



## **Result of Placing and Subscription**

### **KELSO GROUP HOLDINGS PLC**

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Kelso Group Holdings PLC

17 February 2026

### **Kelso Group Holdings Plc ("Kelso" or the "Company") New investment in CVS Group plc and rationale for investment**

Kelso, the main market listed acquisition vehicle, today announces a new investment in CVS Group plc ("CVS") following the purchase of 130,000 shares at an average price of 1,387p in recent weeks. CVS's market capitalisation was £971.0 million as at close of business on 16 February 2026.

Kelso provides its shareholders with the following background to its investment decision:

#### **Summary**

CVS is a leading integrated veterinary service provider in the UK and Australia, having listed on AIM in October 2007 with a market capitalisation of £105 million. Since then, its market capitalisation has grown to just under £1 billion, representing one of the LSE's most consistent long-term growth stories.

Following its recent transition to the Main Market of the London Stock Exchange in January 2026, and now with potential for inclusion in the FTSE 250 Index, CVS joins a select group of UK-listed companies with structural compounding growth over 20 years. Diploma plc, Halma plc and Games Workshop Group plc have each delivered near-unbroken revenue and EBITDA growth over the past 20 years. Kelso believes that CVS's near 20-year record of uninterrupted revenue and EBITDA growth places it amongst the most successful and consistent growth companies listed on the UK markets.

The three long-term structural compounders above currently trade on average forward valuation multiples of 30.4x P/E and c.20.3x EV/EBITDA, as per S&P Capital IQ. Despite having comparable historic performance and similar long-term growth characteristics, albeit at a smaller scale, CVS currently trades at approximately half this rating, with a current year P/E ratio of c.16x and an EV/EBITDA multiple of c.8.0x.

Given CVS's strong balance sheet, with net debt of c.£160m as at 31 December 2025, alongside forecast EBITDA of c.£140m for the year to 30 June 2026 and robust cash generation, Kelso believes the current valuation presents a compelling opportunity. In our view, a consistent and disciplined share buyback programme should form a core element of CVS's capital allocation policy while the shares continue to trade at a material discount to both these comparable companies and the Group's historic valuation levels. Kelso also recognises CVS's management's strong operational execution and believes that buybacks should be considered in parallel with the established acquisition strategy, organic growth targets, and dividend policy.

CVS's resilient earnings profile and balance sheet strength, while taking into consideration lease capitalisation under IFRS16, would, in Kelso's view, support moderately higher leverage. This capacity could be utilised both to enhance shareholder returns and to mitigate potential interest from private equity fund investors, who may otherwise seek to capitalise on available leverage. Kelso strongly believes it is in shareholders' interests for CVS to remain a long-term UK-listed success story, and that its continued disciplined capital allocation decisions at this stage will meaningfully enhance long-term shareholder returns.

### Rationale for investment

- **Consistent long-term growth:** Since IPO in 2007, revenue has increased from £39m to £673m as at June 2025, implying a CAGR of c.17%. EBITDA has grown from £5.1 million to c.£134 million as at June 2025 (c.20% CAGR), as a result of meaningful margin expansion, supported by organic growth and disciplined M&A execution. Over the 18 years since listing, CVS has consistently generated profit, with the market capitalisation peaking at £1.9bn in September 2021 with an EBITDA of c.£100m.
- **Expansion and scale benefits:** CVS has expanded from 128 veterinary practices at IPO to c.470 across the UK and Australia as at January 2026. Scale provides buying power and operational synergies, alongside the ability to invest in practices where required, providing a competitive advantage versus independent operators. Investment in facilities and employees has led to improving clinical care, resulting in continuing high net promoter scores with a score of 78.9 in the financial year ended 30 June 2025. This reflects survey-based feedback on how likely clients are to recommend the CVS's veterinary services.
- **Defensive sector with structural growth:** Demand for veterinary services is typically resilient, reflecting the fact that pets become part of the family. CVS-cited survey data indicates only 5.8% of pet owners would consider reducing spend on their pets during a recession, demonstrating the defensive characteristics of the sector. Kelso believes the growth potential remains significant in all territories, with CVS's entry into Australia, where the pet population is estimated at 29 million compared with c.36 million in the UK, illustrating the scale of opportunity present outside its core market.
- **Favourable demographic tailwinds:** Pet ownership increased materially during the Covid pandemic, with the UK dog population estimated to have risen 13.4% between 2021 and 2023 (from 9.7 million to 11.0 million). As this larger cohort ages, and moves into middle age in dog years, demand for veterinary services is expected to increase given higher healthcare expenditure in later life stages. Kelso believes this demographic effect could support earnings growth for at least the next five years.
- **Undervaluation relative to history:** Over the past decade, CVS has traded at an average Forward EV/EBITDA multiple of c.14x, including several periods of above 20x. The shares currently trade at c.8.0x EV/EBITDA to June 2026, representing a significant discount to historical levels. Kelso believes this rating reflects temporary factors, including selling pressure (notably from IHT-oriented funds) following the move from AIM, and uncertainty relating to the Competition and Markets Authority ("CMA") review which is expected to conclude in March 2026. With like-for-like growth improving and regulatory clarity approaching, Kelso expects a positive period for shareholders, with a likely re-rating arising as confidence returns.
- **Strengthened balance sheet:** Following the disposal of its pet crematoria division for £42.4 million in May 2025, net debt was reported at £160m as of 31 December 2025 versus c.£140m consensus EBITDA in the year to June 2026. Net leverage excluding leases is expected to fall

