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FY2018 RESULTS PRESENTATION

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FY2018 Financial Summary

Revenue	\$106.6M		+ 8.8% vs FY2017
EBITDA (underlying ¹)	\$9.8M		+ 17.3% vs FY2017
NPAT (underlying ¹)	\$4.4M		+ 1.0% vs FY2017
Operating cash flow	\$9.2M		+\$7.5M vs FY2017
Final DPS	0.8 cps		In-line with FY2017

Notes:

1. Underlying EBITDA & NPAT exclude reversal of contingent consideration of \$1.25M recorded as other income in FY17 & one-off acquisition, integration & corporate restructuring expenses totalling \$1.6M in FY2018 and \$1.0M in FY2017 (tax effected where applicable at NPAT level)

FY2018 Highlights

- ✓ Like for like revenue growth in each animal division
- ✓ Operating cost leverage driving strong underlying EBITDA growth
- ✓ Major investment in corporate infrastructure over FY2017-FY2018 driving early stage efficiencies
- ✓ Strong operating cash flow and cash conversion
- ✓ Acquisition strategy continues with five clinic acquisitions completed in FY2018, as well as new co-located AHX / PETstock clinic
- ✓ Business development initiatives, exciting opportunities in product distribution and new markets to drive continued growth
- ✓ Leveraging key business drivers across Apiam's growing animal footprint a strategic focus for FY2019



Driving growth in rural and regional veterinary services

AHX has continued to shape its rural and regional veterinary services model over FY2018



New clinics includes the General Practice, Emergency & Referral Centre opened under the AHX / PETstock JV

A photograph of two veterinarians in a dairy farm milking parlour. One veterinarian, wearing a blue shirt and green gloves, is using a handheld device on a cow's udder. The other veterinarian, wearing a high-visibility yellow jacket and a dark beanie, is holding a clipboard and looking at the device. Several black and white cows are lined up in the background.

FY2018 FINANCIALS

Profit and loss – reported

Revenue growth and improving margins as operating cost leverage being realised

\$m	FY18A	FY17A	Variance	%
Total revenue	106.6	98.0	8.6	8.8%
Gross profit	51.6	47.3	4.3	9.1%
Operating Expenses	(41.8)	(38.9)	(2.9)	7.3%
Underlying EBITDA¹	9.8	8.3	1.4	17.3%
One-off expenses	(1.6)	(1.0)	(0.7)	68.0%
EBITDA	8.2	7.4	0.8	10.7%
Depreciation & Amortisation ²	(2.4)	(1.6)	(0.9)	54.1%
EBIT	5.7	5.8	(0.1)	(1.2)%
Interest	(0.9)	(0.9)	(0.0)	1.1%
Tax	(1.5)	(1.2)	(0.3)	27.6%
NPAT (operating)	3.3	3.7	(0.4)	(11.2)%
Other income ³	0.0	1.2	(1.2)	nm
NPAT (reported)	3.3	4.9	(1.6)	(33.2)%
GM	48.4%	48.2%		
Underlying EBITDA margin	9.2%	8.5%		

Notes:

1. Underlying EBITDA excl. reversal of contingent consideration (recorded as other income in FY17) & one-off acquisition, integration & restructuring expenses
2. Re-statement of FY17A amortization due to \$3.2M reclassification of intangible associated with QVG acquisition
3. Reversal of contingent acquisition consideration no longer payable (\$1.25m)
4. Part year acquisition contributions in FY18 from TMVC (8 mths), Passionate Vetcare (3.5 mths), Gympie & District (1 mth). Part year acquisition contributions in FY17 from Quirindi (10 mths) & AllStock (6 mths)

Revenue

- Growth of 8.8% in FY18 vs FY17
- Ex-acquisition growth of 4.0% ⁴

Expenses

- Operating expense increase of 7.3% in FY2018
- Acquired business account for >90% of opex increase
- One-off expenses detailed next slide

Margins

- Strong uplift in EBITDA reflecting growth in revenue and operating cost efficiencies

Depreciation & amortisation

- Increase related to significant capital investment throughout FY17 & FY18 (refer to balance sheet slide for more information)
- PP&E increased 47% in FY18 vs FY17

