

ASX RELEASE

Apiam Animal Health Limited (ASX: AHX)

Apiam to present at Shaw & Partners Investor Conference

Bendigo, December 2, 2021 – Apiam Animal Health Limited (**Apiam** or the **Company**) Managing Director, Dr Chris Richards will present at the Shaw and Partners Investor Conference this morning at 8.30AM.

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

--Ends--

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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.



Apiam Animal Health Ltd

Shaw and Partners Investor Conference

2 December 2021

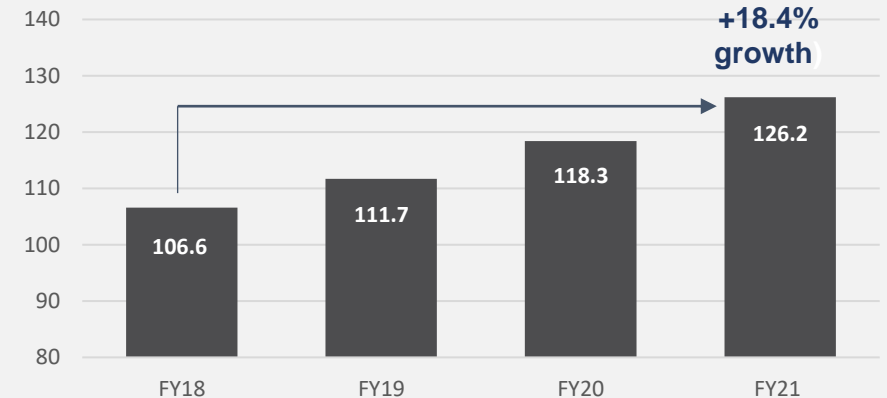
Apiam Animal Health snapshot



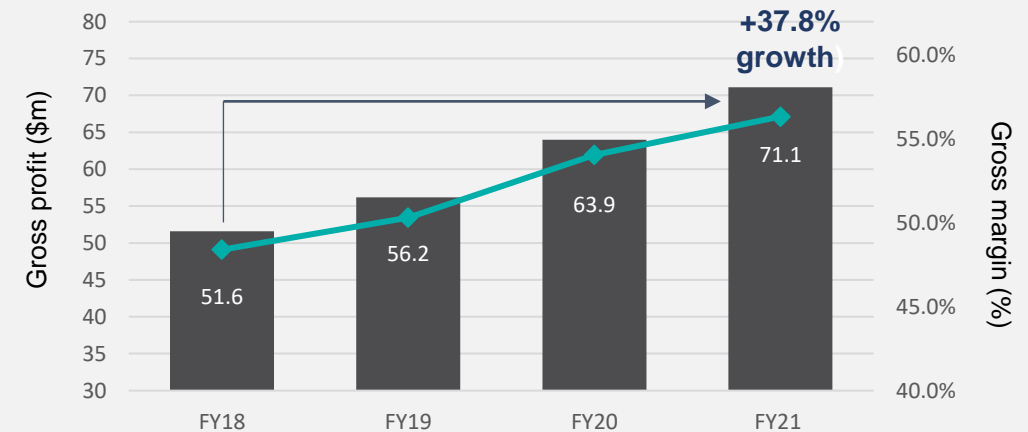
SCAN ME

- Unique ASX-listed veterinary group
- 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
 - 69 clinic locations predominantly 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 - COVID-19 tailwinds and strong post-drought rural recovery
- Attractive financial profile with revenue growth, earnings margin expansion, strong operating cash flows and consistent dividends

Revenue (\$m) - (FY18 – FY21)



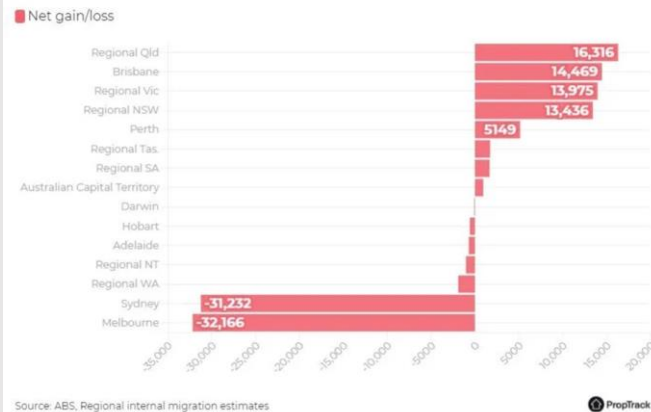
Gross profit & margin - (FY18 – FY21)



