



National  
Veterinary  
Care

*Excellence  
in Vet Care*

# 2017 Annual General Meeting

20 October 2017



# Chairperson's address

Susan Forrester



**National Veterinary Care Ltd (ASX: NVL)**  
**2017 Annual General Meeting**  
**20 October 2017**  
**Chairperson's Address**  
**Susan Forrester**

Ladies and Gentlemen

As many of you know our business is the second largest listed veterinary care provider in Australia.

2017 was an exciting year for NVC — a period of significant improvement that generated strong growth through organic expansion, acquisitions, and development of the management services.

We invested significantly in our people and systems to more efficiently integrate, expand and support our veterinary services businesses.

We acquired, settled and integrated 14 veterinary services businesses across New Zealand and Australia. The new acquisitions in New Zealand provided NVC with a strong entry into a very promising market.

We have positioned NVC as a partner of choice for independent quality practices that wish to work with a leading, innovative and supportive organisation.

We have attracted quality practices and developed a strong and healthy acquisition pipeline. The practices joining NVC are focused on delivering high standards of care, strong financial performance and exceptional customer service across Australia and New Zealand.

In June 2017, we conducted a share placement raising approximately \$14.6 million through the issue of 6.5 million new fully paid ordinary shares in NVC. The placement was oversubscribed and well supported by existing and new investors. The additional capital was raised to support NVC's strong acquisition pipeline and to strengthen the balance sheet.

In this second year of reporting, the group produced revenue of \$66.8 million, exceeding the 2016 revenue by 51%. Underlying EBITDA margin remained strong at 18%; and Net Profit After Tax has grown to \$5.9 million and achieving an increase of 53%.

Significant work was undertaken to integrate the newly acquired clinics and to refine the integration of the initial portfolio. Bringing independent clinics together can be challenging, but thanks to the efforts of the management team and NVC staff, our systems and operational structure have progressed significantly, from which we expect to generate synergies.

You may recall that last year I said, **“To put it simply, we really care about our pets and our people.”** And nothing has changed.

Through dedication to professionally developing our staff, to building a community of like-minded clinics and to leading the market in systems and technology, NVC is well positioned to continue its successful entry to the local marketplace.

We are indebted to the dedicated people who work in our clinics and every day strive to deliver the best possible service to our clients. In July this year we held our first conference for all our vets and practice managers – this was a truly bonding experience and really brought our people together.

Our support team has seen a step change in its calibre and expertise with a number of highly competent professionals joining the team.

In February 2017, when our CFO resigned, we were fortunate to secure the services of Janita Robba and Laura Fanning on an interim basis. 8 months later they are still with us as joint Company Secretaries and both have shown enormous maturity, professionalism and competency in their roles.

In July this year, Jason Beddow joined us as CFO. Jason was previously the CFO of ASX-listed mining products and services business PPK Group Limited. He also has extensive experience in senior financial roles with private equity and listed companies in the health and pharmaceutical sector. 8 weeks after joining us, Jason presented to our investors at the results roadshow, at which he acquitted himself very well.

His appointment complements our already strong Executive Team, which is very ably led by Tomas Steenackers. His dedication, work ethic, commitment to the strategy and the health of the organisation is recognised and very much appreciated by the Board.

He is supported by Dr Alex Whan, Keith Nicholls, Paula Sadler and Gillian Porter – with David Lloyd managing NZ. NVC could not have achieved what it has without Tomas and his team and they deserve huge credit and our heartfelt thanks.

Kaylene Gaffney joined our Board in February this year and was appointed chair of the Audit and Risk Committee. Kaylene’s experienced, commercial and insightful contributions are recognized by the Board and management team. Our Board of Directors may be small – but we are active, responsive and supportive of management. I am grateful for their passion and commitment in developing this business.

Finally, I thank our clients, investors and all stakeholders for their support of National Veterinary Care during our second year of trading.

As we look ahead to FY2018 and beyond, we feel strongly that we are positioned well to take advantage of opportunities that may arise. The future continues to be bright for NVC.

Thank you for listening to my address. I will now pass to Tomas to deliver his CEO’s address.