Profit and loss – underlying

Underlying earnings growth despite increased D&A charge

\$m	FY18A	FY17A	Variance	%
Total revenue	106.6	98.0	8.6	8.8%
Gross profit	51.6	47.3	4.3	9.1%
Employment expenses	(29.4)	(27.0)	(2.4)	8.9%
General expenses	(12.4)	(11.9)	(0.4)	3.7%
Underlying EBITDA ¹	9.8	8.3	1.4	17.3%
Depreciation & amortisation ²	(2.4)	(1.6)	(0.8)	54.1%
Underlying EBIT ¹	7.3	6.7	0.6	8.7%
Interest & tax	(2.9)	(2.4)	(0.5)	22.5%
Underlying NPAT ¹	4.4	4.3	0.1	1.0%
Integration / IT systems expenses	(0.6)	(0.7)	0.1	(12.0)%
Acquisition / Advisory expenses	(0.4)	(0.2)	(0.1)	55.5%
Restructure costs	(0.6)	0.0	(0.6)	nm

Notes:

1. Underlying earnings exclude one-off acquisition, integration & restructuring expenses (tax effected where applicable at NPAT level) & reversal of contingent acquisition consideration recorded in FY17 of \$1.25M
2. Re-statement of FY17A amortization due to \$3.2M reclassification of intangible associated with QVG acquisition

Underlying earnings

- Strong growth at EBITDA level given cost management focus
- Underlying EBIT & NPAT growth despite increased D&A expense

Operating expenses

- Minimal uplift in general expenses as efficiencies being realised
- Employment expenses growth associated with acquisitions and business development

One-off expenses

- Integration / IT systems mostly relates to expensed component of implementation of company wide ERP and PMS systems
- Acquisition / advisory expenses as a result of on-going acquisition program and establishment of PETstock JV
- Restructure costs relate to one-off corporate / staff restructure

Revenue analysis

Reported FY2018 revenue growth: + 8.8%

Ex-acquisition FY2018 revenue growth + 4.0%

Dairy & mixed animals

- Increased footprint in dairy following strategic acquisitions, with highest revenue growth in southern parts of VIC and TAS
- Companion animal business continues to perform well, driven by strong industry fundamentals in regional and rural areas
- New General Practice, Emergency & Referral Centre (Epsom) delivering revenue growth well ahead of expectations for an early stage clinic

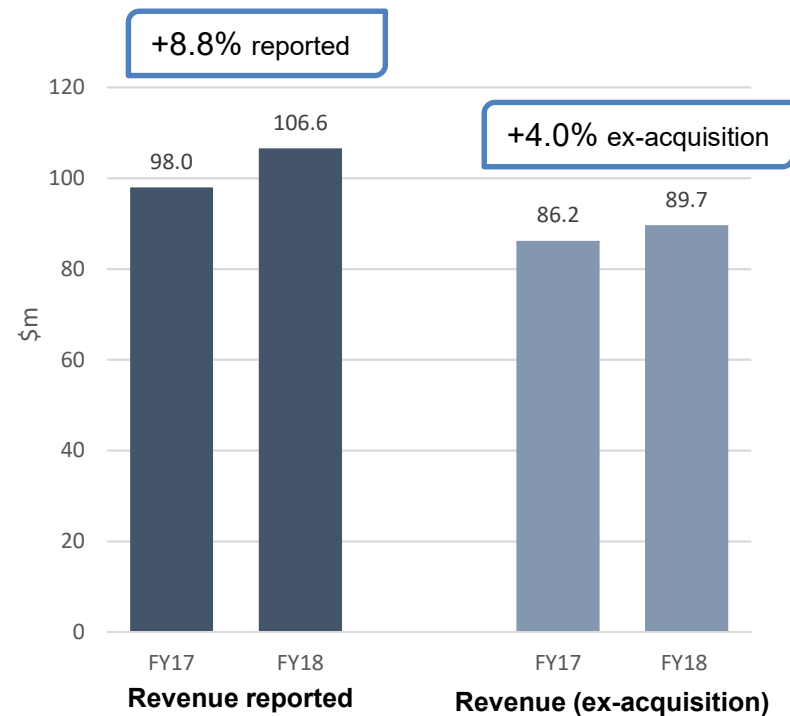
Pigs

- Mid-single digit LFL growth
- Weaker industry conditions experienced in H2 FY2018, however AHX initiatives introduced early in FY2018 in the areas of new products & services offset this to deliver growth

