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Pets at Home Group Plc: H1 FY15 trading update

Continued like-for-like strength into the second quarter, well positioned 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 H1 FY15 trading update for the 28 week period from 28th March to 9th October 2014.

H1 FY15 financial summary

- Like-for-like sales growth of 4.2% both in the Q2 and H1 FY15, driven by strength in Advanced Nutrition, Health & Hygiene, VIP Club momentum, and continued growth in fee income from our veterinary practices and Groom Rooms
- Total revenue growth of 10.2% to £381.5m
 - Merchandise revenues up 8.9% to £348.3m, driven by new store openings and continued strength in Food, as well as Accessories;
 - Services revenues up 27.0% to £33.2m, reflecting both new openings and the growing revenue streams from our maturing vet practices and Groom Rooms
- Strong revenue growth of 28.0%, and like-for-like revenue growth of 15.5%, within the underlying Joint Venture veterinary practices
- Gross margin improvements in line with our expectations to deliver full year Services gross margin expansion, and a modest Merchandise gross margin benefit
- VIP Club reached 2.6m members, up from 2.0m at the end of the FY14
- The Group continues to trade in line with our expectations for the full financial year

Operational summary

During the first half, we continued to execute on our growth strategy. We added 8 stores net to the portfolio; including 10 new stores, one store closure in Knutsford, and a temporary closure of our Rugby store, which will be relocated in the first half of the FY16. We opened 26 veterinary practices and 23 Groom Rooms. Of the new vet practice and Groom Room openings, 15 and 12 respectively were retrofits to existing stores. We continue to expect to deliver gross openings of at least 25 new stores, 60 new veterinary practices and 50 new Groom Room salons in the FY15.

Our loyalty scheme, VIP Club, continued to gain strong traction from engaged pet owners, adding 600,000 members in the half year to reach a total of 2.6 million. VIP card swipe rate at store tills in the second quarter represented 58% of revenues, compared with 52% at the end of the FY14.

On our website, Deliver To Store (DTS) became fully operational in the second quarter, enhancing our omnichannel shopping experience for customers. DTS allows customers to order products for pickup the following day which are not currently in stock at their local store, including the extended online only range of 3,400 SKUs, bringing the total online range to over 10,800 SKUs.

Nick Wood, Chief Executive Officer, commented:

“We are very pleased with the strong like-for-like growth of 4.2% in the first half of our financial year. Our VIP Club continues to be a strong contributor to this growth, alongside both our new and existing veterinary practices and Groom Room salons.”

“This positive momentum across the business gives us further confidence in our ability to deliver on our expectations for the full financial year.”

FY15 Interims

Pets At Home will release its full FY15 interim results on 4th December 2014.

Key Performance Indicators

ROLLOUT		FY14	H1 FY14	H1 FY15
Stores	Number of stores in period	377	359	385 ¹
	New stores	32 ²	14	10
Vets	Number of vet practices (total)	277	233	303
	Of which Joint Venture practices	267	223	295
	Of which wholly owned Group Venture practices	10	10	8
	Number of standalone vet practices	119	105	121
	Number of in-store vet practices	158	128	182
	% of stores with vet	42%	36%	47%
	New vet practices in period (total)	69	25	26
	New standalone vet practices	22	7	2
	New in-store vet practices	47	18	24
	Of which retrofits	18	7	15
Groomers	Number of groomers	129	103	152
	% of stores with groomer	34%	29%	39%
	New groomers in period	42	16	23
	Of which retrofits	11	4	12
VIP CLUB		FY14	H1 FY14	H1 FY15
	VIP Club members (m)	2.0	1.4	2.6
	VIP swipe as % revenue	52% ⁴	39% ³	57% ³

FINANCIALS		H1 FY14	H1 FY15	Change
Revenue	<u>Revenue Split (£m)</u>			
	Merchandise revenue ⁵	320.0	348.3	8.9%
	Services & other revenue ⁶	26.2	33.2	27.0%
	Total Group revenue	346.2	381.5	10.2%
	Like For Like growth ⁷	1.3%	4.2%	
	<u>Revenue Mix (% of total revenues)</u>			
	Merchandise	92.4%	91.3%	
Services & other	7.6%	8.7%		

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 FY14 openings include new format store, Barkers

³ Average swipe rate over half year period

⁴ Average swipe rate over Q4 FY14 period

⁵ Includes Food and Accessories revenue

⁶ Includes veterinary Joint Venture fees and other income, Groom Room revenue, revenue from live pet sales and insurance commission

⁷ '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 retailer and services provider, with a wide omni-channel offering.

Pets At Home operates from 385 stores located across the UK. The Group operates the UK's largest small animal veterinary business with 303 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 152 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/>