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1. Background

- The veterinary sector has seen significant change over the past few years. Increased demand, Covid, staffing shortages and more have brought their own challenges. Despite these, many practices have reported strong profits. It is against this backdrop that we launched this profitability survey.

- The challenges have led to slightly lower than hoped for numbers of survey participants at 35 in total, although we are still able to report meaningful results.

- Practices provided information from their most recent set of accounts and from their PMS.

- As well as questions relating to profitability, practices were also asked to consider their optimism for both the future of the veterinary sector and their own practice.

- What follows here is a headline summary of results.

- **Keen for more insight?**
  - SPVS members will soon be receiving supporting commentary to this headline summary and further analysis on the differences in the results between Small Animal, Farm and Equine.
  - Whether you are an existing SPVS member or not, Hazlewoods and SPVS would also be pleased to talk through any questions you may have.
  - Of course, historic and current performance does not guarantee the future. SPVS and Hazlewoods remain committed to supporting the veterinary sector closely as we all navigate the current recession.

### Survey participants:
35, with all but 2 being vast majority first opinion

### Mix of work:

<table>
<thead>
<tr>
<th>Description</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of practices with Small Animal work, of which:</td>
<td></td>
</tr>
<tr>
<td>Small Animal only</td>
<td>17</td>
</tr>
<tr>
<td>Small Animal and other work</td>
<td>6</td>
</tr>
<tr>
<td>Number of practices with Farm work, of which:</td>
<td></td>
</tr>
<tr>
<td>Farm only</td>
<td>1</td>
</tr>
<tr>
<td>Farm and other work</td>
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</tr>
<tr>
<td>Number of practices with Equine work, of which:</td>
<td></td>
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<tr>
<td>Equine only</td>
<td>1</td>
</tr>
<tr>
<td>Equine and other work</td>
<td>6</td>
</tr>
</tbody>
</table>
2. Financial results

**Financial structure**

- **Sole trader**: 8.6%
- **Partnership**: 2.9%
- **LLP**: 2.9%
- **Limited company**: 85.7%

**Turnover most recent financial year**

- **£0 - £499,999**: 17.0%
- **£500,000 - £999,999**: 20.0%
- **£1,000,000 - £1,999,999**: 31.0%
- **£2,000,000 - £2,999,999**: 26.0%
- **£3,000,000 - £4,999,999**: 3.0%
- **£5,000,000 - £10,000,000**: 3.0%
Gross profit % of turnover = gross profit margin

Turnover growth on previous year

- Unknown: 8.6%
- >= 30%: 11.4%
- 25% to < 30%: 14.3%
- 20% to < 25%: 5.7%
- 15% to < 20%: 11.4%
- 10% to <15%: 17.1%
- 5% to <10%: 14.3%
- 1% to < 5%: 8.6%
- Negative: 8.6%

Turnover growth on previous year (% of practices)

- 0.0% to < 5.0%: 0%
- 5.0% to < 10.0%: 0%
- 10.0% to < 15.0%: 0%
- 15.0% to < 20.0%: 0%
- 20.0%: 0%

Gross profit % of turnover

- 80% to < 85%: 20.0%
- 75% to < 80%: 22.9%
- 70% to < 75%: 25.7%
- 65% to < 70%: 14.3%
- 60% to <65%: 5.7%
- < 60%: 11.4%
**Adjusted staffing costs as % of turnover**

<table>
<thead>
<tr>
<th>Category</th>
<th>% of practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 30%</td>
<td>9%</td>
</tr>
<tr>
<td>30% to &lt; 35%</td>
<td>6%</td>
</tr>
<tr>
<td>35% to &lt; 40%</td>
<td>11%</td>
</tr>
<tr>
<td>40% to &lt; 45%</td>
<td>23%</td>
</tr>
<tr>
<td>45% to &lt; 50%</td>
<td>6%</td>
</tr>
<tr>
<td>50% to &lt; 55%</td>
<td>9%</td>
</tr>
<tr>
<td>55% to &lt; 60%</td>
<td>9%</td>
</tr>
<tr>
<td>&gt; 60%</td>
<td>3%</td>
</tr>
<tr>
<td>Unknown</td>
<td>0%</td>
</tr>
</tbody>
</table>

**EBITDA as % of turnover**

<table>
<thead>
<tr>
<th>Category</th>
<th>% of practices</th>
</tr>
</thead>
<tbody>
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<td>&lt; 30%</td>
<td>0%</td>
</tr>
<tr>
<td>30% to &lt; 35%</td>
<td>5.7%</td>
</tr>
<tr>
<td>35% to &lt; 40%</td>
<td>5.7%</td>
</tr>
<tr>
<td>40% to &lt; 45%</td>
<td>14.3%</td>
</tr>
<tr>
<td>45% to &lt; 50%</td>
<td>17.1%</td>
</tr>
<tr>
<td>50% to &lt; 55%</td>
<td>17.1%</td>
</tr>
<tr>
<td>55% to &lt; 60%</td>
<td>14.3%</td>
</tr>
<tr>
<td>&gt; 60%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Unknown</td>
<td>0%</td>
</tr>
</tbody>
</table>

Adjusted staffing costs include market rate equivalent salaries for the working owners + NI + pensions auto-enrolment.

EBITDA = Earnings Before Interest Tax Depreciation Amortisation and including full market rent for the practice property(ies) and market rate equivalent salaries for the working owners
Average number of follow up consults to 100 initial consults, Small Animal

Average number of free consults to 100 initial consults, Small Animal
Drugs/consumables (non-fee) Small Animal turnover for every £1 of Small Animal fee turnover

- Unknown: 28.1%
- £0.75 to < £1.00 drugs: 12.5%
- £0.50 to < £0.75 drugs: 31.3%
- £0.25 to < £0.50 drugs: 21.9%
- < £0.25 drugs: 0.0%

Drugs/consumables (non-fee) Farm turnover for every £1 of Farm fee turnover

- £3.00+ drugs: 16.7%
- £2.50 to < £3.00 drugs: 16.7%
- £2.00 to < £2.50 drugs: 33.3%
- £1.50 to < £2.00 drugs: 16.7%
- £1.00 to < £1.50 drugs: 16.7%
- < £1.00 drugs: 0.0%
Drugs/consumables (non-fee) Equine turnover for every £1 of Equine fee turnover

- £1.00+ of drugs: 14.3%
- £0.75 to < £1.00 drugs: 0.0%
- £0.50 to < £0.75 drugs: 42.9%
- £0.25 to < £0.50 drugs: 42.9%
- < £0.25 drugs: 0.0%
3. Optimism check-in

"I am very optimistic that my practice will do very well in the next 5 years."

nb “Do very well” was deliberately not defined precisely.

"I am very optimistic that the veterinary sector will do very well in the next 5 years."

nb “Do very well” was deliberately not defined precisely.