

ASX RELEASE

Apium Animal Health Limited (ASX: AHX)

Apium presents at ASX Small and Mid-Cap Conference

Melbourne, September 5, 2019 – Apium Animal Health Limited (**Apium** or the **Company**) has been invited to present today at the ASX Small and Mid-Cap Conference in Sydney.

The ASX Small and Mid-Cap Conference showcases emerging leaders in the small and mid-cap category. More than 700 investors are expected to attend the event.

Investors can view a livestream of Apium's Managing Director, Dr Chris Richards' presentation organised by the ASX by signing up [here](#). Dr Richards is expected to present at 2.40pm.

A copy of the presentation is available below.

--Ends--

For further information, please contact:

Dr Chris Richards
Managing Director
Apium Animal Health Limited
chris@apiam.com.au

Catherine Ross / Katie Mackenzie
WE Buchan
03 8866 1214
apiam@we-buchan.com

About Apium Animal Health Limited

Apium 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. Apium 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.



Local knowhow.
Global knowledge.

ASX Small & Mid-Cap Conference

Dr Chris Richards
Thursday 5 September
ASX code : AHX

DISCLAIMER

DISCLAIMER

The information presented to you by Apiam Animal Health Limited ACN 604 961 024 (**Company**) in this presentation and any related documents (together, **Materials**) has been prepared for information purposes only and is not an offer or invitation to acquire or dispose of shares in the Company, nor shall it be relied on in connection with any investment decision.

NO FINANCIAL ADVICE

The information contained in the Materials has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. Nothing in the Materials constitutes as financial advice. Before making any investment decision, you should consider, with or without the assistance of a financial advisor, whether an investment is appropriate in light of your particular investment needs, objective and financial circumstances.

NO LIABILITY

The Company has prepared the Materials based on information available to it at the time of preparation, from sources believed to be reliable and subject to the qualifications in the Materials. To the maximum extent permitted by law, the Company, its related bodies corporate and their respective officers, employees, representatives, agents or advisers accept no responsibility or liability for the contents of the Materials. No representation or warranty, express or implied, is made as to the fairness, accuracy, adequacy, validity, correctness or completeness of the information, opinions and conclusions contained in the Materials.

PAST PERFORMANCE

Past performance information contained in the Materials is given for illustration purposes only and should not be relied upon as (and is not) an indication of future performance. Actual results could differ materially from those referred to in the Materials.

FORWARD LOOKING STATEMENTS

The Materials contain certain 'forward looking statements'. These statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievement of the Company to be materially different from future results, performance or achievements expressed or implied by those statements.

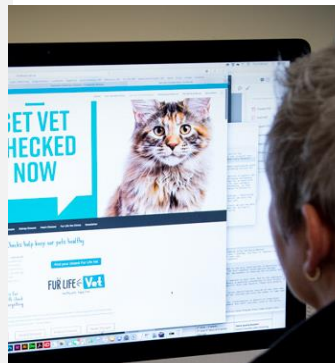
These statements reflect views only as of the date of the Materials. The actual results of the Company may differ materially from the anticipated results, performance or achievement expressed, projected or implied by these forward looking statements. Subject to any obligations under the Corporations Act, the Company disclaims any obligation to disseminate any updates or revision to any forward looking statement to reflect any change in expectations in relation to those statements or any change in circumstances, events or conditions on which any of those statements are based.

While the Company believes that the expectations reflected in the forward looking statements in the Materials are reasonable, neither the Company nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in the Materials will actually occur and you are cautioned not to place undue reliance on any forward looking statements.

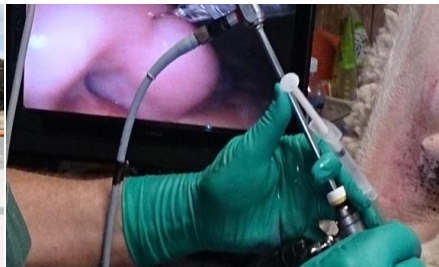
Apiam – company snapshot

- ✓ Unique established veterinary group that listed in December 2015 to fund acquisition of some of Australia's largest rural veterinary practices
- ✓ Diversified & robust business model with a rural and regional focus
 - vertically integrated model across entire animal health value chain
 - 42 locations across large production animal areas of Australia
 - servicing whole spectrum of production & companion animals
 - new market opportunities such as genetic exports, service expansion and product development on-track to provide complementary revenue streams
- ✓ Successfully executing 3-year plan to build process & capacity, grow animal numbers and leverage products and services across footprint
- ✓ Strong long-term industry outlook for regional production & companion animal sectors
- ✓ Attractive financial profile with revenue growth, gross margin expansion and strong operating cash flows
- ✓ ACE Laboratory Services acquisition - compelling strategic & financial rationale

