

## ASX RELEASE

# Apiam Animal Health Limited (ASX: AHX)

## Apiam's diversified business model underpins revenue despite challenging industry conditions

**Melbourne, August 26, 2019** – Apiam Animal Health Limited (**Apiam** or the **Company**) today released its financial results for the 12 months to 30 June 2019 (FY2019).

The key highlights from Apiam's results were:

- Diversified business model underpinning revenue, despite challenging industry conditions;
- FY2019 revenue of \$111.7 million, an increase of 4.8% vs pcp (FY2018: \$106.6 million);
- Strong performance in beef feedlot and companion animal segments with double digit revenue growth in feedlot. Dairy segment revenue negatively impacted by dry conditions in some regions and pig segment revenue affected by challenging industry conditions;
- Gross profit of \$56.2 million in FY2019 (+9.0% vs pcp) driven by a targeted change in business mix towards higher value transactions as well as new product and service initiatives. Gross margin expansion delivered across all animal segments;
- Underlying EBITDA of \$10.0 million in FY2019 (+2.2% vs pcp)<sup>1</sup>;
- Underlying NPAT of \$4.0 million (10.2% decline on pcp)<sup>1</sup>;
- Strict cost management with reduction in operating cost base on an underlying basis, due to cost efficiencies being achieved. Reported year-on-year operating expense growth (+10.6% vs pcp) associated with new clinics and acquisitions;
- High growth & complementary business initiatives introduced in areas of genetic exports, new services and product development;
- Expanded borrowing capacity and strong cash generation supporting progress of Apiam's targeted growth and acquisition strategy;
- Final dividend of 0.8 cents per share, fully franked.

Apiam's Managing Director, Dr Chris Richards, said:

*"While Apiam had solid reported revenue growth in the 2019 financial year, second half revenues were impacted by dry and challenging Australian conditions in some of our operating segments, particularly pigs and dairy. In contrast, our companion animal and beef feedlot businesses performed extremely well, with feedlot recording double digit revenue growth thus highlighting the benefits of our diversified business model. Strategic initiatives to focus on higher-value product and services also delivered gross margin expansion in all animal segments."*

*"We have continued our focus on delivering our strategic growth plan in 2019, implementing new and innovative business growth initiatives and at the same time leveraging our infrastructure and technology network to deliver efficiencies. Our underlying cost base, excluding acquisitions and new clinic costs, did not increase over the financial year due to cost synergies being achieved. In the year*

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<sup>1</sup> Underlying EBITDA and NPAT exclude one-off acquisition, integration, corporate restructuring & other non-recurring expenses totalling \$1.2M (pre-tax) in FY2019 (tax effected where applicable at NPAT level)

*ahead we are firmly committed to delivering greater revenue and earnings growth for our shareholders and maximising the benefits of our uniquely positioned regional and rural veterinary model”.*

**2019 conference call details**

Investors are invited to join a conference call hosted by Managing Director Chris Richards and CFO Matt White at 12.00pm AEST on Monday 26<sup>th</sup> August, 2019.

To access the call please use the dial in details below.

**Conference ID: 10001644**

<b>Australia Toll Free:</b>	<b>1 800 558 698</b>
<b>Alternate Australia Toll Free:</b>	1 800 809 971
<b>Australia Local:</b>	02 9007 3187
<b>New Zealand Toll Free:</b>	0800 453 055
<b>NZ Local (Auckland):</b>	09 929 1687
<b>NZ Local (Wellington):</b>	04 974 7738
<b>NZ Local (Christchurch):</b>	03 974 2632
<b>China Wide:</b>	4001 200 659
<b>Canada:</b>	1855 8811 339
<b>France:</b>	0800 913 848
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<b>Malaysia:</b>	1800 816 294
<b>Singapore:</b>	800 101 2785
<b>South Korea:</b>	00 798 142 063 275
<b>South Africa:</b>	0800 999 976
<b>UAE:</b>	8000 3570 2705
<b>United Kingdom:</b>	0800 051 8245
<b>United States:</b>	(855) 881 1339

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### **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.