Preliminary Results FY18
22nd May 2018
Forward-looking statements

INCLUDED IN THIS PRESENTATION ARE FORWARD-LOOKING MANAGEMENT COMMENTS AND OTHER STATEMENTS THAT REFLECT MANAGEMENT’S CURRENT OUTLOOK FOR FUTURE PERIODS

These expectations are based on currently available competitive, financial, and economic data along with our current operating plans and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements.

The forward-looking statements in this presentation should be read in conjunction with the risks and uncertainties discussed in the Pets At Home Annual Report and Accounts.
Highlights
Peter Pritchard, Group CEO
Successfully delivered the first of our three year plan back to sustainable profit growth

- Retail performance significantly improved, customers are coming back and we are growing market share again

- Price investment on track – we are through the majority of the reset

- Vet market remains an attractive space, where we have a profitable business

- The supply of veterinarians in the UK remains tight and we have decided to moderate rollout

- The young age and increasing cost pressures in our vet practices requires funding support from PAH – we need to focus more on strategies to accelerate their growth

- Overall – back on a stronger competitive footing, but we still have much to do and are determined to deliver the targets we have set
Financials
Mike Iddon, Group CFO
A year of strong revenue performance, creating the foundation for future sustainable profit growth

- Group revenue growth 7.8% and like-for-like (LFL) growth 5.5%
- Merchandise LFL revenue growth of 5.0%, accelerated through the year, supported by omnichannel revenue growth of 75.1%
- Income from Joint Venture vet practices grew by 16.1% and double digit LFL revenue growth in our referral centres
- Group underlying PBT of £84.5m is lower year on year by 12.3%, and reflects our £13m price investment in Merchandise and a £5m increase in the provision held for JV vet practice loans
- Solid FCF of £55.8m and total dividend will be maintained at 7.5 pence per share
We have delivered sustained momentum in Merchandise, reinforced by continued high growth in Services

<table>
<thead>
<tr>
<th>£m</th>
<th>FY17</th>
<th>FY18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>834.2</td>
<td>898.9</td>
<td>7.8%</td>
</tr>
<tr>
<td>Like-for-like</td>
<td>1.5%</td>
<td>5.5%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>£m</th>
<th>FY17</th>
<th>FY18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Merchandise</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td>395.1</td>
<td>421.9</td>
<td>6.8%</td>
</tr>
<tr>
<td>Accessories</td>
<td>321.6</td>
<td>343.5</td>
<td>6.8%</td>
</tr>
<tr>
<td>Total</td>
<td>716.7</td>
<td>765.4</td>
<td>6.8%</td>
</tr>
<tr>
<td>Like-for-like</td>
<td>0.8%</td>
<td>5.0%</td>
<td></td>
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<table>
<thead>
<tr>
<th>£m</th>
<th>FY17</th>
<th>FY18</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td><strong>Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from JV vet practices</td>
<td>45.8</td>
<td>53.1</td>
<td>16.1%</td>
</tr>
<tr>
<td>Other¹</td>
<td>71.7</td>
<td>80.4</td>
<td>12.1%</td>
</tr>
<tr>
<td>Total</td>
<td>117.5</td>
<td>133.5</td>
<td>13.7%</td>
</tr>
<tr>
<td>Like-for-like</td>
<td>7.9%</td>
<td>8.5%</td>
<td></td>
</tr>
</tbody>
</table>

1. Includes revenue from wholly owned Group Venture vet practices & other veterinary income, including specialist referrals, grooming salons, live pet sales & insurance commission
Our gross margin reflects strategic price investment in Merchandise and an increase in provision for vet practice loans.

Group gross margin bridge

**Merchandise**
- Planned price investment: (-149bps)
- Mix and FX: (-97bps)

**Services**
- Underlying performance: (+52bps)
- Provision held for vet practice loans: (-55bps)

**FY17**  
- Merchandise: 54.2%  
- Services: 51.7%

**Merchandise gross margin**
- FY17: 57.6%  
- FY18: 54.8%

**Services gross margin**
- FY17: 33.3%  
- FY18: 34.1%
We have focussed on simplifying our core business, which has enabled us to invest in our key growth areas.

