



Operational Update

30 May 2018

National Veterinary Care Ltd | nvcld.com.au

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Highlights and Business Overview

FY2018 YTD Operational Highlights

65 Owned Clinics
(55 in AUS + 10 in NZ)



- 12 acquisitions settled since 1 July 2017 – total to 65 clinics – 18% growth in clinic numbers
- Includes strategic divestment of 2 emergency clinics in first half of FY2018
- 2 more acquisitions to settle by 31 July 2018 – total to 67 clinics
- Portfolio expansion across QLD, NSW and VIC

**Organic Growth
in GP Clinics**



- General Practice (GP) organic revenue growth (LFL) in line with 1H (3.11%) ¹
- GP client visit numbers steady over the last 4 months (Jan – April 2018) compared to same period last year ²

**18,237 Wellness
Program Members**



- Wellness Program implemented in 51 clinics with a total of 18,237 members - 72% growth since 1 July 2017
- NPS Score of 76.25 at 30 May 2018 with over 12,996 surveys completed since 1 July 2017

NPS Score > 75

**401 Clinics in
Management Services**



- 401 independent clinics (incl 3 corporate veterinary groups) utilising Management Services and Procurement (MSP) Division by 30 May 2018 – 23% growth since 1 July 2017; current retention rate of 98%
- Expansion into NZ in Q1 FY2019
- Represents 18% of the Aust veterinary industry through NVC clinics and MSP clinics

¹ Like for like sales growth reflects general practice clinics' performance, excluding strategic divestment, held for 12 months (1 May 2017 to 30 April 2018 vs 1 May 2016 to 30 April 2017).

² Based on general practice clinics where prior period comparable data under NVC ownership was available.

Positively Shaping Pet Healthcare

NVC has continued to shape pet healthcare in Australia and New Zealand over the last 12 months



12 new clinics
welcomed to
the NVC
Community



Over **187,000**
primary
consultations &
vaccinations



Over
165,000
active clients



Over **9,400** pets
received
a dental procedure



Over
30,000
new clients



Over
675,000
unique website visits



Two industry leading
conferences for over
316 Veterinary
Professionals



67 practical training
workshops offered
by our Veterinary
Training Centre



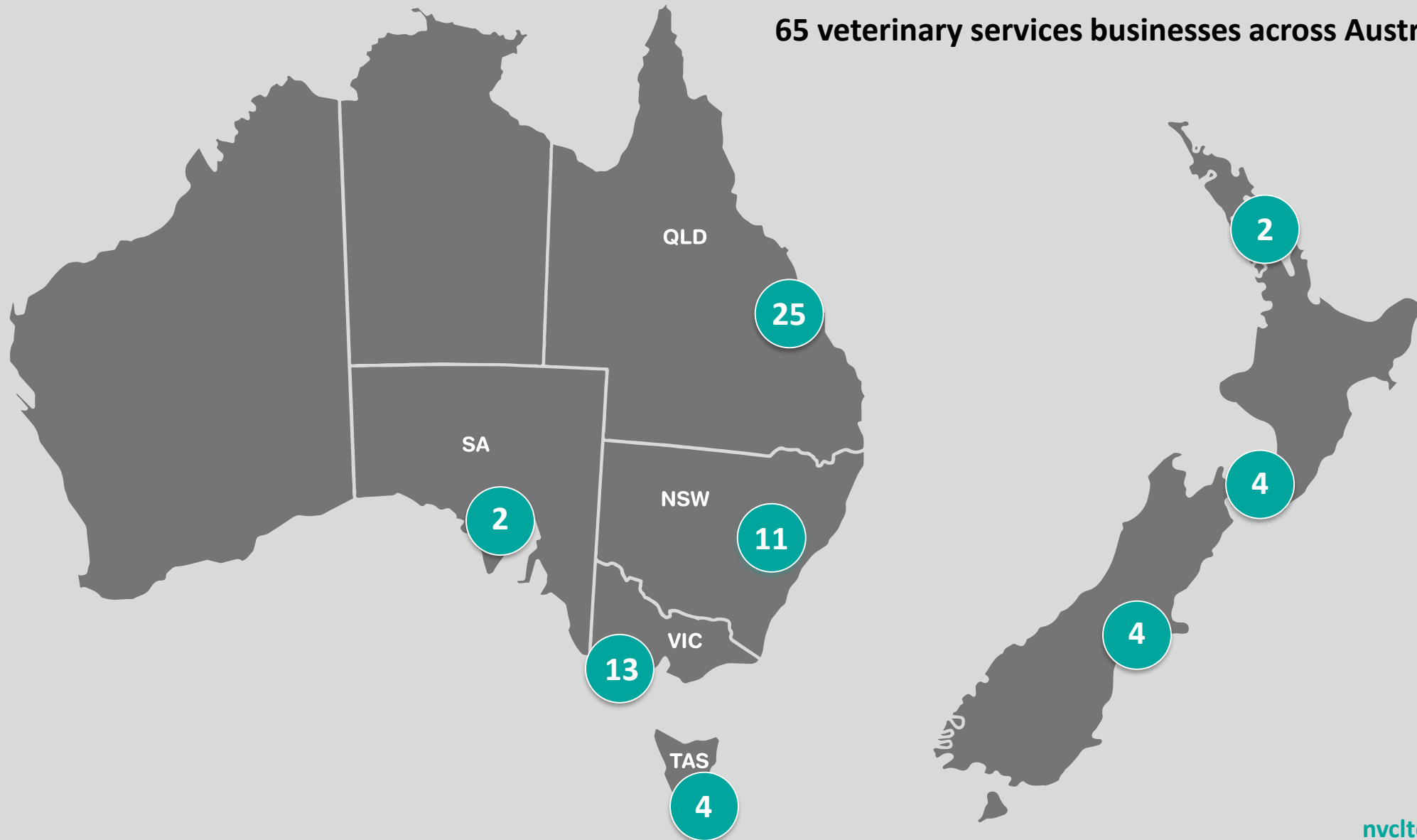
82% of clients
surveyed scored us a
9 or 10



