

Capital Markets Day

FEBRUARY 4,
2019

covetrus 



Cautionary note regarding forward-looking statements

All statements in the Presentation that do not directly and exclusively relate to historical facts constitute “forward looking statements.” Any such statements and projections reflect various estimates and assumptions by Covetrus, Inc. (“we,” “us,” the “Company” or “Covetrus”) concerning anticipated results. Such statements are subject to numerous assumptions, risks, uncertainties and other factors that could cause actual results to differ materially from those described in such statements, including risks relating to the completion of the transaction, anticipating timing of the transaction, anticipated tax treatment, unforeseen liabilities, future capital expenditures, inability to achieve expected synergies, loss of revenues, delay or business disruption caused by difficulties integrating the business of Direct Vet Marketing, Inc., d/b/a Vets First Choice (“Vets First Choice”), and the animal health businesses of Henry Schein, Inc. (“Henry Schein”) which we refer to as the “Henry Schein Animal Health Business” or “HSAH” as well as the matters described in the “Cautionary Note Regarding Forward-Looking Statements,” “Risk Factors,” and elsewhere in Covetrus’ filings with the U.S. Securities and Exchange Commission (“SEC”) including in the Registration Statement on Form S-4/S-1 (a copy of which can be found on www.sec.gov). No representations or warranties are made by the Company, Henry Schein, Vets First Choice or their respective affiliates as to the accuracy of any such statements or projections. Whether or not any such forward looking statements or projections are in fact achieved will depend upon future events some of which are not within the control of the Company. Accordingly, actual results may vary from the projected results and such variations may be material. These statements and projections speak only as of the date hereof and the estimates and assumptions that underlie them are based on matters as they exist as of the date of their preparation and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof, including changes in general economic or industry conditions, except as may be required by applicable law. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. New risks and uncertainties arise over time, and it is not possible for the Company to predict those events or how they may affect the Company.

The presentation and additional information & where to find it

Except for the historical information relating to the Henry Schein Animal Health Business contained in this Presentation, which has been provided by Henry Schein, all of the information contained in this Presentation, including any forward looking statements, has been provided by Vets First Choice.

A registration statement on Form S-1/S-4 (including a preliminary prospectus) relating to this transaction has been filed with the SEC and became effective on February 4, 2019. Investors and security holders are urged to carefully read the registration statement and preliminary prospectus (including any amendments or supplements thereto and any documents incorporated by reference therein) and any other relevant documents filed with the SEC when they become available, because they contain important information about the parties and the proposed transaction. The registration statement, preliminary prospectus and other relevant documents that are filed with the SEC, when available, can be obtained free of charge from the SEC's web site at www.sec.gov under Covetrus, Inc. This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The proposed offering will be made only by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Non-GAAP reconciliation

This presentation includes certain non-GAAP financial measures, including adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”), net leverage and free cash flow. These non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). Our management team believes these non-GAAP financial measures provide useful supplemental information to investors regarding our financial condition, cash flow and results of operations as they provide another measure of our profitability and ability to service our debt, and are considered important measures by financial analysts.

There are limitations to the use of the non-GAAP financial measures presented in this presentation. Because not all companies calculate non-U.S. GAAP financial information identically (or at all), the presentations included herein may not be comparable to other similarly titled measures used by other companies. Further, these measures should not be considered substitutes for the information contained in the historical financial information of the Company, Henry Schein or Vets First Choice prepared in accordance with GAAP.

The Company has provided guidance for 2019 adjusted EBITDA and long-term adjusted EBITDA growth on a non-GAAP basis herein. A reconciliation to the Company’s projected 2019 adjusted EBITDA or long-term adjusted EBITDA projections to GAAP net income is not provided because stock-based compensation expense, restructuring costs and transaction costs, each a reconciling item between such GAAP and non-GAAP financial measure, are not available without unreasonable effort. The inability to provide a reconciliation is due to the uncertainty and inherent difficulty predicting the occurrence, the financial impact, and the periods in which the non-GAAP adjustments may be recognized. The Company’s 2019 net income and net income for future periods prepared on a GAAP basis will include the impact of such items as stock-based compensation expense, restructuring costs and transaction costs, among others. Management does not believe that these items are representative of the Company’s underlying business performance. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results.

Please refer to the slide labeled “Non-GAAP Financial Measures,” in the Appendix of this presentation for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with GAAP.

Agenda

Capital Markets Day Agenda

Nicholas Jansen, VP of Investor Relations

- 1. Introducing Covetrus**
David E. Shaw, Chairman of the Board
- 2. Our Vision & Strategy**
Benjamin Shaw, President & Chief Executive Officer
- 3. The Platform**
Georgia Wraight, SVP and President, Global Prescription Management
- 4. Scale & Global Reach**
Francis X. Dirksmeier, SVP and President, North America
- 5. Customer Panel**
Moderated by Georgia Wraight & Francis X. Dirksmeier
- 6. Financial Highlights & Outlook**
Christine T. Komola, EVP & Chief Financial Officer
- 7. Management Q&A**

Agenda



1. Introducing Covetrus

2. Our Vision & Strategy

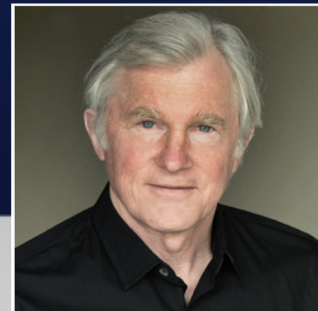
3. The Platform

4. Scale & Global Reach

5. Customer Panel

6. Financial Highlights & Outlook

7. Management Q&A



David E. Shaw
Chairman of the Board

An attractive market, poised for further growth



Global economic development



Increasing companion animal ownership globally



Strengthening human-companion animal bond



Increasing range & complexity of medical diagnostics & therapies

+\$150B global animal health industry*

Attractive long-term mid-single digit companion animal industry revenue growth**

Visible demand drivers but the **legacy model is struggling to keep pace** with changing demands and innovation

Better insights, multi-channel client engagement and integrated services can accelerate demand and expand the category

*Analyst estimates; includes both companion animal and production animal and is not indicative of the total available market to Covetrus; Registration statement includes more detailed industry market data

** Analyst estimates

We have seen first hand how leveraging insights to drive improved compliance can create **a win for all.**

Opportunity to **accelerate** the mission and enhance our growth by deepening the integration between technology & supply chain



Introducing Covetrus

A pure-play, global animal health platform formed through the combination of the Henry Schein Animal Health Business & Vets First Choice



A global leader in veterinary medicine

The operating system of a veterinary practice

Global scale and customer reach

Unlocking significant demand for the category

Established management and continuity of leadership



Benjamin Shaw

President & Chief Executive Officer

+20 years of experience in the animal health industry

CEO of Vets First Choice, Co-Founder Black Point Group



Christine T. Komola

EVP & Chief Financial Officer

A track record of driving operational and financial improvements as a public company executive and Chief Financial Officer at Staples

Covetrus Management Team

A diversified mix of established leaders

Experienced new executives infused into the existing leadership team

A wealth of industry & global expertise

A history of delivering on financial commitments and corporate goals

Francis X. Dirksmeier, SVP and President, North America

Michael Ellis, SVP and President, Europe

David Hinton, SVP and President, APAC and Emerging Markets

Georgia Wraight, SVP and President, Global Prescription Management

Christopher Dollar, SVP and President, Global Software Services

Timothy Ludlow, SVP and Chief Transformation Officer

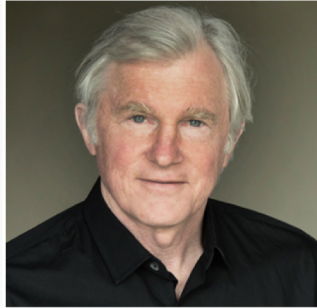
Russell Cooke, SVP and Operational Chief Financial Officer

Anthony Providenti, SVP, Corporate Development

Erin Powers Brennan, SVP, General Counsel and Secretary

James Young, SVP and Chief Human Resources Officer

A commitment to strong corporate governance

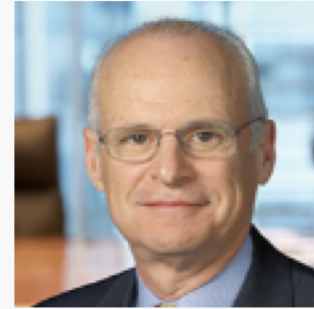


David E. Shaw

Chairman of the Board

Nearly four decades of experience in the animal health industry

Has built a number of successful science-based companies including Ikaria and IDEXX, where he was founding chair and CEO



Philip A. Laskawy

Lead Independent Director

A former Partner, Chairman and Chief Executive Officer of the accounting firm EY LLP

Current Lead Independent Director on Henry Schein's Board of Directors

Covetrus Board of Directors

Depth of global domain knowledge across multiple industries — animal health, technology and consumer

Eight independent directors with a range of diversity and prior board experience

Focus on instilling a framework of accountability that drives long-term value creation



Benjamin Shaw, CEO of Covetrus and Co-Founder and CEO of Vets First Choice

Betsy Atkins, CEO of venture capital firm Baja LLC

Deborah G. Ellinger, Senior Advisor for The Boston Consulting Group and former CEO and/or President of four private equity-backed firms, including Ideal Image

Sandra L. Helton, former EVP and Chief Financial Officer of Telephone and Data Systems, Inc.

Mark J. Manoff, former Partner and Americas Vice Chair of EY

Edward M. McNamara, President and Co-Founder of venture-building company Team Launch, LLC

Steven Paladino, EVP, Chief Financial Officer and Board Member of Henry Schein

Ravi Sachdev, Partner at Clayton Dubilier & Rice

Benjamin Wolin, former CEO and Co-Founder of Everyday Health and advisor for 3L Capital LLC

Agenda



1. Introducing Covetrus

2. Our Vision & Strategy

3. The Platform

4. Scale & Global Reach

5. Customer Panel

6. Financial Highlights & Outlook

7. Management Q&A



Benjamin Shaw

President & Chief Executive
Officer

Growing pressure on the status quo

AVERAGE
VETERINARY CLINIC



\$1-2MM
Revenue

20-40%
Product/Rx

60-80%
Services

3-4 Vet
FTEs

Small
business

*Company estimates. United States
statistics for a veterinary practice.



Challenging inventory management



**Changing client and
manufacturer expectations**



Limited practice insights



**Uncoordinated workflow and
client engagement**



**Low medication and service
compliance**

An escalating need for new pharmacy solutions

Traditional model has struggled to adapt to a changing environment

Significant volume commitments

Inability to track & monitor prescription compliance

Unsophisticated pricing & ordering strategies



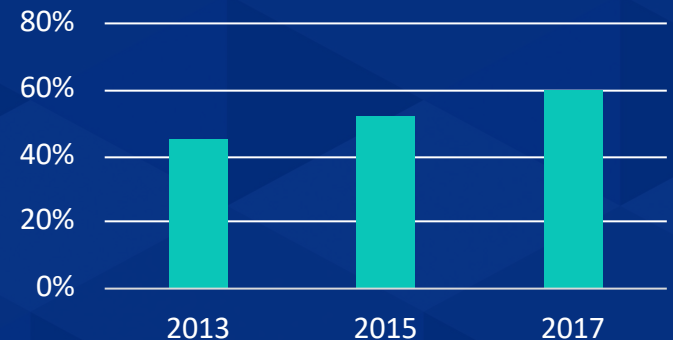
Pet owners looking for a different shopping experience

On-demand, convenience and comparison shopping

Veterinarians – as small business owners – lack resources and insights to evolve in real-time

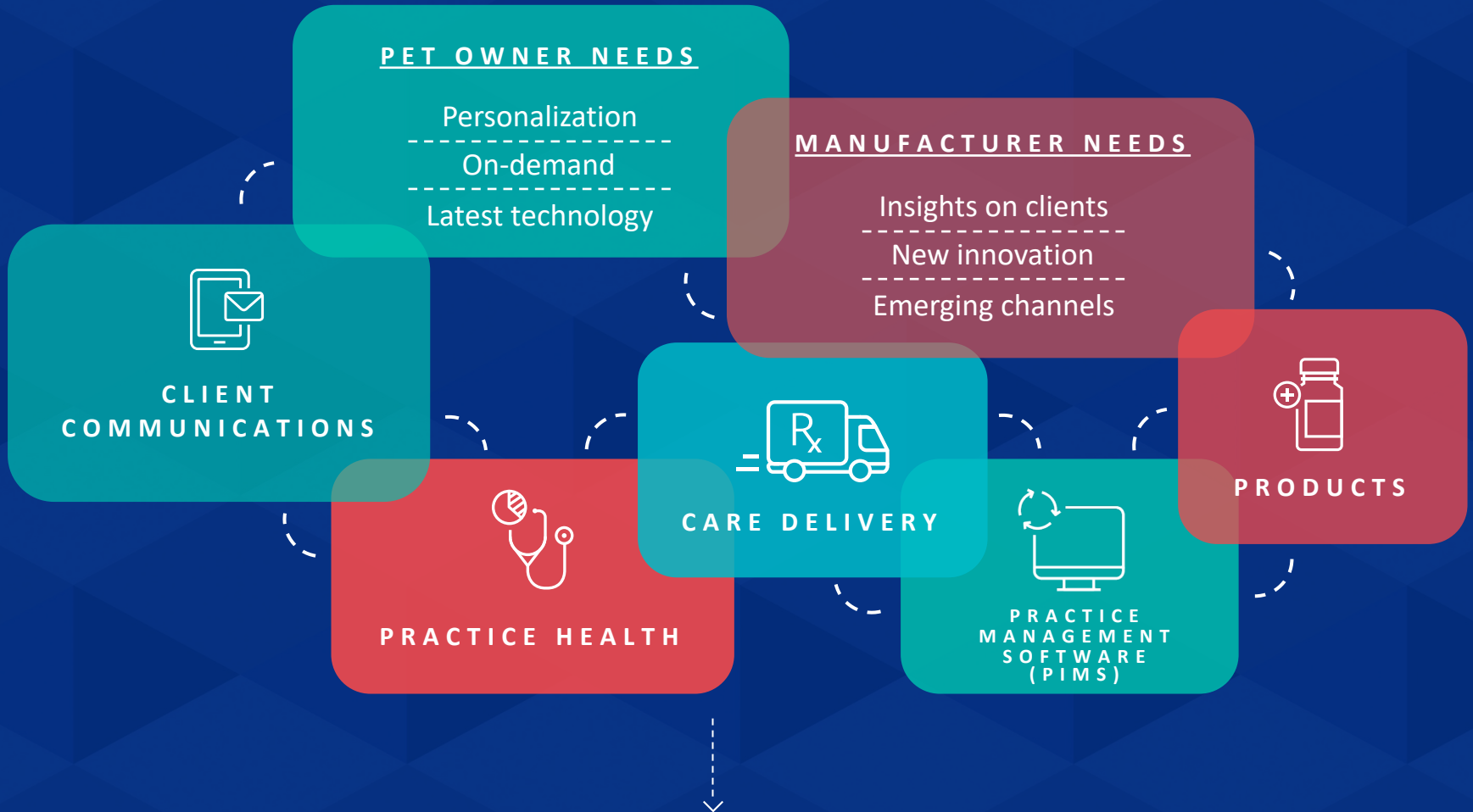
Ongoing shift away from the veterinary practice for pharmacy, OTC medications & diets

