



Apiam Animal Health Ltd

20th Australasian AgFood Conference

Sustainability & scalable cash flow

31 May 2022



Apiam Animal Health snapshot



▶ SCAN ME

- ➔ **Unique ASX-listed veterinary business**
- ➔ **Diversified business model** with a rural and regional focus
 - servicing whole spectrum of production & companion animals
 - clinics located in fast-growing regional locations
- ➔ **Attractive financial profile** with revenue growth, earnings margin expansion and strong operating cash flows
- ➔ **Strong industry outlook** for regional veterinary markets
- ➔ **Accelerated growth strategy** via acquisitions, organic initiatives & greenfield clinic roll-out program (10 acquisitions in FY22 YTD)



70
CLINICS*



260+
VETERINARIANS



70%
DAIRY & MIXED
ANIMAL CLINIC
CONTRIBUTION

Diversified & resilient vet services portfolio

MIXED ANIMAL & DAIRY SEGMENT (COMPANION ANIMALS INCL. EQUINE)



70%
of H1 FY22
revenues

BEEF FEEDLOT & PIG SEGMENTS (INTENSIVE LIVESTOCK ANIMALS)



30%
of H1 FY22
revenues

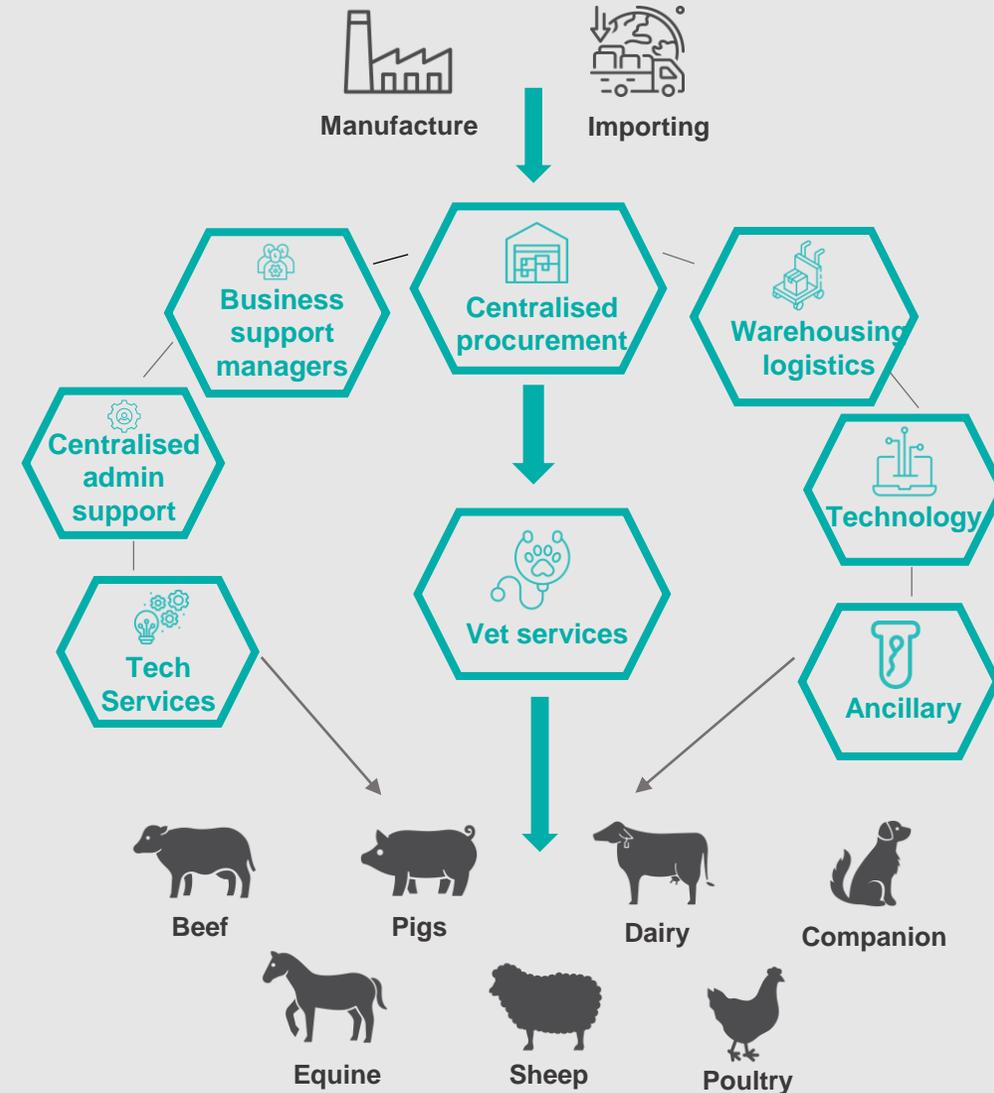
- Service regional cities and towns
- Veterinary clinical services
- Wellness programs
 - Best Mates program
 - ProDairy program
- Extensive range of product sales
 - prescription, private label, exclusive, retail
- Dairy-integrated product supply chain
- Diagnostics and Pathology
- Feed testing & Parasitology

