International and served as Group Finance Director for Rentokil Initial PLC.



Tanya Houghton, Chief Operating Officer, Retail

Tanya leads the Greencross Retail Team for Australia and New Zealand. Tanya has over 20 years of experience working in retail, including 12 years with Greencross. Prior to her appointment as COO Retail, Tanya held a number of senior management positions in Greencross' retail business including COO New Zealand, National Operations Manager, National Marketing Manager and National Business Development Manager



Darren Maier, Chief Operating Officer, Vet Services

Darren leads the Greencross Vet Services Team. Darren has over 17 years of leadership experience working in professional services, delivered across multisite businesses. Darren is responsible for managing Greencross' veterinary clinics and delivering excellence in clinical standards, client service and professional development.

Management team



Warwick Thresher, Chief Financial Officer

Warwick was appointed Chief Financial Officer in January 2016. Warwick joined Greencross in 2014, and as General Manager, Finance has been responsible for financial planning and analysis across the Group. Before joining Greencross, Warwick was Group Financial Controller of Study Group International, a private equity owned education business and has previously held senior finance positions with InterContinental Hotels Group (a FTSE 100 company), MITIE Group (a FTSE 250 company) and GE Capital UK. Prior to this Warwick qualified as a chartered accountant in the UK with Arthur Andersen.



Vince Pollaers, Chief Human Resources Officer, General Counsel and Company Secretary

Vincent is responsible for Greencross' Human Resource, Learning and Development, and Legal Compliance functions. Vincent has over 20 years experience as a lawyer and strategy consultant. Prior to joining Greencross, he held roles as the General Counsel, Company Secretary and Strategy Executive for IBM Australia & New Zealand; Asia Pacific Managing Director for McKinney Rogers, a boutique strategy consultancy firm; corporate lawyer with Freshfields in London and Allens Arthur Robinson in Sydney; and management consultant with Pricewaterhouse Coopers in Hong Kong. Vincent is also a Director of The Petbarn Foundation



Richard Bowker, Chief Merchant

Richard leads the Greencross Product and Merchandising Teams. Richard has over 23 years of experience working in retail including 14 years with Greencross. Prior to his appointment as Chief Merchant, in his role as GM Merchandise, Richard was instrumental in successfully expanding Greencross' product range (including private label), growing the capability of the product team and strengthening supplier relationships

Management team



Dr Rachel Chay, Chief Veterinary Officer

Rachel is Greencross' Chief Veterinary Officer and the chair of Greencross' Veterinary Advisory Board. Rachel is responsible for maintaining the highest standards of clinical care across our specialty, emergency and general practice network. Rachel has clinical leadership for our veterinarians and oversees the development and execution of clinical and professional training programs for our vet and nursing teams. Rachel is an experienced companion animal practitioner who has worked in both general and emergency and critical care practice for 15 years. Rachel has completed her membership exams in feline medicine and prior to joining Greencross worked as an accredited vet for AQIS.



David Bissett, Chief Operating Officer, Supply Chain and Business Systems

David leads Greencross' business development function and is also responsible for e-commerce, supply chain and IT business systems. David has over 15 years experience working in retail and supply chain. Most recently, prior to joining Greencross, David was Head of Vendor Management at Coles, where he led a number of major supply chain and merchandise projects and operational teams. Prior to that, David worked as a supply chain consultant with PwC.



Petbarn Foundation

The Petbarn Foundation

Greencross sponsored over 7,000 pet adoptions in FY2017 (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 in FY2017 for our charity partners below