% of Veterinarians that write prescriptions for online retailers like PETS



Source: Brakke Consulting ("2018 Veterinary Practice Home Delivery Report")

Uncoordinated information & workflow



Overburdened Veterinarian

Practices lack insights into performance



INSIGHTS INTO:

- Total revenue
- Revenue by category
- Practice comparison
- Email capture rates
- Appointment types



Client information in, minimal insight out

Non-standardized nomenclature

Static vs. real-time

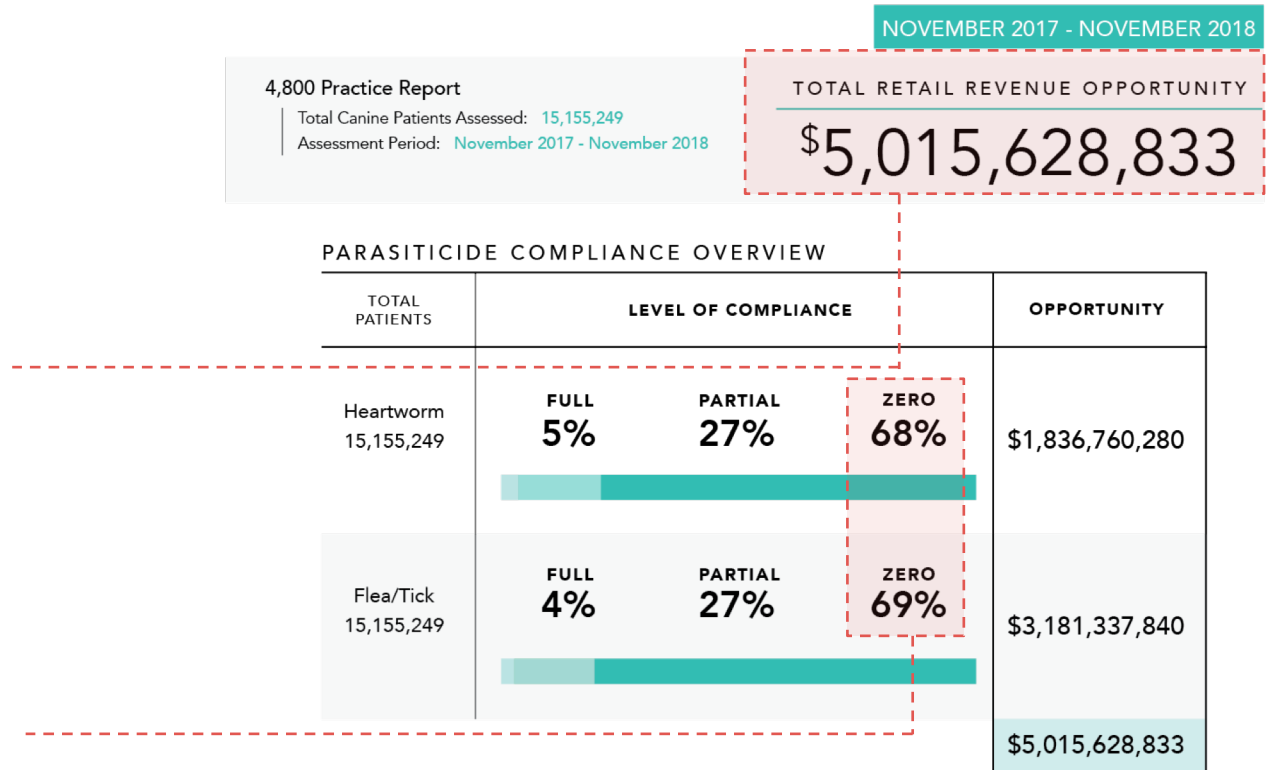
Limited visibility into performance

The served market... is underserved

The state of medical and service compliance in the veterinary industry is alarmingly low

For example, a \$5.0B gap in care for canine parasiticides in a subset of our practices

Nearly 70% of market is untreated

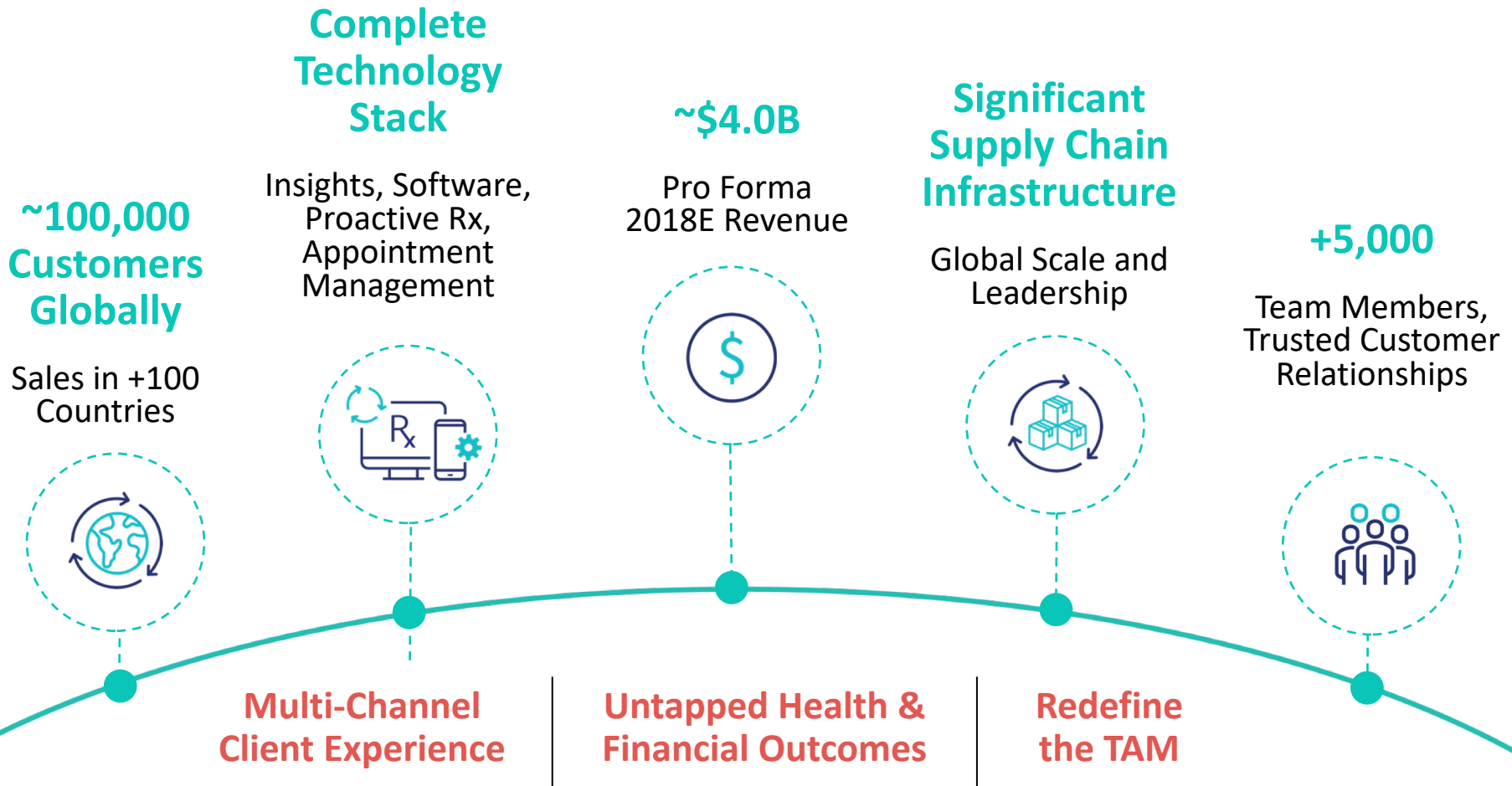


- A compilation of the Canine Parasiticide Compliance Assessment Reports for approximately 4,800 of our veterinary partner practices (US only)
 - Numbers may not add up due to rounding
 - Unique canine patients with transactions in past 24 months.
- Retail revenue opportunity based on manufacturer recommended dosing and the practice mix of products.

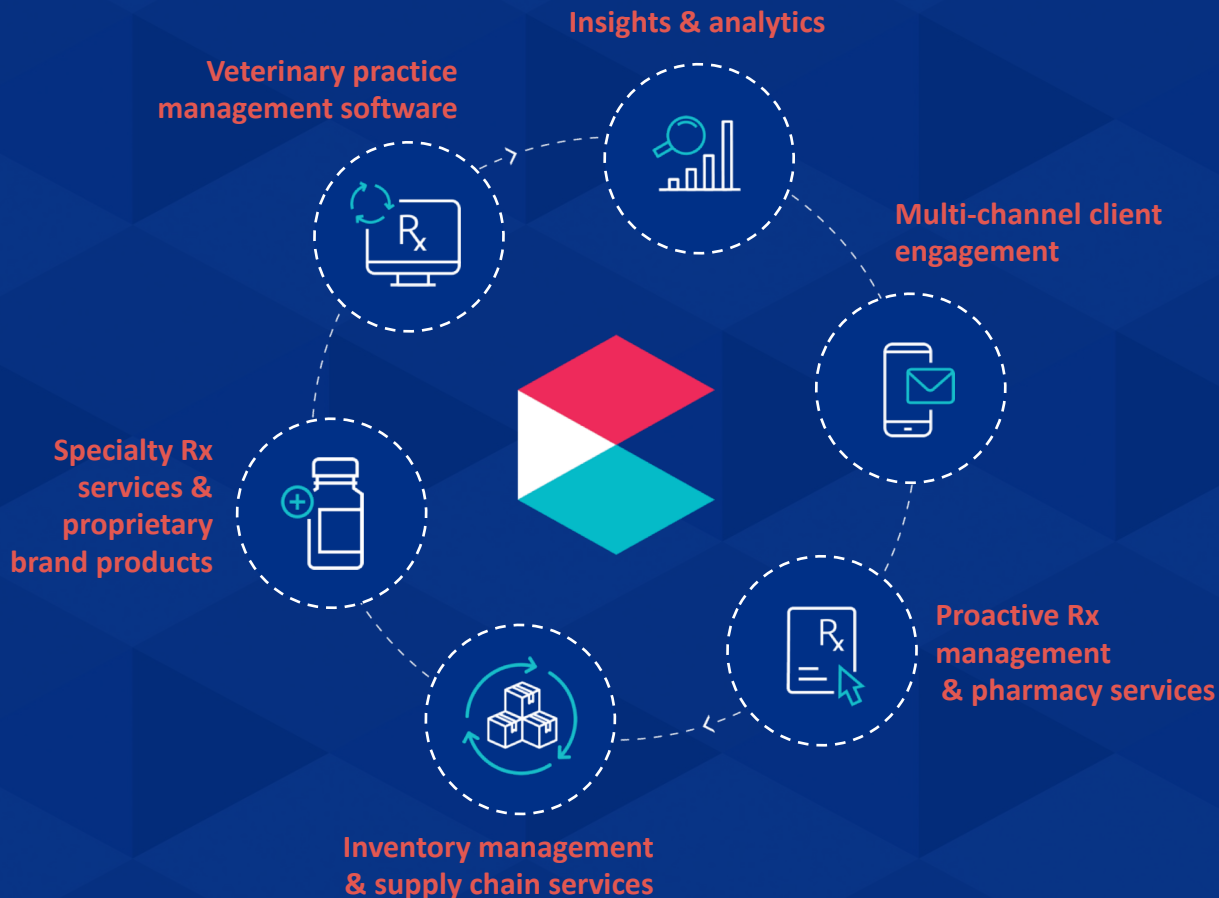
Our vision

To advance the world
of veterinary medicine

Positioned to unlock significant value for the channel



The platform for veterinary medicine



Leveraging technology, practice management software & insights to **IDENTIFY & MANAGE GAPS IN CARE**