- Service specialised industries across Australia
- Veterinary consulting services
- Extensive range of product sales
 - incl. vaccines, prescription, private label
- Integrated product supply chain
- Genetic services
- Diagnostic Laboratory
- Vaccine Laboratory
- Feed testing
- Data Analysis Platforms

FUR LIFE  **Vet**



Apiam's vertically integrated model



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
- Track-record of product & service development
- Product innovation opportunities underway with significant market potential



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 H1 FY22 to bolster acquisition support teams & resources within head office
- Well-funded to execute opportunities



Greenfield sites

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

Revenue target of \$300M+ in FY24

Planned revenue growth trajectory



Building a sustainable future



Environmental

- Solid progress of Antimicrobial Stewardship Strategy in FY22
- Developing new vaccines to reduce antibiotic usage and improve production efficiency
- Antibiotic Resistance testing program in place
- On track to launch our Corporate Sustainability Strategy in FY22
- Implementing a solar-based Virtual Power Network across key sites



Social

- Embracing flexible workplace arrangements
- Implemented Mental Health strategy with 51 Mental Health First Aid Officers across clinic network
- Additional employee leave day to support mental health
- Partnership with Smiling Mind to support wellbeing
- Introduced Tele-triage platform to reduce vet after hours
- Fur Life Foundation provided over \$150,000 to Rural Aid and wildlife shelters
- Implemented VetFlix online training platform



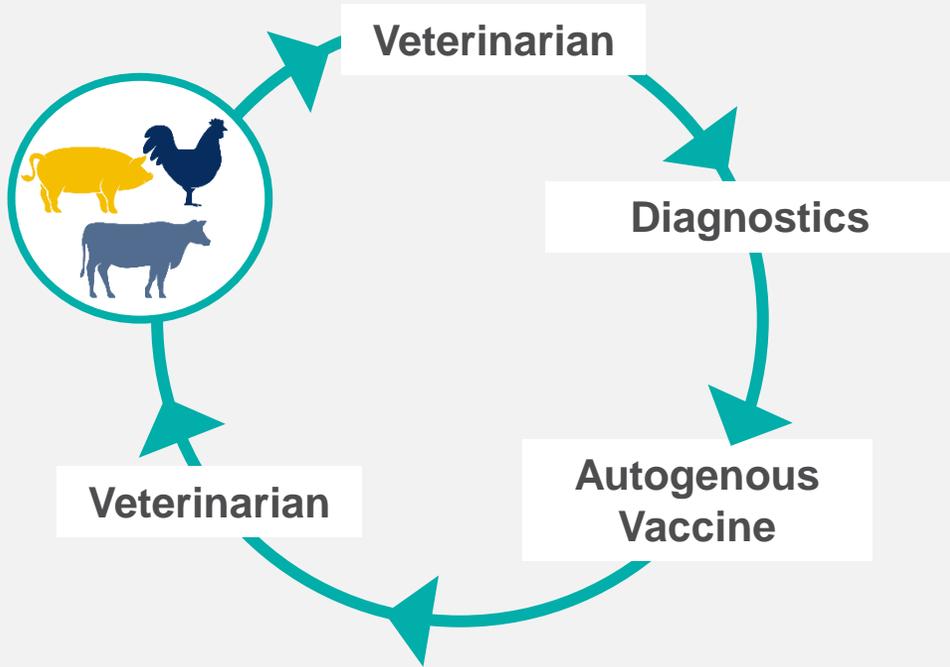
Governance

- Introduced Remuneration Policy to enhance gender pay equity
- Reviewed Diversity Policy and set measurable diversity objectives
- Developed Nurse Skills Matrix to enhance professional development
- Modern Slavery Statement released in March 2021

