



2018 Annual General Meeting

21 November 2018

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Chair's Address

Susan Forrester

**National Veterinary Care Ltd (ASX: NVL)
2018 Annual General Meeting
21 November 2018
Chairperson's Address
Susan Forrester**

Ladies and Gentlemen

Last year I opened my address by noting that NVC was the second largest listed veterinary care provider in Australia. After much tumult in the market over the last month, I am now pleased to say that NVC is now the largest.

In this third year of reporting since listing on the Australian Securities Exchange, the group produced sales revenue of A\$82.3 million, exceeding the FY2017 revenue of A\$66.8 million by 23.1%. Underlying EBITDA margin remained strong compared with our industry peers but was down marginally, reflecting the investment in our people and systems. Underlying Net Profit After Tax has grown from A\$5.9m to A\$6.3m, an increase of 6.5%.

Further, every year since listing has been an exciting one for NVC – but this year saw the milestone of purchasing Pet Doctors Group in New Zealand. The Pet Doctors acquisition is our largest acquisition since listing on the ASX in 2015 and is an excellent strategic fit with NVC's existing business, expanding its New Zealand footprint.

This strategic acquisition is highly complementary to NVC's service offering and extends NVC's NZ footprint by an additional 23 clinics and 2 training centres. The acquisition materially increases NVC's scale in NZ to become the market leader in the companion animal sector with a combined network of 33 clinics. The significantly larger business will enable NVC to leverage supplier deals and other procurement benefits to achieve growth in the managed services division which launched in NZ in August.

We funded the acquisition by a combination of existing cash reserves, debt and proceeds from an institutional placement in September 2018. The Placement of approximately 8.0 million shares at an offer price of \$2.25 per share raised approximately \$18.0 million. The Placement was oversubscribed and was well supported by existing and new institutional investors. Completion of this acquisition increased NVC's presence in NZ to 35 businesses and NVC's total number of integrated veterinary services businesses across Australia and NZ to 92. An acquisition in NSW that settled in October brought the total portfolio to 93.

So, you can see what an enormous year for NVC — a period of significant improvement that generated strong growth through organic expansion, acquisitions and development of the management services. As we have grown, NVC has invested significantly in its people and systems to more efficiently integrate, expand and support our veterinary services businesses.

Last financial year, NVC acquired, settled and integrated 13 veterinary services businesses across New Zealand and Australia. Combined, the acquired clinics have historical annualised revenue of A\$16.1 million.

The pet care industry in Australia and New Zealand continues to grow, with pet parents insisting on higher levels of care and services for their animals. We expect this 'humanisation' trend to continue across the industry, with increasing demand for more complex and higher-yielding care options supplied through veterinary clinics. The size of our addressable market within Australia and New Zealand is over A\$3 billion.

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

INTEGRATION

Now that Pet Doctors has joined our NVC stable, we have commenced disciplined integration of the business. Our comprehensive integration plans include enhancement of the existing practice management systems, deployment of NVC's HR and finance systems and corporate policies, alignment and leverage of suppliers and integration of support office functions.

Significant work was undertaken to review and improve our support office operating systems and capability to integrate future acquired clinics faster and more efficiently. It is critical to ensure the integration process continues to be done efficiently and accurately to keep new staff members engaged and motivated to sustain customer satisfaction and financial performance.

OUR GROWTH STRATEGY

We continue to believe there are significant organic and acquisition growth opportunities for the Group. Our growth strategy contains the following key elements:

Driving organic growth in existing clinics through development of a differentiated offer, focused on the customer experience and providing value for families,

Continuing to grow our network of clinics through acquisitions of clinics which complement our portfolio, and

Growing the management services and procurement group across Australia and New Zealand.

OUR PEOPLE

Every year since NVC was founded I have said, "To put it simply, we really care about our pets and our people." And nothing has changed. To achieve our growth strategy, we will engage and develop all of our people through a series of initiatives such as team development, management and leadership training. The improvement in our new operating systems will help NVC become the employer of choice in the Veterinary industry, helping recruit and retain staff across the business.

