

CVS Group plc

Interim Results
31 December 2007

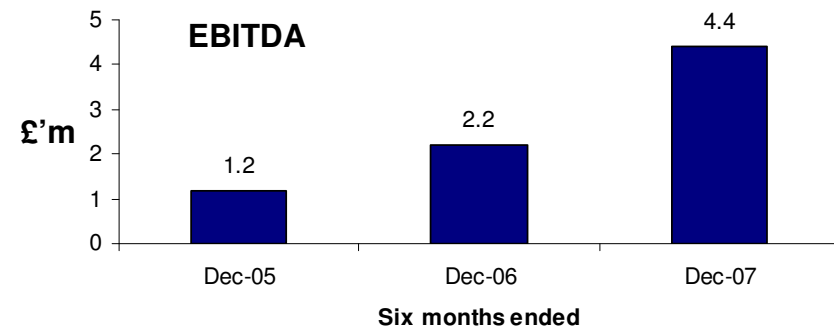
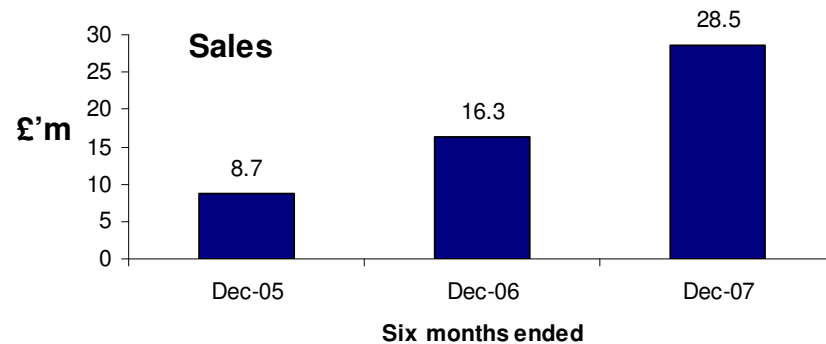


18 March 2008



CVS – National Veterinary Operator

- Largest national operator and consolidator of veterinary practices – 51 practices, 145 small animal surgeries, 1 equine surgery and 4 diagnostic laboratories over 7 sites at 17 March 2008
- Biggest employer - 1,516 staff (including 317 vets)
- AIM flotation October 2007 – twice over subscribed
- Significant first mover advantage



Interim Performance

- Strong EBITDA, revenue and cash generation growth
- EBITDA margin at 15.4% of sales - realisation of synergies and economies of scale
- Continued acquisition growth
- Successful refinancing of bank debt, including £12m acquisition facility
- Successful Admission to AIM on 10 October 2007



Interim financial highlights

| | Six months ended | | % Change |
|----------------------------------|------------------|----------|----------|
| | 31.12.07 | 31.12.06 | |
| | £'000 | £'000 | |
| EBITDA* | 4,404 | 2,152 | + 104.6 |
| Like for like EBITDA* growth | | | + 13.8 |
| Cash generation from operations* | 3,959 | 2,016 | + 96.4 |
| EPS* | 4.3p | 1.3p | + 230.8 |
| Revenue | 28,542 | 16,349 | + 74.6 |

* Adjusted for IPO costs, one-off finance expenses (including fair value adjustment on hedge instruments) and amortisation



Company Overview

- Largest Veterinary consolidator
- Credible national acquirer especially for larger practices
- National presence with 146 surgeries at 17 March 2008
- Regional clusters
- Strong pipeline of potential acquisitions
- Develop complementary revenue streams through extension of laboratory acquisitions
- Major laboratory acquisition in January 2008 - £4.5m turnover
 - now operate 4 laboratories from 7 sites

