

## ASX Release

### Apiam Animal Health Limited

(ASX: AHX)

## Apiam continues regional growth strategy with acquisition of South East QLD based group

#### Highlights:

- **Apiam has entered into an agreement to acquire Gympie & District Veterinary Services, based in South East Queensland**
- **Diversified practice servicing both agricultural and companion animals**
- **Total consideration of \$4.9 million**
- **Located in a fast growth and underserved regional and rural area**
- **To operate on a regional basis with Apiam's existing QLD clinics as part of expanding footprint in region**

**Melbourne, 22nd February, 2018** – Apiam Animal Health (Apiam or the Company) (ASX.AHX) today announced it has entered into an agreement to acquire Gympie & District Veterinary Services (GDVS) for total consideration of \$4.9 million.

GDVS has two clinics, one at Gympie and one at Tin Can Bay (part of the attractive Wide Bay-Burnett region). Following the acquisition, GDVS will operate as part of a regional group with Apiam's existing mixed animal clinics in Bell and Jandowae servicing attractive urban growth areas as well as underserved agricultural areas.

Apiam's Managing Director, Dr Chris Richards said "The acquisition of GDVS will significantly enhance Apiam's operations in the Queensland regional and rural market. We believe there are significant synergy opportunities that we can achieve by operating with a greater footprint in this key production and mixed animal region and by delivering additional organic growth through cross-selling of Apiam's existing veterinary and genetic services expertise across a larger customer base. It will also enable Apiam to develop smaller satellite clinics that leverage off existing clinics in order to capture revenues in underserved peripheral regions. We look forward to working with the experienced GDVS veterinary and support teams, as they form part of the broader Apiam group".

The consideration for GDVS is to be funded with 70% cash & 30% scrip, in-line with Apiam's previous acquisitions. Key employees will enter into employment contracts with Apiam, also with similar terms and restraint conditions to previous acquisitions.

#### **Gympie & District Veterinary Services (GDVS)**

GDVS is comprised of two practices (Gympie & Tin Can Bay) which service a full range of agricultural and companion animals over an extensive radius, often up to 100km. GDVS employ more than 30 staff (including 12 FTE veterinarians) and in FY2017 the group generated revenue of approximately \$4.9 million. GDVS is recognised as a leading practice in the South East QLD region for large animal (dairy and beef) and companion animals.

GDVS services attractive regional areas. Gympie is an expanding Queensland city with a current population of approximately 25,000. The area is forecast to see continuation of rapid urban growth in the companion animal and hobby farm segments. The recently refurbished clinic at Tin Can Bay also services an expanding companion animal market and is an additional 50km North East of Gympie.

Located between Gympie and Apiam's existing Queensland clinics, at Bell and Jandowae, is the highly productive South Burnett agricultural area, which has been identified as underserved in both production and companion animal areas.

### **Strategic rationale & timing**

The acquisition of GDVS is consistent with Apiam's regional and rural expansion strategy and in particular accelerates the Company's presence in this attractive and fast growth Queensland region.

The opportunity to consolidate GDVS and integrate it with Apiam's existing Queensland presence, will allow Apiam to operate on a regional basis and restructure its operating model for the region in line with its structure in other regions of Australia. Apiam believes it can drive significant efficiencies by operating in Queensland via its regional model, particularly in the areas of logistics, marketing and procurement.

Additional revenue opportunities can also be derived by leveraging a more specialised veterinary offering across a larger customer base, as well as to establish certain clinics as key regional referral centres.

### **Completion terms & conditions**

Apiam will acquire 100% of the shares in the company operating GDVS and completion of the acquisition is conditional on final due diligence. Settlement is expected to take place on, or around, June 30 2018 and the cash component of the acquisition will be funded using Apiam's Acquisition Facility.

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### **For further information, please contact:**

Dr Chris Richards  
Managing Director  
Apiam Animal Health Limited  
[chris@apiam.com.au](mailto:chris@apiam.com.au)

or:

Kyahn Williamson  
WE Buchan  
03 9866 4722 / 0401018828  
[kwilliamson@buchanwe.com.au](mailto:kwilliamson@buchanwe.com.au)

## **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.