**Underlying Operating Cost Bridge Excluding D&A, £m**

**Operational Efficiency**

- Support Office\(^1\): £3.8m
- Distribution: £1.2m
- Core Stores\(^2\): (£0.7m)

**Investing in Growth**

- Omnichannel: £4.9m
- Vet Group: £3.3m
- New Stores\(^3\): £7.5m

**FY17**

- £321.3m

**FY18**

- £325.6m

**Underlying Operating Cost Bridge Excluding D&A, £m**

- £341.3m

1. Support office includes support centre and marketing
2. Core stores include all stores open as at 31 March 2016
3. New stores includes all stores opened since 1 April 2016
Our profit reflects the planned repositioning of our Retail business, mitigated by the continuing growth of our Vet business.

<table>
<thead>
<tr>
<th>£m</th>
<th>FY17</th>
<th>FY18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying EBITDA</td>
<td>130.5</td>
<td>123.3</td>
<td>(5.6%)</td>
</tr>
<tr>
<td>Margin</td>
<td>15.6%</td>
<td>13.7%</td>
<td>(194) bps</td>
</tr>
<tr>
<td>Depreciation &amp; amortisation</td>
<td>(29.6)</td>
<td>(34.5)</td>
<td>16.4%</td>
</tr>
<tr>
<td>Net interest</td>
<td>(4.5)</td>
<td>(4.3)</td>
<td>(5.8%)</td>
</tr>
<tr>
<td>Underlying PBT</td>
<td>96.4</td>
<td>84.5</td>
<td>(12.3%)</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>21%</td>
<td>20%</td>
<td>NM</td>
</tr>
<tr>
<td>Underlying basic EPS (pence)</td>
<td>15.3</td>
<td>13.5</td>
<td>(11.2%)</td>
</tr>
<tr>
<td>DPS (pence)</td>
<td>7.5</td>
<td>7.5</td>
<td>NM</td>
</tr>
<tr>
<td>Non-underlying items</td>
<td>(1.0)</td>
<td>(4.9)</td>
<td>NM</td>
</tr>
<tr>
<td>Statutory PBT</td>
<td>95.4</td>
<td>79.6</td>
<td>(16.6%)</td>
</tr>
</tbody>
</table>

1. Non-underlying items in FY17 refer to £1.0m of costs related to the disposal of Farm Away Limited, the Group’s equestrian retailing business.
2. Non-underlying items in FY18 includes £2.7m associated with the closure of Barkers, £1.6m accounting charge for the acquisition of minority stakes owned by vet partners in specialist referral centres, and £0.6m of other expenses.
We have reduced our capital investment and closely aligned it to our strategic growth areas of omnichannel and vet services

<table>
<thead>
<tr>
<th>£m</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>New stores</td>
<td>6.4</td>
<td>7.3</td>
</tr>
<tr>
<td>Refurbishment and retrofit of services into store estate</td>
<td>16.8</td>
<td>12.8</td>
</tr>
<tr>
<td>Business Systems and Omnichannel</td>
<td>7.2</td>
<td>10.0</td>
</tr>
<tr>
<td>Other Vet Group including Specialist Referrals</td>
<td>5.8</td>
<td>5.5</td>
</tr>
<tr>
<td>Distribution</td>
<td>1.3</td>
<td>1.1</td>
</tr>
<tr>
<td>Energy savings programme</td>
<td>5.8</td>
<td>2.3</td>
</tr>
<tr>
<td>Other</td>
<td>1.2</td>
<td>1.7</td>
</tr>
<tr>
<td>Total</td>
<td>44.5</td>
<td>40.7</td>
</tr>
</tbody>
</table>

Returns on capital

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>CROIC(^1)</td>
<td>20.6%</td>
<td>19.4%</td>
</tr>
</tbody>
</table>

1. Definition contained within the appendix

11 Vet and 13 groomer retrofits, and 4 store refurbs
Including Order in Store and mobile site development
Specialist referral capacity expansion
Exceptional project which totalled £8.1m and is now complete
We remain efficient in our management of trading working capital, whilst providing support to underpin vet practice growth.

