



Apiam launches new equine hub with major acquisition of Victorian Equine Group

Capitalising on attractive industry tailwinds that have seen the Australian Thoroughbred industry thrive through record prize money which has flowed down to customer spending, Apiam Animal Health is set to open its newest equine hub in Victoria following their acquisition of Victorian Equine Group (VEG).

Located in Bendigo, VEG is one of the largest equine clinics in Victoria and is the go-to referral hospital for surgeries due to their highly respected roster of equine vets.

In total, the business employs 25 full time staff which includes 12 veterinarians and has a satellite clinic at Goulburn Valley in Victoria's north, central to all of Victoria's major stud farms.

The acquisition of VEG follows a similar model to Apiam's acquisitions of [Scenic Rim](#) and [Agnes Banks](#) in 2021 which formed their equine hubs in Queensland and New South Wales respectively. Since launching those hubs under Apiam's hub-and-spoke model, Apiam has seen immediate growth which is expected to increase further with referral traffic and resource sharing.

"We are pleased to announce these strategic acquisitions that further reflect our commitment to providing leading equine veterinary services while continuing our strategic regional expansion into fast-growth veterinary markets," said Apiam Managing Director, Dr Chris Richards.

"VEG will enable us to provide industry leading specialist surgical and reproduction skills to the broad range of equine markets we service in Victoria. Apiam now has a leading referral cornerstone equine clinic location in each major East Coast state for our local clinics to use for expert referral."

In addition to VEG, Apiam has also announced the acquisition of Romsey Veterinary Surgery, a mixed animal clinic in the Melbourne-to-Bendigo growth corridor that employs 6 veterinarians.

VEG and Romsey Veterinary Surgery are forecast to deliver a combined \$8.8 million in revenue for FY22 and deliver \$2.3m EBITDA on a pro forma basis.

Total consideration for the Acquisitions will be \$13.75m which will comprise \$9.8m cash and \$4.0m in AHX shares with 50% held in escrow for 12 months and 50% for 24 months.

Key personnel have also entered into long-term employment agreements while the cash component will be funded from existing cash flow and Apiam's finance facility.

While the bulk of [Apiam's 22% revenue growth](#) has been coming from companion animals, the Company has also been increasing its equine footprint in response to rising animal standards in the equine industry. Heightened attention to equine welfare has resulted in an increase in demand at Apiam's equine hubs while the cyclical calendar of the Thoroughbred breeding industry has increased Apiam's seasonal revenue through downtimes of feedlot businesses.

Continued investment in prize money from major racing States has had a flow on effect to Thoroughbred sales and spending where Apiam has positioned itself ideally as Australia's largest operator of regional vet clinics, employing more than 1,000 staff nationwide.

This increased spending has been reflected in the major Thoroughbred yearling sales of 2022 where global investment in the Australian industry surged, sending the median sale price of yearlings up at all major sales.

Major Australian Yearling Sales Data - 2022

Magic Millions	2022	2021	Change
Aggregate	228,267,500	197,943,000	15.32%
Median	230,000	180,000	27.78%
Inglis Classic	2022	2021	Change
Aggregate	66,953,500	51,440,000	30.16%
Median	100,000	80,000	25.00%
Magic Millions Adelaide	2022	2021	Change
Aggregate	20,919,500	14,952,000	39.91%
Median	45,000	31,000	45.16%
Inglis Easter	2022	2021	Change
Aggregate	150,775,000	134,265,000	12.30%
Median	300,000	280,000	7.14%
Inglis Premier	2022	2021	Change
Aggregate	77,010,000	63,750,000	20.80%
Median	140,000	105,000	33.33%

Between those sales, more than 2,000 racehorses changed hands at those median sale prices which is prompting further investment into both Thoroughbred horse racing and Thoroughbred breeding in Australia - two markets Apiam is becoming one of the biggest service providers in through their dedicated equine hubs.

Their acquisition of VEG is set to also benefit substantially from the closure of Caulfield Racecourse as a Thoroughbred training facility in 2021. This saw a major influx of horses to regional areas. VEG is likely to benefit from Apiam's extensive Victorian network of over 30 clinics and any further acquisitions of equine or mixed animal clinics in the months and years ahead.

"Apiam has a strong acquisition pipeline with several opportunities currently in the due diligence phase," added Dr Richards.

"Further acquisitions are expected to be finalised in the coming months and Apiam is well-funded to execute on these opportunities as we make progress towards our goal of doubling our revenue to \$300m by the end of FY24."