

## Pets at Home Group Plc: Q1 FY17 Trading Statement

### A solid start to the year with continued momentum across all strategic categories

Pets at Home Group Plc, the UK's leading specialist retailer of pet food, pet accessories, veterinary and grooming services, today announces a Q1 FY17 trading update. This represents the 16 week period from 1st April 2016 to 21st July 2016, compared with the 16 week period from 27th March 2015 to 16th July 2015.

### Financial summary

- Group like-for-like revenue growth of 2.7% driven by Advanced Nutrition, omnichannel, vet and grooming services, alongside a return to positive sales growth in Health & Hygiene products
  - Merchandise like-for-like revenue growth 2.2%
  - Services like-for-like revenue growth 7.5%
- Total revenue growth of 8.9% to £244.2m
  - Merchandise revenues up 4.9% to £210.5m
  - Services revenues up 43.4% to £33.7m, reflecting Joint Venture vet practice fee income up 22.5% to £12.4m and the contribution from newly acquired specialist referral centres

### Operational summary

- Opened 4 Pets at Home stores, 3 Vets4Pets practices and 6 Groom Room salons
- VIP club active members 3.5m, an increase of around 200,000 since FY16 year end. Card swipe rate at store tills 65% of revenues, compared with 64% in Q4 FY16
- Launched a monthly subscription service for flea treatment products
- VIP App now live, removing the need for customers to carry their VIP card

### Ian Kellett, Group Chief Executive Officer, commented:

"We are pleased with our positive start to the year, delivered through consistent performance in our core strengths of Advanced Nutrition, vet and grooming services, with a continued underpin from the growth in sales to our VIP members.

Whilst the consumer outlook is uncertain, we remain confident in our long term strategy and are reassured by the historical resilience of the pet market in times of economic downturn.

Our full year outlook remains in-line with market expectations."

## Foreign exchange outlook

The Group purchases products from Asia to a value of US\$50-55 million each year and our policy is to hedge up to 95% of forecast foreign exchange transactions on a rolling 12 month basis. As confirmed at our preliminary results announcement in June, our hedging requirements for FY17 are in place, which will have a negative impact of around £2m on operating profit. Our average hedged FY17 rate is 1.49 USD:GBP. At present, 25% of our expected FY18 purchases are hedged at an average rate of 1.41 USD:GBP.

## Key Performance Indicators

ROLLOUT		Q1 FY17	Q1 FY16	FY16	
Stores	Number of stores in period <sup>1</sup>	431	404	427	
	New stores	4	4	27	
Vets	Number of vet practices (total)	391	344	388	
	Number of standalone vet practices	138	127	138	
	Number of in-store vet practices	253	217	250	
	% of stores with vet	59%	54%	59%	
	New vet practices in period	3	6	50	
	New standalone vet practices	0	0	11	
Groomers	New in-store vet practices	3	6	39	
	Number of groomers	246	185	240	
	% of stores with groomer	57%	46%	56%	
	New groomers in period	6	5	60	
VIP CLUB		Q1 FY17	Q1 FY16	FY16	
	VIP club active members (m)	3.5	NA	3.3	
	VIP swipe as % revenue <sup>2</sup>	65%	67%	64%	
FINANCIALS		Q1 FY17	Q1 FY16	Change	
Revenue	<u>Revenue Split (£m)</u>				
		Merchandise revenue <sup>3</sup>	210.5	200.7	4.9%
		Services & other revenue <sup>4</sup>	33.7	23.5	43.4%
		Total Group revenue	244.2	224.2	8.9%
		Like-for-like growth <sup>5</sup>	2.7%	1.7%	
		Merchandise like-for-like growth	2.2%	0.9%	
		Services like-for-like growth	7.5%	11.7%	
		<u>Revenue Mix (% of total revenues)</u>			
		Merchandise	86.2%	89.5%	(332) bps
		Services & other	13.8%	10.5%	332 bps

<sup>1</sup> Includes Barkers and Whiskers 'n Paws by Pets at Home

<sup>2</sup> Average swipe rate over latest quarterly period

<sup>3</sup> Includes Food and Accessories revenue from our store and online operations

<sup>4</sup> Includes veterinary Joint Venture fees and other income, Groom Room revenue, revenue from live pet sales and insurance commission

<sup>5</sup> 'Like-for-Like' sales growth comprises total sales/fee revenue in a financial period compared to revenue achieved in a prior period, post cannibalisation, for stores, online operations, grooming salons and vet practices

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## **About Pets at Home**

Pets at Home Group Plc is the UK's leading specialist pet omnichannel retailer and services provider. Pets at Home operates from 423 superstores located across the UK. The Group operates the UK's largest small animal veterinary business with 391 practices, run principally under a Joint Venture model using the Vets4Pets and Companion Care brand names, and four veterinary specialist referral centres. Pets at Home is the UK's leading operator of pet grooming services offered through its 246 grooming salons. The Group also operates 7 specialist High Street based dog stores, called Barkers, as well as Ride-away, an equine retail business with a superstore and website. For more information visit: <http://investors.petsathome.com/>