

ASX RELEASE

Apium Animal Health Limited (ASX: AHX)

Apium to present at Coffee Microcaps Morning Meeting Series

Bendigo, June 17, 2021 – Apium Animal Health Limited (**Apium** or the **Company**) Managing Director, Dr Chris Richards, will present at the Coffee Microcaps Morning Meeting Series, this morning at 9.30AM.

Coffee Microcaps provides a platform for ASX microcap companies to connect with investors, both institutional and retail.

The webinar will be recorded and available for viewing at <https://www.youtube.com/c/coffeemicrocaps> from Friday June 18.

Apium's presentation for the investor conference is also attached to this announcement.

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For further information, please contact:

Dr Chris Richards
Managing Director
Apium Animal Health Limited
chris@apiam.com.au

Catherine Ross
Investor Relations
catherine.ross@apiam.com.au
0421 997 481

Authorisation

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

About Apium Animal Health Limited

Apium 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. Apium 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.



Apiam Animal Health Ltd

Growth through regional expansion

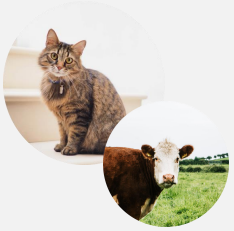
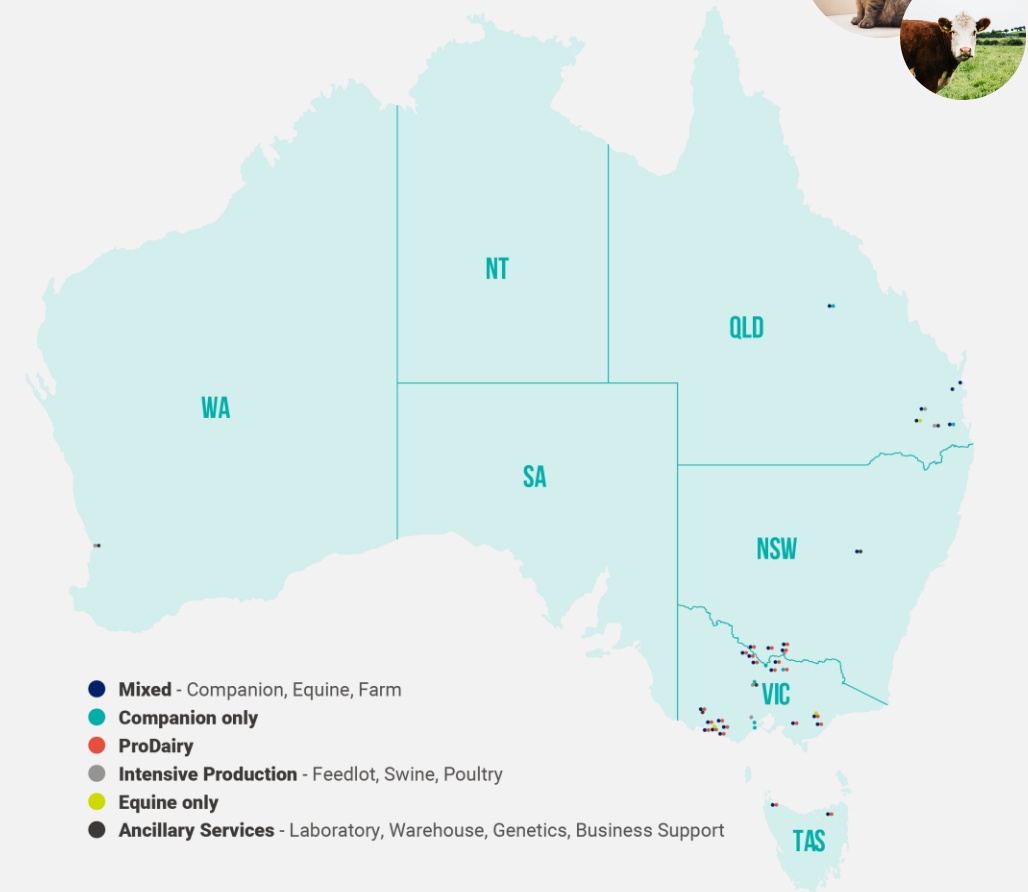
June 2021



