



Insight Report

Fourth Quarter (Q4) 2015



Q4 2015 - What's In the Pages That Follow

Dear Friends,

Please find the enclosed CVP Member Network Insight Report for the fourth quarter of 2015. In the pages that follow, you will find reports on revenue, transaction, and new client dynamics compared to the same period in 2014.

This data set from this diverse group of hospitals continues to represent a relevant benchmarking tool for our practice owners, managers and support teams. I hope it remains a resource for your continued growth in 2016.

As always, please don't hesitate to call should you ever have a question or need regarding this or any Insight report.

Best Regards,

-Travis Meredith

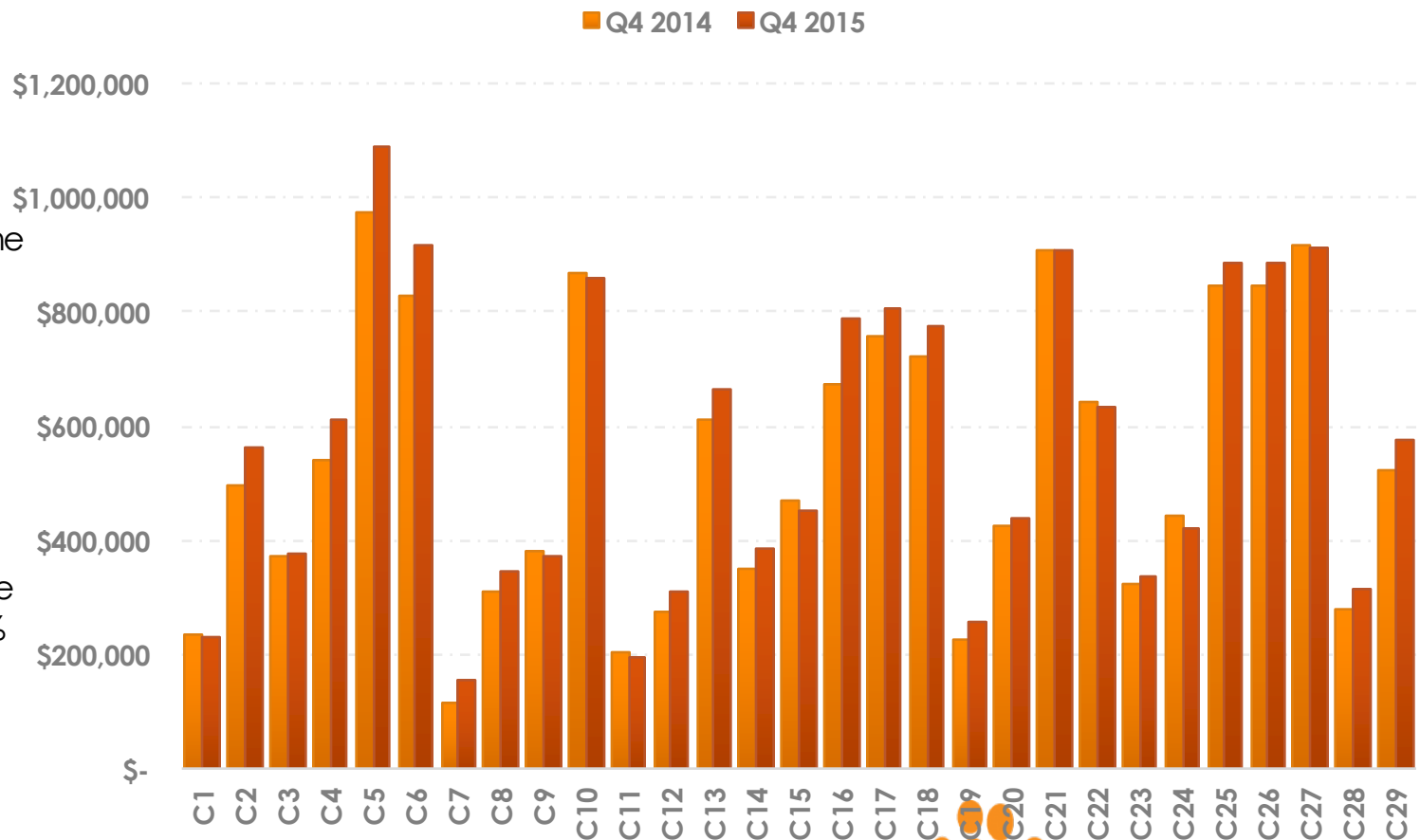
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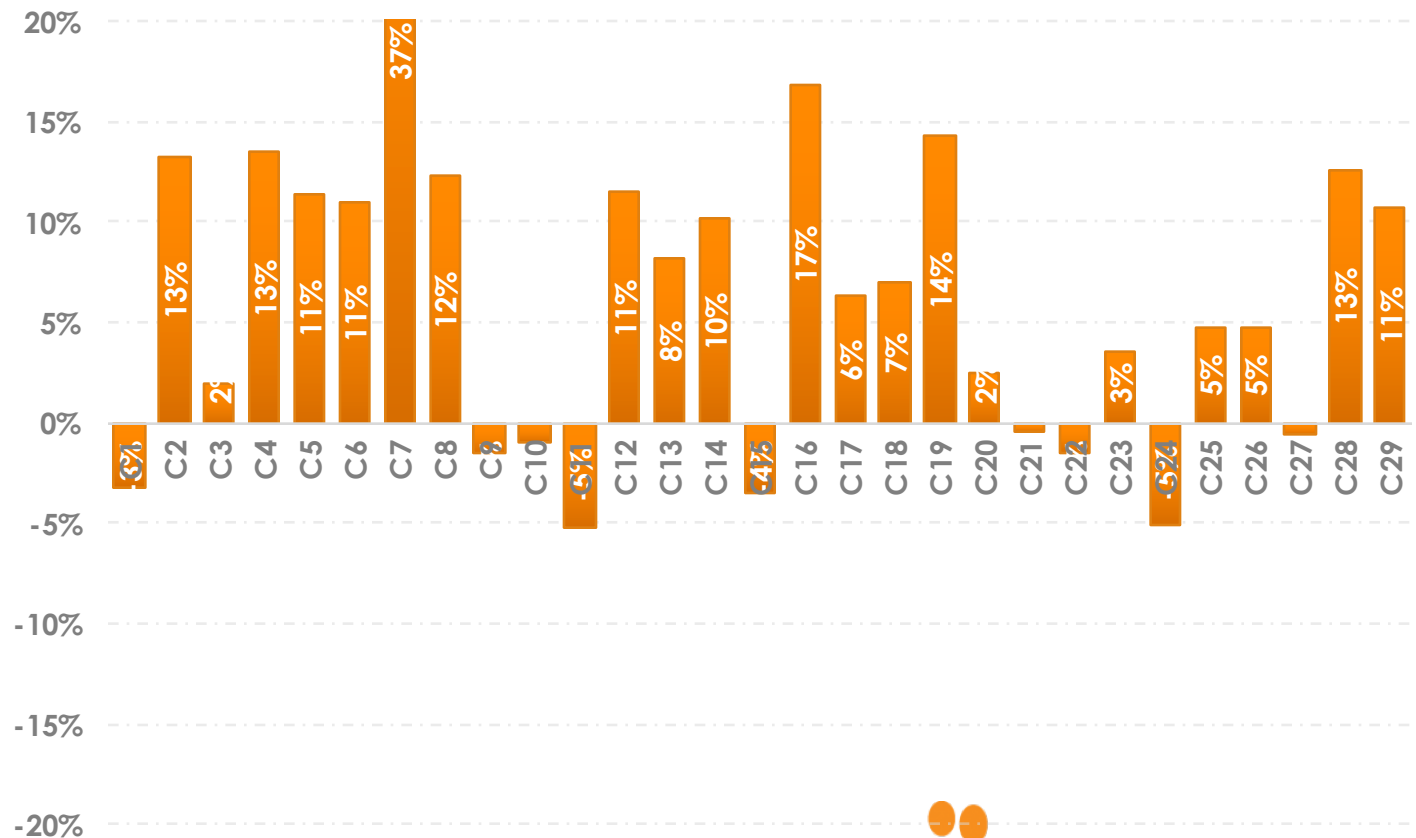
Revenue Dynamics vs. Q4 2014

Q4 2015 revenue dynamics continued to be solid across the group with most members showing growth compared to Q4 2014. In a data set of more than \$16M of hospital revenue, the average increase in revenue for Q4 2015 was 7% with the median value at 6%.



