

Interim Results

Period ended 31 December 2020

H1 2021

CEO

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Introduction



H1 Highlights



+9.4%

Total Sales Growth¹
(£245.6m)



+7.8%

Like-for-Like
Sales Growth²



+19.0%

Adjusted EBITDA³
(£45.1m)



18.4%

Adjusted EBITDA³
Margin



7.4%

Stable Vet
Vacancy Rate



+3.6%

Healthy Pet Club⁴
(430k)

¹ Sales growth stated before annual price rise, which was delayed to January 2021 due to COVID-19

² Like-for-like sales are defined as revenue generated from like-for-like operations compared to the prior year, adjusted for the number of working days. For example, for a practice acquired in September 2019, revenue is included in the like-for-like calculations from September 2020.

³ Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) is profit before income tax, net finance expense, depreciation, amortisation, costs relating to business combinations and exceptional items.

⁴ Healthy Pet Club membership has grown 3.6% to 430,000 members (30 June 2020: 415,000)

UK Pet Market Is Undergoing Structural Growth

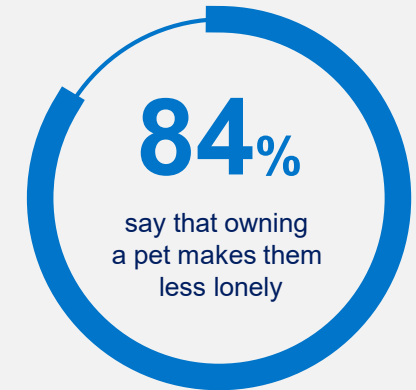
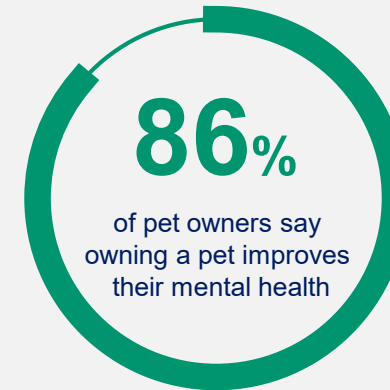
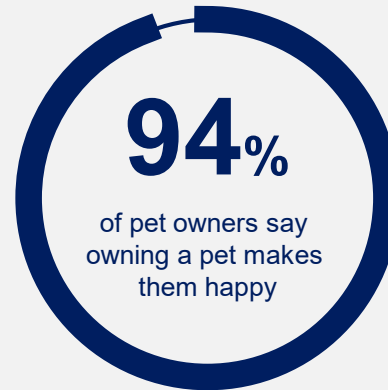
Increasing pet ownership

- Growing pet population with 21 million cats and dogs in the UK¹
- Increased demand for pets due to Covid-19 lockdowns – multi-year growth opportunity
- c17% increase in new client registrations in H1 (vs H1 2020)

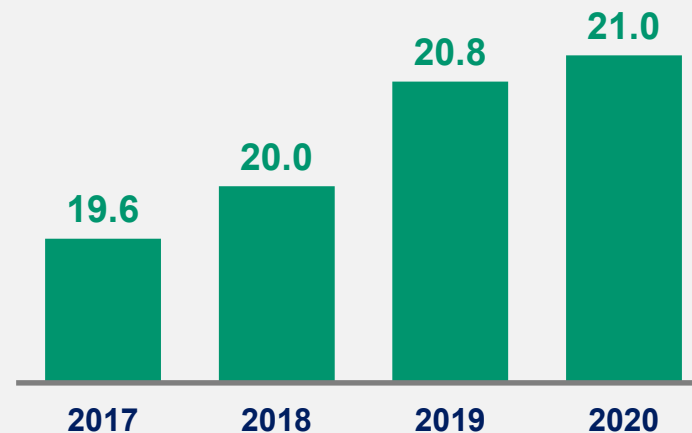
Favourable spend dynamics

- Dog owners spend on average a minimum of £80 per month¹
- Trend of Humanisation of Pets on average spend
- 58% of dogs and 41% of cats have some form of insurance¹
- Advances in Clinical Care providing access to wider range of treatments
- Increased demand for online food shopping

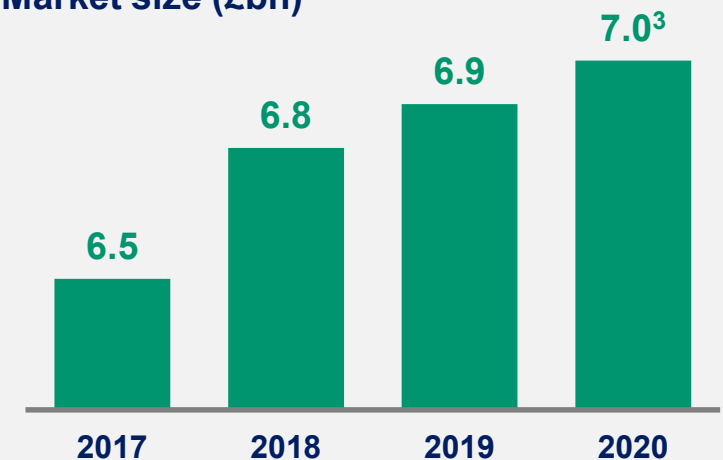
Sustaining the social benefits of pet ownership¹ needs great veterinary care: **healthy pets make for happy owners**



Pet population of Cats and Dogs (m)¹



Market size (£bn)²



¹ PDSA PAW report 2020

² <https://www.statista.com/statistics/308266/consumer-spending-on-pets-and-related-products-in-the-united-kingdom-uk/>

³ Estimated market size

Our Integrated Model Positions Us Well To Benefit From These Tail Winds...