Feedlot

- Challenging industry conditions experienced in Q2 FY2018
- Drought conditions and softer beef prices has increased AHX feedlot numbers in H2 FY2018 to deliver FY LFL growth

Revenue (reported & ex- acquisition) (\$m)



Balance sheet

AHX's balance sheet is supportive of future growth

\$m	30 Jun 2018	30 Jun 2017
Cash	1.4	1.0
Trade & receivables	14.7	14.1
Inventories	11.3	11.5
Property, plant & equipment	9.4	6.4
Intangibles ¹	64.5	58.0
Other	4.0	4.2
TOTAL ASSETS	105.4	95.2
Borrowings	27.3	25.7
Trade & other payables	12.3	9.0
Provisions & other	7.1	6.1
TOTAL LIABILITIES	46.7	40.8
NET ASSETS	58.7	54.4

Notes:

1. Operating leverage ratio defined as gross debt / EBITDA (annualised for acquisitions). EBITDA is adjusted for one off integration & acquisition expenses but not corporate restructuring costs

Working capital

- Improved working capital management
- Significant cash flow benefit over FY2018 through improved processes with inventory and receivables and better management of suppliers

Property, plant & equipment

- Growth of \$3.0m over FY2018 due to capital investment associated with:
 - Investment in fleet
 - Upgrade of IT infrastructure in clinics
 - Continued roll-out of PMS system
 - Equipment & set-up for General Practice, Emergency & Referral Centre

Borrowings

- Modest \$1.1m increase in net borrowings, despite significant investment in capex and cash component of acquisition consideration (\$4.7m)
- Operating leverage ratio¹ of 2.8x as at 30 June 2018, versus covenant of 4.0x (reverts to 3.5x at 30 June 19)
- Operating leverage ratio improving as cost leverage driving EBITDA growth (was 2.9x at 31/12/17)

Cash flow

Strong cashflow conversion of underlying EBITDA

Cash conversion \$m	FY 2018	FY 2017
Underlying EBITDA¹	9.8	8.3
Net cash inflow from operating activities	9.2	1.7
<i>Add back:</i>		
One off expense paid	1.2	0.9
Interest paid	0.9	0.9
Income tax paid	1.9	1.9
Underlying ungeared pre-tax cashflows:	13.3	5.4
Conversion	136%	65%

- Strong cashflow conversion generated through improved inventory and receivable management, and better management of suppliers
- Cash conversion to align with EBITDA more closely moving forward

Statutory cashflows \$m	FY 2018	FY 2017
Net cash used in operating activities	9.2	1.7
Acquisition of subsidiary, net of cash	(4.7)	(8.4)
Purchases of property, plant and equipment	(4.5)	(1.6)
Restructure of group entities, net of cash	0.0	0.0
Purchases of Intangible assets	(0.4)	(0.0)
Net cash used in investing activities	(9.5)	(10.0)
Net changes in financing	1.8	8.0
Dividend paid to shareholders	(1.0)	(0.8)
Net cash inflow from financing activities	0.8	7.2
Net change in cash and cash equiv.	0.5	(1.1)

- Strong increase in operating cash flows in line with increase in EBITDA & working capital management improvements
- Investing activities include cash components for acquisitions (TMCV, Passionate & SE Qld : \$4.7m) and capital investment in fleet, IT systems & other upgrades

Notes:

1. Underlying EBITDA exclude one-off acquisition, integration & restructuring expenses & reversal of contingent acquisition consideration in FY17 of \$1.25M

Capital management

Dividend and reinvestment plan

	FY18 interim	FY18 final	FY18 total
Dividend	0.8 cps	0.8 cps	1.6 cps
Payout ratio on NPAT	46.4%	55.0%	50.4%
Franking	100%	100%	100%
Record date	13 Mar 18	20 Sep 2018	
Payment date	27 Apr 18	26 Oct 2018	

- Board declares a final dividend of 0.8 cps, fully franked, payable on 26 Oct 2018
 - Total dividend for FY2018 of 1.6 cps
 - Equivalent to a dividend payout ratio of 50.4% of NPAT
- Dividend reinvestment plan in place
 - Last day to elect to participate in DRP for final FY18 dividend : 5pm 27 Sep 2018
 - DRP pricing period : 5 day AHX VWAP between 28 Sep 2018 & 4 Oct 2018