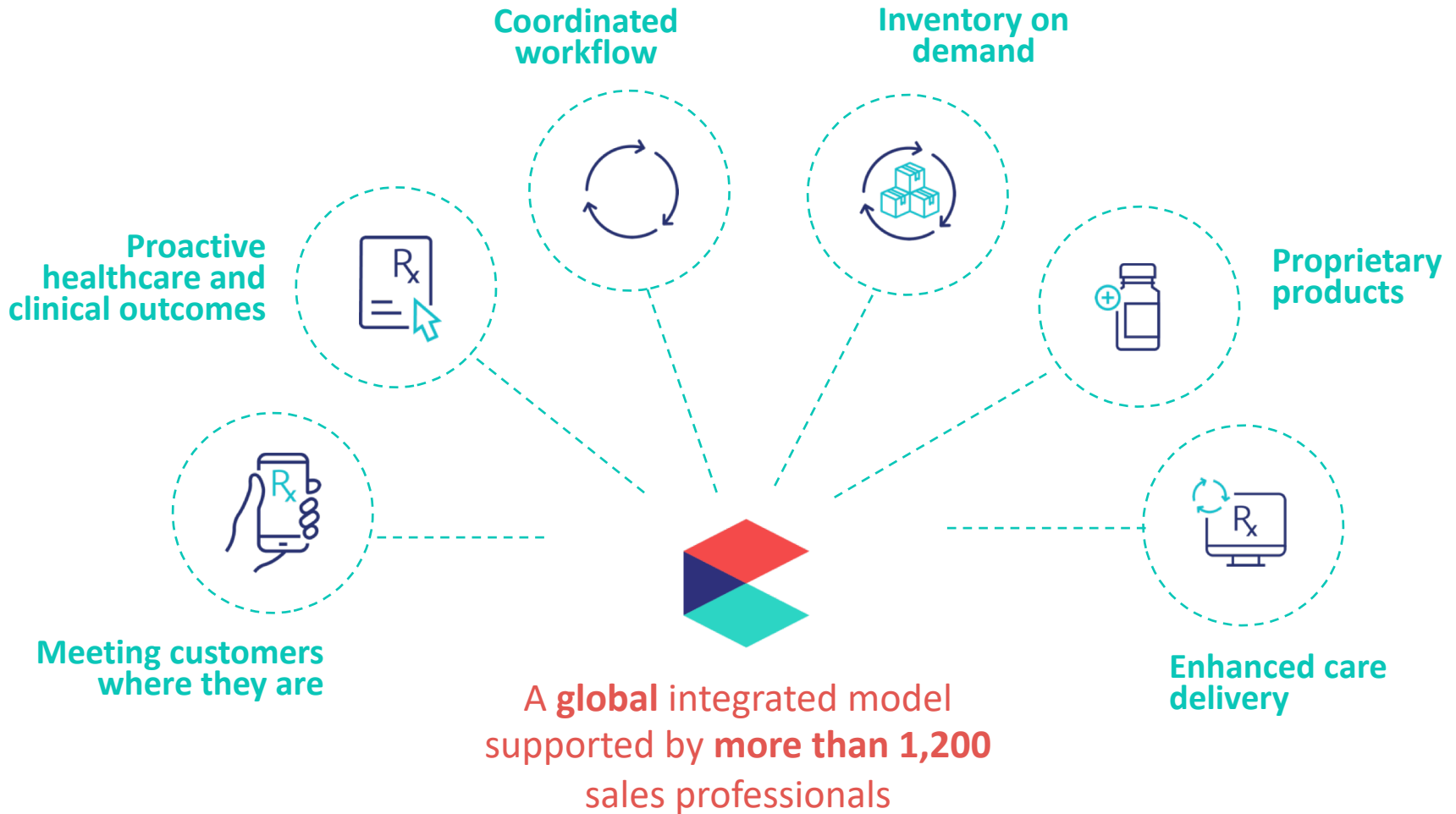
Robust suite of multi-channel solutions of **PROACTIVE RX, INVENTORY MANAGEMENT & CLIENT COMMUNICATION TOOLS**

Proven ability to **IMPACT PRACTICAL CLINICAL & FINANCIAL OUTCOMES & CREATE CATEGORY DEMAND**

Expanding TAM & **A GLOBAL FOOTPRINT**

Strong foundation for **REVENUE / EBITDA GROWTH & MARKET SHARE GAINS**

A complete solution designed to meet the evolving needs of the veterinary practice



Driving a different value proposition for the channel...

LEGACY MODEL



Sick Visit Focus

Reacting to incoming case loads, coordination of care challenges, in-clinic inventory burden

Limited Client Engagement

Minimal tracking capabilities within PIMS, legacy technology vs. on-demand expectations

Low Patient Compliance

Minimal insights



PLATFORM

Proactive Healthcare

Insights into client needs, prescription management, on-demand inventory and warehouse management

Strengthened Relationships

Coordinated workflow and enhanced client experience

Improved Outcomes

Rx refills / renewals
Appointment management

Driving **outcomes** for multiple stakeholders

VETERINARIANS

Enhanced medical compliance
Improved practice workflow
Strengthened client relationships

PET & HORSE OWNERS

Improved health outcomes
Convenient multi-channel healthcare
Enhanced client experience

MANUFACTURERS

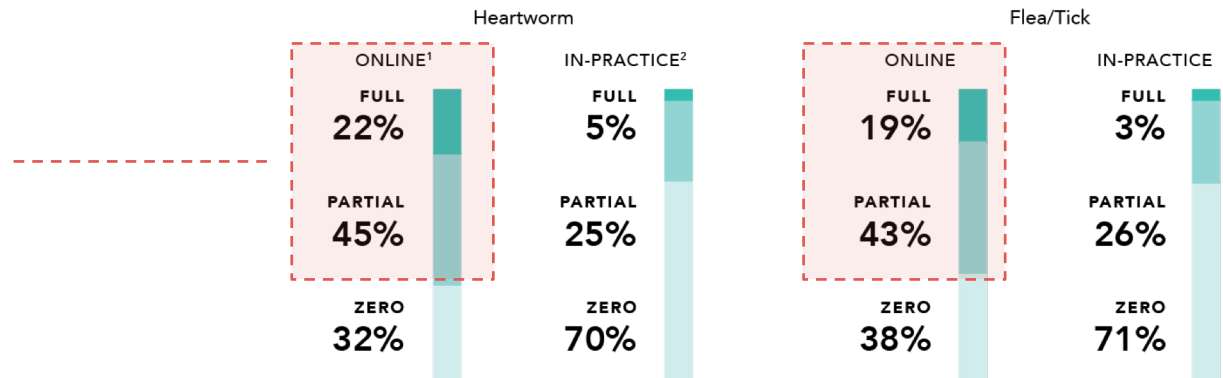
Drives growth & insights
Drug pedigree & chain of custody
Professionalized services

...as we improve medical and service compliance

Insights + targeted multi-channel client engagement can drive a fundamentally different outcome

Improving gaps in care unlocks significant demand both in-clinic and online

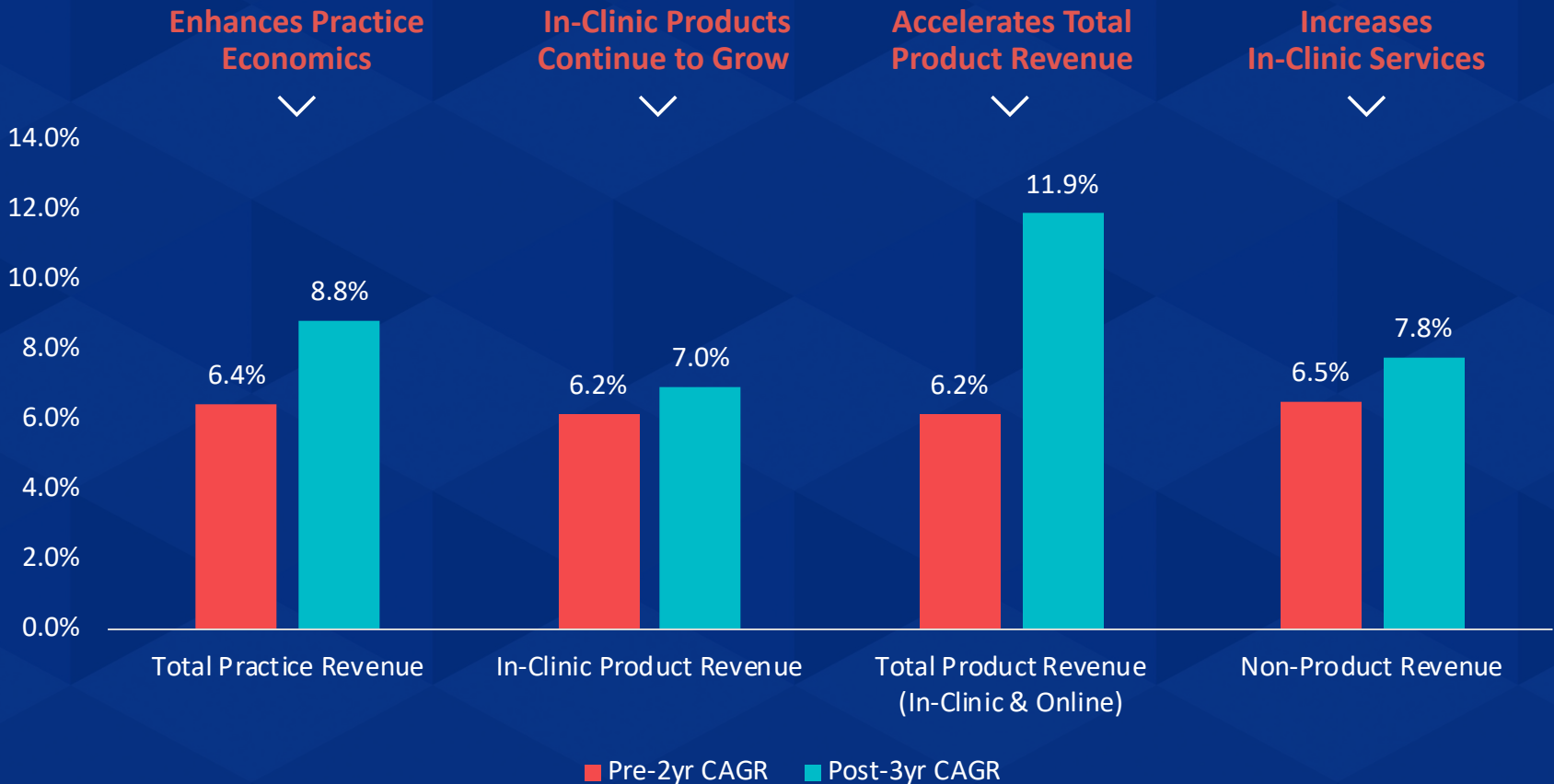
Online channel drives 2-4X greater compliance for medications



- A compilation of the Canine Parasiticide Compliance Assessment Reports for approximately 4,800 of our veterinary partner practices (US only)
 - Numbers may not add up due to rounding
 - Unique canine patients with transactions in past 24 months.
- 1. Patient had at least one online transaction for any product.
- 2. Patient has ONLY purchased in-practice.

Expanding the addressable market

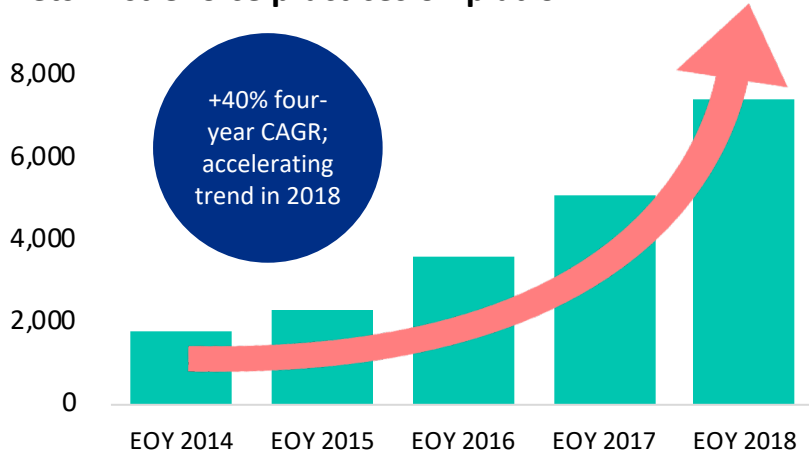
Sample veterinary practice trends **before** and **after** the adoption of the Vets First Choice platform



45 practice study analysis; 2015 adoption of Vets First Choice. Two-year CAGR before and three-year CAGR after.

The Vets First Choice model is working...

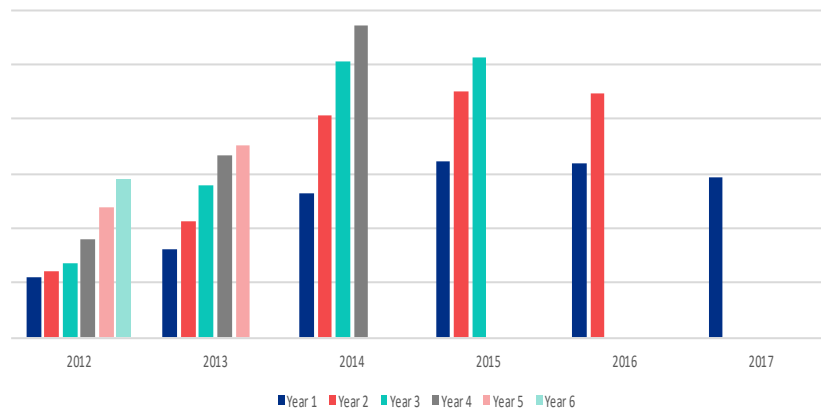
Vets First Choice practices on platform



Nearly 50% growth in the number of veterinary practices enrolled in the Vets First Choice platform in 2018

A visible onboarding and engagement trajectory post-launch

Annual revenue per practice



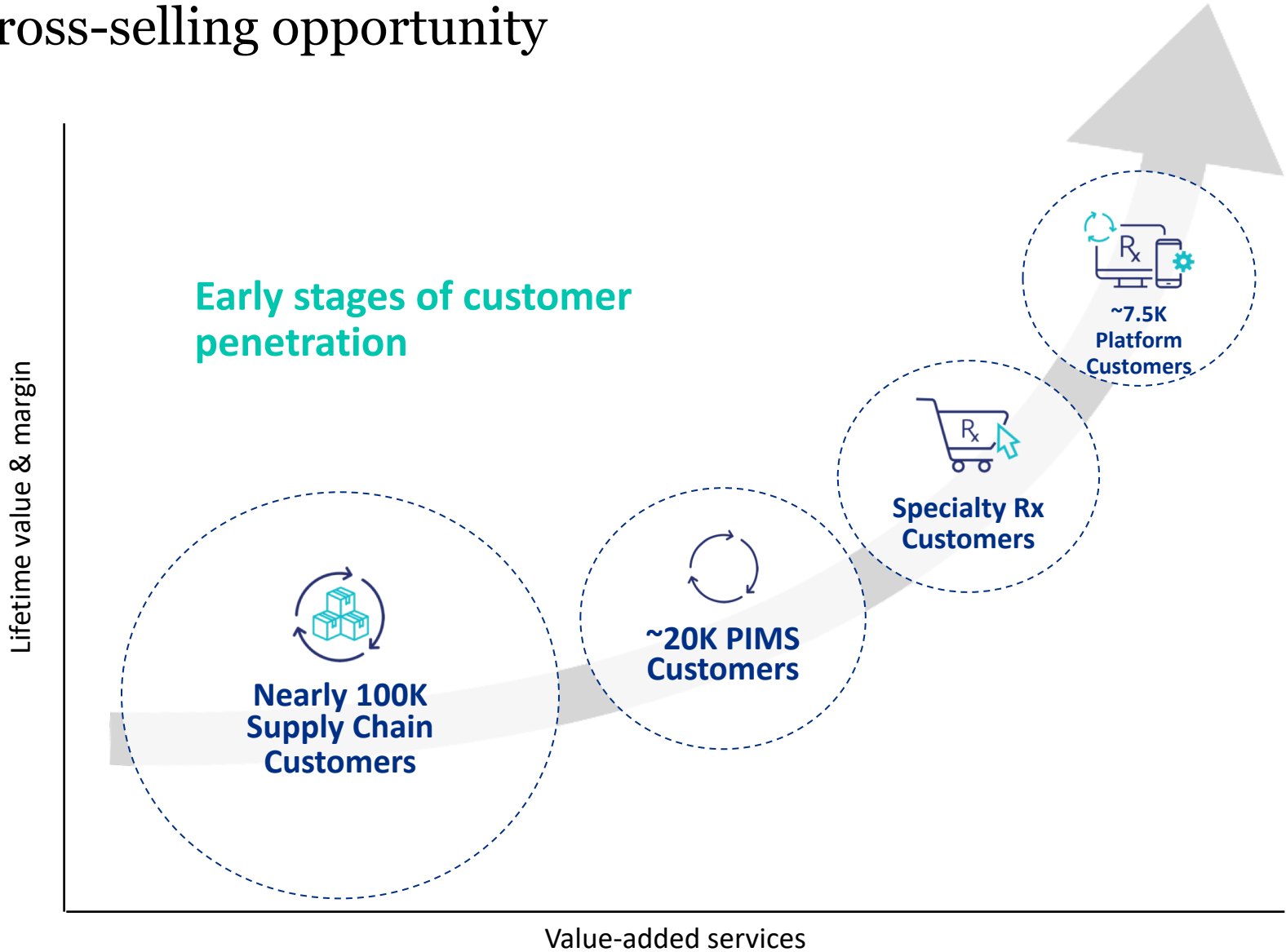
Our oldest cohort (2012) is still growing by double digit percentages organically