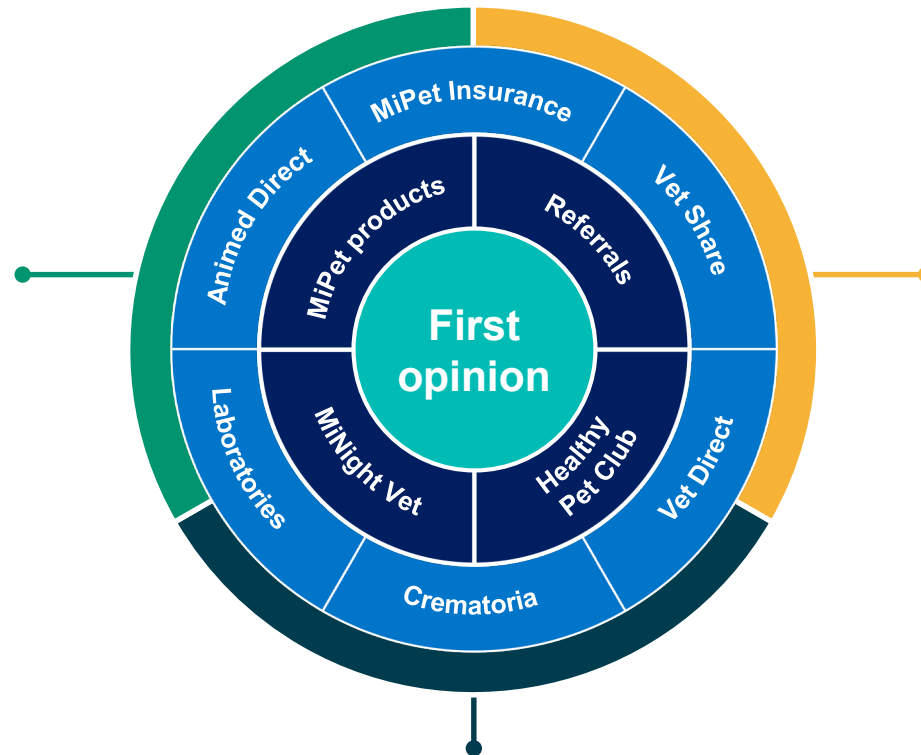
A highly cash generative business with strong growth prospects

