



National
Veterinary
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Rapid Insights

Melbourne - June 2017

nvc ltd.com.au



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Business Overview



Operational Highlights

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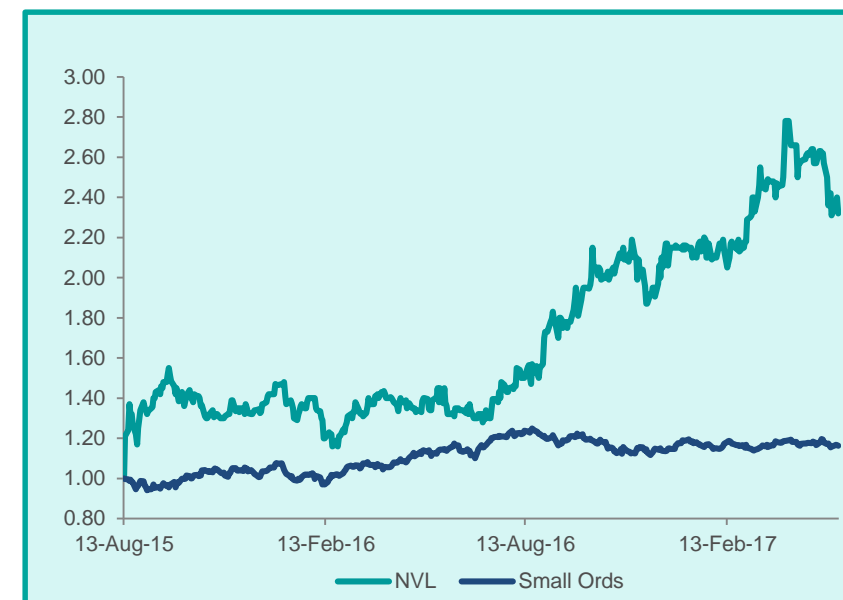
Integration of portfolio

- 14 acquisitions settled from 1st July 2016 to 30th May 2017.
- Total number of integrated veterinary services businesses to 55.
- Combined, the clinics settled this FY have historically delivered annualised revenue and an annualised EBIT of AUD \$20.3 million and AUD \$4.6 million respectively.

Implementation of initiative(s)

- Wellness Program now implemented in 36 clinics with a total of 10,198 members. 112% growth since 1st July 2016.
- 7 more clinics will commence selling Best for Pet by July 2017.
- Current NPS Score of 74.97 with over 9,894 completed surveys since July 2016.
- The Training Centre now offers 54 workshops per annum, training 1,000 veterinary professionals up 237% from 2016.

Share Price Performance



National Veterinary Care



NVC Clinics



**Centre of Excellence
(Training Academy)**



**Management Services
& Procurement Division**

Business Overview

- NVL is a provider of veterinary services to companion animals in Australia and New Zealand



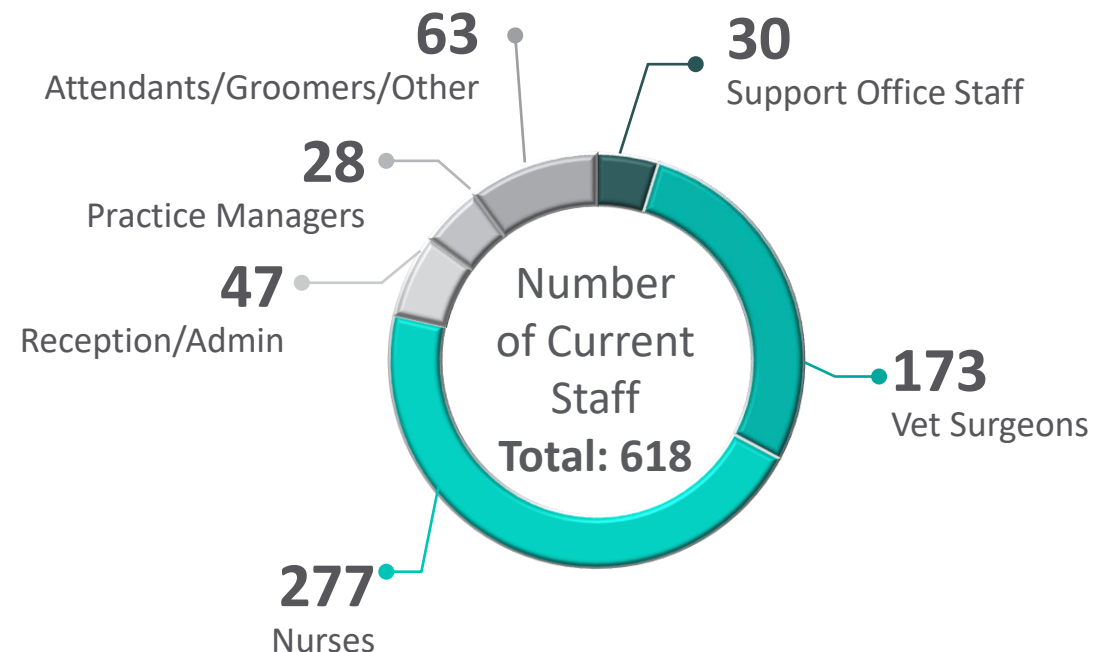
55 owned businesses:

- 50 general practice clinics
- 5 business-to-business operations



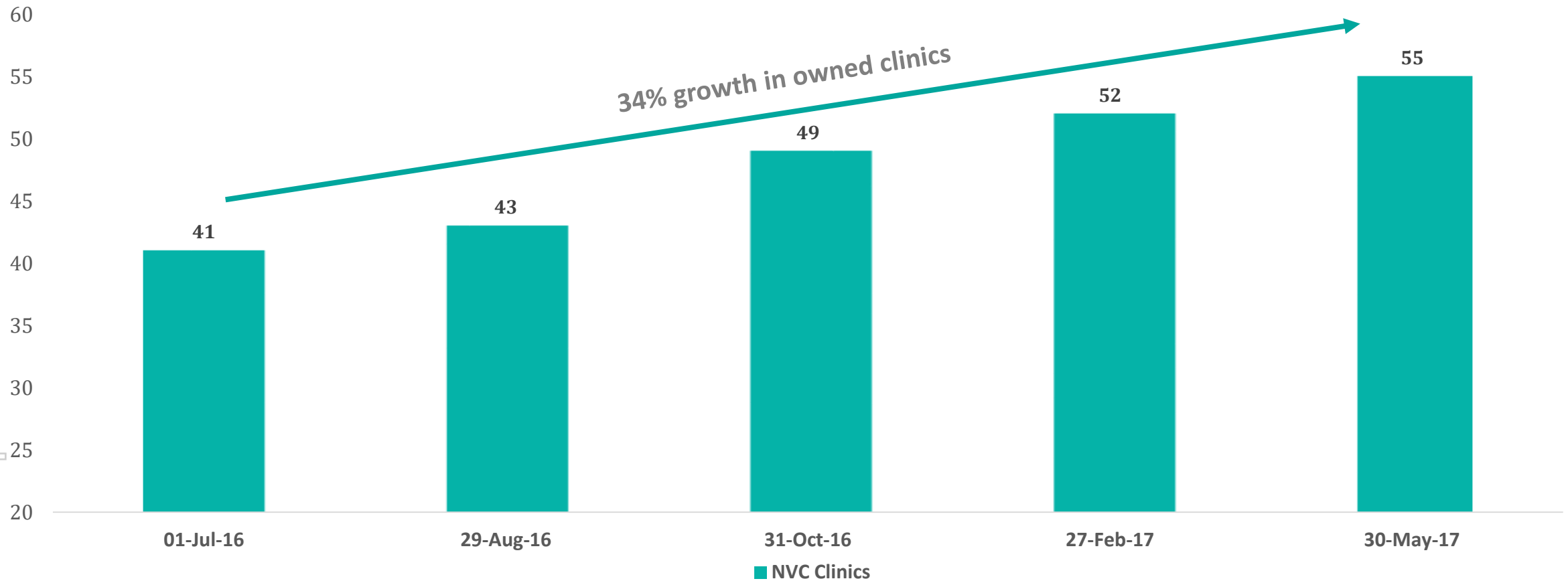
347 independent clinics utilising our Management Services and Procurement Division

- Group proudly employees 173 Veterinary Surgeons
- Number of current staff is 618