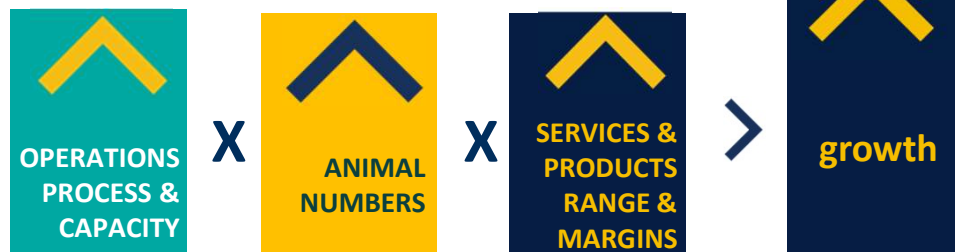
A white lamb is shown in profile, facing right, in a metal pen. The background is a warm, golden sunset or sunrise, with a building visible in the distance. The lamb's wool is thick and white. Two dark blue rectangular boxes with yellow text are overlaid on the image.

AHX GROWTH STRATEGY

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



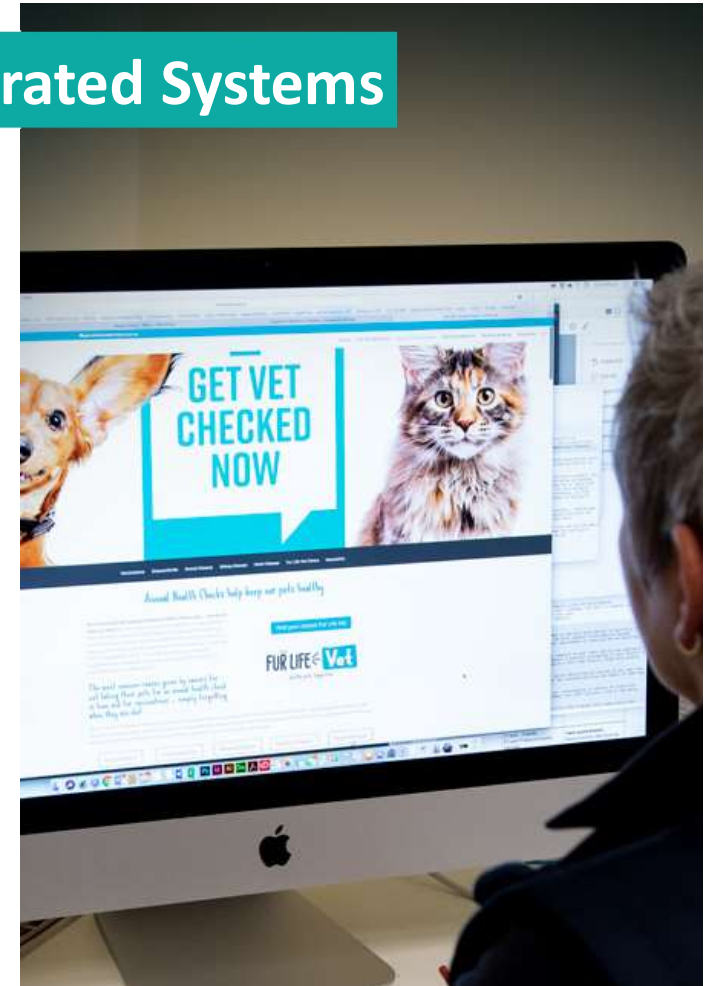
- ✓ Selected global veterinary software system RxWorks as AHX's Practice Management System
- ✓ RxWorks is currently being rolled out through network
- ✓ Expect efficiencies in H2FY2019



- ✓ 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



Animal numbers

Acquisitions

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

PETstock clinics

Fur Life Vet Epsom opened at PETstock in Bendigo in Mar 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
- Second clinic at PETstock Golden Square opened mid Aug 2018
- Further clinics to be rolled out in FY2019



