

FY24 Prelim Results

One year in, our strategy remains clear...

Our purpose

To create a better world for pets and the people who love them

Planet

To make pet care environmentally sustainable

Pets

To improve the life of every pet in the UK

People

To be the best employer and developer of talent

Our vision

To build the world's best pet care platform

Integrated

a unified blend of products, services and advice

- Nutrition
- Accessories
- Preventative Care
- Curative Healthcare
- Grooming & Wellbeing
- Adjacencies

Omnichannel

seamlessly connected

- Physical petcare centres and practices
- Virtual consultations
- Digital advice and support
- E-commerce, click & collect
- E-pharmacy and telemedicine

Consumer-centric

an unrivalled experience

- Seamless and frictionless
- Easy and enjoyable
- Targeted and personalised
- Simple, unified experience across app, online, physical and virtual

...driving differentiated economics over the long-term

Integrated

a unified blend of products, services and advice



Delivering economies of scope

- Category authority and expertise
- Investment cost amortisation base
- Innovation speed and time to market
- Digital and data platform integration

Omnichannel

seamlessly connected



Driving economies of scale and higher productivity

- Scale economies (physical, virtual and digital)
- Supply chain, channel and distribution efficiencies
- Clinical and non-clinical productivity (right colleague, right task)

Consumer-centric

an unrivalled experience

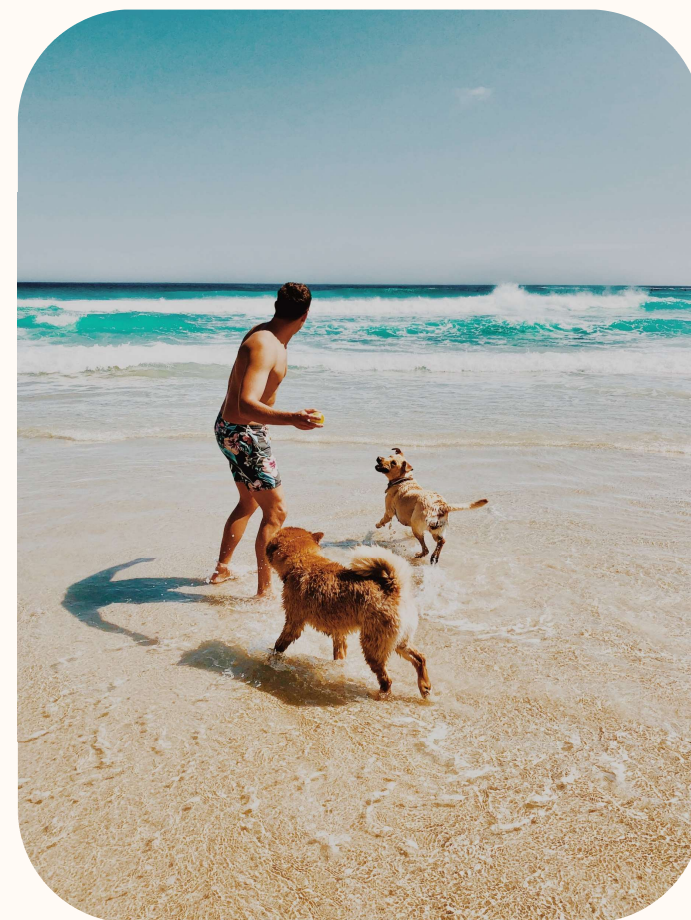


Fuelling consumer and revenue growth

- Share of wallet through frequency, cross-sell, upsell and subscriptions
- Lifetime Value and retention
- National brand halo
- Effectively targeted CRM and discounting

FY24 was a pivotal year for the business...

- 1** Launched new DC - Stafford DC now supporting 100% of stores. Online fulfilment next.
- 2** Built digital platform and launched new app and website to consumers as planned.
- 3** Invested in our physical assets – 5 new stores, 41 refits, 3 new vets, 26 vet extensions and 10 company managed practices converted to JV.
- 4** Winning on vet talent – improved attraction and retention, more vets driving growth in visits.
- 5** Launched our new Pets brand, bringing together our products and services under one master brand.
- 6** Accelerated innovation across food and accessories, driving growth into own brand and premium categories.
- 7** Responded to the CMA review into the veterinary sector, highlighting the uniqueness of our Practice Owner model.
- 8** Progressed our sustainability agenda raising over £9.2m for pet charities and feeding 2.7m pets for a day through our pet food bank partnership with Blue Cross.