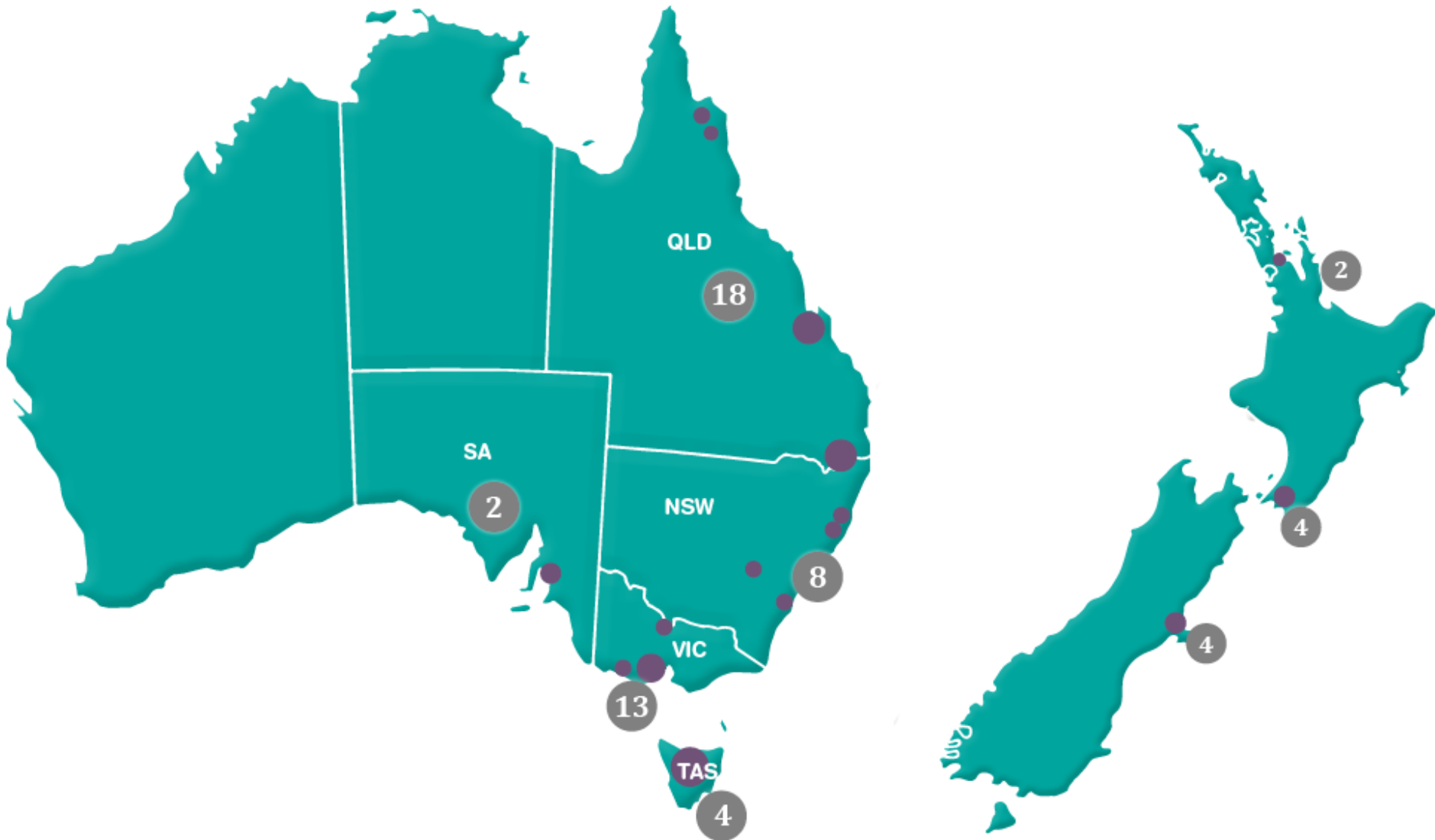
Growth Achieved since 1 July 2017

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Australia and New Zealand Portfolio

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Pet Ownership – Australia and New Zealand



- The overall pet industry in Australia is estimated to be worth \$12bn. An increase of 42% since 2013.

- 4.8 million dogs in Australia and 3.8 million cats with total household pet ownership of 62%.

- Australia - 79% of dogs go to the vet at least once a year compared to 65% of cats.



- The overall pet industry in New Zealand is estimated to be worth 1.5bn.
- 683,000 dogs in New Zealand and 1.13 million cats with total household pet ownership of 64%.
- New Zealand - 82% of dogs go to the vet at least once a year compared to 64% of cats.

- **Highly fragmented markets**
- **‘Humanisation trend’ and the emergence of the ‘fur baby’ means demand for veterinary services tends to be steady from year to year**
- **Growth opportunities exist in advanced surgical and diagnostic procedures**



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Growth Strategy



Growth Strategy

NVC has three core growth platforms, each with attractive returns and significant runway remaining as it strives to increase its market share.

Organic Growth of Veterinary Services



- Expansion of the Wellness Program – Best for Pet.
- Benchmarking of clinical standards across practices via the practice management system (leading to the identification of training opportunities to optimise product/service offer).
- Better standards of care, leading to increased revenue streams through the upskilling of veterinary professionals through the Centre of Excellence – Training Academy.
- In-house provision of more complex services to reduce external referrals outside of NVC.

Growth by Acquisition



Significant opportunity for further industry consolidation in the veterinary services sector due to:

- The fragmented nature of the industry.
- The changing characteristics of the veterinary workforce.

Growth of Management Services and Procurement Division



Significant opportunity to grow the management services and procurement business unit by leveraging

- NVC's stronger buying power
- NVC's Centre of Excellence- Training Academy
- NVC's Systems
- Providing support to smaller independent clinics (approx. 1,506 clinics in Australia)



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Clinics & Centre of Excellence



Snapshot of our GP Clinics

Our network comprises 50 GP clinics

NVC employees over 170 veterinary surgeons and has over 100,000 active clients

NVC is achieving strong growth driven by increased client visitation, improvements in standards of patient care and client service, clinic renovations and brand refreshes

We have strong links with the industry, driven by our Management Services and Procurement Division and our Centre of Excellence which is open to all veterinary professionals