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 second conference for all our vets and practice managers on the Gold Coast - this was a truly bonding experience and really brought our people together. One of the highlights for me was watching the NVC Pub Choir singing their hearts out to a Paul Kelly tune.

Our support team has developed in its experience, expertise and professionalism and I thank Tomas and his Executive Team for the herculean efforts over several months to negotiate and complete the Pet Doctors transaction. Our Board of Directors may be small – but we are agile, responsive and supportive of management. I am grateful for Kaylene Gaffney and Steve Coles’ 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 third full year of trading.

As we look ahead to FY2019 and beyond, with our clear growth strategy supported by a passionate and capable team, we are well placed to deliver sustainable value to our clients and our shareholders in the years ahead.

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

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CEO's Address

Tomas Steenackers



Business Overview

nvc ltd.com.au

FY2019 Operational Highlights

93 Owned Clinics
(58 in AUS + 35 in NZ)



- 27 acquisitions settled between 1 July 2018 and Oct 2018 – total to 93 clinics – this is 41% growth in clinic numbers
- 4 additional clinic acquisitions to be settled by 31 January 2019 – total owned clinics will be 97 clinics

Portfolio
Organic Growth



- FY2019 total portfolio organic revenue growth of 2.45% as at 31 October 2018 ¹

21,363 Wellness
Program Members



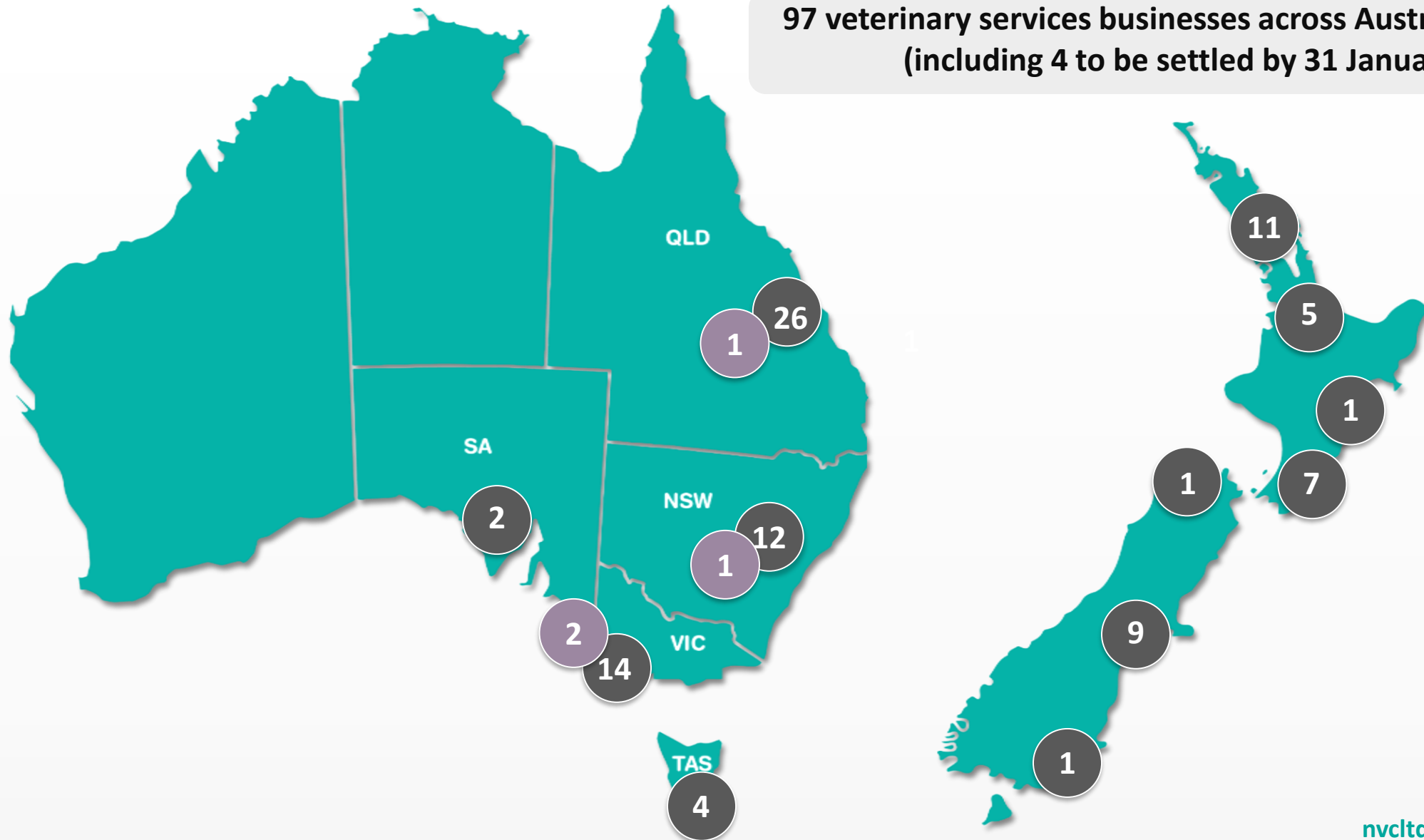
- Wellness Program implemented in 60 clinics with a total of 21,363 members – this is 13% growth since 1 July 2018
- Current NPS Score of 75.65 with over 6,110 surveys completed since 1 July 2018

