



Annual General Meeting

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Agenda

FY2017 results highlights

Strategic update

Recent developments – PETstock alliance & TMVC acquisition

Industry conditions & outlook



FY2017 results highlights



FY 2017 vs FY 2016 reported

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

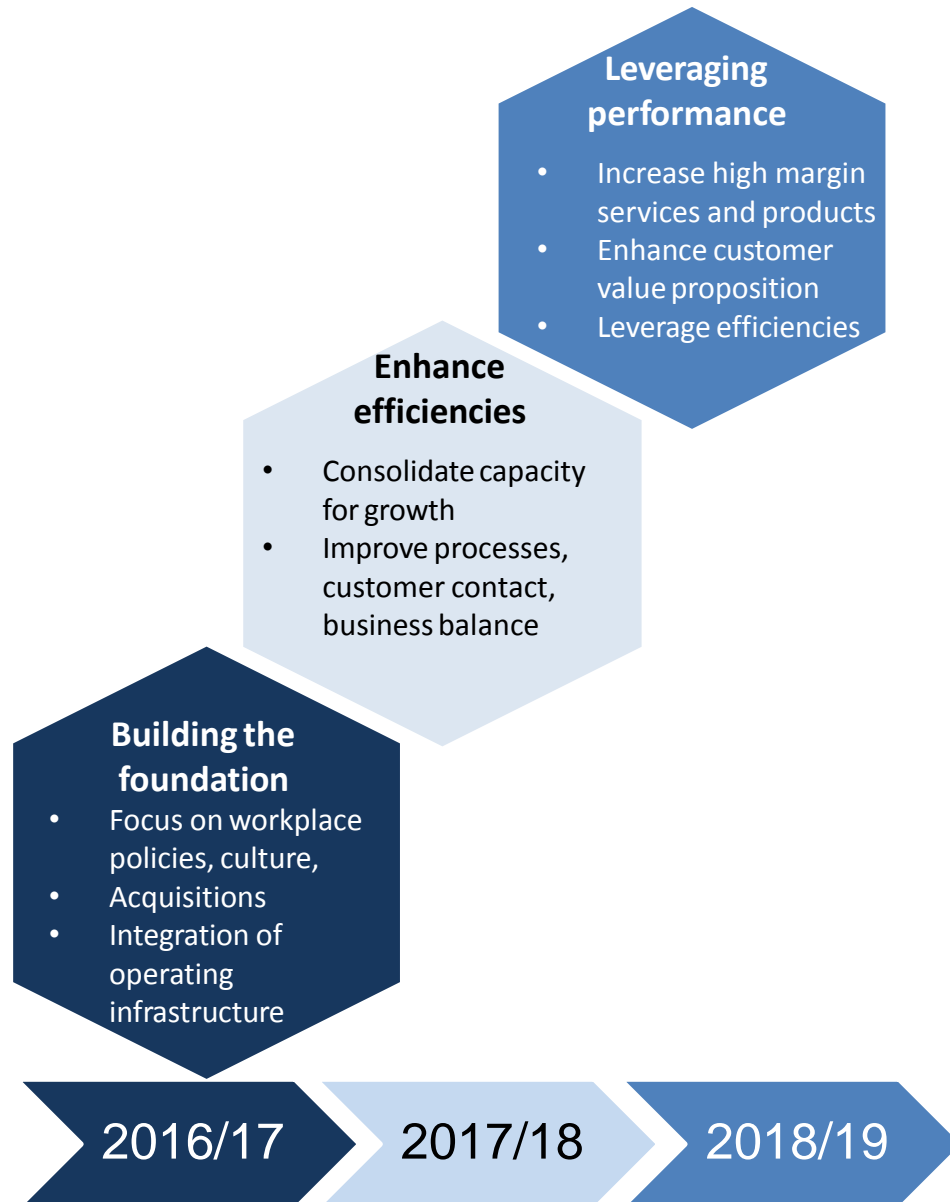
- FY17 DPS of 1.6 cps
- 42.6% payout ratio (NPAT excl. other income)



Strategic update



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 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

VetLink update

The roll-out of Apiam's Practice Management System
"VetLink" is progressing well and will drive efficiencies



Project Status:

- Overall project status on track to meet roll-out objectives
- Clinic personnel involved in development to ensure deliver efficiencies
- Roll-outs across existing network scheduled for completion end of FY18



Expected benefits:

- Fully integrated with Apiam's new ERP system
- Improved operational efficiency at the individual clinic level – less time spent by vets on finance & admin
- Improve revenue capture
- Consistent work practices across the network
- Share knowledge and best practice
- Faster speed to market when business opportunities arise



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 FY2018
- acquisitions remain a fundamental part of Apiam's strategy to leverage its enlarged infrastructure - TMVC in FY2018
- 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

- JV alliance with significant companion animal retailer, PETstock
- 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