A vertically integrated platform with veterinary practices at our core

Strong barriers to entry

High quality integrated clinical care

Scale benefits



Operating in a sizeable and growing market with resilient characteristics

Increased population of pets

Consumers willing to spend more

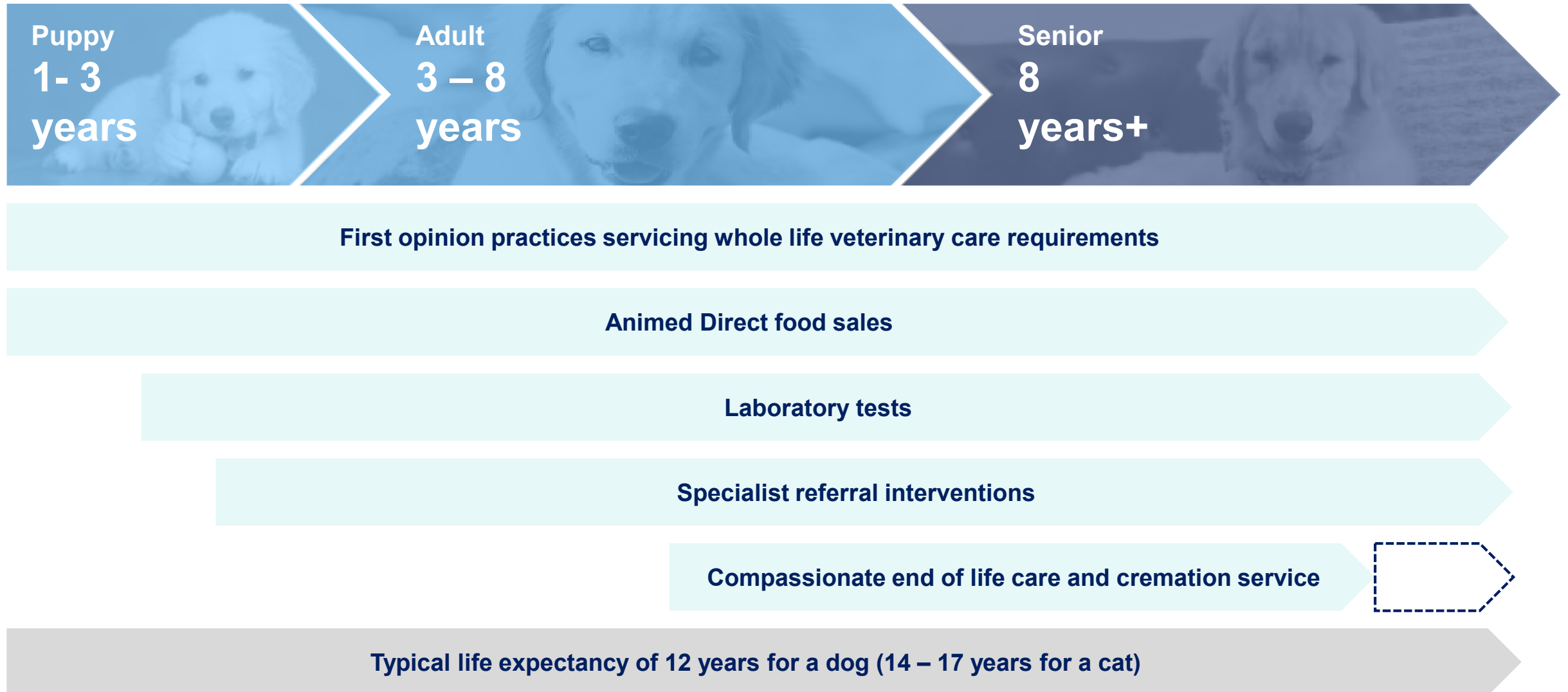
Recurring robust revenues

Supplemented by prudent capital allocation

Investment in new facilities and equipment to drive organic growth

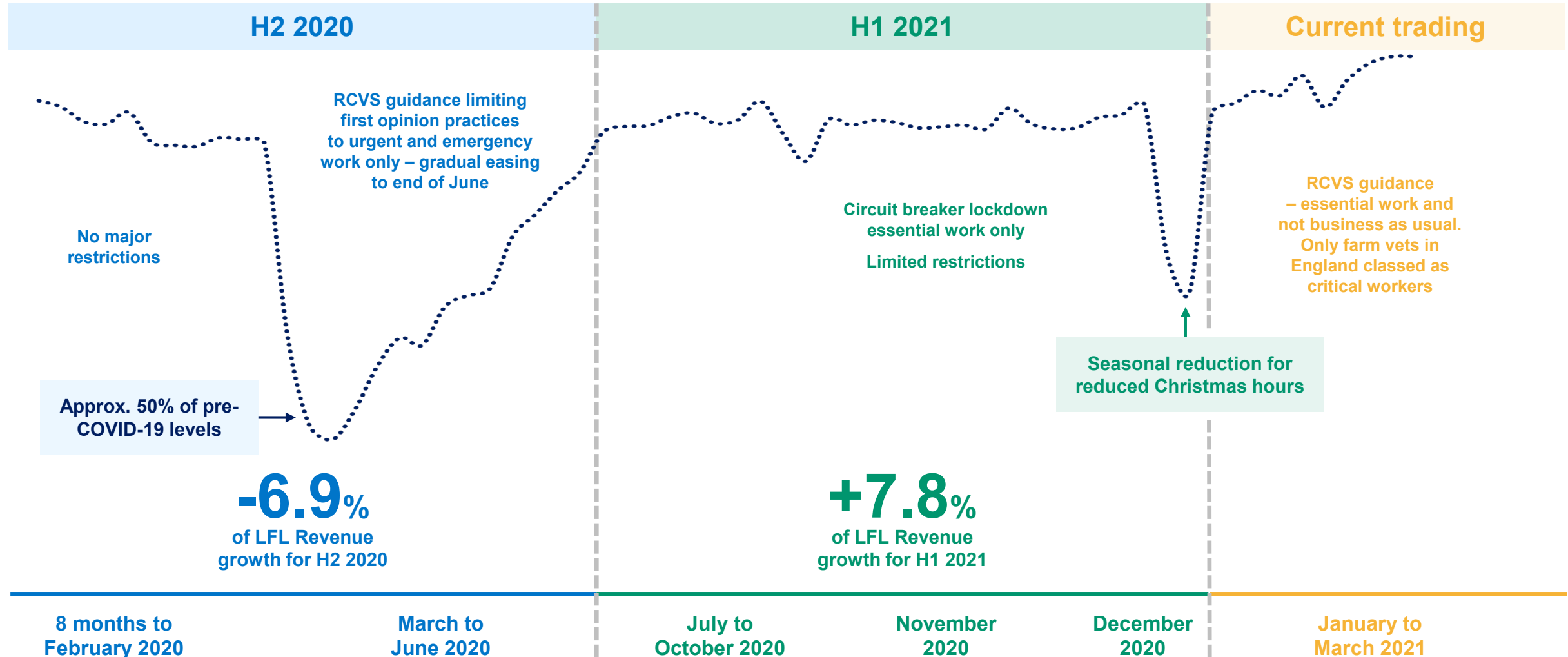
Opportunity for accretive acquisitions

We Provide Integrated Care Throughout The Life Cycle...



Continued Resilience

Rolling 7 day average Small animal GBR revenue



Our People Are The Heart Of Our Strategy To Drive Organic Growth...

Our vision is to be the veterinary company people most want to work for
Focus on our people is a key element of our Sustainability and ESG approach

We continue to invest in our people
as a key element of our “**Social**” focus...



Wellbeing and mental health support



Enhanced maternity pay



Significant investment in Learning, Education and Development



Leading two year graduate induction programme



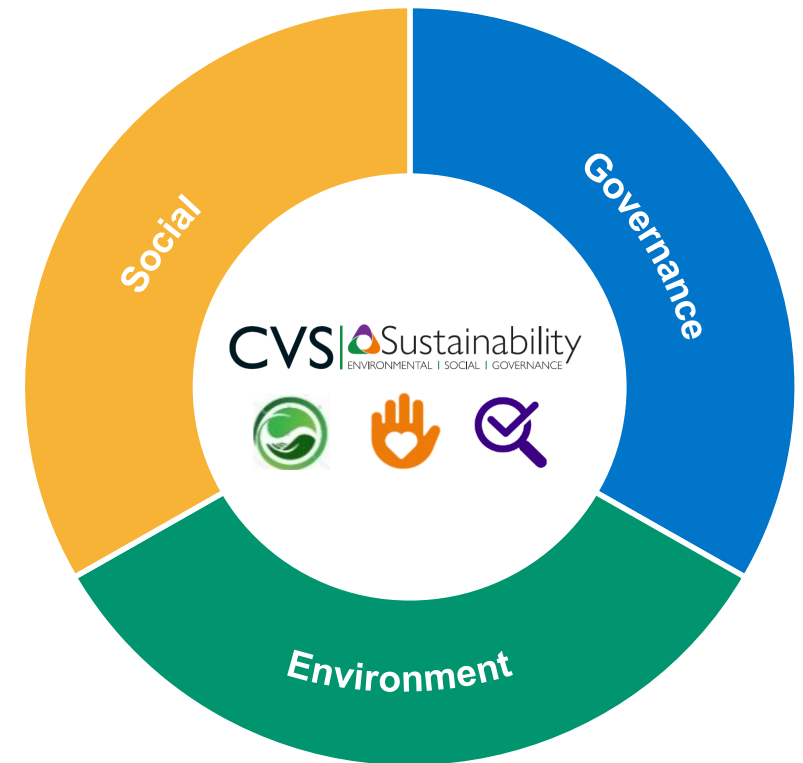
SAYE scheme to promote employee shareholding and engagement



Monthly eNPS¹ survey



Employee fundraising for chosen charity of the year matched with CVS donation to Vet Life



Well Positioned For Further Acquisitions To Augment Organic Growth...



