



FNN investor conference

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Apiam : company snapshot

- IPO on ASX in Dec 2015 bringing together some of the largest Australian rural veterinary practices
- Unique veterinary business
 - vertically integrated model across entire animal health value chain
 - rural and regional focus
 - services production & companion animal segments
- Three year strategy for growth underway
 - building the foundations of the enlarged business was the focus in FY2016/2017
 - second phase of three year growth plan currently being executed
 - three significant acquisitions since listing
 - business development initiatives to drive further growth in FY2018 identified
- Strong long-term industry outlook for production & companion animal sectors
- Attractive financial profile with high cash conversion

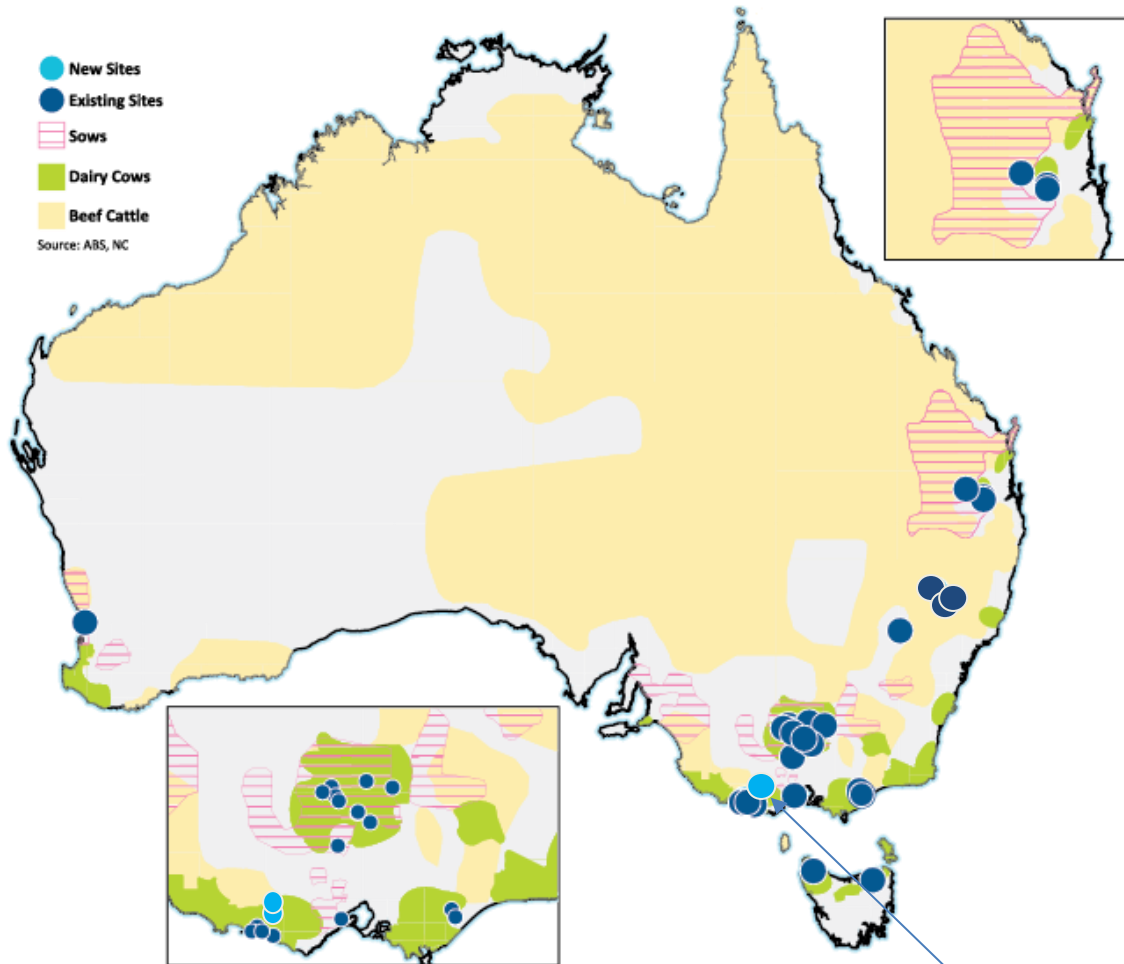


Market & financial overview	A\$m
ASX listed Dec 2015	AHX
Share price (7/11/17)	\$0.89
Market cap (7/11/17)	90.1m
Revenue (FY17)	98.0m
NPAT (FY17)	5.0m
Net debt (30/6/17)	24.7m
Ownership by Board & Mgt	~ 28%

