

FOR IMMEDIATE RELEASE, 21 JANUARY 2021

Pets at Home Group Plc: Q3 FY21 Trading Statement

Accelerating momentum across Retail and Veterinary operations

Pets at Home Group Plc, the UK's leading pet care business, is pleased to provide a trading update covering the 12 week period from 9 October to 31 December 2020, compared to the 12 week period from 11 October 2019 to 2 January 2020.

Financial highlights

- Total Group revenue growth of 18.0% to £302.0m, with Group like-for-like¹ (LFL) revenue growth of 17.6%
 - Retail revenue growth of 17.5%, with LFL revenue +17.5% (+25.9% on a 2-year basis), despite COVID-related restrictions on both a regional and national level in the period
 - Retail growth was broad-based across categories and channels, with Q3 store LFL growth of 12.3% notwithstanding a second national lockdown in England across four weeks of the quarter. Trading momentum accelerated across the festive period, with December LFL +19.3% and cumulative Retail LFL growth for the 44 weeks² commencing 28 February 2020 of 11.8%
 - Omnichannel³ revenue growth of 70.7% or +91.9% on a 2-year basis, supported by previous investment in distribution capacity. Participation of Retail sales of approximately 15% across the quarter as a whole included 18.0% during the second national lockdown in England, as customers utilised our one-hour Click & Collect service from store
 - Vet Group revenue up 22.1%, with LFL revenue growth of 17.8% across the quarter as a whole and +21.4% in December. LFL customer sales across all First Opinion practices increased 22.6%, with LFL Joint Venture fee income up 17.3%, reflecting sustained growth in new client registrations and helping to drive a continued improvement in practice profitability
- Our robust balance sheet was strengthened further in the period through £80m in initial cash proceeds relating to the completion of the disposal of our Specialist Hospital Division. Total liquidity as at 31 December 2020, comprising cash balances and undrawn portion of banking facilities including the additional £100m RCF raised in May 2020, was £391.7m
- Maintain guidance⁴ on full-year outlook, as previously announced on 8 January. Based on trading year to date and assuming no change in our "essential" designation or recent guidance on permitted procedures to veterinary clinicians from the RCVS, we anticipate full-year underlying pre-tax profit, including the previously announced repayment of business rates relief of £28.9m, of at least £77m.

Strategic highlights

- UK pet care market remains robust with our customer acquisition and retention strategy continuing to generate strong growth across all channels:
 - Continued growth in our VIP and Puppy & Kitten clubs with increasing spend across our pet care platform

- Number of VIP members increased 12.0% YoY to 6.2m, 26% of whom shopped across more than one channel during the quarter, up 20% YoY
- 61% of new VIP members in our second quarter shopped again with us during Q3, with 18% already shopping across more than one channel
- The number of Puppy and Kitten Club members grew 47.2% in Q3 YoY; Puppy and Kitten Club members typically spend c25% more than non-members across the Group
- New client registrations across our First Opinion veterinary practices remained elevated during the quarter, and have averaged approximately 10,000 per week over the last six months
- Increasing the visibility, resilience and quality of our sales profile
 - Number of subscription customers⁵ across the Group is now over 1.0m, up 17.6% in Q3 YoY, generating on an annualised basis over £85m in recurring customer sales
- Ongoing investment across all channels to make pet care as convenient, flexible and engaging as possible:
 - Extended choice and flexibility in meeting our customers' pet care needs through the launch of a one-hour Click and Collect service across our 451-strong store estate, and a "Deliver to Car" service across more than 150 stores
 - Launched two smaller next generation stores in the period (Camden and Putney), the performance of which will help inform our decision-making on wider rollout inside the M25
 - Our preparations to mitigate any impact on tariffs, logistics, vet availability and currency relating to the UK's exit from the European Union were in place well ahead of the transition deadline, and we continue to monitor the situation in Northern Ireland to ensure continuity of supply and the smooth running of our operations locally.
- Broadening our capabilities in the provision of trusted advice and pet care solutions
 - Acquired The Vet Connection ("TVC") in November 2020, an established and successful provider of on demand, high quality, round-the-clock veterinary telehealth advice, triage and ancillary services, which can be incorporated into our existing proposition to help drive new customer acquisition, retention and lifetime value
 - Completed the disposal of our Specialist Hospital Division in December 2020 to Linnaeus Group for £100m (£80m in cash and £20m contingent, deferred consideration), providing significant additional resource to accelerate growth across our omnichannel pet care platform.
- Meeting our obligations as a responsible corporate citizen
 - Pets at Home was ranked 51st out of 850 European companies in the Financial Times Diversity Leaders Report, and had the most improved rank of all constituents with regard to its focus on Diversity and Inclusion. Across the Retail sector, Pets at Home was ranked 7th out of a total 85 constituents
 - We provided a further £200,000 in support to pet rescue centres through our charitable foundation, Support Adoption for Pets, taking the total provided since the onset of the pandemic to £1.3m
 - We were pleased to become a signatory to the British Retail Consortium (BRC) climate roadmap, as part of a world-leading industry ambition to reach net zero emissions
 - We announced our decision to voluntarily repay £28.9m of business rates relief received across the business during the pandemic.

