



# Interim Results Half Year ending 31 Dec 2018

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# Performance Highlights

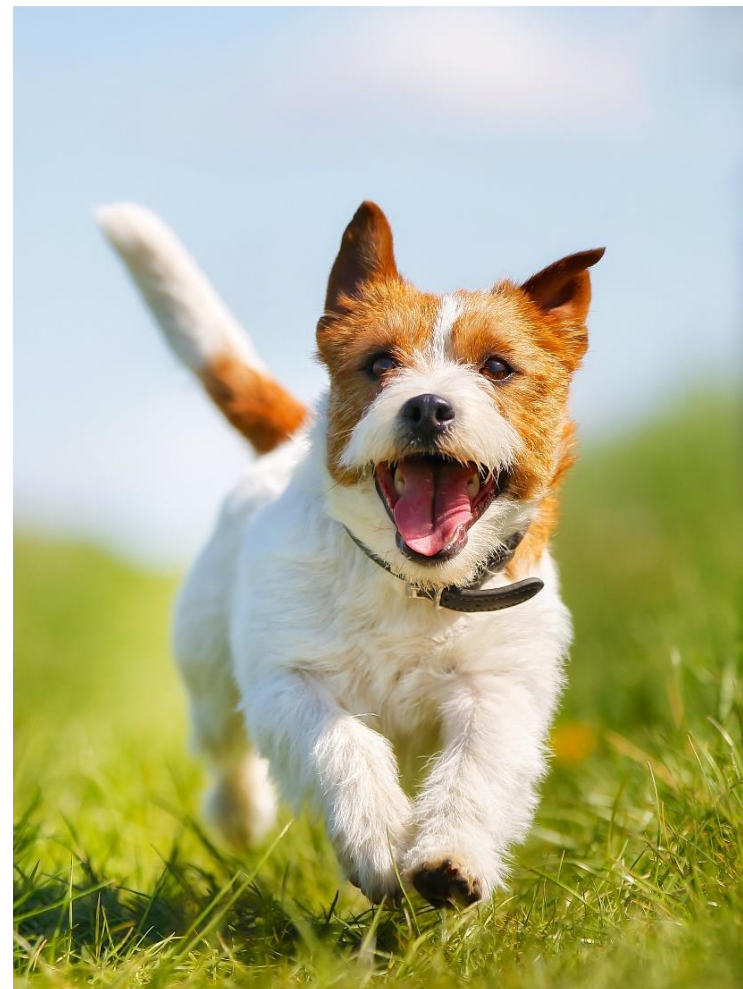
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# 1H FY2019 Performance Highlights

	1H FY2019	1H FY2018	Growth
Revenue	\$54.1m	\$41.6m	↑ +30.0%
Underlying EBITDA <sup>1</sup>	\$8.2m	\$6.3m	↑ +29.9%
Underlying EBITDA margin	15.0%	15.7%	↓ -70bps
Underlying NPAT	\$3.9m	\$3.1m	↑ +25.4%
NPAT	\$2.6m	\$3.3m	↓ -19.9%
EPS (basic)	4.17cps	5.57cps	↓ -1.4cps

- Strong revenue growth
- Acquisition of 31 clinics, including Pet Doctors Group (NZ)
- 6 Aust clinics acquired - \$12.0M pa historical revenue and \$3.1M pa historical EBIT
- Underlying EBITDA margin at the upper end of guidance range at 15.0%
- \$18M share placement completed in Sept 2018 to fund acquisition of Pet Doctors



<sup>1</sup> EBITDA – Earnings before interest, tax depreciation and amortisation (non-IFRS Information). Includes non-controlling interest. Underlying EBITDA excludes acquisition, integration and other one-off expense. Refer to page 21 for further details.

# 1H FY2019 Operational Highlights

**97 Owned Clinics**  
**(62 in AUS + 35 in NZ)**



- Acquired Pet Doctors Group (NZ) in October 2018 – 25 clinics – expanded NVC footprint in NZ to 35 clinics
- 6 clinics acquired in Australia – further expansion across QLD, NSW and VIC
- 31 acquisitions settled during the half year (including Pet Doctors Group) – total to 97 clinics – clinic growth of 47%
- Divestment of online retail business Pet Post in late 2018 (acquired as part of the Pet Doctors Group)

**Portfolio**  
**Organic Growth**



- Total portfolio organic revenue growth (LFL) of 2.91% <sup>1</sup> for the 12 months to 31 December 2018

**21,811 Wellness**  
**Program Members**



- Wellness Program now implemented in more than 80 clinics (including Pet Doctors)
- Total Wellness program members at 31 December 2018 of 21,811– growth of 16% growth since 1 July 2018
- Current members total 23,583, including 675 across the Pet Doctors Group
- NPS Score of 76.38 at 31 December 2018 with over 16,000 surveys completed since 1 July 2018

