

## ASX Release

### Apiam Animal Health Limited

(ASX: AHX)

## Investor Presentation

**Melbourne, 2 July, 2018** – Apiam Animal Health Limited today releases the attached Investor Presentation, which provides an update on current business operations and FY2018 revenue and earnings guidance.

-Ends-

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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.



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# OPERATIONS

# UPDATE

2ND  
JULY  
2018

# & FY2018 GUIDANCE



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# HIGHLIGHTS & BUSINESS OVERVIEW

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## OPERATIONAL HIGHLIGHTS TO MAY FY2018

**42 OWNED CLINICS**  
**1 JV EQUINE CLINIC**



**+17%**

- 6 clinic acquisitions settled in FY2018 (17% increase)
- Includes greenfield Fur Life Vet clinic in Petstock Epsom
- Additional JV equine clinic established in South West Victoria
- Strong acquisition pipeline for large regional and rural clinics
- Portfolio expansion within Apiam Regional model strategy

**ORGANIC GROWTH**



**+4.3%**

- Organic revenue growth (LFL) across all segments to May FY2018 is 4.3%.
- Organic revenue growth across all operating segments
- Higher LFL growth in pig segment despite industry downturn
- First Petstock JV clinic delivering above expectations

**GROUP REVENUE GROWTH**



**+8.9%**

- Group revenue growth was 8.9% to May FY2018
- Acquisitions leveraging stabilized corporate cost base

**OPERATIONAL  
RESTRUCTURE TO  
DRIVE GROWTH**

- Recent restructure of operations to drive growth opportunities in both General Practice Dairy and Mixed clinics (D&M) and Intensive Animals and Ancillary Services (IAAS)
- Dedicated Business Managers now in place for both D&M and IAAS business units while maintaining corporate cost base.
- Drive to capitalize recent investments across enlarged animal footprint

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# DRIVING GROWTH IN RURAL VETERINARY SERVICES

AHX HAS CONTINUED TO SHAPE RURAL VETERINARY SERVICES MODEL OVER FY2018



**6**  
new clinics welcomed into  
AHX community



**3,500,000+**  
pigs provided vet  
services and products



**2,700,000+**  
cattle on feed provided  
vet services and products



**480,000+**  
dairy cows provided  
vet services and products



**28%**  
companion in-clinic  
diagnostics revenue growth



**50+**  
expert presentations at  
industry conferences



**10+**  
countries where  
AHX provided vet services



**9**  
peer reviewed  
scientific papers published



**7**  
major contracted  
research trials



**700,000+**  
semen doses collected at  
5 genetic centres



**9**  
countries that AHX  
exported sheep embryos



**360,000+**  
Apiam lifestyle  
magazines distributed

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# EXPANDING CLINIC FOOTPRINT

## Setting the benchmark for industry expertise



- Acquisition of 6 clinics to expand footprint including first Petstock JV clinic
- New equine JV clinic in SW Vic opened to service expanding equine industry
- Further Petstock Joint Venture clinics to drive regional companion animal growth in FY2019



- 50+ technical presentations at local and international conferences demonstrating the expertise within the Apiam team