Apiam Animal Health snapshot

- Unique ASX-listed veterinary group; listed December 2015
- Diversified & robust business model with a rural and regional focus
 - servicing whole spectrum of production & companion animals
 - vertically integrated model across entire animal health chain
 - 59 clinic locations across eastern states of Australia (fast-growth regional locations)
- Successfully executing regional expansion strategy via acquisitions and greenfield clinic roll-out program
- Strong industry outlook for regional and rural veterinary markets, particularly following COVID-19 impacts and easing of drought
- Attractive financial profile with revenue growth, earnings margin expansion, strong operating cash flows and consistent dividends

Apiam's geographic locations

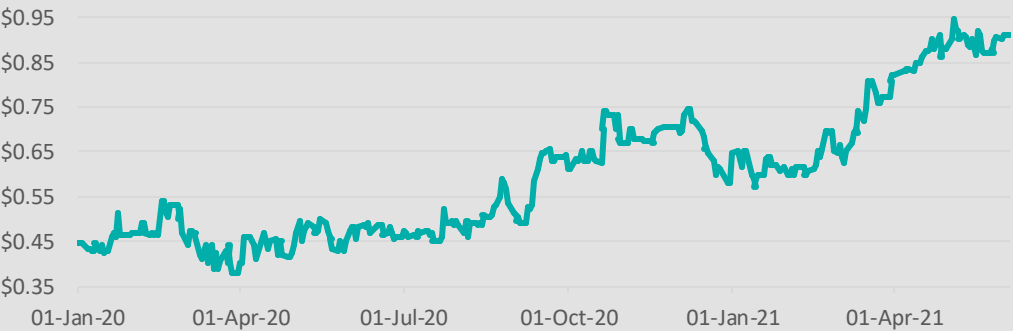


Apiam ASX dashboard



AHX market data		A\$
Share price (as at 16 Jun 2020)		\$0.95
Share price growth (last 6 months)		+45.0%
Market cap (16 Jun 2020)		126.8M
Revenue (FY20)		118.4M
Gross profit (FY20)		64.0M
Reported NPAT (FY20)		4.2M
Dividend payout ratio (Interim FY21)		57%

AHX share price since January 2020



Key shareholders

- Board & Management : ~28%
- Petstock Investments Pty Ltd : 16.4%

Diversified vet services portfolio



Veterinary Services	Product sales	Genetics & Ancillary	International export
<ul style="list-style-type: none"> • Veterinary, animal well-being and production services across: <ul style="list-style-type: none"> - beef feedlot - pigs - dairy and mixed animals (companion & equine) • 59 clinic locations • JV with PETstock for roll-out of new greenfield companion animal clinics • Employ over 200 veterinarians and technicians 	<ul style="list-style-type: none"> • Extensive range of animal health products • In-house warehousing and logistics services • Exclusive product distribution agreements • Private label products • Autogenous vaccines • Integrated online platform 	<ul style="list-style-type: none"> • Genetics services • Quality assurance services to including biosecurity and food safety plans • Veterinary diagnostic lab services & autogenous vaccines • Parasitology and feed testing laboratories 	<ul style="list-style-type: none"> • Veterinary consulting services • US Joint Venture for distribution of specialised swine products • Autogenous vaccine export

Core veterinary business

Complementary business initiatives

Operational snapshot



59
CLINICS¹



45
APIAM MENTAL HEALTH
FIRST AID OFFICERS



8 new
CLINICS OPENED IN FY21
(ACQ + GREENFIELD)



