

ASX Release

Apiam Animal Health Limited

(ASX: AHX)

Apiam expands regional footprint with acquisition of Terang and Mortlake Veterinary Clinic

Bendigo, October 16, 2017 – Apiam Animal Health (Apiam or the Company) (ASX.AHX) today announced it has entered into an agreement to acquire two rural vet practices, operating as the Terang and Mortlake Veterinary Clinic (TMVC) in Western Victoria, for total consideration of \$1.6 million.

Consistent with Apiam’s strategic growth plan, the acquisition of these clinics enables the Company to grow its existing presence in Victoria’s Western district, and importantly expand its dairy and beef offering (services, products, genetics) in this region. TMVC has six veterinarians and is a diverse practice predominantly servicing the dairy industry, and is also active across the beef, equine and companion animal categories.

TMVC generated revenue of approximately \$2.2 million in FY2017, and based on the agreed acquisition terms, the TMVC acquisition is expected to be earnings accretive for Apiam shareholders in the first year of ownership. The acquisition is also expected to realise immediate synergies through the ability for Apiam to operate on a regional basis in Western Victoria, leverage the Company’s existing cost base and infrastructure of key account managers, logistics and marketing resources as well as providing a new market opportunity to drive additional revenue streams.

In line with Apiam’s previous acquisitions, the consideration for the TMVC acquisition will be a combination of 70% cash and 30% scrip. The key TMVC business employees will enter into employment contracts with Apiam with appropriate restraint conditions. Shares issued under the agreement will be subject to an escrow of up to two years.

“The acquisition of the Terang and Mortlake Veterinary Clinic opens up a new strategic location for Apiam to deliver our well established dairy and beef veterinary services to Australia’s largest dairy region and highly productive beef area. Growth via acquisition continues to be a fundamental part of our business strategy in order to deliver new revenue streams and leverage our enlarged cost base and infrastructure”, said Apiam’s Managing Director, Dr Chris Richards.

“Terang and Mortlake Veterinary Clinic is an excellent business, with an experienced veterinary and support team, which hold a very strong market position in this important Victorian agricultural region. We expect it will provide strong synergy opportunities for our shareholders”.

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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.