

ASX Announcement

5 February 2018

Greencross appoints Simon Hickey as CEO & Managing Director

Greencross Limited (ASX: GXL) (**Greencross**) is pleased to announce the appointment of Simon Hickey as Chief Executive Officer & Managing Director, effective 5 March 2018. Martin Nicholas will step down as CEO at this date, after nearly 4 years with the Group.

Chairman of Greencross, Stuart James, welcomed the appointment of Mr Hickey as a key step in the company's continued growth trajectory.

Mr James said: "Greencross has strong growth foundations in place as Australasia's largest integrated pet care company, with more than 190 veterinary practices, 247 specialty retail stores and a fast growing online presence in Australia and New Zealand. With this infrastructure in place, the time is now right for the company to rejuvenate the customer experience and deliver the full benefits of our omni-channel integrated pet care model for our customers and shareholders.

"We are excited to have Simon join Greencross as its next CEO and Managing Director. He brings to the company extensive executive leadership experience, with a significant understanding of complex competitive business environments and a track record of delivering improved customer experience and driving commercial outcomes. Simon is also well placed to maximise the value of our rich customer data, and rejuvenated loyalty program, given his success building Qantas' loyalty and data business.

"We thank Martin for his commitment and significant contribution as both CEO, and prior to that as CFO, of Greencross. Martin stepped into the CEO role during a turbulent time for the company and ensured that the synergies from our merger were delivered, maintained the company's strong growth trajectory, evolved the integrated pet care model establishing 40 in-store clinics and introduced an omni-channel structure. Over the four years that Martin has been CEO and CFO at Greencross, the company has nearly doubled its revenue and EBITDA. We wish Martin well in his future career," said Mr James.

He also welcomed Mr Nicholas' commitment to provide support to Greencross and Mr Hickey to ensure a smooth transition for the first five months after Mr Hickey's arrival.

Mr Hickey joins Greencross with 10 years' experience in Chief Executive roles with Campus Living Villages, Qantas International & Freight, and Qantas Loyalty. He is also currently Deputy Chairman of the Sydney Children's Hospital Foundation. In addition to his Chief Executive experience, Mr Hickey also has over 10 years' experience in strategy and finance roles.

Mr James said Mr Hickey's hands-on experience leading organisations focused on customer experience and navigating evolving technologies meant he was well positioned to lead Greencross through its next growth phase.

As CEO of Qantas Loyalty, Mr Hickey built a customer loyalty engagement business from a traditional airline loyalty model. Mr Hickey developed and launched the online retail store, the any seat product, the epiQure food and wine club and the foreign exchange debit card demonstrating his entrepreneurial and leadership skills.

He expanded the program to more than triple the membership and create more ways to earn points, delivering significant business growth and profitability. He has been a front runner in Australia in building data centric businesses to enhance customer experiences, engagement and brand loyalty. As the CEO of Qantas International and Freight, he turned around a loss-making business to profitability, also delivering record levels of customer advocacy and staff engagement.

Commenting on his appointment, Mr Hickey said: "I am excited to be given the opportunity to lead Greencross as it begins its next growth phase. Greencross has a strong reputation for innovation in the pet care industry and has led the evolution of an integrated pet care model in Australia and New Zealand. With a large growing customer base and physical footprint, the company is at an exciting point, where it can strategically use data to rejuvenate the customer experience and further grow its omni-channel business.

"I look forward to working with the board, management and staff at Greencross to continue to build on its leading market position, and to provide innovative products and services to support customers across all their pet care needs," he concluded.

A summary of the key terms of Mr Hickey's employment contract has been included as an Appendix to this announcement.

Greencross will be announcing its results for the six months ended 31 December 2017 on 20 February 2018. While the company is yet to complete its audit for the half year, Greencross expects to deliver 9% growth in first half revenue to approximately \$430 million and first half underlying NPAT of at least \$24 million. The Group achieved 4.5% LFL sales growth in the first half. The business continues to perform in line with plan in H2 FY2018 YTD and the company remains comfortable with market consensus for the FY2018 full year result.

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Appendix

Material terms of Simon Hickey's appointment as CEO of Greencross

Key terms	Detail
Commencement date	5 March 2018
Duties and reporting structure	<p>The duties of Mr Hickey are those commonly expected of a CEO, including reporting to, and receiving directions from, the board of directors of Greencross.</p> <p>Mr Hickey will also join the board of directors of Greencross from 5 March 2018.</p>
Term	No fixed term. Ongoing until terminated by either party in accordance with the employment contract.
Total Fixed Remuneration (TFR)	Base salary of \$950,000 per annum, including superannuation. The TFR will be reviewed annually from 2019 onwards with effect from 1 July each year.
Short Term Incentive (STI)	<p>A maximum of 75% of TFR if all of the performance conditions are satisfied.</p> <p>The FY18 STI will be pro-rated having regard to Mr Hickey's commencement date, will be paid half in cash and half in the grant of share rights, and includes both financial and non-financial components.</p> <p>The STI does not form part of the TFR for any purpose, including the calculation of notice, payment in lieu of notice, or any other entitlement.</p>
Long Term Incentive (LTI)	<p>A maximum of 75% of TFR if all of the applicable performance conditions are satisfied.</p> <p>The FY18 LTI will be pro-rated having regard to Mr Hickey's commencement date and will be made by a grant of share rights. This allocation is subject to the approval by Greencross shareholders at the respective Annual General Meeting.</p>
Notice Period	<p>6 months' written notice from Greencross to Mr Hickey, and from the Mr Hickey to Greencross. Greencross' notice period is reduced to 3 months in the event of Mr Hickey's illness or incapacity.</p> <p>Mr Hickey's employment may be terminated immediately if he:</p> <ul style="list-style-type: none"> • engages in serious or willful misconduct; • is seriously negligent in the performance of his duties; • commits a serious or persistent breach of his employment agreement;

	<ul style="list-style-type: none"> • commits an act, whether at work or otherwise, which brings Greencross into disrepute; or • is convicted of an offence punishable by imprisonment or proceedings commence which he is made bankrupt.
Non-competition	<p>During his employment, Mr Hickey must not be engaged, concerned or interested in any activities anywhere in Australia that are materially competitive with the business of Greencross without Greencross' prior written consent.</p> <p>After termination of his employment, except with the written consent of the Chairman, Mr Hickey must not, for a period of 6 months, be involved in any business which is materially competitive with the business of Greencross.</p>
Other terms	<p>Mr Hickey's employment agreement also contains general provisions relating to hours of work, compliance with Greencross' policies, reimbursement of Greencross expenses, leave entitlements (including 4 weeks' annual leave, 10 days' personal carer's leave and long service leave), suspension from duties (if the Board views Mr Hickey's conduct, capacity or performance may warrant serious disciplinary action), disclosure of information, intellectual property arrangements and arrangements relating to compliance and approvals.</p>