~5000
BEST MATES
MEMBERS



> 200
VETERINARIANS



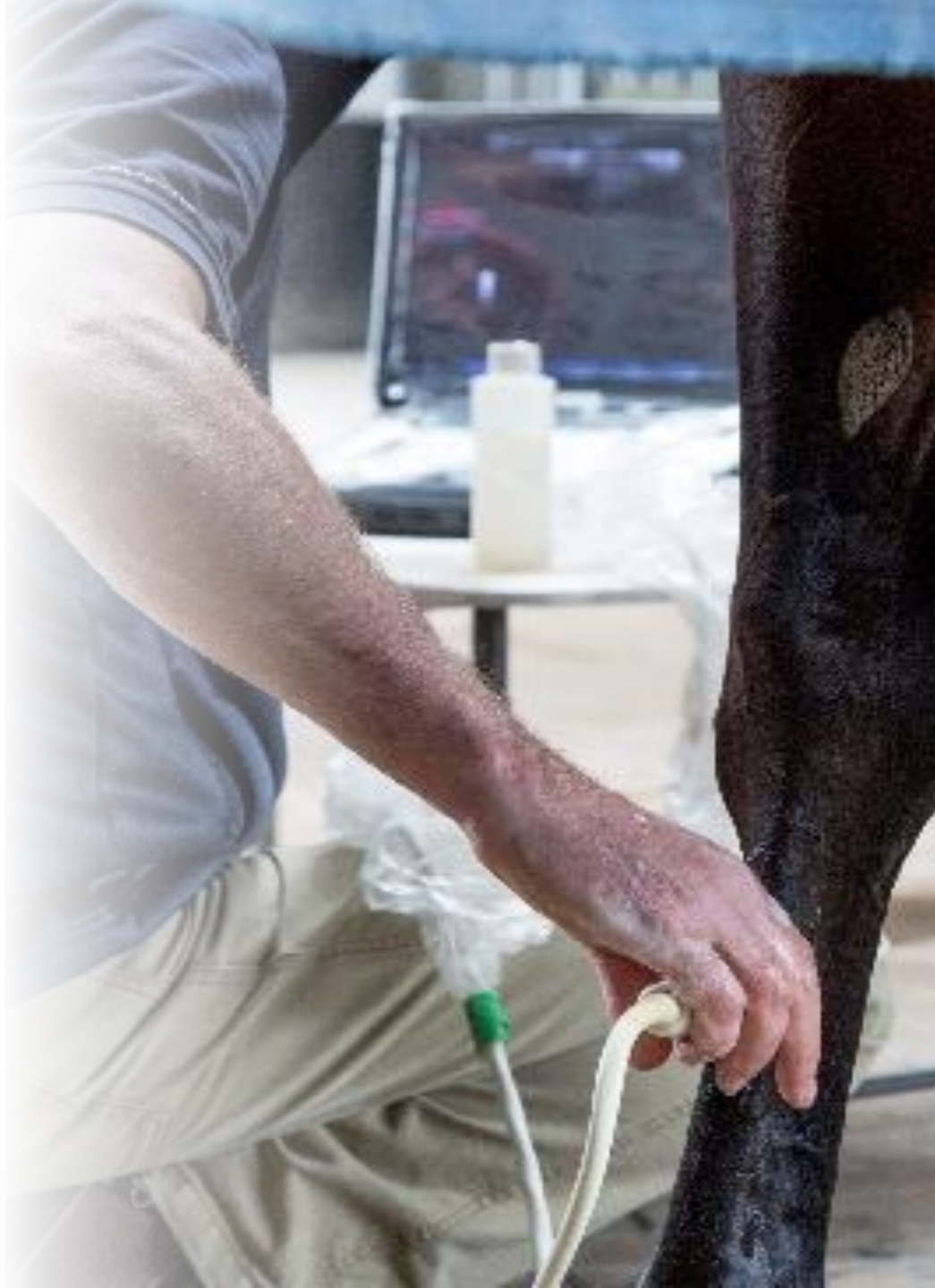
~ 40%
GROWTH IN NEW SERVICE
PROGRAMS MEMBERS in
H1 FY2021