...and we delivered a resilient performance

Financial KPIs

Consumer
Revenue

£1.9bn

+6.9% YoY

Underlying
PBT

£132.0m

(3.2)% YoY

FCF

£69.0m

(29.7)% YoY

EPS

20.7p

(9.0)% YoY

Strategic KPIs

Active Pets
Club Members

7.8m

+1.6% YoY

Average Consumer
Value

£178

+5.7% YoY

% of Revenue from
Subscriptions

10%

+330bps YoY

Clinical FTE
Headcount

3.3k

+10.0% YoY

We have successfully delivered year one of our strategy; building the foundations for long-term growth



- | FY24
Building the foundations | FY25
Return to profit growth | FY26+
Long-term sustainable growth |
|--|--|---|
| <ul style="list-style-type: none">• Transitioned to new distribution centre• New digital platform built and went live to consumers• Launched new Pets master brand | <ul style="list-style-type: none">• Early year investments begin to drive benefits• Volume growth delivers operational leverage• Further productivity and efficiency gains | <ul style="list-style-type: none">• Long-term structural advantages evident• Sustained market share gains• Embedded cohort maturity supports growth |

Our medium term framework is unchanged

**A growing
market**

c4%

Forecast market CAGR over
the medium term

**Consistently
taking share**

+7%

Sales CAGR, c300bps
market out performance pa

**Driving high-
quality growth**

+10%

PBT grows at 10%, FCF to
trend towards 70% of PBT

**Reward
shareholders**

£100m

£100m share buyback FY23-
24, and progressive dividend

Delivering against our strategy





A clear market leader

We have a leading position in a structurally growing market

Structural trends will drive further growth

Premiumisation

Pet owners seeking higher-end products and services for their pets

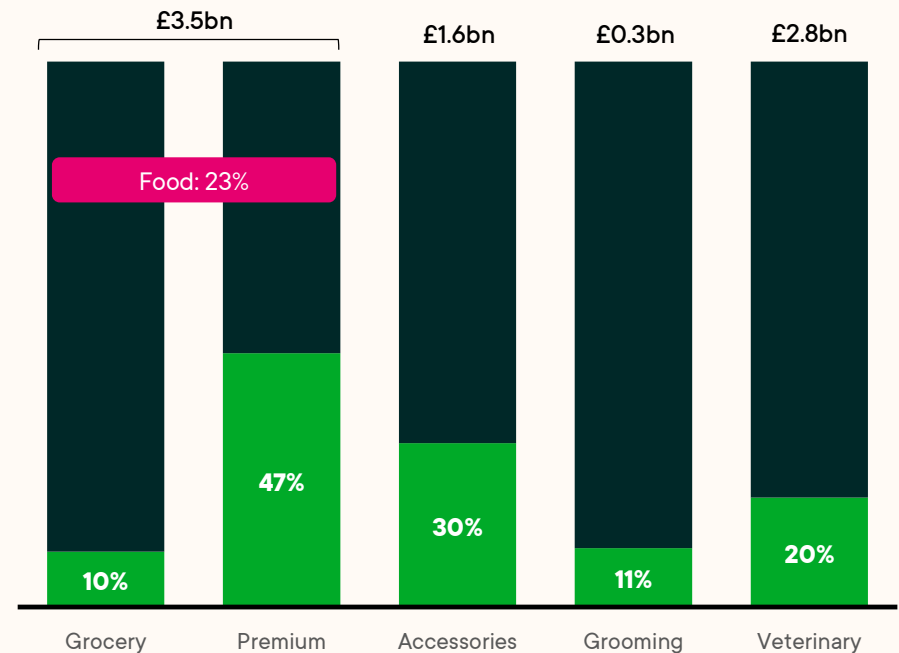
Humanisation

Human trends such as natural foods and complex healthcare

Penetration

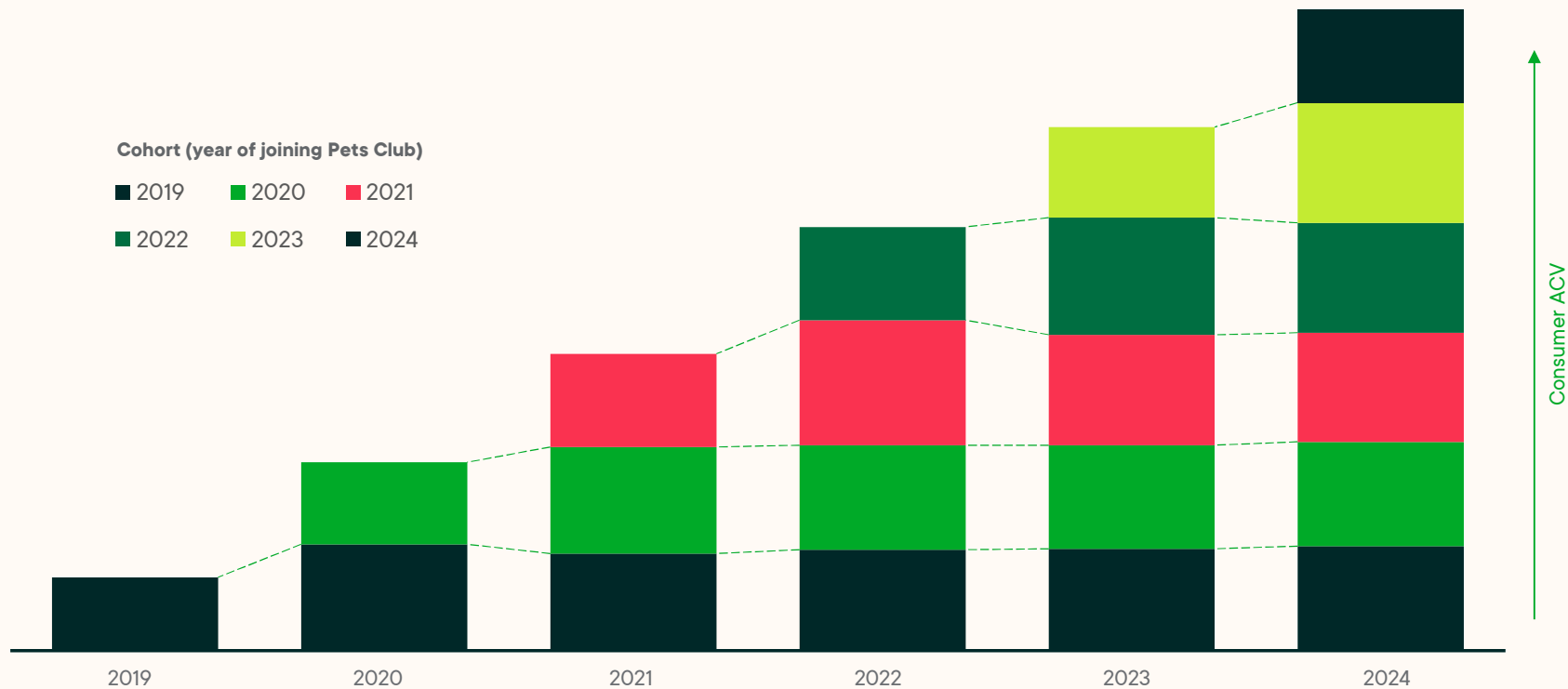
A step change in pet ownership as many of the historic barriers no longer exist

We are the only true complete pet care provider with a 23% share of the £8.2bn UK market