- Eight acquisitions completed in the financial year to March 2021:
 - Small animal focus, allowing us to access the benefits of our fully integrated model
 - Performance in line with business case
- Strengthening pipeline of acquisition opportunities

Financial Review

Financial Summary

	H1 21	H1 20	Variance
Revenue	£245.6m	£224.5m	+9.4%
LFL revenue growth*	+7.8%	+8.4%	-0.6ppts
Adjusted EBITDA*	£45.1m	£37.9m	+19.0%
EBITDA Margin	18.4%	16.9%	+1.5ppts
Free cash flow*	£31.5m	£17.6m	+£13.9m
Leverage*	0.72x	1.71x	-0.99
Adjusted EPS*	33.3p	24.4p	+36.5%
Capital expenditure	£6.2m	£6.8m	-8.8%
Acquisitions	£10.6m	£7.0m	+51.4%

* Financial measures are defined on slide 35

Revenue Growth

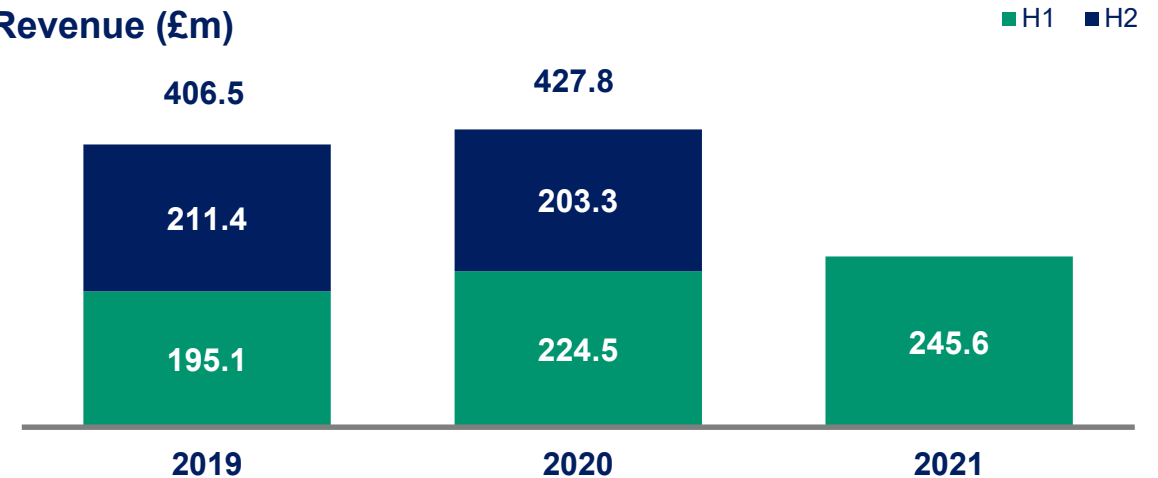
Strong revenue performance

- H1 revenue up +9.4% to £245.6m
- LFL revenue growth of +7.8% (H1 2020: +8.4%)
- Recognition of HPC revenue deferred from FY20

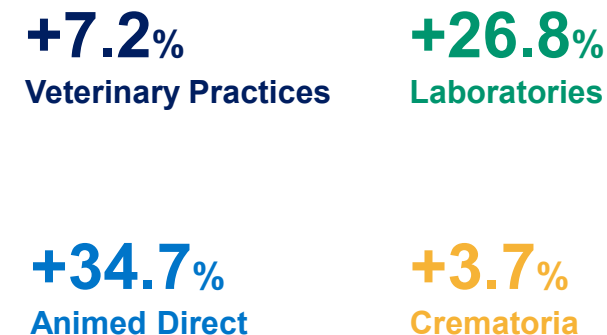
Growth across all divisions

- Veterinary practices benefitting from:
 - Continued focus on delivering quality clinical care
 - Stable Vet Vacancy Rate
 - Growth of Healthy Pet Club
- Laboratories benefitting from increased volume of analysers in practice, increased volume of testing, supplemented by COVID testing
- Crematoria benefitting from increasing demand of higher margin individual cremation offering
- Animed Direct benefitting from increasing demand for pet food online

Revenue (£m)



Year on Year Revenue Growth (£m)