AHX : snapshot	A\$
Share price (30/8/19)	\$0.45
Market cap (30/8/19)	47.1
Revenue (FY19)	111.7
EBITDA underlying (FY19)	10.0
NPAT underlying (FY19)	4.0
Net debt (as at 30 Jun 19)	24.9
Ownership by Board & Mgt	~ 28%



Apiam's diversified & resilient veterinary business



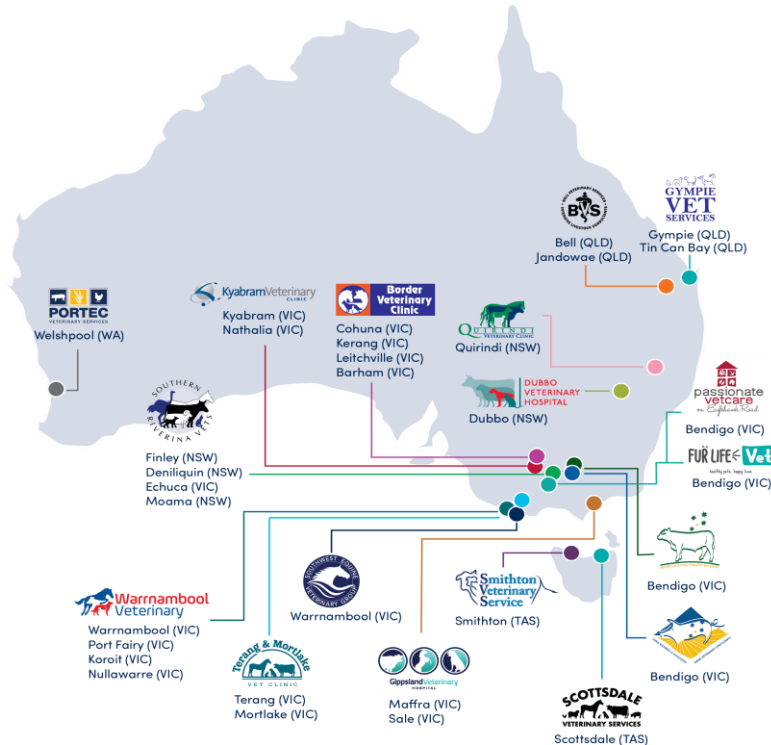
Veterinary Services	Product sales	Genetics & Ancillary	International export
<ul style="list-style-type: none"> Veterinary, animal well-being and production services Service the whole animal spectrum – beef feedlot, pigs, dairy and companion animals (including equine) 42 clinics strategically located across Victoria, Tasmania, Queensland, WA and NSW JV with PETstock to roll out further veterinary locations Employ over 150 veterinarians 	<ul style="list-style-type: none"> Veterinary service programs supported by technical products In-house warehousing and logistics services that deliver products to vet clinics and end-point customers Several new product distribution agreements put in place in FY19 Private label initiative to improve value proposition and supply reliability Integrated online platform to support efficient growth 	<ul style="list-style-type: none"> Genetics sourcing, sales and related consulting services Expansion of embryo transfer and artificial insemination services into export markets including China Four genetics centres located in key regions applying new technologies to improve fertility and productivity Services to producers of quality systems including biosecurity and food safety plans ACE Laboratory Services – diagnostic lab services & autogenous vaccines 	<ul style="list-style-type: none"> Veterinary consulting services provided in 10+ countries Chinese sheep genetics, consultancy and export agreement Development of new markets for year-round genetic services US Joint Venture for distribution of specialised swine products ACE Laboratory Services – autogenous vaccine export opportunities