103
LEADERSHIP PROGRAM
GRADUATES

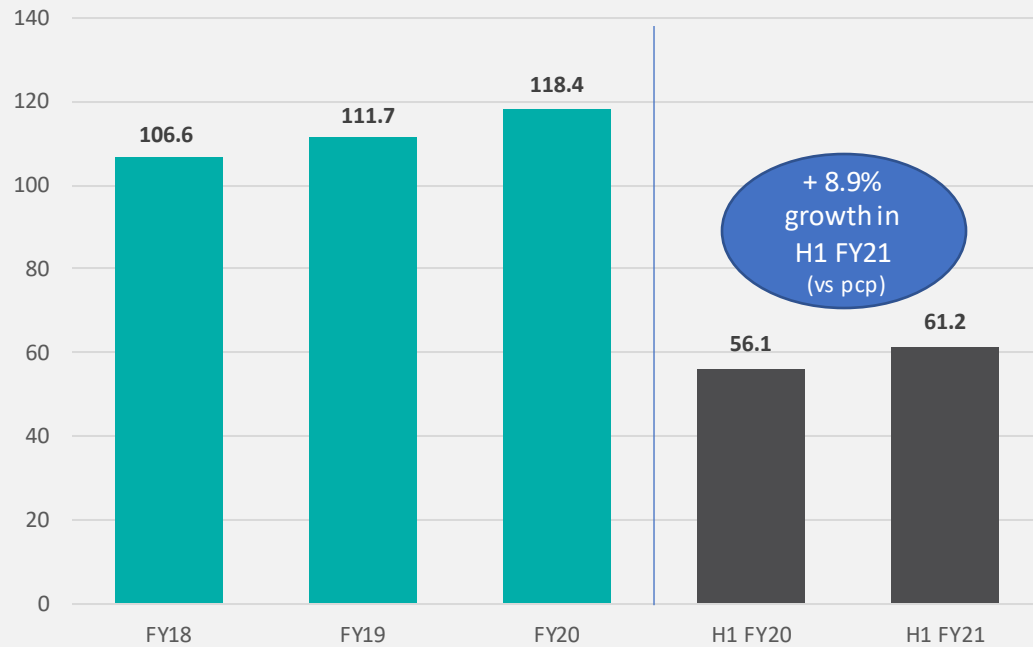


~50%
MIXED ANIMAL CLINIC
% REVENUE
CONTRIBUTION

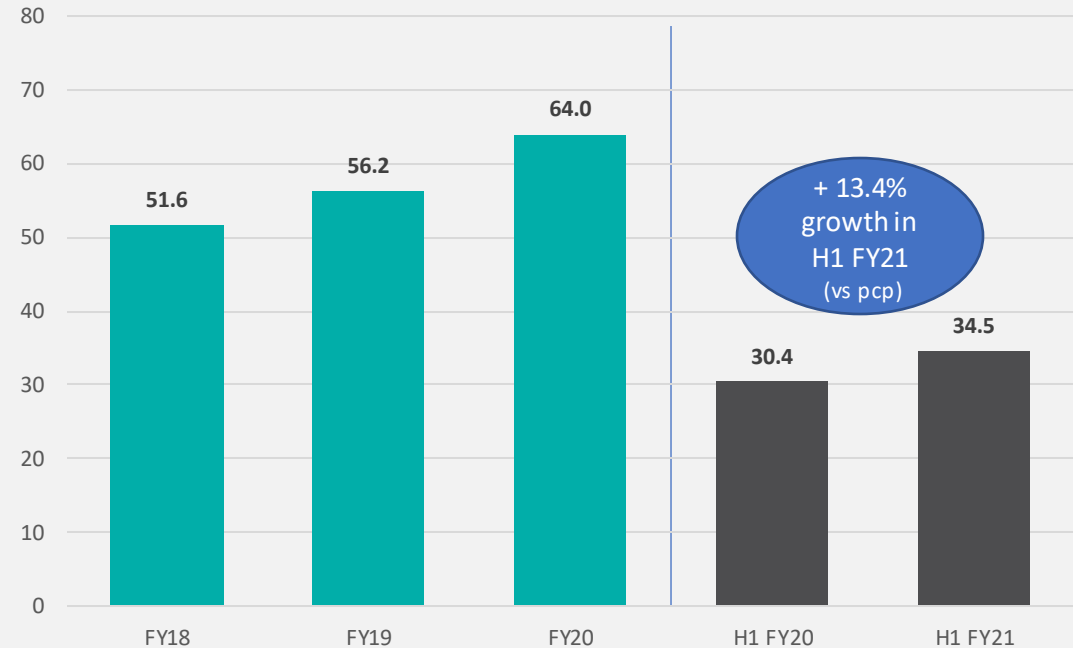


Financial summary last 3 years

Revenue (\$m) - (FY18 – H1 FY21 YTD)



Gross profit (\$m) - (FY18 – H1 FY21 YTD)



- **Resilient revenue growth** over past 3 years despite challenging industry conditions in many agricultural areas
