

October 31, 2018

Re: Current Economic Environment for Veterinarians in California – September 2018

Dear Friends and Colleagues,

As we mentioned in our previous letters, our nation's economy has been struggling, and the veterinary industry, usually resilient during tough financial times, has felt this slowdown.

Given the current state of events, we thought it would be a useful service to our clients, colleagues, and friends to track how the veterinary industry is performing throughout California. The previous letters reported the results for October 2008 through August 2018. **This letter looks at September 2018.**

We have also charted the results for 2014/2015/2016/2017/2018, following this letter.

We are currently tracking monthly revenue numbers for **one-hundred and seventy-five practices**. We have segregated these practices into three classes: Small Animal – Southern California (up to and including Bakersfield), Small Animal – Northern California, and Specialty, Emergency & Referral.

The results are attached to this letter. We are tracking:

- How our industry performed during the month of September 2018, as compared to September 2017.
- How our industry performed 2018 year-to-date combined, as compared to 2017.
- How the above numbers look after removing any price increases in 2018. This gives us the true growth/decline of these practices.

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According to our numbers, September was a flat month for the veterinary industry in California.

Small animal general practices in Southern California saw their **revenue increase 2%** for the month, as compared to 2017.

Small animal general practices in Northern California saw their **revenue increase about 2%** for the month, as compared to 2017.

Specialty, emergency and referral practices saw **revenue up about 3%**, as compared to the prior year.

The results for October 2018 are still being calculated. We will gather October 2018 data, and once it has been analyzed will send you the results.

The more veterinary practices that we include in our sample, the more accurate a picture we can paint of what is happening economically, so if you know of any practice owners who might like to take part, please let us know. Financial data can be submitted directly to us via our website www.gattomcferson.com. Once they have shared information, they would be added to distribution list. All information will be kept strictly confidential.

Results will also be posted on our website.

Please let us know if you have any questions or comments on the above information.

Sincerely,

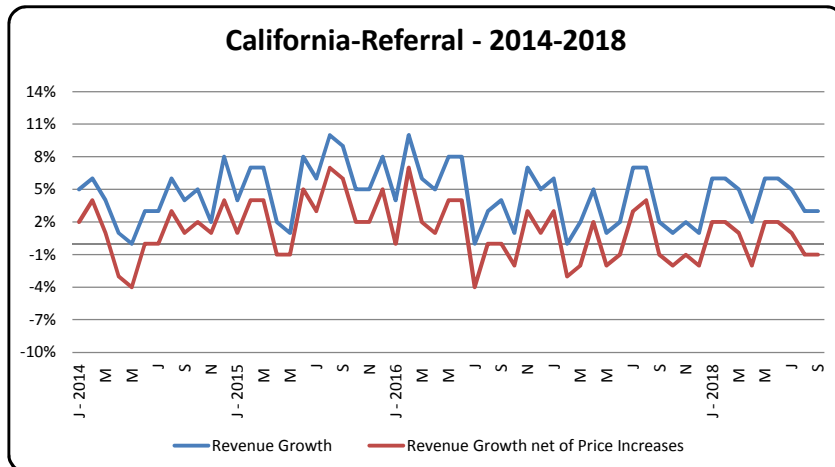
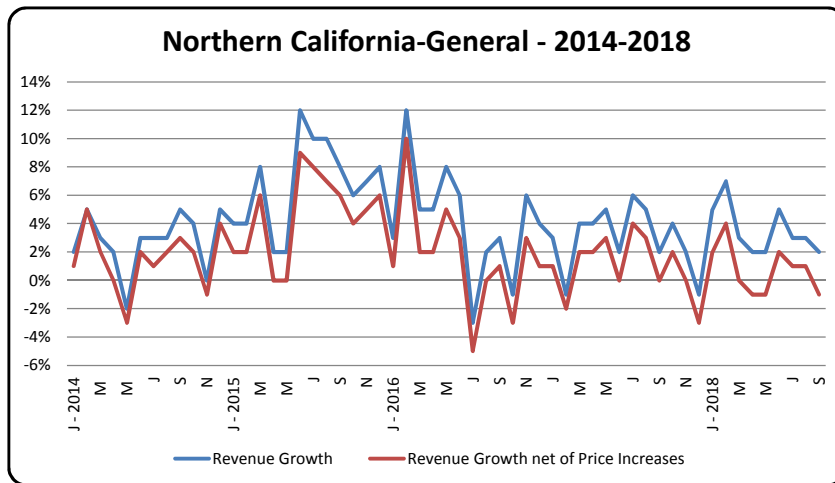
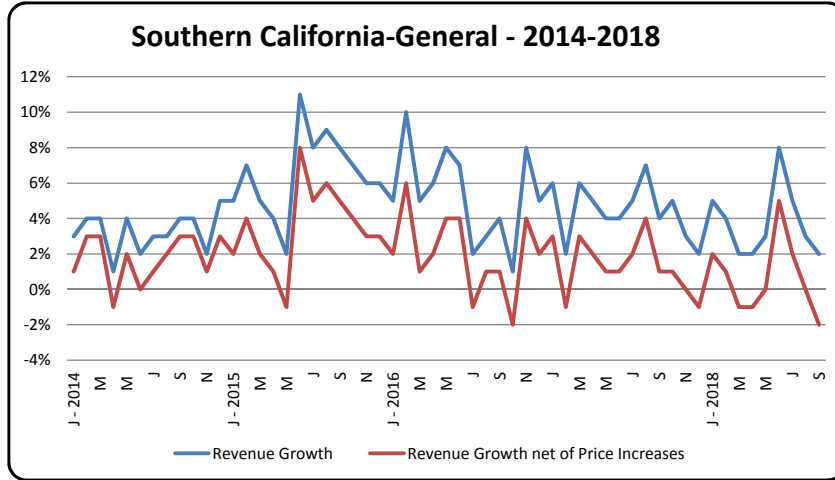


Tom A. McFerson, CPA, ABV

**Veterinary Practice Performance in California
September 2018**

	Gross Revenues			
	<u>One Month Ended July 31, 2018</u>	<u>One Month Ended August 31, 2018</u>	<u>One Month Ended September 30, 2018</u>	<u>Year To Date September 30, 2018</u>
<u>Small Animal - Southern California</u>				
Increase/(decrease) as compared to prior year	4.87%	2.63%	1.54%	4.46%
Increase/(decrease) as compared to prior year - adjusted for price increases	1.65%	-0.49%	-1.57%	1.26%
<u>Small Animal - Northern California</u>				
Increase/(decrease) as compared to prior year	3.22%	3.45%	1.62%	3.74%
Increase/(decrease) as compared to prior year - adjusted for price increases	0.56%	0.77%	-1.02%	1.04%
<u>Specialty/Emergency - California</u>				
Increase/(decrease) as compared to prior year	4.81%	3.01%	3.22%	6.06%
Increase/(decrease) as compared to prior year - adjusted for price increases	0.57%	-1.15%	-0.95%	1.75%

Veterinary Practice Performance in California



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