**NPS Score > 75**

**438 Clinics in**  
**Management Services**



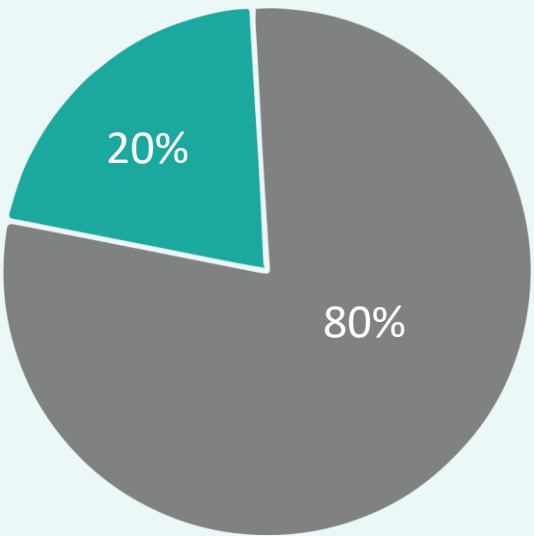
- 438 independent clinics utilising Managed Services at 31 December 2018 – growth of 9% growth since 1 July 2018
- 36 members in NZ including a corporate veterinary group (expansion into NZ since Aug 2018).
- NVC represents approx. 20% <sup>2</sup> of the Aust & NZ veterinary industry through NVC clinics and MS clinics

<sup>1</sup> Like for like sales growth reflects 12 months performance to reporting date, excluding strategic divestment and clinic renovation periods, for sites held for a minimum of 12 months

<sup>2</sup> NVC management estimate of number of small animal clinics in Australia and NZ

# Growth Since IPO

- 185% growth in owned veterinary services businesses/clinics since IPO in August 2015
- 60% growth in managed services & procurement membership since June 2016



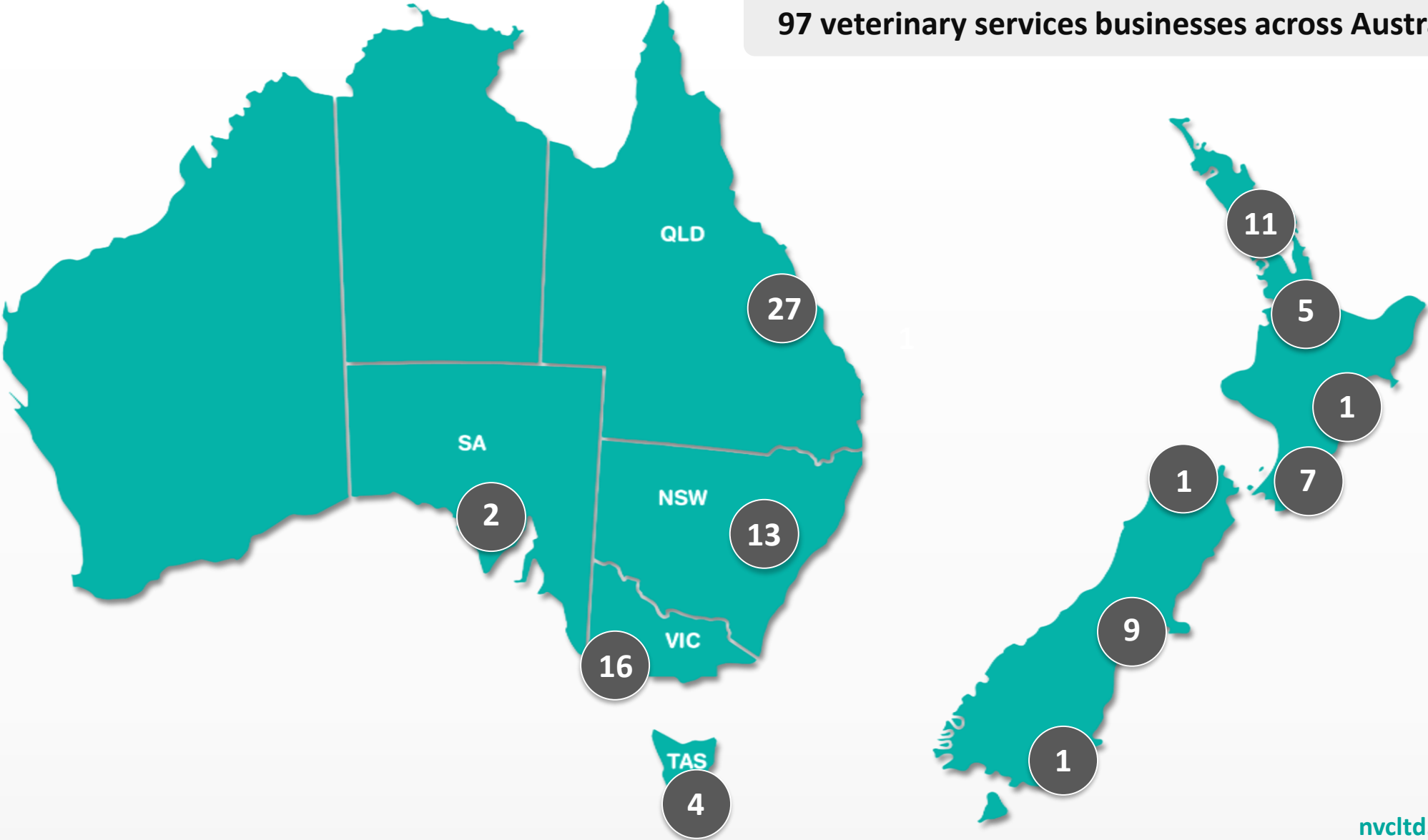
● NVC Represents ● Other

**NVC represents 20%\* of the small animal market across Australia and NZ through owned clinics and managed services members at 31 December 2018 (2% increase since 30 June 2018)**