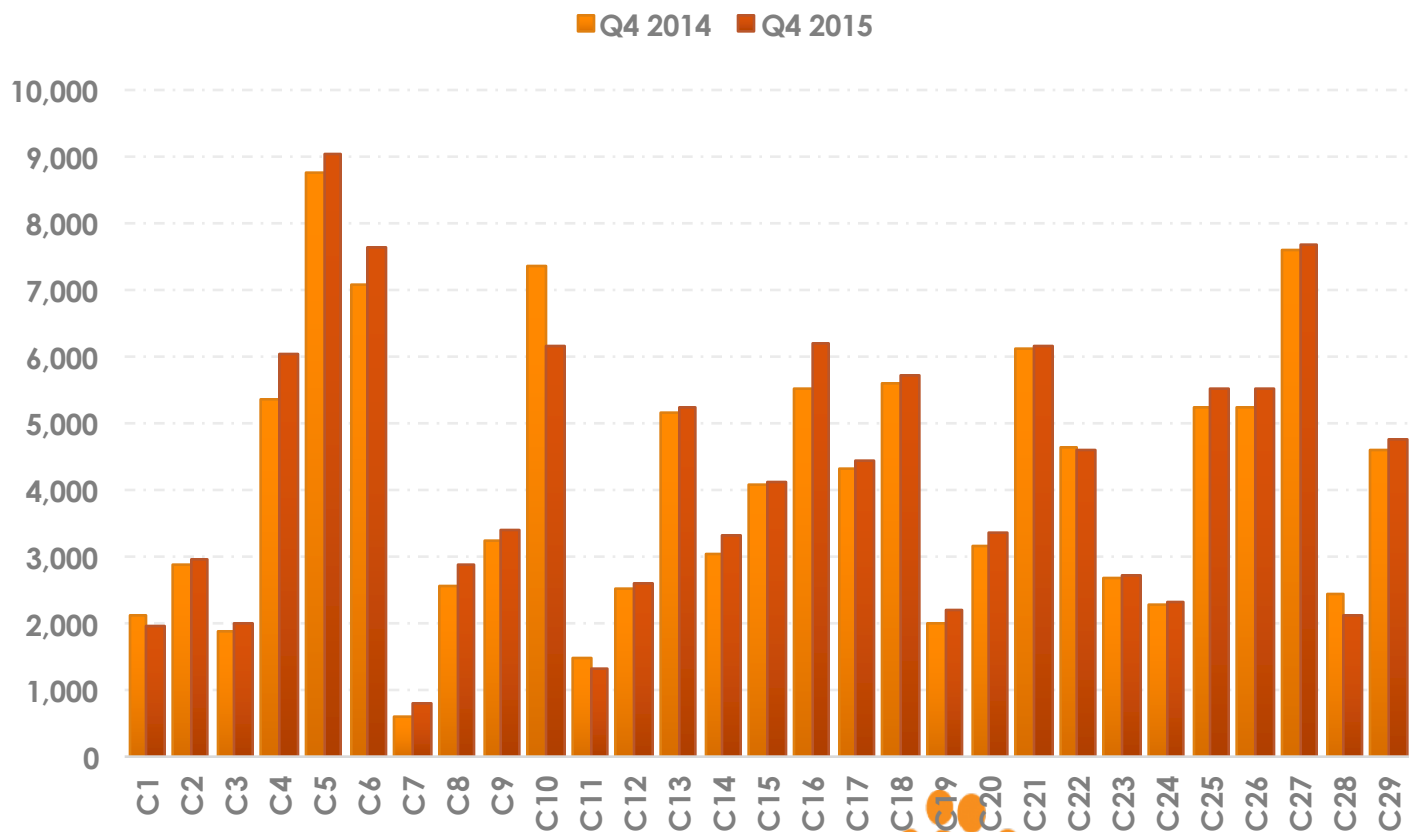
Change in Revenue vs. Q4 2014

Revenue growth was again a prevailing theme in Q4 with 20 of 29 reporting hospitals showing growth vs. the prior year. Overall, change was relatively consistent effect observed across the entire group with very few outliers to the positive or negative.



