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CVS Group plc
(‘CVS’ or ‘the Company’ or ‘the Group’)

First Day of Dealings on the AIM market of the London Stock Exchange

CVS (AIM: CVSG), one of the UK’s leading providers of veterinary services, announces that its ordinary shares have been admitted to trading on AIM following its successful Placing to raise £92.7million led by Panmure Gordon & Co. CVS’ ticker symbol is CVSG.

Highlights

- The Placing, associated with CVS’ admission to AIM, of 45,205,800 shares (representing 87.7% of the Company’s issued share capital) at 205 pence per share, raises £92.7 million for Selling Shareholders, valuing the whole of CVS at £105.7 million.
- The Placing was comfortably over-subscribed, with high quality demand at the Placing Price.
- The purpose of the flotation is to raise the public profile of the Group, to help drive new business and to increase awareness of the Group within the veterinary profession. It has also provided an opportunity for Nash Sells Limited Partnership II, a fund managed by Sovereign Capital Partners LLP, to realise its investment after eight years of support.
- The Company’s three recently appointed non-executive directors have agreed to buy a total of £100,000 worth of shares at the Placing price.
- The current management team of Simon Innes, Chief Executive since 2004, and Paul Coxon, Finance Director since 2003, has increased sales from £12.8m in 2005 to £39.0m in 2007 (year end 30 June), a compound annual growth rate (‘CAGR’) of 75%. EBITDA has increased from £1.3m to £5.1m over the same period, a CAGR of 98%.
- CVS was established in August 1999, with financial backing from funds managed by Sovereign Capital Partners LLP, to acquire and operate veterinary practices which were well established within their local community and had a reputation for high quality service.
- Based in Diss, Norfolk, the Group operates two divisions: the practice division composed of 45 small animal practices and one equine specialist practice (128 individual surgeries throughout the UK) and the diagnostic division made up of three veterinary diagnostic laboratories which provide services to CVS and to third parties.
- CVS currently employs 1,214 staff, including 271 vets, as well as using additional locums, and is the largest national consolidator of veterinary practices.

Commenting on the start of trading of CVS' shares on AIM, Simon Innes, Chief Executive of CVS, said:

“The company’s admission to the London AIM market and commencement of dealings is a significant step for CVS. Our business has been built by a strong team of dedicated professionals who ensure both quality and reputation result in CVS being highly regarded within the sector.

Becoming a public company is a natural progression for us raising our corporate profile and securing our continued success in both acquisitive and organic growth.

I am delighted with the response from investors and look forward to engaging with the investment community as a quoted company.”

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The information required by Rule 26 of the AIM Rules for Companies (February 2007) is available under the heading AIM Rule 26 within the Investors/Financials section of the Company's website at www.cvsgroupplc.com.

PLACING STATISTICS

Placing Price	205 pence per share
Number of Ordinary Shares placed on behalf of Selling Shareholders	45,205,800
Number of Ordinary Shares in issue immediately following Admission	51,563,475
Market capitalisation of the Company at the Placing Price	£105.7 million
Net proceeds of the Placing to be received by Selling Shareholders	£89.5 million
ISIN	GB00B2863827
AIM symbol	CSVG

Notes to Editors

Introduction

CVS is one of the leading veterinary service providers in the UK, operating 45 veterinary practices (consisting of 128 individual surgeries) nationwide and three veterinary diagnostic laboratories. It is the UK's largest employer of vets with 271 employed, representing 2.2 per cent. of all vets estimated to be registered and practising in the UK. CVS was founded in 1999 with financial backing from funds managed by Sovereign Capital Partners LLP with the objective of

consolidating the fragmented UK veterinary services market, and has completed acquisitions for consideration of approximately £32.1 million to date.

Business Description

The CVS business model is to offer to owner-vets operating under a partnership structure the chance to realise the value of their asset in a market where demographic and other changes are creating a situation whereby new younger vets are now no longer able or inclined to buy into partnerships themselves. The CVS structure offers to remove the administrative burden from the veterinary practices it acquires through the provision of central services such as finance, human resources, marketing, health and safety, information technology and purchasing, allowing the practice to concentrate on the provision of clinical care.

CVS now operates 128 surgeries which were acquired in the following periods.

	July 99 – June 04	July 04 – June 05	July 05 – June 06	July 06 – June 07	July 07 - present
Surgeries Acquired	17	12	30	62	7

CVS has also acquired three veterinary diagnostic laboratories, which provide laboratory services to CVS practices and to third parties. The laboratory services represent a key saving and growth opportunity to the Group as additional acquired practices drive incremental diagnostic revenues through the CVS laboratories. Further scale benefits are accessed through the ability to obtain favourable terms from suppliers and wholesalers of veterinary supplies, intra-Group referrals and the operational leverage that the centralised administration structure brings to the Group as it continues to grow.

Investment Highlights

1. Leading market position

CVS operates 128 individual surgeries across the UK, which is more than twice the number operated by the nearest competitor. The Directors believe that the Group has built a reputation in the veterinary profession as the leading national consolidator, without sacrificing its reputation for working alongside the profession as a consolidator and not as a predatory competitor.

2. Nationwide Infrastructure

CVS's nationwide network of 128 veterinary surgeries is capable of significant operational leverage. Efficiency is improved as more administrative services can be delivered by the head office. Scale also brings benefits in the buying of drugs and equipment.

3. Organic profit growth

CVS (UK) Limited has demonstrated the ability to extract organic profit growth from the practices it acquires in the post-acquisition period, over and above the profit growth attributable to the immediate contribution of those acquisitions. This is driven by scale efficiencies, operational leverage, pricing management, collective buying power, and growth in the underlying market for veterinary care.

4. Growth through acquisition

Consolidation in the UK veterinary market is being driven by demographic changes in the profession which are creating an opportunity to acquire more practices as the industry moves from a fragmented partnership structure towards a more corporate-owned structure. CVS has made 40 separate acquisitions and is therefore well proven in its ability to assess the attractiveness of potential new acquisitions and successfully integrate and operate them thereafter.

5. Financially robust

The CVS business model is highly cash generative, with the last three financial years of trading each benefiting from cash generation through working capital as a result of strong cash receipts at the point of sale, favourable credit terms with suppliers and low levels of stock. In addition, property rental costs are low at under 5 per cent. of revenues, and capital expenditure is also relatively low. No new money has been raised on Admission through the sale of shares. The Directors anticipate that the acquisition pipeline will be adequately funded through a combination of debt finance and internally generated cash flows.