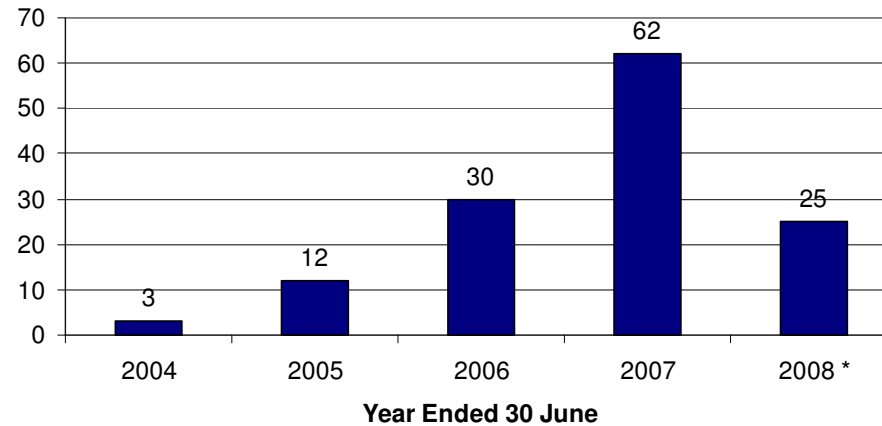


Acquisitions

- 47 surgeries acquired in year to 31 December 2007
- 13 surgeries acquired in the six months to 31 December 2007, T/O £7.1m
- 12 surgeries acquired since 31 December 2007, T/O £4.1m
- Low multiples
- Strong pipeline
- Acquisitions funded from bank finance and cash generation
- £12m acquisition facility

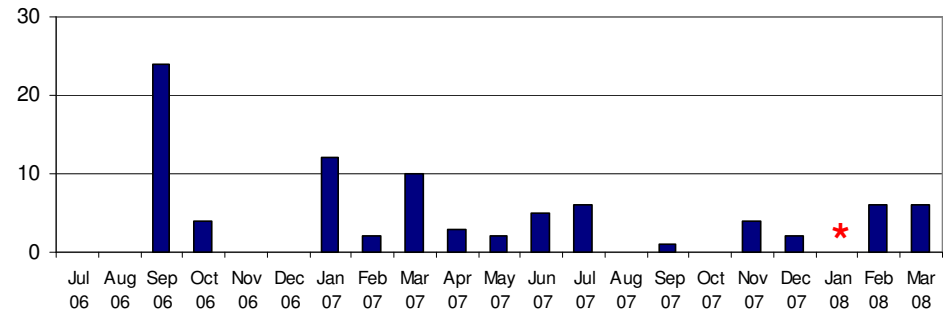
* Significant laboratory acquisition Jan 2008 –
Laboratory turnover more than doubled

Surgeries Acquired 2004 - 2008



* Period to 17 March 2008

Acquisition Timeline, FY 2007 & 2008



The Opportunity

Leading first-mover position as a nationwide operator & consolidator in the UK

Largest number of surgeries in the UK (146) at 17 March 2008

Largest employer of vets in the UK 317

Organic profit growth demonstrated and sustainable

Increasing scale efficiencies, operating leverage and buying power

Underlying growth in the veterinary market, non-discretionary spending

Growth through acquisition demonstrated and sustainable

Still only 6% market share of fragmented small animal veterinary market

Demographic changes and growing reputation are driving the consolidation opportunity

Key financial strengths

Highly cash generative (negative working capital and low capex)

Acquisitions to be financed through debt facilities and free cash flow

Increasing margins, falling central costs as % of turnover

Attractive acquisition multiples, strong acquisition pipeline



Profit & Loss

| | 6 months ended 31-12-07 | | | 6 months ended 31-12-06 | |
|-----------------------------------|-------------------------|----------------|--------------|-------------------------|--------------|
| | Reported | Exceptional & | Underlying | Reported | Variance |
| | Results | Non-recurring | Results | Results | |
| | £000's | £000's | £000's | £000's | £000's |
| Revenue | 28,542 | | 28,542 | 16,349 | 12,193 |
| Cost Of Sales | (16,241) | | (16,241) | (9,688) | (6,553) |
| Administrative expenses | (9,661) | (1,764) | (7,897) | (4,509) | (3,388) |
| EBITDA | 2,640 | (1,764) | 4,404 | 2,152 | 2,252 |
| Depreciation & Amortisation | (1,804) | | (1,804) | (842) | (962) |
| Finance expenses | (2,423) | (929) | (1,494) | (1,042) | (452) |
| Profit / (Loss) before tax | (1,587) | (2,693) | 1,106 | 268 | 838 |
| Income tax | (243) | | (243) | (213) | (30) |
| Profit / (Loss) after tax | (1,830) | (2,693) | 863 | 55 | 808 |