NPS Score > 75

¹ Like for like sales growth reflects the total portfolio's performance, excluding strategic divestment and clinic renovation periods, held for minimum of 12 months at 30 June 2018

Australian and New Zealand Portfolio

**97 veterinary services businesses across Australia and NZ
(including 4 to be settled by 31 January)**



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 more than 90 veterinary clinics supported by 2 training facilities and complementary managed services.



Jason Beddow Chief Financial Officer

Jason also 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 Company Secretary

Janita has more than 20 years' financial, governance and commercial experience. Janita is a Chartered Accountant with extensive experience in listed and unlisted companies, including 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.



Pet Doctors Acquisition

nvc ltd.com.au

Pet Doctors Acquisition

- Pet Doctors Group acquisition settled on 2 October 2018
- The acquisition was funded through a combination of proceeds of a share placement, debt and cash reserves
- The rationale for acquisition included:
 - strong alignment with NVL's strategy
 - faster integration due to same clinical practice management system
 - opportunities for realising a range of synergies across the businesses
 - delivers scale and geographical spread to NVL
- Largest companion animal veterinary company in New Zealand



NVL NZ Before Pet Doctors Acquisition

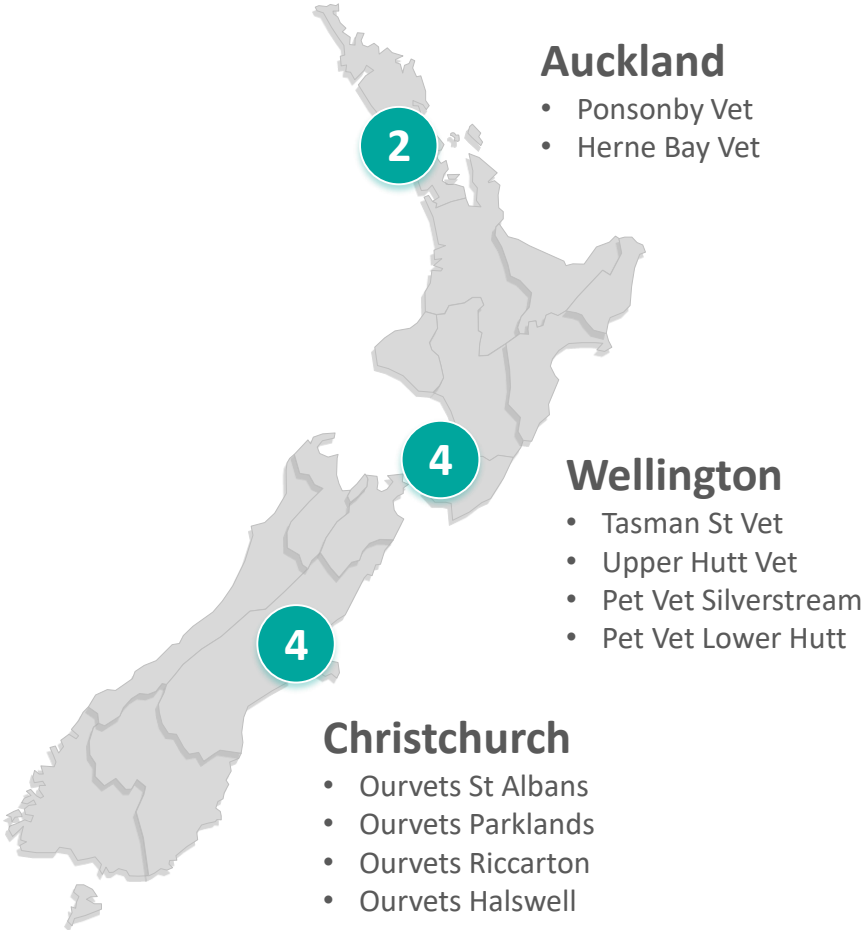
Key Highlights



Best for Pet Program



Network



Introduction to Pet Doctors

Key Highlights



Pet Doctors Group



- 17 Pet Doctors branded clinics (2 partially branded)
- Two other complementary brands
- Flexible approach to branding with a combination of unbranded and fully branded clinics