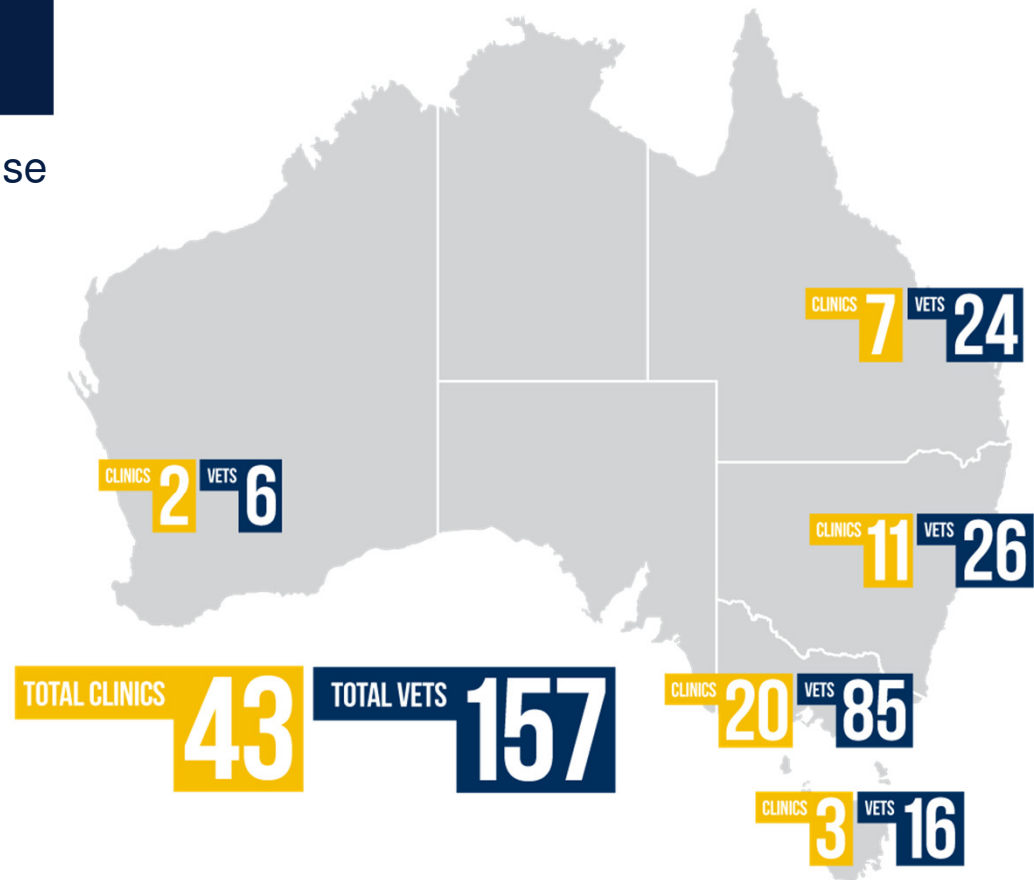
- Services provided to livestock producers across 10+ countries in Australasia, North America, China, South East Asia and South America
- Opportunities to expand services and develop product supply chains



- 9 peer reviewed articles published in scientific journals
- Applied research and development activities drive innovative services and product adoption



- 7 major contracted product research and development or registration trials
- AHX footprint provides scale for robust trials and promotes investments in innovation



Clinics are defined as veterinary clinics, genetic centres and ancillary services businesses

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A white lamb is shown in profile, looking towards the right. It is standing in a metal pen. The background is a warm, golden sunset or sunrise, with a fence and some structures visible in the distance. The lamb's wool is thick and white.

# AHX GROWTH STRATEGY

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# ENTERED PHASE 3 OF STRATEGIC PLAN — LEVERAGING PERFORMANCE

## Three year strategic Objectives

Phase 1: Building the Foundation  
Phase 2: Gaining Efficiencies  
Phase 3: Leveraging Performance



## FY19 Initiatives

SERVICES & PRODUCTS RANGE & MARGINS	Apiam private label strategy
	New Services & Products
	Applied Diagnostics
ANIMAL NUMBERS	Business unit synergies
	Acquisition pipeline
	Satellite clinic program
OPERATIONS PROCESS & CAPACITY	Integrated Systems

# OPERATIONS, PROCESS AND CAPACITY – INTEGRATED SYSTEMS



- ✓ Netsuite ERP implemented
- ✓ Data capture and analysis across intensive animals implemented



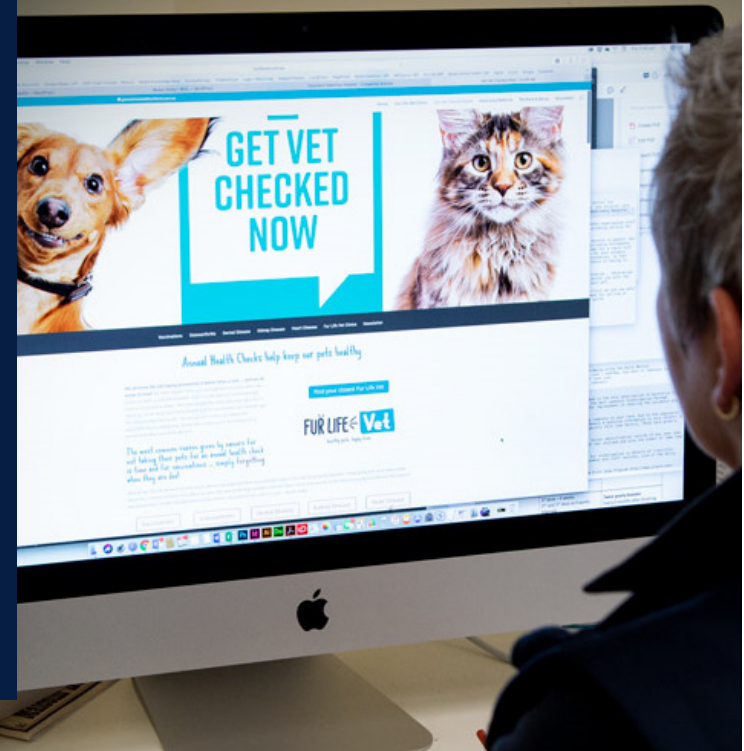
- ✓ Selected global veterinary software system RxWorks as AHX's Practice Management System
- ✓ RxWorks is a currently being rolled out through network