Transaction Dynamics vs. Q4 2014

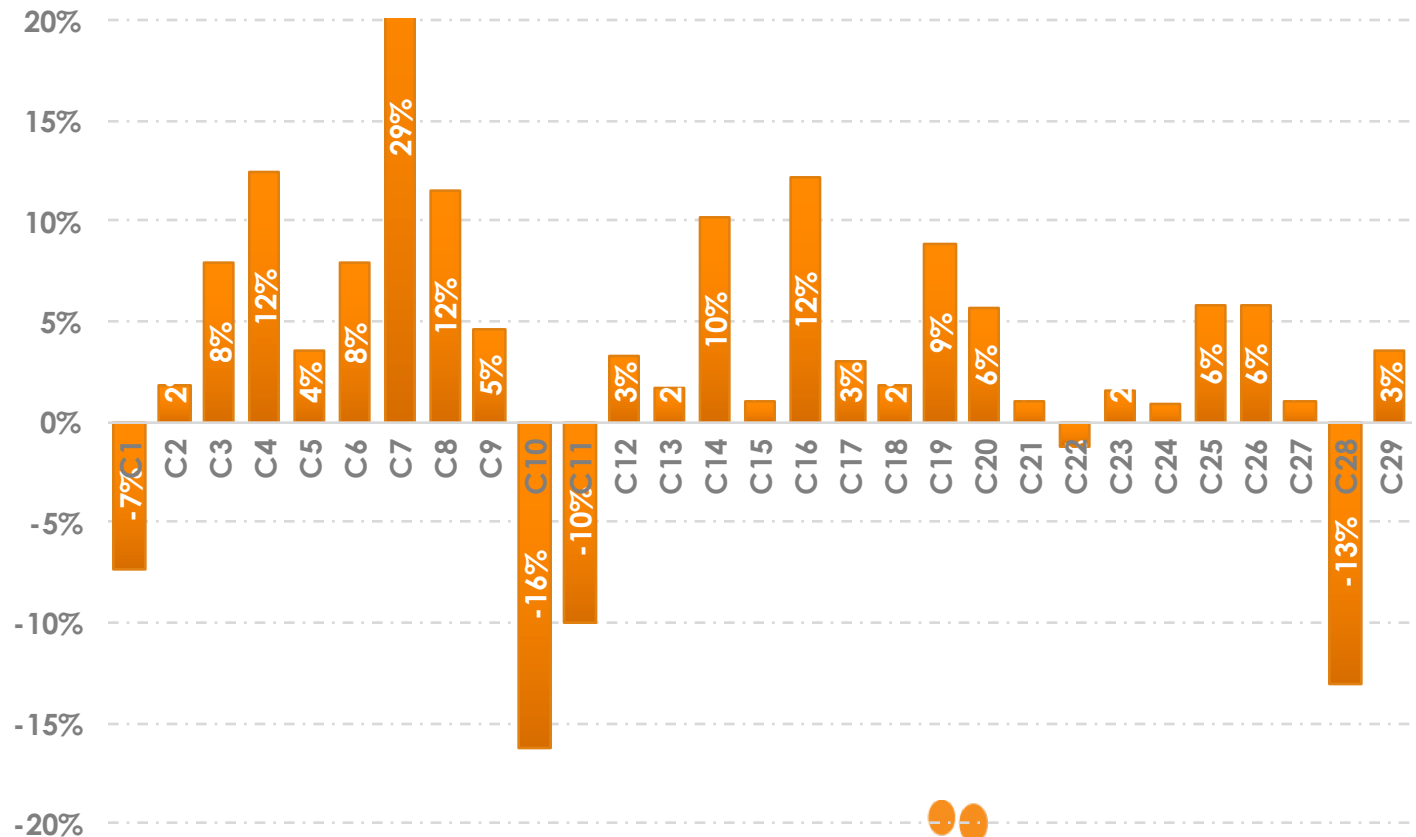
For the third consecutive reporting period, transaction dynamics improved continuing a positive trend across the group. The average and median rate of growth observed were both 3% across a data set of over 122,000 transactions in Q4 2015.