Over
43,600
followers on Social
Media

Australian and New Zealand Portfolio

65 veterinary services businesses across Australia and NZ



Foundations for Long Term Growth during FY2018

Investment in Support Office and our People



Strategically scaling up support office capabilities to support additional clinics and realise future synergies:

- New vet manager roles have been introduced and are working well to support NVC vets in the clinics and improve standards of care.
- Additional resources across several support office areas have been introduced to broaden expertise as the business grows
- Development of our people and leaders – structured leadership programs developed and rolled out
- Completion of a second Veterinary Training Centre facility in Melbourne, with practical veterinary workshops commencing in late May

Investment in New Systems



Introducing new systems and improvements to facilitate scalability:

- A new integrated accounts payable system is being implemented, to be completed by June 2018
- Development of an application processing interface (API) between NVC's primary practice management system (PMS) and finance system, to be completed by June 2018
- Development and implementation of a data warehouse for improved business data and reporting, to be completed by Sept 2018
- Enhancing existing HR systems with the integration of new career planning and professional development modules

Investment in Infrastructure and Technology



Investment in technology and infrastructure to support the integration strategy:

- Ongoing transition of NVC's primary PMS to a centralised database for clinical consistency and scalability, existing clinics by July 2018
- A bespoke Wellness module in the PMS has been developed and will be implemented by Aug 2018
- Ongoing development of integrated technology for patient data in clinics, to improve consult experience and reduce administration
- Transition to a standardised phone system and IT platform across Aust and NZ is continuing during 2018

Other Key Initiatives



Key initiatives across the managed services and procurement business include:

- Implementation of a new intelligent member database
- Investment in marketing initiatives to attract, retain and manage members
- Additional veterinary and coaching expertise being employed to support member growth



NVC Clinics

nvc ltd.com.au

Key drivers of organic growth performance

At 30 May 2018

51 clinics promoting the program

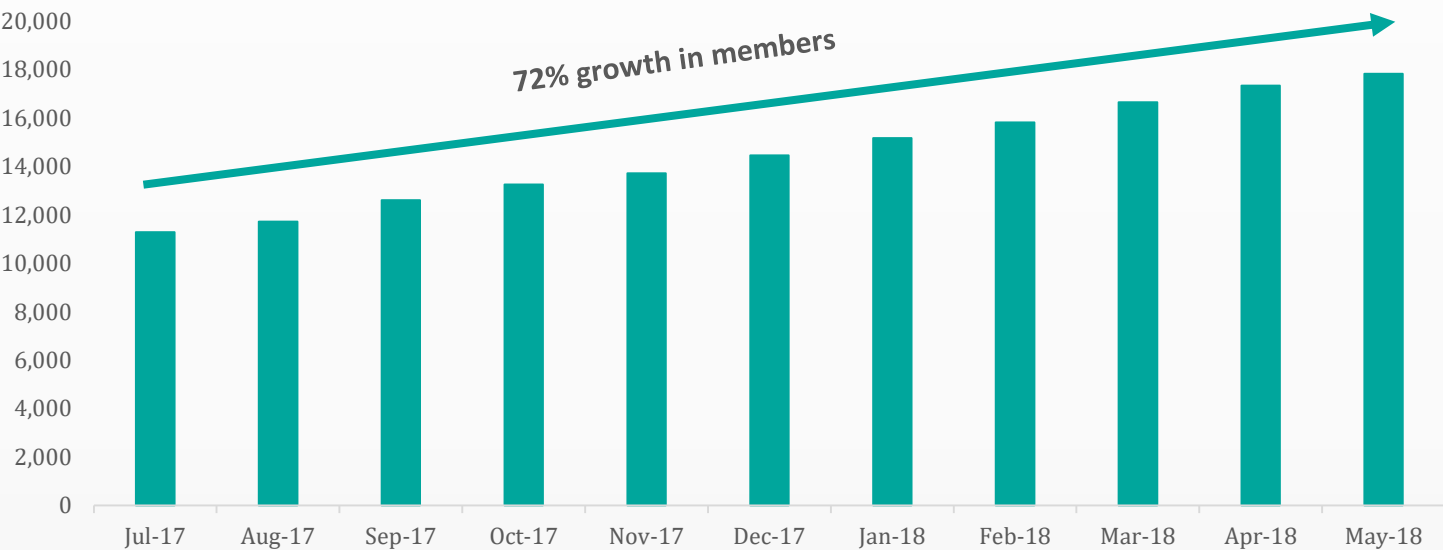
18,237 members

72% growth in members since 1 July 2017

Members average spend increases by >90% after joining the program

79% current membership retention rate

Wellness Program



bestforpet

Best for Pet was designed by vets and pet lovers to provide simple, affordable and optimal health care for your pet.