- ✓ Employee professional development focus
- ✓ Employee KPI's aligned with company objectives
- ✓ Dedicated Vet Recruitment Officer
- ✓ New Veterinary Graduate Support program
- ✓ Unique Production Animal Internship program



- ✓ Co-branding of AHX clinics (Fur Life Vet for companion)
- ✓ Integrated marketing strategies implemented
- ✓ Standards of Care program being implemented
- ✓ Collaboration projects between clinics



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## ANIMAL NUMBERS — STRATEGIC ACQUISITIONS

- Three acquisitions with 5 clinics settled through FY2018 with FY2017 revenue of \$8.9m
- Supports regional expansion strategy
- Acquisition revenue will contribute to full year of FY2019
- Strong pipeline of potential acquisition clinics



## ANIMAL NUMBERS — SATELLITE CLINICS

- Fur Life Vet Epsom opened at Petstock in Bendigo in March 2018
  - Emergency and referral clinic for AHX and other regional clinics
  - Offering specialist surgery, medicine and ophthalmology
  - High performance clinic to facilitate professional development and training of Apiam vets, nurses and operations teams
  - Exceeding growth expectation in first quarter of operations
- Further strategic satellite clinics being developed





## SERVICES — FARM ANIMALS



- ✓ Service programs such as Flying Start, Colostrum First and Calving Cows launched
- ✓ Integration of new diagnostics to improve service offering
- ✓ Collaboration across regions to deliver new services



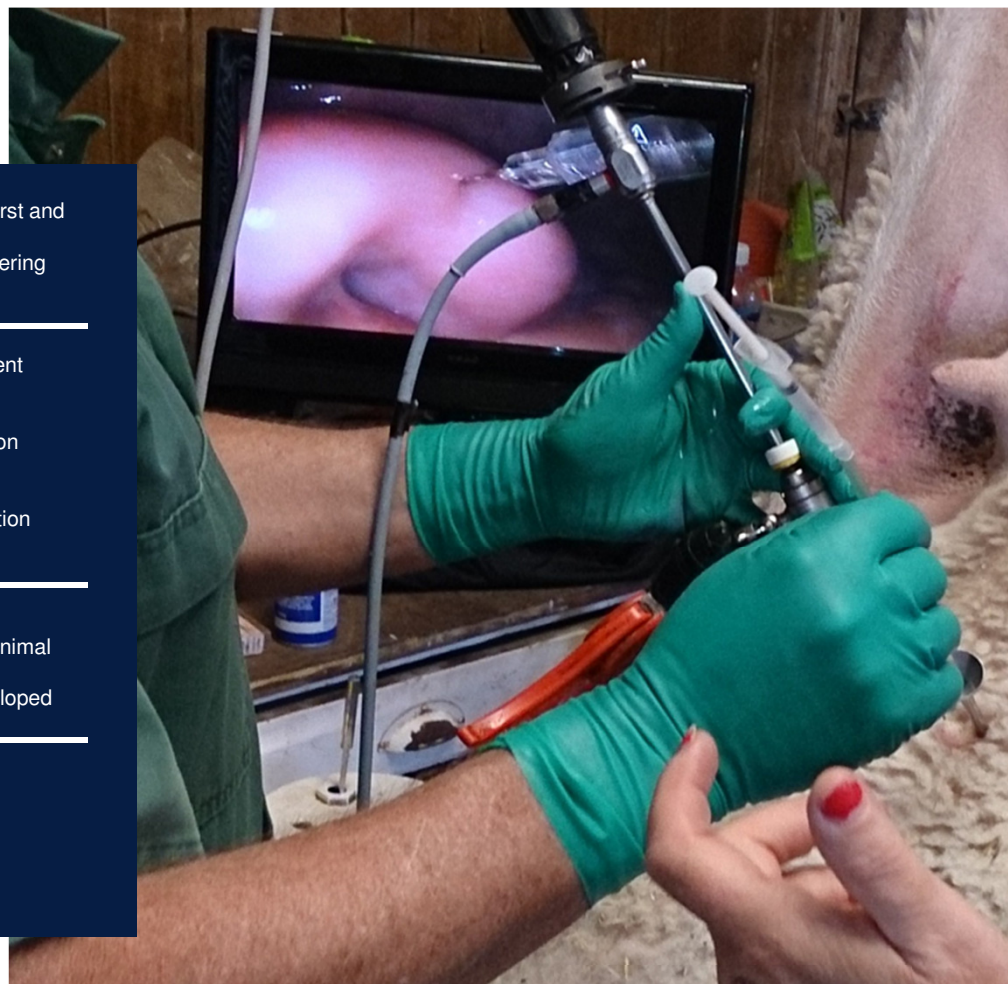
- ✓ Client benchmarking services introduced to drive client performance
- ✓ Risk management auditing systems developed for biosecurity, animal welfare and antimicrobial reduction practices
- ✓ Diagnostics and alternatives to antimicrobials commercialised to support client sustainable production practices