\* NVC management estimate of number of small animal clinics in Australia and NZ

# Australian and New Zealand Portfolio

97 veterinary services businesses across Australia and NZ







# Pet Doctors Acquisition

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# Integration of Pet Doctors Completed

- Pet Doctors Group integration across 4 key areas was completed by end of December 2018 (initial 120 day plan completed early)
- Further opportunities for improvement in business performance are expected to be identified as aligned with other NVC clinics

<b>Implementation of NVC Systems</b>	<ul style="list-style-type: none"><li>• Clinic systems – daily revenue reporting, clinical benchmarking, NPS (Net Promotor Score)</li><li>• Other systems – time in attendance system (payroll), accounts payable and expense claim system, finance data warehouse</li><li>• Best for Pet Loyalty Program - offered to Pet Doctors clients from mid January 2019 – target of 8,000 members in first 12 mths</li><li>• Marketing services – access to advice, NVC campaigns, customised communication with clients, website optimization</li></ul>
<b>Supplier Synergies</b>	<ul style="list-style-type: none"><li>• Alignment of major suppliers (and suppliers in common across both) to secure better procurement leverage - ongoing</li><li>• New supplier partnerships due to scale</li></ul>
<b>Support Office Costs</b>	<ul style="list-style-type: none"><li>• Support office costs were reduced from settlement – several Pet Doctors roles were duplicated in NVC's structure</li><li>• Further synergies realised across finance, marketing and HR due to consolidation/task automation through NVC systems</li></ul>
<b>Review of Clinics/Operations</b>	<ul style="list-style-type: none"><li>• Review of wage costs as % of revenue across the portfolio (bring in closer alignment with NVC levels)</li><li>• Initial review of rostering, trading hours, and clinic mergers/rationalisations for smaller or less profitable clinics (will continue)</li><li>• Consolidation/merger of clinics in close geographic proximity (will continue)</li></ul>

# Suppliers and Other Synergies

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## Supplier Synergies

- Opportunities to achieve related benefits with suppliers (such as product pricing, funding of marketing initiatives, favourable payment terms etc)
- Full synergies and financial benefits are expected to commence from February 2019 – approx. NZ\$0.2M per annum for initiatives/campaigns e.g. Best For Pet marketing, training centre development - which will collectively support revenue growth and improved standards of care and profitability

## Pet Doctors Support Office Costs

- Pet Doctors support office costs were reduced from approx. \$3.2M to \$1.5M per annum from the date of settlement due to Pet Doctors roles duplicating the existing NVC structure – on track for further reductions of approx. NZ\$0.15M by leveraging existing NVC support office systems and processes across finance, marketing and HR

## Business Rationalisation

- Pet Post, an NZ based online retail business acquired as part of the Pet Doctors acquisition, was sold in late 2018 – identified as a non-core business
- Two nearby North Island Pet Doctors clinics were consolidated in late 2018 to secure ongoing viability and profitability of the businesses – cost savings of approx. NZ\$185k pa and forecast improvement of 27% on budgeted annual EBIT
- Further consolidation potential in NZ across NVC clinics and Pet Doctors clinics and ongoing strategic review of assets

