

25 July 2016

CVS Group plc (“CVS” or the “Group”)

Trading Update

CVS, the UK's leading provider of integrated veterinary services, is pleased to provide the following trading update in respect of the financial year ended 30 June 2016. All comparative data relates to the year ended 30 June 2015. The Group expects to announce its full year results on Friday 23 September 2016.

Revenue and adjusted EBITDA for the recently ended financial year are expected to be modestly ahead of market expectations.

Group revenue for the year showed total like-for-like growth of 4.8% up from a more customary 3.0% in the first half, reflecting the strong organic growth in our practice revenues during the second half of the year.

Membership of our Healthy Pet Club loyalty schemes grew by 40,000 (19%), from 213,000 pets at the start of the year to 253,000 at the year end. These schemes contributed 16.3% of the like-for-like revenue from practices (2015: 13.5%).

The year to 30 June 2016 was a record for the Group in terms of the number of acquisitions. 67 surgeries were acquired as well as three crematoria, the Vetshare buying group and the VETisco instrumentation business. A total of £63.7m (including debt acquired) was paid for the acquisitions in the year.

25 surgeries and one crematorium were acquired in the second half of the year:

Name	No. of sites	Main locations	Business
Practice Division			
Dart Vale Veterinary Group	6	Dartmouth	Small & large animal
Burghfield & Goring Veterinary Group	2	Burghfield, Goring	Small animal
Clifton Villa Veterinary Services	5	Newquay, Truro, Cambourne	Small & large animal
Valley Equine Hospital	1	Lambourne	Equine
Fern Cottage veterinary Surgery	1	Sittingbourne	Small animal
Claremont Veterinary Group	2	Bexhill	Small animal
Lamorna House Veterinary Centre	1	Cambourne	Small animal
Cromlyn House Veterinary Hospital	2	Hillsborough Northern Ireland	Small animal
Roebuck Veterinary Group	2	Stevenage	Small animal
Seymour Vets	2	Totnes	Small animal, large animal & equine
Putlands Veterinary Surgery	1	Paddock Wood	Small & large animal
Practice Division total	25		
Crematoria Division			
Greenacres Crematorium	1	Scunthorpe	Crematoria

Of particular note in the second half were the acquisitions of Valley Equine Hospital and Cromlyn House Veterinary Group. Valley Equine is a significant addition to our Equine business in the Thames Valley and complements our existing Scott Dunns business based near Wokingham. Cromlyn House Veterinary Group is our first acquisition in Northern Ireland and we hope to make further acquisitions in Northern Ireland in the future.

We continue to see a significant number of acquisition opportunities and are able to focus on those that offer the best potential for the Group.

The growth of the Practice Division has necessitated the further development of the management structure in order to enhance the support of the practices and maximise their potential. This will lead to some additional fixed costs although in the medium term these will be offset by the available margin opportunity and will better support the further expansion of the Practice Division.

The Group now operates a total of 360 veterinary surgeries across the UK, an on-line dispensary, four diagnostic laboratories and seven pet crematoria.

The Board anticipates further like-for-like growth although this is likely to moderate to more normal levels following the unusually high growth seen over the last six months. In addition, the full year impact of the acquisitions made during the year ended 30 June 2016 will add significantly to the profitability of the Group. Further acquisitions and general progress across all of the Group's divisions are expected.

This announcement contains inside information.

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