- ✓ Training programs delivered to industry to improve animal performance
- ✓ Feedlot services to international markets being developed



- ✓ AHX sheep genetics centres consolidated as Apiam Genetics Services
- ✓ Development of export markets with over 100 sheep embryos exported to nine countries including USA, Canada, China and Chile
- ✓ First shipment of goat semen to Nepal





## SERVICES — COMPANION ANIMALS

### Investing to deliver better animal outcomes

- ✓ Advisory groups delivering on growth initiatives to underserviced regional market
- ✓ Fur Life Vet program developed and implemented into clinics
- ✓ Training program to improve operational efficiencies across clinics implemented
- ✓ Apiam Knowledge Base resource developed and implemented
- ✓ New in-clinic diagnostics implemented that delivered 28% LFL growth in revenue



# PRODUCTS —DEVELOPMENT AND SUPPLY CHAIN

## Investing in sustainable product solutions



- ✓ Private Label **Vet Only** and **Fur Life Vet** brands being developed
- ✓ Alternatives to antibiotics and expansion of preventative health products in place
- ✓ Strategic global partnerships being developed to deliver next generation animal health and wellness solutions



- ✓ Enterprise Resource Planning (ERP) implemented into warehouses
- ✓ Consolidation of product SKU's and improvements in inventory management delivering improved use of capital and operating efficiencies



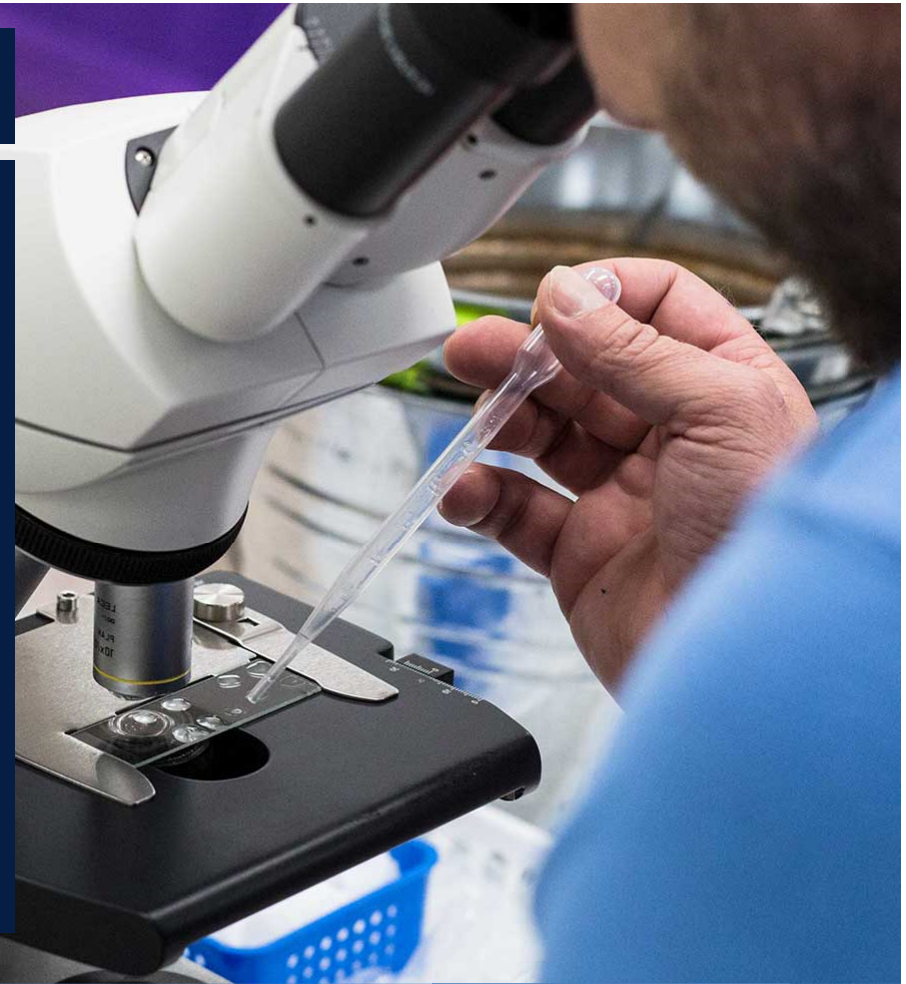
- ✓ Replacement of fleet ensuring reliability
- ✓ Investment in new technologies to improve cold chain delivery direct to customers
- ✓ Investment in training courses to improve driver safety