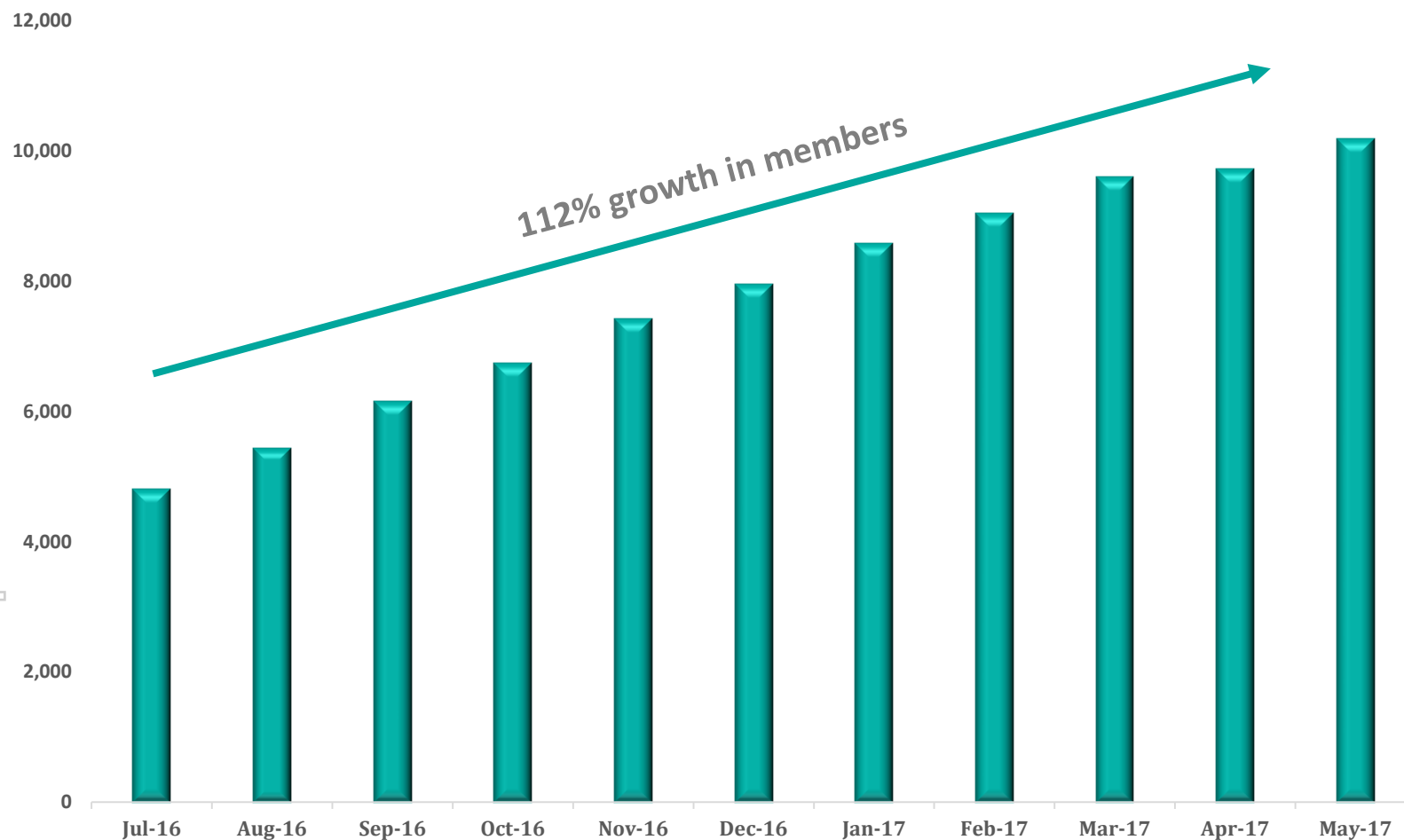
We are committed to clinical excellence through our Vet Advisory Committee



ALBION
VETERINARY SURGERY



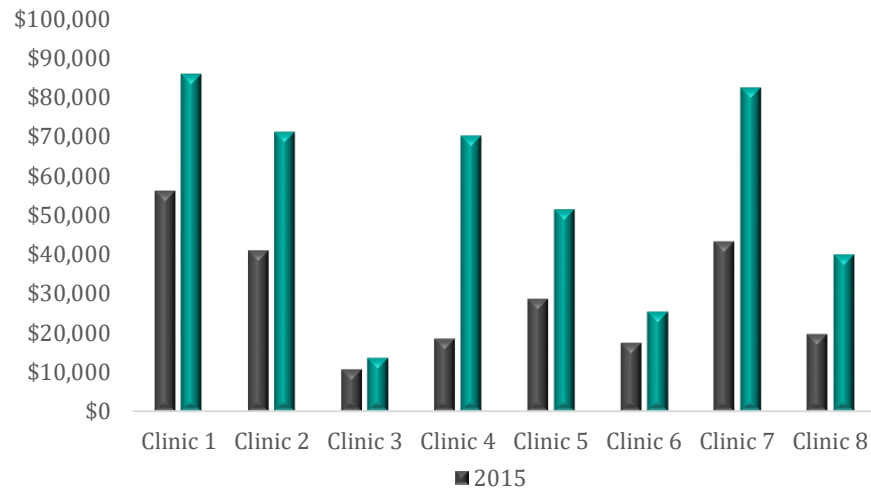
NVC Wellness Program **bestforpet**



- Membership growth of 112% since July 2016.
- An average of 11.35% of active clients are members.
- The strongest performing clinic has 35% of active clients as members.
- The current membership retention rate is 88%.