Vertically integrated business model across the animal health value chain

Segment	Businesses	Activities and Geographic Locations
Veterinary Services	          	<ul style="list-style-type: none"> • 15 leading Production Animals and Regional Mixed Animal businesses • 36 clinics strategically located across Victoria, Tasmania, Queensland, Western Australia and New South Wales • Over 125 veterinarians, including many leading specialists in their fields of expertise • Veterinary, well-being and production solutions
Products	   	<ul style="list-style-type: none"> • Centralised procurement of animal pharmaceuticals, nutritional supplements and equipment • In-house warehousing and logistics services to deliver products to veterinary clinics and end-point customers • Warehouses in Bendigo, Toowoomba, Welshpool and Smithton • Vehicle fleet with an estimated 65% of goods delivered via in-house capabilities direct to farm and clinics
Ancillary & Support	     	<ul style="list-style-type: none"> • Genetics sourcing, sales and related services • Embryo transfer and artificial insemination services • Services to producers of industry quality assurance programs,

Geographical distribution in large production animal areas



- Apiam Animal Health services:
 - the pig industry with clinics in Bendigo, Toowoomba and Perth;
 - the beef cattle feedlot industry with clinics located in the major feedlot areas of Queensland, Victoria and New South Wales; and
 - the dairy industry with clinics located in the four main dairy regions of Victoria (Western District, Gippsland, Goulburn Valley and Murray regions), Tasmania (North West and North East regions), southern New South Wales and Queensland (South Burnett)
- Scope for further penetration in existing regions and growth into new/adjacent geographies
- Recent JV alliance with PETstock will increase penetration in regional companion animal segment

Recent Terang & Mortlake Vet Clinic acquisition in important dairy & beef region



Financial performance in FY2017

Revenue and underlying EBITDA at upper end of May guidance

\$m	FY17A	FY16A ¹	Variance	%
Total revenue	98.0	54.1	43.9	81.1%
Gross profit	47.3	25.3	21.9	86.6%
Expenses				
Employment Costs	(27.0)	(14.2)	(12.8)	90.8%
Other expenses	(11.9)	(5.3)	(6.6)	123.4%
Total Operating Expenses	(38.9)	(19.5)	(19.4)	99.7%
Underlying EBITDA ²	8.3	5.8	2.5	42.8%
Integration / ERP expenses	(0.7)	(0.5)	(0.3)	
Acquisition/Advisory/IPO expenses	(0.2)	(3.3)	3.0	
Other income	1.3	0.0	1.3	
EBITDA	8.6	2.1	6.5	
Depreciation & Amortization	(1.4)	(0.6)	(0.8)	
EBIT	7.2	1.5	5.7	
Interest	(0.9)	(0.4)	(0.5)	
Net Profit/(loss) before tax	6.3	1.1	5.2	
Tax	(1.3)	(1.0)	(0.3)	
Net Profit/(loss) after tax	5.0	0.1	5.0	
GM	48.2%	46.8%		
Underlying EBITDA margin	8.5%	10.8%		

Notes:

1. FY16A results reflects a partial year comprising contributions from the Chris Richards Group (and 3 clinics in which this group had a majority equity interest) from 1 November 2015 and the contribution from 9 other clinics acquired from 10 December 2015
2. Underlying EBITDA excludes one-off integration, ERP & acquisition expenses as well as \$1.3m of income associated with the reversal of Contingent Liability on the balance sheet (contingent acquisition consideration no longer payable)