# CEO's Address

Tomas Steenackers





**CEO's AGM Presentation**  
**October 20<sup>th</sup> 2017**

# Important Notice and Disclaimer

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## Future Statements

Except for historical information, there may be matters in this presentation that are forward-looking statements. Such statements are based on management figures and are estimates only. Forward-looking statements, which are based on assumptions and estimates and describe the Company's future plans, strategies, and expectations are generally identifiable by the use of the words 'anticipate', 'will', 'believe', 'estimate', 'plan', 'expect', 'intend', 'seek', or similar expressions. Investors should not place undue reliance on forward-looking statements. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties both general and specific. There can be no guarantee that such estimates, forecasts, projections and other forward-looking statements will eventuate. Those risks and uncertainties include factors and risks specific to the Company and the industry in which the Company operates, as well as general economic conditions and prevailing exchange rates and interest rates. Each of the risks, if it eventuates, may have a material adverse impact on the Company's operating performance and profits, and the market price of its Shares. Actual performance or events may be materially different from those expressed or implied in those statements.

All forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by this section.

Except as expressly required by law, the Company has no obligation to publicly update or revise any forward-looking statements provided in this publication whether as a result of new information, future events or otherwise, or the risks affecting this information. None of the Company, its officers or any person named in this publication with their consent, or any person involved in the preparation of this publication, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement except to the extent required by law. The forward-looking statements reflect the views held only as at the date of this presentation.





# Business Overview

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# National Veterinary Care

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**NVC  
Clinics**



**Centre of Excellence  
(Training Academy)**



**Management Services  
& Procurement Group**

# Our Competitive Advantage

## 1. Local Area Branding



Our clinics retain their local area brand, continuing to leverage their established brand equity

## 2. Training



Our veterinary professionals & other industry participants have access to our Centre of Excellence – Training Academy

## 3. Scale Operations



Leverage group buying power and group marketing benefits including campaigns, programs and supplier partnerships

## 4. Patient Satisfaction



Net Promoter Score continues to be above 75, with strong client retention

## 5. Clinical Autonomy



Vet Advisory Committee establishes standards for our clinics to guide their clinical decision making