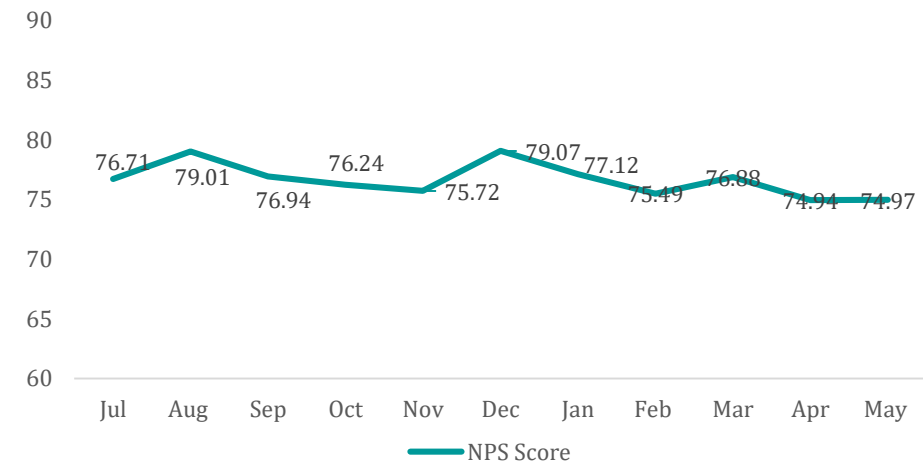
Key drivers of organic growth performance

Best for Pet facilitates year on year increase in client expenditure



- Increase in annual client expenditure varies between 26% and 279%.
- With an average percentage increase of 94%.

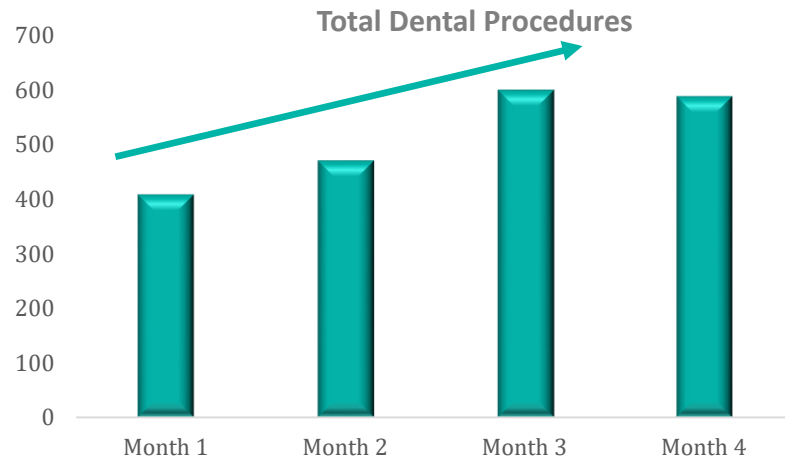
Using NPS to remain client centric



- Introduced Net Promoter Score (NPS) surveys to NVC clinics in February 2016.
- Current NPS Score of 74.97.
- NPS reporting platform provides real time access to client responses.

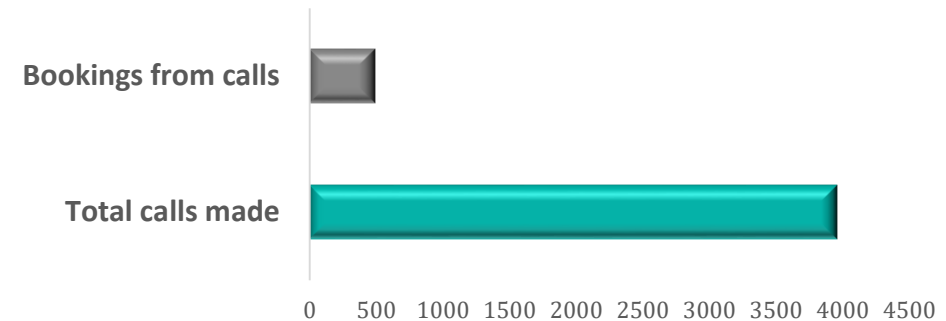
Key drivers of organic growth performance

Marketing campaigns impact clinical performance



- The dental campaign delivered a 27.4% increase in dental procedures.
- A new integrated CRM platform has been implemented to deliver campaign and targeted client communications

Outbound phone calls drive incremental clinic activity



- The outbound call activity resulted in a booking conversion rate of over 12%.
- This activity delivered 489 incremental clinic vaccination consultations

Centre of Excellence - Training Academy

- The Centre of Excellence – Training Academy opened in March 2016 in Ormeau, Queensland.
- The Training Academy is being used to deliver practical training to both NVC and non NVC veterinary professionals.
- Practical workshop topics include dental, behaviour, nutrition, pathology, orthopaedic surgery, radiology, soft tissue surgery, ultrasound retail, merchandising and customer service.
- The Academy is now being hired by external parties to facilitate their independent training programs.
- A second facility in Melbourne is being used to deliver Centre of Excellence practical training workshops.