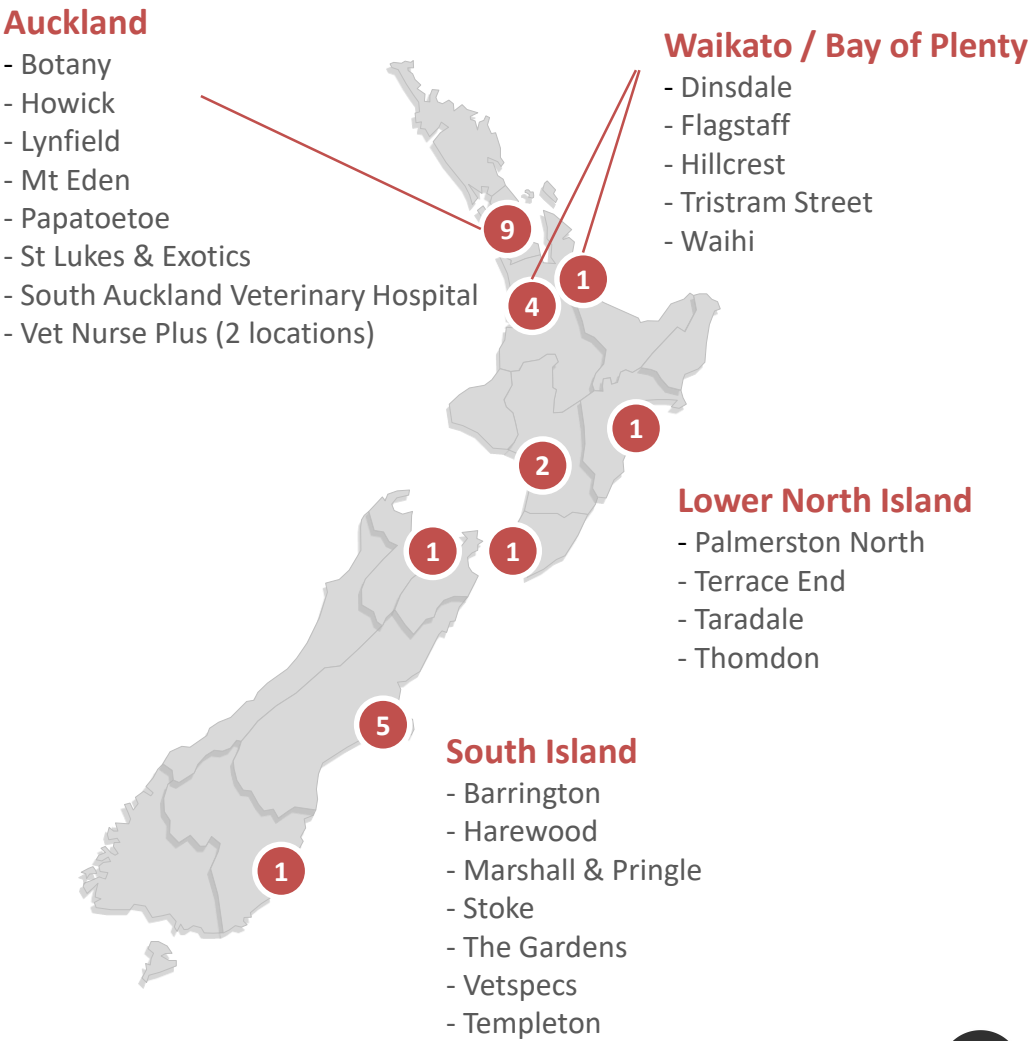


- Vet nurse training school with education centres in Albany and Botany
- NZQA approved and accredited



- 3,237 Vac for Life members

Pet Doctors Clinic Network



Our Focus on Integration of Pet Doctors

- Pet Doctors Group integration process currently tracking ahead of the initial expected 120-day integration timeframe
- 4 focus areas for integration:

Implementation of NVC Systems	<ul style="list-style-type: none">• Completed (clinic systems) – daily revenue reporting, clinical benchmarking, NPS• Completed (other systems) – time in attendance system (payroll), accounts payable and expense claim system, finance data warehouse• Coming (from 1 January 2019) – Best for Pet program• These processes were previously performed manually (e.g. completing timesheets, data entry of supplier invoices)