Services – Farm animals

Expansion of offering to deliver growth



- ✓ 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



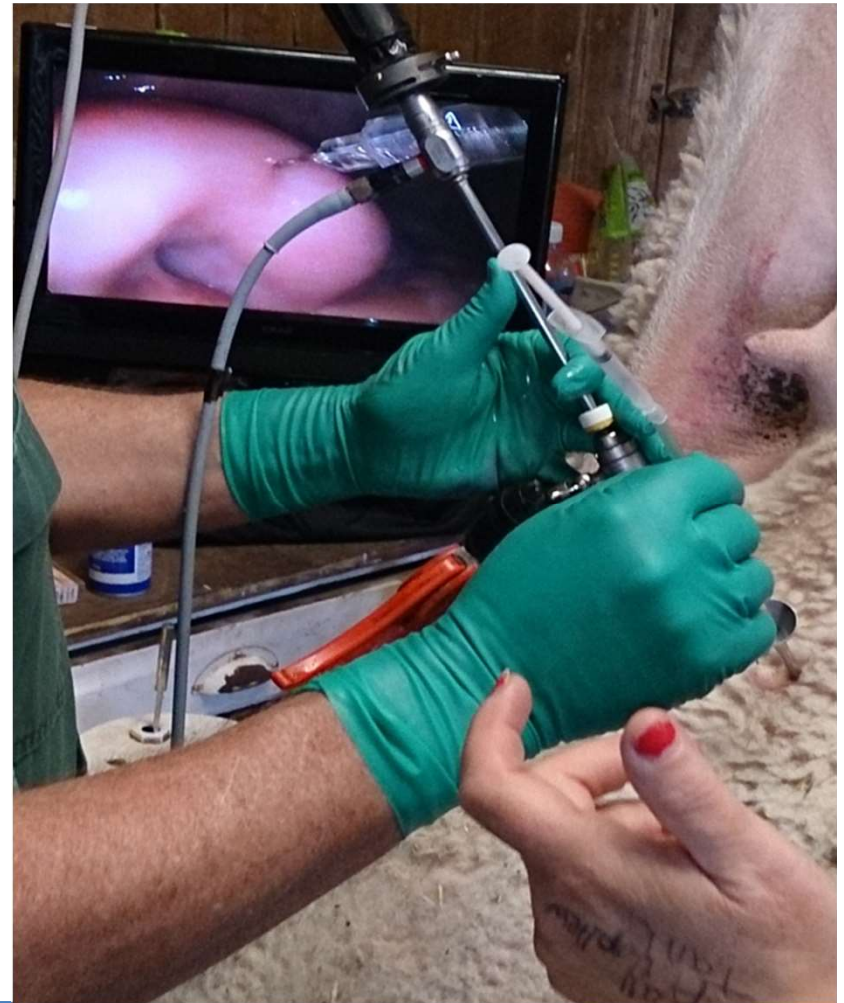
- ✓ Client benchmarking services introduced to drive client performance
- ✓ Risk management auditing systems developed for biosecurity, animal welfare and antimicrobial reduction practices
- ✓ Diagnostics and alternatives to antimicrobials commercialised to support client sustainable production practices



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



- ✓ AHX sheep genetics centres consolidated as Apiam Genetics Services
- ✓ Continued development of export markets with over 100 sheep embryos exported to nine countries including USA, Canada, China and Chile in FY2018
- ✓ First shipment of goat semen to Nepal in FY2018



Products – Development & 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
- ✓ Implementation of new technologies to improve cold chain delivery direct to customers
- ✓ Delivery of training courses to improve driver safety