We believe our platform offers a growing annuity stream for the practice

Only includes practices that have a full year of revenue in the most recent 12 month period

* An annual cohort is defined by when the first revenue transaction for the enrolled practice occurs on the platform; every new enrollment generating revenue at any point during the calendar year would be included in that year cohort

...and we now have a significant global cross-selling opportunity



Increasing our share of wallet

Current customer base **~100K**

~\$4.0B

In 2018E pro forma revenue

Multiple drivers to organic growth:

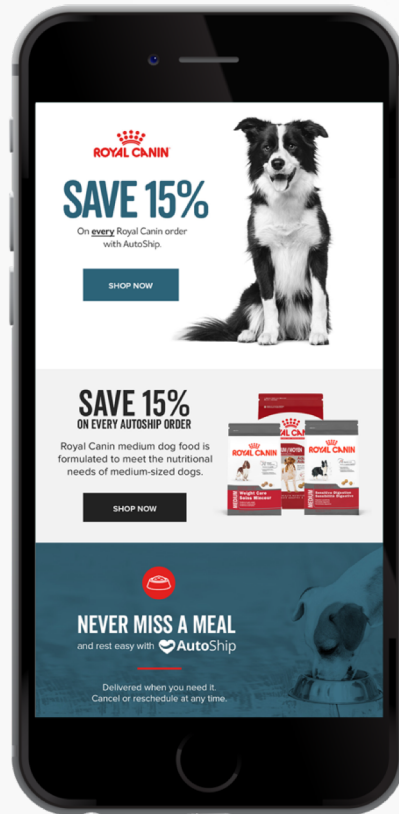
- Expanding practice network
- Increasing veterinarian & client engagement
- Improving first fill, refill & renewal rates
- Increasing pet ownership & spending
- Driving better insights
- Enhancing platform functionality
- Cross-selling ecosystem of capabilities

Long-term revenue per customer potential*

\$0.5-1.0M

* Management estimates for long-term revenue per customer potential when using the combined capabilities of the Covetrus platform

Strategic relationships with manufacturers



Global footprint for global strategies

Aligned with the veterinary channel

Multi-channel inventory programs

Insights and targeted messaging
drive increased compliance

Customer reach for innovation delivery

Manufacturer guarantees & rebates

AutoShip continuity programs & in-clinic /
online brand awareness campaigns

Covetrus is well-positioned

Large end-market, predictable model. Established global demand drivers, revenue visibility.

Underserved market is significant. Opportunities to leverage insights to improve medical & service compliance.

We are the ecosystem. Robust technology & insight capabilities deeply integrated into the supply chain.

Unique global footprint. More than 1,200 sales professionals, sales in over 100 countries, leadership positions in major geographic regions.

Near-term & long-term value capture opportunity. Significant white space in our existing ~100K customer base.

Established senior leadership team. Wealth of industry and global expertise, public company experience.

Agenda



1. Introducing Covetrus

2. Our Vision & Strategy

3. The Platform

4. Scale & Global Reach

5. Customer Panel

6. Financial Highlights & Outlook

7. Management Q&A



Georgia Wraight

Senior Vice President &
President, Global
Prescription Management

Transforming practice health

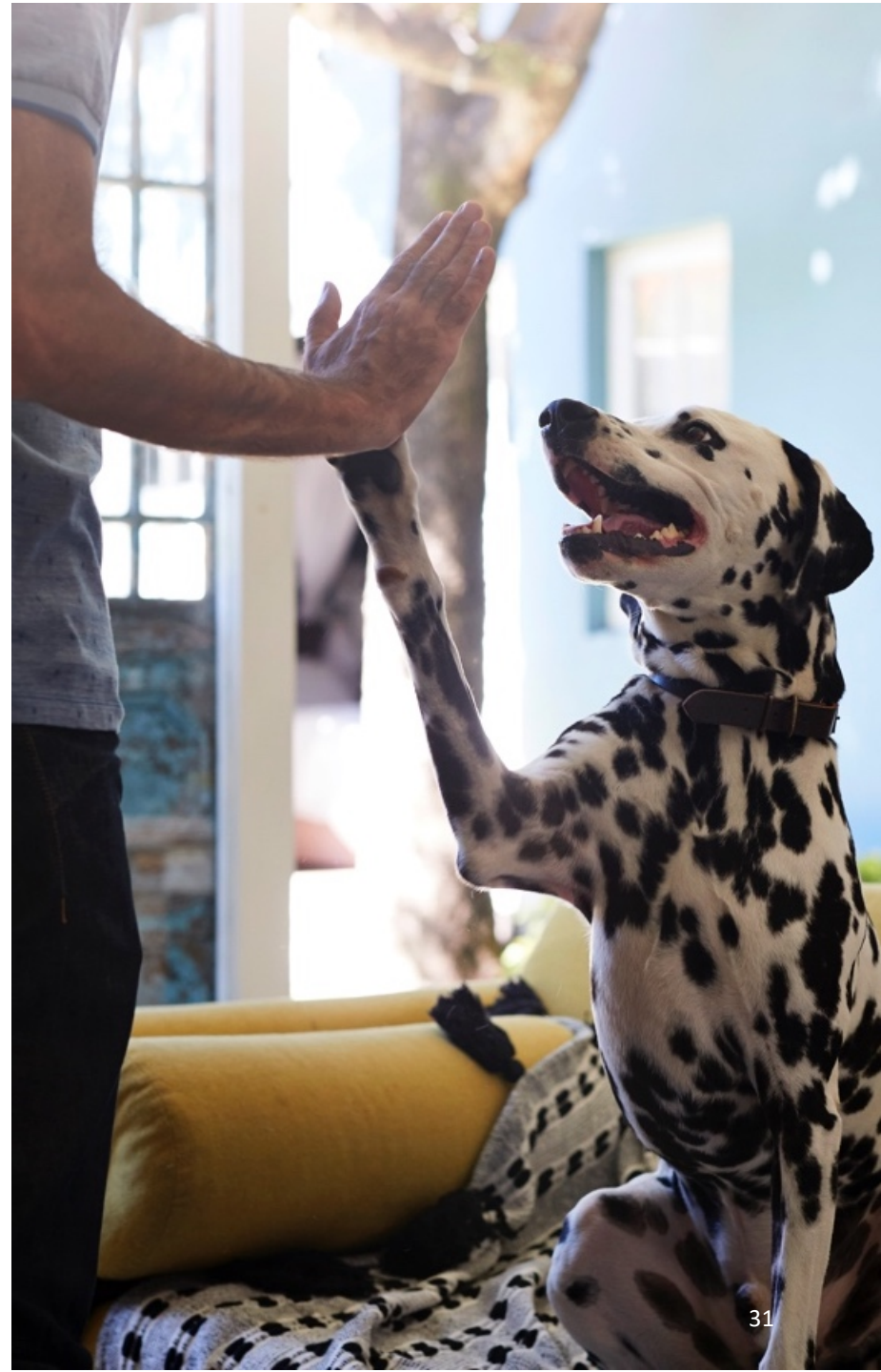
Our platform serves as the operating system of a practice

Insights and PIMS infrastructure enable up-to-date client / veterinarian connection

Medication and service compliance data immediately available

Linking practice management, prescription management, inventory management and appointment management

Leveraging analytics to enhance client engagement and loyalty to the practice



Significant practice management infrastructure

We help practices when and where they need it.

On-premise and cloud, practice performance, demand generation, business intelligence, client engagement, financial and clinical records

8



Practice management solutions

~20K



Practices

~150K



Computers run our technology

~250M



Pet owners connected

~450M



Pet records in our global network

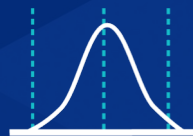
Creating insights for veterinary practice customers

The combination of Henry Schein Veterinary Solutions technology infrastructure and workflow with Vets First Choice analytics can create **even more actionable insights** for our veterinary practice customers to leverage

Opportunity to improve compliance



Significant installed base of software customers



Information normalization as a service (NAAS) at scale



Timely & accurate insights by individual practice or across the enterprise

Canine parasiticide compliance assessment report

Walk-out reports

In-clinic & online view

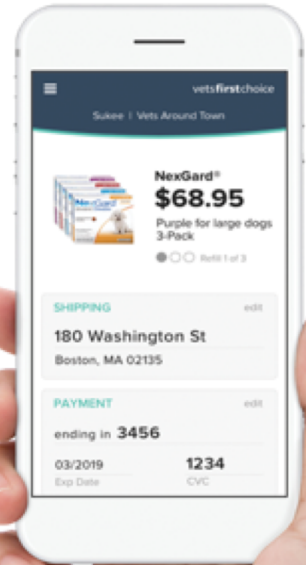
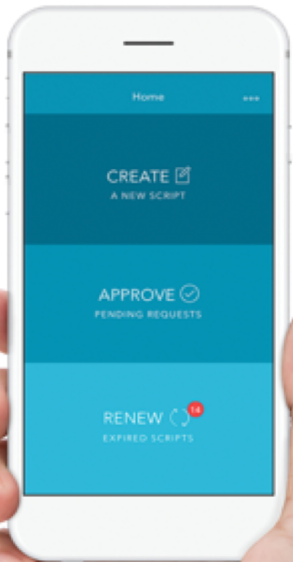
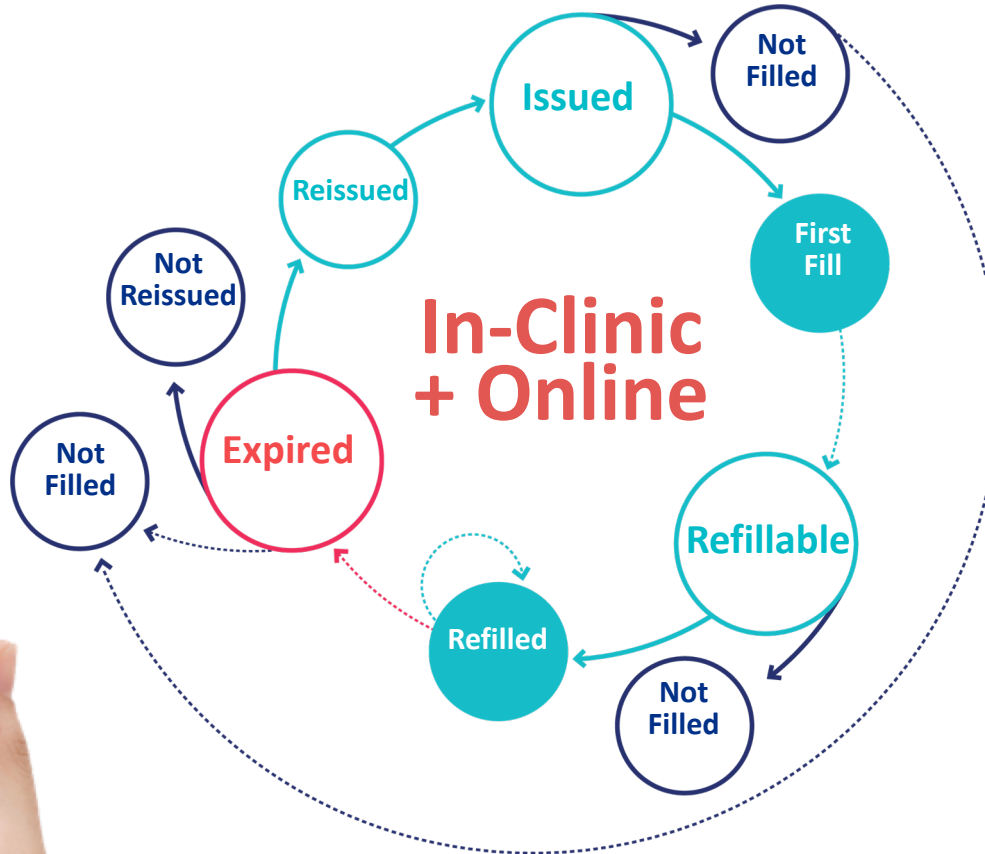
Predictive scripting