EBITDA Growth

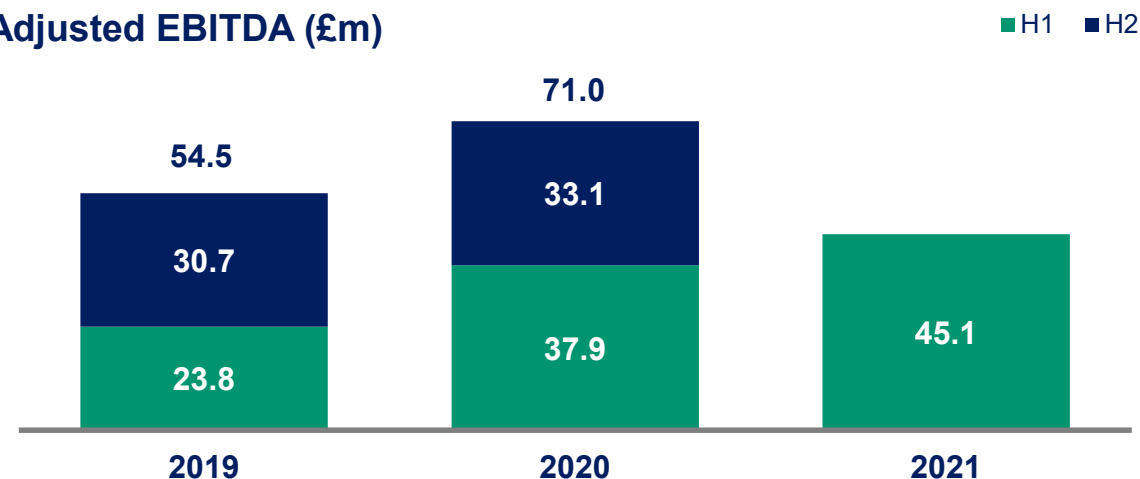
Double digit EBITDA growth

- H1 revenue +9.4% to £245.6m
- EBITDA margin improvement of +1.5ppts to 18.4% (H1 2020:16.9%)
- H1 EBITDA +19% to £45.1m
- Four acquisitions made in H1 2021 for consideration of c£10.6m

EBITDA margin improvement

- Gross margin stable at 75.8% (H1 2020: 76.0%)
- Employment cost as a percentage of revenue reduced -2.1ppts to 48.9% (H1 2020: 51.0%) with additional investment to support revenue
- Increase in central overhead costs which included cost for COVID-19 and one off property surveys

Adjusted EBITDA (£m)



Year on Year EBITDA Growth (£m)

+20.0%
Veterinary Practices

+55.6%
Laboratories

+14.9%
Animed Direct

+9.9%
Crematoria



Note: Divisional EBITDA growth before head office costs

Favourable Cash Dynamics and Significant Facilities Headroom

1

Favourable working capital profile

- Small animal clients typical pay for services before they leave the practice
- HPC revenue paid monthly through direct debit (accounts for c. 12% of group revenue)
- Drug costs typically on delayed payment terms

4

Rapid de-leverage profile

- In absence of significant acquisitions or investment Capex

2

Recurring and persistent revenue

- Predictable recurring revenue streams
- Persistent care needs over life of animals

5

Debt refinance in January 2020

- Facilities committed to January 2024

3

Limited maintenance Capex requirement

- Typically c. £9.0m per annum

6

Ample financial headroom

- £85m undrawn headroom under RCF and significant scope to utilise within covenants

Capital Allocation



Strong balance sheet

£170_m

Committed
facilities to 2024

0.72_x

Leverage



High cash conversion

92.5%

Operating cash
conversion

£31.5_m

Free cash flow



Investment opportunities

£10.6_m

Acquisitions

£6.2_m

Capex



**Strategic and
Operational Update**

Strategy For Growth

Our **purpose** is to give the best possible care to animals



Our **vision** is to be the veterinary company people most want to work for



Our **strategy** is set out via the four strategic pillars

1 We recommend and provide the best clinical care every time

Strategic objectives

- We have a culture of recommending the best possible treatments to our clients
- We deliver industry-leading clinical training
- We are committed to evidence-based medicine and have a robust quality improvement framework
- We ensure our clinicians have access to the right medicines at the right time

2 We are a great place to work and have a career

Strategic objectives

- We create opportunities for our people to have a diverse and rewarding career
- We are as flexible as possible in all our roles
- We have the best leaders in our businesses
- We offer the best learning, education and development in the profession

3 We provide great facilities and equipment

Strategic objectives

- We ensure all our practices meet PSS accreditation standards and aspire to achieve RCVS awards
- We invest in our estate to ensure all our facilities meet an excellent standard
- We are expanding our network with high quality facilities
- We develop new ways to serve our clients and our patients

4 We take our responsibilities seriously

Strategic objectives

- We are making our Company as environmentally sustainable as possible
- We implement the best levels of health and safety in the profession
- We prioritise the wellbeing of our people
- We engage with the veterinary profession and support its interests

Service Quality Is Driving Client Value

STRATEGIC PILLAR 1: We recommend and provide the best clinical care every time

What are we doing?

- We are working hard to drive improved levels of preventative healthcare
- New industry-leading techniques implemented across our practices
- Established processes in place to internalise more referrals and attract third party referrals
- Expanded pool of advanced peripatetic practitioners

How are we doing?

1

+3.6%

Our preventative healthcare scheme Healthy Pet Club (“HPC”) has grown **+3.6%** to 430,000 members

2

+c17%

Our companion animal New Client registrations have increased by around **17%** in H1 compared to H1 2020

3

+21%

Cases seen by our specialist referral hospitals have grown by **21%** compared to H1 2020

4

+c6%

Average client spend in our primary care companion animal practices has grown by **c6%**

Case Study

Quality Improvement

- We have once again published our annual QI report, reflecting our commitment to:
 - Lead the veterinary profession in patient safety
 - Promote a culture of learning and development amongst staff
- Highlights of our 2021 Quality Improvement Report include:

- 1 Continued work on fighting antimicrobial resistance
- 2 Improvements in providing the best pain relief
- 3 New virtual learning and development platform
- 4 Enhanced efficiency to prevent delays in care delivery



We take our responsibilities seriously

Continued Engagement Through COVID-19

STRATEGIC PILLAR 2: We are a great place to work and have a career

What are we doing?

- Partnered with the University of Nottingham to deliver a four-year accredited Graduate Programme
- Continued improvements to our industry leading learning education and development platform – The Knowledge Hub
- We have created and accredited certificates in leadership and management for our leaders

How are we doing?