- Strong underlying results
- Like for like sales growth +5.4%
- EBITDA growth +104.6%
- EBITDA margin 15.4% (up by 2.3%)
- Exceptional costs of £1.8m for IPO
- Non-recurring finance costs
 - £0.3m debt issue cost write-of
 - £0.6m fair value adverse movement



Cashflow

| | 6 months ended 31-12-07 | | | 6 months ended 31-12-06 | |
|--------------------------------|-------------------------|---------------|------------|-------------------------|----------|
| | Reported | Exceptional & | Underlying | Reported | Variance |
| | Results | Non-recurring | Results | Results | |
| | £000's | £000's | £000's | £000's | £000's |
| EBITDA | 2,640 | 1,764 | 4,404 | 2,152 | 2,252 |
| Inventories | (122) | | (122) | (126) | 4 |
| Trade and other receivables | (471) | | (471) | (597) | 126 |
| Trade and other payables | 766 | (618) | 148 | 587 | (439) |
| Cash generated from operations | 2,813 | 1,146 | 3,959 | 2,016 | 1,943 |
| Interest | (899) | | (899) | (448) | (451) |
| Taxation | | | | | |
| Capex | (677) | | (677) | (441) | (236) |
| Acquisitions | (5,036) | | (5,036) | (4,803) | (233) |
| Bank funding | 1,913 | | 1,913 | 2,222 | (309) |
| Net Cash Movement | (1,886) | 1,146 | (740) | (1,454) | 714 |

- Underlying cash generation doubled
- Negative working capital requirement
- Low maintenance capex requirement
- Bank debt – 2 year capital repayment holiday
- No tax payment
- £1.1m of IPO costs paid



Balance Sheet

| | 31-Dec-07 | 30-Jun-07 | 31-Dec-06 |
|----------------------------------|-----------------|-----------------|-----------------|
| | £000's | £000's | £000's |
| Intangible assets | 29,614 | 26,283 | 16,400 |
| Property, plant and equipment | 5,156 | 4,245 | 2,818 |
| Investments | 23 | 23 | 23 |
| Current assets (excl. cash) | 5,149 | 4,130 | 3,008 |
| Cash | 736 | 2,622 | 1,009 |
| Total assets | 40,678 | 37,303 | 23,258 |
| Current liabilities (excl. debt) | (8,971) | (7,496) | (4,561) |
| Borrowings | (33,942) | (31,147) | (20,191) |
| Net deferred tax | (838) | (577) | (363) |
| Financial instruments | (269) | 373 | 66 |
| Total liabilities | (44,020) | (38,847) | (25,049) |
| Net liabilities | (3,342) | (1,544) | (1,791) |

Debt facilities

- Total debt facilities £46m
 - £32m term loan
 - £12m acquisition facility
 - £2m undrawn overdraft facility
- Interest risk hedged on £32m loan



Outlook

Significant growth potential - minimal market share and limited competition

Industry dynamics driving non-predatory consolidation

Excellent acquisition pipeline and strong run rate financials

Strong start to the second half of the financial year



Summary

Largest operator and consolidator, highly respected within the Profession

Well managed with a proven track record in financial performance delivery

High historic ROI, strong gross and net margins, high like for like profit growth

Cost efficiencies and continually improving buying power

Defensive, recession-resistant sector



Appendices



Margin analysis

| | Years ended | | | | 6 months ended |
|------------------|-------------|------|------|------|----------------|
| | 2004 | 2005 | 2006 | 2007 | Dec-07 |
| Margin | | | | | |
| - Practices | 78.1 | 78.7 | 79.7 | 80.4 | 81.2 |
| - Laboratories | 88.0 | 89.1 | 87.8 | 87.2 | 85.3 |
| Employment costs | 48.9 | 47.3 | 45.1 | 43.8 | 43.3 |
| Other costs | 19.0 | 18.6 | 19.1 | 20.1 | 20.7 |
| Head Office | 7.5 | 6.6 | 6.3 | 5.4 | 5.1 |
| EBITA | 5.5 | 8.6 | 10.5 | 11.5 | 13.7 |
| EBITDA | 7.6 | 10.3 | 12.1 | 13.1 | 15.4 |