SEEING EYE DOGS
australia



Pets Haven
Foundation

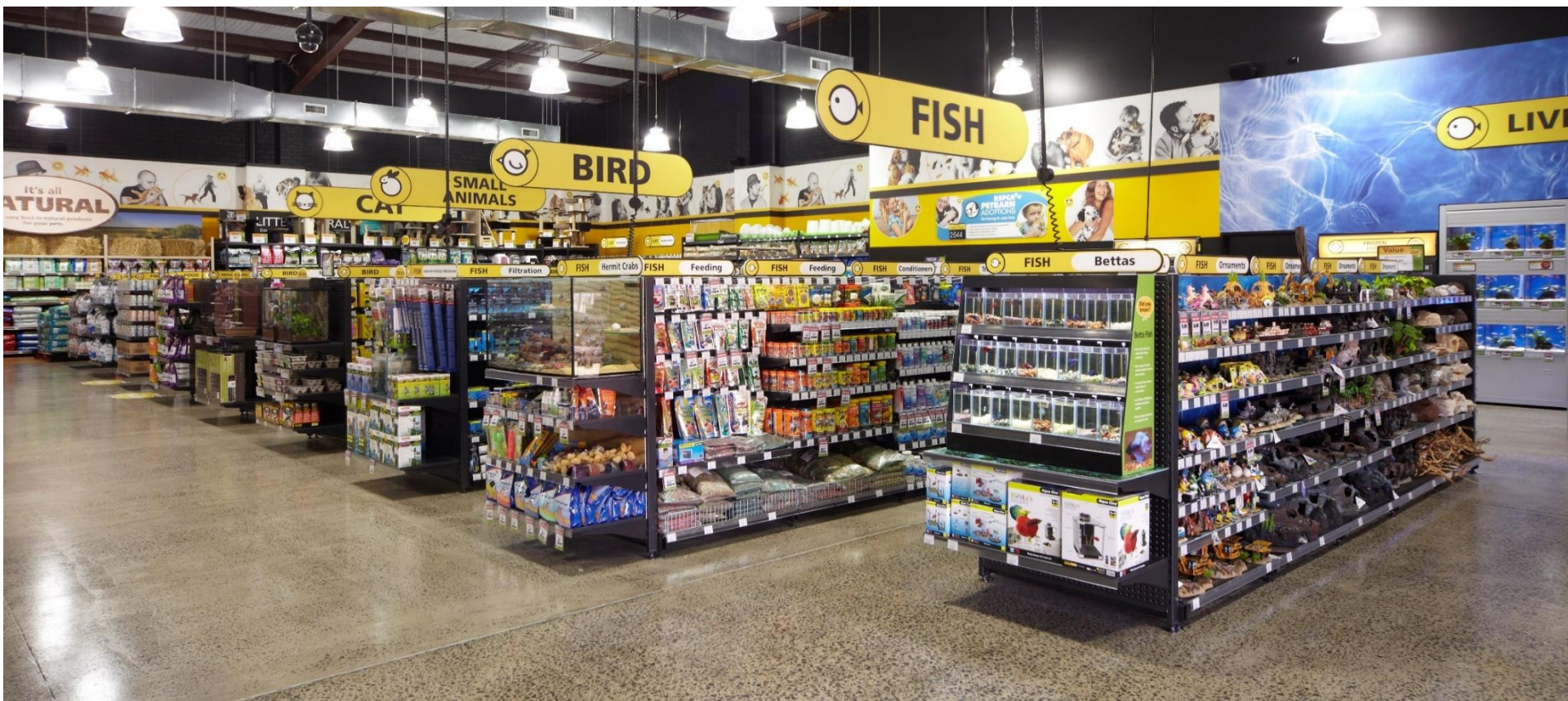


Appendix





Petbarn, Animates and City Farmers stores follow a similar layout. All feature a centre spine which the departments run off. Signage is simple, crisp and clear.



Polished concrete floors allow and encourage customers to bring their dogs in shopping, many do just that.



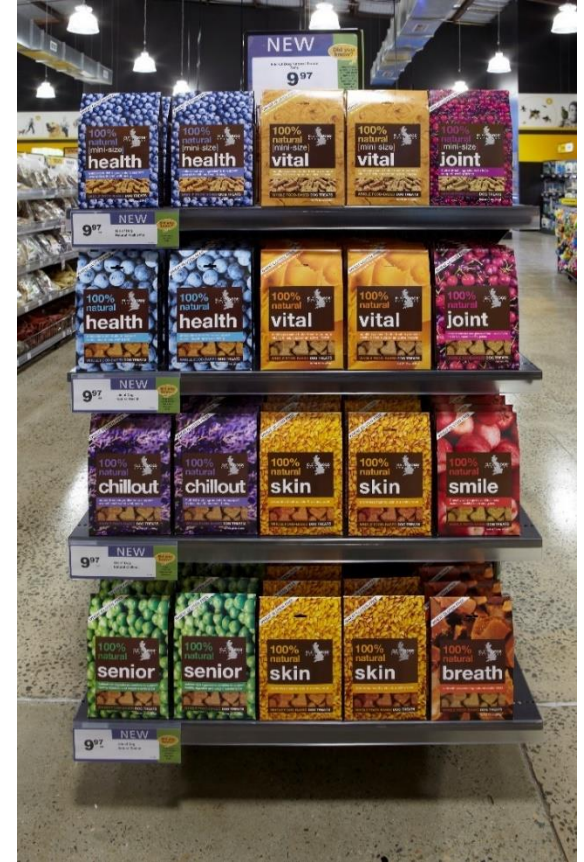
The large amount of information in our stores is designed to educate customers how to be the best pet parents they can.



Our range story is very important to reinforce our specialist position.