## PRODUCTS — APPLIED DIAGNOSTICS

### Investing to deliver better animal outcomes

- ✓ Diagnostic equipment implemented into clinics delivering growth in revenue
- ✓ Increased in-clinic diagnostic capability improving service care for companion animals
- ✓ Improvements in pig pathogen surveillance expected as new diagnostic technology implemented over next 12 months
- ✓ Client value creation as diagnostics improve effective use of vaccines and reduce antimicrobial use



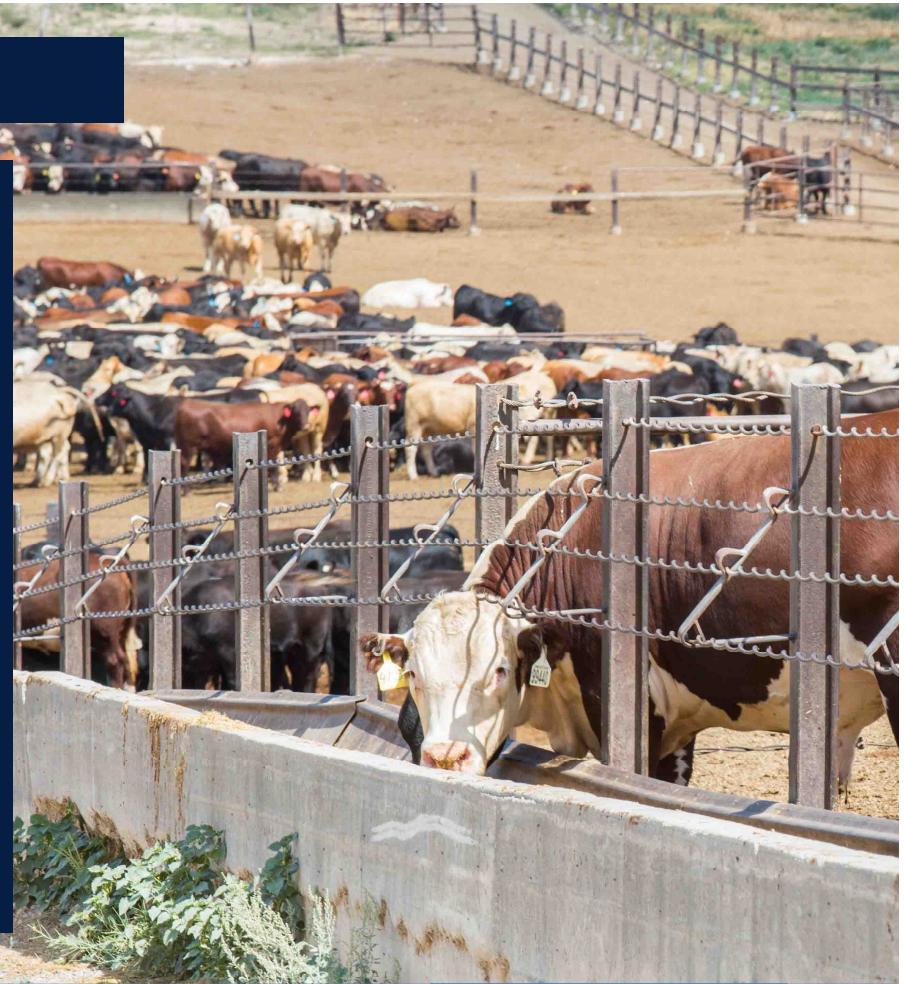


## FY2018 GUIDANCE

The last few weeks of the AHX FY is a period of high seasonal activity where each \$1 million in revenue is equivalent to a \$0.5 million effect on underlying EBITDA. Revenue from these activities may fall in late June or into early July.

FY2018 guidance, with estimated performance is:

- Revenue expected to be approximately \$106.5 million, 8.7% above statutory FY2017 revenue of \$98 million,
- Gross margin expected to be in line with FY2017 of 48.2%,
- Underlying EBITDA margin expected to be 9.0% to 9.4%, up from FY2017 of 8.5%.





**THANK**

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