



# Apiam Animal Health Ltd

Strategic acquisitions to further  
enhance equine veterinary services

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19 May 2022

# Strategy to double revenue to \$300M by FY24

## REVENUE GROWTH DRIVERS

### Organic growth

- Regional veterinary industry growing rapidly
- Industry outlook for intensive animals improving
- Capture further dairy & mixed animal market share through Best Mates and ProDairy
- Leverage synergies from recent and future acquisitions
- Product innovation opportunities underway with significant market potential

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### Acquisition pipeline

- Extensive acquisition pipeline following vet industry restructure with many opportunities in due diligence
- Track record of M&A execution and integration with 20 acquisitions since IPO
- Investment in FY22 to bolster acquisition support teams & resources within head office
- Well-funded to execute acquisition pipeline

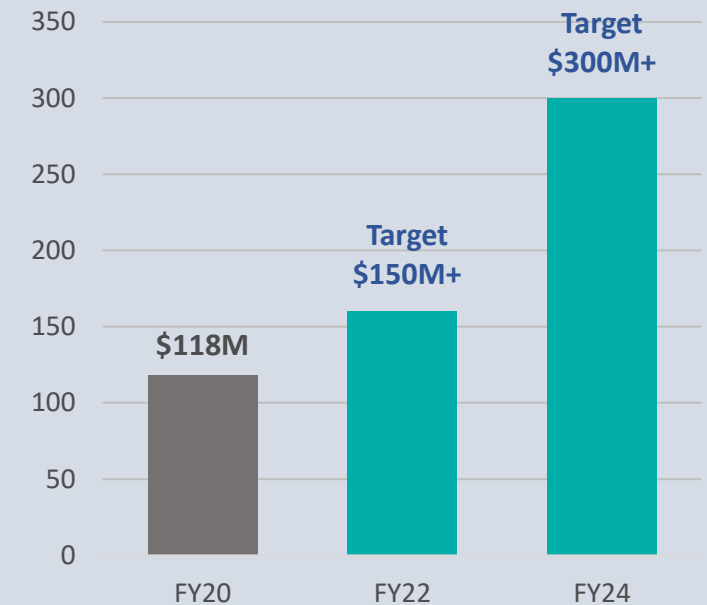
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### Greenfield sites

- Greenfield sites to reach financial maturity
- \$3M revenue target per greenfield site within 3 years of opening

## Revenue target of \$300M+ by FY24

### Planned revenue growth trajectory



# Strong underlying equine veterinary market dynamics



## Environmental & demographic drivers

- ✓ La Niña & post-drought conditions supporting pasture-based animal growth
- ✓ Migration of populations from capital cities to semi-urban and regional areas



## Racing industry dynamics

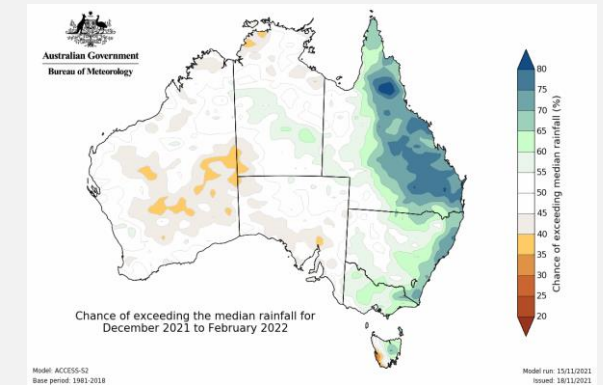
- ✓ Well-funded and supported by Government (key employer in all Eastern States)
- ✓ Decentralisation of capital city training facilities (ie. Caulfield & Flemington to Cranbourne, Bendigo & Ballarat)