Community
Veterinary Partners
Member Network

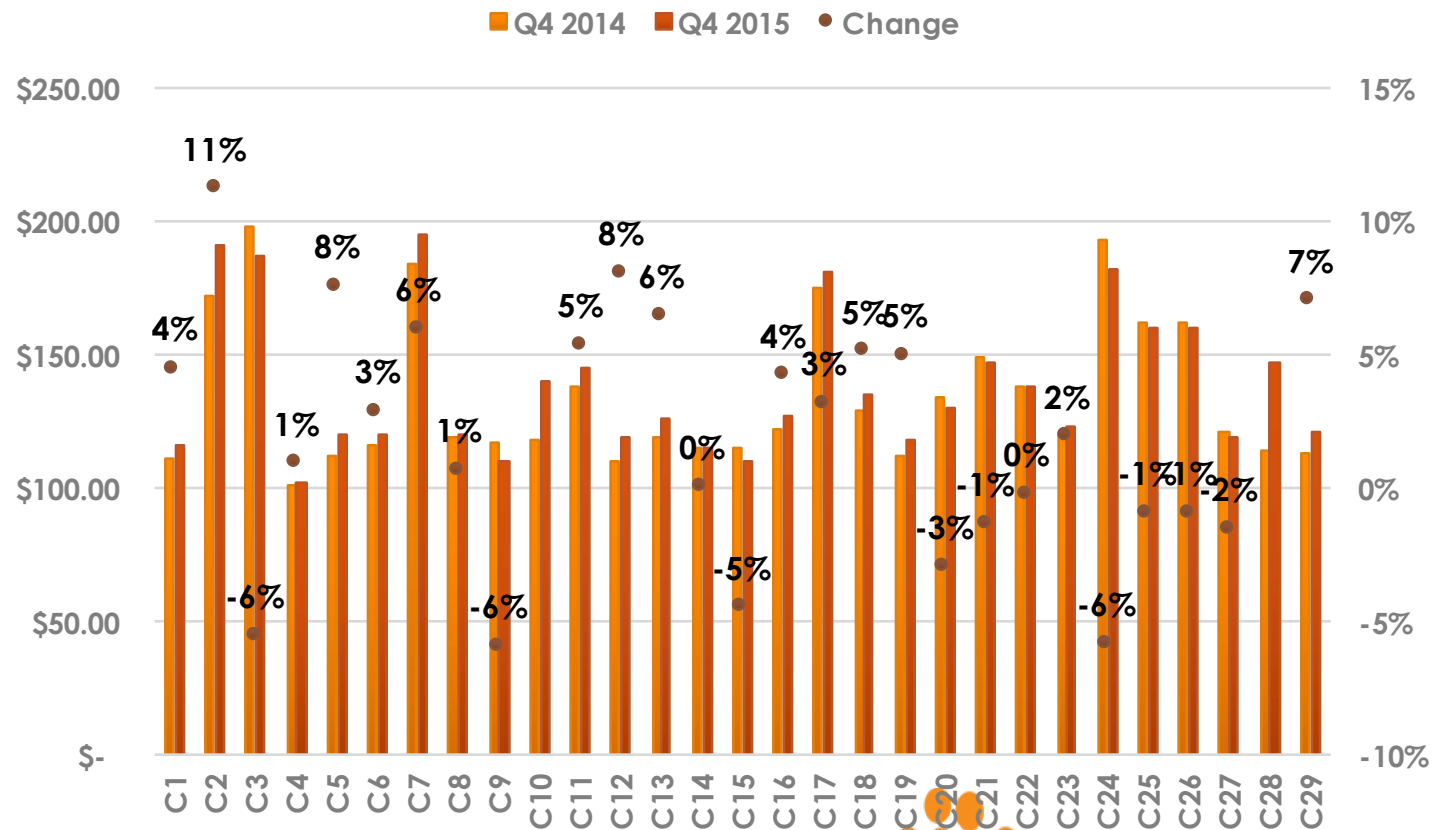
Change in Transaction Volume vs. Q4 2014

Q4 2015 represented the most positive reporting period in almost 2 years worth of group reporting related to patient transactions. Across the reporting population, 25 of 29 hospitals reported growth in patient transactions compared to the same period in 2014.



