

ASX Release

Apiam Animal Health Limited

(ASX: AHX)

Amendment to Apiam's banking covenants

Melbourne, June 28, 2017 – Apiam Animal Health (**Apiam**) is pleased to announce that it has negotiated new covenants, relating to its debt funding facility provided by NAB.

The amended covenants better aligns Apiam's working capital and debt funding requirements with its strategic plan, providing greater flexibility where required.

Dr Chris Richards, Managing Director of Apiam Animal Health, said of the amendments "This is a positive development for the company, as it is important we have a debt facility in place that is appropriately aligned to our business growth strategy and working capital needs. Our overall debt strategy remains focussed on reducing the operating leverage ratio as a result of these initiatives, despite the increase in available headroom."

Key changes to Apiam's banking covenant:

- The maximum gearing ratio, financial indebtedness to tangible net worth, will remain at 35%, however, the gearing ratio now excludes debt related to Apiam's \$8M working capital facilities.
- The maximum operating leverage ratio, financial indebtedness to EBITDA, has been increased from 2.75 to 3.5. EBITDA excludes integration and acquisition expenses. For avoidance of doubt, EBITDA for FY17 includes income of \$1.25M from the reversal of contingent consideration.
- The minimum interest cover ratio, EBIT to gross interest expense, remains at 5 times. EBIT excludes integration and acquisition expenses. For avoidance of doubt, EBIT for FY17 includes income of \$1.25M from the reversal of contingent consideration.

Dr Chris Richards, also said "Following discussions initiated by the Company earlier this year with our long term banking partner, the revised covenants will be adopted commencing June 30th 2017. We are pleased to have a debt facility and appropriate covenants in place that provide us further flexibility as we continue to execute our strategic plan. We remain focused on improving our EBITDA to cash conversion with intent to deliver greater free cash flow over the next 12 months."

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About Apiam Animal Health Limited

Apiam Animal Health is positioned in the Australian market as a vertically integrated animal health business providing a range of products and services to Production and Mixed animals. Apiam Animal Health's strategy is to service Production and Mixed animals throughout their lifecycle, including the provision of veterinary services, ancillary services, genetics, wholesale and retail of related products, together with technical services related to food-chain security.