Personalized client messaging in the voice of the veterinarian

Leveraging insights to drive proactive Rx management

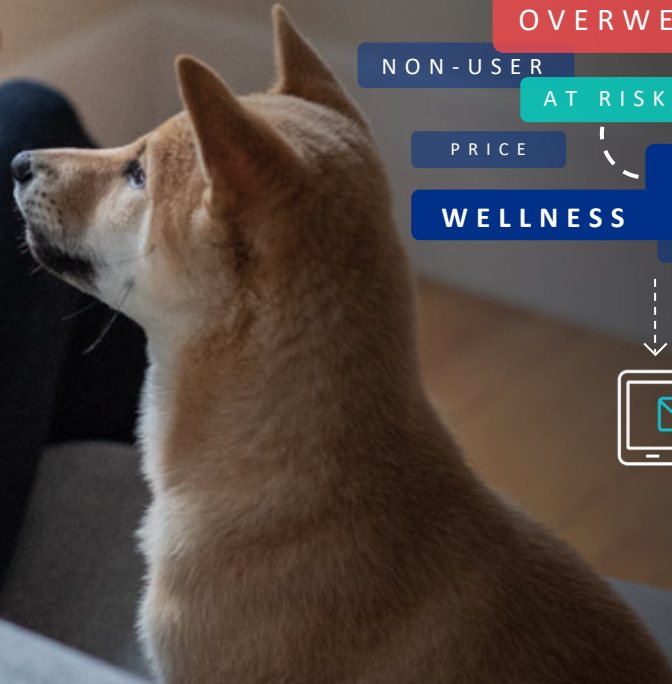
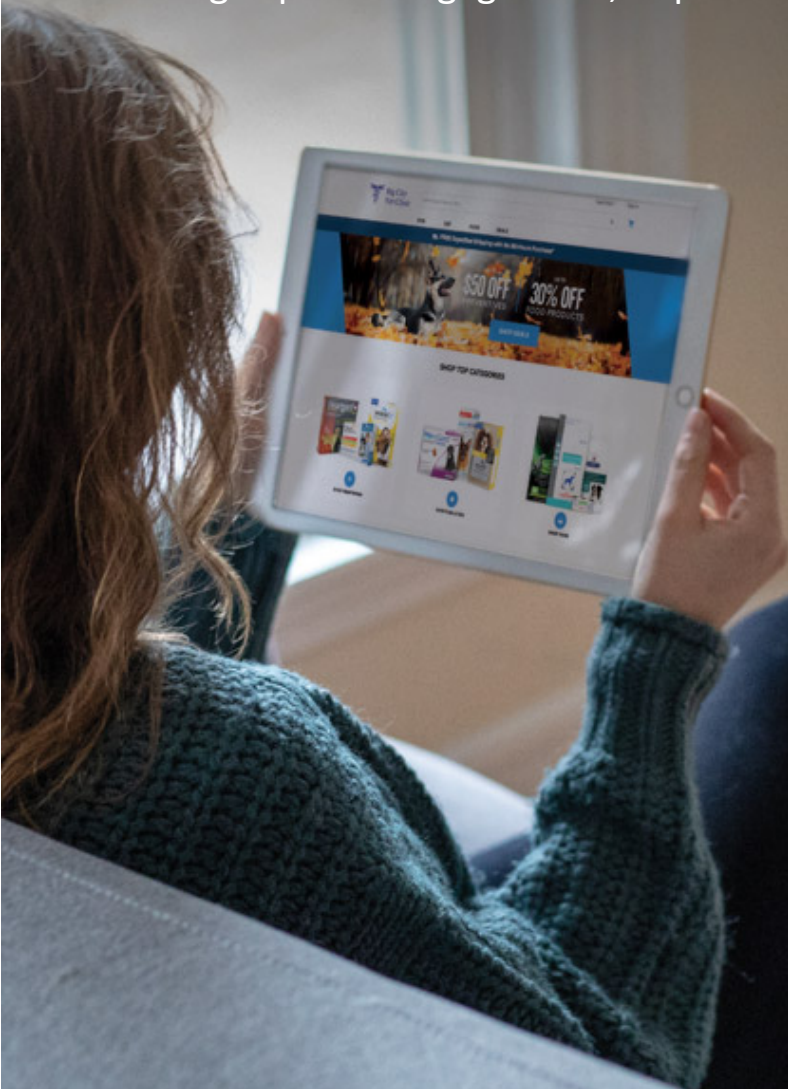
Veterinarian Initiated

Client Initiated



Better outcomes from targeted messaging

Driving superior engagement, improved Rx compliance, and new category growth with analytics



Predictive Model



Personalized Campaign



Rx + appointment management is a powerful combination

Proactive prescription management & personalized messaging can drive an acceleration in in-office clinic activity (product, Rx, services)

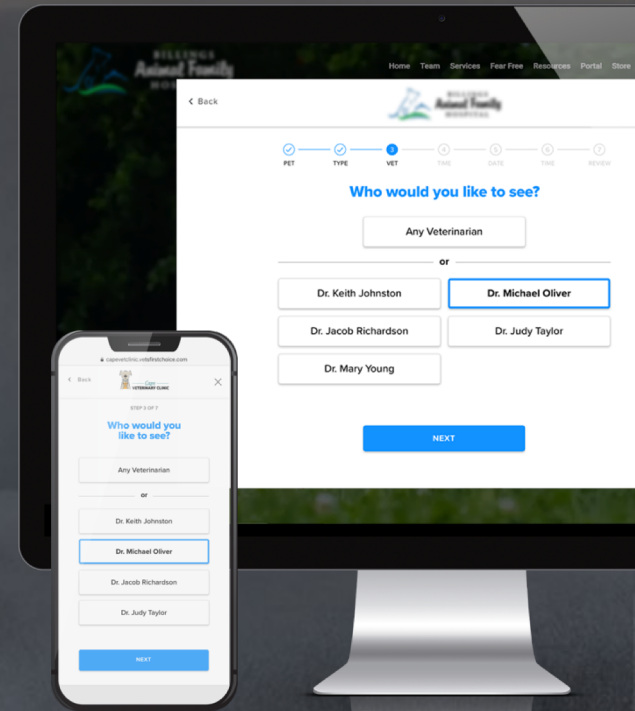
Client-facing booking application

Practice-facing configuration tool

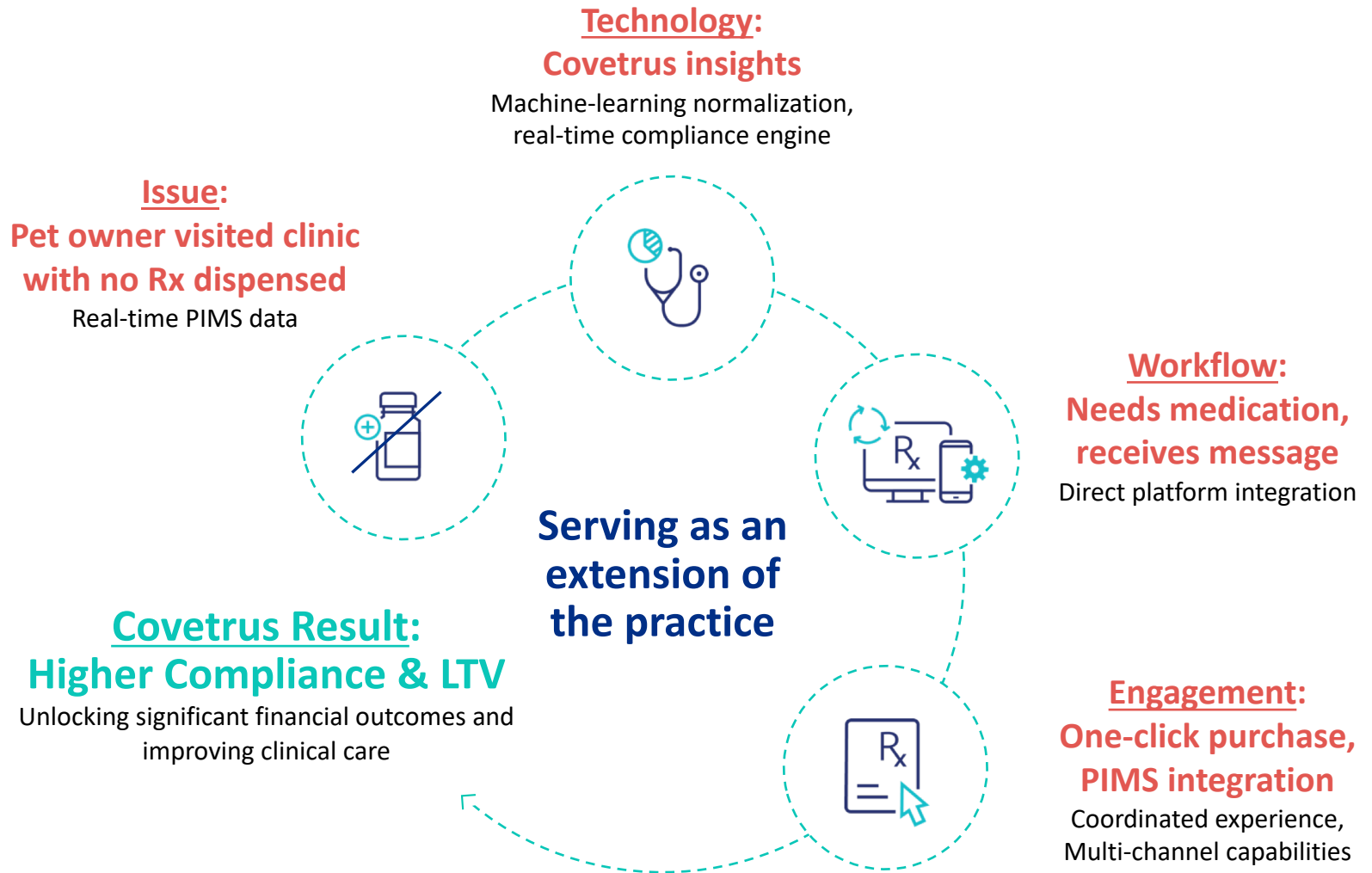
Full-suite client communications

PIMS Integration

Storefront Integration



The platform in action



A pay-for-performance model aligned with the practice

Veterinary Practice P&L

Channel comparison for an Equine Product*

(per single 28-pack)

	In-clinic sales	vets first choice	VFC channel variance
Initial fill	\$1,143	\$1,143	No Change **
Refills ***	\$469	\$937	+100%
Gross revenue ****	\$1,612	\$2,080	+29%
Costs			
List price, operating costs/service fee	(\$1,321)	(\$1,397)	+6%
Practice contribution	\$291	\$403	\$112
Growth			+39%

Vets First Choice Revenue

Pay-per-performance model

Zero upfront costs

Service fee for successful transactions on platform

Workflow, client communications, support services included in fee

Increased sales through improved compliance

Enables veterinarian to provide more value to clients

Manufacturer guarantees & instant rebates

*2018 VFC analysis of a real world example of an actual clinic prescribing an actual equine product both in-clinic and online with Vets First Choice

**Practice controls & sets their retail price on Platform

***Industry Study, 2016-2017 (82% refill rate online vs. 41% in-clinic)

**** Before the impact from instant rebates applied only to the online channel, which reduces the list price of the product for the veterinarian

Improving practice financial health...

Growth in revenue and profits while improving working capital management and cash flow

Examples of more than \$0.5M in incremental sales following the adoption of the Vets First Choice prescription management platform

Multiple and predictable drives of same-store growth

Examples of results from practices adopting the platform*

Increased revenue

Recaptured lost clients

Automated refills due to proactive engagement

Embraced convenience of preferred delivery method and AutoShip

Increased spending on in-clinic services including diagnostics

REPRESENTATIVE CUMULATIVE INCREMENTAL REVENUE*

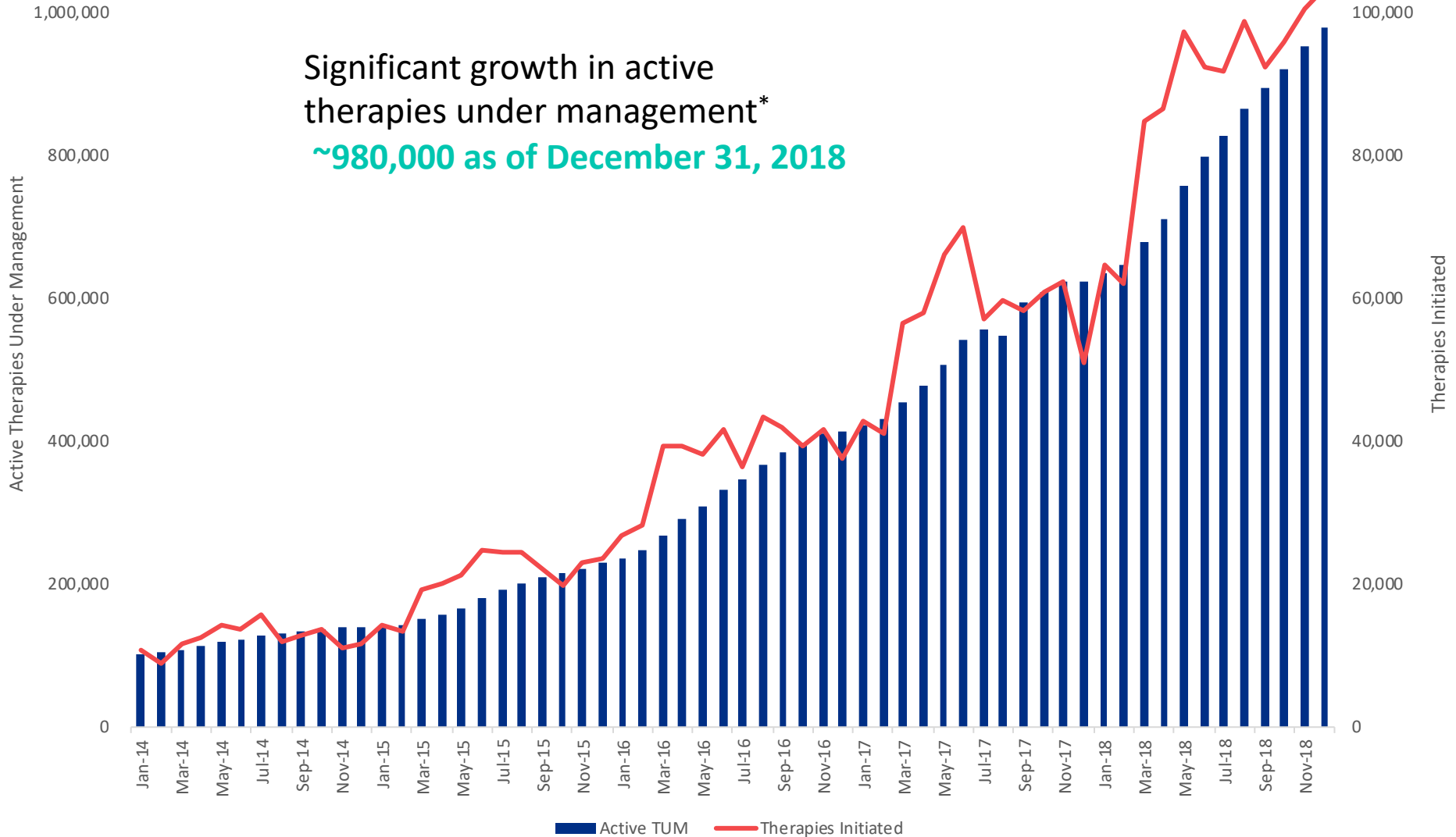


REPRESENTATIVE CUMULATIVE INCREMENTAL PROFIT*



* Vets First Choice white paper "52-practice controlled study shows definitive profit increase" published in January 2018

...and we believe the opportunity is just the beginning



* Active Therapy under Management means a prescription on the Vets First Choice platform. Vets First Choice considers a prescription to be an active therapy under management from the date it is written until the earlier of (i) 180 days thereafter, if never filled, and (ii) 90 days after the date on which the supply would otherwise be exhausted, if filled, assuming the client follows the dosage recommendations.