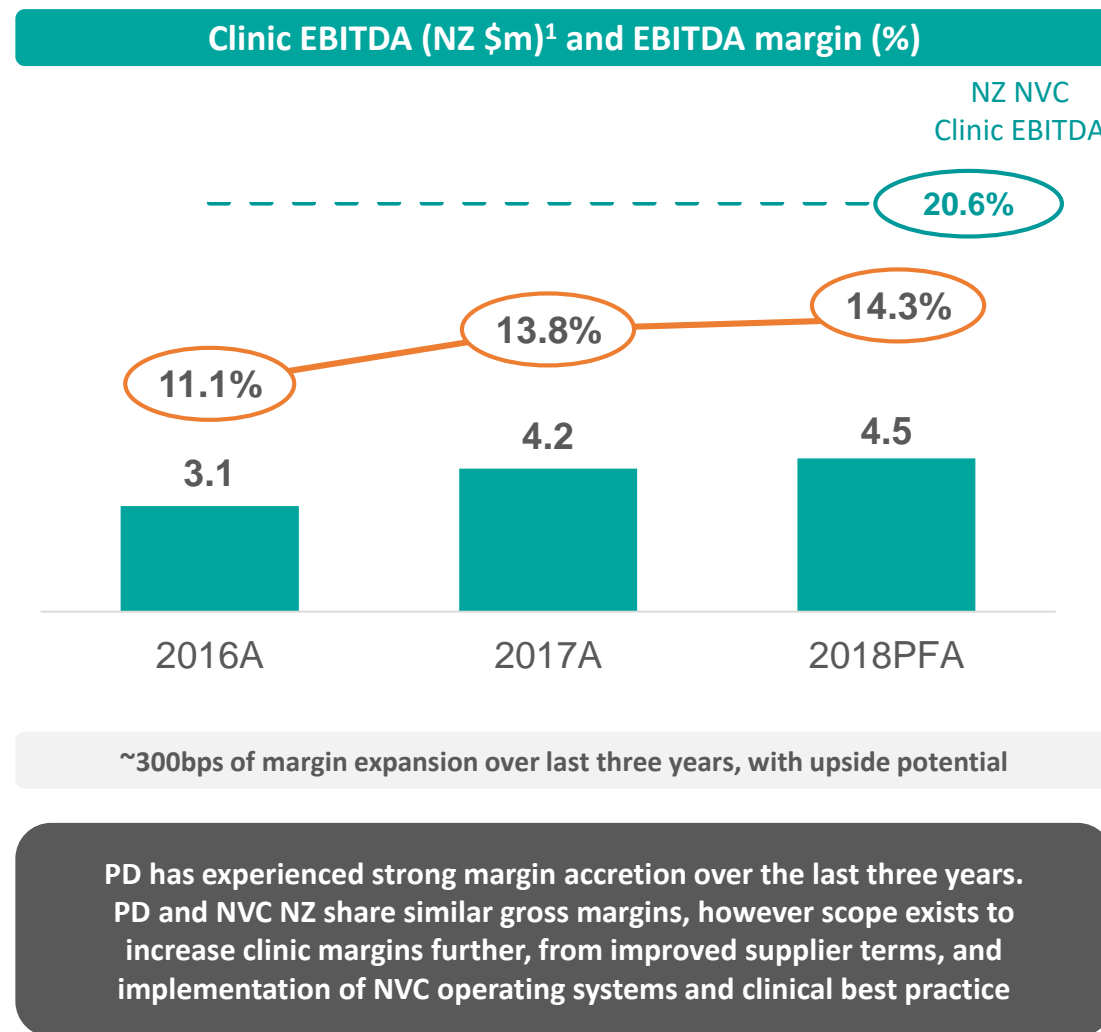


# Pet Doctors clinics potential performance improvement

- Pet Doctors EBITDA margin historically ranged between 11%-14% (as shown in graph to right)
- Expect to bring Pet Doctors profitability in line with NVC over the next 24 months
- Improved profitability to be achieved through COGS (incl supplier synergies) and wages improvements – indicative FY2018<sup>1</sup> comparisons between Pet Doctors and NVC are:

Indicative - recent historical	Pet Doctors	NVC NZ*
	% of Revenue	% of Revenue
Cost of Goods Sold (COGS)	32%	32%
Wages	44%	35%
EBITDA Margin (Clinic)	14.3%	20.6%

\* Excluding Pet Doctors Group



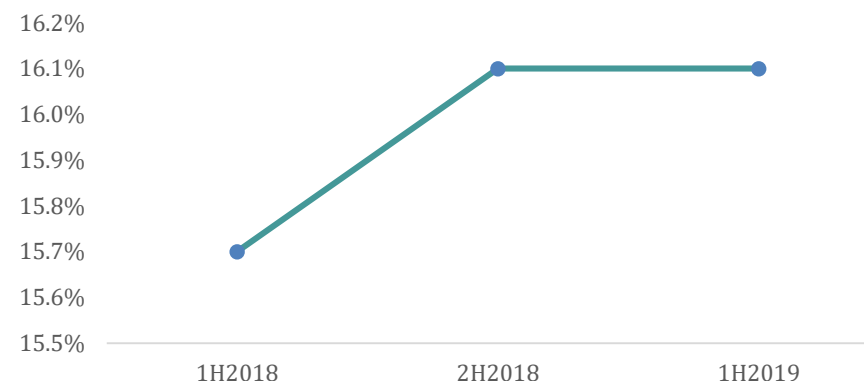
<sup>1</sup> Year end 31 March

# Impact of Pet Doctors on NVL Margins

## Underlying EBITDA Margin %

	1H FY18	2H FY18	1H FY19
NVL (excl Pet Doctors)	15.7%	16.1%	16.1%
Total NVL	15.7%	16.1%	15.0%

## Underlying EBITDA Margin % NVC (Excl Pet Doctors)



## Pet Doctors Margins (excl support office and Pet Post online)

	FY18 <sup>1</sup>	Oct-Dec 2017 Actual	Oct-Dec 2018 Actual	Oct-Dec 2018P <sup>2</sup> Proforma
Pet Doctors	14.3%	13.2%	12.7%	13.9%

<sup>1</sup> 31 March year end

<sup>2</sup> pro forma with application of identified synergies





**NVC Clinics**

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# Key drivers of organic growth performance - bestforpet



- 81 clinics promoting the program
- 23,583 members


- Best for Pet launched throughout the Pet Doctor clinics during January
- Online sign ups launched in conjunction with the Pet Doctors program rollout

## Other initiatives to Accelerate Member Conversion and Existing Member Retention:

- Introduction of receipt savings initiative:
  - If you were a Best for Pet member today you would have saved \$
  - As a Best for Pet member today you saved \$




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bestforpet

Ask our team how you can join today!


Want \$250 OFF a Dental Procedure?



