

## ASX RELEASE

# Apiam Animal Health Limited (ASX: AHX)

## Apiam releases FY21 results – 24% NPAT growth driven by strong dairy & mixed clinics performance

- Revenue of \$126.2M, +6.6% vs FY20; Gross profit of \$71.1M, +11.2% vs FY20;
- Excellent growth performance in dairy & mixed animal clinics; +23.7% revenue growth and +44.2% EBIT growth year-on-year;
- Market cycles and strategic transition to innovative antimicrobials impacting beef feedlot and pig segments;
- Regional expansion strategy adding 10 new clinics (via acquisitions & greenfield);
- Reported NPAT of \$5.1M, +24.1% vs FY20;
- +82.5% increase in operating cash flow & strong balance sheet supporting final year dividend of 1.2 cents per share.

**Bendigo, August 30, 2021** – Apiam Animal Health Limited (**Apiam** or the **Company**) is pleased to release its full year results for the 12-months to 30 June 2021 (FY21).

Revenue in FY21 increased 6.6% to \$126.2 million (FY20: \$118.3 million) with excellent reported revenue growth in Apiam's dairy & mixed animal clinics (+23.7% vs FY20). These clinics are now the largest revenue and earnings contributors to the Group, accounting for 60% of Apiam's revenue in FY21, and delivering +44.2% EBIT growth over the period.

Market cycles continued to impact the performance of Apiam's beef feedlot and pig segments, with a reduction in the number of cattle on feed during the year as a result of the rebuilding of the national cattle herd. There were early signs of recovery in Q4 FY21 with cattle availability to feedlots increasing, with further improvements expected into FY22. The Company's strategic transition to new and innovative antimicrobial and vaccine products in intensive animals has also led to reduced sales of lower-margin traditional antibiotic products during the transition period. To reduce these impacts, Apiam have continued to invest in product and service development in order to commercialise offerings that will leverage Apiam's performance as these industries rebound.

Apiam maintained its gross margin momentum in FY21, delivering an 11.2% uplift in gross profit to \$71.1 million. The growing contribution of dairy & mixed animal clinics as well as organic business initiatives have driven this performance.

Operating expenses in FY21 were well contained, however do reflect the impact of the Company's reinvestment in business growth initiatives, particularly new greenfield clinic roll-outs and acquisitions. During the period, Apiam's reported EBIT increased 11.7% to \$8.1 million and reported NPAT increased 24.1% to \$5.1 million.

Apiam's cash flow and financial position remain strong, with net cash flow from operating activities up 82.5% in FY21 supported by efficient working capital management. Net debt as at 30 June 2021 was \$37.2 million, and Apiam's operating leverage ratio of 2.0x is well within its banking covenants of 3.0x.

## **Capturing growth through regional expansion**

Apiam has executed its planned regional expansion strategy in FY21, driving clinic growth in targeted regional locations.

Veterinary markets continue to benefit from rapid changes in regional population demographics and animal ownership following the emergence of COVID-19 in Australia and significant opportunities have arisen for the Company to capture market share.

During FY21 Apiam completed four strategic acquisitions, adding two new clinics to its network in regional NSW and four new clinics in Southern Queensland. These acquisitions delivered a material increase in the scale of the Company's Queensland operations, more than doubling Apiam's clinic presence in the state. On 30 June 2021, Apiam also entered into an agreement to acquire Scenic Rim Vets (Queensland) which has since added two further companion and equine focused clinics to the network. Southern Queensland is an important market in the Company's regional expansion strategy with many areas currently underserved by veterinarians.

Two new greenfields clinics were also opened during FY21, located in the rapidly growing Victorian regional towns of Shepparton and Torquay North where major housing developments are occurring. While there is a first-year earnings impact as the clinics get established, it is expected these clinics will break even within two years of opening and reach financial maturity within three years.

## **Outlook**

Apiam expect to deliver ongoing revenue and earnings growth in FY22.

The Company will continue to execute its regional expansion strategy, and since the end of the financial year has announced the acquisition of Golden Plains Group (Greater Geelong region, VIC) and Harbour City Veterinary Surgery (Gladstone QLD). The Company has also opened one new greenfield clinic in Highton (Geelong, VIC).

Management will continue to update shareholders of its performance, and the Company's Annual General Meeting is scheduled for 25<sup>th</sup> November 2021.

## **FY21 results investor webinar**

Investors are invited to join a conference call hosted by Managing Director, Dr Chris Richards and CFO Matt White at 11.00am AEST on Monday 30<sup>th</sup> August 2021.

To access the call please use the zoom link below:

[https://apiam.zoom.us/webinar/register/WN\\_hglSkGXS6GpVFZfZFRcGg](https://apiam.zoom.us/webinar/register/WN_hglSkGXS6GpVFZfZFRcGg)

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**Authorisation**

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

**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.