Business

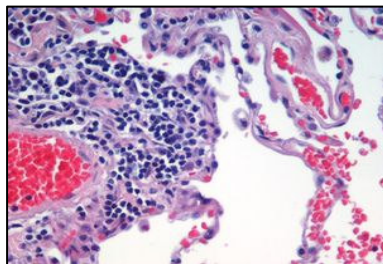
- **Practices (95% of sales)**

145 small animal surgeries and one specialist equine practice

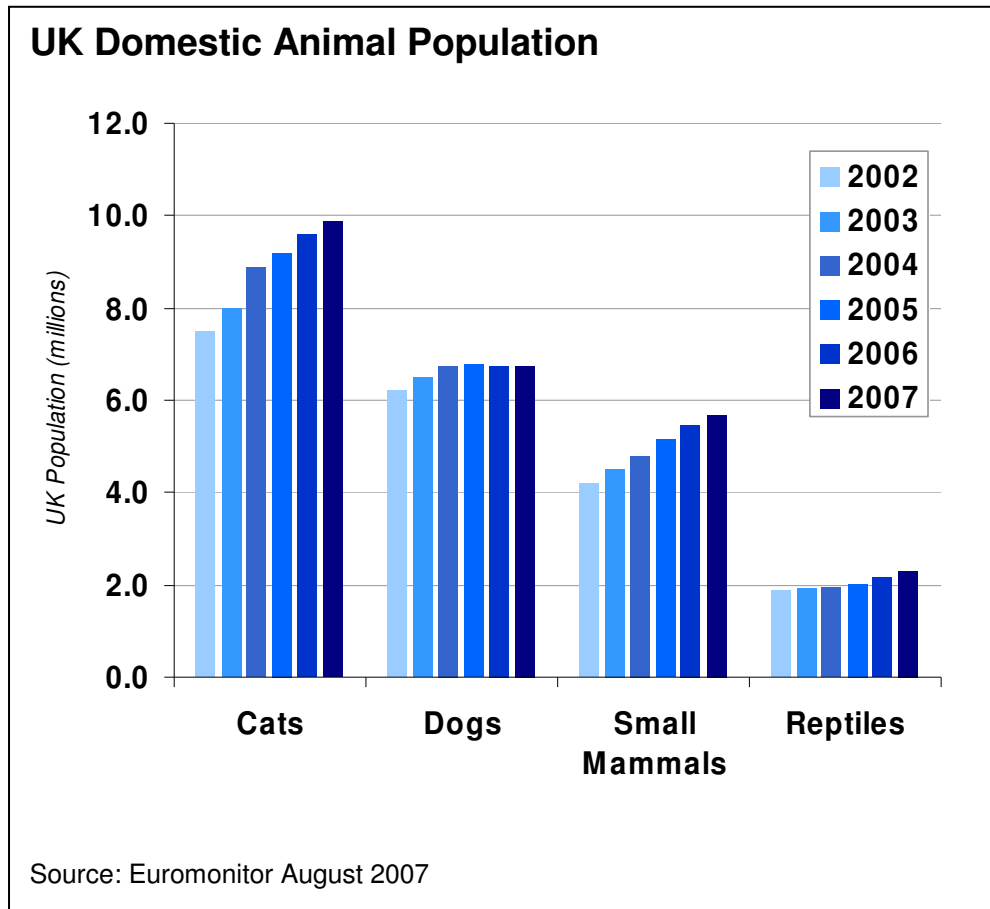


- **Diagnostic laboratories (5% of sales)**

4 laboratories providing diagnostic services to both Group and third party veterinary practices