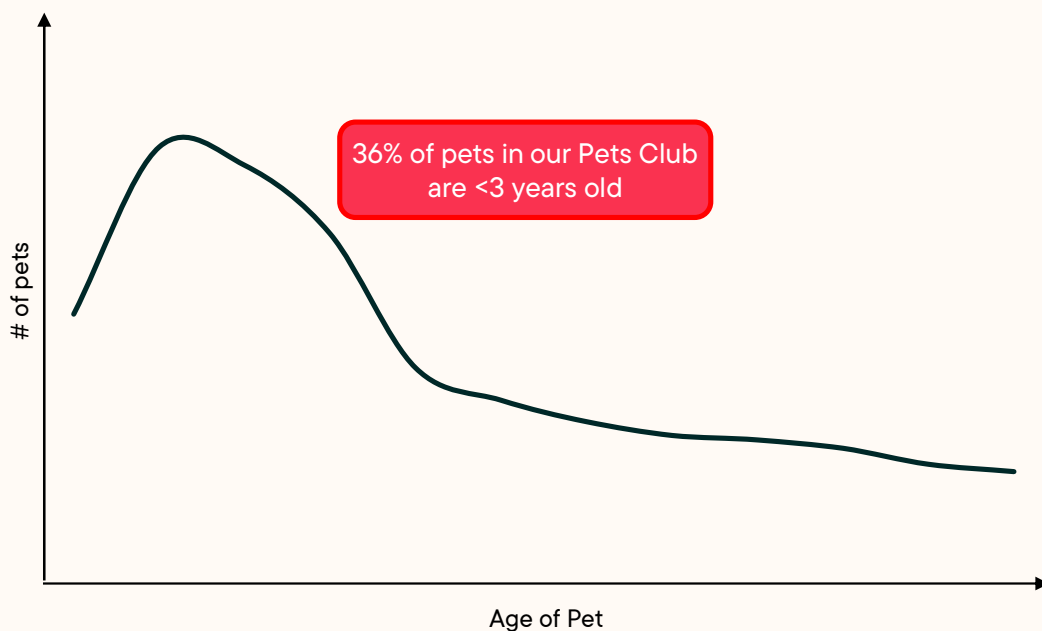
■ PAH market share

Our customers are sticky and behaviour is highly predictable



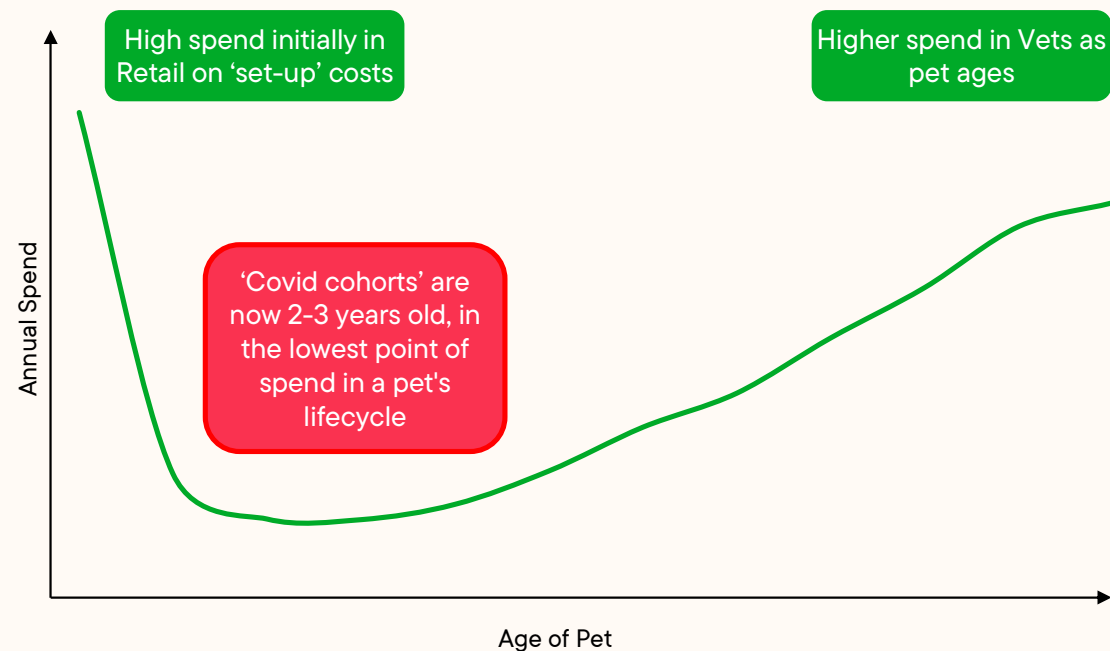
Strong customer acquisition supports attractive LTV opportunity

We have acquired a lot of new pets over the last few years...