- Investment in systems & targeted change in Apiam business mix to focus on higher value products & services driving **strong gross margin improvement**

H1 FY21 performance snapshot

Revenue

\$61.2M

+8.9%
vs H1 FY20

Gross profit

\$34.5M

+13.4%
vs H1 FY20

Underlying EBIT

\$4.4M

+30.8%
vs H1 FY20

Reported NPAT

\$2.6M

+53.8%
vs H1 FY20

Interim dividend

1.2 cps

+50.0%
vs H1 FY20



Capturing growth through regional expansion



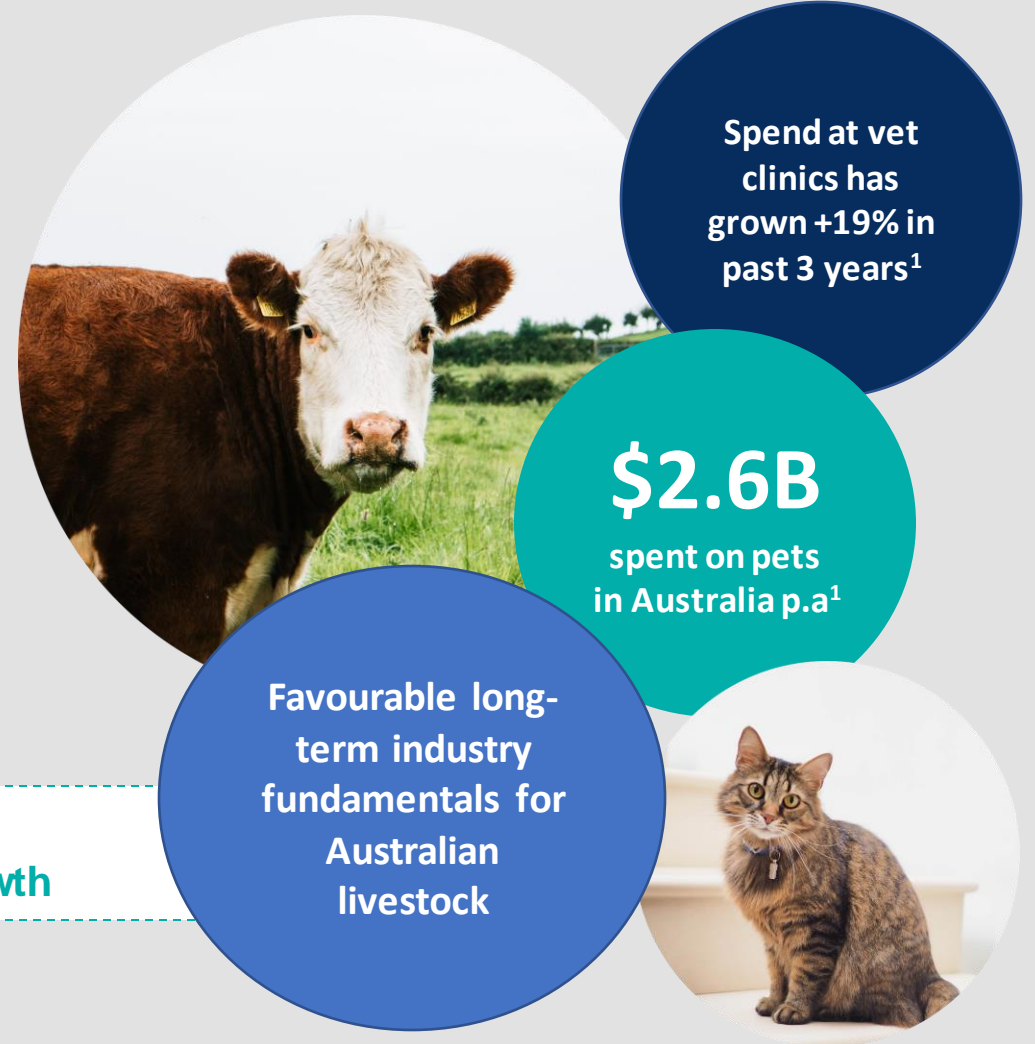
Regional veterinary markets growing strongly