Workshop Topics and Participation

Workshop Topics		No. of Workshops	No. of Participants
Dental	Understand malocclusions, radiology, client compliance and dental extractions in one day	21	354
Pathology	Practical skills in taking and preparing all standard cytology samples including fine needle aspirates	4	120
Behaviour	An ongoing series of seminars on diagnosis and treatment of behavioural issues in small animals	2	60
Imaging	Ultrasonography imaging techniques as well as reading and interpretation	4	76
Surgery	Surgical wound management, abdominal surgery, stifle joint surgery, feline surgery	12	126
Nutrition, Retail & Merchandising	Nurse consultations, merchandising nutrition in clinic effectively, nutrition and the effect on clinic profitability	6	144
Other	HR Staff Engagement, Effective use of Social Media, How to improve your customer service and customer loyalty, Critical KPIs and benchmarking, Critical Financial KPIs and how to analyse your monthly P&L	5	150
TOTAL		54	1,000

The objective is to grow non NVC veterinary professional participation to 50% per workshop.





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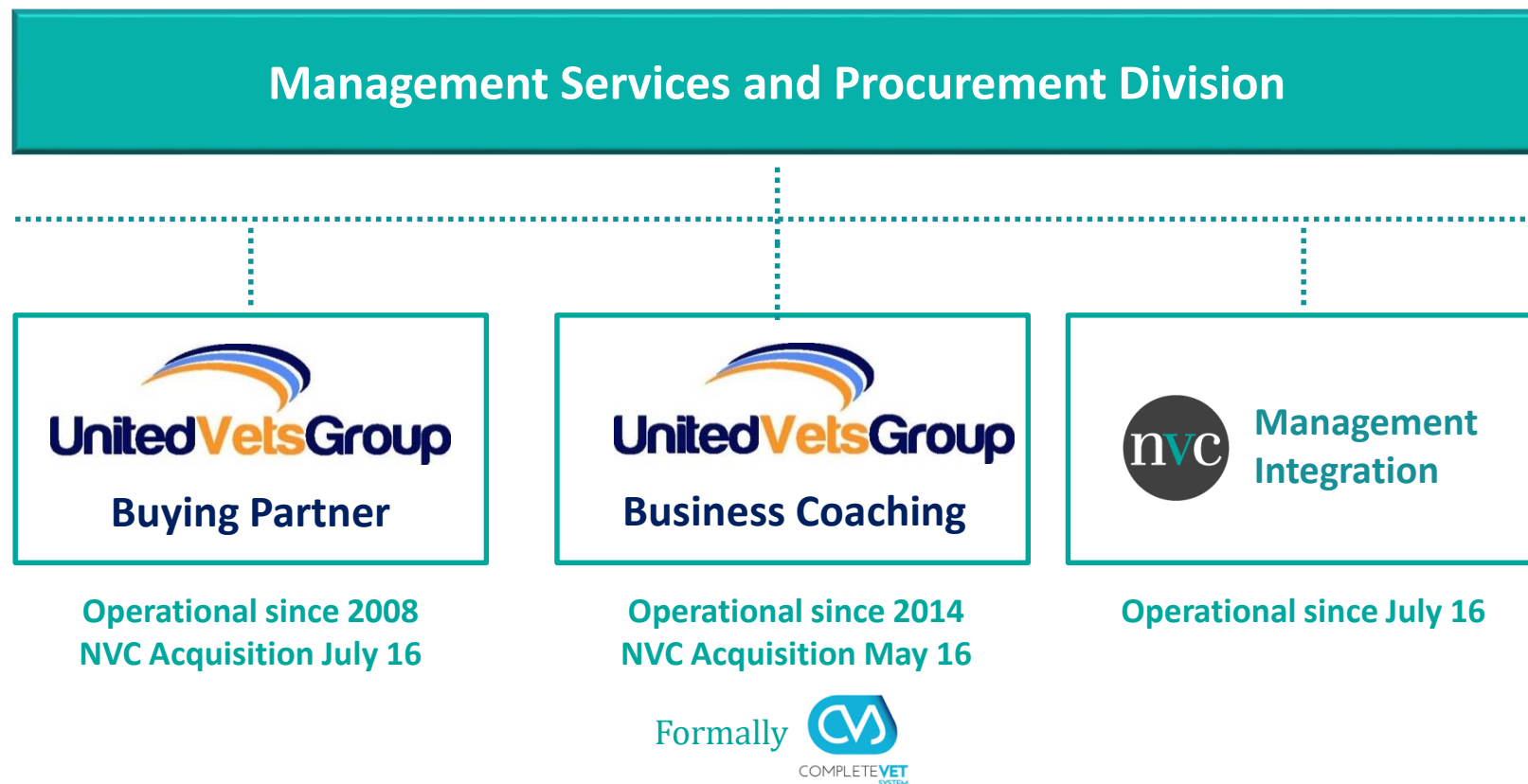
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Management Services



Overview of Management Services and Procurement Division

- The Management Services and Procurement Division has 3 different engagement levels to interact with clinics in the veterinary community.
- 2 of the engagement levels are driven from established businesses acquired by NVC.
- The clinics benefit from NVC's procurement arrangements and industry leading management and coaching programs and support.
- NVC benefits by building relationships and engaging with the wider veterinary community in Australia and New Zealand.



