

ASX Announcement

22 November 2018

Correction to Published Chair's AGM Address

National Veterinary Care Ltd (NVL) advises that the 2018 AGM Presentation released to market yesterday included an inadvertent, incorrect quote in the Chair's address.

The address published yesterday had the following wording in the first paragraph:

“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.”

The second sentence should have read, and was delivered at the AGM, as:

“After much tumult in the market over the last month, I am now pleased to say that NVC may soon be the largest.”

A copy of the Chair's address as delivered at the AGM, which reflects this correction, is attached.

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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 93 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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IMPORTANT NOTICES

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial position and performance are examples of forward-looking statements.

Forward-looking statements, including projections or guidance on future earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including NVL). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.

**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 may soon be 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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