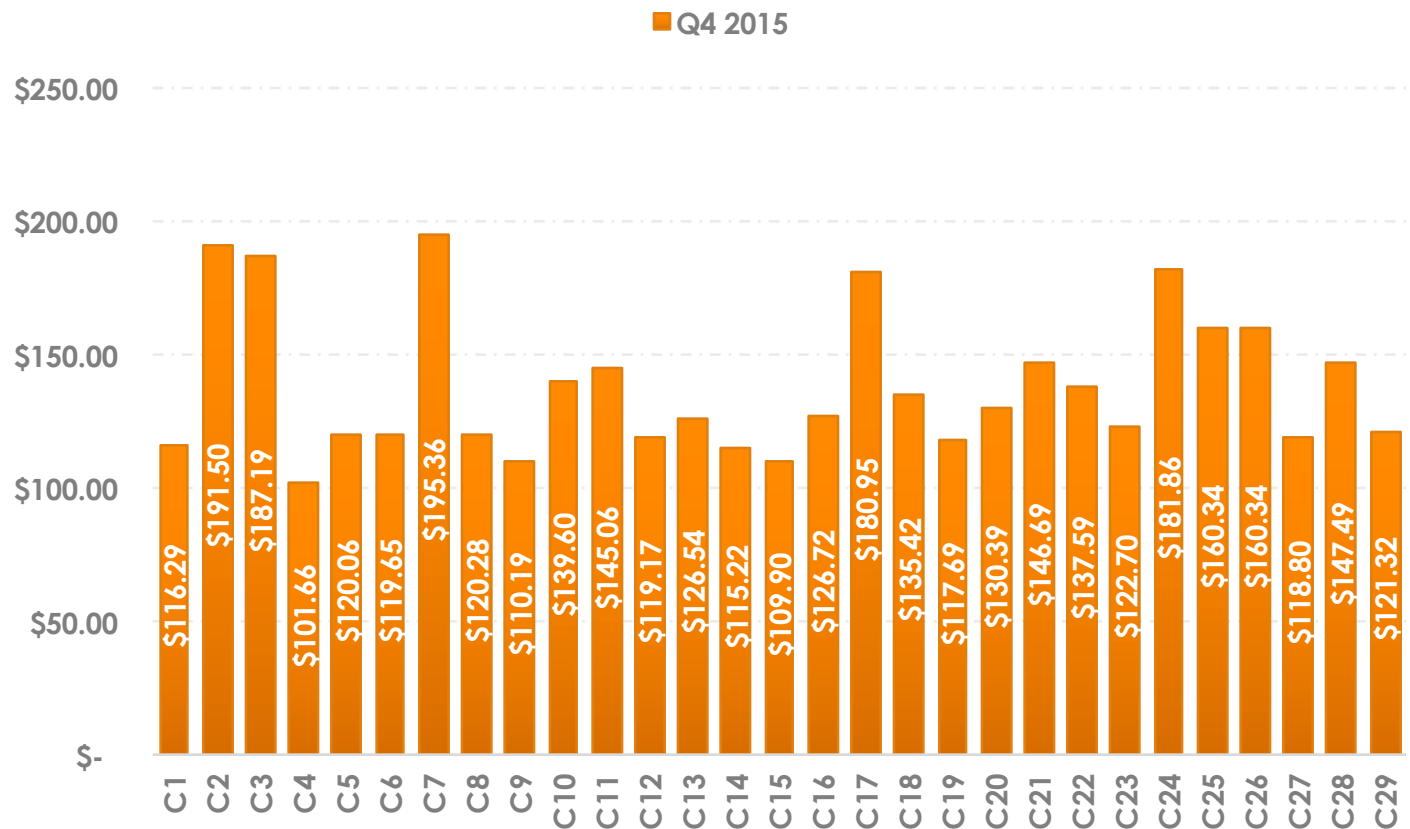
Average Transaction (ATC) Value Dynamics

As growth in revenue for many member hospitals again outpaced the growth in transaction volume, the average value of an individual transaction increased when compared to Q4 2014. The change in transaction value averaged an increase of 3% with individual values ranging from a decrease of 6% to an increase of 11%.