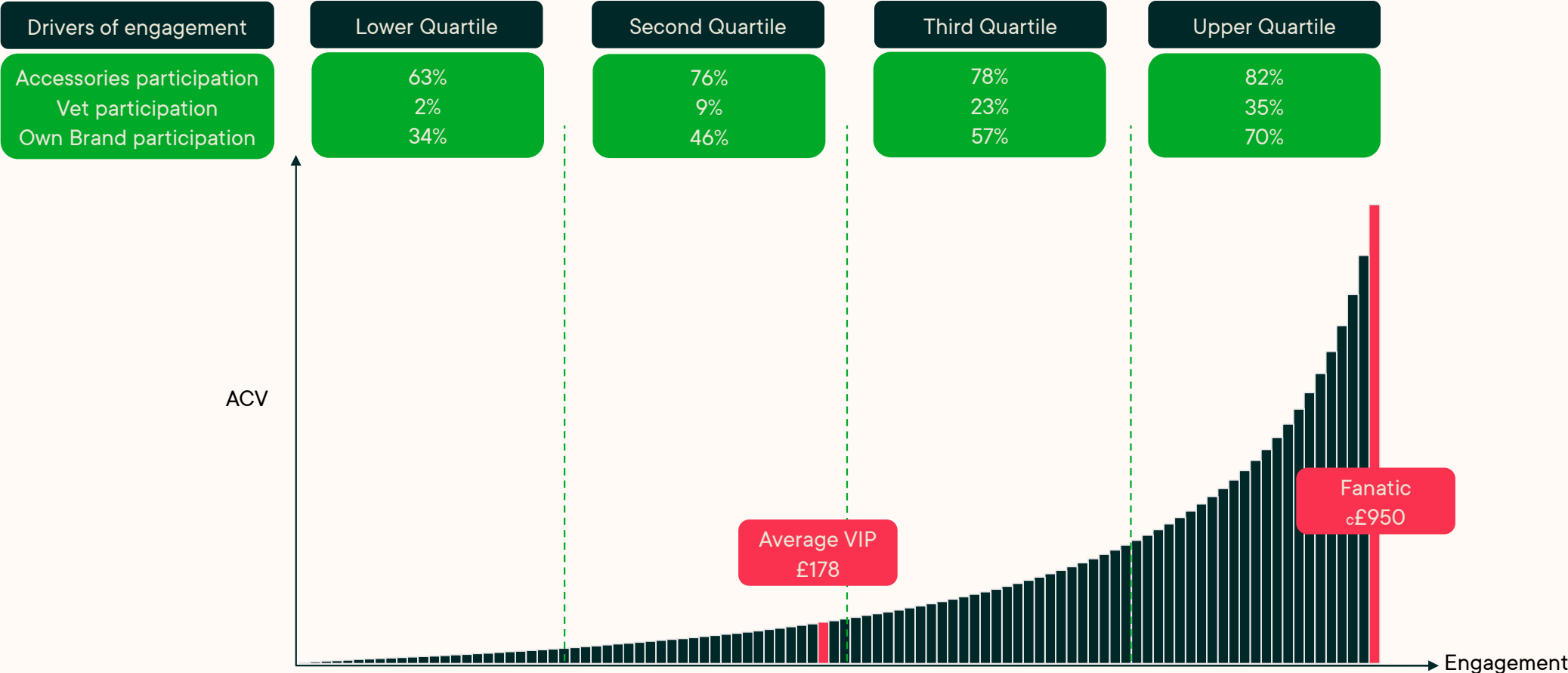
— Age profile of pets in our Pets Club loyalty programme

...supporting 12-15 years of future value



— Annual spend per pet (Retail + Vet combined)