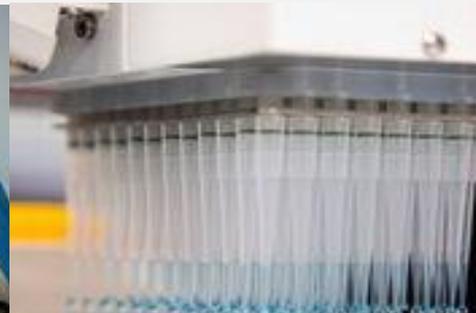


Autogenous (custom) vaccines

STRONG UNMET MARKET DEMAND FOR AUTOGENOUS VACCINES AS PATHOGENS CONTINUE TO EVOLVE



- Used when commercial vaccines are not available or not effective
- Available under veterinary prescription & manufactured under a permit
- Apiam have 10 existing permits for **bacterial** vaccines targeting pathogens that affect pigs, poultry, sheep and cattle
- Valuable tool that has been successfully used in preventative health programs to reduce usage of antimicrobials
- New gene sequencing technologies to enhance vaccine effectiveness
- Integration with 'high tech' diagnostic services, antimicrobial resistance surveillance and usage data analysis enhancing One Health objectives



Innovation in products



UNIQUE VACCINE FOR FEEDLOT CATTLE

- APVMA approval received to manufacture *Histophilus somni* vaccine for cattle, sheep & goats
- To be manufactured locally at Apiam’s ACE Laboratories facility
- First for Australian livestock industry
- Misunderstood pathogen – can cause high levels of mortality & morbidity in intensively raised cattle
- Currently treated with antibiotics
- Third new vaccine since ACE acquisition in Dec 2019
- New technologies employed can be applied across entire Apiam autogenous vaccine portfolio

REGULATORY APPROVAL TO LAUNCH XTEND 21® IN US

- Distribution partnership with Aurora Pharmaceutical
- Aurora Pharmaceutical has US EPA notice to market Xtend 21® Antimicrobial Surface Protectant (Zono Microbe Shield technology)
- Extensive trials in global markets demonstrate efficacy against economically significant livestock pathogens
- Iowa State University demonstrated 21 days enhanced surface protection
- Antimicrobial stewardship innovation within animal health segment
- Aurora is a leading US veterinary pharmaceutical player
 - 10K veterinary customers
 - Supplies 20 specialist products
 - Extensive technical sales network



Development of new vaccines against viruses

GOVERNMENT GRANT SECURED TO BUILD NEW LEADING VIRAL VACCINE LABORATORY FOR ANIMAL HEALTH



- Apiam awarded \$700K through Victorian Government *Regional Jobs Fund*
- Funding will enable Apiam to fast-track development of new state-of-the-art **viral** vaccine facility in Bendigo to complement our existing **bacterial** vaccine laboratory
- Locally-produced autogenous viral vaccines will fill a critical gap in Australia's animal health market
- New pathogens continue to evolve and are predicted to be an ongoing issue for livestock
- Future export market potential in New Zealand (already supply bacterial vaccines)
- Work underway towards priority vaccines (in conjunction with University research partners)



Antimicrobial Stewardship



DATA SYSTEM FOR SWINE HEALTH & PRODUCTION

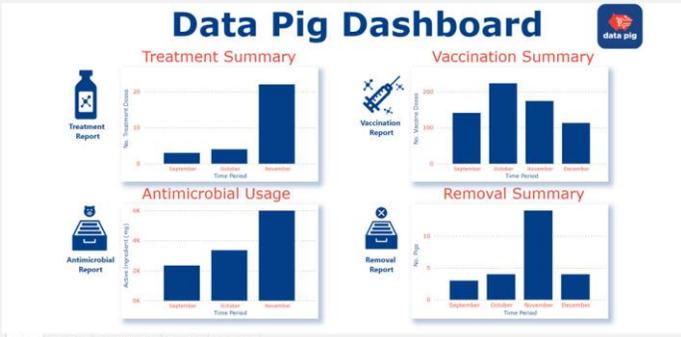


▶ SCAN ME

- Enhances antimicrobial stewardship
- Records and benchmarks antibiotic use
- Improves quality assurance systems
- Pilot program completed in Australia
- Currently early-stage commercialization across Australian pig industry
- Pilot program commenced with US pig industry for completion in December 2022