Supplier Synergies	<ul style="list-style-type: none">• Alignment of major suppliers (and suppliers in common across both) to secure better procurement leverage - ongoing• Opportunities with new suppliers will be progressed from January onwards
Support Office Costs	<ul style="list-style-type: none">• Support office costs were reduced from settlement – several Pet Doctors roles were already in NVL's structure• Some further synergies expected during the integration period due to automation of tasks using NVL systems
Review of Clinics/Operations	<ul style="list-style-type: none">• Review of wage costs as % of revenue across the portfolio (bring in closer alignment with NVL levels)• Opportunities include review of rostering, trading hours, and clinic mergers/rationalisations for smaller or less profitable clinics• Consolidation/merger of clinics in close geographic proximity

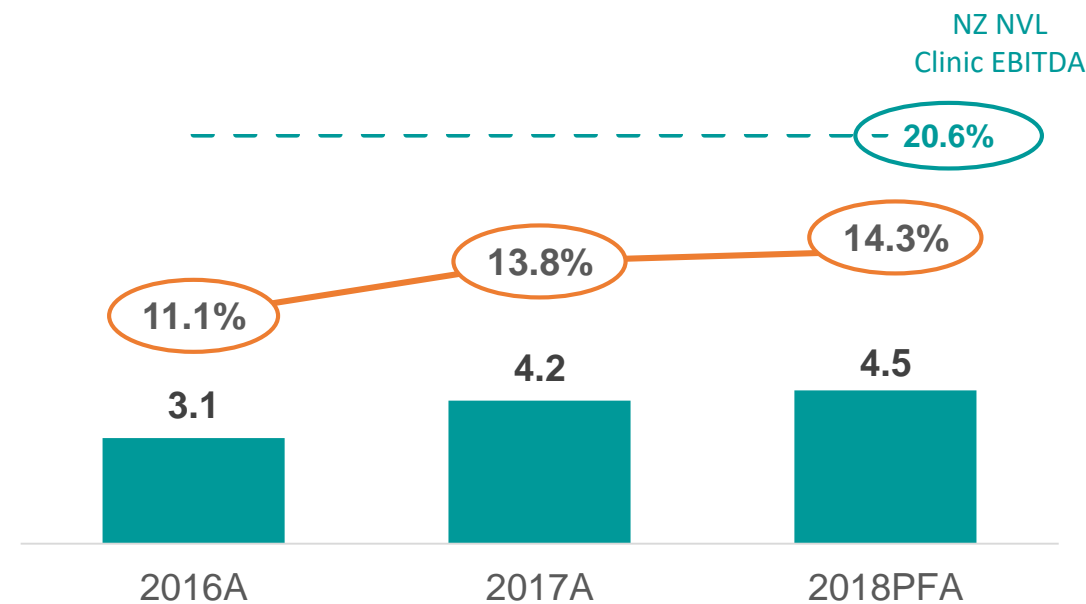
Pet Doctors clinics potential performance improvement

