



20th February 2020

Dear Investor,

Cenversa FY20 Update

On behalf of the directors for Cenversa Ltd, I am pleased to provide you with the following update on our Company's activities.

The year 2020 marks the 60th year of business for Cenversa. Commencing business as Cenvet Pty Ltd in August 1960, my parents started trading from a small room in the basement of a King Street building right in the heart of the Sydney CBD. Back then, it was all about large farm animals. Dogs and cats were definitely an afterthought and certainly weren't viewed as very important family members as they are today.

In 2013, Cenversa became a public company inviting customers and employees to subscribe for shares and participate in the future success of the business. Since that time, annual sales have grown more than 65%.

Today, Cenversa generates annual revenue of over \$150m, has approximately 296 shareholders, 3000 veterinary clinics and pet retailers as customers and over 200 employees.

FY20 Year to Date Results

Our management accounts confirm the company is on track to achieve our FY20 full-year EBITDA forecast of \$6.30m.

The Cenversa Board is very pleased with this result especially when you consider the impact of Zoetis' decision in September 2018 to stop supplying their products to the veterinary market via the traditional wholesaler network. The financial impact on Cenversa from the Zoetis decision was a decrease in annual sales by over \$11m in FY19. Despite the reduction in revenue, the strength of the strategic plan put in place by the Cenversa Board back in 2015 has mitigated the impact of the Zoetis decision on Cenversa's profitability.

Our strong FY20 half yearly results continue to grow in line with the board's expectations. Cenversa's 'high level' half yearly performance compared to the same period in the prior year is outlined in the table below:

Key Performance Indicator (KPI)	FY20 Half-Yearly Performance As at 31 December 2019	FY19 Half-Yearly Performance As at 31 December 2018*	Change on Previous Year*
Gross Sales Revenue	\$76.765m	\$76.411	+0.46%
Gross Profit	\$13.176m	\$11.131m	+18.37%
Net Profit Before Tax	\$2.125m	\$1.321m	+60.86%
EBITDA	\$2.754m	\$2.168m	+27.03%

*Figures are based on unaudited management accounts.



Business Strategy & Diversification Plan

The directors will continue to focus on earnings growth and diversification in the short to medium term. Whilst our wholesaling activities will remain a key component of our business, other activities are expected to add significant returns to Cenversa Ltd between now and FY23. Our Nextgen Vet model is now contributing significantly to our bottom line and will continue to do so as we continue to broaden our business portfolio.

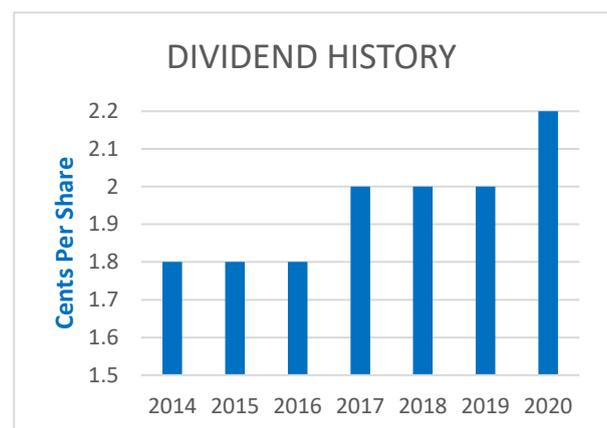
In FY14, general wholesaling accounted for 81% of earnings. In FY20, EBITDA generated from wholesaling activities is expected to represent only 31.40% of total earnings whilst our other activities are expected to make up the difference.

To achieve the desired outcome, the board intends to concentrate on executing the two key strategies:

1. Expand the Cenversa NextGen veterinary hospital acquisition model. Acquire equity interests (up to 80%) in established, well-located veterinary hospitals in partnership with the next generation of Australia's leading veterinarians.
2. Continue to develop proprietary products and exclusive agency arrangements. Expand the suite of proprietary and exclusive agency products in partnership with select manufacturers, including investments in these businesses.

Interim Dividend Announcement

Since establishing Cenversa Ltd as a public company in FY14, an annual dividend has been paid each year. The board has continued the policy of paying annual dividends to shareholders by declaring an interim dividend of 2.2c per ordinary share. The dividend is fully franked and will be paid to shareholders who held Cenversa shares as at the 19th December 2019 and will be paid on the 28th February 2020.





New Share Offer

In January 2020, Cenversa Ltd released an Offer Information Statement (OIS) to raise an additional \$5m to fund ongoing investments in allied businesses including veterinary hospital.

- Under the OIS share offer, larger share investors applying for over 300,000 shares are eligible for up to 20% in bonus shares if they hold the shares for 3 years.
- Veterinarians and/or their related entities who apply for a minimum of 5,000 shares are also entitled to 20% bonus shares under the OIS Share Offer provided that their veterinary practice pledges 75% of their hospital purchases to Cenvet Australia Pty Ltd for a 3-year period. Cenvet Australia is a wholly owned subsidiary of Cenversa Ltd.
- The bonus share arrangement effectively reduces the OIS subscription share price from 80c to 64c per share.
- The OIS is capped at \$5m and applications for shares will be processed based on receipt of application.

A copy of the OIS is available for download from www.cenversa.com.au/share-offers. However, if you require any additional information regarding the OIS then please don't hesitate to contact the company secretary at shareholders@cenversa.com.au

DRP Programme Suspension

To further support the current capital raising and to avoid any unnecessary dilution of capital for current investors, the Cenversa board has suspended the current Dividend Reinvestment Programme (DRP) until further notice. The suspension does mean that shareholders will no longer be able to convert dividend payments into additional ordinary shares and will (until further notice) receive all eligible dividend payments into each shareholder's nominated bank account by electronic funds transfer. Please ensure you log into your Registry Direct account to add or update your bank details.

FY21/FY22 Forecasts

Sales revenue is expected to increase to \$161m in FY20* and to \$177m in FY21. The corresponding profit (EBITDA) for FY20 is projected to be \$7.3m annualised, increasing to \$8.9m in FY21 when the full impact of the hospital acquisitions is expected to take effect. These forecasts are based on the current Cenversa share offer being fully subscribed and \$5m of the capital raised being used to fund acquisitions that will continue to perform as they have over the last three years.

If you have any questions regarding this update or would like any more information regarding our new share offer, then please don't hesitate to contact me directly.

Thank you for choosing to be a valued Cenversa shareholder.

Kind Regards,

A handwritten signature in black ink, appearing to read "Lionel Bloom".

Lionel Bloom
Chairman & CEO