1

7.4%

Our Vet Vacancy Rate is stable at 7.4% compared to a peak of 12.5% in 2018

2

2,300 users

Knowledge Hub now has over 2,300 users

3

70 roles

Placed over 70 roles through our highly successful refer a friend scheme in H1

4

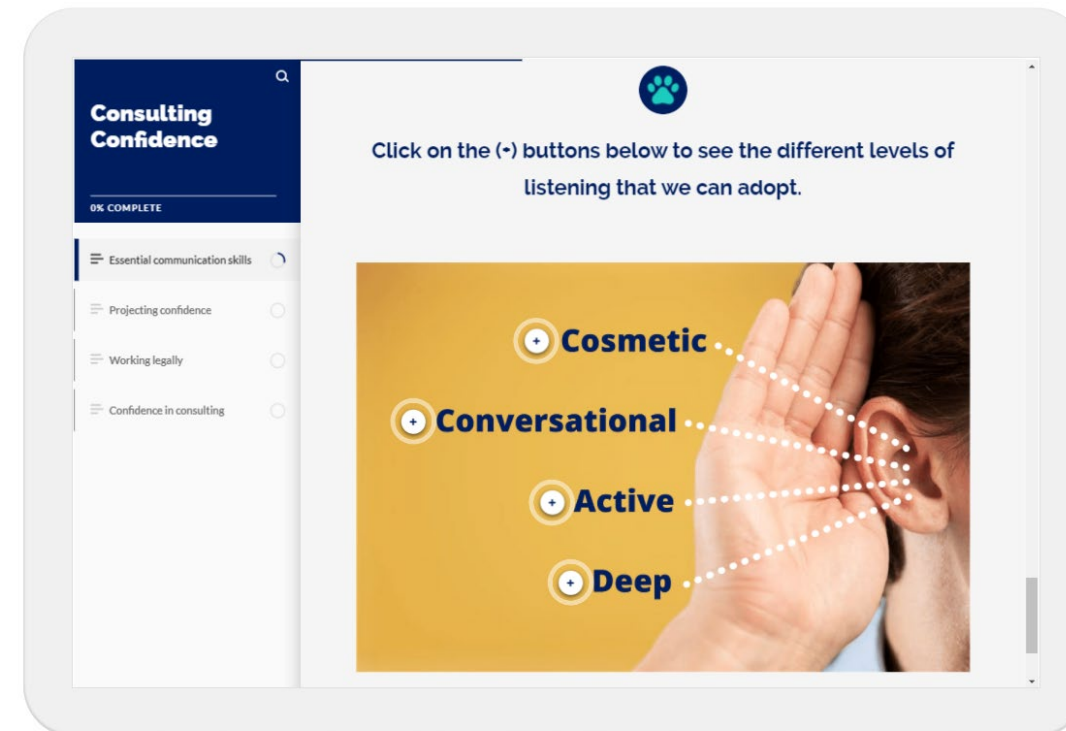
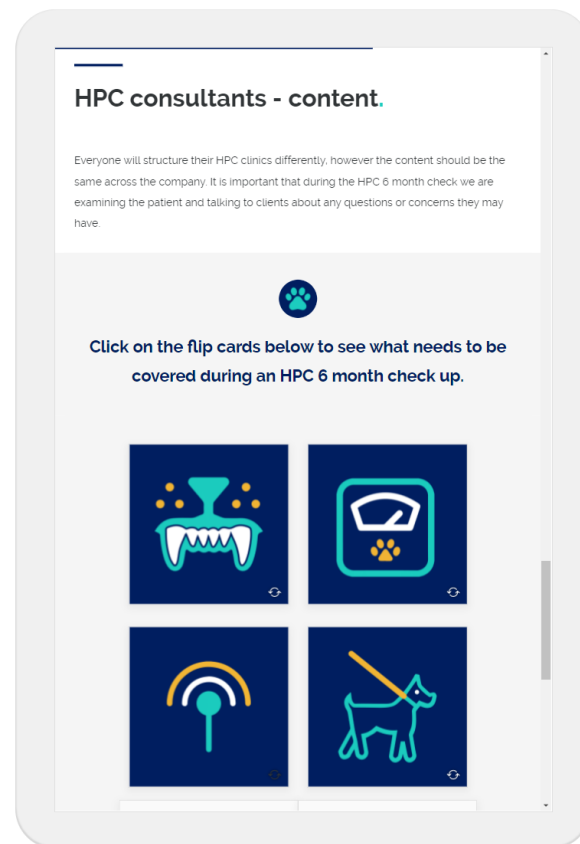
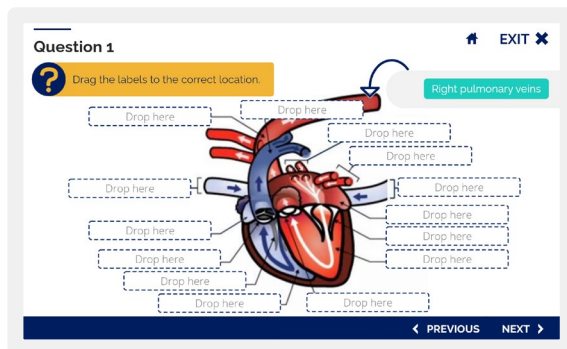
349 roles

349 roles were filled with internal candidates in H1

Case Study

Knowledge Hub

- Interactive and engaging e-learning, tailored for the veterinary community
- Fully mobile compatible design for learning at work, at home or on the go
- Blended media, activities and assessments to suit all learning styles



131 live courses and programmes



2,319 active users per week in 2021



12,933 webinar attendees since March 2020

Enhancing Specialist Services

STRATEGIC PILLAR 3: We provide great facilities and equipment

What are we doing?

- We are committed to enhancing the quality of our on-site facilities
- We have grown our contact centre for handling client appointment requests
- Our senior clinical teams are launching and training new techniques across our practices

How are we doing?