## 6. Industry Partnerships

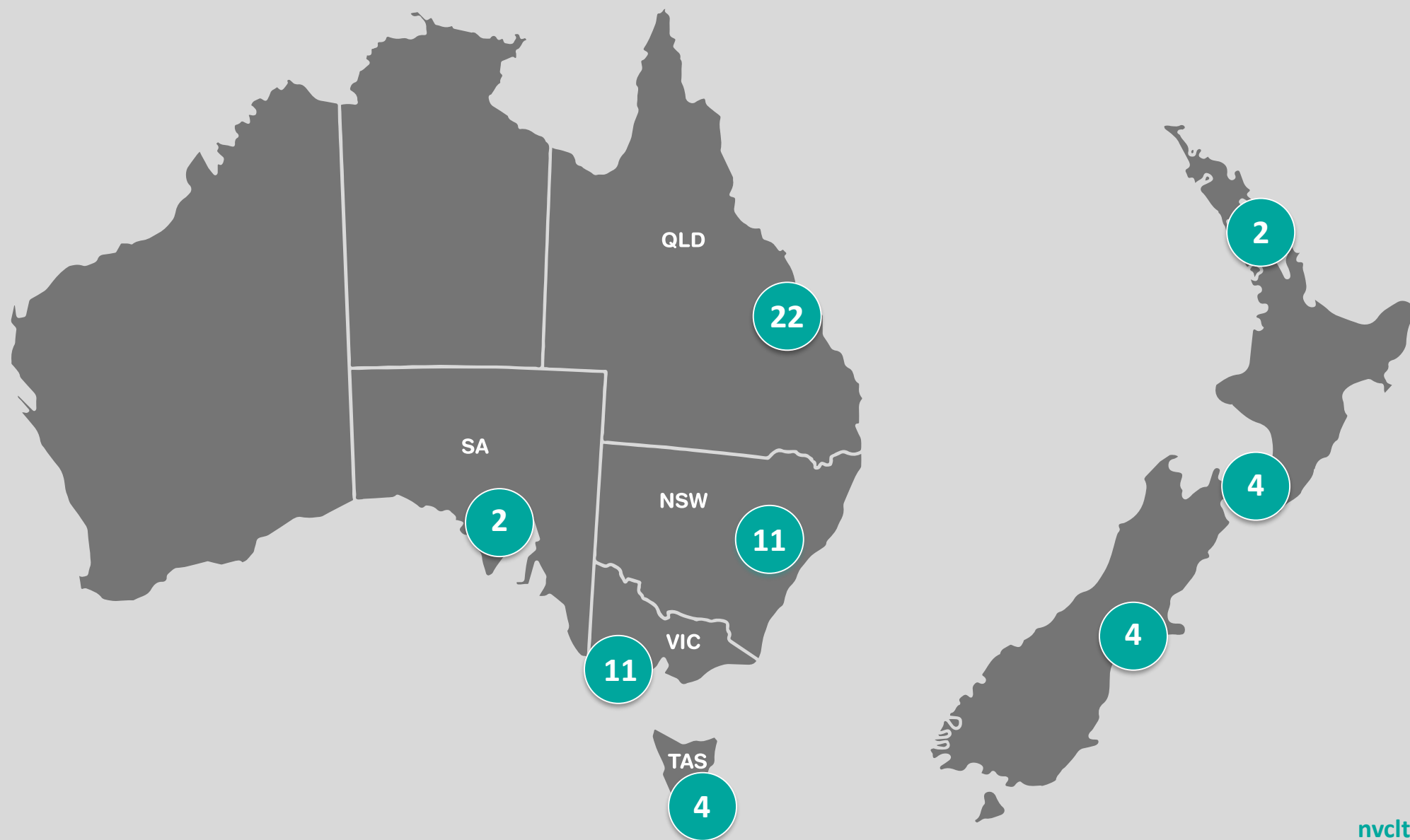


Working with the wider veterinary community for the future success of the industry



# Australia and New Zealand Portfolio

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# Operational Highlights Since 1 July 2016

60 Owned Clinics



+46%

- Established NZ presence during FY2017 – 10 clinics by 30 June 2017
- 14 acquisitions settled from 1 July 2016 to 30 June 2017
- Pipeline of 7 acquisitions settled from 1 July 2017
- Strategic divestment of 2 emergency clinics on 16 August 2017
- Disposal of one underperforming veterinary clinic

358 Clinics



+31.1%

- 358 independent clinics utilising our Management Services and Procurement Division

12,871 Wellness Program Members



+221%

- Wellness Program now implemented in 48 clinics with a total of 12,871 members
- Current NPS Score of 75.84 with over 14,939 completed surveys since July 2016

600 Professionals Trained



+160%

- Training Centre now offers 55 workshops per annum
- Training 600 veterinary professionals in 2017 up 160% from 2016



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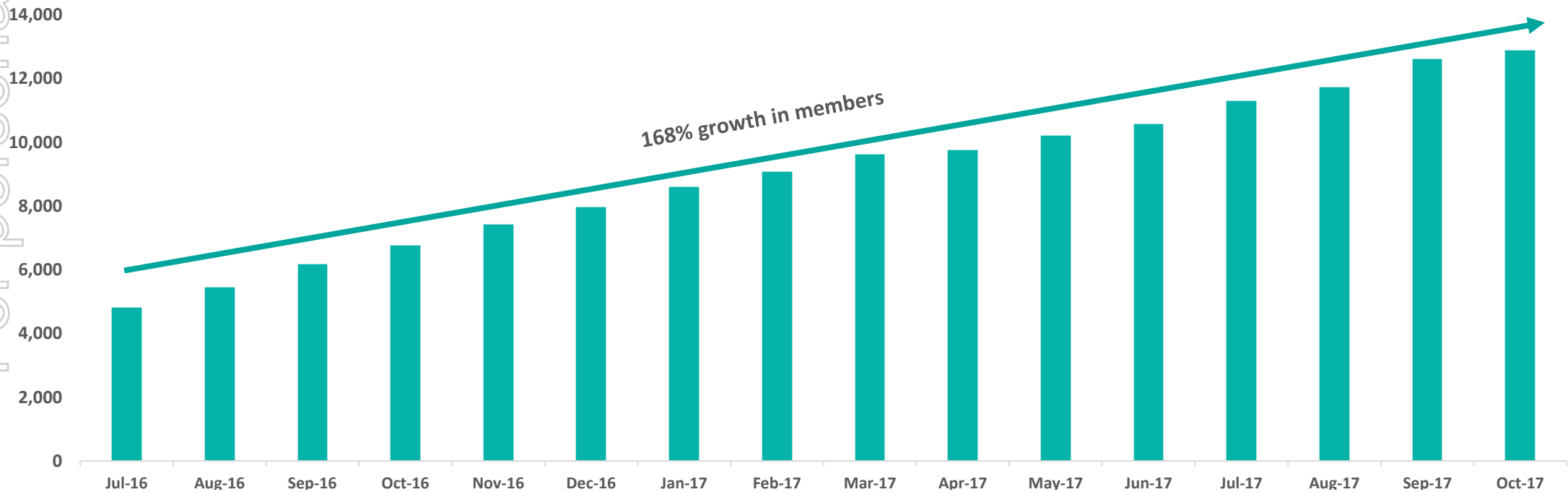


