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Animalcare Group PLC
03 December 2024

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"). Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Animalcare Group plc

("Animalcare", the "Company" or the "Group")

Conditional acquisition of Randlab

3 December 2024. Animalcare Group Plc (AIM: ANCR), the international animal health business, is pleased to announce that its newly incorporated Australian entity, Animalcare Australia Pty Ltd, has entered into a conditional share purchase agreement to acquire the entire issued share capital of each Randlab Australia Pty Ltd (and its wholly owned subsidiary, Randlab (New Zealand) Limited), Randlab Pty Ltd and Randlab Middle East Veterinary Medicine Trading Single Owner L.L.C. (together "**Randlab**"), a leading equine veterinary business, for an enterprise value of A\$120.0 million (approximately £62.2 million¹), on a debt-free, cash-free, normalised working capital basis, subject to customary post-completion adjustments (the "**Acquisition**").

Note (1) calculated using an GBP:AUD exchange rate of 1.93

The Acquisition consideration will be funded through Animalcare's existing cash resources, committed debt facilities and an equity placing. The equity placing is being conducted through an accelerated bookbuild process detailed in a separate announcement and which will be launched immediately following release of this announcement.

Acquisition Highlights

- **Conditional acquisition of Randlab**, a privately-owned, Australian-based equine veterinary business with an extensive portfolio of equine brands
- **Track record of new product launches** - 14 products in the last 4 years with 95% of sales generated by its own brands
- **Acquisition multiple of 10.9x adjusted EBITDA** (year ended 30 June 2024)
- **Represents a transformational acquisition** for Animalcare and a significant step towards delivering the Group's long-term growth strategy
- **Acquisition expected to be materially earnings accretive** - at least 20% in FY25
- **Proforma LTM leverage expected to be approximately 1.0x on closing** with material headroom for future investment
- **Completion of Acquisition expected in early January 2025**

Acquisition Rationale

Strong financial profile

- **Randlab Pty Ltd generated revenue of A\$22.9 million in FY24** and a 3 year CAGR of 13%

- A highly profitable business with EBITDA of A\$11.0 million and an EBITDA margin of 48% in FY24, expected to deliver significant earnings accretion in 2025
- Cash generative business with free cash conversion of 71% and low capital intensity

Attractive market

- Represents a significant opportunity for Animalcare to build a leading franchise in equine - a global market forecast to grow at 8.3% CAGR²
- Historically underinvested sector where Animalcare will be positioned as a 'partner of choice'

Note (2) Equine Healthcare Market Size and trends 2024 - 2030, Grandview research

Extensive product portfolio

- Extensive range of core equine generic pharmaceuticals and some over-the-counter products
- 58 brands split into 10 categories of products, the largest two being Gastric Ulcer and Joint which together account for 61% of total revenue
- 47 of the 58 brands are registered veterinary prescription medicines and owned by Randlab

Equine expertise

- 100% focused on equine with strong brand loyalty and customer relationships amongst the equine vet community
- Highly experienced and established technical and commercial team with specialist equine knowledge

Platform for growth

- Significantly strengthens Animalcare's presence in the attractive equine veterinary market which will represent in excess of 20% of group sales on a pro forma basis (to 30 June 2024)
- Provides the opportunity to maximise the potential of Animalcare's current equine developments (e.g. VHH antibody programme) and enhances future equine partnering opportunities alongside other commercial and new product development synergies
- Enhances and diversifies the Group's proposition with a complementary portfolio of products with potential to be developed in Europe over time
- Expands the Group's geographical footprint in the important Australian and New Zealand equine markets, providing the infrastructure to accelerate growth across all segments of the Animalcare business in these markets

Stifel Nicolaus Europe Limited ("**Stifel**") is acting as Sole and Exclusive M&A Adviser in connection with the Acquisition and Sole Bookrunner in connection with the Placing.

Details of the Acquisition

Principal terms of the Acquisition and Completion timing

On 3 December 2024, Animalcare Australia Pty Ltd entered into the Acquisition Agreement pursuant to which it agreed (subject to condition) to acquire the entire share capital of Randlab Australia Pty Ltd, Randlab Pty Ltd and Randlab Middle East Veterinary Medicine Trading Single Owner L.L.C (together "**Randlab**").