Core veterinary business

High growth complementary business initiatives

Diversified geographic exposure

Veterinary services across Australia



- 42 locations across Australia
- Over 150 veterinarians
- Clinics generally located in regional areas with high concentrations of production animals and agricultural operations
- Diversified services and products spread across various species, geographies, commodities and markets
- JV alliance with PETstock will increase penetration in the regional companion animal segment (under Apiam's "Fur Life Vet" branding)
- Acquisition strategy focused on businesses with a new attractive regional exposure (or specialist expertise) with group growth synergies, subject to Apiam's strict financial returns criteria

FY2019 financial results update

Revenue

\$111.7m

+ 4.8% vs FY18

Gross margin

50.3%

vs 48.4% in FY18



EBITDA (underlying)

\$10.0m

+2.7% vs FY18

**Gross margin
improvement
across all
operating segments**



NPAT (underlying)

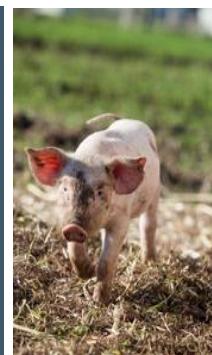
\$4.0m

\$(0.4)M vs FY18

FY19 dividends

1.6 cps

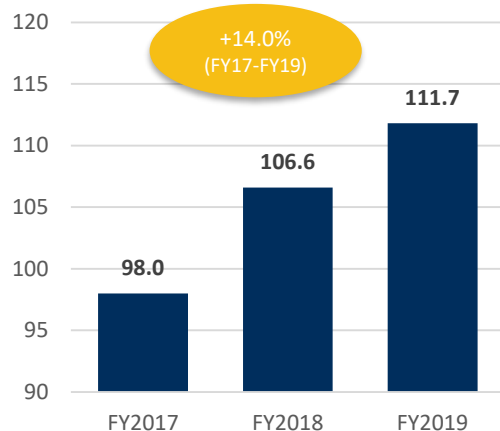
in-line with FY18



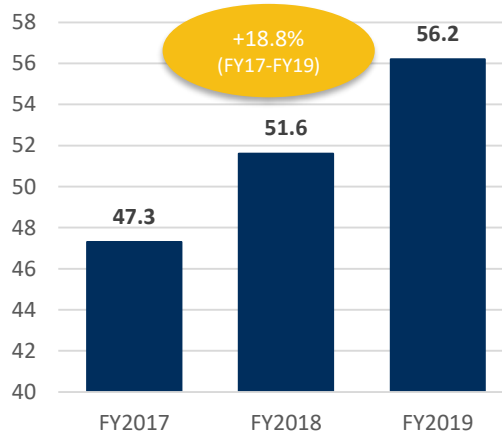
Notes
1 Underlying EBITDA and NPAT excludes impact of one-off integration, corporate and acquisition expenses of \$1.2M in FY2019. Tax effected where applicable

Performance across key metrics

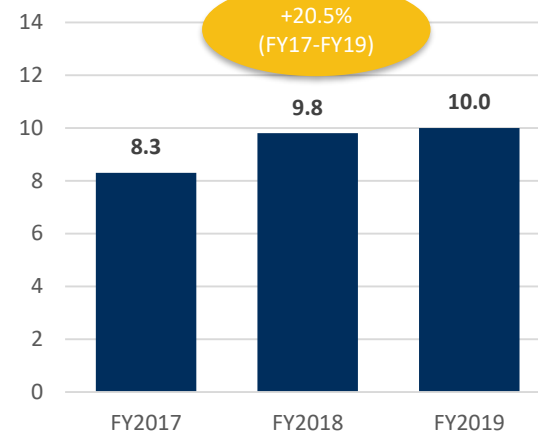
Revenue (\$m)
(FY17 – FY19)



Gross profit (\$m)
(FY17 – FY19)



Underlying EBITDA
(FY17 – FY19)



- FY2019 revenue growth delivered despite challenging industry conditions – double digit growth in beef feedlot segment
- Targeted change in Apiam business mix to focus on higher value products & services driving gross margin improvement
- Underlying EBITDA in FY2019 growth affected by industry conditions and increased operating costs associated with acquisitions and opening of new clinics

