

ASX RELEASE

Apiam Animal Health Limited (ASX: AHX)

Apiam to present at Coffee Microcaps Morning Meeting Webinar Series

Bendigo, 30 November 2023 – Apiam Animal Health Limited (**Apiam** or the **Company**) Managing Director, Dr Chris Richards will present this morning at the Coffee Microcaps Morning Meeting Webinar series.

The program of events is as follows:

Steven Lydeamore, CEO of Immuron Ltd (ASX: IMC) 9.00-9.30

Amos Simantov, CEO of Way 2 Vat Ltd (ASX: W2V) 9.30-10.00

Sam Riley, CEO of Ansarada Ltd (ASX: AND) 10.00-10.30

Dr Chris Richards, CEO of Apiam Animal Health Ltd (ASX: AHX) 10:30-11:00

To register for this event please use this link:

https://us02web.zoom.us/webinar/register/WN_73dRq8CsQK6Ahor0F8UzgA#/registration

Apiam's presentation for Coffee Microcaps is also attached to this announcement.

--Ends--

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Authorisation

This announcement and presentation have been authorised for release by the Managing Director of Apiam Animal Health Limited.



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About Apiam Animal Health Limited

Apiam Animal Health Limited is one of Australia's leading rural veterinary businesses made up of more than 80 veterinary clinic sites and additional ancillary business sites. The Company is supported by a strong team of highly experienced veterinarians and other dedicated professionals, employing more than 1000 employees. Apiam's vet clinics, production animal and allied businesses are spread Australia-wide reaching into many regional towns and fast-growing peri-urban areas.

Apiam Animal Health is committed to providing best in class care for its clients, the animals in their care and the communities where people live and work. The Company's purpose, to enrich the lives of animals, people and communities, is applied across all business operations from vet clinics to production animal consultancy, logistics and laboratory with vets and allied staff sharing expertise and specialist knowledge. Apiam is focused on meeting the needs of its clients and shaping the future of the industry to deliver best practice animal health and welfare at a local level and nationally.

