

ASX Announcement – Apiam Animal Health Limited (AHX)

For Immediate Release

Apiam acquires rural veterinary group, strengthening capacity for growth

Bendigo, Australia, 19th August 2016. Apiam Animal Health (Apiam) (ASX:AHX) today announces the signing of an agreement to acquire Quirindi Veterinary Group (QVG) for \$11.57 million, further strengthening Apiam’s production animal and rural veterinary services capabilities.

QVG is one of Australia’s largest rural veterinary groups, generating revenue of \$12.2 million in FY16. Located in the Liverpool Plains in New South Wales, QVG provides veterinary services to large beef production systems throughout Australia through its business Quirindi Feedlot Services, provides equine reproduction services at its custom built centre in Quipolly, near Scone in NSW, and runs a livestock and companion animal veterinary practice located in Quirindi.

As part of the acquisition of QVG, Apiam will acquire proprietary technology to improve clinic efficiencies, data analysis systems for feedlot cattle and specialised assets for reproduction services.

The acquisition is expected to be earnings accretive, and will be funded using Apiam’s existing bank facilities. The consideration for the acquisition is a combination of 70% cash and 30% scrip. In line with Apiam’s previous acquisitions, the principals of the business will enter into an employment contract with restraint conditions. Shares issued under the agreement will be subject to escrow.

This acquisition is in alignment with Apiam’s strategy to extend its position as the leading provider of expert veterinary, production, well-being and genetics services to the expanding production animal and mixed animal sectors. This acquisition is Apiam’s first since the IPO in December 2015, and is part of the company’s ongoing program to enhance the services provided to clients and invest in growth via synergistic acquisitions.

“This acquisition strengthens our position in the beef industry and adds capacity to our veterinary resources and the operating systems that are required to shape the veterinary services provided to the production animal industries of the future,” said Apiam’s Managing Director, Dr Chris Richards.

“QVG is an excellent business that counts some of Australia’s most innovative beef producers as its customers and is a strong strategic fit with our core business. All three aspects of QVG will deliver strong synergies; improving our capacity in the beef feedlot sector, and expanding our genetics business and presence in rural NSW.”

Quirindi Veterinary Group senior veterinarian, Dr Tony Batterham, said, “This is a great win for QVG that will enable us to fast track the development of capabilities we require to continue meeting the needs of our clients in the future. We welcome the benefits that Apiam will bring in terms of development of our veterinarians and support staff, and most importantly, continuing to deliver a high-level value proposition for our long-standing and loyal clients.”

Dr Richards continued, “Apiam has a clear strategy in place to build on the solid foundation it has established as an integrated animal health business servicing the rural production and mixed animal sectors, and ensure we can meet the needs of a market which is rapidly growing as a result of the expanding global demand for animal protein.”

“Over the next twelve months, Apiam will continue to invest through acquisition, collaborative partnerships and further recruitment of leading expertise to ensure we have the capability required to prosper in the expanding global animal health industry. We have a buoyant acquisition pathway ahead of us for the next few years, and will bring forward our capability and process investment strategies to FY17 to ensure we are able to capitalise on these opportunities.”

Apiam was advised by GRT Lawyers, Mann Judd and HLB Chessboard.

Apiam Animal Health expects to release its FY16 results on 26th August 2016 and will undertake an investor roadshow in Melbourne and Sydney the week commencing 12th September 2016, hosted by Shaw and Partners and Bell Potter.

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About Apiam

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.