<table>
<thead>
<tr>
<th>£m</th>
<th>FY17 movement</th>
<th>FY18 movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>(5.0)</td>
<td>(4.1)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>11.6</td>
<td>9.6</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>1.6</td>
<td>3.9</td>
</tr>
<tr>
<td>Trading working capital</td>
<td>8.2</td>
<td>9.4</td>
</tr>
<tr>
<td>Operating loans to Joint Venture vet practices</td>
<td>(10.6)</td>
<td>(14.8)</td>
</tr>
<tr>
<td>Group cash working capital movement</td>
<td>(2.4)</td>
<td>(5.4)</td>
</tr>
</tbody>
</table>
Our Vet Group is a profitable and high returning business

Vet Group Free Cash Flow

Revenue
Operating Costs inc. provisions
Underlying EBITDA²
Working capital
Tax
Capex
Operating loans
Provisions
FCF

£94.1m
(£62.2m)
£31.9m
£3.8m
(£6.4m)
(£5.9m)
(£14.8m)
£5.0m
£13.6m

FCF Conversion
CROIC ²

42.6%
24.0%

1. Non-underlying items in Vet Group in FY18 £1.6m accounting charge for the acquisition of minority stakes owned by vet partners in specialist referral centres, and £0.6m of other expenses
2. Definition contained within the appendix
Our free cash flow conversion remains strong, enabling us to further reduce our leverage.

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash EBITDA (^1)</td>
<td>133.0</td>
<td>127.2</td>
</tr>
<tr>
<td>Working capital</td>
<td>(2.4)</td>
<td>(5.4)</td>
</tr>
<tr>
<td>Operating loan provision movement</td>
<td>0.1</td>
<td>5.0</td>
</tr>
<tr>
<td>Operating cashflow</td>
<td>130.7</td>
<td>126.8</td>
</tr>
<tr>
<td>Tax and interest</td>
<td>(23.5)</td>
<td>(23.0)</td>
</tr>
<tr>
<td>Capex</td>
<td>(42.6)</td>
<td>(44.0)</td>
</tr>
<tr>
<td>Purchase of own shares to satisfy colleague options</td>
<td>-</td>
<td>(4.0)</td>
</tr>
<tr>
<td>Free cashflow</td>
<td>64.6</td>
<td>55.8</td>
</tr>
<tr>
<td>Conversion (^2)</td>
<td>49.5%</td>
<td>45.3%</td>
</tr>
<tr>
<td>Ordinary Dividend</td>
<td>(39.9)</td>
<td>(37.3)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>(16.4)</td>
<td>-</td>
</tr>
<tr>
<td>Retained Cash</td>
<td>8.3</td>
<td>18.5</td>
</tr>
<tr>
<td>Leverage (ND:EBITDA)</td>
<td>1.2x</td>
<td>1.1x</td>
</tr>
</tbody>
</table>

1. Calculated as underlying EBITDA plus non-cash share based payment charges (FY17 £2.5m, FY18 £3.9m)
2. Calculated as free cashflow as a percentage of underlying EBITDA
In FY19 we will be moving to a new financial reporting basis with two business segments; Retail and Vet Group

<table>
<thead>
<tr>
<th>Proform segmentation FY18</th>
<th>Total Group</th>
<th>Retail</th>
<th>Vet Group</th>
<th>Central</th>
</tr>
</thead>
<tbody>
<tr>
<td>LFL Revenue growth (%)</td>
<td>5.5%</td>
<td>4.6%</td>
<td>15.0%</td>
<td>NM</td>
</tr>
<tr>
<td>Revenue (£m)</td>
<td>898.9</td>
<td>804.8</td>
<td>94.1</td>
<td>NM</td>
</tr>
<tr>
<td>Gross margin (%)</td>
<td>51.7%</td>
<td>52.2%</td>
<td>47.1%</td>
<td>NM</td>
</tr>
<tr>
<td>Underlying EBITDA (£m)</td>
<td>123.3</td>
<td>97.3¹</td>
<td>31.9²</td>
<td>(5.9)</td>
</tr>
<tr>
<td>Underlying EBIT (£m)</td>
<td>88.8</td>
<td>65.1</td>
<td>29.6</td>
<td>(5.9)</td>
</tr>
</tbody>
</table>

1. Non-underlying items in Retail in FY18 include £2.7m associated with the closure of Barkers.
2. Non-underlying items in Vet Group in FY18 £1.6m accounting charge for the acquisition of minority stakes owned by vet partners in specialist referral centres, and £0.6m of other expenses.
We have successfully delivered year one of our three year financial plan back to sustainable profit growth.