Apiam Animal Health

Coffee Microcaps Webinar

30 November 2023



APIAM'S BUSINESS TODAY

80

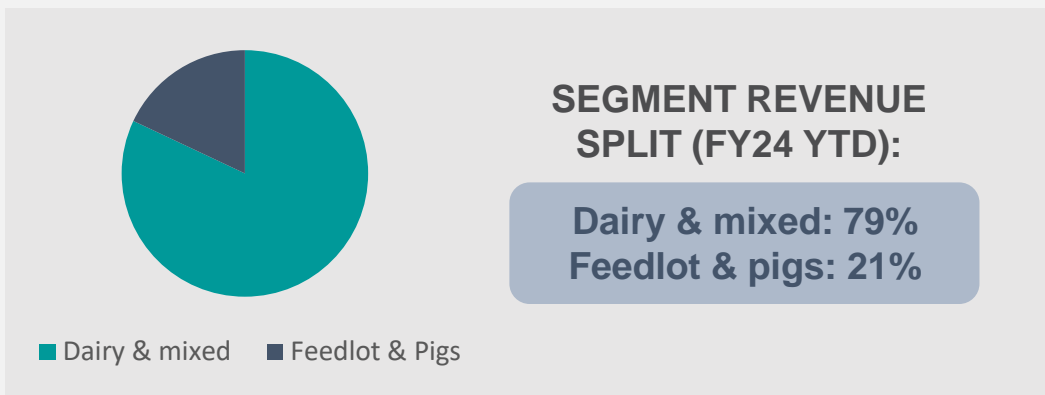
Veterinary clinics

365

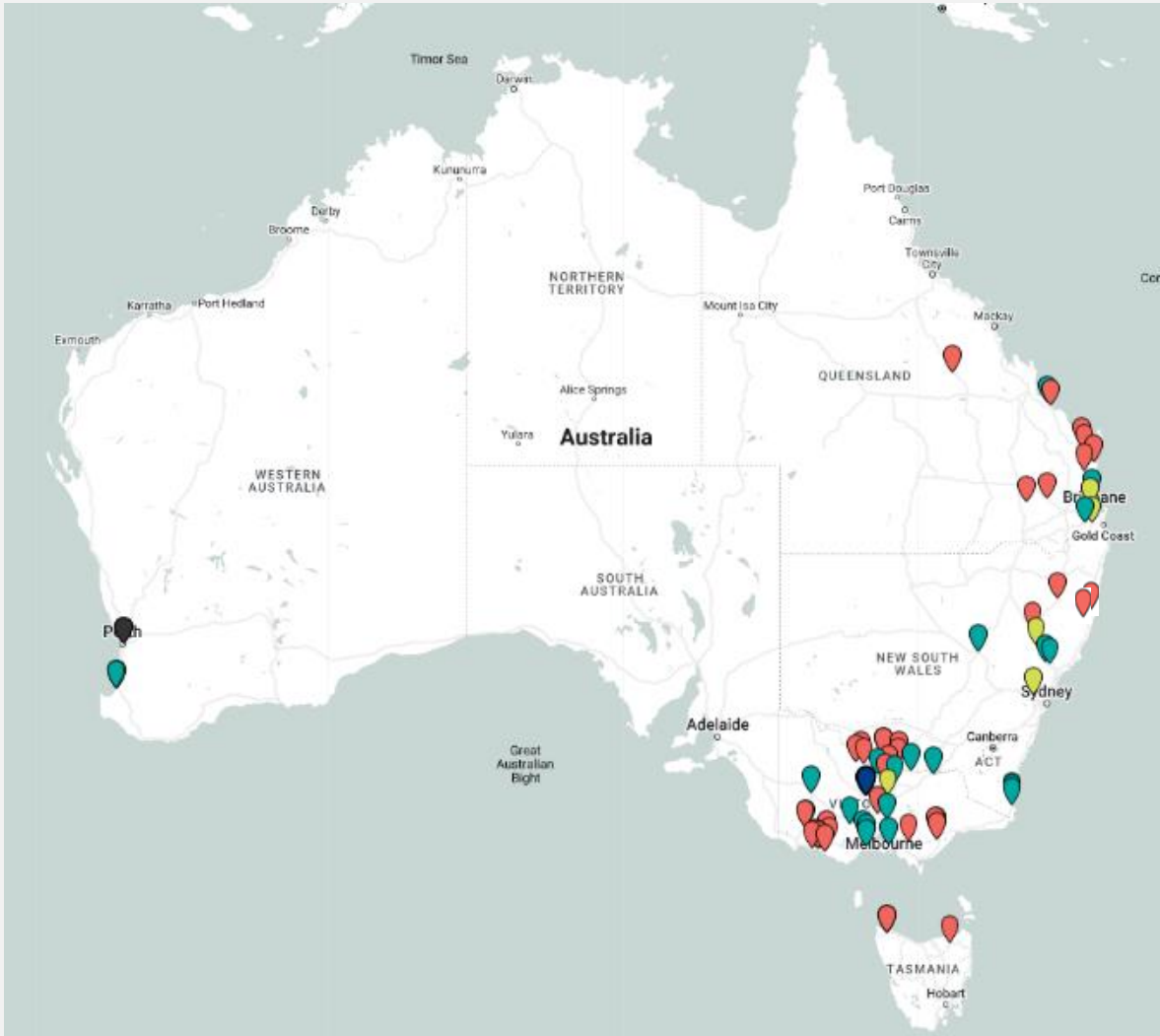
Clinical veterinarians

~83%

Clinics with 50%+ pet revenue¹



Clinic location summary ^{1,2}		#
Victoria		38
Queensland		19
NSW		16
Tasmania		3
Western Australia		4



Companion Practice

Mixed Practice

Equine

Production Animal

Ancillary Services

Notes:

1 Excluding 100% equine dedicated clinics

2 Some locations have several clinics or businesses providing veterinary or ancillary services

DIVERSIFIED VETERINARY PORTFOLIO

MIXED ANIMAL & DAIRY SEGMENT

(COMPANION ANIMALS INCL. EQUINE)



79%
of FY24 YTD
revenues

Products & services offered

- 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

FUR LIFE  Vet



BEEF FEEDLOT & PIG SEGMENTS

(INTENSIVE LIVESTOCK ANIMALS)



21%
of FY24 YTD
revenues

Products & services offered

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



FY24 YTD TRADING

\$M ¹	FY24 YTD (Jul-Oct)	FY23 YTD (Jul-Oct)	% chg
Revenue	69.8	61.1	14.2%
Gross profit	46.9	40.0	17.2%
Gross margin	67.2%	65.5%	
EBITDA (underlying)	8.5	7.1	19.6%
EBITA (underlying)	5.5	4.7	15.9%