Market Growth Drivers



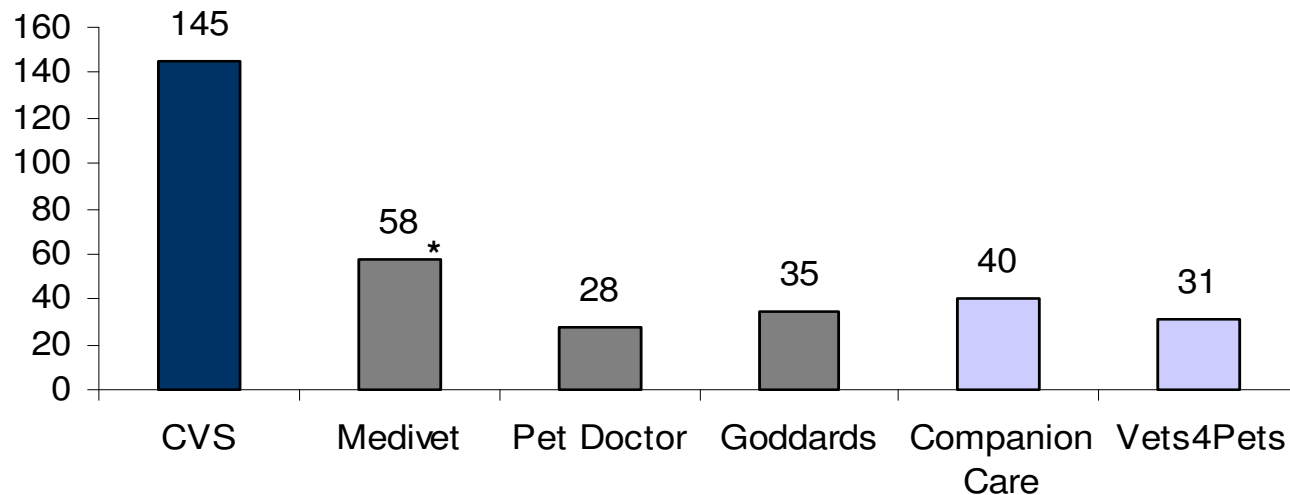
- Move to more diagnostic services
- Advances in medical interventions increasing average spend per visit
- “Empty Nesters” – after children leave home or before couples start a family
- Ageing human population leading to higher demand for companions
- Ageing pet population increases requirement for veterinary care
- Growth in pet insurance increases frequency of visits to vets and complexity of procedures undertaken



Corporate Owned Surgeries

- Corporate ownership currently represents just 15% of small animal surgeries
- CVS is the only corporate with a strong nationwide presence

Number of Corporate Owned Small Animal Surgeries



Source: Individual business websites
* Only 37 on website, 58 verbally confirmed by Medivet

CVS is the recognised national consolidator in the market



The Profession

- Five year degree course
- 12,173 RCVS registered veterinary surgeons practising in UK in 2007*
- CVS employs 317 vets representing 2.6% of practising UK vets
- 6 existing veterinary schools in U.K. and new Nottingham school with a current annual intake of 100 undergraduates
- Demographic change:
 - Women represent:
 - 74% of veterinary graduates
 - 51% of practising vets
 - Part-time work:
 - 25% of female vets
 - 5% of male vets

* RCVS estimates that of 13,380 vets registered as practising in the UK, only 12,173 are actually practising



Why Owner Vets Sell to CVS

- Value realisation – one of very few credible national acquirers, especially for larger practices
- Professional reputation – endorsed by others who have joined CVS; many vendor vets still with CVS
- Increasing administrative burden offloaded – enabling greater focus on clinical care, especially for part time practitioners
- Demographic change – newly qualified vets less inclined to buy into practices