**FY18**
Reposition the Retail business
- Repositioned prices in critical product lines
- Delivered in line with market expectations

**FY19**
Transition to Group profit growth
- Through the majority of price repositioning
- Targeting Retail and Vet Group LFL ahead of market
- Low single digit Group underlying profit growth

**FY20+**
Vet Group maturity benefits evident
- Targeting continued market share gains
- High single digit Group underlying profit growth
Strategic update
Peter Pritchard, Group CEO
Pet market growth remains supportive and we are once again growing our share across all categories.

Market sector growth in CY 2017

Pets at Home market share and share gains

Growing share online and from stores

Source: Pets at Home and UK pet market reports, OC&C 2017
Note: Food and accessories market data includes online spend. Veterinary market includes First Opinion and Specialist Referrals
Very strong Merchandise trading continued into the year end. Pricing has been a core driver, but doesn’t tell the full story.

Merchandise LFL: a result of price changes, strong product innovation & omnichannel initiatives.

Note: Q3 FY17 has one fewer trading day than the prior year. The LFL growth calculation removes this difference and compares the 12 weeks from 14 Oct 2016 to 5 Jan 2017, with the 12 weeks from 14 Oct 2015 to 5 Jan 2016.
Growing the Advanced Nutrition category and private label participation is a key priority

**Advanced Nutrition category**

- **Revenues** +6.0%
- **Volumes**<sup>1</sup> +12.7%
- **Private label participation** +4%

**Recent range extensions in private label**

- 6-33% cheaper than the branded equivalent, Royal Canin Breed Health Nutrition<sup>2</sup>

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1. Definition of volume is tonnes
2. Compares AVA Breed Health private label by Pets at Home, to Royal Canin Breed Health Nutrition prices available from both Pets at Home and other online retailers

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AVA BREED HEALTH

WE UNDERSTAND WHAT MAKES YOUR DOG DIFFERENT

Hypo-allergenic recipes tailored especially for the needs of your dog’s breed
Our pricing position is now far stronger vs key online competitors, but there will always ongoing adjustments to make.

**Pricing differential vs Amazon on all comparable products**

Price investment has been targeted to key areas, not all products.

**Pricing differential vs Amazon on products where we have taken price action**
Price investment in Advanced Nutrition (AN) has driven customer behaviours such as increased frequency and overall spend.

### Moving customers into private label AN

**Customers who have purchased branded AN**

- **£197** annual spend
- **7.4** visits per year

**Customers who have purchased private label AN¹**

- **£273** annual spend
- **8.6** visits per year

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1. Refers to large bags of private label Wainwright’s or AVA Advanced Nutrition. Excludes customers purchasing smaller pack sizes of those product lines.
Omnichannel revenue growth of 75% has been driven by new initiatives: Order In-Store and subscription for flea products.

Compared with online market growing at c11%.

c60% of omnichannel revenues involve either a colleague assisted sale or are collected in-store.

FY17: £29.4m
FY18: £51.4m

75.1% growth.
One of our strongest innovation years

We have seen a 25% spend increase by puppy customers since the launch of the VIP puppy club.
Our First Opinion Joint Venture business model is unique in the UK veterinary market

- Full salary paid from day 1
- Right to dividends after repayment of loans
- Capital gains on practice value at exit

Recently adjusted so that new practices receive c£450k

Commercial Bank
Small business loan: c£320k

JV Practice

- Personal loan: c£30k
- Working capital support
- Corporate loan: c£30-60k

JV Partner (JVP)