# Clinics & Centre of Excellence

# Key drivers of organic growth performance

## Wellness Program **bestforpet**

- 48 clinics actively promoting Best for Pet program
- 12,871 members with membership growth of 221% since July 2016.
- Members average spend increases by 94% after joining the program.
- The current membership retention rate is 84%.





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Management Services

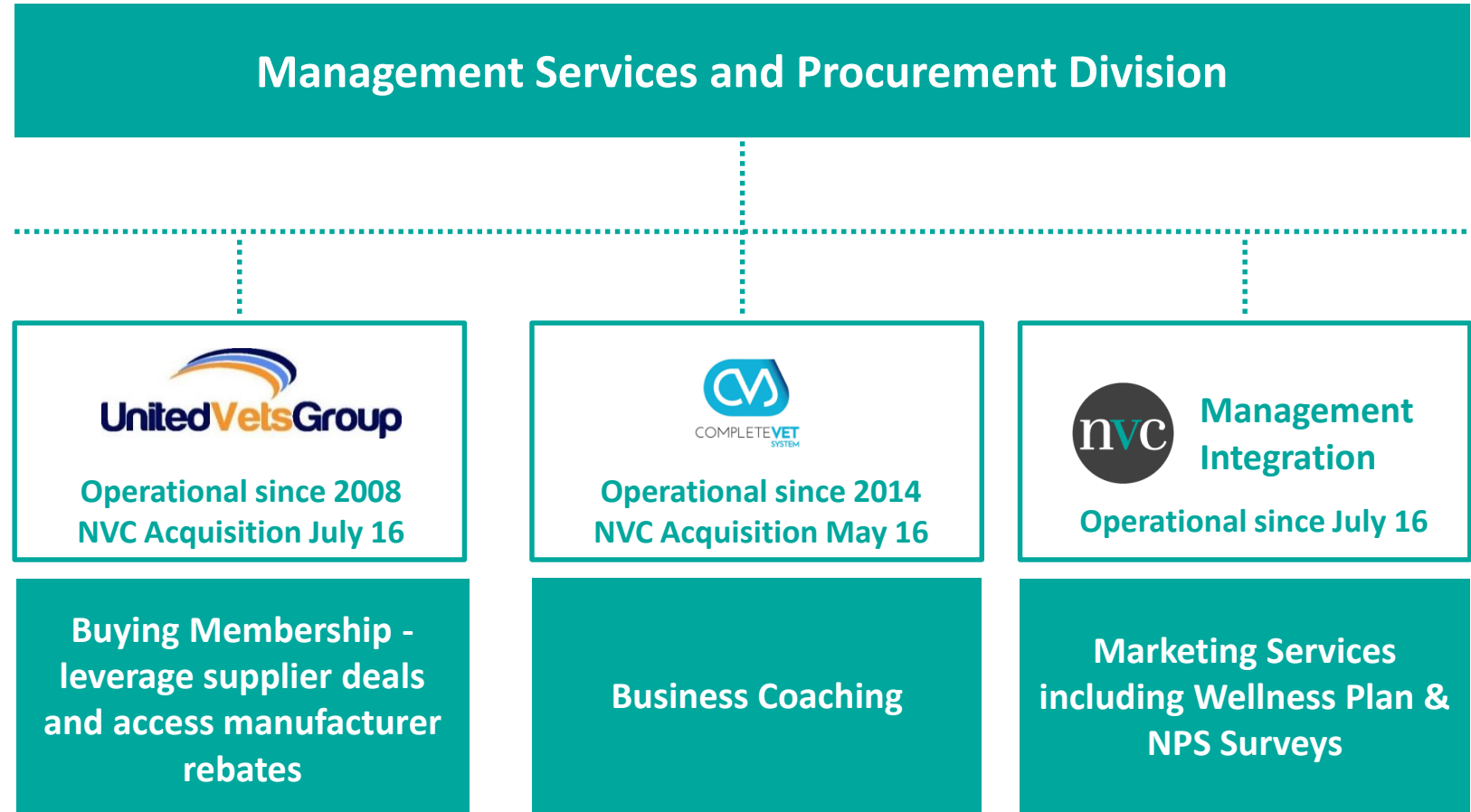
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# Overview of Management Services and Procurement Division