Engagement Level 1



- Members benefit primarily from procurement agreements (wholesaler, supplier and service providers), group buying power and rebates.
- Members will now be able to leverage, at a cost, NVCs systems and benchmarking.
- Members will also be offered preferential access and pricing to the NVC Centre of Excellence – Training Academy.

Engagement Level 2



The United Vets Group Business Coaching offers whole of clinic management consultancy. It combines technology, business processes and training to deliver regular, structured and growth focussed:

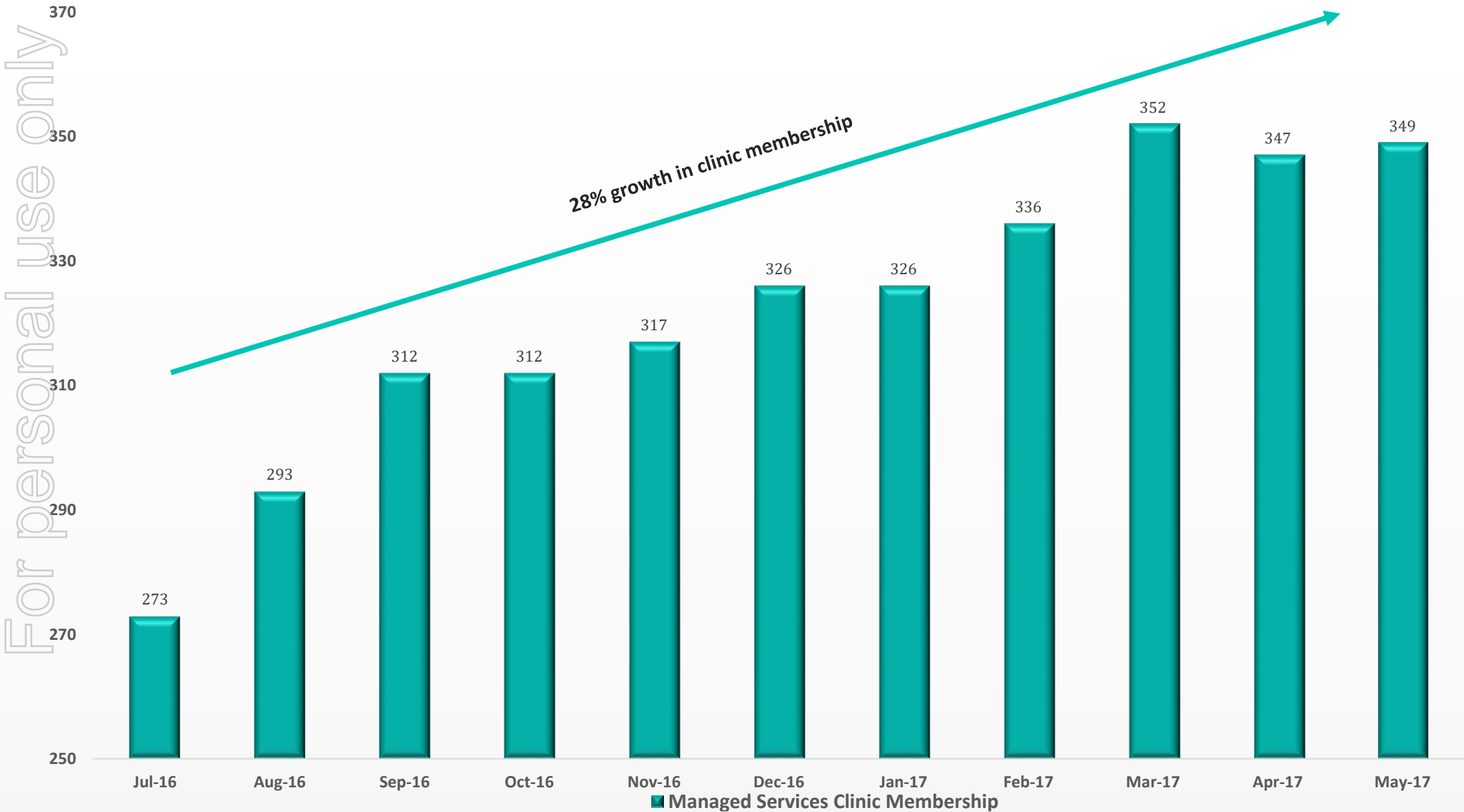
- Management Meetings
- Practice Performance Reviews
- Team Meetings
- Training Workshops (including customer service, HR, marketing, standards of care and more)
- Supplier Training
- Monthly performance and financial analysis reviews