Growing share of wallet is our greatest opportunity



Increasing ACV by just £10 drives £78m of incremental consumer revenue

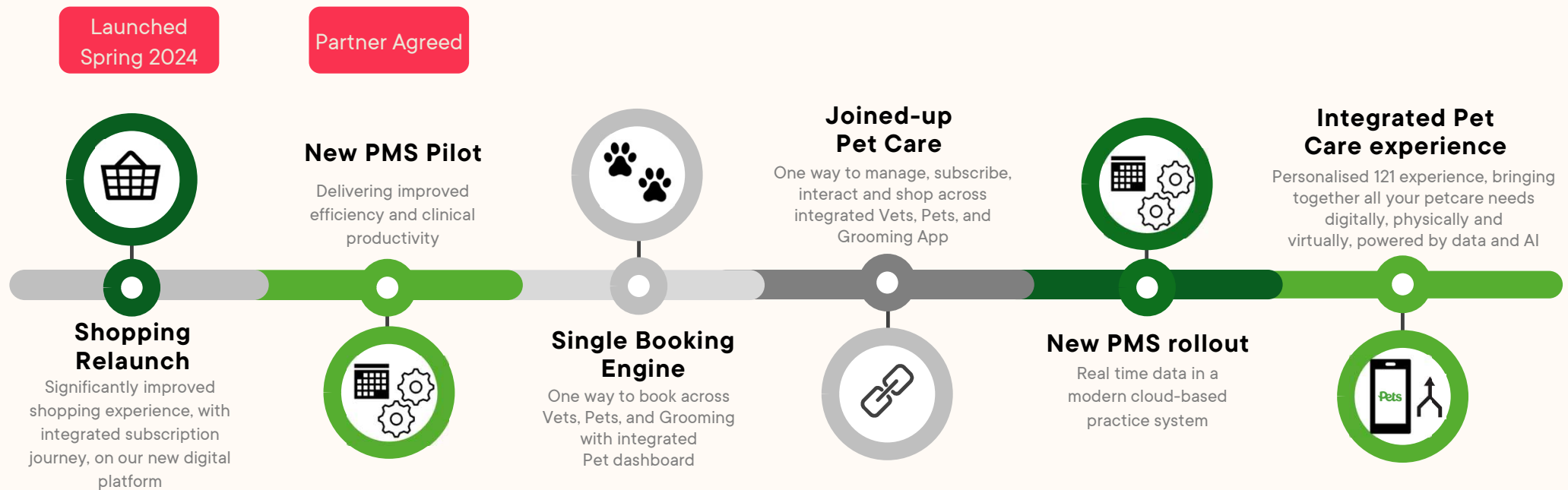
A unique data and digital platform



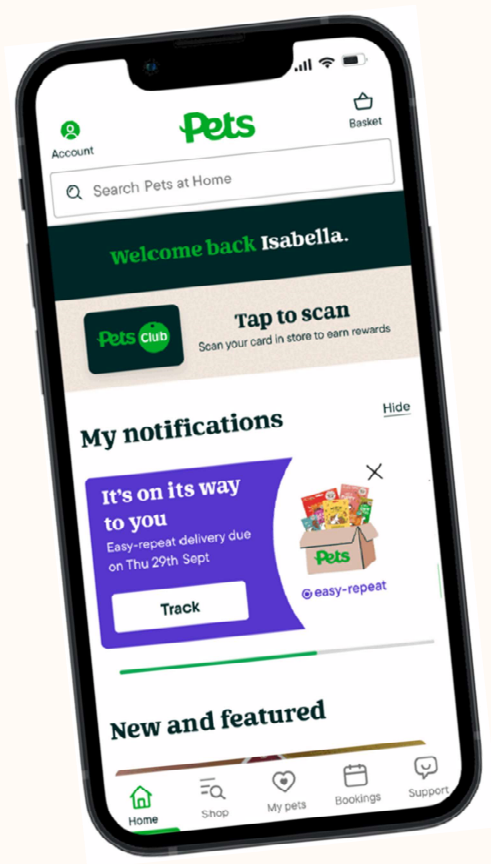
Our digital investments touch every part of our business



Strong progress in FY24, building the foundations for sustained improvements in consumer experience



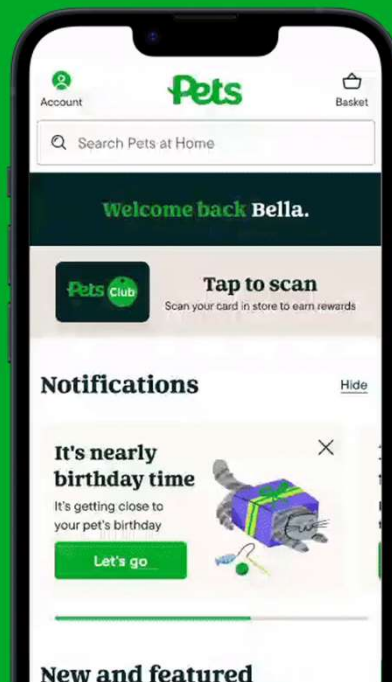
Our new consumer digital platform is here



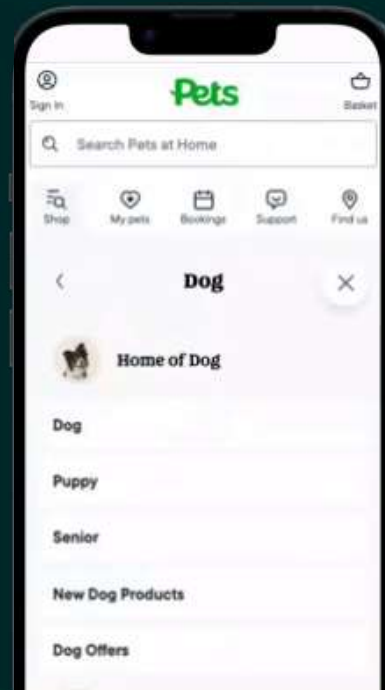
- Much improved **user experience**
- Highly intuitive **user interface**
- Vastly enhanced **subscription capability**
- Highly **personalised experience**
- **Tailored offers** and advice
- **25% uplift** in average daily app sales