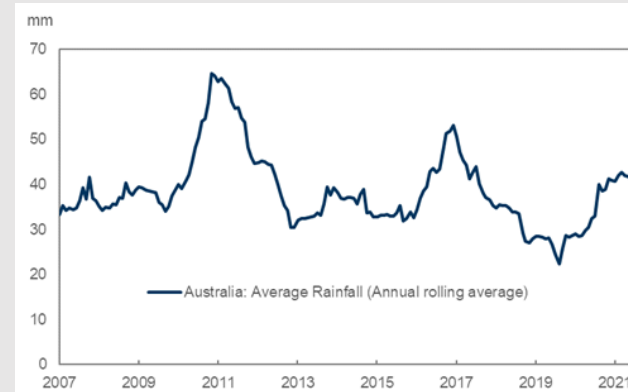
Rapid regional veterinary market growth

- ✓ Population rates surging in regional growth corridors
- ✓ Significant increase in pet and livestock ownership continuing post COVID-19
- ✓ Apiam's broad animal expertise aligned with regional vet offering – different to metro focussed models
- ✓ La Niña & post-drought conditions supporting strong pasture-based livestock industries (dairy, beef, sheep)
- ✓ Rapid regional growth enhancing high quality acquisition pipeline

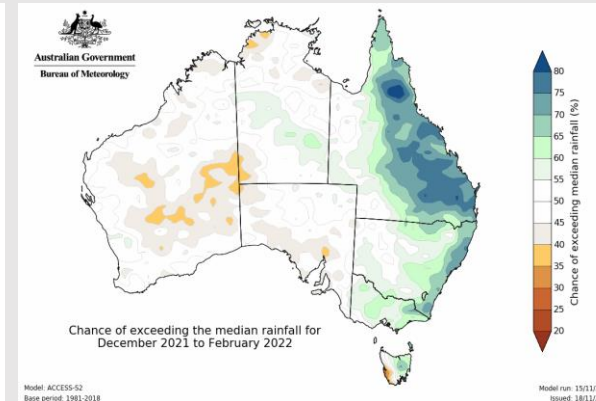
Net internal migration - regional areas and capital cities
12 months to March 2021



Australian avg rainfall
(rolling average)



Median rainfall forecast
(Dec 21 – Feb 22)



**15% growth in
household pet
ownership
since 2019¹**

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

FY21/22 growth focus:
Increasing animal numbers

✓ Ongoing acquisition program

- ✓ Greenfield clinic strategy in attractive regional growth corridors
- ✓ Best Mates, ProDairy and launch of Data Pig – membership models

LAST 12 MONTHS



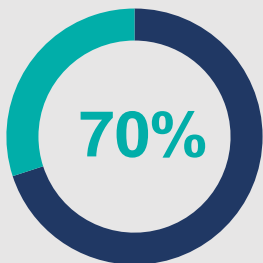
20 new

CLINICS OPENED
(ACQ + GREENFIELD)



+ 100

VETERINARIANS



COMPANION ANIMAL &
MIXED CLINIC REVENUE

~ H1FY22 CONTRIBUTION

Establishing
leading footprint
for regional pet
care and livestock

FY21 performance snapshot

Revenue

\$126.2M

+6.6% vs FY20

Gross profit

\$71.1M

+11.2% vs FY20

NPAT (reported)

\$5.1M

+24.1% vs FY20

Operating cash
flow

\$13.7M

+82.5% vs FY20

- Excellent growth performance in dairy & mixed animal clinics (+24% revenue, +45% EBIT vs FY20)
- Market cycles impacting feedlot and pig segments
- Regional expansion strategy added 3 new greenfield clinics in FY21
- FY21 LFL results: revenue + 0.5% and gross profit +1.5% (vs FY20)



Segment analysis – FY21

\$M REVENUE	FY21 (reported)	FY20 (reported)	% chg (reported)	% chg (LFL)
Dairy & companion (mixed)	\$75.2m	\$60.8m	+23.7%	+12.5%
Feedlot & pig	\$50.9m	\$57.5m	(11.4)%	(12.3)%

