



26 August 2010

## GRENCROSS LIMITED (ASX: GXL) Announcement

### GRENCROSS EXPANDS GEOGRAPHIC FOOTPRINT

Greencross Limited ('Greencross' or 'the Company') is pleased to announce that the Company has entered into an agreement to acquire the equity share (as listed below) of the Victorian veterinary clinics held by Babtec Holdings Pty Ltd ('Babtec'):

1. Animal Emergency Centre – Mt Waverley (59%);
2. Animal Emergency Centre – Hallam (59%);
3. Animal Emergency Centre – Frankston (59%);
4. Anvet Werribee (50%);
5. Petsfirst Hoppers Crossing (50%);
6. Williamstown Veterinary hospital (100%); and
7. Point Cook animal Hospital (100%).

Greencross has agreed to acquire Babtec's equity share of each of the above businesses, for \$4.95 million. Consideration will be made up of a combination of debt and cash reserves.

Babtec, which owns equity interests in the above seven veterinary practices in Melbourne, will provide Greencross with an expanded geographic presence in this market and enhance the Company's position as the largest veterinary services provider in Australia.

The acquired Babtec businesses have forecast FY2011 revenue of \$7.5 million and EBITDA \$1.1 million.

Greencross has agreed to purchase the Babtec business for \$4.95 million, which equates to an EV/EBITDA multiple of 4.5x. On integration of the acquisition into the Greencross model, the acquisition is expected to be earnings accretive.

Financing from the National Australia Bank for the acquisition is subject to approval by shareholders at the Company's Annual General Meeting.

The acquisition is an excellent strategic fit for Greencross given the following:

- Consolidates the Company's position as the largest veterinary operator in Australia increasing the number of animal hospitals and clinics by over 15% from 45 to 52
- Delivers Greencross significant scale benefits and synergy potential across supplier agreements, marketing and systems integration
- Expands the geographic presence in the companion animal market of Victoria which represents one of the largest domestic markets for companion animals per capita

- The acquired practices can be absorbed into the Greencross group with little additional overhead incurred at the company level and once integrated there is potential to deliver improved margins in line with Greencross existing group margins

Greencross's Managing Director, Dr Glen Richards said, "The acquisition of these Babtec assets is a significant step in achieving the company's strategy of consolidating the fragmented veterinary industry. We are excited about the integration of these practices into Greencross as well as expanding our footprint in the major pet owning market of Melbourne"

The acquisition is expected to be completed on 30 September 2010.

-ENDS-

### **ABOUT GREENCROSS**

Greencross was established in 2003 and has grown to be Australia's leading veterinary services company through the acquisition and integration of 45 practices around Australia.

Greencross's strategy is to continue to consolidate the fragmented veterinary services industry in Australia and is focused on delivering exceptional veterinary medicine and levels of care to its patients. The company's vision is to be the practice of choice for employees, clients, patients and shareholders.

**For further information please contact:**

Glen Richards

Managing Director, Greencross Limited

Phone: (07) 3391 1477