Attractive market opportunity

- ✓ Population rates surging in regional growth corridors
- ✓ Significant increase in pet ownership post COVID-19
- ✓ Post-drought conditions supporting strong livestock animal investment
- ✓ Larger and broad animal expertise required for regional vet offering – different to metro focussed models
- ✓ Mixed animal clinics generally offer higher margin opportunities than livestock only clinics



**Apiam's regional expansion strategy –
designed to capture rapid veterinary market growth**



Apiam's strategic framework for growth



Operations, process & capacity



- ✓ Practice Management System in place across whole clinic network
- ✓ Leveraging cost base to deliver margin expansion on incremental revenue

Product and service expansion



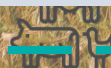
- ✓ Private label strategy – commenced roll out of private label products in FY20
- ✓ New product distributions delivered and more to come
- ✓ Specialist vaccine & diagnostics operations through ACE acquisition in FY20

Driving growth in FY21 and beyond

Increase animal numbers

- ✓ Greenfield clinic strategy in attractive regional growth corridors
- ✓ Ongoing acquisition program
- ✓ Best Mates & ProDairy – subscription models

Establishing dominant market footprint for regional pet care



Greenfields clinic roll-out program



A focus on expansion in high population & peri-urban growth corridors

Rationale & clinic economics

- ✓ Clinics rolled out under “Fur Life Vet” brand
- ✓ Strong revenue & margin opportunities with successful track record
- ✓ Attractive roll-out clinic economics :
 - ✓ 6-10 FTE vets
 - ✓ \$3-6M annual revenue
 - ✓ Break-even profit expected in year 2
 - ✓ Full maturity in year 3

Update on progress - YTD FY21

- ✓ Torquay North, VIC (opened January 2021)
- ✓ Shepparton, VIC (opened March 2021)
- ✓ Further clinics in planning and building stage to open in FY22

FUR LIFE Vet

JV formed Feb 2018



JV strategy to open co-located clinics & retail outlets in which Apiam have an 80% interest

How do Apiam choose optimal clinic locations?

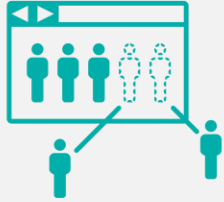
- Peri-urban locations with track record of strong population growth
 - As an example, Torquay was amongst the fastest growing regions in VIC (double most other locations) between 2006-2016¹
 - Current planning is based on a doubling of the current population by 2040
- Within daily commute of capital city
- Species mix in region
- Ability to leverage existing Apiam staff, services and infrastructure
- Large regional city growth plans