- Pet Doctors EBITDA Margin historically ranged between 11%-14% (as shown in graph to right)
- Expect to bring Pet Doctors profitability in line with NVL over the next 24 months
- Improved profitability to be achieved through COGS and wages improvements – indicative FY2018¹ comparisons between Pet Doctors and NVL are:

Indicative - recent historical	Pet Doctors	NVL 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

Clinic EBITDA (NZ \$m)¹ and EBITDA margin (%)



~300bps of margin expansion over last three years, with upside potential

PD has experienced strong margin accretion over the last three years. PD and NVL NZ share similar gross margins, however scope exists to increase clinic margins further, from improved supplier terms, and implementation of NVL operating systems and clinical best practice (e.g. training, marketing)



NVL Clinics

nvltd.com.au

Key Focus for Q3 and Q4 FY2019

- NVL will have acquired 31 clinics/veterinary services business (including the Pet Doctors Group) in FY2019
- Integration will be a key focus for the remaining quarters of FY2019:
 - systematically complete the 120 day integration plan for Pet Doctors
 - drive other changes and synergies identified for the group during that period
 - settlement of the 3 acquisitions announced on 31 October 2018
- Other focus areas for NVL will be:
 - organic growth of existing clinics – continue to enhance high standards of care and access to training
 - strategies to rationalise smaller clinics (revenue of <\$1M), including merger and/or consolidation opportunities
 - review of strategies for non-core or under-performing business assets
 - Veterinary Training Centre – expansion into NZ and refining workshop offerings
 - growth of UVG NZ
 - acquisitions pipeline for late Q4 FY2019/Q1 FY2020
- Continue to realise synergies created by new systems in both support office and clinics; further positive impact of synergies expected during FY2019

Key drivers of organic growth performance - bestforpet

Best for Pet loyalty program:



- 60 clinics promoting the program
- 21,363 members
- 13% growth in members since 1 July 2018



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

Initiatives to Accelerate Member Conversion and Existing Member Retention:

- Introduction of customised wellness module in the PMS system
- Ability to demonstrate to non members potential savings as a member at each clinic visit; and to quantify savings to members when they visit a clinic

The collage features several promotional elements for the Best for Pet loyalty program:

- Top Banners:** A series of teal and white triangular banners with the 'bestforpet' logo.
- Left Posters:**
 - 'Are you a bestforpet member?':** A poster listing benefits like Unlimited FREE Consultations, Annual Vaccinations, and 10% discounts on professional services.
 - 'ADVENTURERS':** A poster featuring a dog named Toffee, stating 'My parents may say that I am a mischief maker, I say that I'm an adventurer!' and promoting the program for frequent flyer dogs.
- Right Poster:** A large poster showing a woman holding a black dog, with the text 'Best for Pet was designed by vets and pet lovers to provide simple, affordable and optimal health care for your pet.'
- Bottom Sign:** A sign with a dog's face that says 'SIGN up to Best for Pet today and your consultation will be FREE. For more information, speak to our friendly team.'
- Bottom Left Circle:** A circular badge that says 'Sign up to bestforpet today and your consultation will be FREE'.