1 **6 practices**

Completed refurbishments in **6 practices** in H1 delivering 8 refurbishments /relocations in H2

2 **33 practices**

33 practices now transferred into our contact centre

3 **38 practices**

We have invested in state of the art equipment for keyhole neutering in **38 practices**

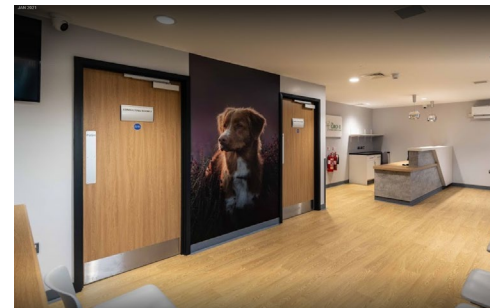
4 **c80%**

Greater than **80%** improvement in call conversion to appointment in our contact centre compared to practice average

Case Study

Overview

- Relocation of “The Grove” Veterinary clinic in Dereham
- New site has dedicated client parking for 20 cars compared to a single parking space
- New clinical facilities permit clinical work that previously had to be referred on
- New site offers three consultation rooms compared to one
- Introduction of on-site x-ray and dental facilities
- New separate cat and dog waiting areas



Outlook

8 Month Highlights



+8.7%

Total Sales Growth



+8.2%

**Like-for-Like
Sales Growth¹**



0.70_x

Leverage²



18.1%

**Adjusted EBITDA³
Margin**



7.5%

**Vet Vacancy
Rate**



+4.1%

**Healthy
Pet Club**

¹ Like-for-like sales are defined as revenue generated from like-for-like operations compared to the prior year, adjusted for the number of working days. For example, for a practice acquired in September 2019, revenue is included in the like-for-like calculations from September 2020.

² Leverage on a bank test basis is net bank borrowings; divided by 'Adjusted EBITDA' annualised for the effect of acquisitions and including costs relating to business combinations and exceptional items. Adjusted EBITDA is profit before income tax, net finance expense, depreciation, amortisation, costs relating to business combinations and exceptional items, prior to the adoption of IFRS 16

³ Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) is profit before income tax, net finance expense, depreciation, amortisation, costs relating to business combinations and exceptional items.

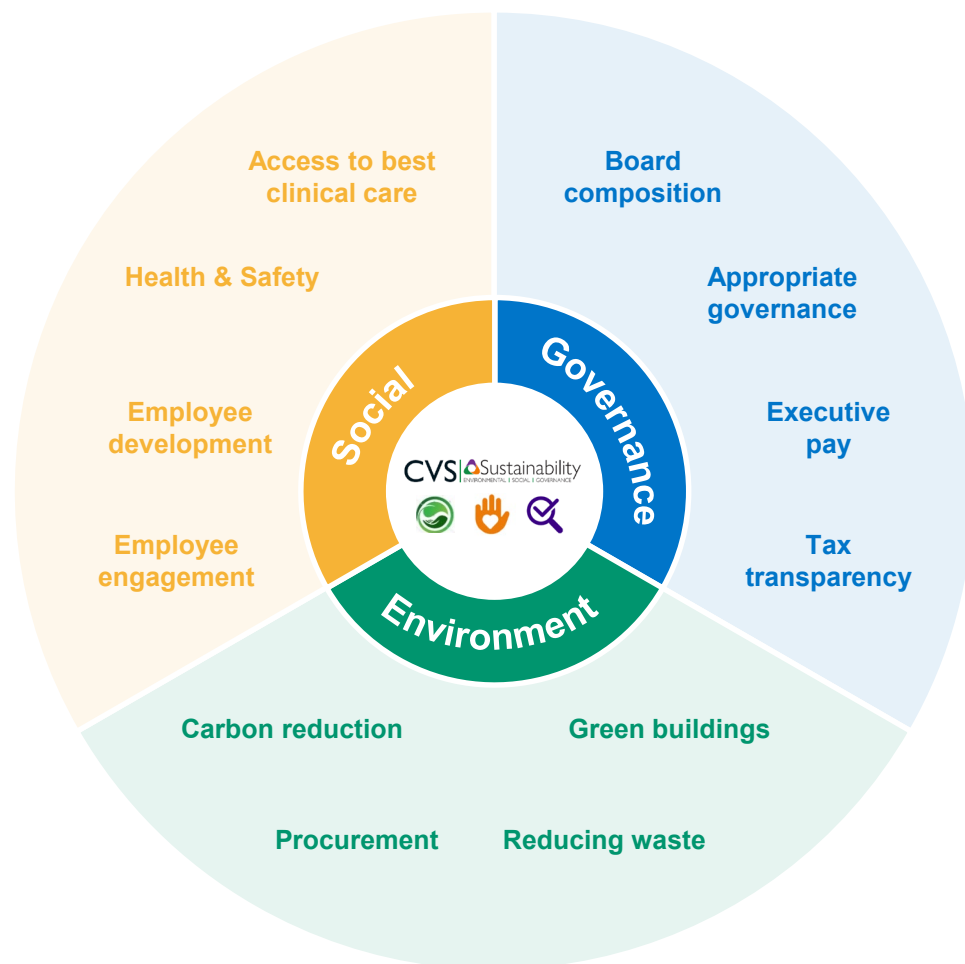
Foundations Are In Place For Further Growth



Any Questions?