## Equine veterinary industry conditions

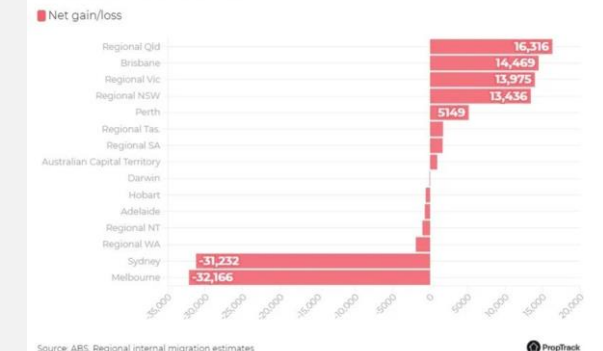
- ✓ Equine veterinary services remain fragmented
- ✓ Market desire for higher standards of care and greater specialisation of services
- ✓ Operational changes at existing specialist service providers provides growth opportunities

## Australian avg rainfall (rolling average)



## Net internal migration (cities to regions)

### Net internal migration - regional areas and capital cities 12 months to March 2021



# Strategic acquisitions

Apiam has entered into two binding agreements to acquire the assets of Victorian Equine Group & Romsey Veterinary Surgery



## Strategic Acquisitions

### Victorian Equine Group (VEG)

- large specialist equine veterinary group
- surgery, reproduction and diagnostic services
- operates Bendigo Equine Hospital and ambulatory reproduction service in Goulburn Valley and other stud regions
- on-track to deliver ~20% revenue growth in FY22

### Romsey Veterinary Surgery

- mixed animal (including equine) clinic
- located in fast-growth corridor between Melbourne and Bendigo
- strong financial track-record



## Acquisition Rationale

- Aligns with Apiam's equine "cornerstone clinic" + "referral clinic" growth strategy
- Provides leading equine presence in three main Eastern States
- Strong underlying equine veterinary market dynamics
- Growing equine numbers in surrounding LGA's such as Macedon Ranges & Goulburn Valley
- Attractive financial metrics



## Transaction metrics

- Total acquisition consideration of \$13.75M
- Cash consideration: \$9.8M
- Scrip consideration: \$4.0M
- Combined acquisition multiple:
  - EV / FY22 EBITDA: 6.0x (normalised basis)



# Victorian Equine Group (VEG)



**VEG is a leading provider of equine services including surgical, diagnostics, reproduction & hospitalisation**

- Equine Hospital located in Bendigo providing ambulatory services into local racehorses and pleasure market
- Additional bases and ambulatory services in Victoria's main stud regions
- Leading provider of highly specialist referral surgical services
- Balanced revenue spread across main industry sectors
- Privately owned by three actively involved veterinarian partners
- Employees - 25 (12 vets incl. several specialist surgical and reproduction services vets)
- Strategically located to capture large and growing equine populations in Goulburn Valley and Macedon Ranges
- Strong financial track record with consistent growth