Distribution of Average Transaction (ATC) Value

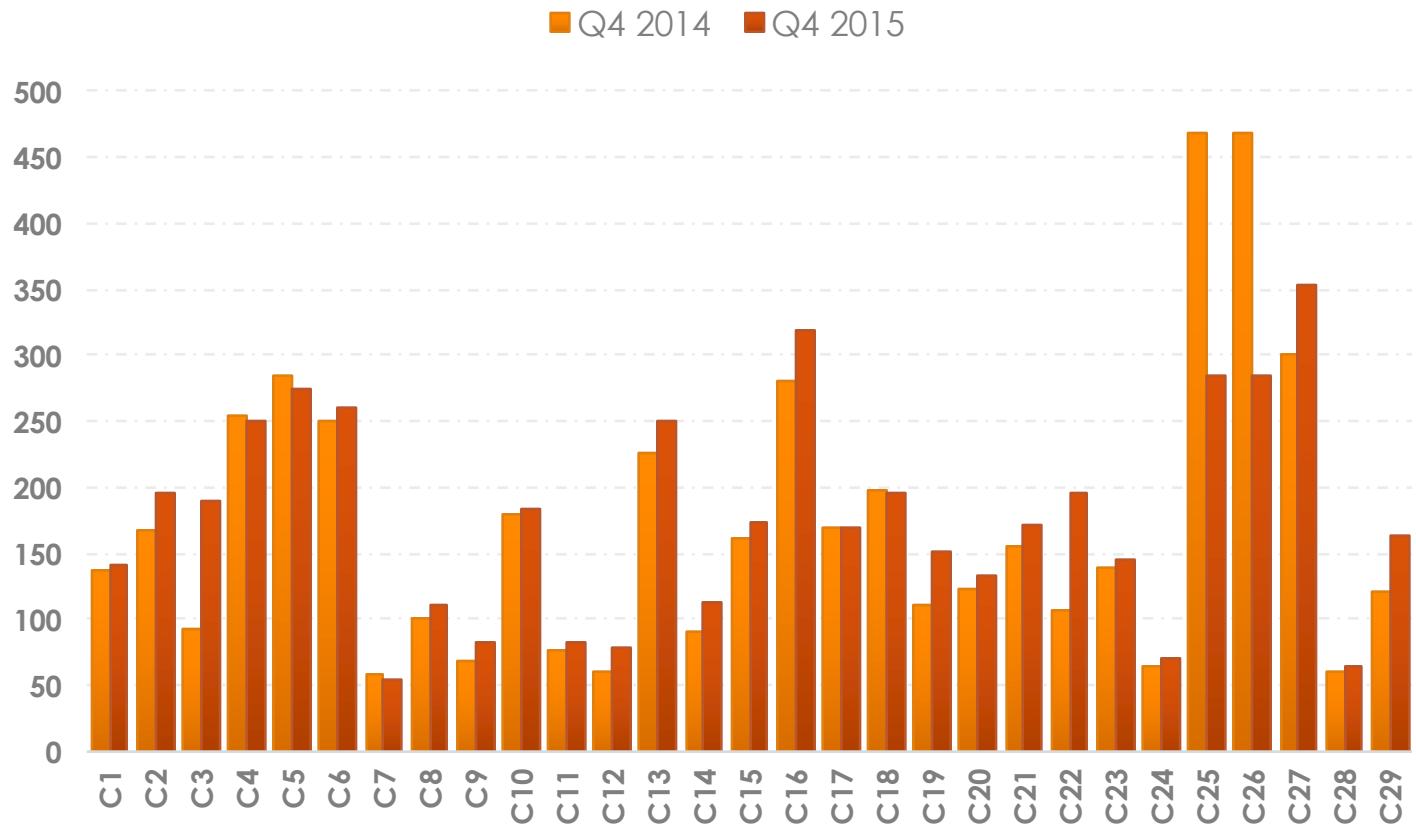
The distribution of Average Transaction Value (also known as Average Transactional Charge) ranged between \$109 and \$195 in Q4, reflecting the diversity in markets and business models within our group. The average value across the entire population for Q4 was \$138.14, up 3% from \$134.19 in Q4 2014.