PAH Vet Group

- Receive recurring fees equal to 17-18% of practice turnover (includes variable and fixed fees)
- Provide all back office functions & specialist business support (these are our operating costs)
Our JV model has a number of unique advantages for vet partners

<table>
<thead>
<tr>
<th>Our competitive advantage</th>
<th>Vs corporate competitors</th>
<th>Vs independents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>JVP motivated</strong> through entitlement to practice value</td>
<td>Employed colleagues lack incentive to drive business to full potential</td>
<td>Independent ownership creates motivation but responsibility daunting</td>
</tr>
<tr>
<td><strong>Business and clinical support,</strong> leveraging our scale &amp; expertise</td>
<td>Business support provided centrally</td>
<td>Vets responsible for all clinical and business capabilities</td>
</tr>
<tr>
<td><strong>National Brand</strong> to reach clients</td>
<td>Competitors currently have no national branding</td>
<td>Can build local reputation, but not national</td>
</tr>
<tr>
<td><strong>Association with Pets at Home,</strong> access to VIP members</td>
<td>No association with national retailer to leverage</td>
<td>Local relationships cannot replicate VIP or PAH opportunity</td>
</tr>
<tr>
<td><strong>Financial returns</strong> are equal to other models in the short term, and superior in the long term</td>
<td>Mid career employed vets salaries on-par with JVPs (c£40-50k)</td>
<td>Independent ownership can have high rewards, but is unachievable for many vets due to startup costs and investment</td>
</tr>
</tbody>
</table>
The short supply of veterinarians remains an industry challenge. Our focus is on recruiting the best JVPs and employed vets.

**Joint Venture Partners**
- We have more than 450 JVPs
- Last year, 56 new JVPs joined us and 51 existing JVPs became partners in another surgery
- 43% of JVPs were previously employed vets in our group
- Low turnover of JVPs <5%

**Employed vets in JV practice**
- We employ >1000 vets across our entire Group – one of the largest employers of vets in the UK
- Tiered benefits to improve recruitment and retention: ability to increase pension contributions, private health insurance, additional annual leave
- Increased focus on international recruitment

**Graduates: our future JV Partners or employed vets**
- 80 vets entered the programme in 2017, vs 40 in 2016
- Programme includes competitive remuneration, non clinical CPD, mentors and coaching
- 98% of grads on our programme ‘would recommend to a friend’

Our focus on engagement and well-being differentiate us from competition.
Our mature practices continue to outperform the market on revenue and profit, with superior returns to our JVPs

We have 87 mature, debt free practices (up by 16 yoy)  
Generating combined practice turnover of £89m and combined PBT of £12m

<table>
<thead>
<tr>
<th></th>
<th>Our mature JV practices</th>
<th>Vs. corporate competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average practice turnover</td>
<td>c£1,000k</td>
<td>c£550-650k</td>
</tr>
<tr>
<td>Average practice PBT</td>
<td>c£130-140k</td>
<td>c£75-100k</td>
</tr>
</tbody>
</table>
| JVP base salary + bonus        | c£40-50k                | c£60-90k (Clinical Director)  
c£40-60k (mid career vets)    |
| Dividend payment to JVP        | c£70-80k                | N/A                       |
| (practice may have >1 JVP receiving dividends) |                       |                           |
| Capital value to JVP at exit    | c£500k-£1,000k+         | N/A                       |

Note: Mature debt-free practices defined as those that have paid down initial bank loan, personal and Pets at Home funding (incl. any operating loan)  
Sources: PAHVG Financials; PAH estimates based on publically available filings of four other large UK corporate vet groups (IVC, CVS, VetPartners and Medivet)
Practice turnover profile remains strong, but the upward pressure on people costs is lengthening their profitability journey.
Funding is provided in a variety of circumstances to support JVPs with practice development or help during challenging times.