LEVERAGING PERFORMANCE

Strategic Focus



Operation process & capacity

- ✓ Integrated systems
- ✓ Roll-out of practice management systems



Animal numbers

- ✓ Business unit synergies
- ✓ Acquisition pipeline
- ✓ Satellite clinic program



Services, product range & margins

- ✓ Private label strategy
- ✓ New products
- ✓ New service programs

Building the foundations

Gaining efficiencies

Leveraging performance

FY2019 strategic scorecard

	Initiative	FY19 action	FY20 + strategy
Animal numbers	Satellite clinic program	<ul style="list-style-type: none"> 2 new clinics via PETstock JV (Golden Square & Epsom) 	<ul style="list-style-type: none"> To continue in selected rural and regional locations
	Acquisition pipeline	<ul style="list-style-type: none"> On-going identification and assessment of selected acquisition opportunities. Integration of Gympie extremely successful and strong synergies being realised 	<ul style="list-style-type: none"> Opportunities currently being assessed ACE Laboratory Services announced 3 Sep 2019
	Business unit synergies	<ul style="list-style-type: none"> Regional model delivering synergies Collaboration projects 	<ul style="list-style-type: none"> Revenue growth and leverage of fixed costs
Services, product range & margins	Apiam private label strategy	<ul style="list-style-type: none"> Next generation private label products program on track 	<ul style="list-style-type: none"> Commercialization of first product delivered
	New products & services	<ul style="list-style-type: none"> Development of ProDairy and Best Mates service programs Clinical trials for exclusive distribution partner Plumblin in progress Set-up US JV "Apiam Solutions Inc." and conducted collaboration research trials 	<ul style="list-style-type: none"> Product & service expansion continues to form a key component of strategy Pro Dairy and Best Mates to be launched in FY2020
	Applied diagnostics	<ul style="list-style-type: none"> Investment in specialised diagnostic equipment, particularly in the companion animal segment 	<ul style="list-style-type: none"> Revenue growth in diagnostics across entire animal footprint
Operations, process & capacity	Integrated systems	<ul style="list-style-type: none"> Operating systems, back office functions and supply chain infrastructure investment now complete Roll-out of PMS system completed in August 2019 Systems now in place to support future business growth and potential new acquisitions 	<ul style="list-style-type: none"> Realisation of Practice Management System benefits of optimizing revenue opportunities Further synergies expected in FY2020

Industry conditions outlook

Apiam has a diversified animal species exposure



- Feedlot sector has performed strongly in FY2019 – with drier conditions positively impacting feedlot numbers
- Cattle on feed has consistently been above 1 million head for the last 18 months reflecting the important role feedlots play in managing climate variability and delivering high-quality beef to global customers¹
- Despite ongoing challenging conditions combined with high supplementary feed costs, demand for high quality Australian grain fed cattle in export numbers has remained robust¹



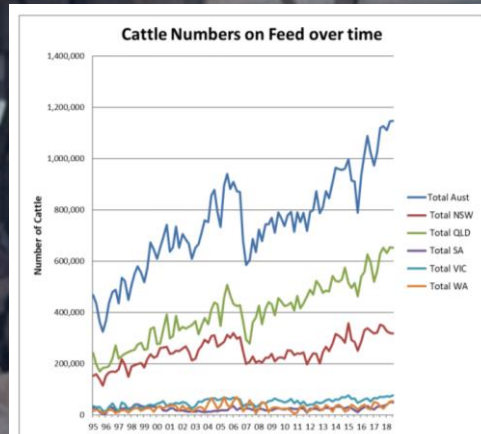
- 'Well-balanced global markets, exchange rates, competition among processors and autumn rainfall are all in dairy farmers' favour' (Dairy Australia, June 2019)
- 'As dairy farmers look to take advantage of some of the highest farm-gate prices in recent years, grain, hay and water prices will be the key to profit' (Dairy Australia, June 2019)
- Companion animal health and wellbeing attitudes in regional areas continue to align with metropolitan attitudes - provides strong support for industry in the medium term



- Recovery in pork price over FY2019 expected to increase into H1FY2020
- Recent rainfall encouraging for grain availability in most regions
- Improving industry conditions into FY2020 expected to increase herd size in the medium term.