Engagement Level 3



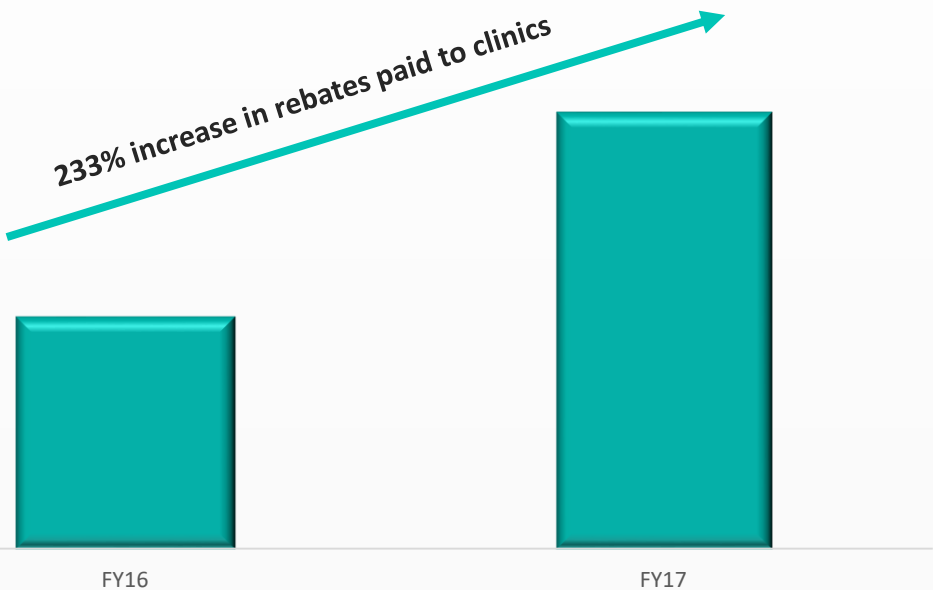
- NVC manages or provide support to the clinic including;
- Complete System Integration
 - Marketing, HR and IT Support
 - NVC Wellness Program – Best for Pet
 - NPS Client Surveys
 - Clinical Benchmarking
 - Preferential access to the NVC Centre of Excellence – Training Academy

Growth Achieved Since Acquisition

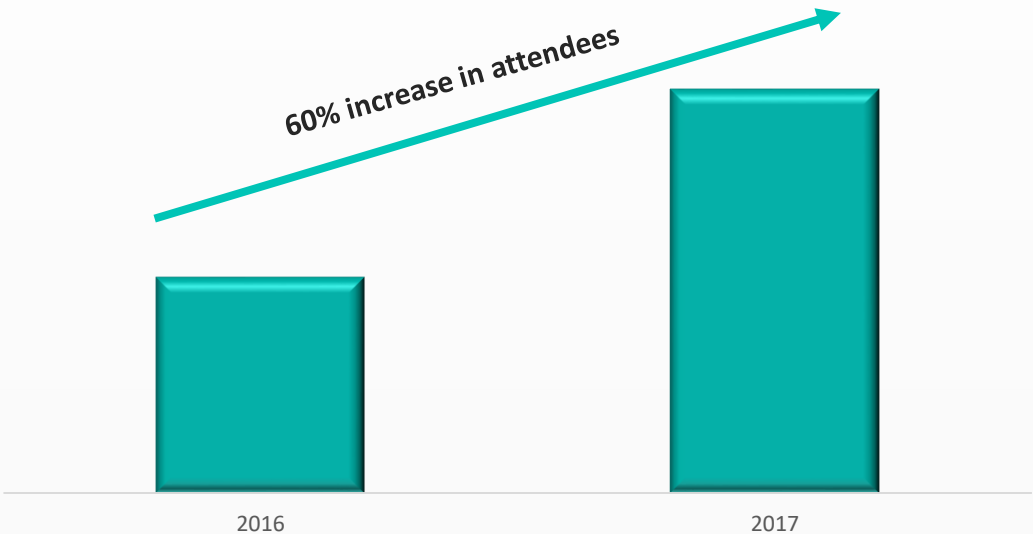


Improved member engagement since acquisition

UVG member clinics receive increased rebates



UVG Bootcamp event attendance increase



FY2017 Outlook

Based on the initiatives and businesses currently in place, NVL is well positioned for growth into FY2017:

- Revenue growth of greater than 20% above the pro-forma FY2016 revenue of \$53.8million
- Gross Margin and EBITDA margin expected to be in line with FY2016
- Expect to pay first dividend in respect of FY2017 for the full year post FY2017 results (allowing sufficient franking credits)

	Growth Initiatives
Initiatives gaining traction	<ul style="list-style-type: none"> ▪ Wellness Program gaining traction with 36 of the clinics offering the program ▪ Roll out of KPIs for benchmarking across the group ensuring high performance standards maintained through growth
IT and new infrastructure in place	<ul style="list-style-type: none"> ▪ Centralised financial systems and practice management systems in place to ensure scalability of the business model
Pipeline of potential acquisitions	<ul style="list-style-type: none"> ▪ Strong pipeline of potential clinics to acquire to secure growth ▪ Sector remains highly fragmented approximately 2,216 veterinary clinics
Supplier Agreements in place	<ul style="list-style-type: none"> ▪ Agreements with suppliers finalised to ensure clinics receive favourable purchasing terms
Alignment of management, vendors and shareholders	<ul style="list-style-type: none"> ▪ Both Management and Vendors have significant financial interest in NVC which aligns their interests with shareholders



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Thank you