- Revenue growth being driven by **dairy & mixed animal** and **beef feedlot** segments
- Actions have been implemented to reduce operating expense growth and to increase earnings margins
 - strong containment of operating expense growth; +0.6% on LFL basis² (despite inflationary environment)
 - savings from restructuring & redundancy program in June 2023 flowing through
 - additional opportunities remain to increase margin performance of clinics in FY24



Notes

- ¹ Preliminary and unaudited estimates. Underlying is before one-off costs
- ² LFL includes adjustment for acquired clinics that have not been owned for a full 12-months in the current period or PCP period

DAIRY & MIXED ANIMAL SEGMENT

FY24 YTD (VS PCP)

+18.0%

Reported dairy & mixed
segment revenue
growth

+1.7%

LFL segment revenue
growth (excl.
restructured clinics)¹

+11.2%

Avg. transaction
value²

+17.6%

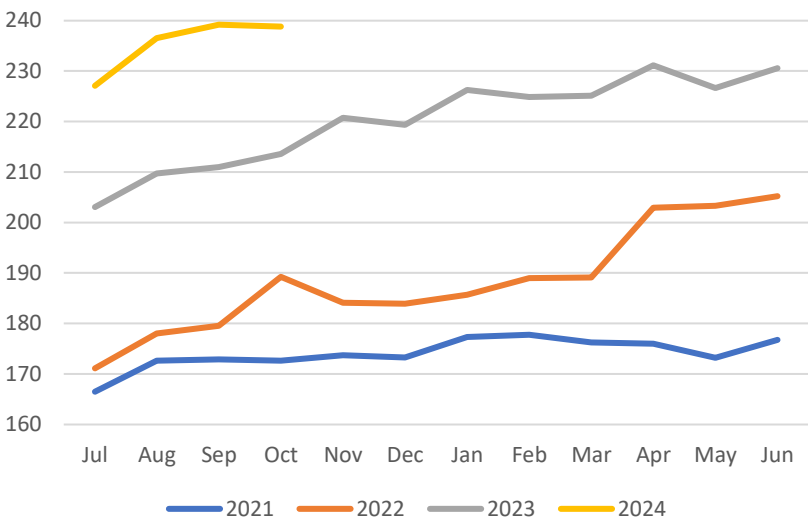
Best Mates member
growth

+20.7%

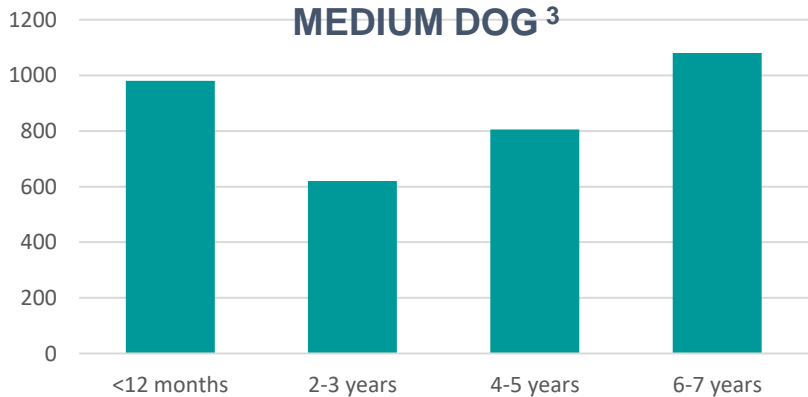
ProDairy revenue
growth

Focus on extracting
further growth and
margins on the
clinics

AVERAGE TRANSACTION VALUE (\$) (COMPANION ANIMALS)¹



INSURANCE COVER PREMIUMS – MEDIUM DOG³



For COVID-19 pets, veterinary costs currently in lowest phase of the pet life cycle (reflective of phasing of pet insurance premiums)

Notes:

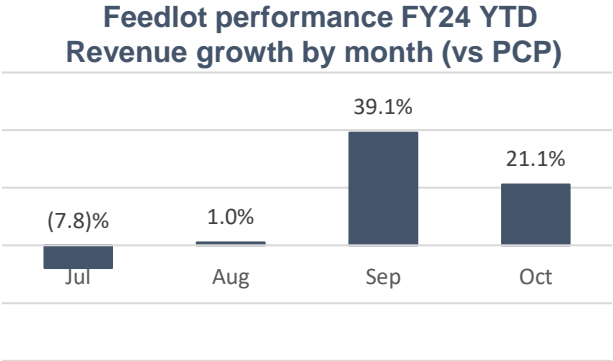
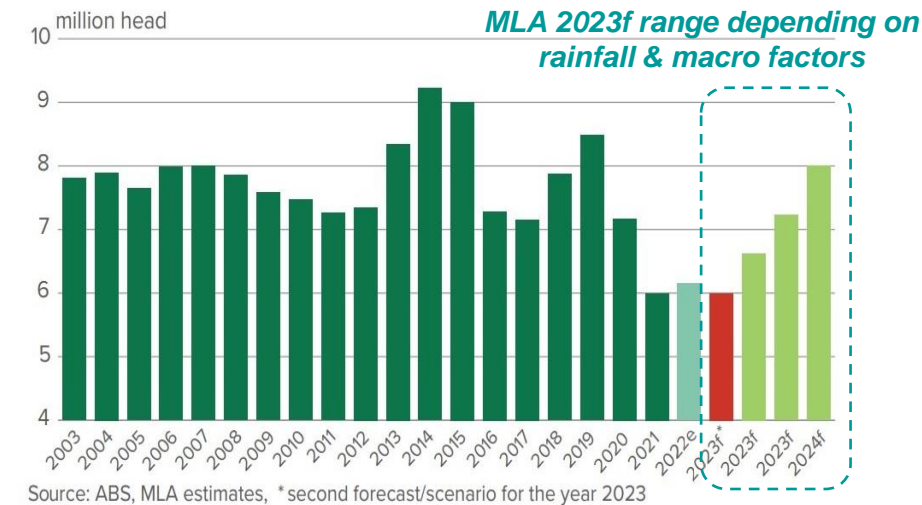
- ¹ LFL refers to like-for-like (or ex-acquisition performance) and adjusted to exclude acquisitions executed in FY24 YTD and FY23. Excludes three clinics currently undergoing significant restructure
- ² Average transaction value for companion animals (excludes recently acquired clinics not yet on Apiam's Practice Management System)
- ³ Vets Choice Elite Insurance Cover. <https://vetschoice.guildinsurance.com.au/compare-pet-insurance#compare-vc>

FEEDLOT & PIG SEGMENT

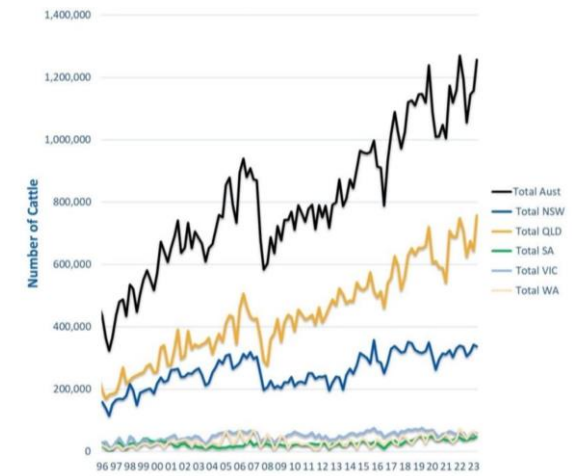
Beef feedlot has been delivering improved growth since H2 FY23 as industry conditions strengthen

Pig + Feedlot revenue performance (year-on-year)	% chg.
FY22	(6.5)%
FY23	(4.1)%
FY24 YTD	+1.5%

National adult cattle slaughter



Cattle numbers on feed



INDUSTRY COMMENTARY



Beef feedlot

- El Niño conditions now underway in Australia
- National beef herd at 28.7m head, largest size since 2014¹
- Number of cattle on feed increased 8.5% in June 2023 quarter (vs March quarter) and remained stable in the September quarter^{2,3}
- Grain fed beef exports increasing across all major overseas markets³

Pigs

- Pig numbers recovered in H2 FY23 from 2022 Japanese Encephalitis effects
- Trend to higher value veterinary services
- Focus on bringing new vaccine and unique pharmacological products to market

1. <https://www.mla.com.au/prices-markets/Trends-analysis/cattle-projections/>
2. https://www.feedlots.com.au/files/ugd/5bcc7b_fef17fd516d54ebfab5823cd334a277d.pdf
3. <https://www.feedlots.com.au/post/numbers-on-feed-remain-steady-1>