- Enhances antimicrobial stewardship
- Diagnostics improve decision making processes
- 75% growth in dairy farm enrollments in H1 FY22 (vs pcp)
- ~15.0% of AU's dairy cows are enrolled in the program (compared to ~8% in PCP)
- Services supporting a buoyant industry with focus on milk quality



Employer of choice



MARKET LEADING HR PRACTICES

To attract the best talent Apiam offers the following benefits:

- A wide variety of leadership roles
- Significant opportunity for flexible work practices
- Strong culture of recognising female talent
- Flexible path to promotion
- Continuous education focus
- Recognition and rewards programs
- Mental health support



TELE-TRIAGE INITIATIVE

Introduced in FY21 to address work-life balance issues for regional vets:

- After hours calls taken by experienced virtual support team
- Incidents triaged to ensure best practice response to emergency care and other non-critical matters
- Proprietary software system developed to allocate appropriate resources and ensure best practice veterinary services
- Reduction in vet after hours calls by over 60% since deployment.
- Initiative assisting in recruitment and retention of vet workforce

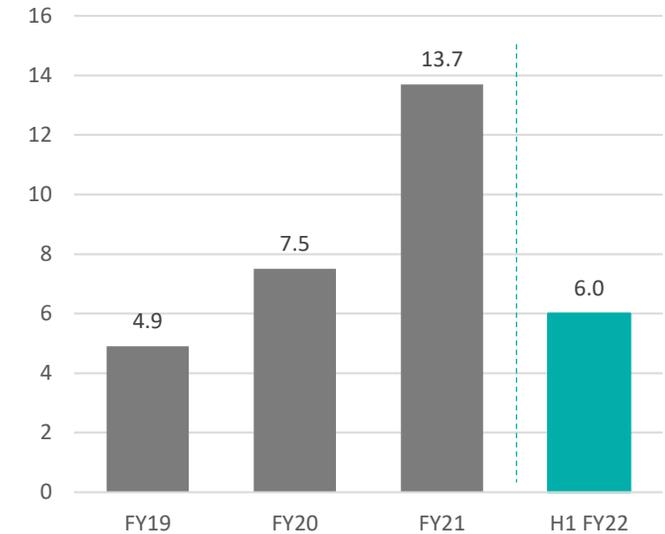


Scalable cash flow & earnings

Apiam has a strong track record of earnings to cash flow conversion, with key drivers of growth over the next year being:

- Further operational leverage from acquisitions executed in H1 FY21 + FY22
- Optimisation of business mix
 - greater contribution of less-cyclical and higher margin dairy & mixed animal segment
 - product & service innovation in intensive animal segment
- Maturity of greenfield sites opened last 12 months
- Disciplined cost control and operating expense spend

Operating cash flow performance



Summary

- Regional veterinary markets growing strongly
- Apiam is capturing growth via organic initiatives and accelerated acquisition program
- On-track to double base revenues by FY24 to more than \$300M
- Well-funded to execute on strategy
- Scalable earnings and cash flows with business support infrastructure in place
- Building a sustainable future – innovation for our customers, employees and shareholders





QUESTIONS & FURTHER INFORMATION:

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This announcement was authorised by the Board
of Directors of Apiam Animal Health Limited



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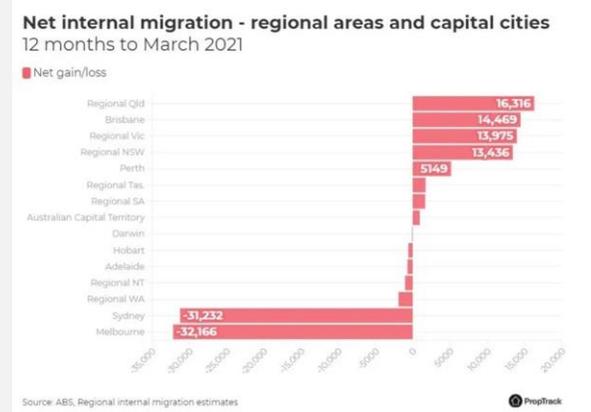