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Ask our team how you can join today!


Want FREE Consultations?



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# Industry Leading Veterinary Training Centres

## Training for the Veterinary Industry



- Purpose-built facilities for training for veterinary professionals
- Two training facilities (Brisbane and Melbourne) offer veterinary industry specific workshops
- Non-NVC clinics/attendees (including UVG members) make up more than 50% of attendees


## Further Expansion of Facilities & Program



- A third Veterinary Training Centre facility opening in Christchurch NZ in March 2019
- The additional facility will provide greater training capacity in NZ and will compliment the launch of UVG NZ
- Multiple facilities will reduce travel costs and days out of clinics for NVC employees across Aust & NZ



# Veterinary Training Centre – 2019 Course Calendars AUS & NZ

<b>FEB</b> <b>25</b> Foundation Dentistry for Vet Nurses <b>26</b> Advanced Dentistry for Vet Nurses	<b>JUN</b> <b>15</b> Introduction to Abdominal Ultrasound <b>16</b> Introduction to Abdominal Ultrasound <b>20</b> Foundation Anaesthesia for Vet Nurses	<b>SEP</b> <b>10</b> Soft Tissue II: Canine Surgery <b>11</b> OssAbility Cruciate Rehabilitation <b>12</b> OssAbility Meniscus Rehabilitation <b>13</b> OssAbility Stifle System Rehabilitation <b>24</b> Dermatology <b>25</b> Soft Tissue II: Perineal Surgery	<b>MAR</b> <b>27</b> Soft Tissue I: Soft Tissue Surgery <b>30</b> Emergency & Critical Care - Foundation for Vet Nurses <b>29</b> Dentistry For Vet Nurses - Foundation	<b>APR</b> <b>12</b> Anaesthesia - Foundation for Vet Nurses	<b>MAY</b> <b>11</b> Introduction to Abdominal Ultrasound <b>12</b> Introduction to Abdominal Ultrasound <b>30</b> Soft Tissue I: Abdominal Surgery
<b>MAR</b> <b>6</b> Dentistry I: Dentistry for Vets <b>7</b> Dentistry II: Canine Dentistry for Vets <b>8</b> Dentistry II: Feline Dentistry for Vets <b>9</b> Introduction to Abdominal Ultrasound <b>10</b> Introduction to Abdominal Ultrasound	<b>JUL</b> <b>8</b> Foundation Dentistry for Vet Nurses <b>9</b> Advanced Dentistry for Vet Nurses <b>10</b> Dentistry I: Dentistry for Vets <b>11</b> Dentistry II: Canine Dentistry for Vets <b>12</b> Dentistry II: Feline Dentistry for Vets <b>24</b> Soft Tissue III: Advanced Wound Closure	<b>OCT</b> <b>10</b> Dentistry III: Advanced Dentistry <b>15</b> Dermatology <b>24</b> Dentistry III: Advanced Dentistry <b>26</b> Ultrasound II: Intermediate Ultrasound <b>27</b> Ultrasound II: Intermediate Ultrasound	<b>JUN</b> <b>25</b> Dentistry I: Dentistry for Vets <b>26</b> Dentistry II: Dentistry for Vets <b>27</b> Foundation Clinical Skills for Vet Nurses <b>29</b> Emergency & Critical Care - Foundation for Vet Nurses	<b>JUL</b> <b>19</b> Anaesthesia - Foundation for Vet Nurses <b>20</b> Anaesthesia - Advanced for Vet Nurses <b>31</b> OssAbility Cruciate Rehabilitation	<b>AUG</b> <b>1</b> OssAbility Meniscus Surgery <b>2</b> OssAbility Stifle System Surgery <b>28</b> Dentistry I: Dentistry for Vets <b>29</b> Dentistry II: Dentistry for Vets <b>30</b> Soft Tissue I: Abdominal Surgery
<b>APR</b> <b>10</b> Orthopaedic Surgery I <b>11</b> Foundation Emergency & Critical Care for Vet Nurses <b>12</b> Advanced Emergency & Critical Care for Vet Nurses	<b>AUG</b> <b>12</b> Foundation Clinical Skills for Vet Nurses <b>13</b> Advanced Clinical Skills for Vet Nurse <b>15</b> Nurse Consultation & Nutrition <b>19</b> Foundation Emergency & Critical Care for Vet Nurses <b>20</b> Advanced Emergency & Critical Care for Vet Nurses <b>22</b> Foundation Anaesthesia for Vet Nurses <b>23</b> Advanced Anaesthesia for Vet Nurses <b>24</b> Ultrasound II: Intermediate Ultrasound <b>25</b> Ultrasound II: Intermediate Ultrasound <b>26</b> Internal Medicine: Gastroenterology, Liver & Pancreas	<b>NOV</b> <b>5</b> Nurse Consultation & Nutrition <b>6</b> Internal Medicine: Endocrinology <b>7</b> Oncology Symposium	<b>SEP</b> <b>7</b> Ultrasound II: Intermediate Ultrasound <b>8</b> Ultrasound II: Intermediate Ultrasound	<b>NOV</b> <b>21</b> Advanced Clinical Skills for Vet Nurses <b>23</b> Emergency & Critical Care - Advanced for Vet Nurses	
<b>MAY</b> <b>1</b> OssAbility Cruciate Rehabilitation <b>2</b> OssAbility Meniscus Rehabilitation <b>3</b> OssAbility Stifle System Rehabilitation <b>21</b> Foundation Clinical Skills for Vet Nurses <b>22</b> Advanced Clinical Skills for Vet Nurses <b>23</b> Soft Tissue II: Feline Surgery <b>24</b> Feline Behaviour Symposium <b>25</b> Feline Behaviour Symposium		 <b>QUEENSLAND</b>   <b>VICTORIA</b>		 <b>CHRISTCHURCH</b>	