ACQUISITION PROGRAM UPDATE

- Recent acquisitions performing strongly
- Immediate revenue synergies being achieved:
 - Alignment of pricing for services and products
 - Implementation of Best Mates program across new clinics
- Extracting further cost synergies to improve clinic earnings contributions is key Management focus for FY24
- No further clinic acquisitions expected in FY24

FY23 & FY24 YTD acquisitions¹ (scale is approximate)



+7.0% Average revenue growth
FY24 YTD (Jul-Oct)

Notes:

1 Acquisitions announced in this period

GREENFIELD CLINIC PROGRAM UPDATE

Revised model leveraging organic revenue growth



- Investment in Greenfields now trending towards break-even
- Carefully targeted regions with attractive demographics
- Attracting experienced veterinarians delivering high standards of care
- Efficient capex model & access to high growth population base and retail customer flow
- Three years to full financial maturity



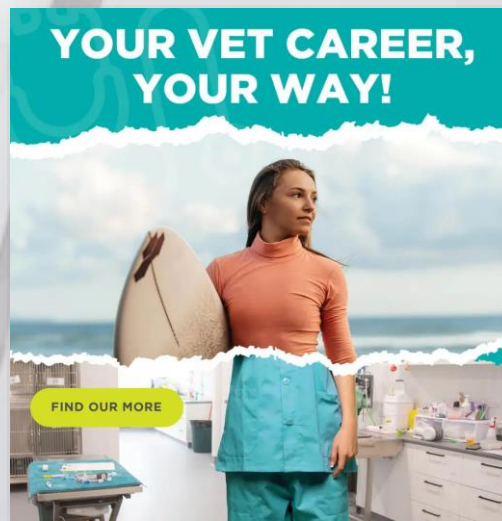
Take a tour!



APIAM ATTRACTING REGIONAL VETS

Supported through strong value proposition

- Veterinary workforce continues to expand to meet a growing market – AHX value proposition attracting vets to the regions (FY23 +15% net on departs)
- Further favourable changes in labour market conditions in first 4 months FY24
- Compressed working weeks – ~80% of Apiam vets on flexible workplace programs
- Your Vet Career, Your Way!
 - recruitment program focussed on flexibility around career and lifestyle choices
- Tele-triage (Vetriage™) to prioritise emergencies (reduces after-hours and weekend calls to veterinarians by >70%)
- Student debt (HECS) reduction program – very strong interest since launch



Apiam Rural Veterinary Support

Student Debt Reduction Program

- ✓ Experienced and recent grad vets apply!
In rural locations across VIC, NSW, QLD and TAS.
- ✓ Our aim is to support employment and retention of vets across our network of clinics.
- ✓ Total of 10 placements on offer at specific Apiam locations!
- ✓ Eligible participants receive up to a total of \$68,800.
Over 4 years, paid in instalments at the end of each 12-month period at participating clinics.

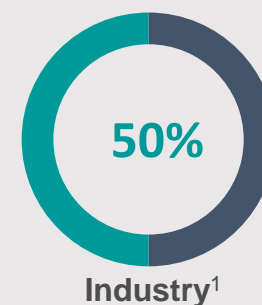
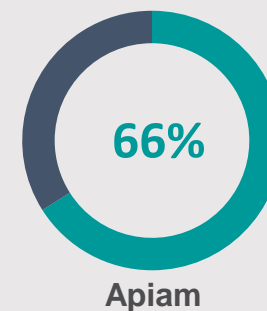
Applications open now and close 30 November 2023 unless filled prior! We recommend early application as places are limited.

Attending the AVA conference in Adelaide? Meet our team at stand 14 for a chat!