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- 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.





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# Growth Strategy & Outlook

# 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. 2,600 clinics in Australia and New Zealand)



# FY2018 Outlook

Based on the initiatives and businesses currently in place, NVL is well positioned for growth into FY2018:

- Revenue growth expected to be greater than 25% above the statutory FY2017 revenue of \$66.8 million
- Gross Margin and underlying EBITDA margin expected to be in line with FY2017
- Expect to pay an interim dividend in respect of half year 31 December 2017

	Growth Initiatives
Initiatives gaining traction	<ul style="list-style-type: none"><li>▪ Wellness Program gaining traction with 48 of the clinics offering the program</li><li>▪ Roll out of KPIs for benchmarking across the group ensuring high performance standards maintained through growth</li></ul>
IT and new infrastructure in place	<ul style="list-style-type: none"><li>▪ Centralised financial systems and practice management systems in place to ensure scalability of the business model</li></ul>
Pipeline of potential acquisitions	<ul style="list-style-type: none"><li>▪ Strong pipeline of potential clinics to acquire to secure growth</li><li>▪ Sector remains highly fragmented in Australia and New Zealand approximately 2,600 veterinary clinics</li></ul>
Supplier Agreements in place	<ul style="list-style-type: none"><li>▪ Agreements with suppliers finalised to ensure clinics receive favourable purchasing terms</li></ul>
Alignment of management, vendors and shareholders	<ul style="list-style-type: none"><li>▪ Both Management and Vendors have significant financial interest in NVC which aligns their interests with shareholders</li></ul>

