



Apiam Animal Health Ltd

Strategic acquisitions to further
enhance equine veterinary services

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

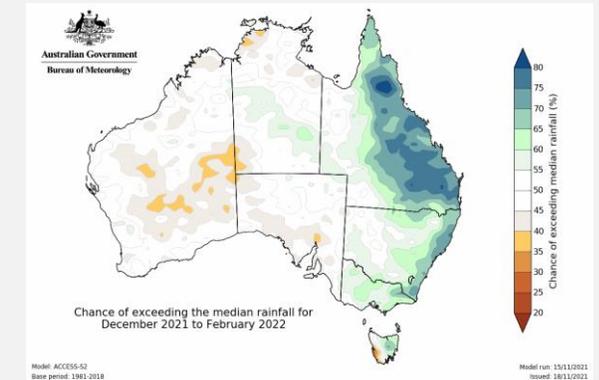
- ✓ Well-funded and supported by Government (key employer in all Eastern States)
- ✓ Decentralisation of capital city training facilities (ie. Caulfield & Flemington to Cranbourne, Bendigo & Ballarat)



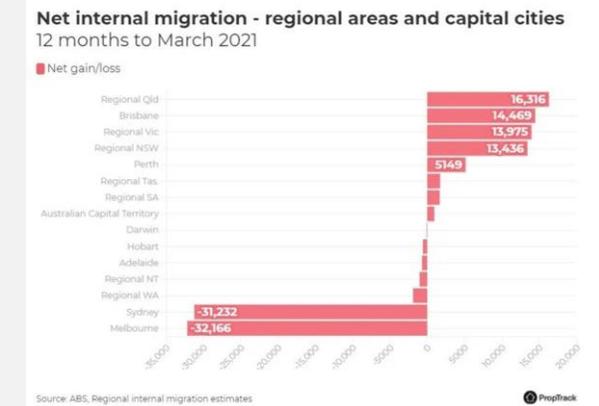
Equine veterinary industry conditions

- ✓ 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)