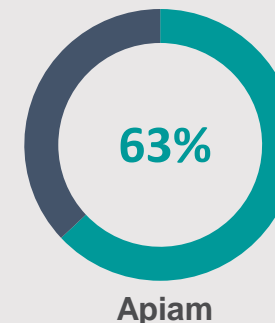
Apiam animal health

UNIQUE VETERINARIAN WORKFORCE DYNAMICS LEVERAGING SKILLSETS

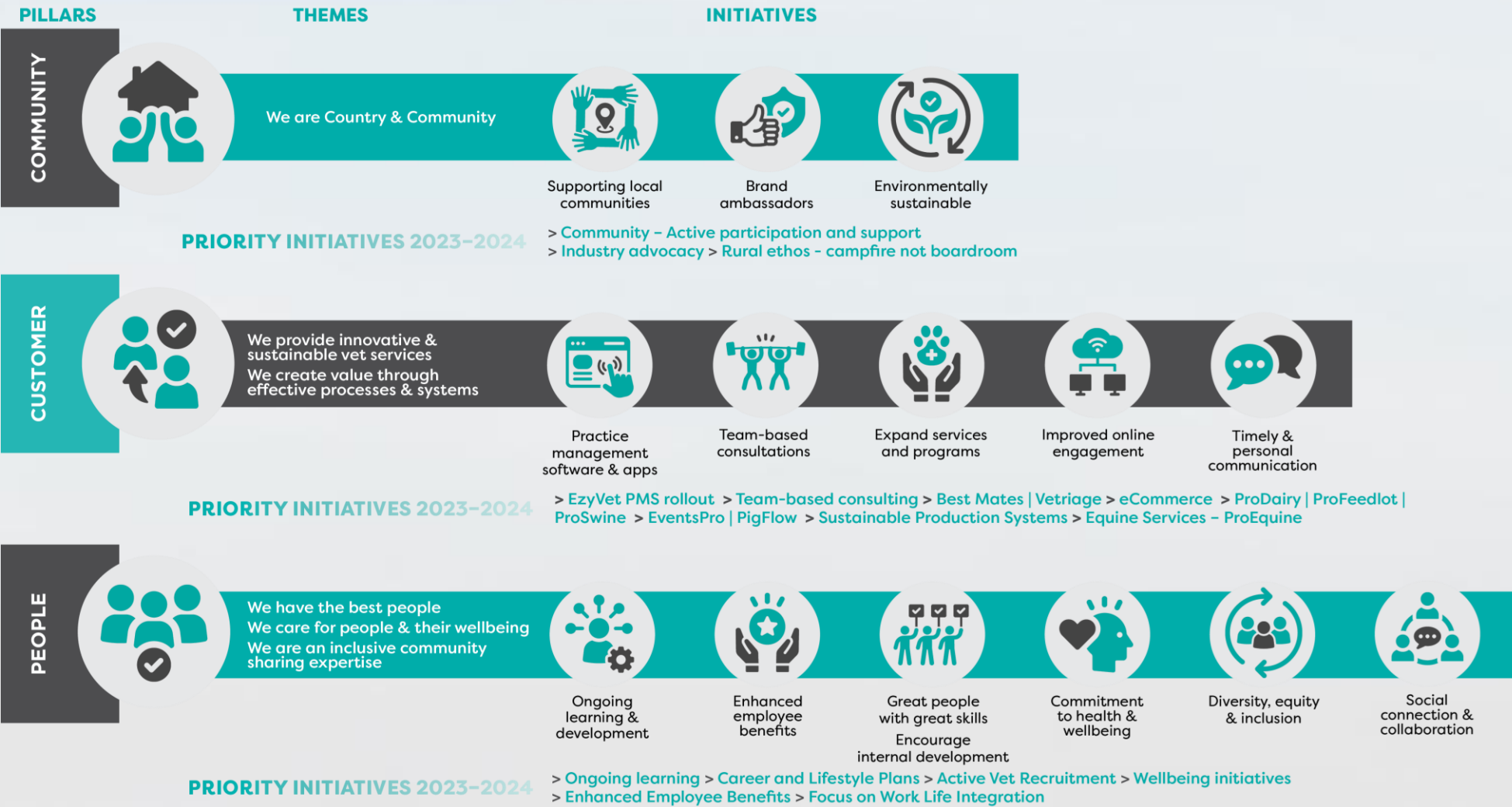
Full-time veterinarians as % of total vet workforce



Female full-time veterinarians as % of total female vet workforce



OUR GROWTH STRATEGY





OUTLOOK

Looking ahead in FY24

- Revenue opportunities remain strong as demand for non-discretionary veterinary services remains resilient and growing in rural and regional locations
- Changes in labour market dynamics & Apiam's Flexible Workplace Offering delivering higher levels of recruitment of veterinarians to regional and rural areas
- Operating earnings margins expected to continue to improve into FY24
 - High Standards of Care continues to drive up Average Transaction Values
 - Additional cost savings from redundancy & restructuring program to flow through
 - Further efficiencies being identified at clinic level to increase margins
 - Leveraging of synergies from integration of previous acquisitions
- No further clinics expected to be acquired in FY24 in order to prioritise free cash flow generation and reduce debt
- Apiam's business model is expected to deliver further growth in FY24

Disclaimer

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Board Authorisation

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