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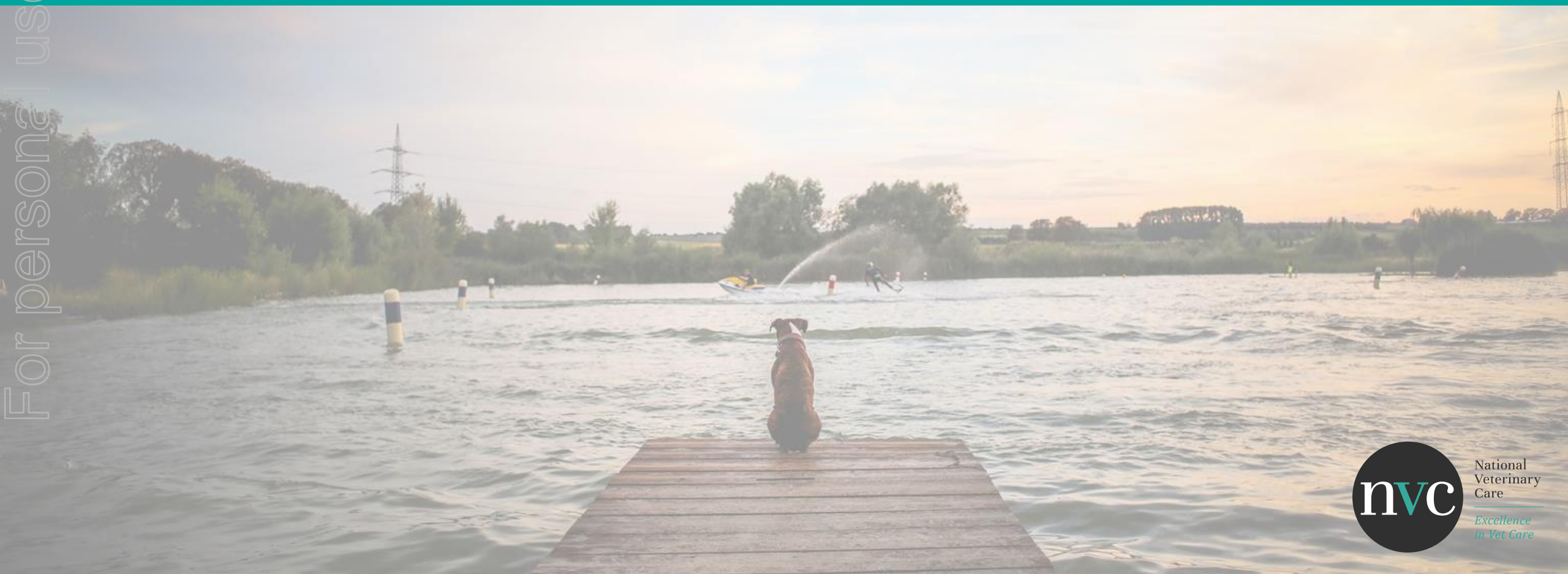
# Formal Business

Susan Forrester



# Item 1: Financial Statements and Reports

To receive and consider the Company's Financial Report, incorporating the Directors' Report and the Independent Audit Report, for the financial year ended 30 June 2017.



# Item 2: Remuneration Report

“That the Remuneration Report (which forms part of the Directors’ Report) of the Company for the year ended 30 June 2017 be adopted.”

## Proxies:

In respect of this item of business, the following proxies have been received:

	Votes Received	% of proxies received (excluding absentions)
<b>For</b>	<b>27,055,177</b>	<b>96.8%</b>
<b>Open / Undirected</b>	<b>249,500</b>	<b>0.9%</b>

The Chairman intends voting open / undirected proxies in favour of the resolution

<b>Against</b>	<b>641,123</b>	<b>2.3%</b>
<b>Abstain</b>	<b>15,820</b>	<b>N/a</b>

# Item 3a: Election of Ms Kaylene Gaffney

"That Ms Kaylene Gaffney, who retires as a Director of the Company in accordance with ASX Listing Rule 14.4 and rule 19.2(b) of the Company's constitution, and being eligible, be elected as a Director of the Company."

## Proxies:

In respect of this item of business, the following proxies have been received:

	Votes Received	% of proxies received (excluding absentions)
<b>For</b>	<b>29,678,148</b>	<b>97.2%</b>
<b>Open / Undirected</b>	<b>258,500</b>	<b>0.8%</b>

The Chairman intends voting open / undirected proxies in favour of the resolution

<b>Against</b>	<b>610,000</b>	<b>2.0%</b>
<b>Abstain</b>	<b>15,820</b>	<b>N/a</b>



# Item 3b: Re-election of Ms Susan Forrester

"That Ms Susan Forrester, who retires as a Director of the Company in accordance with ASX Listing Rule 14.4 and rule 19.3(b) of the Company's constitution, and being eligible, be re-elected as a Director of the Company."

## Proxies:

In respect of this item of business, the following proxies have been received:

	Votes Received	% of proxies received (excluding absentions)
<b>For</b>	<b>28,890,148</b>	<b>96.8%</b>
<b>Open / Undirected</b>	<b>250,500</b>	<b>0.8%</b>

The Chairman intends voting open / undirected proxies in favour of the resolution

<b>Against</b>	<b>706,000</b>	<b>2.4%</b>
<b>Abstain</b>	<b>715,820</b>	<b>N/a</b>

# Item 4a: Ratification of Issue of 382,959 Shares

“That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 382,959 fully paid ordinary shares in the Company issued at \$2.089 per share, in relation to the acquisition of the Ingleburn veterinary clinic, to those persons set out in the Explanatory Memorandum.”