# Management Services

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# Management Services and Procurement (MSP) Division

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## Strong Brands and Member Growth



- Members benefit from NVC's procurement arrangements and industry leading coaching programs and support
- 438 Management Services Members at 31 December 2018 (independent clinics)
- Represent approximately 20% of the Aust & NZ small animal vet industries 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
- Members enjoyed a 42% increase in rebates last financial year

## Managed Services Initiatives



- Continued enhancement of supplier agreements for improved member deals and clinic rebates
- New joint promotional activity with suppliers to add member value and to promote attendance at NVC training facilities
- Largest and most successful veterinary business event in Australia

## Expansion into NZ



- Management Services offering (UVG NZ) launched in August 2018 – currently 36 NZ members
- Developing initial member base – positive engagement in NZ
- Target of 30% of small animal clinics in NZ as Management Services Members within the next 3 years



# Financial Performance

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# Profit and Loss Statement – Underlying <sup>1</sup>

	1H FY2019 \$'000	1H FY2018 \$'000
<b>Sales Revenue</b>	54,243	40,003
Direct expenses	(13,942)	(10,270)
Gross margin	40,301	29,733
Gross margin (%)	74.3%	74.3%
Operating expenses <sup>1</sup>	(32,148)	(23,457)
<b>EBITDA <sup>2</sup></b>	8,153	6,276
<b>EBITDA margin (%)</b>	15.0%	15.7%
Depreciation	(987)	(635)
Finance expense	(1,263)	(734)
<b>Profit before tax</b>	5,903	4,907
<b>PBT margin (%)</b>	10.9%	12.3%
Income tax expense	(1,675)	(1,510)
<b>Net profit after tax</b>	4,228	3,397
Non-controlling interest	(356)	(311)
<b>Net profit after tax attributable to owners of NVL</b>	3,872	3,086
<b>NPAT margin (%)</b>	7.1%	7.7%
Earnings per share - basic (cents)	6.17	5.26

<sup>1</sup> Excluding acquisition, integration and other one-off expenses and revenues.

<sup>2</sup> EBITDA – Earnings before interest, tax depreciation and amortisation. Includes non-controlling interest.

## Commentary

### Revenue

The increase in revenue was driven by 31 acquisitions during the financial year, the full impact of prior period acquisitions and organic growth during the half year.

### Gross margin %

Total gross margin of 74.3% is down from 75.0% in FY2018, due to the dilutionary impact of the larger scale New Zealand (NZ) operations following the Pet Doctor acquisition. Whilst the Pet Doctor Group operates at similar gross margins to NVC's NZ clinics, as previously reported the NZ clinics generally operate at lower gross margins to their Australian counterparts mainly due to a higher retail sales mix.

### Operating expenses

Operating expense growth mainly reflect the increasing scale of operations and impact of the Pet Doctors clinics which have historically operated with a higher cost base than their NVC counterparts.

### Profitability

EBITDA margin of 15.0% is at the upper end of NVC's full year guidance range and mainly reflects the dilutionary impact of the Pet Doctors acquisition.



# Underlying Adjustments

	EBITDA <sup>1</sup>		NPAT <sup>2</sup>	
	1H FY2019	1H FY2018	1H FY2019	1H FY2018
	\$'000	\$'000	\$'000	\$'000
<b>Statutory Performance</b>	6,548	6,081	2,616	3,266
Writeback of contingent consideration at fair value	-	(1,639)	-	(1,639)
Restructuring and Integration costs	424	365	424	365
Loss on disposal of business	-	272	-	272
Trading loss of disposed business	-	82	-	82
Acquisition and transaction costs	789	595	789	595
Other one-off	392	520	392	520
Effective tax rate <sup>4</sup>	-		(349)	(375)
<b>Total Adjustments</b>	<b>1,605</b>	<b>195</b>	<b>1,256</b>	<b>(180)</b>
 <b>Underlying Performance <sup>3</sup></b>	 <b>8,153</b>	 <b>6,276</b>	 <b>3,872</b>	 <b>3,086</b>

<sup>1</sup> EBITDA – Earnings before interest, tax depreciation and amortisation. Includes non-controlling interest.

<sup>2</sup> NPAT – Net profit after tax attributable to shareholders after allowing for non-controlling interests

<sup>3</sup> After excluding the impact of acquisition, integration, restructuring and other one-off costs and revenues.