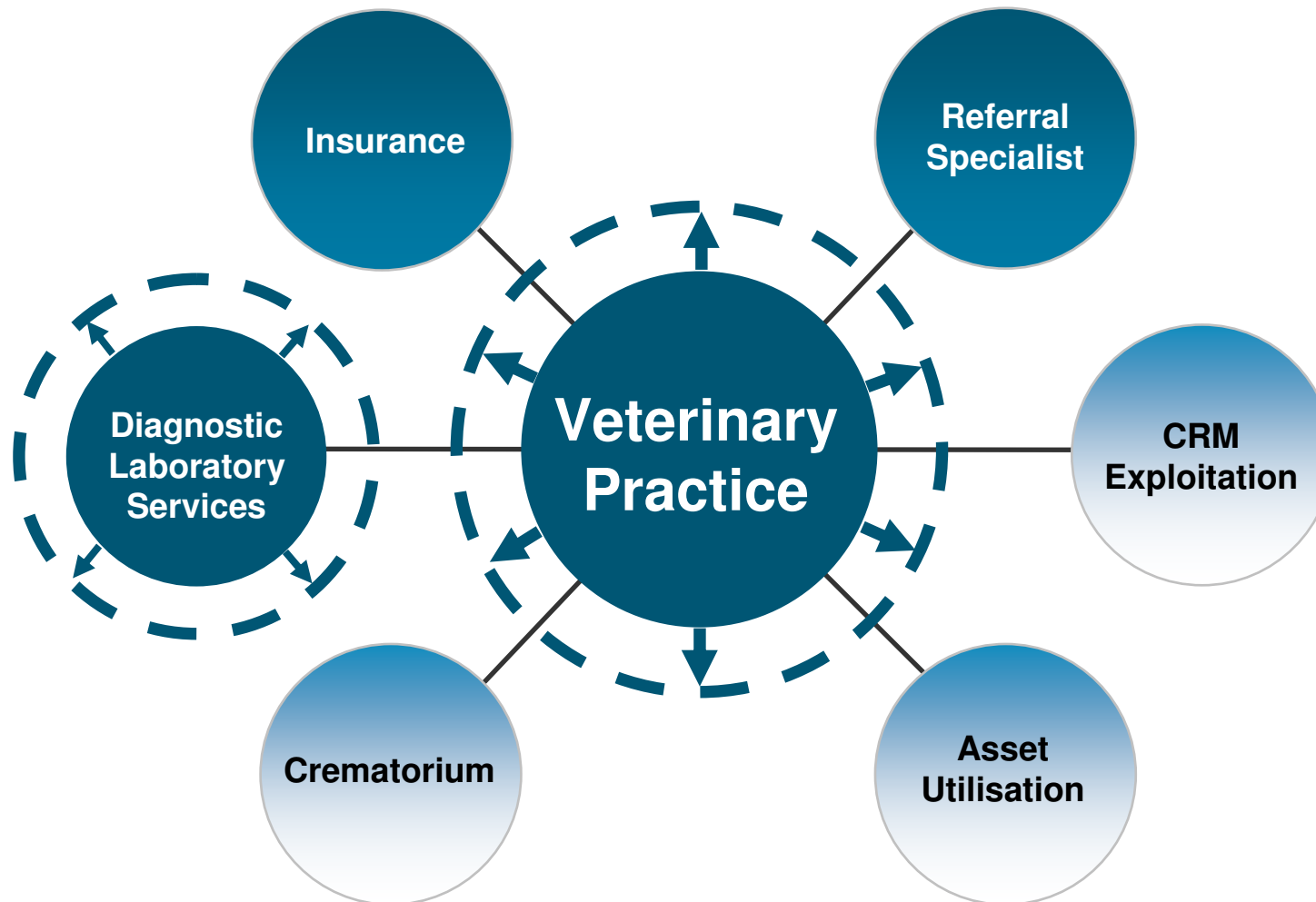
“It was essential that I found the right home for my practice....it never felt like ‘selling’ to CVS, I now have support from people who really understand my business and let me get on with the aspects I enjoy most – the clinical care and dealing with clients”

Source: Steven Morton, CD Springfield Veterinary Group, Sheffield

Non-Predatory Consolidator – Vets are approaching CVS directly



Strong organic growth and potential new revenue streams



Veterinary practice is an advisory centre for pet owners



Market Growth Opportunities

Low compliance: -

| Canine | % |
|-----------------------|----------|
| Worming Products | 39.51 |
| Flea Control Products | 26.68 |
| Pet Health Insurance | 16.65 |
| Microchip Implant | 24.54 |

| Feline | % |
|-----------------------|----------|
| Worming Products | 38.80 |
| Flea Control Products | 37.52 |
| Pet Health Insurance | 6.74 |
| Microchip Implant | 13.96 |

