

CVS Group plc (“CVS” or the “Group”)

Trading Statement & Board 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 2018. The Group expects to announce its full year results on Thursday 27 September 2018.

Total Group revenue for the year was £327m, 20.7% higher than the prior year figure of £271m. Like-for-like growth was 4.9%. As expected, the strong growth in sales of Animed Direct has continued. Excluding Animed Direct, like-for-like sales for the Group grew by 2.9%. The unusually severe snow at the end of February and start of March is estimated to have reduced sales by approximately £1.0m.

Adjusted EBITDA for the recently ended financial year is anticipated to be broadly in line with analysts’ consensus expectations. This reflects the impact of snow and the lower than anticipated short-term performance of some acquisitions.

Following management action, these acquisitions have shown improvement more recently and they are expected to achieve normal performance levels during the current financial year and beyond. The board is satisfied with ongoing like-for-like growth since the year end, being at similar levels to the past year.

The high pace of acquisitions continued in the year to 30 June 2018 with a total of 52 surgeries being acquired. Approximately £50.6m (including net debt acquired) was paid for these acquisitions.

Since the interim results issued on 16 February 2018 and up to the year end, 22 surgeries have been acquired for total consideration of £16.9 million (including net debt acquired):

Practice name	No. of sites	Main locations	Region & Country	Type of Business
Ashman Jones Vets	2	Bath	S.W. England	Small animal
Equine Veterinary Centre	1	Doncaster	N. England	Equine
Thompsons Veterinary Surgery	1	Sutton-in-Ashfield	N. England	Small animal
Keown O'Neill	2	Ballygawley and Pomeroy	County Tyrone, Northern Ireland	Farm animal & small animal
Weighbridge Referral Centre	1	Swansea	S. Wales	Small animal referral
Dierenartsenpraktijk Schildwolde	1	Schildwolde	The Netherlands	Small animal, farm animal & equine
Sterkliniek Dierenartsen Arnhem	4	Arnhem, Heteren	The Netherlands	Small animal
Western Counties Equine Hospital	1	Cullompton	Devon, S.W. England	Equine
Bennett Williams Vets	1	Gaerwen	Angelsey, N. Wales	Farm animal, small animal & equine
Diernekliek De Tweesprong	1	Borne	The Netherlands	Small animal
Robert Jones Veterinary Surgery	1	Blackpool	N.W. England	Small animal
Yoredale Vets	4	Leyburn, Masham, Bedale	N. England	Farm animal, small animal & equine

Troytown Greyabbey Equine Veterinary Services	2	Kildare	Republic of Ireland	Equine & small animal
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Subsequent to 30 June 2018, the Group has acquired a further 7 surgeries as set out below. Approximately £16m (including net debt acquired) was paid for these acquisitions. This brings the total acquisition spend since 16 February 2018 to £32.9m.

Practice name	No. of sites	Main locations	Region & Country	Business
Gilabbey Veterinary Hospital	1	Cork	Republic of Ireland	Small animal
Slate Hall	4	Rampton, Metherringham, Atcham, Hereford	England	Poultry
Corner House Equine	2	Ullenhall	W. Midlands	Equine

Of particular note are the acquisitions of Troytown Greyabbey Equine Veterinary Services and Gilabbey Veterinary Hospital, our first acquisitions in the Republic of Ireland. Troytown Greyabbey is one of the largest and most renowned equine practices in Ireland. Together with the other equine acquisitions this will significantly develop our equine business.

Subsequent to the year end we acquired Slate Hall, one of the largest and most respected poultry vets in England. This acquisition adds significant credibility in our farm business and should assist in its further expansion.

As previously announced, some above-inflation salary increases were made with effect from 1 January 2018 for certain grades of vets and nurses. These appear to have had a beneficial impact on recruitment and retention, as vacancy rates have noticeably reduced since that date.

The Group has recently agreed a major innovative partnership with Keele University to develop facilities to house new veterinary services (including specialist referrals) as well as key components for the delivery of the veterinary curriculum, as part of the new joint Veterinary School project between Harper Adams University and Keele University. This will be ready for the first student intake in autumn 2020.

The Group operated 475 veterinary surgeries at the year end and now operates a total of 482 (458 in the UK, 21 in the Netherlands and 3 in the Republic of Ireland), an online dispensary, four diagnostic laboratories and seven pet crematoria.

CVS continues to see a significant number of acquisition opportunities and focuses on those that it considers offer the best potential for the Group. Following the successful placing in February 2018, which raised net proceeds of approximately £58.9 million, the Group retains significant headroom in its debt facilities.

The Board anticipates further like-for-like growth in the current financial year in line with normal levels and expects that the further benefit of the acquisitions made during the year ended 30 June 2018 will add significantly to the profitability of the Group. Further acquisitions are expected and the Board is confident of good progress across all of the Group's divisions.

Further to the announcement on 20 July 2018, CVS was pleased to welcome Richard Fairman as a Director of the Company with effect from 1 August 2018. Following completion of the FY 2018 audit and an orderly handover, Nick Perrin will step down as Finance Director and Richard Fairman

will become Group Finance Director, both following the announcement of the results for the year ended 30 June 2018.

Note:

1. Like-for-like sales data comprise revenue generated from all operations compared to the prior year and includes revenue from acquired businesses with effect from the date and month in which it was acquired during the previous year

This announcement is released by CVS Group plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("MAR"), encompassing information relating to the trading statement described herein, and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Nick Perrin, Finance Director.

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