<sup>4</sup> Effective tax rate used on adjustments (excluding non-deductible stamp duty from acquisitions, capital loss on disposal of business and cost base adjustments related to contingent consideration) is 30%

## Commentary

Increased acquisition and integration costs reflect the 31 acquisitions during the current half year compared to 7 in the prior half year period.

Acquisition and integration costs include professional fees and stamp duty, as well as the provision of a dedicated team to provide support for due diligence, settlement and systems integration.

Other items in the current half year of \$0.39m mainly relates to the impact of adopting new accounting standard AASB 15 which saw a one-off decreasing revenue adjustment related to the Best for Pet loyalty program.

# Profit and Loss Statement - Statutory

	1H FY2019 \$'000	1H FY2018 \$'000
<b>Revenue<sup>2</sup></b>	54,131	41,642
Direct expenses	(14,176)	(10,270)
Gross margin	39,955	29,733
Gross margin (%)	73.8%	74.3%
Operating expenses	(31,802)	(23,457)
Acquisition, integration and other one-off expenses and revenues	(1,605)	(1,834)
<b>EBITDA<sup>1</sup></b>	6,548	6,081
<b>EBITDA margin (%)</b>	12.1%	14.6%
Depreciation	(987)	(635)
Finance expense	(1,263)	(734)
<b>Profit before tax</b>	4,298	4,712
<b>PBT margin (%)</b>	7.9%	11.3%
Income tax expense	(1,326)	(1,135)
<b>Net profit after tax</b>	2,972	3,577
Non-controlling interest	(356)	(311)
<b>Net profit after tax attributable to owners of NVL</b>	2,616	3,266
<b>NPAT margin (%)</b>	4.8%	7.8%
Earnings per share (basic)	4.17 cents	5.57 cents

<sup>1</sup> EBITDA – Earnings before interest, tax depreciation and amortisation. Includes non-controlling interest.

<sup>2</sup> Prior half year revenue includes \$1.934m in write back of contingent consideration from acquisitions (excluded from gross margin). Current half year is nil.

# Balance Sheet

	1H FY2019 \$'000	FY2018 \$'000
<b>ASSETS</b>		
Cash and cash equivalents	13,480	11,861
Trade and other receivables	3,874	3,020
Inventories	4,356	2,677
Property, plant and equipment	9,221	5,752
Intangibles	140,982	99,296
Deferred Tax	1,833	1,469
Other	1,109	166
<b>Total Assets</b>	<b>174,855</b>	<b>124,241</b>
<b>Liabilities</b>		
Trade and other payables	13,290	8,799
Income Tax	69	827
Employee benefits	3,327	2,589
Borrowings	52,743	34,041
Deferred consideration	11,460	3,934
Other	1,976	1,084
<b>Total Liabilities</b>	<b>82,865</b>	<b>51,274</b>
<b>Net Assets</b>	<b>91,990</b>	<b>72,967</b>
Shares on issue	67,051,366	59,051,360

	1H FY2019 \$'000	FY2018 \$'000
<b>Debt metrics</b>		
Net debt	39,263	22,180
EBITDA leverage <sup>1</sup>	2.08	1.82

## Commentary

### Cash

Cash reserves at balance date remain strong, with surplus cash available for growth initiatives.

### Working capital

Net working capital changes largely reflects the increasing scale of operations following the Pet Doctors acquisition.

### Debt

Drawn \$52.9m of core debt facility (\$61.0m) with EBITDA leverage at 2.08x (net). The debt facility and cash reserves provides significant headroom to fund future acquisitions and other growth initiatives.

### Deferred consideration

Growth reflects the 31 acquisitions during the period, including Pet Doctors acquisition of \$4.0m and other non-current amounts of \$2.5m.

### Other liabilities

Includes revenue received in advance in relation to the Best for Pet program.

<sup>1</sup> Bank Facility basis



# Cash Flow Statement

	1H FY2019 \$'000	1H FY2018 \$'000
<b>Underlying EBITDA <sup>1</sup></b>	8,153	6,276
Other non-cash items	146	104
Changes in working capital <sup>2</sup>	(2,190)	(1,143)
Underlying Operating Cash Flows (pre-tax, ungeared)	6,109	5,237
Conversion (%)	75%	83%
<b>Ungeared, pre-tax operating cash flows - Underlying</b>	6,109	5,237
Acquisition, integration and other one-off costs <sup>3</sup>	(1,223)	(1,562)
<b>Ungeared, pre-tax operating cash flows - Statutory</b>	4,886	3,675
Net finance costs paid	(903)	(618)
Income tax paid	(2,089)	(1,700)
<b>Net cash from operating activities</b>	1,894	1,357
Net payments for purchase of businesses <sup>4</sup>	(33,168)	(8,826)
Net payments for purchase of non-controlling interests	-	(473)
Net payments for plant and equipment	(1,158)	(917)
Proceeds on sale of business	641	2,365
<b>Net cash used in investing activities</b>	(33,685)	(7,851)
Net proceeds from share issue	17,518	(3)
Net proceeds from borrowings	18,244	3,520
Dividends/net loans paid to non-controlling interests, members and related parties	(2,072)	(2,028)
<b>Net cash from financing activities</b>	33,690	1,489
<b>Net increase in cash and cash equivalents</b>	1,899	(5,005)

<sup>1</sup> EBITDA – Earnings before interest, tax depreciation and amortisation. Includes non-controlling interest. Excluding acquisition, integration and other one-off expenses.