Notes

1 Based on Department of Land, Water and Environmental Planning data

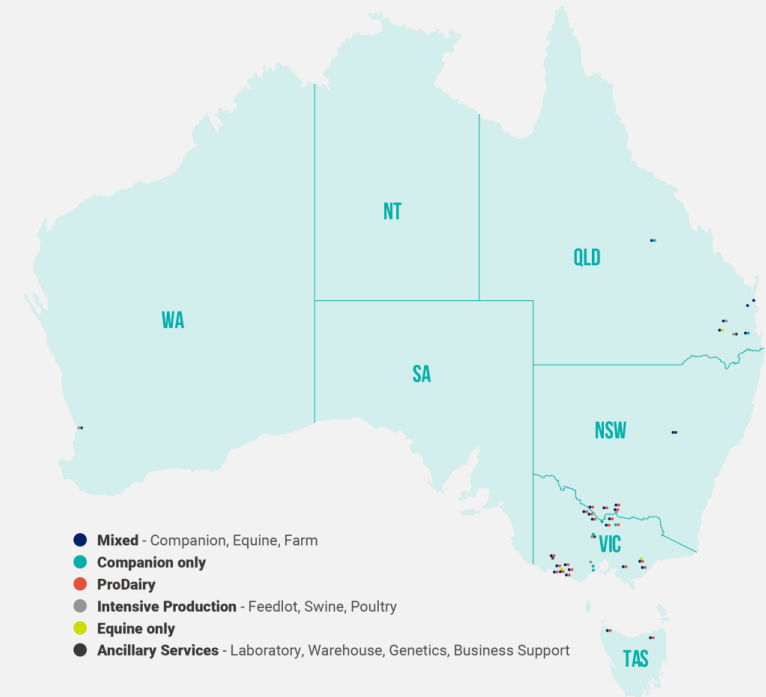
Strategic acquisition program



Apiam's growth through acquisition strategy

- ✓ Strong acquisition pipeline of strategic investments
- ✓ Disciplined approach with strong track record of M&A execution
- ✓ 11 acquisitions in past 3 years consisting of 15 clinics and a laboratory
- ✓ Purpose-built company infrastructure delivers cost efficiencies
- ✓ Strict acquisition criteria

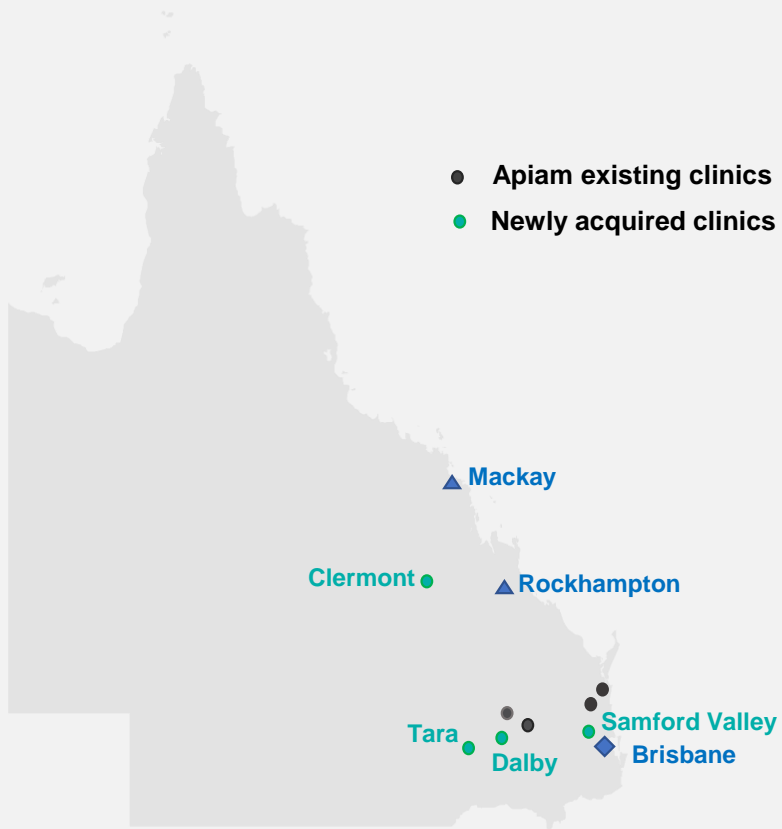
DRIVING INCREASED ANIMAL NUMBERS IN IMPORTANT REGIONAL LOCATIONS



Queensland regional expansion

Doubling Queensland clinic presence (to 8 clinics) and adding ~\$10M revenue (FY21 pro-forma basis)