Agenda



1. Introducing Covetrus

2. Our Vision & Strategy

3. The Platform

4. Scale & Global Reach

5. Customer Panel

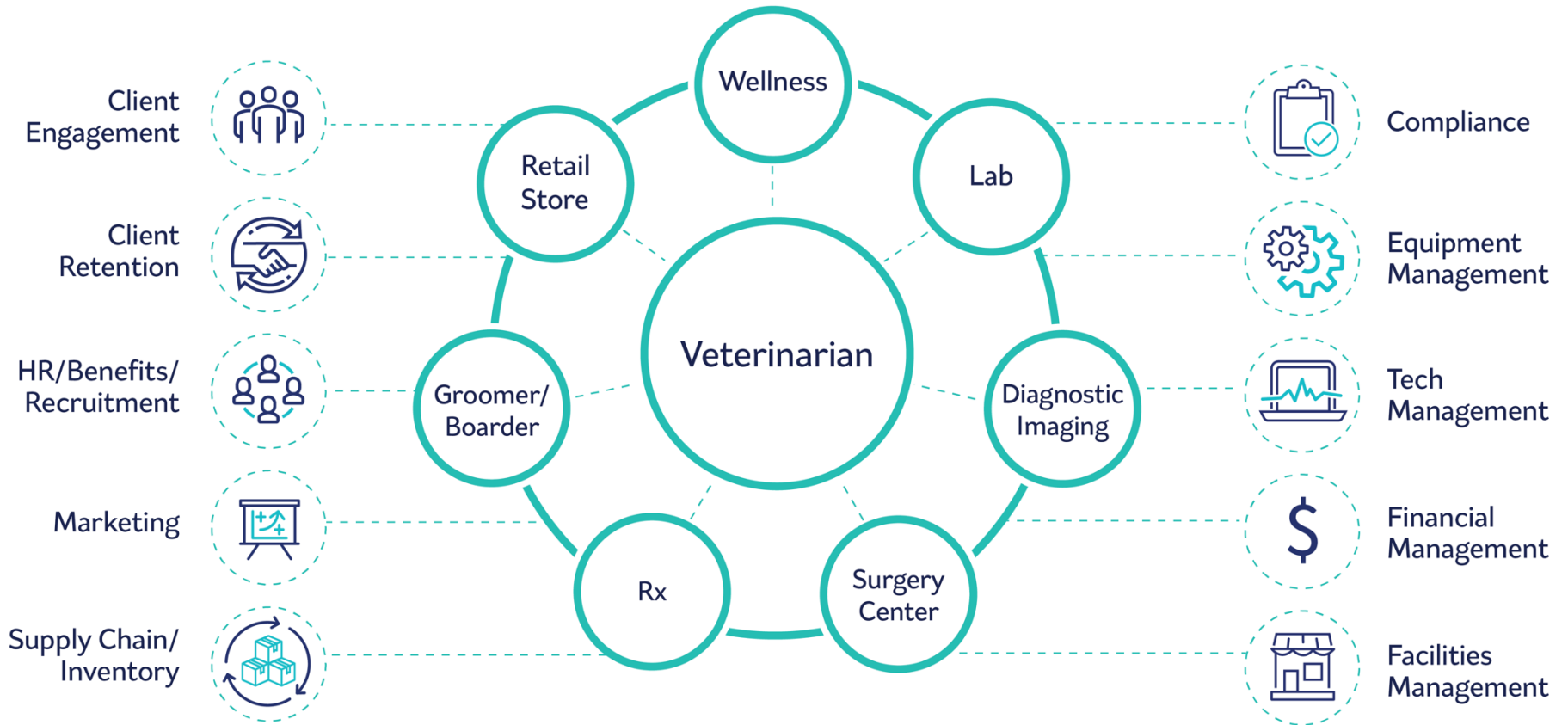
6. Financial Highlights & Outlook

7. Management Q&A



Francis X. Dirksmeier
Senior Vice President &
President, North America

A veterinary practice is a complex small business...



...and we serve as a scaled and trusted advocate for the practice

An outcomes-based, full-service approach

A vested interest in practice health

Provide solutions for business needs

Frequent number of direct touch points

Bringing innovation to the veterinary clinic

Logistics made easy + value-added solutions

A robust technology & supply chain solution...

Global Logistics

Significant global commercial manufacturer relationships

Over 50 distribution centers

Physical infrastructure in approximately 25 countries with customers in more than 100 countries

Software Solutions

Practice management

Appointment management

Marketing and communications

Payment processing

Business intelligence

Support Services

Financial services

Inventory management

Training and education

Equipment management

Proprietary Brands

Kruise – Veterinary Equipment

Scil – In-house diagnostics

Vi – Surgical instruments

Calibra – Pet food

...is now stronger with Vets First Choice



Create & Approve



Refill & Renewal Management



PIMS-Integrated



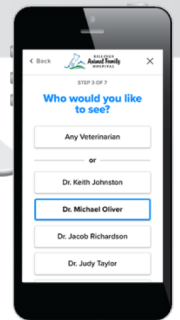
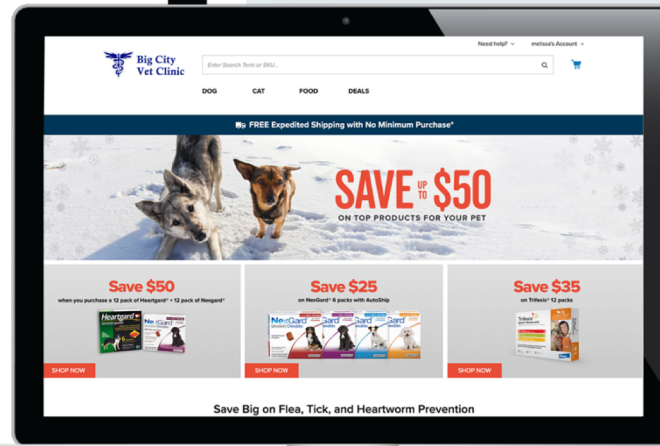
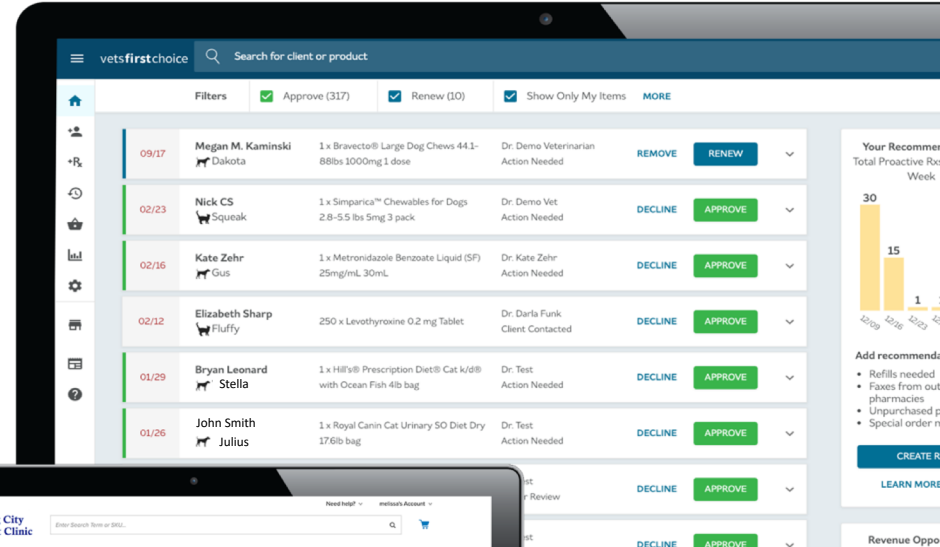
Client Engagement



Appointment Management



Inventory Management



Enhancing our practice relationships with additional services

GROUP PURCHASING

\$10K in savings*
based on a 2.5
veterinarian practice



70+ vendors



\$1B+ in purchasing power



EDUCATION



2 publications



100+ training modules

PSivetSM



Hundreds of practice-specific metrics

at your fingertips



Real-time practice insights



TECHNOLOGY

Offering a compelling supplier value proposition



Customer

A significant global footprint in the market

~100K customers, more than 1,200 sales representatives, sales in +100 countries

North America

A leading companion animal supply chain footprint*

90% of U.S. veterinary practices as customers

~16K PIMS customers

~7.5K VFC platform customers

Europe

A leading veterinary pan-European supply chain*

Strong market positions in major European countries

South America

Growing business in Brazil as the companion animal market in this region further develops

Asia-Pacific

More than 3K customers in Australia and New Zealand

Emerging presence in China/Hong Kong

We have a strong position in North America

North America

A leading companion animal supply chain footprint*

90% of U.S. veterinary practices as customers

~16K PIMS customers

~7.5K VFC platform customers

More than \$2B in annual revenue in 2018E

A trusted source of technology, information & supply for the practice

Over 500 sales professionals

Extensive technology backbone & supply chain infrastructure

A growing installed base (Platform, PIMS)

Sizable GPO in the companion animal market with approximately 5K active members

Significant private brand product portfolio & leading supplier of equine supplements

16 strategically positioned distribution centers (DCs), four pharmacy locations, and one 503B outsourcing facility

Significant reach across Europe

~\$1.4B in revenue in 2018E

Approximately 45K customers

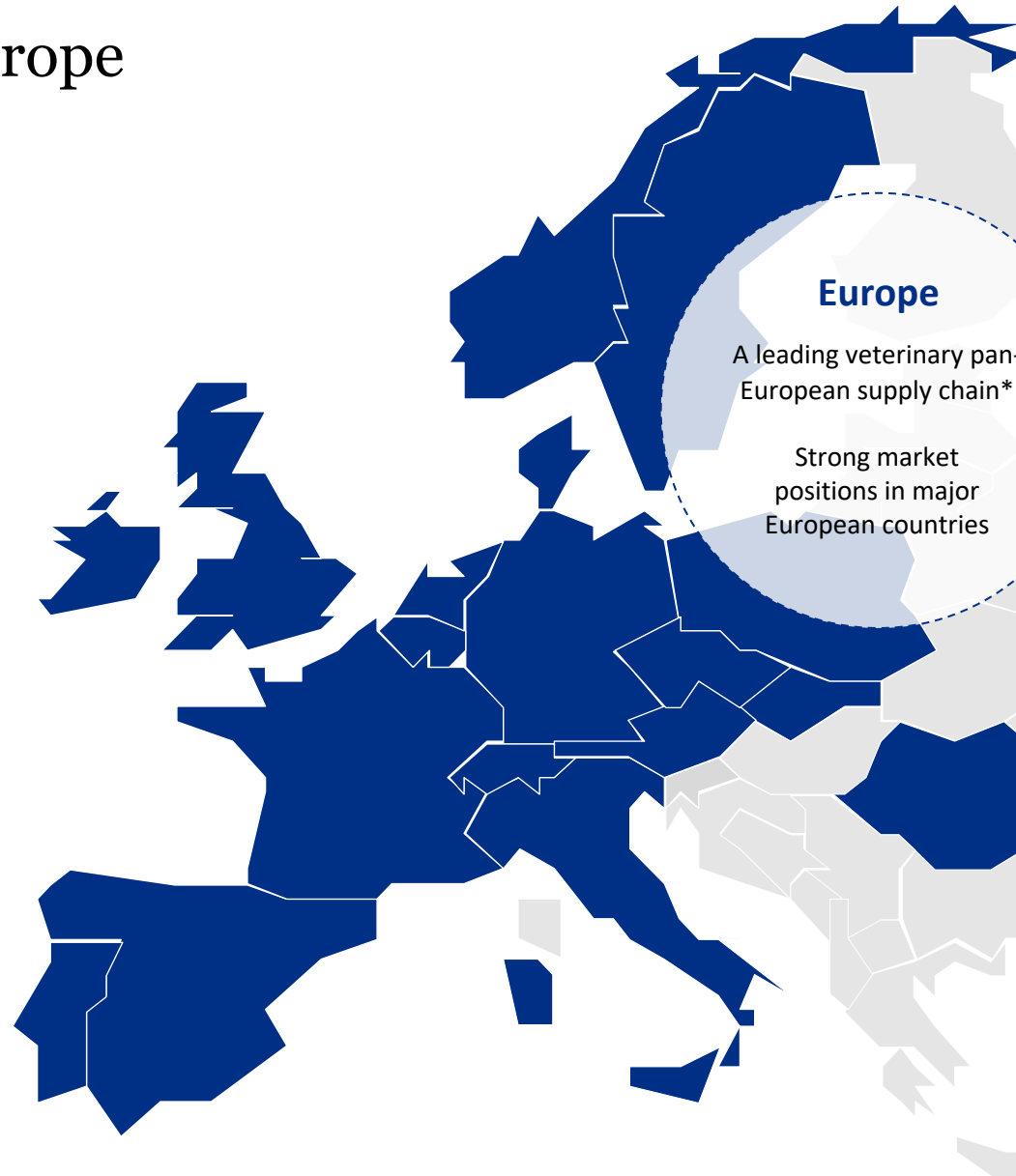
Over 300 sales professionals

Robust portfolio of proprietary brand products
— Kruuse, Scil, Vi and Calibra

Six specialty & PIMS businesses

A leading supplier in UK, Ireland, Belgium,
Netherlands, Poland, Czech Republic,
Switzerland, and Germany