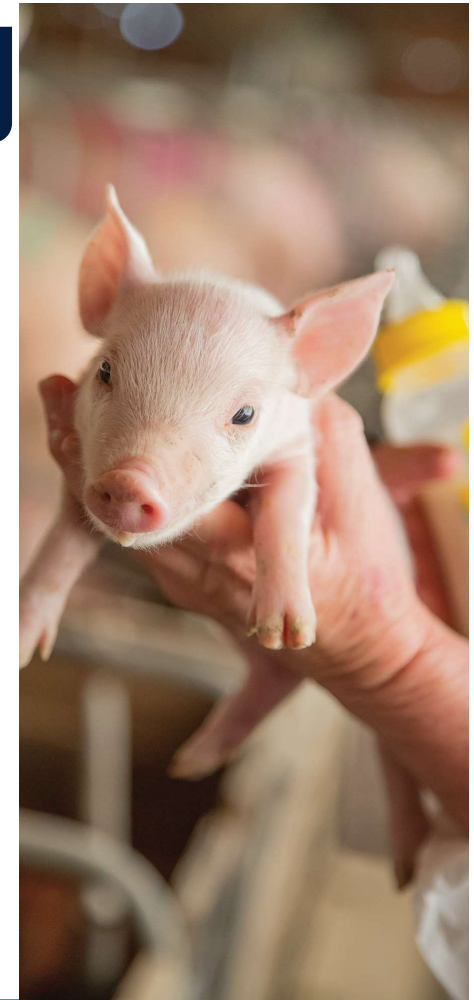


Products – Plumblin Distributorship

Exclusive distribution agreement with novel DNA therapy company

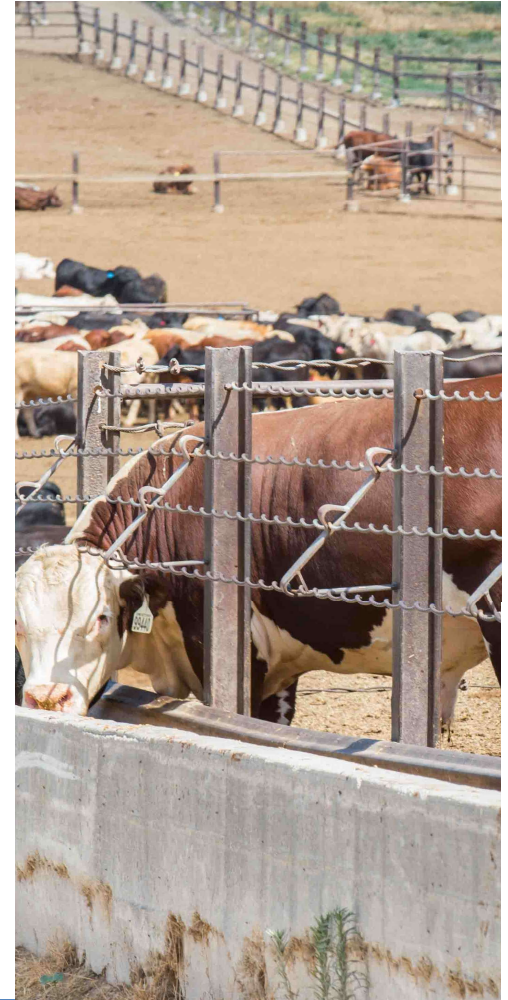
- Plumblin is a Korean based animal DNA therapeutics company
- First product, Life Tide SW5, already approved for use in sows in Australia and NZ
- Trials have shown many benefits, including:
 - Dairy cows¹ : *increased milk yield in cows by 421kg milk solids (6.3% increase) & increased fertility rate from first service from 30.8% to 53.3%*
 - Sows² : *increased total pigs weaned by 1.0 pig across subsequent two litters & offspring from treated sows had 26% lower pre-weaning mortality*
- New administration technology developed to enable large scale animal application
- Significant market opportunity - AHX provides vet services and products to ~3.5m pigs and ~500k dairy cows in Australia
- Attractive gross margins, expected to improve overall AHX group gross margin
- Clear path to market:
 - AHX limited market release of Life Tide SW5 in pigs : Q2 FY19
 - Clinical trials for Life Tide SW5 use in progeny pigs expected to be completed within 6 months
 - Life Tide SW5 product registration expected to include progeny pigs: 12 – 18 months
 - Registration of new technology, PLS-B3000 in dairy cattle expected in 18 – 24 months
- Attractive commercial structure for Apiam with no milestones & modest upfront payment
- Investment in product development not expected to be material to our capital expenditure program

Notes: 1. Brown et al, 2008 2. Person et al, 2008



Summary & outlook

- Apiam is well placed to deliver revenue and earnings growth in FY2019
- Drought update – July YTD – 11% of AHX revenue generated from clinics in regions considered drought affected (<25mm rainfall for month). In those regions, as a result of diversified animal species mix, AHX have delivered LFL revenue growth
- Operating cost base leverage to continue as scale of operations increase
- Driving growth through a focus on the three core business drivers in FY2019:
 - Operations, process & capacity
 - Animal numbers
 - Services, product range & margins
- Strong acquisition pipeline with attractive opportunities being assessed
- Further Apiam / PETstock JV clinics to be rolled out in targeted regional & rural locations
- New revenue streams from business development initiatives to continue
- Financial strategy to maintain high cash conversion, improve return on capital & deliver growth to reported NPAT line





THANK YOU