<sup>2</sup> Excludes income tax and finance costs

<sup>3</sup> Excludes non-cash loss on disposal of business in 1HFY2018

<sup>4</sup> Includes payments for contingent consideration in the current year and writeback of contingent consideration in prior year

## Commentary

### Operating

Operating cash flows during the period were primarily driven by net working capital changes following the Pet Doctors acquisition and large tax payments. EBITDA cash conversion of 75% improves to 96% when the following factors are considered: one off Pet Doctors net working capital purchase price adjustment (\$0.8m), one-off impact of AASB15 (\$0.4m), and temporary timing effect of insurance prepayments on half year result (\$0.6m) expected to unwind for full year result.

### Investing

Primarily relates to the 31 acquisitions during the year compared with 7 in the prior period offset by cash proceeds from the strategic disposal of Pet Post Online retail business.

### Financing

Financing cash flows reflect \$18.2m net debt drawn and \$17.5m net share capital raised to fund the Pet Doctors and other business acquisitions, less dividends paid.



# Growth Strategy & Outlook

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# Growth Strategy

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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

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## Organic Growth



- Expansion of the Wellness Program – Best for Pet
- Enhancing 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 service offerings
- In-house provision of more complex services to reduce external referrals outside of NVC

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## 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

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## 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



# FY2019 Initiatives and Guidance

## Key FY2019 initiatives include:

Acquisitions	<ul style="list-style-type: none"><li>• Focus on integration of recent acquisitions</li><li>• Development of a strong pipeline of potential clinic acquisitions to secure continued growth</li></ul>
Strategic business opportunities	<ul style="list-style-type: none"><li>• Identify rationalisation opportunities – divestment of non-core assets, consolidation</li><li>• Geographical expansion of complementary offerings – Veterinary Training Centre and managed services</li></ul>
IT, systems and new infrastructure	<ul style="list-style-type: none"><li>• Further efficiencies through integration of existing systems and management of clinic and financial data centrally</li></ul>
Ongoing clinic initiatives	<ul style="list-style-type: none"><li>• Continued focus on the Wellness Program; roles dedicated to high standards of care; integration and refinement of clinic systems to create efficiencies; refreshing clinics where necessary; training through NVC facilities</li></ul>
Managed services and procurement	<ul style="list-style-type: none"><li>• Development and expansion of UVG in NZ; now a highly scalable model</li></ul>

## FY2019 Guidance

Based on NVC's current initiatives and businesses, the FY2019 full year guidance remains unchanged:

- Underlying revenue growth expected to 40% above the FY2018 underlying revenue of \$82.2 million
- Underlying EBITDA margin expected to be 14.5-15%



# Appendix



# Senior Management



**Tomas Steenackers** Managing Director and Chief Executive Officer

Tomas is the founding CEO and MD of National Veterinary Care Ltd who brought together the initial portfolio of 35 clinics and took the company to listing on the ASX in August 2015. Over the past three years he has more than doubled the business to a thriving market leading organisation comprising of more than 95 veterinary clinics supported by 2 training facilities and complementary managed services.



**Jason Beddow** Chief Financial Officer

Jason has extensive experience in senior financial roles with private equity and listed companies in the health and pharmaceutical sector, as well as audit and advisory roles with big four accounting firm Deloitte. Jason was previously the CFO of ASX-listed mining products and services business PPK Group Limited.



**Janita Robba** Commercial Manager and Company Secretary

Janita has extensive financial, governance and commercial experience. Janita is a Chartered Accountant and has worked with listed and unlisted companies across a range of industries, including in senior management roles at Flight Centre Limited and Unity Pacific Group, as well as professional services advisory roles at Ernst & Young.



**Roy Walker** GM Operations Australia

Roy has a strong background in the veterinary industry, with management roles within Greencross Ltd, managing group and state operations teams. Roy was previously the Senior Operations Manager of G8 Education Ltd.



**James Terry** GM Operations New Zealand

James has worked in the Animal Health Industry for 27 years, mostly recently as the General Manager of Provect New Zealand. James has significant experience in leadership, strategic planning and leadership roles.



**Paula Sadler** GM Marketing and Managed Services

Paula joined NVC with a strong background in senior marketing management roles with experience in both publicly listed and private companies in animal health, entertainment, sport, retail and a large full service marketing agency. Paula has a strong background in customer relationship marketing, marketing strategies, digitally-led and integrated marketing communications.



**Dr Alex Whan** GM Vet Services

Dr Alex has over fifteen years of veterinary experience, practicing veterinary medicine in both Australia and overseas and has experience in both large and small animal medicine. Alex was previously the Lead Veterinarian and Practice Owner at Brunswick Central Veterinary Clinic in Melbourne, establishing the clinic into a multiple million-dollar operation.



**Gillian Porter** GM Human Resources

Gillian comes from a generalist HR background within the hospitality industry, working with large multisite restaurant groups including the Jamie Oliver brands. Gillian has strong experience in start-up sites, workforce planning, talent acquisition, process improvement and system implementation.





Thank you

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