Revenue

- FY17 revenue of \$98.0m delivered at upper end of May 2017 guidance
- Strong rebound in H2, particularly Q4
- H1 FY17 affected by lower than anticipated Q1 FY17 performance, due to industry conditions
- FY17 includes 10 month Quirindi contribution and 6 month AllStock contribution

Gross Margin

- Strong improvement vs FY16A driven by business mix & procurement synergies

Expenses

- Investment through FY17 in operating cost base reflects “building the foundations” for future growth and addition of acquired businesses

Other income

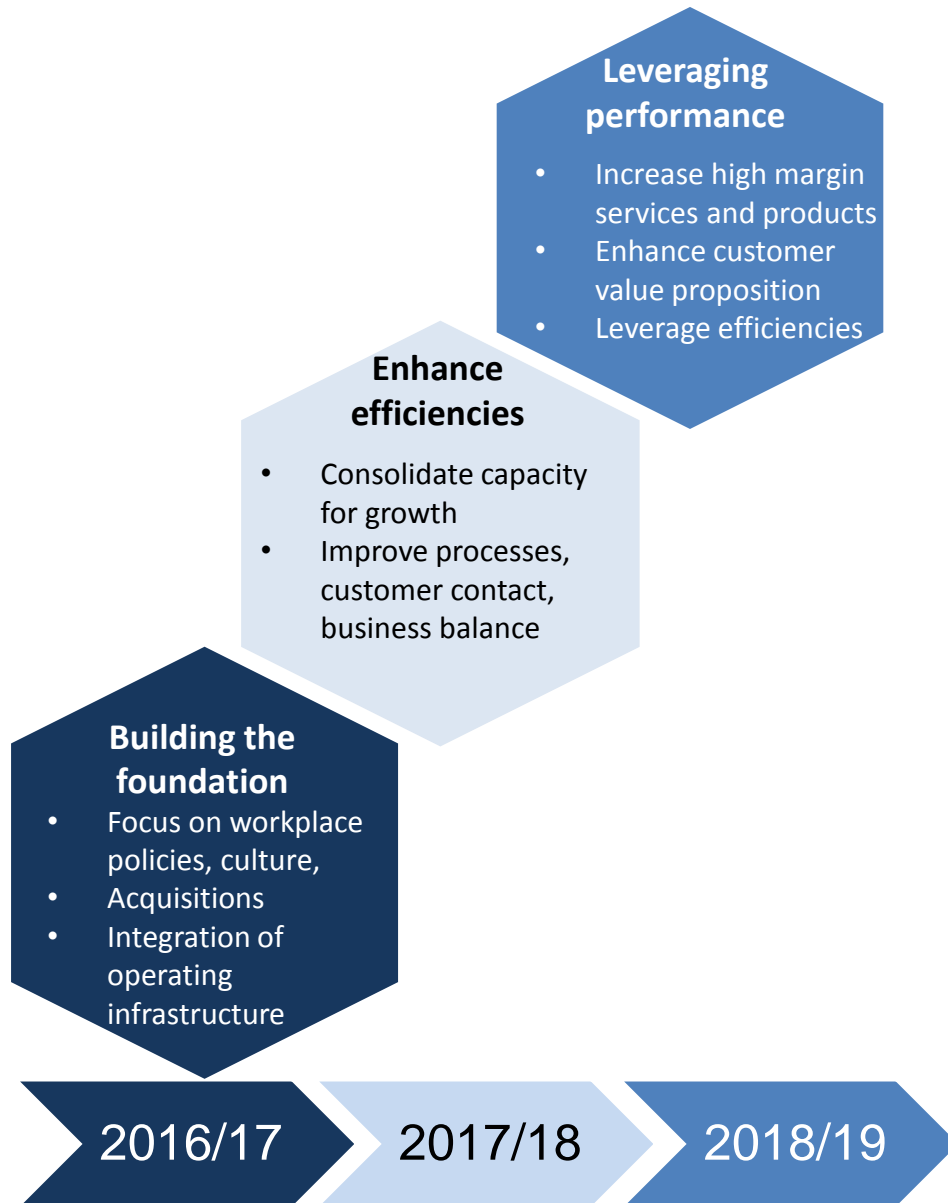
- Relates to contingent consideration from entities acquired in FY16 that has been reversed from the Balance Sheet

