

30 November 2017

CVS Group plc
("CVS" or the "Group")

AGM Statement

CVS, the UK's leading integrated provider of veterinary services, is holding its AGM at 11.00 a.m. today at which Richard Connell, Chairman, will provide the following update to shareholders:

"The Board is pleased to announce that in the four month period ended 31 October 2017 the Group's total sales grew by 20.6% and like-for-like sales¹ grew by 4.3% compared to the same period last year.

The strong growth in sales of Animed Direct, which we noted in our last results statement, has continued. Excluding Animed Direct, like-for-like sales for the Group grew by 1.5% which, while a slower growth rate than in other recently reported periods, is measured against particularly strong comparators in the previous year which moderate as the current financial year progresses. The like-for-like trends have shown more variance both within and between months than in prior years, making it harder to identify particular trends. The Board believes that the slower like-for-like growth probably reflects the impact on consumers of the greater general uncertainty widely evident in the UK economy and some shortage of clinicians in the UK. Customer loyalty remains high and our healthy pet scheme memberships continue to show excellent growth, at a run-rate in line with the 20%+ level reported at our most recent year end.

For many years it has been challenging to recruit veterinary surgeons in the UK. In spite of the fact that CVS believes it is able to offer new recruits the broadest range of career paths and opportunities within the UK industry, we note that these challenges have increased since the vote to leave the European Union. The Group intends to implement a number of measures to encourage more veterinary surgeons and nurses to work for CVS. These measures will include increasing some salaries by more than inflation as well as improving flexible working opportunities. It is intended that any increases in salaries will be funded through price increases.

Market consolidation continues and the higher level of acquisition activity evident during our most recent reporting periods has continued. The Group continues to see a large number of opportunities, both in the UK and the Netherlands and anticipates that these markets will remain particularly active. The integration of our recently acquired assets provides strong underpinning for the Group's overall growth expectations as well as affording the opportunity to derive increased benefits from synergies and scale.

Since the start of the current financial year on 1 July 2017, the Group has made a total of 13 acquisitions of 21 surgeries bringing the total number of surgeries to 444. The acquisitions were:

| Practice name | No. of sites | Main locations | Region & Country | Business |
|---------------------------------|--------------|--|------------------------|------------------------------------|
| Cundall & Duffy | 1 | Scarborough | N.E. England | Small & farm animal |
| Strule Vet Services | 2 | Omagh and County Tyrone | Northern Ireland | Small & farm animal |
| Dierenkliniek Wolvega | 1 | Wolvega | The Netherlands | Small animal |
| B & W Equine | 5 | Breadstone, Cardiff, Failand, Stretcholt and Willesley | S.W. England; S. Wales | Equine |
| Aire | 1 | Leeds | N England | Small animal, farm animal & equine |
| Dierenkliniek Emmeloord | 1 | Emmeloord | The Netherlands | Equine |
| All Creatures Veterinary Centre | 1 | Warrington | N.W. England | Small animal |
| Acorn Veterinary Centre | 1 | Studley | C. England | Small animal |
| Three Valleys Veterinary | 2 | Fivemiletown, Irvinestown | Northern Ireland | Small & farm animal |
| Dierenkliniek Vrieselaar | 1 | Lemmer | The Netherlands | Small animal |
| Buchan Vets | 3 | Strichen, Peterhead, Fraserburgh | Scotland | Small animal, farm animal & equine |
| Ashburn Veterinary Centre | 1 | Knighton | S. Wales | Small & farm animal |
| MS Vets | 1 | Reading | S.E. England | Small animal |

The total consideration for the above acquisitions was approximately £20.0m.

The acquisition of further practices in the UK has continued the geographic development of the Group across the country and has further developed the large animal and equine as well as the small animal businesses. The acquisitions in Northern Ireland bring our total number of sites there to eight whilst the acquisitions in the Netherlands bring our total there to 12. Of particular note is the development of the equine business with the acquisition of B&W Equine in the UK and of Dierenkliniek Emmeloord, our first equine business in the Netherlands.

The pipeline of acquisitions remains strong and CVS expects to continue to complete acquisitions in the UK and the Netherlands throughout this year and beyond. Our diverse, integrated model means that acquired businesses not only contribute towards our continuing success, but also benefit from being part of a larger integrated group better able to serve customers' needs."

Notes:

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

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