- Unlimited FREE Consultations
- Annual Vaccinations
- Up to \$250 OFF a Dental Procedure
- Preventative Health Care Screen x 1 Per Year
- FREE Microchip
- 10% Discount on Professional Services by a Vet
- 10% Discount on Parasite & Heartworm Control
- 10% Discount on Food & Merchandise

Ask us how to join the program today!

bestforpet.com.au [@bestforpet](https://www.instagram.com/bestforpet) [facebook.com/bestforpetau](https://www.facebook.com/bestforpetau)

Industry Leading Veterinary Training Centre

Training for the Veterinary Industry



- Trained 600 veterinary professionals across 54 workshops in 2017, up 160% from 2016
- Veterinary Training Centre expects to offer more than 80 workshops in 2018 (February - November 2018) – higher now due to additional training facilities commencing
- Professional development is one of NVC's strategic objectives, and underpins clinic organic growth
- Completion of a second Veterinary Training Centre facility in Melbourne, first workshop held this week

Further Expansion of Facilities & Program



- A third Veterinary Training Centre facility is planned for Christchurch in the second half of 2018
- Additional facilities will provide greater training capacity (more workshops) across AUS and NZ
- VIC and NZ facilities will reduce travel costs and days out of clinics for NVC employees in southern Australian states and NZ
- Increased revenue potential - external workshop participants and external use of facilities (e.g. supplier training)





Management Services

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Management Services and Procurement (MSP) Division

Strong Brands and Member Growth



- Members benefit from NVC's procurement arrangements and industry leading management and coaching programs and support
- Brands include United Vets Group and Complete Vet Systems - businesses acquired by NVC in 2016
- Currently 401 MSP members (independent clinics) – increase of 23% since 1 July 2017
- Represent 18% of the Aust veterinary industry through NVC clinics and MSP clinics

Member Engagement and Returns



- 3 different engagement levels to interact with clinics in the veterinary industry – buying membership, coaching and marketing services and initiatives
- Some clinics engage across multiple levels
- Members have enjoyed a 35% increase in rebates over the past 12 months
- Current member retention rate is 98%

MSP Initiatives



- Focus on attracting and retaining members, and business scalability
- New and enhanced supplier agreements for improved member deals and clinic rebates
- Additional veterinary and coaching expertise to support member base
- Member education on supplier arrangements to maximise rebates

Expansion into NZ



- Expansion of MSP offering into NZ in Q1 FY19
- 450 veterinary clinics in NZ; 250 clinics are small animal clinics
- Target of 30% of small animal clinics as MSP members within the next 3 years



Growth Strategy & Outlook

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Growth Strategy

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

1. Organic Growth of veterinary services – improved performance of existing businesses
2. Growth by Acquisition – strategic acquisitions that geographically and culturally complement NVC
3. Growth of Management Services and Procurement Division – leveraging NVC services and systems

Organic Growth



- Expansion of the Wellness Program – Best for Pet
- Better standards of care by upskilling of veterinary professionals through the Veterinary Training Centre
- Benchmarking of clinical standards across practices to identify training opportunities and optimise product/service offering
- 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, and the changing characteristics of the veterinary workforce

Growth of Management Services and Procurement



- Leveraging NVC's strong buying power and systems
- Unique clinical training offerings through NVC's Veterinary Training Centre
- Providing support to smaller independent clinics (approx. 2,600 clinics in Australia and New Zealand)
- Providing bespoke service offerings and support to corporate groups in the health sector

FY2018 Initiatives and Guidance

FY2018 growth initiatives have included:

Ongoing clinic initiatives	<ul style="list-style-type: none">Wellness Program now offered through 51 clinics, with further clinics to be added; Focus on high standards of care
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">12 acquisitions settled to date in FY2018; strong pipeline of potential clinics to acquire to secure continued growth
Supplier agreements in place	<ul style="list-style-type: none">Agreements with additional suppliers to secure favourable (many best in industry) purchasing terms for clinics

FY2018 Guidance

Based on NVC's current initiatives and businesses, the FY2018 guidance is:

- Revenue growth expected to be greater than 25% above the statutory FY2017 revenue of \$66.8 million
- Gross Margin expected to be in line with FY2017
- Underlying EBITDA margin expected to be in the range of 16% to 17%
- Expect to pay a final dividend in respect of FY2018



Thank you

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