below 1.0x in the coming year, supporting a robust balance sheet and providing capacity for continued share buybacks, acquisition and dividend policy. The rationale for this is further supported by the solid outlook and currently low valuation.

- **FTSE 250 Index inclusion catalyst:** Kelso congratulates management on completing the transition to the Main Market on 29 January 2026. With the next FTSE index review scheduled for March 2026, Kelso believes CVS should qualify for inclusion driving incremental buying demand for the shares.
- **CMA review nearing conclusion:** The CMA review announced in September 2023 resulted in a decline of more than 25% in CVS's share price as a period of uncertainty weighed on the shares. Initial findings were released in October 2025, and the final report is expected in March 2026. In an announcement released on 15 October 2025 in response to the CMA provisional findings, CVS welcomed the additional certainty that the CMA conclusions had delivered. In Kelso's opinion, as currently envisaged, the CMA review should not present a huge impediment to CVS's business model in the UK.
- **Investment decision:** With the CMA uncertainty nearing resolution, leverage declining, potential index inclusion approaching, and the shares trading at close to a ten-year valuation low, Kelso believes that now is an attractive entry point. We look forward to CVS's interim results on 26 February 2026. While we have not yet formally engaged with CVS management, we intend to do so constructively over time. Kelso believes the Company already maintains a strong reputation among institutional investors and sees opportunities to further enhance investor relations and market awareness.

**Sir Nigel Knowles, Chairman, Kelso said:**

*'CVS has built a high-quality resilient platform operating in a structurally attractive market and has delivered an exceptional long-term record of consistent growth. Kelso's investment reflects our conviction that the current valuation does not reflect the strength of the business, the quality of its earnings or its long-term strategic value.'*

*'We believe disciplined capital allocation will be increasingly important in unlocking future shareholder value. Kelso is a supportive long-term shareholder, and we look forward to engaging constructively with management over time. Our objective is to see CVS continue to develop as a UK-listed success story and to ensure that shareholders fully benefit from this potential.'*

*'As a pet owner myself, I am well aware how much care and investment goes into ensuring an animal's long-term health, which reinforces my conviction in the strength of this market and the appeal of CVS as an investment.'*

**Note to Editors**

Kelso Group Holdings Plc 'Kelso' is a listed investment vehicle founded in November 2022 which is backed now by 75 individuals known to the Board and more recently a small number of institutions. The Board own close to 20% of Kelso and between them have approaching 150 years of experience in UK listed companies through a mixture of fund management, corporate broking, M&A, private equity and law. Kelso's aim, which is unique, is to capitalise on an undervalued UK small and mid-cap stock market by investing in a small number of stocks being less than ten core investments. Kelso's aim is to actively help its investee companies by offering constructive advice, support and ideas predominantly around investor relations and strategy in order to unlock trapped value. Kelso's

current principal holdings are CVS Group Plc, Saga plc, NCC Group plc, THG plc, Angling Direct plc, The Works.co.uk Plc and Selkirk plc.

**For further information, please contact:**

**Kelso Group Holdings plc** **+44 (0) 75 4033 3933**  
John Goold, Chief Executive Officer  
Jamie Brooke, Chief Investment Officer

**Zeus (Broker)** **+44 (0) 20 3829 5000**  
Louisa Waddell, John Moran (Investment Banking)  
Ben Robertson (Corporate Broking)

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