**\$5.5M**

*FY22 projected revenue*

**Diversified  
client base**

*No customer accounts  
for >5% revenue*

**~20%**

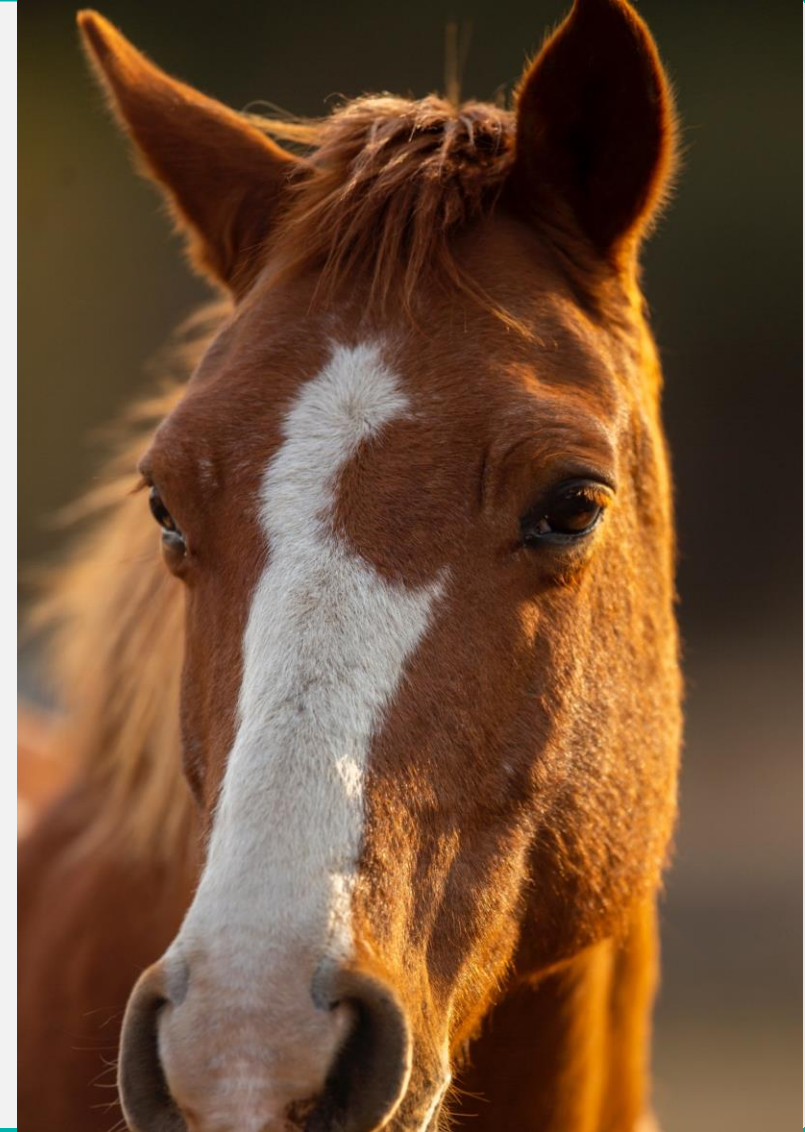
*FY22 revenue growth  
(vs FY21)*



# Romsey Veterinary Surgery

**Mixed animal & equine veterinary clinic located in the strong Melbourne – Bendigo growth corridor**

- Predominantly mixed animal clinic servicing companion animals and small holder farms including feedlots and piggeries
- Growing equine stud presence including global breeding operations in Romsey and greater Macedon Ranges region
- Privately owned by principal veterinarian
- Employees - 16 employees including 6 veterinarians
- Strong track record of financial growth
  - 20%+ revenue growth in FY21 and FY22
  - FY22 expected revenue of \$3.3M



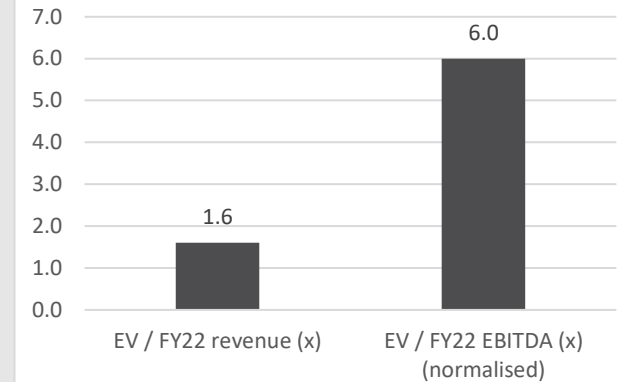
# Key acquisition terms

## Total purchase price of \$13.75M

### Deal Structure – VEG & Romsey Veterinary Surgery

<b>Consideration</b>	\$9.8M cash + \$4.0M scrip
<b>Vendor escrow conditions</b>	100% of shares issued as consideration to be held for 12 months 50% of shares issued as consideration to be held for a further 12 months
<b>Vendor employment conditions</b>	Minimum of 3 years employment with other standard Apiam vendor restraint condition
<b>Expected Settlement</b>	VEG: 1 July 2022 Romsey Veterinary Surgery : 1 June 2022
<b>Earnout (VEG only)</b>	Up to \$1.2M based on FY22 performance