Queensland - newly acquired clinics and existing clinics



scale is approximate



Samford Valley Veterinary Hospital

- Located approximately 25km north-west of Brisbane
- Strong peri-urban growth location
- Large companion animal and equine exposure
- Settled 1 June 2021



Clermont Veterinary Surgery

- Located in Central Queensland (population ~3K)
- Large agriculture holdings in region
- Revenues split between companion animals, equine and cattle
- Settled 21 May 2021



Knox Veterinary Clinic

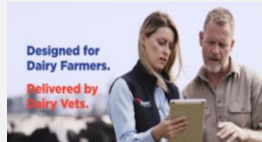
- Located in Dalby with a branch clinic at Tara
- Companion and production animal services
- Important step in expanding Apiam's services in the Darling Downs region
- Settled 1 April 2021

Total
acquisition
consideration
= \$6.7M

Attractive
acquisition
valuations

Subscription model initiatives

PRO DAIRY



INNOVATIVE MODEL OFFERING END-TO-END PRODUCTS & SERVICE TO DAIRY FARMERS

- 97.5% growth in dairy farm enrollments in FY21 YTD (vs pcp)
- ~12% of Victoria's dairy cows are enrolled in the program with further opportunities for expansion into Tasmania and NSW
- Strategy to increase market penetration in Apiam's other geographic areas
- Two new ProDairy satellite clinic locations opened in FY21



FUR LIFE Vet BEST MATES

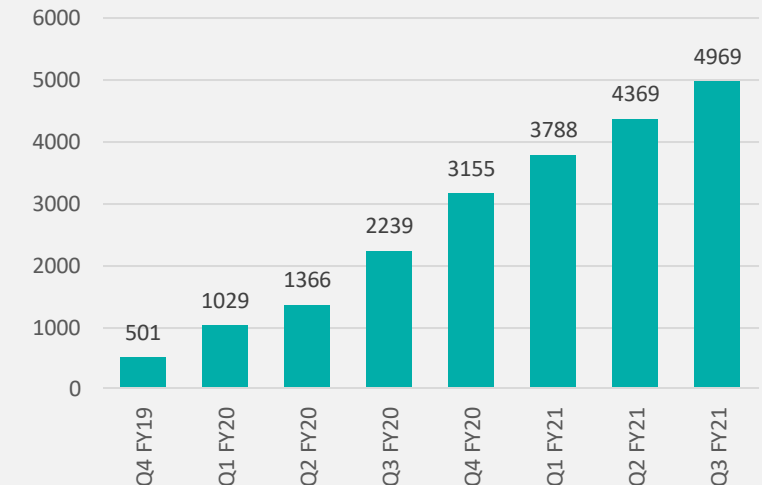
Total Care for your pet



WHOLE OF LIFE COMPANION ANIMAL WELLNESS PROGRAM

- Rolled-out across whole company footprint in FY20
- Very strong growth reflective of increased pet ownership post COVID-19 lockdowns
- Full advertising campaign (including TV) in Q1 FY21
- Immediate synergies in acquisition and greenfield clinics
- Member growth of 121.9% as at end Q3 FY21 (vs pcp)
- ~6.8% of active patients were Best Mates members as at end of Q3 FY21

Best Mate members (quarterly)



FY21 outlook

- Regional veterinary markets growing strongly;
- Key management priority to grow via regional expansion: greenfield clinics, acquisitions and business initiatives; and
- Business reinvestment to be carefully balanced against return on capital thresholds.



Questions?

Contact for further information:

Dr Chris Richards
Managing Director
chris@apiam.com.au



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