Pursuant to the terms of the Acquisition Agreement, the purchaser will pay to the Seller, an enterprise value of A\$120.0 million (approximately £62.2 million¹) on a debt-free, cash-free, normalised working capital basis. Consideration is based on an acquisition multiple of 10.9x adjusted EBITDA (based on adjusted EBITDA for the year ended 30 June 2024 of A\$11.0 million).

Transaction structure is split exchange and completion with completion being conditional on the satisfaction (or waiver by Animalcare) of the following key condition precedent:

- No material adverse change for the Target Group occurring between 30 June 2024 and 30 November 2024, being any change that has the effect of diminishing the gross sales of the Target Group by at least 10%.

Completion is expected to take place in early January 2025 (subject to the satisfaction or waiver of the condition precedent).

Financing of the Acquisition

The Company intends to use the net proceeds of the Placing to finance a portion of the consideration payable under the Acquisition Agreement, and payment of the associated professional advisory fees of the Fundraise and Acquisition. All other payments due under the Acquisition Agreement are expected to be funded from the Group's existing cash resources and committed debt facility. In the unlikely event the Acquisition does not complete, the Company may, at its option, invest the net proceeds of the Fundraise in other acquisition opportunities that fulfil its strategic objectives and for general corporate purposes.

Principal terms of the Facilities

On or before 29 November 2024, the Company received written confirmation from banking partners to secure €10 million acquisition financing to finance a portion of the consideration payable under the Acquisition Agreement, in addition to the Company's existing committed revolving credit facility (RCF) of €44.0 million. The acquisition financing is subject to the same covenant requirements as the existing RCF agreement, details of which are provided below.

The facilities remain subject to the following covenants which are in operation at all times:

- Net debt to underlying EBITDA ratio of 3.5 times;
- Underlying EBITDA to interest ratio of minimum 4 times; and
- Solvency (total assets less goodwill/total equity less goodwill) greater than 25%.

Jenny Winter, Chief Executive of Animalcare Group plc, said: *"We are delighted to have reached an agreement to acquire Randlab subject to completion of the transaction. This is a highly attractive opportunity to acquire a market-leading equine asset in Australia that is expected to deliver significant earnings accretion in 2025.*

"This is a transformational deal that provides an excellent fit with our growth strategy and is complementary to our product portfolio. Over the last 20 years the Randlab team has built a sustainable, profitable and cash generative business with an impressive track record in a market that places great importance on knowledge and expertise of equine health and wellbeing. Not only will this acquisition significantly elevate the Group's offering in a growing equine market, it will also open wider opportunities in a commercially and regulatorily aligned business environment. We are keen to start working with our Randlab colleagues as soon as possible."

Angelo Vasili, CEO/Managing Director of Randlab, said: *"After 20 years building Randlab, it is time for me to take a step back. I am deeply grateful to all who have participated in making it what it is today. It was important for me to find someone who was equally passionate to serve our equine veterinarian customers and through them, their clients. In Animalcare we have found that right fit, and I am sure they will continue to help our local teams in Australia, New Zealand and UAE deliver the unique Randlab offering.*

"Finally, I want to thank the exceptional team that is Randlab today. Together they have made a real difference in our goal to provide equine veterinarians wherever they practice with a comprehensive range of prescription products for their everyday practice and to be the people closest to the equine vets."

Full year outlook

The Company maintains the outlook for the full year as stated in its interim results announced on 24 September 2024.

For further enquiries, please contact:

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About Animalcare

Animalcare Group plc is a UK AIM-listed international veterinary sales and marketing organisation. Prior to the Transaction, Animalcare operated in seven countries and exports to approximately 40 countries in Europe and worldwide. The Group is focused on bringing new and innovative products to market through its own development pipeline, partnerships and via acquisition.

About Randlab

Established in 2004, Randlab is a privately-owned, Australian-based equine veterinary business (primarily prescription with some OTC products). The Randlab product portfolio includes a wide range of equine pharmaceuticals covering key indications including gastro-intestinal, joint, reproduction, antibiotics, respiratory, parasiticides, sedatives & anaesthetics.

The main trading entity, Randlab Pty Ltd, is located in Sydney, Australia and generates approximately 85% of total sales including export. Other revenues (A\$3.6 million) are largely derived from its subsidiary in Auckland, New Zealand, with a small presence in United Arab Emirates ("UAE").