Combined acquisition multiples (FY22)



# Cornerstone equine clinic strategy

## Apiam equine clinic presence



- VEG adds a third “high-performance” cornerstone equine clinic
  - Scenic Rim Veterinary Service QLD (acquired 30 July 2021)
  - Agnes Banks Equine Clinic NSW (acquired 1 December 2021)
- Consolidated specialist equine position down east-coast of Australia
- Forms a basis for continued expansion within each state
- Referral + feeder clinics have access to specialist equine skills and industry leading knowledge in their local markets
- In many instances, Apiam will no longer need to refer to third party equine specialists in VIC

### Cornerstone equine clinics

- ◆ Scenic Rim (QLD)
- ◆ Agnes Banks (NSW)
- ◆ Victorian Equine Group (VIC)

### Key referral centres

- Samford Valley (QLD)
- Clermont (QLD)
- Knox (Dalby) (QLD)
- Gippsland Equine (VIC)
- Kyabram (VIC)
- Romsey (VIC)



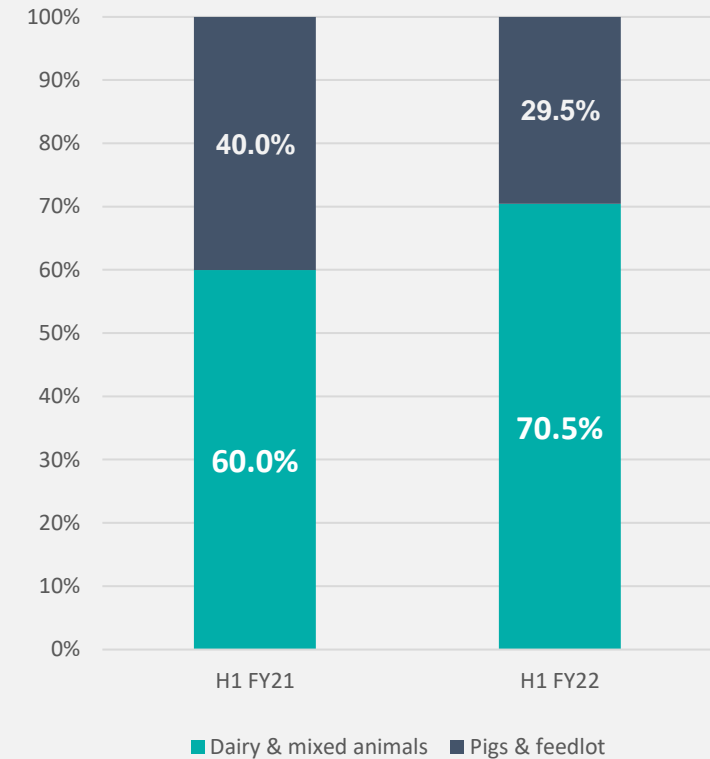
# Apiam's accelerated acquisition strategy



## APIAM'S ACQUISITION TRACK RECORD

- ✓ 4 acquisitions completed in FY21 (6 clinics)
  - total acquisition value of \$11.7M
- ✓ 8 acquisitions completed in H1 FY22 (11 clinics)
  - total acquisition value of \$30.9M
  - added pro-forma revenue of \$24.8M (annualised basis)
- ✓ Significant expansion into fast-growth regions such as SE QLD and Greater Geelong area
- ✓ Strengthened presence & expertise in equine segment
- ✓ Capturing market share in rapidly growing dairy & companion animal (including equine) veterinary markets
- ✓ Business Support Network enlarged in FY22 to enable enhanced integration of accelerated acquisition program

Apiam have added significant dairy & mixed animal clinic revenues to capture share of a rapidly growing market and reduce business cyclicality





## QUESTIONS & FURTHER INFORMATION:

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*Approved for release by the Board of Directors of  
Apiam Animal Health Limited*





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