Appendices

ESG Highlights



Social



- Vet vacancy rate central KPI
- Improving eNPS scores
- Wellbeing group focused on providing support to colleagues
- Strong participation in our SAYE schemes
- Enhanced maternity pay
- Charitable donation to Vet Life and The British Divers Marine Life Rescue
- Significant investment in Learning and Education
- Leading two-year graduation programme in place
- Close engagement with Veterinary bodies
- Investment in Health and Safety expertise and systems
- Sign Video scheme launched
- Ventilators loaned to NHS trusts
- Annual Quality Improvement Report
- Discounted veterinary care to animal charities

Governance



- Board has good balance of skills and diversity
- Good balance of Executive and non-executive Directors
- All directors put themselves forward for re-election each year
- Executive pay kept under review so remuneration is commensurate with performance
- Recent changes to remuneration and commitment to consult with Shareholders
- Clear tax strategy with commitment to pay the right amount of tax on time

Environment



- Reducing our carbon footprint by:
- New renewable energy contract effective 1 January 2021
 - New greener vehicle fleet
 - Encouraging suppliers to reduce packaging and to convert to recycle materials ensuring responsible procurement
 - Improving reporting on our waste management, promoting both reduction in waste and recycling across the business
- Commitment to greener buildings:
- LED lighting and sensors installed in all new buildings
 - Air conditioning project underway to reduce R22 which has a high ozone depletion potential
 - Electric vehicle charging points being installed at major sites

Adjusted EBITDA, Adjusted PBT and Adjusted EPS

Reconciliation of adjusted EBITDA (£m)	H1 21	H1 20	MVT	FY 20
Adjusted EBITDA*	45.1	37.9	7.2	71.0
Adjusted for:				
Finance expense	(3.6)	(4.2)	0.6	(8.6)
Depreciation	(11.8)	(12.3)	0.5	(24.2)
Amortisation of intangible assets	(10.6)	(11.0)	0.4	(22.2)
Costs relating to business combinations	(4.3)	(2.1)	(2.2)	(0.7)
Exceptional items	-	(0.7)	0.7	(5.4)
Profit before income tax	14.8	7.6	7.2	9.9
Amortisation of intangible assets	10.6	11.0	(0.4)	22.2
Costs relating to business combinations	4.3	2.1	2.2	0.7
Exceptional items	-	0.7	(0.7)	5.4
Adjusted profit before income tax	29.7	21.4	8.3	38.2
Tax on adjusted profit	(6.2)	(4.2)	(2.0)	(8.5)
Adjusted profit after income tax	23.5	17.2	6.3	29.7
Weighted average number of shares (No.)	70,654,959	70,654,009	950	70,654,009
Adjusted earnings per share* (p)	33.3	24.4	8.9	42.0

* Financial measures are defined on slide 35

Cash Generation

Summary	H1 21	H1 20	MVT	FY 20
Adjusted EBITDA*	45.1	37.9	7.2	71.0
Working Capital Movements	7.6	2.9	4.7	25.8
Deferred consideration payments	(0.4)	(1.5)	1.1	(2.0)
Capital Expenditure – Maintenance	(4.4)	(5.2)	0.8	(8.7)
Repayment of right-of-use liabilities	(6.2)	(5.3)	(0.9)	(14.2)
Business Operating Cash Flow	41.7	28.8	12.9	71.9
Business Operating Cash Conversion (%)	92.5%	76.0%	16.5%	101.3%
Taxation paid	(6.3)	(7.3)	1.0	(9.5)
Net Interest paid	(3.9)	(3.9)	-	(7.0)
Free Cash Flow	31.5	17.6	13.9	55.4
Capital Expenditure – Investment	(1.8)	(1.6)	(0.2)	(3.7)
Acquisitions – Investment	(10.6)	(7.0)	(3.6)	(7.2)
Dividend	-	(3.9)	3.9	(3.9)
Other financing activities	-	(10.7)	10.7	(31.6)
Net Inflow / (Outflow)	19.1	(5.6)	24.7	9.0
Net Bank Borrowings*	(44.4)	(97.1)	52.7	(63.5)

- Continued strong Business Operating Cash Flow in H1 2021 +£12.9m versus prior year benefitting from working capital improvements and:
 - Government support VAT, repayable March 2021
- Tax paid reduced back to 2 quarterly payments vs 4 in H1 2020 in line with HMRC payment on account reform
- Free Cash Flow increased to £31.5m, +79.0% versus prior year

* Financial measures are defined on slide 35

Impact Of IFRS 16

Summary	Pre – IFRS 16			Post – IFRS 16	
	H1 21	H1 20	MVT	H1 21	Change
Revenue (£m)	245.6	224.5	9.4%	245.6	–
Adjusted EBITDA (£m)*	37.3	30.1	23.9%	45.1	+7.8
Adjusted profit before tax (£m)*	30.5	22.4	36.2%	29.7	-0.8
Adjusted earnings per share (p)*	34.2	25.6	33.6%	33.3	-0.9
Operating profit (£m)	17.2	10.7	60.7%	18.4	+1.2
Profit before tax (£m)	15.6	8.7	79.3%	14.8	-0.8
Basic earnings per share (p)	16.9	9.1	85.7%	16.0	-0.9

- On 1 July 2019 the Group adopted IFRS 16 'Leases' which replaced IAS 17 'Leases' and became effective for annual periods beginning on or after 1 January 2019 IFRS 16 effectively removes the distinction between finance and operating leases for lessees putting all lease arrangements onto the statement of financial position
- No impact on bank covenants which are GAAP frozen

* Financial measures are defined on slide 35

Definitions

Like-for-like sales are defined as revenue generated from like-for-like operations compared to the prior year, adjusted for the number of working days. For example, for a practice acquired in September 2019, revenue is included in the like-for-like calculations from September 2020

Adjusted EBITDA is profit before income tax, net finance expense, depreciation, amortisation, costs relating to business combinations and exceptional items

Adjusted profit before income tax is calculated as profit on ordinary activities before taxation, amortisation, costs relating to business combinations and exceptional items

Adjusted earnings per share is calculated as adjusted profit before income taxation less an appropriate tax charge to derive adjusted profit after taxation divided by the weighted average number of ordinary shares in issue in the year

Leverage on a bank test basis is net bank borrowings; divided by 'Adjusted EBITDA' annualised for the effect of acquisitions and including costs relating to business combinations and exceptional items. Adjusted EBITDA is profit before income tax, net finance expense, depreciation, amortisation, costs relating to business combinations and exceptional items, prior to the adoption of IFRS 16

Net bank borrowings is drawn bank debt less cash at bank

Thank You