Appendix

Rapid regional veterinary market growth

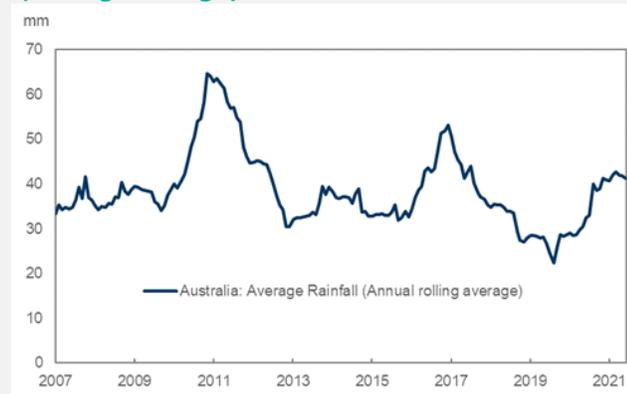
- ✓ Net migration to regional areas is the highest on record
- ✓ Significant increase in pet and livestock ownership continuing post COVID-19
- ✓ Increasing spend per household on vetcare
- ✓ Apiam's broad animal expertise aligned with regional vet offering – different to metro models
- ✓ La Niña & post-drought conditions supporting strong pasture-based livestock industries (dairy, beef, sheep, equine)
- ✓ Rapid regional growth and vet industry dynamics resulting in high quality acquisition pipeline

Net internal migration (cities to regions)

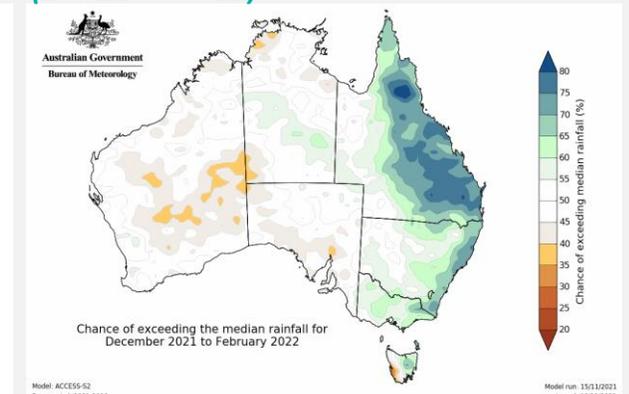


15%
growth in
household pet
ownership since
2019¹

Australian avg rainfall (rolling average)



Median rainfall forecast (Dec 21 – Feb 22)



Financial track record last 4 years

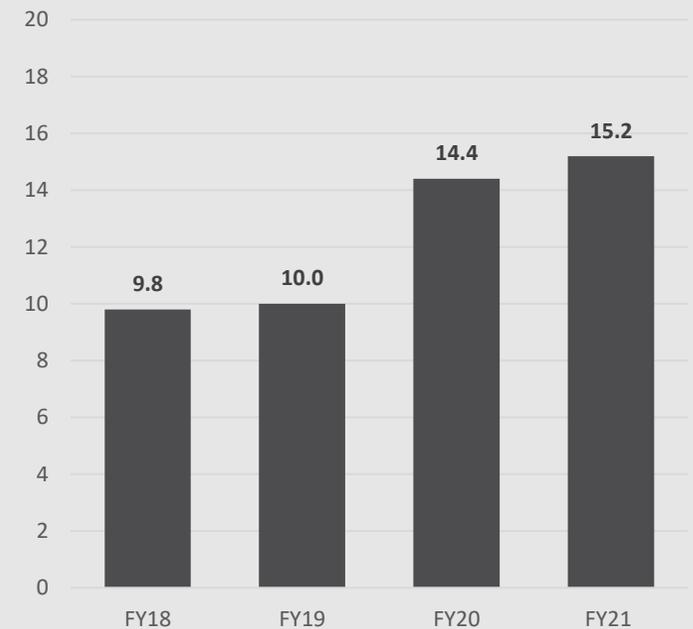
Revenue (\$m)



Gross profit (\$m) & margin (%)



Underlying EBITDA (\$m)



- **Resilient revenue growth** over past 4 years despite varied industry conditions in many agricultural areas – drought, COVID-19, bushfires etc
- Investment in systems & targeted change in business mix to focus on higher value products & services driving **strong gross margin improvement**
- Strong **operating cash** conversion and **consistent dividend** payouts - balanced against capital requirements