Peter Pritchard, Group Chief Executive Officer, commented:

“Against a backdrop of continued uncertainty our pet care model remains robust, with our performance during the third quarter testament not only to the advantages of our scalable omnichannel pet care platform and unique joint venture veterinary model, but also the hard work and commitment of all our colleagues across the Group, to whom I express sincere thanks.

We entered our final quarter facing renewed challenges in the form of higher COVID infection rates and restrictions on a national level, and our priority remains the health, safety and wellbeing of all of our colleagues, partners and customers.

Mindful of this challenging environment, I remain confident that the changes we have made to our business enable us to continue providing essential pet care to our customers in a safe and appropriate manner, not only through strict adherence to the protocols which we introduced across our stores and veterinary practices at the onset of the pandemic, and continue to strengthen, but also in a number of other ways, from contactless collection and delivery of pet products to virtual health care consultations.

I am very pleased with the progress we have made in this quarter, in particular how we have adapted to the changing environment in which we operate. We remain as determined as ever to create the best pet care platform in the world, and our strong liquidity gives us the capacity to make the right investments to support our ambition”.

Conference call

A conference call for analysts and investors will be held at 09.00am today. To join the call in listen-only mode, please click on the following link ([live webcast](#)). Those wishing to participate in the Q&A session should email petsathome-Maitland@maitland.co.uk for details. A recording will be available at <http://investors.petsathome.com>

Strategic Key Performance Indicators

	Q3 FY21	Q3 FY20	YoY change
Number of customer transactions (m)	45.1	48.4	(6.7)%
Customer sales ⁶ from services ⁷	33.0%	35.4%	(236)bps
VIP customer sales ^{6,8} (£m)	852.6	764.3	11.6%
Customer sales ⁶ per colleague (£k)	141.2	141.8	(0.4)%
<hr/>			
Number of stores	451	453	(2)
Number of grooming salons	315	316	(1)
Number of Joint Venture First Opinion vet practices	393	396	(3)
Number of company managed First Opinion vet practices	47	44	3

1. Like-for-like growth comprises total revenue in a financial period compared to revenue achieved in a prior period, for stores, omnichannel operations, grooming salons, vet practices and referral centres that have been trading for 52 weeks or more
2. Retail LFL growth for the 44 weeks commencing 28 February 2020 is provided to illustrate the cumulative growth in our Retail operations both prior and subsequent to the onset of the pandemic
3. Defined as orders placed online at petsathome.com and in-store using our order-in-store service, plus subscriptions to monthly flea & worm treatments via the 'Subscribe & Save' platform
4. Refers to financial guidance as disclosed on 8 January 2021, which was provided on a post IFRS16 basis and stated that full-year underlying pre-tax profit, including the previously announced repayment of business rates relief of £28.9m, was expected to be at least £77m
5. Defined as customers signed up to a Vet Group health plan, or omnichannel subscription platforms Easy Repeat and Subscribe & Save
6. Includes gross customer sales made by JV vet practices, rather than fee income recognised within Vet Group revenue
7. Defined as gross customer sales made by JV vet practices, revenue from our Specialist Referral centres and company managed vet practices, grooming services, subscriptions, pet sales and pet insurance commissions
8. VIP customer sales are shown on a rolling 12 month basis rather than a year-to-date basis

- End of announcement -

Investor Relations Enquiries

Pets at Home Group Plc:

Roger Tejwani, Director of Investor Relations & External Communication
+44 (0)1279 927022

Chris Ridgway, Head of Investor Relations
+44 (0)7788 783925

Media Enquiries

Pets at Home Group Plc:

Gillian Hammond, Head of Media & Corporate Affairs
+44 (0)7442 500138

Maitland/AMO:

Clinton Manning
+44 (0)7711 972662

Frederica Bendit
+44 (0)7557 833442

About Pets at Home

Pets at Home Group Plc is the UK's leading pet care business; our commitment is to make sure pets and their owners get the very best advice, products and care. Pet products are available online or from our 451 stores, many of which also have vet practices and grooming salons. Pets at Home also operates a UK leading small animal veterinary business, with 440 First Opinion practices located both in our stores and in standalone locations. For more information visit: <http://investors.petsathome.com/>

Disclaimer

This trading statement does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Pets at Home Group Plc shares or other securities nor should it form the basis of or be relied on in connection with any contract or commitment whatsoever. It does not constitute a recommendation regarding any securities. Past performance, including the price at which the Company's securities have been bought or sold in the past, is no guide to future performance and persons needing advice should consult an independent financial adviser. Certain statements in this trading statement constitute forward-looking statements. Any statement in this document that is not a statement of historical fact including, without limitation, those regarding the Company's future plans and expectations, operations, financial performance, financial condition and business is a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this statement. As a result you are cautioned not to place reliance on such forward-looking statements. Nothing in this statement should be construed as a profit forecast.