



FOR IMMEDIATE RELEASE, 21 JANUARY 2015

Pets At Home Group Plc: Q3 FY15 Trading Statement

Another robust quarter, in line to meet expectations for FY15

Pets At Home Group Plc, the UK's leading specialist retailer of pet food, accessories, pet-related products and services, today announces a Q3 FY15 trading update for the 12 week period from 10th October 2014 to 1st January 2015.

Q3 FY15 financial summary

- Like-for-like revenue growth of 4.1% driven by strength in Advanced Nutrition, Health & Hygiene, Christmas range, VIP Club, Services and Omni-channel
 - Merchandise like-for-like revenue growth of 3.4%
 - Services like-for-like revenue growth of 15.6%
- Total revenue growth of 7.8% to £182.2m
 - Merchandise revenues up 6.5% to £168.2m, with Food continuing to grow slightly ahead of Accessories
 - Services revenues up 26.0% to £14.0m
- Fee income from Joint Venture veterinary practices up 32.9% to £6.4m
- Gross margin improvement in line with guidance for FY15
- The Group continues to trade in line with expectations for the full financial year

Operational summary

During the third quarter, we opened 7 new stores, bringing gross openings in FY15 to 17 and a total portfolio of 392 stores. We have further expanded our Services footprint, opening 5 veterinary practices and 8 Groom Rooms in the quarter, bringing the total portfolios to 308 and 160 respectively. Of the 31 vet practice and 31 Groom Room openings in FY15, 17 and 14 have been retrofits to existing stores. We continue to expect gross openings of at least 25 stores, 60 veterinary practices and 50 Groom Room salons in FY15.

Our VIP club loyalty scheme continued to perform strongly and gained over 250,000 new members during the quarter to reach a total of 2.9 million. VIP card swipe rate at store tills represented 61% of revenues, compared with 57% in the first half of FY15.

Within omni-channel, we have expanded our online-only product range by nearly 800 SKUs in the quarter, bringing the total extended range to over 11,600 SKUs, an uplift of more than 4000 to those available in stores. Deliver To Store, which launched in August and allows customers to pick up the extended range in store, is growing strongly and has become a key contributor to omnichannel revenues.

We also launched additional TV advertising during the period, sponsoring 'For The Love Of Dogs', one of ITV's highest rating programmes. The Christmas special alone was watched by 5.2 million viewers.

Nick Wood, Chief Executive Officer, commented:

"We are very pleased with the continued growth in like-for-like sales. This reflects the strength of our offer, the multiple levers through which we can drive growth, and the resilience of the pet products and services market.

I would like to thank all our colleagues for their contribution to the continued growth of the business in 2014. We will continue to execute on our successful strategy in 2015."

Conference call

A conference call for analysts and investors will be held at 8.30am today. To join the call, please dial + 44 20 3059 8125 and quote 'Pets'. A recording will be available for seven days on + 44 121 260 4861 (passcode: 2769404#) and at <http://investors.petsathome>

Key Performance Indicators

ROLLOUT		Q3 FY15	Q3 FY14	H1 FY15
Stores	Number of stores in period ¹	392	368	385
	New stores	7	9	10
Vets	Number of vet practices (total)	308	244	303
	Of which Joint Venture practices	301	236	295
	Of which wholly owned Group Venture practices	7	8	8
	Number of standalone vet practices	121	108	121
	Number of in-store vet practices	187	136	182
	% of stores with vet	48%	37%	47%
	New vet practices in period (total)	5	11	26
	New standalone vet practices	0	3	2
	New in-store vet practices	5	8	24
	Of which retrofits	2	4	15
Groomers	Number of groomers	160	116	152
	% of stores with groomer	40%	32%	39%
	New groomers in period	8	13	23
	Of which retrofits	2	2	12
VIP CLUB		Q3 FY15	Q3 FY14	H1 FY15
	VIP club members (m)	2.9	1.7	2.6
	VIP swipe as % revenue ²	61%	46%	57%

FINANCIALS		Q3 FY15	Q3 FY14	Change
Revenue	<u>Revenue Split (£m)</u>			
	Merchandise revenue ³	168.2	157.9	6.5%
	Services & other revenue ⁴	14.0	11.1	26.0%
	Total Group revenue	182.2	169.0	7.8%
	Like-for-like growth ⁵	4.1%	4.6%	
	Merchandise like-for-like growth	3.4%	4.7%	
	Services like-for-like growth	15.6%	1.7%	
	<u>Revenue Mix (% of total revenues)</u>			
	Merchandise	92.3%	93.4%	(111)bps
	Services & other	7.7%	6.6%	111 bps

¹ Store portfolio net of 10 new stores, one permanent closure in the period, and one temporary closure of Rugby, which will be relocated in the 1H FY16

² Average swipe rate over period

³ Includes Food and Accessories revenue

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

⁵ '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, grooming salons and vets that have been trading for 52 weeks. LfL includes revenue from the Group's online operations

Enquiries

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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 392 stores located across the UK. The Group operates the UK's largest small animal veterinary business with 308 practices, run principally under a Joint Venture model using the Companion Care and Vets4Pets brand names. Pets at Home is the UK's leading operator of pet grooming services offered through its 160 Groom Room salons. The Group also owns and operates Ride-away, a specialist equine retail business with a York superstore, website and catalogue. For more information visit: <http://investors.petsathome.com/>