Notes:

¹ ALFA / MLA, June 2019, National Accredited Feedlot Survey



Source - ALFA / MLA, June 2019, National Accredited Feedlot Survey

ACE Laboratory Services acquisition

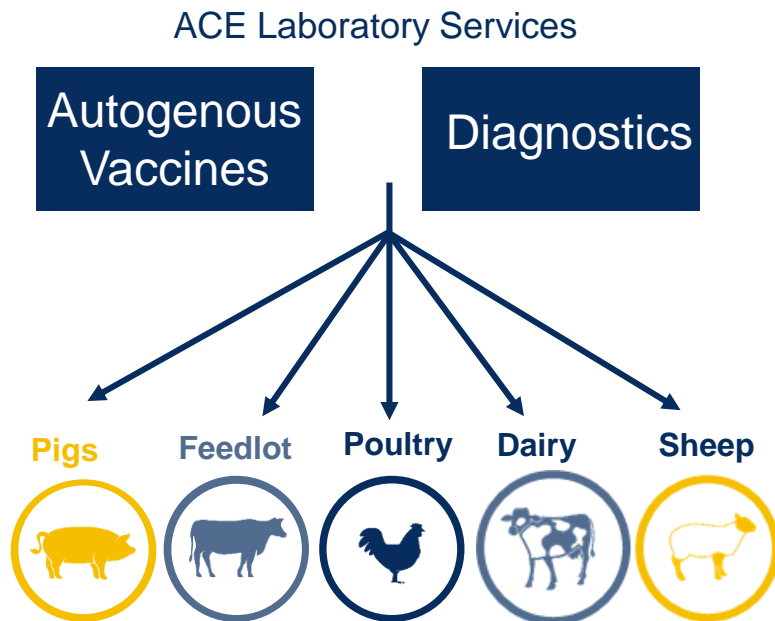
Apiam has executed a binding agreement to acquire ACE Laboratory Services

- ACE Laboratory Services is Australia's largest full service autogenous (custom) vaccine and diagnostic laboratory services business
- Autogenous vaccines are bespoke vaccines that are only available through the prescribing veterinarian of the specific farming enterprise or system.
- ACE Laboratory Services provide highly specialized services to veterinarians and large production animal producers, particularly in the pig, cattle, sheep and poultry segments
- Acquisition consideration of \$16M (initial consideration of \$12.4M)
- Highly compelling acquisition rationale
 - ✓ Specialised business with strong track record
 - ✓ Attractive high growth markets & higher margin markets
 - ✓ Significant opportunity to cross-sell products and services across Apiam's entire animal footprint
 - ✓ Shareholder value creation



Business overview - ACE Laboratory Services

Australia's largest autogenous (custom) vaccine and production animal diagnostic laboratory servicing all states of Australia



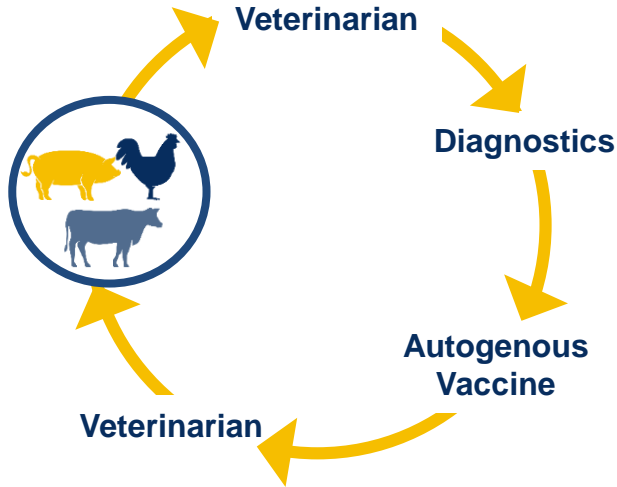
- Established in 2005 by group of scientists & veterinarian
- Leading provider of services to pig, cattle, sheep and poultry segments
- Customers across private and public sector – majority private sector
- Export accredited facility and has recently exported vaccines to New Zealand
- Victorian Government accredited diagnostic laboratory
- GMP¹ facility with accreditation for specific diagnostic tests by NATA and AQIS and autogenous and contract vaccine manufacturing by APVMA
- Revenue of \$6.5M in FY2019