3

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



Recent developments – PETstock alliance & TMVC acquisition



PETstock alliance

Memorandum of Understanding to work towards JV alliance

Proposed JV alliance terms

- Parties to open a number of 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, equipped with best-in-class technology, at PETstock's recently opened superstore in Bendigo (Epsom)
- Co-located clinics to be jointly owned (with Apiam as majority shareholder) and to be operated by Apiam via a management agreement
- Clinics to be located in, or on the edge of Apiam's existing operating regions
- Parties to jointly investigate potential for synergies in back-end support, procurement and IT as well as other growth opportunities
- Shareholder agreement expected to be executed within 2 months

Strategic rationale

- Consistent with regional expansion strategy
- Accelerates Apiam's presence in the high growth & under-serviced regional companion animal market
- Immediately opens up new market demographic – Apiam can leverage broad service offering across PETstock's large and loyal retail customer base
- Cost effective expansion model (compared to acquisition of existing businesses or greenfield sites)
- Provides PETstock regional and rural with best practice vet skills & technical expertise



- Leading retailer of animal products, services and accessories
- Focus on companion & equine market
- 100% Australian, family owned and operated business
- Founded in 1991 & became a specialist pet retailer in 2002
- Over 145 retail stores across Australia and New Zealand
- Currently 20 PETstock integrated clinics in operation in or near capital cities



TMVC acquisition

Expansion into the high value Western Districts region



Business overview

- Terang and Mortlake Veterinary Clinic (TMVC)
- Comprised of two leading rural veterinary practices
- 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
- Revenue of \$2.2 million in FY17

Key terms

- Total consideration of \$1.6 million
- 70% cash, 30% scrip (shares issued at \$0.8219/share)
- Expected to be earnings accretive in the first year of ownership
- Shares issued will be escrowed for up to two years
- Effective acquisition date of 1 November 2017 (8 month contribution to FY2018)

Strategic rationale

- Delivering on Apiam's regional and rural expansion strategy
- Enables Apiam to establish presence in important dairy & beef region
- Expected to realise immediate synergies through:
 - ability to operate on a regional basis in Western Victoria with other Apiam clinics
 - leverage operating infrastructure of KAM's logistics and marketing resources
 - new market opportunity to drive additional revenue streams (such as Apiam's highly specialized beef reproduction & genetics offering)

Industry conditions & outlook



Industry conditions update

Industry conditions in FY2018 YTD have been positive across all the sectors in which Apiam operates



BEEF FEEDLOT

- Positive turnaround witnessed in late FY2017 has continued in FY2018 YTD
- Supply issues in smaller feedlots experienced over FY2017 resolving
- Trading conditions in majority of business expected to remain stable in FY2018, despite increasing grain prices



DAIRY

- Positive underlying drivers (fodder prices, milk prices)
- AHX client base have diversified supplier channels and are not predominantly aligned to any one milk supplier



PIGS

- Good start to FY2018 experienced
- AHX client base expected to deliver growth in animal numbers despite industry decline in pig prices
- Increasing grain prices in the short term expected to continue
- Expect medium term industry expansion to continue to meet future demand



COMPANION & EQUINE

- Population willing to spend greater share of wallet as service level increases
- New technologies & diagnostics to drive additional growth

Outlook

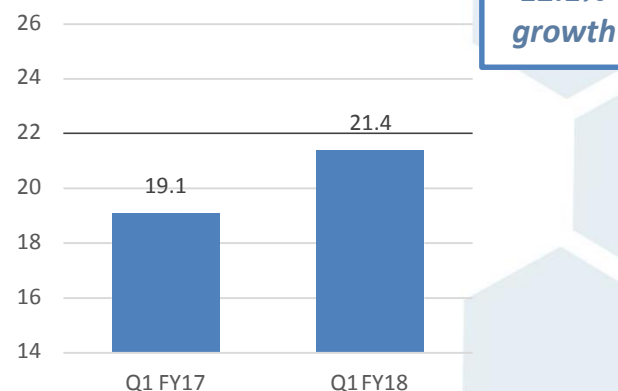
Confident outlook for FY2018

- Q1 FY2018 revenue of \$24.8 million
 - all animal segments contributing positive revenue growth in FY2018 YTD
 - high single digit revenue growth in dairy and mixed animal sector (on a like-for-like basis, excl. impact of acquisitions)
 - 25.3% increase compared to Q1 FY2017 of \$19.8 million (12.1% on an ex-acquisition basis)
- Normal phasing expected
 - Revenues in Q2 & Q4 normally greater than Q1 & Q3
 - H2 revenues greater than H1 revenues
- Favorable industry outlook
- Apiam strongly positioned to capture on growth initiatives following investment in platform during FY2017
- Operating cost base now at a level required to deliver next stage of growth
- Focus in FY2018 on delivering the second phase of Apiam's strategic plan - "gaining efficiencies"
 - new revenue streams from business development to drive organic growth in FY2018
 - acquisitions to leverage cost base remain a fundamental part of Apiam's strategy

Revenue (\$m) - Q1 FY18 vs Q1 FY17 - reported



Revenue (\$m) - Q1 FY18 vs Q1 FY17 - ex acquisitions



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