23 strategically positioned DCs



* Source: Covetrus management estimates

Sizable presence in Asia-Pacific

More than \$300M in annual sales in 2018E

More than 3K customers in Australasia

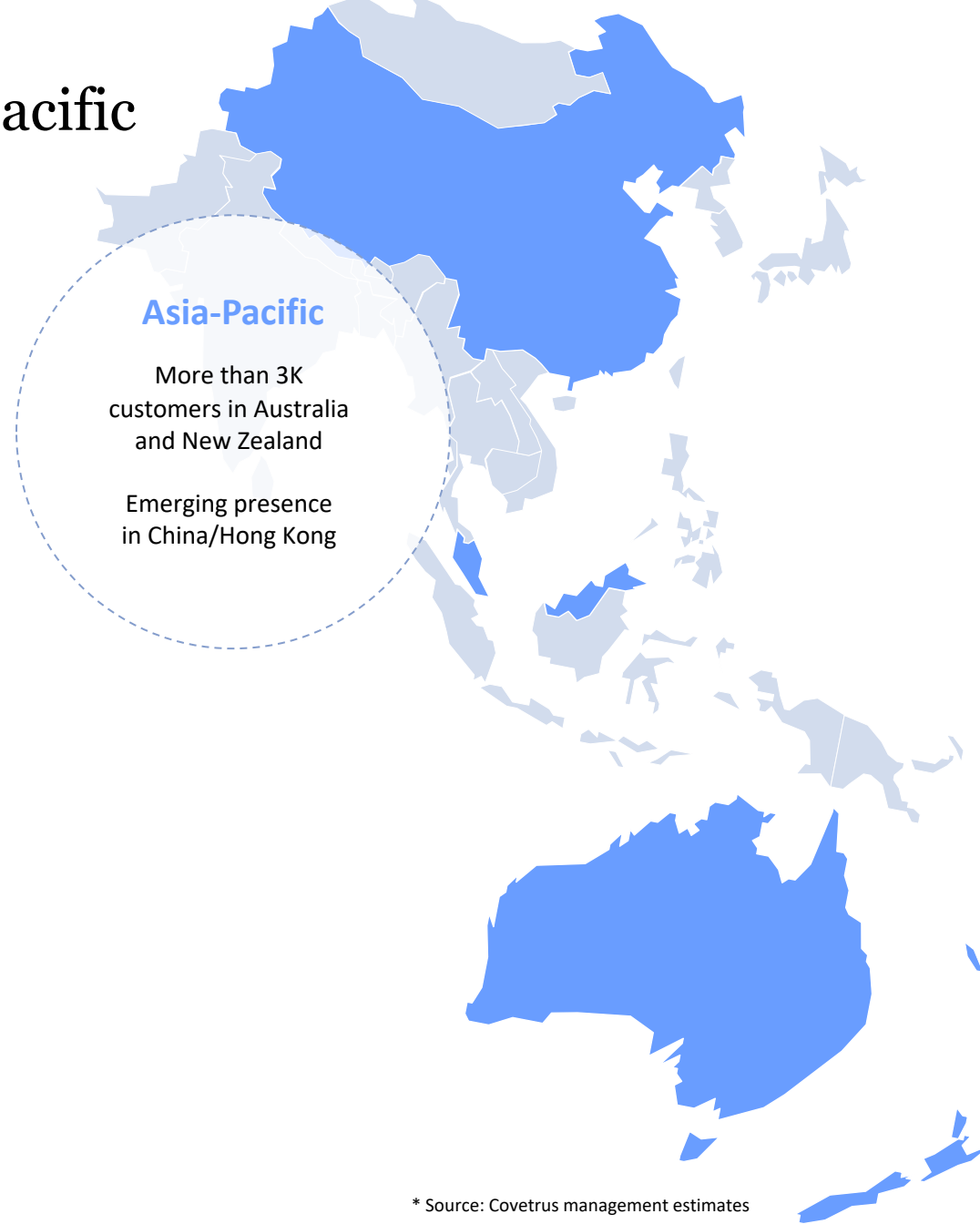
Over 35 sales professionals

A leading consultative service

A leading full-service veterinary equipment provider

Exports to over 40 countries

10 strategically positioned DCs



* Source: Covetrus management estimates

Agenda



1. Introducing Covetrus

2. Our Vision & Strategy

3. The Platform

4. Scale & Global Reach

5. Customer Panel

6. Financial Highlights & Outlook

7. Management Q&A

MODERATED BY:



Georgia Wraight
SVP & President,
Global Prescription
Management



Francis X. Dirksmeier
SVP & President,
North America

Meet the practices



Bigger Road Veterinary Clinic

8 FTE veterinarians

Full service surgical, medical, dentistry,
physical rehab, day care and training facility

Partner of Vets First Choice since 2013

Henry Schein Supply Chain,
Cornerstone PIMS

Independent Veterinary Practice

Dr. John Talmadge
Veterinarian/
Practice Owner



TELFORD VETERINARY HOSPITAL

78 SOUDERTON HATFIELD PIKE • SOUDERTON • PA • 18964
Where advanced Medicine and Top-notch Healers yield Miraculous Results

Telford Veterinary Hospital

2.3 FTE veterinarians

Progressive, client-centered
companion animal practice

Partner of Vets First Choice since 2012

Henry Schein Supply Chain,
Cornerstone PIMS

Independent Veterinary Practice

Dr. Sharon Minninger
Veterinarian/
Practice Owner

Jonathan Detweiler
Practice Manager/
Practice Owner

Meet the practices



LakeCross Veterinary Hospital

4.2 FTE veterinarians

A well-established, full service, small animal hospital in North Carolina

Partner of Vets First Choice since 2012

Recent transition to Henry Schein Supply Chain (from MWI), Cornerstone PIMS

Recent Corporate Affiliation with PetVet Care Centers (12/18)

Tara Adams
Practice Manager



Old Derby Animal Hospital

4.5 FTE veterinarians

A full-service veterinary hospital providing precision medicine for our patient's individual needs

Partner of Vets First Choice since 2015

Henry Schein Supply Chain, Cornerstone PIMS

Independent Veterinary Practice

Brian Carlson
Practice Manager



Kings Veterinary Hospital

4.2 FTE veterinarians

Rapidly growing, fully integrated companion animal hospital

Partner of Vets First Choice since 2015

Henry Schein Supply Chain, Cornerstone PIMS

Recently became a Corporate JV

Stephanie Foster
Practice Manager

Agenda



1. Introducing Covetrus

2. Our Vision & Strategy

3. The Platform

4. Scale & Global Reach

5. Customer Panel

6. Financial Highlights & Outlook

7. Management Q&A



Christine T. Komola
Executive Vice President &
Chief Financial Officer

Significant scale in our category...



~\$4.0B in 2018E revenue

A leading global technology-enabled
animal health platform

Long-term organic revenue growth faster than the
overall market*

Diversified mix of technology, products, services,
customers & geographies

The 2nd largest pure-play, public animal health company
by revenue**

A significant global customer base of ~100K

... with a pathway to long-term success

Grow customer share of wallet

Platform cross-sell

Multi-channel



Expand the TAM

Technology insights

Client engagement



Drive innovation in a larger market

Next-gen capabilities

Enhanced channel relationships



Perspectives on standalone financials through 3Q18

Revenue Growth (through 3Q18):

Henry Schein Animal Health net sales increased 8.2%. Organic growth, normalized for changes in manufacturer supplier relationships, was 6.6%.

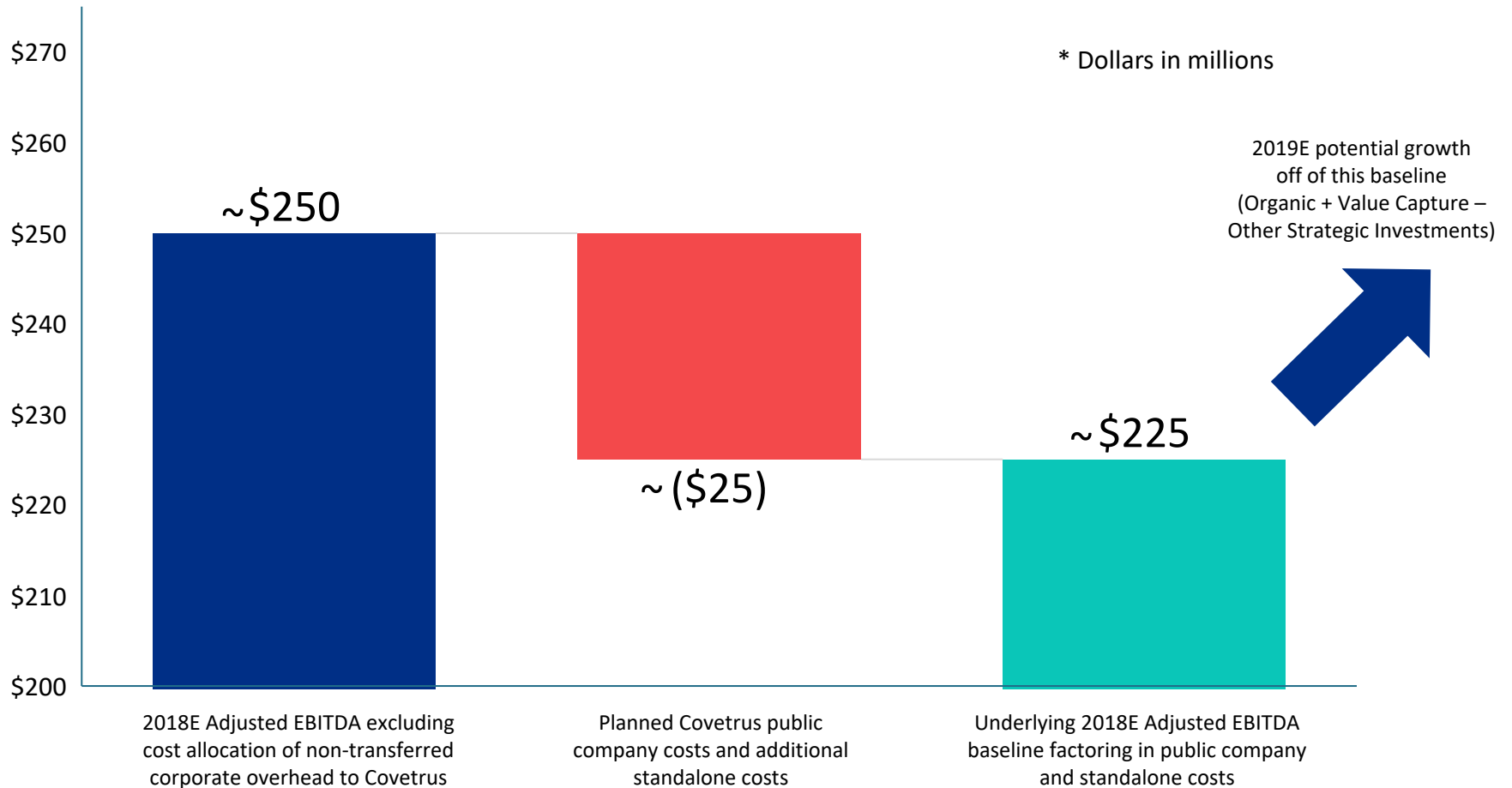
Vets First Choice net revenue increased 67%. Organic growth, excluding the contribution from the Roadrunner acquisition, was 37%.

Adjusted EBITDA (through 3Q18):

Henry Schein Animal Health GAAP net income of \$67.4M and adjusted EBITDA of \$166.3M for the first nine months of 2018 includes \$29.2M of parent company overhead cost allocation not transferring to Covetrus; underlying adjusted EBITDA before cost allocation was approximately \$195.5M.

Vets First Choice GAAP net income was \$(27.2)M for the first nine months of 2018 and adjusted EBITDA was \$(2.0)M.

Establishing the Covetrus 2018E adjusted EBITDA baseline



* Adjusted 2018E EBITDA excluding cost allocation of non-transferred corporate overhead to Covetrus equals standalone Henry Schein Animal Health Business adjusted EBITDA excluding cost allocation of non-transferred corporate overhead to Covetrus plus standalone Vets First Choice adjusted EBITDA, which excludes the impact of merger-related expenses, Covetrus stand-up costs, and other one-time items. See the appendix for historical GAAP to non-GAAP reconciliation, the equivalent GAAP measure is not accessible on a forward-looking basis

Planned investments to support independence

Approximately \$25M in public company costs and additional standalone costs to support the formation of Covetrus

Certain duplicative spending during the planned TSA transition in Europe & Australia during the first two years post-close

Approximately \$100M in one-time expenditures during the first three years of integration tied to standardizing core functions of HR, IT and supply chain

- Includes new customer relationship management (CRM) tools and warehouse management solutions (WMS)
- Initial investments in operational infrastructure will support future revenue growth, platform enrollment acceleration, and operational efficiencies
- Financial returns associated with these strategic investments not included in initial value capture targets

Strategic priorities in 2019 & beyond

2019 Organization & Integration

- 1 Organize U.S. commercial strategy
- 2 Successfully utilize & transition off of the TSAs
- 3 Establish foundation for value capture
- 4 Strengthen operational infrastructure
- 5 Drive cultural transformation



2020 & BEYOND Growth Acceleration

- 1 Deliver on planned value capture targets
- 2 Drive category growth as we leverage insights
- 3 Launch VFC outside the United States
- 4 Execute on enhanced product roadmap
- 5 Strengthen relationships with corporate groups & manufacturers

Transforming delivery & realizing value capture opportunities

Accelerating adoption of the Vets First Choice platform

Leverage an established customer base and one of the premier sales teams in animal health to drive incremental enrollments and cross-sell portfolio of solutions

Proactive Rx management for strategic products

Drive deeper customer engagement and deliver proactive prescription management in large therapeutic categories including preventatives and diets