## Proxies:

In respect of this item of business, the following proxies have been received:

	Votes Received	% of proxies received (excluding absentions)
For	29,233,017	95.8%
Open / Undirected	658,500	2.2%

The Chairman intends voting open / undirected proxies in favour of the resolution

Against	629,016	2.0%
Abstain	41,935	N/a



# Item 4b: Ratification of Issue of 6,500,000 Shares

“That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 6,500,000 fully paid ordinary shares in the Company issued at \$2.25 per share, under a placement to institutional investors, as set out in the Explanatory Memorandum.”

## Proxies:

In respect of this item of business, the following proxies have been received:

	Votes Received	% of proxies received (excluding absentions)
For	10,908,603	90.2%
Open / Undirected	248,500	2.0%

The Chairman intends voting open / undirected proxies in favour of the resolution

Against	938,812	7.8%
Abstain	41,935	N/a

# Item 5: Additional Capacity to Issue Equity Securities

“That pursuant to, and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve an additional 10% placement capacity to issue equity securities under Listing Rule 7.1A on the terms set out in the Explanatory Memorandum.”

## Proxies:

In respect of this item of business, the following proxies have been received:

	Votes Received	% of proxies received (excluding absentions)
For	22,091,108	77.4%
Open / Undirected	246,300	0.9%

The Chairman intends voting open / undirected proxies in favour of the resolution

Against	6,200,681	21.7%
Abstain	2,024,379	N/a



# Item 6a: Grant of Performance Rights to Tomas Steenackers – 2016 LTI Award

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, shareholders approve the grant of 140,260 performance rights (including a right to acquire Shares) under the Company's Employee Incentive Plan to the CEO and Managing Director, Tomas Steenackers, in accordance with his 2016 LTI Award as described in the Explanatory Memorandum."

## Proxies:

In respect of this item of business, the following proxies have been received:

	Votes Received	% of proxies received (excluding absentions)
<b>For</b>	<b>27,010,577</b>	<b>96.6%</b>
<b>Open / Undirected</b>	<b>247,500</b>	<b>0.9%</b>

The Chairman intends voting open / undirected proxies in favour of the resolution

<b>Against</b>	<b>706,723</b>	<b>2.5%</b>
<b>Abstain</b>	<b>71,820</b>	<b>N/a</b>

# Item 6b: Grant of Performance Rights to Tomas Steenackers – 2017 LTI Award

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, shareholders approve the grant of 111,622 performance rights (including a right to acquire Shares) under the Company's Employee Incentive Plan to the CEO and Managing Director, Tomas Steenackers, in accordance with his 2017 LTI Award as described in the Explanatory Memorandum."

## Proxies:

In respect of this item of business, the following proxies have been received:

	Votes Received	% of proxies received (excluding absentions)
<b>For</b>	<b>26,378,197</b>	<b>94.4%</b>
<b>Open / Undirected</b>	<b>247,500</b>	<b>0.9%</b>

The Chairman intends voting open / undirected proxies in favour of the resolution

<b>Against</b>	<b>1,327,103</b>	<b>4.7%</b>
<b>Abstain</b>	<b>83,820</b>	<b>N/a</b>

# Item 7: Approval of Early Pro-rata Vesting of Performance Rights

“That approval be given under Section 200E of the Corporations Act 2001 and for all other purposes for the early pro rata vesting of Performance Rights granted under the Company’s Employee Incentive Plan in the event of cessation of employment as described in the Explanatory Memorandum.”

## Proxies:

In respect of this item of business, the following proxies have been received:

	Votes Received	% of proxies received (excluding absentions)
For	26,049,399	93.2%
Open / Undirected	247,500	0.9%

The Chairman intends voting open / undirected proxies in favour of the resolution

Against	1,660,901	5.9%
Abstain	78,820	N/a



Thank you

