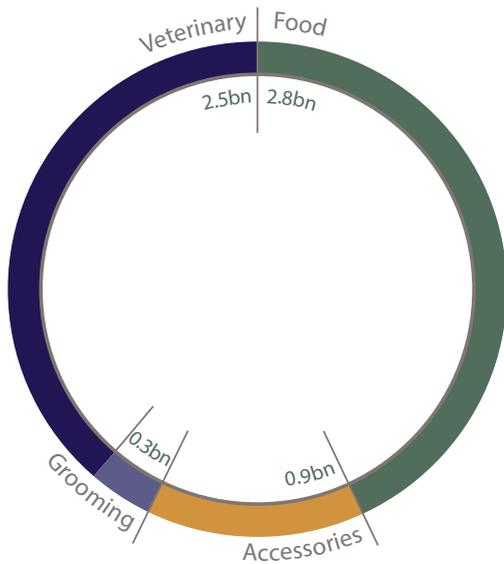


The UK pet care market remains large, resilient and in growth

UK pet care market

By sector value 2019¹ (£)



Retail total	£4.0bn
Food ²	£2.8bn
Accessories ²	£0.9bn
Grooming	£0.3bn
Veterinary ³	£2.5bn

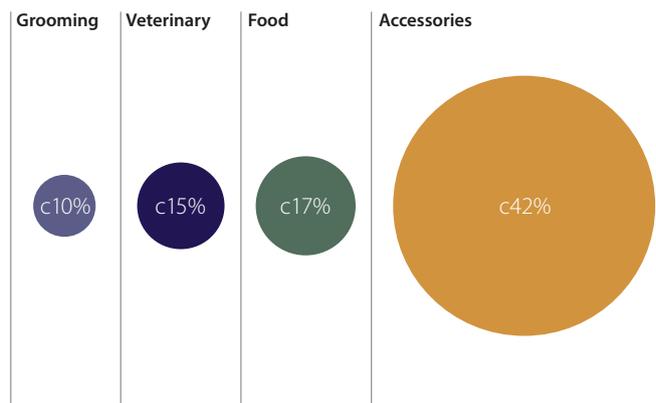
£6.5bn

Estimated UK pet care market value

c16%

Online penetration of pet products⁴ market

Our market share in 2019¹ (%)



Market growth during 2019¹

Retail total	c3%
Food ²	c3%
Accessories ²	c4%
Grooming	c4%
Veterinary ³	c5%

c4%

Estimated growth of UK pet care market in 2019

1 Source: Pets at Home data, UK market reports, OC&C 2017.
 2 Includes online spend from pet products.
 3 Veterinary includes First Opinion and Specialist Referrals market.
 4 Includes food and accessories.



Our adaptable pet care strategy is designed to take share across all sectors

Our unique combination of products and services allows us to deliver complete pet care to our customers and clients in a way competitors cannot replicate. By meeting the needs of pet owners through our winning combination of competitive pricing, convenient shopping, and talented colleagues who deliver pet care services, we are taking share across both our key markets of retail and veterinary. Despite the uncertainty created by the coronavirus pandemic, we are confident our pet care strategy remains the right one. However, we will adapt how we deliver it to ensure it remains appropriate to the changing needs of pet owners.

→ Strategy and performance
Page 20

Market drivers and our responses

Market driver 1: A stable UK dog and cat population.

The UK is a nation of pet lovers, with the population of dogs and cats remaining stable at an estimated 18m, and around 12m (40% of) households are now believed to own a pet.

Our approach:

We cater for all pet types at accessible locations nationwide and online, whilst offering a range of pet products and pet care services. In particular, we are increasingly focused on acquiring new puppy and kitten customers, introducing them to all parts of our ecosystem, and nurturing lifelong relationships with them.

Market driver 2: Humanisation of pets and an increasing desire for higher quality products and services.

Across both dog and cat owners, there is a continued trend of stepping up to higher quality diets driven by greater affordability and awareness of the health benefits this provides. Now more than ever before, pets are playing an increasingly important role in their owners' lives.

Our approach:

Through our in-store colleagues and online content, we are able to explain the health benefits of feeding your pet a better quality diet, whilst competitive pricing makes higher quality Advanced Nutrition pet food affordable. With many colleagues pet owners themselves, they understand the emotional bond between customers and their pet.

Market driver 3: Advances in veterinary care, accessibility of which is supported by increasing levels of pet insurance.

The veterinary care market continues to advance through scientific research, and the range of healthcare options available to pet owners is increasing. Together with a growing awareness and affordability of pet insurance, more pet owners are able to do what is best for their pet throughout their lifetime.

Our approach:

We aim to recruit the very best veterinarians across our network of Joint Venture Partners and team of leading specialists, to deliver the best possible care to clients. By locating First Opinion practices across the country, both inside Pets at Home stores and in standalone locations, we make access to this high quality care easy and convenient.

Market driver 4: Continued channel shift to online.

Online penetration of the pet products market increased again in 2019, and is now c16%. Price competitiveness and convenience remain essential factors in the online shopping journey, driven by ease of price comparison and the different delivery options typically offered.

Our approach:

Recent investment in our online capabilities such as digital platforms and fulfilment automation, together with competitive and sustainable pricing, have enabled us to make strong share gains in the online market. However our approach extends beyond just traditional online shopping, with a multi-faceted omnichannel proposition encompassing collect in-store, order in-store and subscription platforms, all of which offer maximum convenience.

→ Operating review
Pages 44 to 51