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%

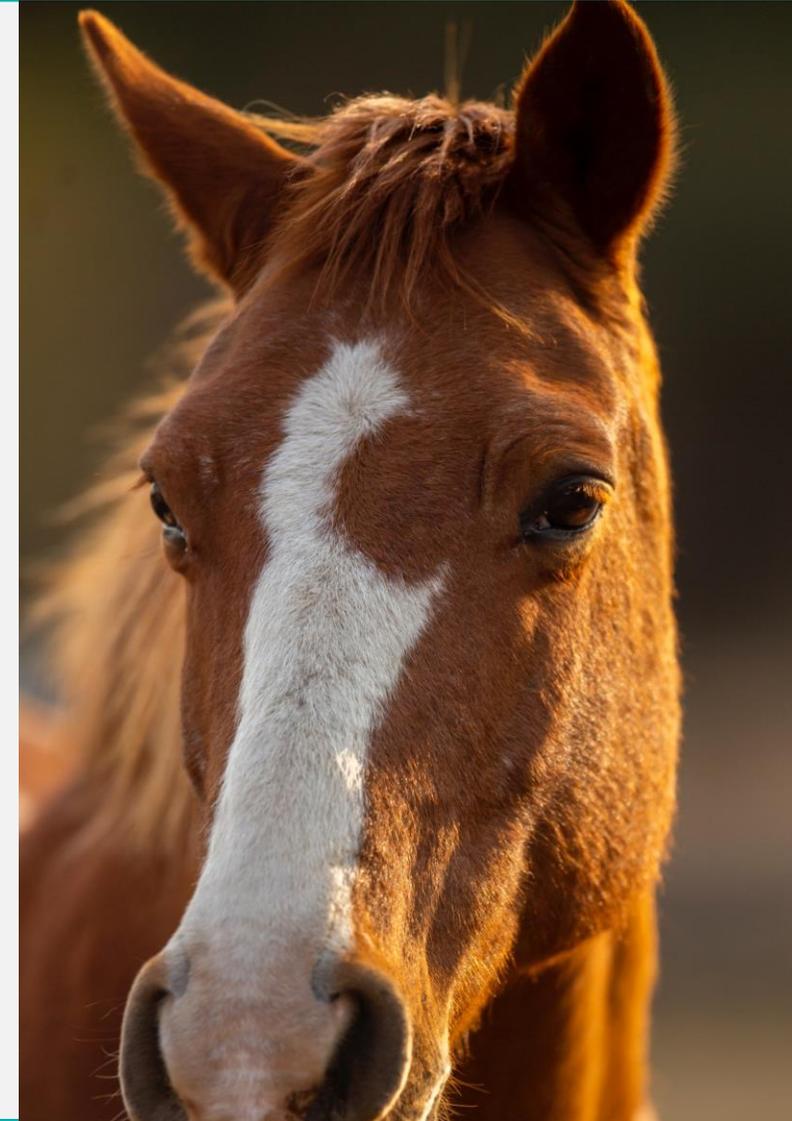
*FY22 revenue growth
(vs FY21)*



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



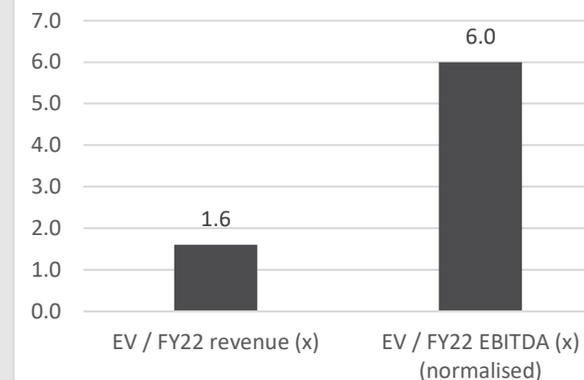
Key acquisition terms

Total purchase price of \$13.75M

Deal Structure – VEG & Romsey Veterinary Surgery

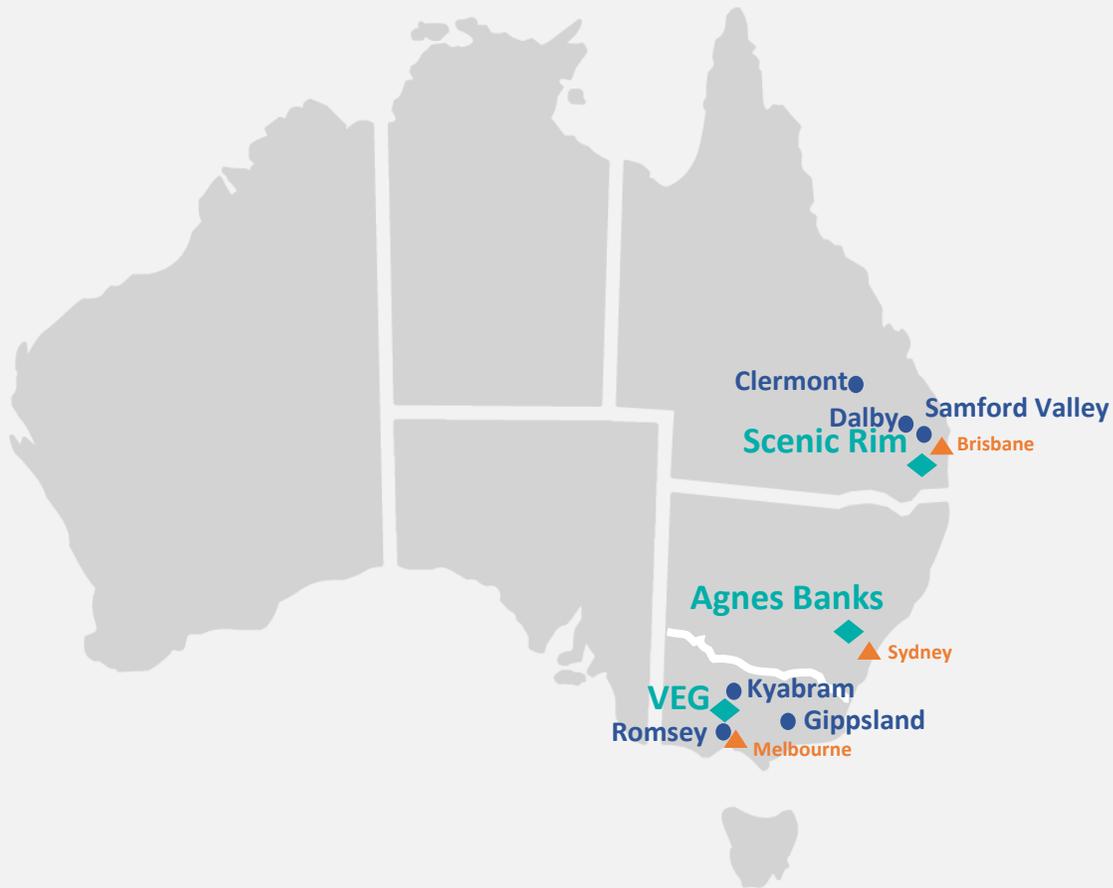
Consideration	\$9.8M cash + \$4.0M scrip
Vendor escrow conditions	100% of shares issued as consideration to be held for 12 months 50% of shares issued as consideration to be held for a further 12 months
Vendor employment conditions	Minimum of 3 years employment with other standard Apiam vendor restraint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

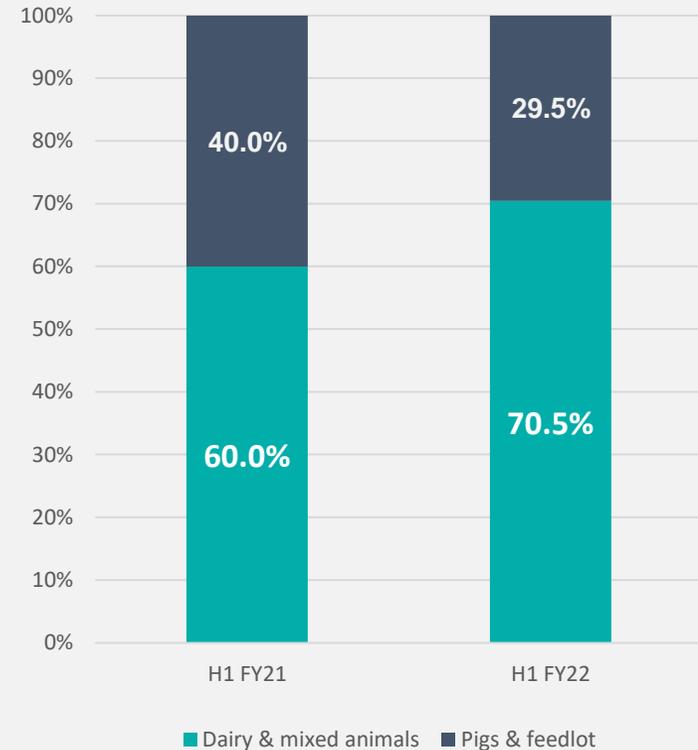
Apiam's accelerated acquisition strategy



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
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