

## Pets at Home Group Plc: Q1 FY19 Trading Statement

### A good start - on track to deliver our plan for the year

Pets at Home Group Plc, the UK's leading pet care business, today announces a scheduled trading update for the 16 week period from 30th March to 19th July 2018, compared with the 16 week period from 31st March to 20th July 2017.

#### Financial summary

- Group revenue growth of 8.1% to £277.4m
  - Retail<sup>1</sup> revenue growth up 6.9% to £245.0m, including omnichannel revenue up 47.3% to £19.1m
  - Vet Group<sup>2</sup> revenue up 18.4% to £32.4m, including Joint Venture vet practice income up 19.9% to £19.4m where mature practices are growing ahead of the market and our naturally fast growing younger practices are performing in line with our expectations
- Group like-for-like revenue growth of 6.1%
  - Retail like-for-like revenue growth 5.3%
  - Vet Group like-for-like revenue growth 13.6%
- H1 FY19 financial guidance points:
  - Group gross margin dilution for the full year remains unchanged at (75-125) bps. Margin dilution will be greater in the first half, reflecting price investment phasing
  - As part of our ongoing investment appraisal of new stores, we have decided not to proceed with the opening of two stores for which lease arrangements had been committed. The full cost of the leases, at c£1.6m, will be absorbed within underlying profit in the first half
- Full year profit and cashflow outlook remains in line with our expectations and guidance<sup>3</sup>

*1 Retail includes: products purchased online and in-store, pet sales, grooming services*

*2 Vet Group includes: fee income earned from First Opinion Joint Venture vet practices, consolidated revenue from Specialist Referral centres, other income (including consolidated revenue from a small number of wholly owned First Opinion vet practices)*

*3 Refers to financial guidance before non-underlying items*

#### Operational summary

- Retail price position continues to strengthen to competitive levels; our overall price gap to online retailers has halved in the past 18 months
- Launched 'easy repeat' delivery across c350 online products. Giving more convenience to customers through an automatic repeat delivery to home or collect in-store, at prices lower than online competitors
- Reinvigorated sales of the 'Best Start In Life' healthcare plan in our vet practices with a 50% price discount, improving practice registrations with one of our most important customer groups, puppy and kitten owners
- Overall VIP customer health indicators continue to improve:
  - VIP frequency and spend is up
  - The number of VIPs who purchase products and a service has increased c16% y/y
- Opened one store and seven vet practices, in line with our plans for the year

**Peter Pritchard, Group Chief Executive Officer, commented:**

“I am really pleased with our start to the year, particularly as trading across both retail and the vet business has been consistently strong. There are so many initiatives that are working: great promotions and more lower prices, capitalising on the hot weather with our biggest ever summer and cooling product range, the launch of our easy repeat online delivery service, and an excellent ‘Best Start in Life’ puppy healthplan campaign in vet practices. We are also bringing our offer together more effectively with the launch of the VIP puppy club online and on our App, which introduces customers to both sides of our business.

We have made great progress with these initiatives, particularly the ongoing momentum in Retail more than a year on from the start of our price repositioning programme. But I believe we need a sharpening of focus to become a business that will continue to win over the long term, where it is essential that we maximise our assets and data as an integrated pet care business and reinvigorating the customer experience in-store becomes key. We know one of the biggest opportunities in our business is to accelerate the maturity and returns of our vet practices. We therefore need to address the challenges, such as the shortage of veterinary practitioners and the associated cost and cashflow support that is required. At the same time, there will always be a need to keep our retail pricing competitive.

I know we have the capability to address these challenges whilst continuing to deliver the three year financial plan we have committed to. I am confident that we have a really exciting future ahead and am looking forward to sharing this strategy in more detail at our November interim results presentation.”

**Conference call**

A conference call for analysts and investors will be held at 8.30am today. To join the call, please dial +44 20 3936 2999 and use the participant access code 563900. A recording will be available for seven days on +44 20 3936 3001 with the participant code 452619 and at <http://investors.petsathome>

## Key Performance Indicators

ROLLOUT		Q1 FY19	Q1 FY18	FY18
Stores	Number of stores <sup>4</sup>	449	447	448
	New superstores(net)	1	5	13
Vets	Number of vet practices (total)	468	440	461
	Number of standalone vet practices	154	149	152
	Number of in-store vet practices	314	291	309
	New vet practices (net)	7	2	25
Groomers	Number of groomers <sup>4</sup>	310	296	309
	New groomers (net)	1	6	27
	% of stores with a vet practice & grooming salon	59%	54%	58%
VIP CLUB		Q1 FY19	Q1 FY18	FY18
	VIP Club active members (m) <sup>5</sup>	4.0	3.7	3.9
	VIP swipe as % revenue <sup>6</sup>	70%	69%	70%

FINANCIALS		Q1 FY19	Q1 FY18	Change	
Revenue	<u>Revenue Split (£m)</u>				
		Retail <sup>1</sup>	245.0	229.2	6.9%
		Vet Group <sup>2</sup>	32.4	27.3	18.4%
		Total Group	277.4	256.5	8.1%
		Retail like-for-like growth	5.3%	1.4%	
		Vet Group like-for-like growth	13.6%	17.3%	
		Total Group like-for-like growth <sup>7</sup>	6.1%	2.7%	
		<u>Revenue Mix (% of total revenues)</u>			
		Retail	88%	89%	(100) bps
		Vet Group	12%	11%	100 bps

<sup>4</sup> Q1 FY18 included seven Barkers stores with grooming salons, which have now closed

<sup>5</sup> Active defined as customers who have purchased during the past twelve months

<sup>6</sup> Average swipe rate of the card at store tills over latest quarterly period

<sup>7</sup> Like-for-like growth comprises total revenue in a financial period compared to revenue achieved in a prior period, for stores, online operations, grooming salons, vet practices & referral centres that have been trading for 52 weeks or more

## Investor Relations Enquiries

**Pets at Home Group Plc:** +44 (0)161 486 6688

Amie Gramlick, Director of Investor Relations

## Media Enquiries

**Pets at Home Group Plc:** +44 (0)161 486 6688

Brian Hudspith, Director of Corporate Affairs

**Maitland:** +44 (0)20 7379 5151

Rebecca Mitchell, Joanna Davidson

## About Pets at Home

Pets at Home Group Plc is the UK's leading pet care business; our commitment is to make sure pets and their owners get the very best advice, products and care. Pet products are available online or from our 449 superstores, many of which also have vet practices and grooming salons. Pets at Home also operates a UK leading small animal veterinary business, with 468 First Opinion practices located both in our stores and in standalone locations, as well as four Specialist Referral centres. For more information visit: <http://investors.petsathome.com/>