**Younger practices needing extra support**
- If their sales and/or profits develop at slower rates than expected
- Practices are often still generating solid like-for-like, but slower than planned, and could also be experiencing cost pressures
- Funding provided on the basis that we have longer term plans and visibility to get them back on track

**Older practices undergoing change**
- JVPs often re-examine their ambitions and consider expansion
- Opportunities include extended opening hours or adding additional physical space
- This is a shorter term cost investment to create an opportunity for greater long term profit

**Practices or JVPs going through a challenge**
- Throughout their lives as JVPs, some of our partners go through personal challenges, illness or set-backs
- We seek to support the JVPs personally, as well as their business

Funding provided on the basis that as practices develop to maturity, or we put in place action plans to improve performance, the long term returns on our investments remain strong.
With such a young practice estate, the long term financial opportunity in our Vet Group remains strong.

**FY18 Vet Group, PAH financials**
461 practices, 4 referral centres

![Bar chart showing Revenue and Underlying EBITDA](chart.png)

- **Revenue**: £94.1m
- **Underlying EBITDA**: £31.9m

**Age of vet practice estate**

- **0-4 years, 55%**
- **5-9 years, 28%**
- **10 years +, 16%**

1. Non-underlying items: £1.6m accounting charge for the acquisition of minority stakes owned by vet partners in specialist referral centres, and £0.6m of other expenses.
This opportunity will be delivered through the benefits Pets at Home can bring to the JV model and to vet partners

- Improve practice revenue growth
  - Increase care plan uptake
  - Leverage VIP database and store customers to increase numbers of vet practice clients

- Reduce and optimise practice cost base
  - More active management of practice headcount and locum cover
  - Support and address longer term JVP absence

- Increase practice financing
  - Larger upfront bank loan for new practices will minimise PAH support in the future
Realising our true potential as a pet care business

- We’re here to make sure pets and their owners get the very best advice, care and products
- We have the benefit of a growing and resilient market
- FY19 will be the second of our three year transition: targeting LFL in Retail and our Vet Group ahead of the market and low single digit Group profit growth
- In the vet business – focus will shift towards strategies to accelerate existing practice growth and providing funding support when appropriate
- Medium and longer term, we will evolve our strategic plan – bigger focus on digital, data, more services and the store of tomorrow
Questions
Appendix
FY19 financial guidance

- Rollout of up to five superstores, 20-25 vet practices and 10-20 grooming salons
- Growing LFL revenues in Retail and the Vet Group ahead of the market
- Group gross margin (75-125) bps
- Operational cost growth (excluding depreciation and amortisation) of 3-3.5%
- Depreciation and amortisation £37-38m
- Net interest £3-3.5m
- Effective tax rate 20%
- Capital investment c£39-41m
- Working capital outflow of around £20m
- Ordinary dividend payment, intention to maintain at the prior year level
- Non-underlying items: accounting treatment of the minority stakes owned by vet partners in the specialist referral centres will lead to a non cash operating expense charge of £1.5-2m
Accounting treatment of veterinary specialist referral centres

Specialist referral centre ownership is structured to incentivise growth

- Ownership of three referral centres
  - ≥75% share owned by Pets at Home
  - Remaining shares owned by selected clinician Shared Venture Partners (SVPs)
- PAH has option to buy SVP’s shares (from 3 yrs + after acquisition)
- Accounting requirement is the option is treated as a forward contract

Accounting treatment required

- Balance sheet & cashflow
- Full consolidation
- Income statement
- Discounted future value of SVP’s shares recognised as expense over period to exercise on a risk adjusted basis
- Non-underlying charge will be £1.5-2m in FY19
‘Like-for-Like’ sales 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.

**EBITDA** being Earnings before interest, tax, depreciation & amortization before the effect of non-underlying items in the period.

**Free Cash flow** being net cash from operating activities, after tax, less net cash used in investing activities (excluding acquisitions), less interest paid & debt issue costs, and is stated before cash flows for non-underlying items.

**CROIC** being Cash Return on Invested Capital, represents cash returns divided by the average of gross capital invested (GCI) for the last twelve months. Cash returns represent underlying operating profit before property rentals and share based payments subject to tax then adjusted for depreciation and amortisation. GCI represents Gross Property, Plant and Equipment plus Software and other intangibles excluding the goodwill created on the acquisition of the group by KKR (£906,445,000) plus net working capital, plus capitalised rent multiplied by a factor of 8x.