

FOR IMMEDIATE RELEASE, 22 JANUARY 2019

## **Pets at Home Group Plc: Q3 FY19 Trading Statement**

### **A strong quarter - on track to deliver our full year forecast**

Pets at Home Group Plc, the UK's leading pet care business, today announces a scheduled trading update for the 12 week period from 12<sup>th</sup> October 2018 to 3<sup>rd</sup> January 2019, compared with the 12 week period from 13<sup>th</sup> October 2017 to 4<sup>th</sup> January 2018.

#### **Financial summary**

- Group revenue growth of 6.3% to £237.2m
  - Retail revenue up 5.5% to £213.4m, including omnichannel<sup>1</sup> revenue up 41.5% to £19.0m
  - Vet Group revenue up 13.6% to £23.8m, including Joint Venture (JV) fee income up 2.5% to £12.4m. On a cash basis, JV fee income grew 9.3% to £13.2m; the difference resulting from non recognition of fee income for the 55 practices we intend to buyback from Joint Venture Partners (JVPs)
- Group like-for-like<sup>2</sup> revenue growth of 5.1%
  - Retail like-for-like revenue growth of 4.7%
  - Vet Group like-for-like revenue growth<sup>3</sup> of 9.1%
- FY19 results remain in line with our expectations and financial guidance<sup>4</sup> reiterated:
  - Group underlying PBT of £80-85m and underlying free cashflow of at least £55m
  - Non-underlying income statement charge of up to £42m, including a cash charge of up to £13m relating to the Vet Group recalibration
  - As we approach our financial year end and monitor the Brexit process, we may consider increasing our inventory holding by up to £8m

#### **Strategic highlights**

- UK pet care market remains resilient and the strength of our proposition means we continue to take share in the retail (in-store and online) and vet markets
- Customer KPIs continue to improve: VIP member visit frequency and spend is up and the number of VIPs who purchase products and a service has grown 16% y/y
- Retail price position remains competitive and the majority of price investment is complete
- Continued growth in revenue from pet care services<sup>5</sup>, with associated growth in the number of subscription customers<sup>6</sup> to over 670,000
- Progress made across our Vet Group: customer revenue growth across all Joint Venture practices remains solid at 11.9% and we believe mature practices continue to grow ahead of the market. Our wider Vet Group recalibration is making progress and is on track

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

"Momentum in Retail accelerated over the festive period, culminating in the biggest trading day of our entire history on the Saturday before Christmas. Our omnichannel business delivered exceptional performance, benefitting from investments made earlier in the year, including a new mobile website. This resulted in 4.7% like-for-like growth in Retail, an impressive 11% growth on

a two year basis. In such a challenging climate, this performance was only made possible through the hard work of our colleagues across the business.

We saw good customer revenue growth across our entire Vet Group. In November, we reiterated the big opportunity to accelerate the maturity of our vet practices, but this needs to be achieved in a more sustainable way. As such, I am particularly pleased with how the recalibration of the Vet Group is taking shape; the engagement from JVPs has been positive and we have made good progress in our discussions with buyback practices.

We also celebrated another milestone as we reached £10m raised for national and local animal charities through our VIP loyalty club since its launch in 2012, another fantastic achievement.

We are working closely across the Group to maximise our assets and data as a pet care business, delivering initiatives that are resulting in an even better experience for customers. With the Executive Team appointments now complete, I know that we enter 2019 with growing momentum and we are well placed to deliver on our plans and commitments.”

### Conference call

A conference call for analysts and investors will be held at 8.45am today. To join the call, please dial +44 (0)330 336 9411 and use the participant access code 5163187. A recording will be available at <http://investors.petsathome>

### Key Performance Indicators

|   | Q3 FY19 | Q3 FY18 | FY18 |
|---|---------|---------|------|
| Number of stores <sup>7</sup>                 | 451     | 452     | 448  |
| New stores (net)                              | 3       | 2       | 6    |
| Number of vet practices (total)               | 475     | 449     | 461  |
| In-store                                      | 317     | 296     | 309  |
| Standalone                                    | 158     | 153     | 152  |
| New vet practices (net)                       | 14      | 2       | 25   |
| Number of grooming salons <sup>7</sup>        | 314     | 306     | 309  |
| New grooming salons (net)                     | 5       | 5       | 27   |
| % stores with a vet practice & grooming salon | 59%     | 55%     | 58%  |
| VIP Club active members (m) <sup>8</sup>      | 4.2     | 3.8     | 3.9  |
| VIP swipe as % revenue <sup>9</sup>           | 70%     | 68%     | 70%  |

|   | Q3 FY19 | Q3 FY18 | YoY change |
|---|---------|---------|------------|
| Group like-for-like <sup>2</sup> revenue growth | 5.1%    | 7.2%    |            |
| Retail  | 4.7%    | 6.4%    |            |
| Vet Group <sup>3</sup>                          | 9.1%    | 16.9%   |            |
| Group revenue (£m)                              | 237.2   | 223.3   | 6.3%       |
| Retail  | 213.4   | 202.3   | 5.5%       |
| Vet Group                                       | 23.8    | 21.0    | 13.6%      |

1. Defined as income from orders placed online at [petsathome.com](http://petsathome.com) and instore using our order-in-store service, plus subscriptions
2. 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
3. When calculating LFL revenue, the JV fee income for practices which we have offered to buy back from JVPs has not been included in either Q3 FY18 (£0.9m) or Q3 FY19 (£0.8m)

4. Refers to financial guidance disclosed as part of H1 FY19 financial results on 27 November 2018
5. Defined as revenue from First Opinion vet practices, Specialist Referral Centres, pet sales, subscriptions, grooming and pet insurance commission
6. Defined as customers signed up to a Vet Group health plan, subscribe & save, Easy Repeat or Bubble Bundle
7. Q3 FY18 included seven Barkers stores with grooming salons, which have now closed
8. Active defined as customers who have purchased during the past twelve months
9. Average swipe rate of the card at store tills over latest quarterly period

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## **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 451 stores, many of which also have vet practices and grooming salons. Pets at Home also operates a UK leading small animal veterinary business, with 475 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/>

## **Disclaimer**

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Certain statements in this trading statement constitute forward-looking statements. Any statement in this document that is not a statement of historical fact including, without limitation, those regarding the Company's future plans and expectations, operations, financial performance, financial condition and business is a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this statement. As a result you are cautioned not to place reliance on such forward-looking statements. Nothing in this statement should be construed as a profit forecast.