New Client Dynamics vs. Q4 2014

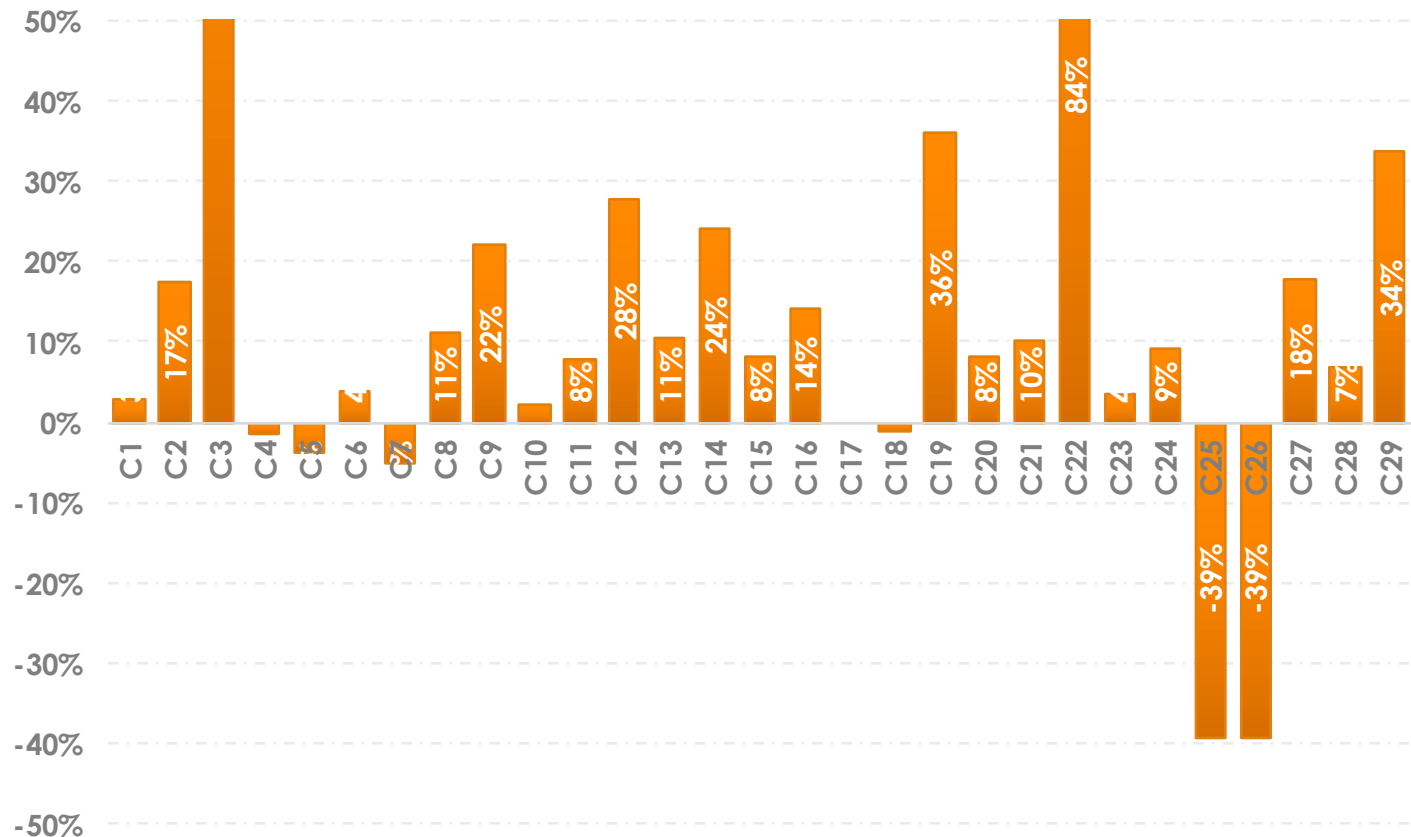
New client acquisition rates have always varied considerably across the Member Network reflecting a broad diversity in maturity of each business and local demographic impacts.

National studies have long reported an average target new client number of 30 per full time veterinarian per month, but this figure has been significantly diminished in recent years.



Change in New Client Acquisition vs. Q4 2014

New client numbers varied considerably in Q4 2015 across the membership. While the average reported increase was 13% over the entire group, the median value was 8% with individual values ranging from -39% to 100% greater than Q4 2014.





In Summary...

- Another quarter of good revenue and transaction dynamics across the group for Q4 2015, in fact most values are again above average when compared to recent national data. This is a good trend as growth is the theme for three of four quarters in 2015.
- Based on full year 2015 data, it appears that once Member hospitals made it through the heavy winter in Q1, the rest of 2015 proved to be a positive year in terms of financial performance.
- For the third quarter in a row, transactional volume was again increased over prior year. It will be of interest to see if the positive volume trends continue through early 2016.