Our registers are open and inviting. Medicinal products are easily available so customers can discuss the available options with team members.



Private label lines represent over 20% of Australian retail product sales. Exclusive lines like these treats are important traffic driving tools.



A dedicated natural section features in all stores.



Live fish is a popular category across our stores.

Passionate about Pets



Greencross Vets

Castle Hill



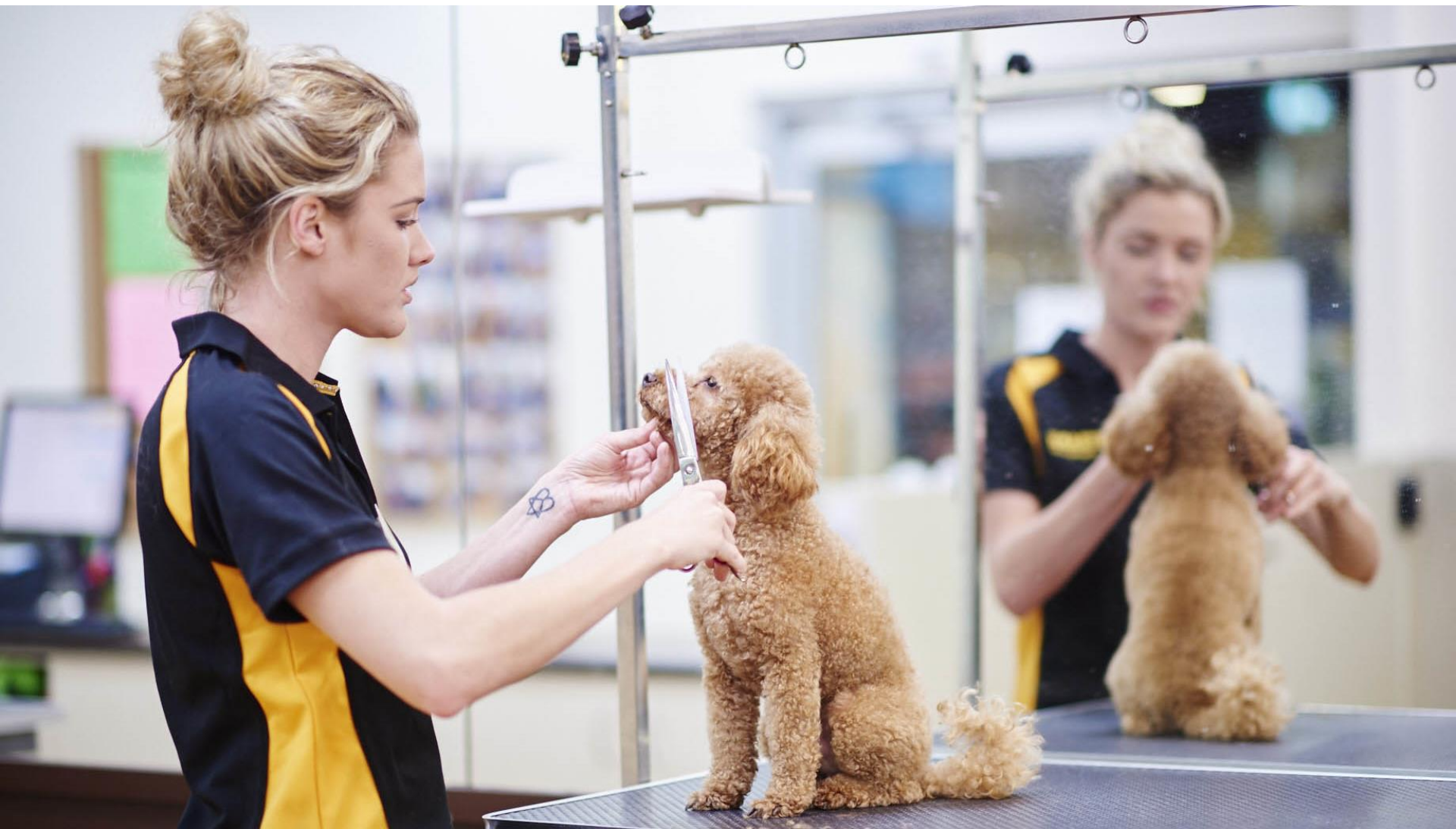
With over 650 professional veterinary staff, we are Australia's single largest employer of vets.



Our clinics are full service veterinary surgeries.



In-store services like vet, grooming, dog washing and pet adoptions are key to driving retail footfall and visit frequency.



We have over 80 grooming salons in our retail stores and groom more than 140,000 dogs each year.



Over 100 of our retail stores now have pet adoption centres to help save the lives of abandoned animals by finding them a loving home.