Procurement enhancements

Utilize our global scale to drive supply chain efficiencies

Coordinate private label strategy

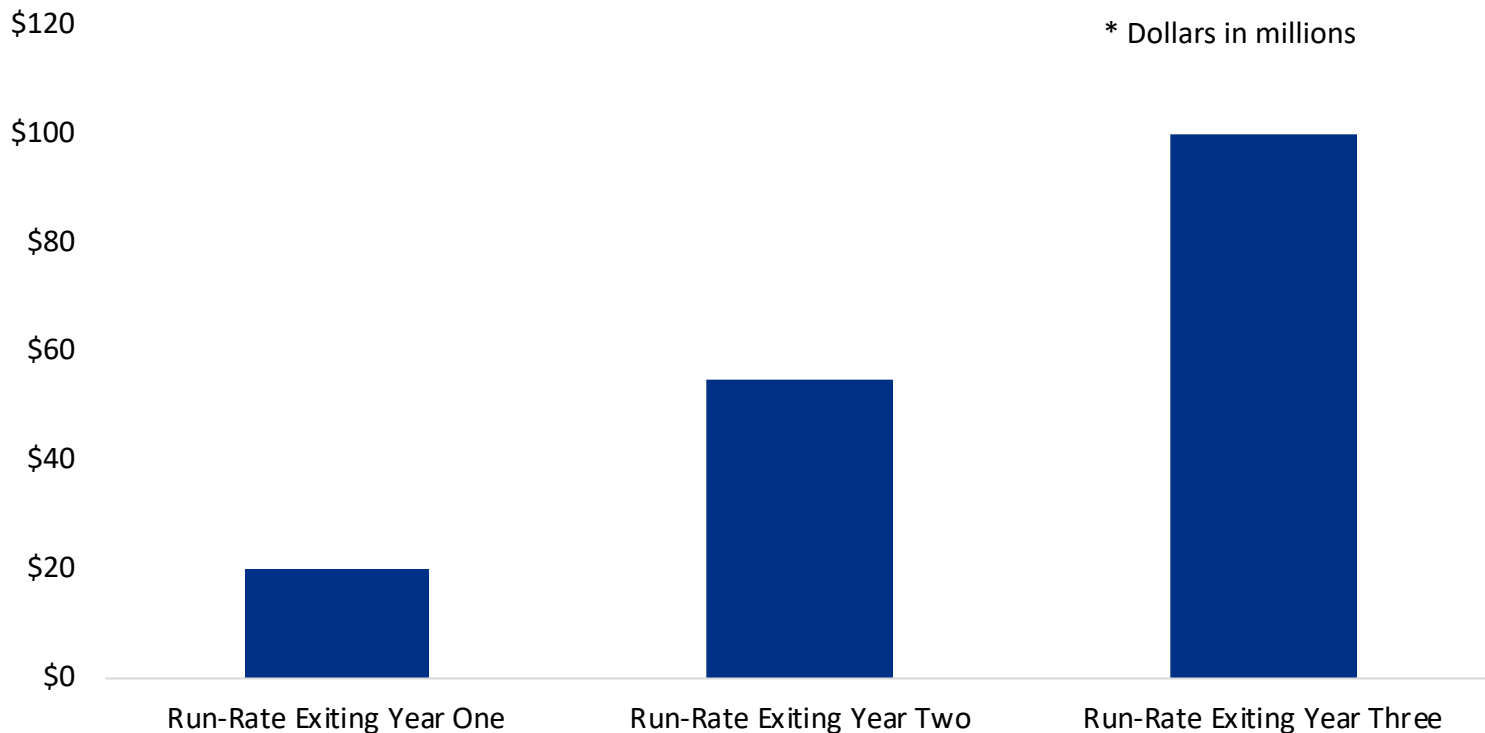
Operational efficiencies

Remove redundant third party services

Improve logistic capabilities and network analysis

Projected value capture timeline

We expect to deliver **+\$100M** in value capture opportunities by the end of year three.



* Transactions are expected to close on February 7, 2019 therefore year one does not correspond to calendar year 2019; the run-rate will be defined as the month prior to transaction anniversary date annualized and therefore run-rate value capture opportunities achieved is not the same as value captured actually realized in the preceding twelve months

Foundation set for sustained growth

A stable and healthy base business poised to deliver **accelerating** growth alongside planned transformation.

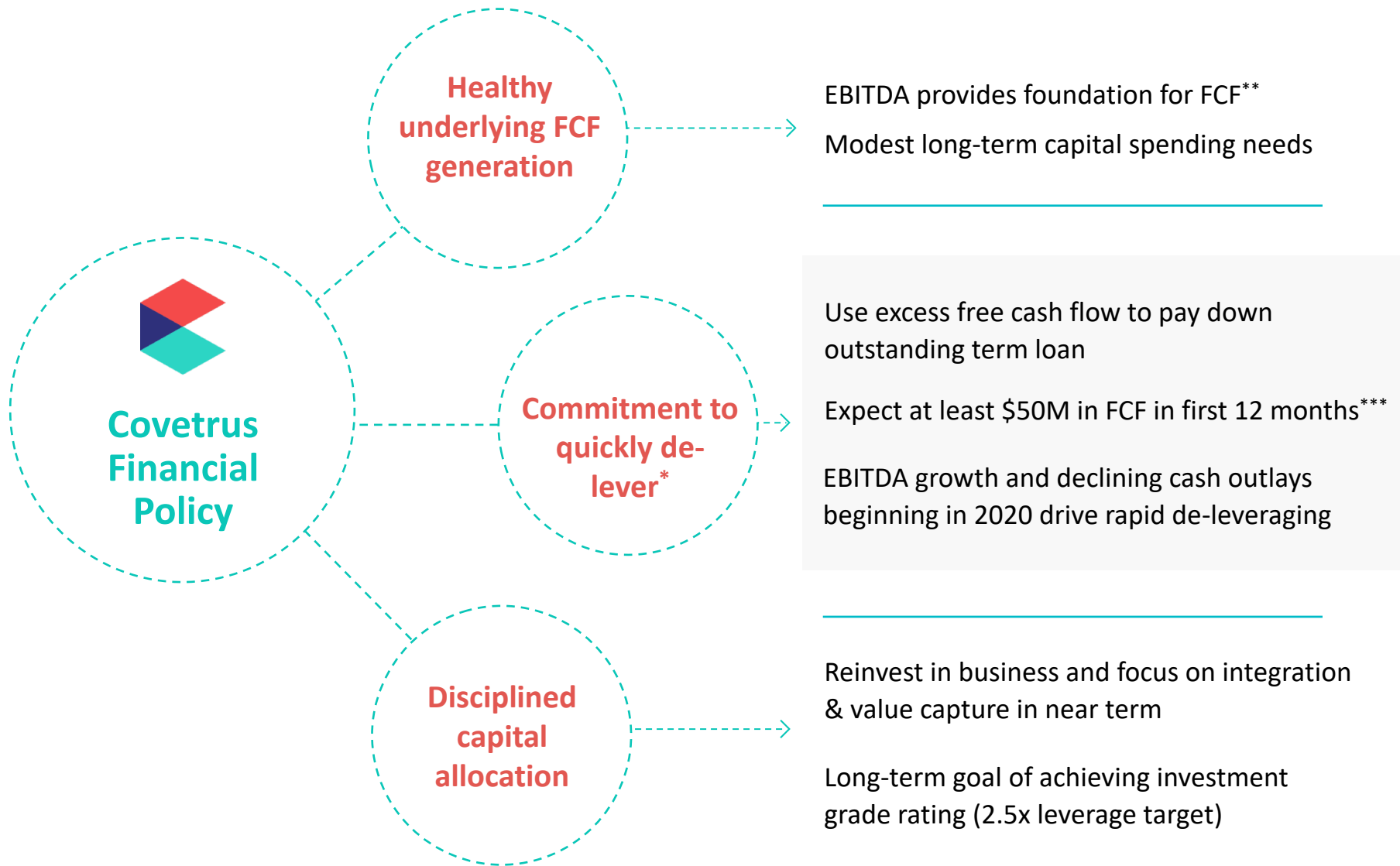


* Revenue growth excludes the impact from foreign exchange and changes in buy/sell and agency relationships with manufacturers

** Normalized 2018E baseline as depicted on slide 58; See the appendix for historical GAAP to non-GAAP reconciliation, the equivalent GAAP measure is not accessible on a forward-looking basis

*** Reported adjusted EBITDA growth in 2019 will be lower than the projected double digits as prior year consolidated figures (2018) will not include the public company costs that will be incurred in 2019

Capital allocation priorities focused on debt pay-down

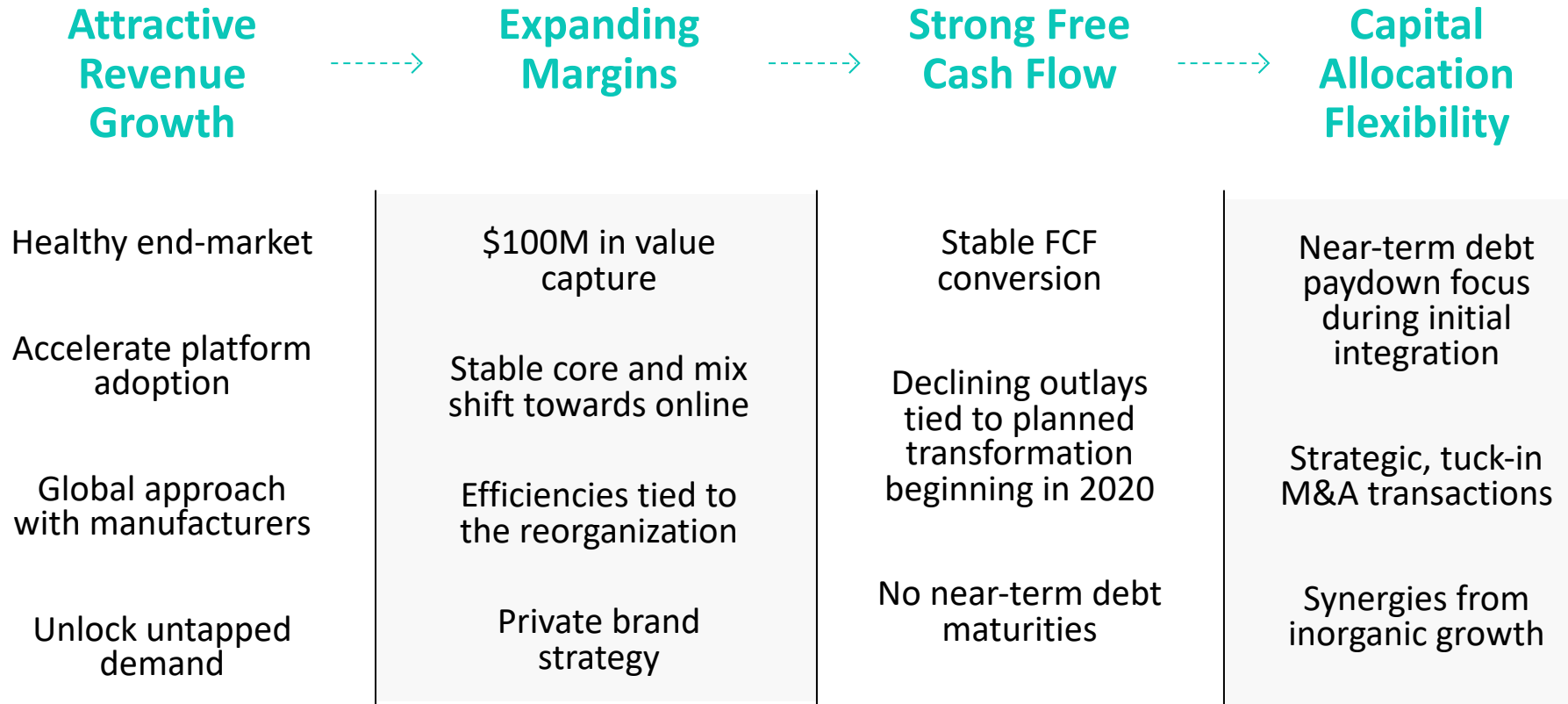


*Leverage target defined by the Covetrus credit agreement

** Free cash flow is a non-GAAP measure

*** The equivalent GAAP measure is not accessible on a forward-looking basis

Drivers of value creation



Agenda



1. Introducing Covetrus

2. Our Vision & Strategy

3. The Platform

4. Scale & Global Reach

5. Customer Panel

6. Financial Highlights & Outlook

7. Management Q&A

Management Q&A session

Open discussion: 

questions & answers

Non-GAAP financial measures

GAAP to non-GAAP reconciliations - EBITDA and Adjusted EBITDA

(\$ in Millions)

	Henry Schein Animal Health Business	Vets First Choice	Spin-Off and Other Pro Forma Adjustments	Purchase Price and Related Pro Forma Adjustments	Covetrus
	YTD Q3 FY2018	YTD Q3 FY2018	YTD Q3 FY2018	YTD Q3 FY2018	YTD Q3 FY2018
Net Income	\$67.4	(\$27.2)	(\$22.2)	(\$54.6)	(\$36.6)
Plus: Non-controlling interests	\$7.6	\$0.0	(\$6.7)	\$0.0	\$0.9
Less: Equity in Affiliates	(\$0.8)	\$0.0	\$0.0	\$0.0	(\$0.8)
Plus: Income Taxes	\$33.3	(\$3.7)	(\$12.3)	(\$18.9)	(\$1.6)
Plus: Interest Expense	\$1.9	\$0.5	\$47.9	\$0.0	\$50.3
Less: Interest Income	(\$4.3)	(\$0.3)	\$0.0	\$0.0	(\$4.6)
Less: Other income/Expense	(\$1.0)	\$4.1	\$0.0	\$0.0	\$3.1
Operating Income	\$104.1	(\$26.6)	\$6.7	(\$73.6)	\$10.7
Plus: Depreciation and Amortization	\$48.2	\$11.6	\$0.0	\$62.5	\$122.3
EBITDA	\$152.3	(\$14.9)	\$6.7	(\$11.1)	\$133.0
Plus: Stock-based compensation	\$5.5	\$2.3	\$0.0	\$11.1	\$18.9
Plus: Restructuring costs	\$7.8	\$0.0	\$0.0	\$0.0	\$7.8
Plus: Transaction costs	\$0.0	\$6.7	(\$6.7)	\$0.0	\$0.0
Plus: Late fee income	\$3.4	\$0.0	\$0.0	\$0.0	\$3.4
Less: Other	(\$2.7)	\$3.9	\$0.0	\$0.0	\$1.2
Adjusted EBITDA excluding stock-based compensation and other one-time items	\$166.3	(\$2.0)	(\$0.0)	\$0.0	\$164.4
Plus: GAAP corporate overhead cost allocation (not transferring to Covetrus)	\$29.2	\$0.0	\$0.0	\$0.0	\$29.2
Adjusted EBITDA excluding cost allocation of non-transferred corporate overhead to Covetrus	\$195.5	(\$2.0)	(\$0.0)	\$0.0	\$193.5