Industry Leading Veterinary Training Centres

Training for the Veterinary Industry



- Two training facilities (Brisbane and Melbourne) have offered more than 80 workshops in 2018
- 58% of external workshop attendees are UVG Members
- Multiple facilities will reduce travel costs and days out of clinics for NVL employees in southern Australian states

Further Expansion of Facilities & Program



- A third Veterinary Training Centre facility is planned for New Zealand in the first half of 2019
- The additional facility will provide greater training capacity in NZ and will compliment the launch of UVG NZ





Management Services

nvc ltd.com.au

Management Services and Procurement (MSP) Division

Strong Brands and Member Growth



- Members benefit from NVL's procurement arrangements and industry leading coaching programs and support
- Currently 434 Management Services Members (independent clinics)
- Represent approximately 20% of the Aust veterinary industry through NVL clinics and MSP clinics
- UVG NZ launched in August

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 have enjoyed a 42% increase in rebates over the past 12 months.

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 bootcamp

Expansion into NZ



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



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.

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
- 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.

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

FY2019 Initiatives and Guidance

FY2019 initiatives include:

Acquisitions	<ul style="list-style-type: none">• Focus on integration of recent acquisitions• Development of a strong pipeline of potential clinics to acquire to secure continued growth
IT and new infrastructure in place	<ul style="list-style-type: none">• Further efficiencies through integration of existing systems and management of clinic and financial data centrally
Ongoing clinic initiatives	<ul style="list-style-type: none">• Continued focus on the Wellness Program and rollouts to new clinics; roles dedicated to high standards of care; integration and refinement of clinic systems to create efficiencies; refreshing clinics where necessary; training through NVL facilities.
Managed services and procurement	<ul style="list-style-type: none">• Development and expansion of UVG in NZ; now a highly scalable model

FY2019 Guidance

Based on NVL's current initiatives and businesses, the FY2019 full year guidance is:

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



Thank you



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 2018.



Item 2: Remuneration Report

“That the Remuneration Report (which forms part of the Directors’ Report) of the Company for the year ended 30 June 2018 be adopted.”

Proxies:

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

	Votes Received	% of proxies received (excluding absentions)
For	27,142,511	81.92%
Open / Undirected	5,882,347	17.75%

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

Against	107,273	0.32%
Abstain	12,185	N/A

Item 3: Re-election of Dr Stephen Coles

"That Dr Stephen Coles, who retires as a Director of the Company in accordance with ASX Listing Rule 14.5 and rule 19.3 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)
For	28,811,322	83.18%
Open / Undirected	5,769,114	16.65%

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

Against	58,898	0.17%
Abstain	800,830	N/A

Item 4a: Ratification of Issue of 35,626 Shares

“That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 35,626 Shares issued at \$2.807 per Share, in relation to the acquisition of Woodend Veterinary Centre, 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	29,439,150	83.15%
Open / Undirected	5,884,657	16.62%

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

Against	79,277	0.22%
Abstain	37,080	N/A

Item 4b: Ratification of Issue of 75,035 Shares

“That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 75,035 Shares issued at \$2.932 per Share, in relation to the acquisition of Dr Paws Delahey, 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	29,439,550	83.15%
Open / Undirected	5,884,657	16.62%

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

Against	79,277	0.22%
Abstain	36,680	N/A

Item 4c: Ratification of Issue of 8,000,006 Shares

“That for the purposes of Listing Rule 7.4, shareholders ratify and approve the issue of 8,000,006 Shares issued at \$2.25 per Share, under a placement to sophisticated, professional and 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	7,233,948	54.76%
Open / Undirected	5,884,657	44.54%

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

Against	92,500	0.70%
Abstain	35,180	N/A

Item 5: Approval of Employee Incentive Plan

“That for the purposes of Listing Rule 7.2 and for all other purposes, shareholders approve the issue of securities in the Company under the Employee Incentive Plan.”

Proxies:

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

	Votes Received	% of proxies received (excluding absentions)
For	28,554,620	82.33%
Open / Undirected	5,762,676	16.62%

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

Against	364,231	1.05%
Abstain	8,637	N/A

Item 6: Grant of Performance Rights to Tomas Steenackers under the Employee Incentive Plan

"That for the purposes of ASX Listing Rule 10.14 and for all other purposes, shareholders approve the grant of 115,011 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 2018 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)
For	28,458,242	82.05%
Open / Undirected	5,768,986	16.63%

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

Against	456,803	1.32%
Abstain	6,133	N/A



Thank you