

ASX Announcement NVL

12 September 2018

National Veterinary Care announces the acquisition of New Zealand's Pet Doctors Group, funded by the successful completion of a Placement

National Veterinary Care Ltd (ASX: NVL) (**NVL**) is pleased to announce the acquisition of the Pet Doctors Group in New Zealand (**NZ**). This strategic acquisition is highly complementary to NVL's service offering and extends NVL's NZ footprint by an additional 23 clinics and 2 training centres.

The acquisition materially increases NVL'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 NVL to leverage supplier deals and other procurement benefits to achieve growth in the managed services division which launched in NZ in August.

The anticipated financial impact of the Pet Doctors acquisition on NVL's performance is outlined below (based on financial years ended 31 March):

- Acquisition multiple of 5.3x clinic 2018A EBITDA (inclusive of synergies)
- Acquisition multiple of 7.9x 2018A EBITDA (inclusive of ongoing support office costs and synergies)
- Improved scale and operating leverage, particularly in NZ
- Expected to deliver annualised revenue and annualised EBIT of NZD31.2M and NZD4.5M respectively
- Expected to deliver FY2019F EPS accretion in mid-single digits (including synergies)
- Proforma Net debt/Proforma 2018A EBITDA of 2.0x

The acquisition will be funded by a combination of existing cash reserves, debt and proceeds from an institutional placement (**Placement**) that was successfully completed yesterday Tuesday 11 September 2018. The Placement of approximately 8.0 million shares at an offer price of \$2.25 per share raised approximately \$18.0 million (**Offer**) before costs. The Placement was oversubscribed and was well supported by existing and new institutional investors.

The shares issued via the Placement represent approximately 13.5% of NVL's issued share capital prior to the Offer. New shares issued under the Offer will rank equally with existing ordinary shares.

NVL's CEO and Managing Director Tomas Steenackers said "We are delighted to bring Pet Doctors into our NVL stable. The Pet Doctors acquisition will be our largest acquisition since listing on the ASX in 2015 and is an excellent strategic fit with NVL's existing business, in particular expanding its New Zealand footprint. The compatibility

of systems between NVL and Pet Doctors will streamline the integration of the Pet Doctors clinics. We plan to deploy a number of NVL systems, including our wellness program, across all clinics within 120 days from settlement. This acquisition will continue to leverage the investment made in our systems and our people during FY18 and will also result in NVL having strong leadership and increased support office capabilities located in New Zealand to support the larger clinic network.”

Mr Steenackers added in relation to the Placement, “We are once again delighted with the response to the Placement and support of this milestone acquisition in our growth strategy by both our existing and new investors.”

The Placement, which was managed by Wilsons, is expected to settle on Tuesday 18 September 2018 with allotment on Wednesday 19 September 2018. Shares under the Placement will be issued under NVL’s existing ASX Listing Rule 7.1 placement capacity and will not be entitled to the FY2018 dividend.

The Pet Doctors acquisition is subject to customary conditions and is expected to settle by 1 November 2018.

Completion of this acquisition will bring NVL’s total number of integrated veterinary services businesses to 92.

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About NVL:

NVL aims to be a leading provider of veterinary services in Australia and New Zealand. NVL has acquired and integrated 67 veterinary services businesses across Australia and New Zealand. NVL strives to achieve excellence in clinical care for pets, and to build a platform for loyal, long term relationships with their owners.

The key growth strategies for NVL are expanding the NVL network of clinics through acquisition and driving organic growth at a clinic level.

For further information please contact:

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