Notes:

¹ Good manufacturing practices are the practices required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of food and beverages, cosmetics, pharmaceutical products, dietary supplements, and medical devices

Autogenous vaccines

Autogenous vaccines are developed specifically for a farming system where the pathogen has been isolated

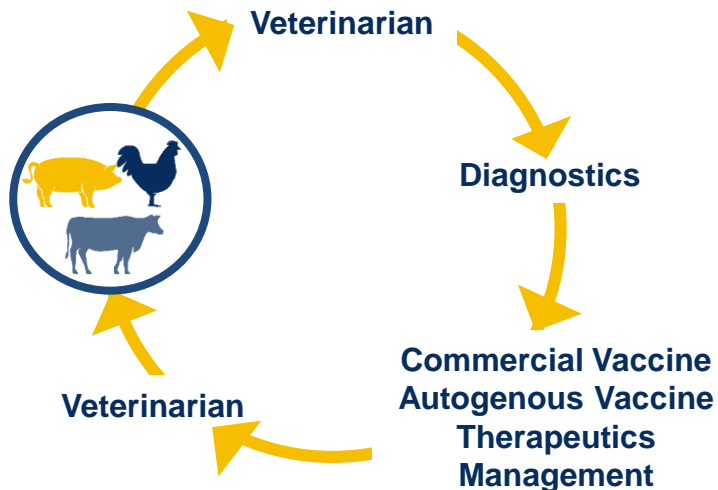


- Permitted to be used when commercial vaccines are not available or not effective
- Only available under veterinary prescription with the veterinarian responsible to establish the need and ensure efficacious and safe
- They are manufactured under a permit with ACE already having 9 permits for pathogens that affect pigs, poultry, sheep and cattle
- Production process enables rapid ability to produce a vaccine when commercial unavailable or ineffective or when new diseases occur
- Enables an effective solution to manage diseases while extended commercial vaccine registration process undertaken.
- A valuable tool that can be used in preventative health programs to reduce usage of antimicrobials and potential antimicrobial resistance



Diagnostic services

Diagnostics are essential to veterinarians for diagnosis of disease and for the establishment and monitoring of preventative herd health programs



Diagnostic tests and use of services are growing rapidly in production animals due to 'precision farming' practices and to aid in the reduction in use of antimicrobials

ACE Laboratory Services is the leading provider of production animal diagnostics services that provide veterinarians and production systems the ability to:

- Identify the cause of disease
- Establish prevalence of pathogen within a herd
- Identify isolates as autogenous vaccine candidates
- Monitor the effectiveness of vaccination and other health programs
- Measure and monitor Anti-Microbial Resistance (AMR)
- Undertake feed analysis for nutrition programs
- Analyse blood and semen to improve reproductive performance
- Undertake toxin testing on feed

FY2020 Outlook

- New high-growth and complementary business initiatives to contribute a growing share of revenue
 - Genetic export, new services and product development to be a focus in FY2020
 - Acquisition of ACE Laboratory Services to significantly expand product and service offering, contribute meaningful and immediate revenue and earnings as well as deliver future growth opportunities
- Capital deployed on strategic initiatives over the last 3 years has established the platform for future growth and provides basis for increasing cost leverage as revenue base increases
- Strong acquisition pipeline with attractive opportunities being assessed
- Apiam's financial strategy is expected to deliver material EBITDA and NPAT enhancement going forward



Apiam investment highlights



Robust and diversified business model underpinning growth across market cycles



Strategic focus on targeting higher-value products & services as well as limited operating costs to drive margin expansion



Expanded borrowing capacity and strong cash generation in place to enable Apiam's targeted growth strategy. Attractive acquisitions being executed



Highly experienced Board & Management team



Favourable long-term industry outlook for Australia's production and companion animal sectors



A photograph of a large pig and three piglets in a field. The large pig is in the center-right, looking towards the camera. Three piglets are in the foreground, one on the left and two in the center. The background shows a grassy field with some structures and trees under a clear sky.

THANK YOU