In the financial year to 30 June 2024 Randlab Pty Ltd delivered revenues of A\$22.9 million with adjusted EBITDA increasing to A\$11.0 million. Total aggregated revenue and adjusted EBITDA for the Randlab group was \$26.5 million and \$10.9 million, respectively.

Summary financial information of Randlab Pty Ltd

A\$m	2021 ³	2022 ³	2023 ³	2024 ^{4,5}
Revenue	15.9	20.7	22.1	22.9
<i>Growth %</i>	4.6%	30.2%	6.8%	3.6%
Gross profit	11.8	15.6	16.5	17.8
<i>Gross margin %</i>	74.0%	75.3%	74.9%	77.9%
Overheads	(5.1)	(5.8)	(5.7)	(6.8)
Adjusted EBITDA⁶	6.7	9.8	10.8	11.0
<i>Adjusted EBITDA margin</i>	42.1%	47.3%	48.9%	48.3%
Change in NWC	N/A	N/A	(3.2)	(0.2)
Cash taxes	N/A	N/A	(2.8)	(2.8)
Other/non-cash items	N/A	N/A	0.2	-
Capex	N/A	N/A	(0.6)	(0.2)
FCF before financing	N/A	N/A	4.4	7.8
<i>FCF conversion %</i>	N/A	N/A	40.2%	71.0%
A\$m	2021 ²	2022 ²	2023 ²	2024 ^{3,4}
Revenue	15.9	20.7	22.1	22.9
<i>Growth %</i>	4.6%	30.2%	6.8%	3.6%
Gross profit	11.8	15.6	16.5	17.8
<i>Gross margin %</i>	74.0%	75.3%	74.9%	77.9%
Overheads	(5.1)	(5.8)	(5.7)	(6.8)
Adjusted EBITDA⁶	6.7	9.8	10.8	11.0

<i>Adjusted EBITDA margin</i>	42.1%	47.3%	48.9%	48.3%
Change in NWC	N/A	N/A	(3.2)	(0.2)
Cash taxes	N/A	N/A	(2.8)	(2.8)
Other/non-cash items	N/A	N/A	0.2	-
Capex	N/A	N/A	(0.6)	(0.2)
FCF before financing	N/A	N/A	4.4	7.8
<i>FCF conversion %</i>	<i>N/A</i>	<i>N/A</i>	40.2%	71.0%

Randlab has A\$28.1 million gross assets as at 30 June 2024.

Notes:

3. *2021-2023 financial years are unaudited*
4. *2024 revenue, gross profit, change in NWC and capex are audited, remaining figures are unaudited due to adjusting items*
5. *Aggregated group (inclusive of New Zealand and UAE operations) revenues, gross margin % and adjusted EBITDA are \$26.5m, 69.2% and \$10.9m respectively*
6. *Earnings before interest, tax, depreciation, amortisation excluding adjusting items*

To facilitate post-transaction integration and maintain continuity of local leadership, Bruce Bell, a former Elanco and Virbac Country/General Manager was appointed in 2020 as Assistant General Manager to succeed Angelo Vasili (current CEO and founder of Randlab). Bruce will transition to General Manager ANZ on completion and report to Jenny Winter, CEO. Separately, Brad Saunders will join Animalcare/Randlab as Finance & Operations Director ANZ, reporting to Chris Brewster, CFO to lead on finance and supply aspects of the business. Randlab currently employs approximately 25 people. This total is expected to remain largely unchanged post completion.

Cautionary statements

Certain statements in this announcement are forward-looking statements, which include all statements other than statements of historical fact and which are based on the Company's expectations, intentions and projections regarding the Company's future financial condition, performance, anticipated events, strategic initiatives, or trends, the future performance of the Company resulting from the Acquisition and other matters that are not historical facts. These forward-looking statements, which may use words such as "aim", "anticipate", "believe", "could", "intend", "estimate", "expect" (or the negatives thereof) and words of similar meaning. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, assumptions, uncertainties and other factors that could cause the actual results of operations, financial condition, performance, liquidity and dividend policy and the development of the industries in which Animalcare's and Randlab's businesses operate to differ materially from those expressed or implied by the forward-looking statements. Undue reliance should not be placed on such forward-looking

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