Dividend

- FY17 DPS of 1.6 cps
- 42.6% payout ratio (NPAT excl. other income)



Strategic roadmap : progress update



Progress against plan

Phase # 1 : Building the foundation:

- Workplace policies & culture programs established and implemented
- 3 significant acquisitions announced during FY17 & FY18 YTD
- Operating infrastructure in place with significant investment in ERP systems & personnel
- Practice Management System “VetLink” to be rolled out over FY2018

Phase # 2 : Enhance efficiencies

- Back office, delivery & procurement fully integrated and delivering benefits
- Optimizing business mix to target higher margin services and products
- Revenue uplift on acquisitions now being achieved
- New business growth initiatives introduced and delivering results

Business development focus

Initiatives driving future business growth in FY2018

1

Rural & regional expansion strategy : strategic expansion of services in locations where strong market demand exists

- efficient capex investment, satellite sites to existing clinics
- examples include Nathalia satellite clinic and South West Equine JV in 2017
- a number of new greenfield and satellite sites planned for FY 2018
- acquisitions remain a fundamental part of Apiam's strategy to leverage its enlarged infrastructure - TMVC in FY 2018
- on-going process of identifying complementary bolt-on acquisitions

2

Growth focus on companion & mixed animal market : capturing organic growth in an underserved segment in rural and regional Australia

- investment in new technologies such as diagnostics – pathology machines – Xray, Ultrasound, CT machines
- investment in specialised training of vets
- additional sales & marketing training to leverage recently developed service and product offerings
- JV alliance with significant companion animal retailer, PETstock

3

Supply chain : further integration of supply chain, increase in development of private label range and higher margin products



Recent developments

PETstock JV alliance

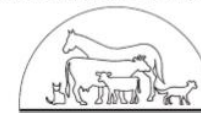
- Parties to open several new veterinary clinics to be co-located at various PETstock retail outlets in regional and rural Australia
- First co-located clinic will be a 24-hour Veterinary Emergency and Referral Centre, at PETstock's recently opened superstore in Bendigo (Epsom)
- Jointly owned (with Apiam as majority shareholder) and to be operated by Apiam via a management agreement
- Parties to jointly investigate potential for synergies and growth opportunities
- Immediately opens up new market demographic – Apiam can leverage broad service offering across PETstock's large and loyal retail customer base
- Shareholder agreement expected to be executed within next month



Terang & Mortlake Veterinary Clinic acquisition

- Comprised of two leading rural veterinary practices with six veterinarians
- Approximately half of revenue derived from dairy industry - also active across beef, equine and companion animal categories
- Strategic location in a well established dairy and beef region
- Total consideration of \$1.6 million (70% cash, 30% scrip)
- Revenue of \$2.2 million in FY17
- Expected to be earnings accretive in first full year of acquisition and realise immediate synergies
- Effective acquisition date of 1 November 2017 (8 month contribution to FY2018)

TERANG AND MORTLAKE VETERINARY CLINIC



Outlook

Confident outlook for FY2018

- Favorable industry outlook
 - key drivers for the production animal sector are positive for FY2018
 - rural companion animal sector growing, with increased demand for better services offering – presents additional growth opportunities
- Apiam strongly positioned to capture growth initiatives following investment in platform during FY2017
- Focus in FY2018 on delivering the second phase of Apiam's strategic plan - “gaining efficiencies”
- FY2018 YTD revenue in line with company expectations and above prior comparable period - not affected by the industry challenges that occurred in Q1 FY2017



Apiam is well placed to deliver revenue and earnings growth in FY2018

Investment case

- ✓ Vertically integrated business across entire animal health value chain
- ✓ Three-year strategy for growth well underway
- ✓ Delivering on growth plans through acquisitions and integration
- ✓ Attractive financial profile with high cash conversion
- ✓ Strong long-term industry fundamentals
- ✓ Experienced team with proven ability to deliver growth despite varying industry conditions



Questions