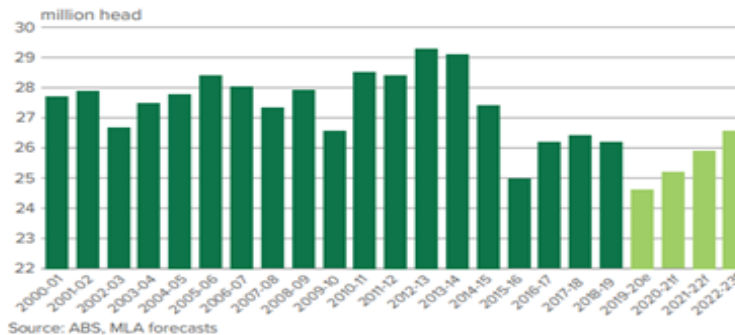
Dairy & mixed commentary

- Strong organic growth in dairy & mixed segment
- Significant operating earnings growth across dairy & mixed animal clinics (+45% at EBIT level, on a reported basis)

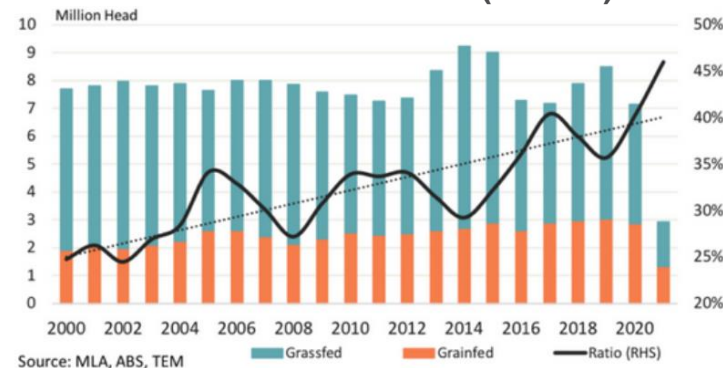
Feedlot & pig commentary

- Impact of feedlot cycle. As at end of FY21 1.17M cattle on feed, while industry capacity has increased to 1.45M head in anticipation of future growth
- Strategic transition to new & innovative antimicrobial and vaccine products in intensive animals
- Private label products, autogenous vaccines and new services developed to support industry growth

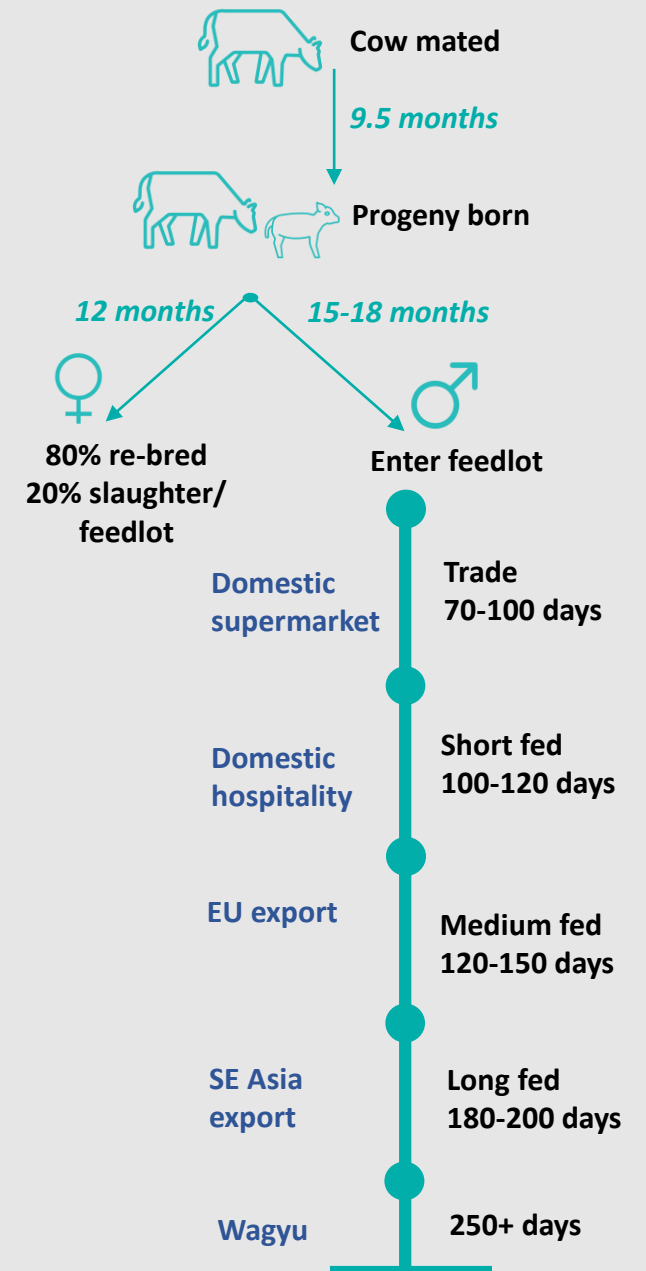
National Cattle Herd (millions)



