

## ASX Release

### Apiam Animal Health Limited

(ASX: AHX)

## Apiam executes Joint Venture agreement with PETstock and drives Bendigo growth strategy

- **Apiam has executed a Joint Venture alliance agreement with leading petcare retailer, PETstock**
- **Apiam to have an 80% interest in co-located veterinary clinics in regional areas**
- **First co-located clinic, a Veterinary Emergency & Referral Centre in Bendigo, to be opened in March 2018**
- **Apiam to acquire Passionate Vetcare to support its Bendigo growth strategy**

**Melbourne, February 21, 2018** – Apiam Animal Health (**Apiam**, the **Company**) (ASX: AHX) today announced it has executed a Joint Venture agreement with PETstock Pty Ltd (**PETstock**) to open a number of new veterinary clinics to be co-located at various PETstock retail outlets, primarily in regional and rural Australia. This follows the Memorandum of Understanding the parties originally executed in November 2017.

Under the terms of this Joint Venture agreement, Apiam will have an 80% interest in co-located clinics that are located in regional areas and PETstock will hold a 20% interest.

The parties intend to open the first co-located clinic as a Veterinary Emergency & Referral Centre with 24-hour nursing care, equipped with best-in-class technology, at PETstock's recently opened retail superstore in Bendigo (Epsom). This clinic is due to open in March 2018 (currently on schedule) and will form a key part of Apiam's planned growth strategy in the Bendigo region.

This will be followed with the opening of a number of additional veterinary clinics within existing PETstock stores in, or on the fringe of, existing Apiam operating regions.

All co-located clinics will be operated by Apiam under a management agreement and PETstock will continue to independently operate the retail stores, including at Bendigo (Epsom).

Apiam's Managing Director, Dr Chris Richards said "We are pleased that we have executed a definitive Joint Venture agreement with PETstock. We believe significant growth can be delivered for both parties through our partnership and the combination of our synergistic veterinary and petcare expertise model. We look forward to the opening of our first co-located Emergency & Referral clinic in the attractively expanding Bendigo region next month".

Shareholders will be advised of additional co-located clinic roll-out plans in the coming months.

## **Acquisition of Passionate Vetcare**

Apiam also announces that it has entered into an agreement on February 21, 2018 to acquire Passionate Vetcare, a regional veterinary clinic, also based in Bendigo, Victoria for total consideration of \$0.75 million.

The acquisition of Passionate Vetcare will increase the footprint in Bendigo, and complement the PETstock's co-located Bendigo Emergency & Referral Centre through providing additional highly experienced vet and nursing staff.

Passionate Vetcare is predominantly a companion animal veterinary practice, with some exposure to pigs and mixed animals. The clinic is owned by two highly experienced veterinary practice owners, who following the acquisition, will form a key part of Apiam's Operational Management team in the Bendigo region.

Passionate Vetcare generated revenue of approximately \$1.8 million in FY2017. In line with Apiam's previous acquisitions, the consideration for the Passionate Vetcare acquisition will be a combination of 70% cash and 30% scrip.

Apiam's Managing Director, Dr Chris Richards said "This is another important acquisition for Apiam, with many strategic benefits. I am very pleased that Apiam will be benefitting from the extensive experience of the Passionate Vetcare staff as we embark on our planned growth strategy in the Bendigo region".

Settlement is expected to occur in March.

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## **About Apiam Animal Health Limited**

Apiam 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. Apiam 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.

## **About PETstock Pty Ltd**

PETstock is a privately owned, family operated specialist retailer of animal products, services and accessories (mostly companion animals and equine). PETstock have experienced rapid growth since their transition to become a specialist pet retailer in 2002. The Company now has more than 135 retail stores across Australia and 12 stores in New Zealand. PETstock was one of the first pet care companies in Australia to successfully integrate veterinary clinics into their retail stores, commencing in 2007 under the PETstock Vet brand. There are approximately 20 PETstock vet clinics currently in operation, mostly in capital city or city fringe locations.