Grainfed vs Grassfed cattle (million)



Feedlot cattle - illustrative timeline



Strategic acquisition program

Apiam's acquisition track record

- ✓ 11 acquisitions completed in FY21 & FY22 (YTD)
- ✓ Significant expansion into fast-growth QLD regions
- ✓ Building strong equine presence in key regions

FY21 acquisitions expected to add \$20.5M in proforma revenue¹



Apiam acquisitions FY21 & FY22 YTD

scale is approximate



Acquisitions expanding dairy, mixed animal & equine segment

Acquisition	Clinic services	Settlement
FY21 acquisitions		
Don Crosby Vet Surgeons (Dubbo & Narromine - 2 clinics)	Companion & equine	1 Dec 2020
Knox Veterinary Clinic (Dalby & Tara- 2 clinics)	Companion, equine & cattle	1 Apr 2021
Clermont Veterinary Surgery	Companion, equine & cattle	1 Jun 2021
Samford Valley Veterinary Hospital	Companion & equine	1 Jun 2021
FY22 acquisitions		
Scenic Rim Veterinary Service (Beaudesert & Boonah -2 clinics)	Equine (referral), companion	30 Jul 2021
Golden Plains Group (Bannockburn & Smythesdale - 2 clinics)	Companion. Livestock	30 Jul 2021
Harbour City Vet Surgery	Companion	2 Sep 2021
Horsham Veterinary Hospital	Companion	1 Dec 2021
Agnes Banks Equine Centre	Equine (referral)	1 Dec 2021
Fraser Coast Veterinary Services (3 clinics)	Companion, equine & cattle	1 Dec 2021
North Hill Veterinary Clinic (Armidale)	Companion	1 Dec 2021

Notes:

¹ Includes acquisitions settled in FY21 as well as Scenic Rim Veterinary Service (announced on 30 June 2021)

Customer centric service programs



- Member growth of 76% as at end FY21 (vs pcp)
- Q1 FY22 member growth 5.4%
- ~7.3% of active patients were Best Mates members as at end of Q1 FY22
- Immediate synergies in acquisition and greenfield clinics



- 108% growth in dairy farm enrollments in FY21 (vs pcp)
- Q1 FY22 member growth 27.3%
- ~13.5% of AU's dairy cows are enrolled in the program
- Further opportunities for expansion into Tasmania and NSW
- Two new ProDairy satellite clinic locations opened in FY21



DATA SYSTEM FOR SWINE HEALTH & PRODUCTION

- Enhances antimicrobial stewardship
- Improves quality assurance
- Pilot program completed
- Currently early-stage commercialization across Australian pig industry



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 (Zoono 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



March 2020

License agreement with Zoono Animal Health



Distribution agreement with Aurora Pharmaceutical



2HFY20 & FY21

Extensive third-party trials of Zoono Microbe Shield technology (Xtend 21®)

Oct 2021

US EPA notice provided to enable launch of Xtend 21®

Jan 2022

Expected commencement of market launch of Xtend 21®

FY22 performance & outlook

Outlook FY22

- Execution of regional expansion strategy to continue
- Acquisition pipeline remains strong
- Companion animal & dairy clinic revenue expected to trend towards 70% of total revenue in H1 FY22
- Market cycles impacting feedlot and pig segments, with expected improvement in H2 FY22
- Revenue and gross profit momentum to continue for remainder of H1 FY22

YTD Trading FY22 (July – October)

- Revenue + 19.8% vs Jul-Oct FY21 (PCP)
- Gross profit + 28.4% vs Jul-Oct FY21 (PCP)



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