Our new digital platform

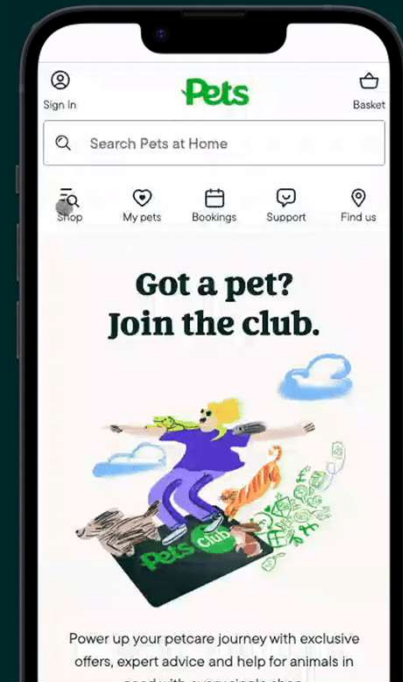
Relevant content, offers and product recommendations



Simplified navigation and filters, and enhanced product attributes

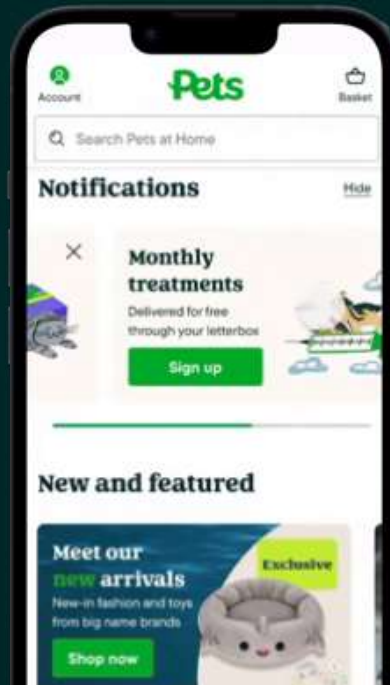


Simplified Club enrolments

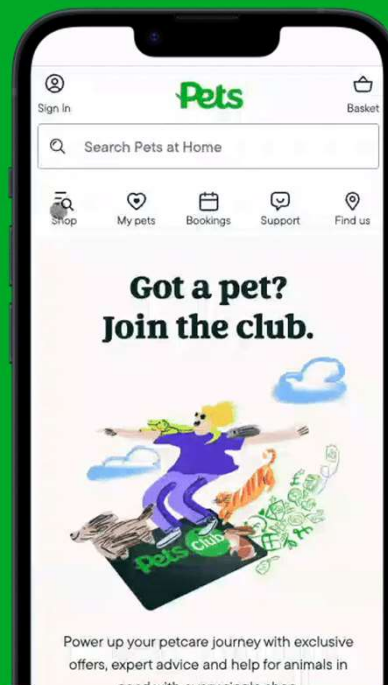


Our new digital platform

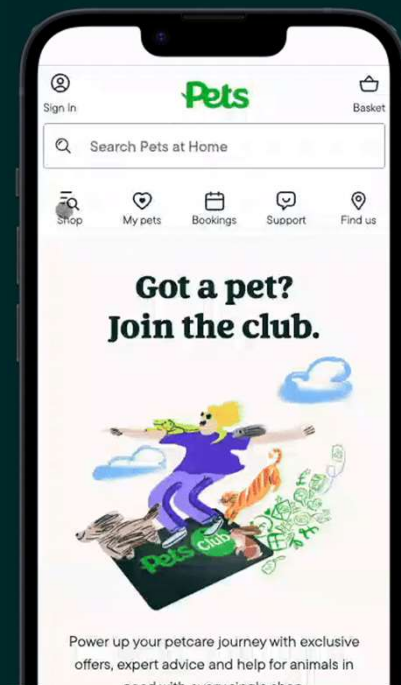
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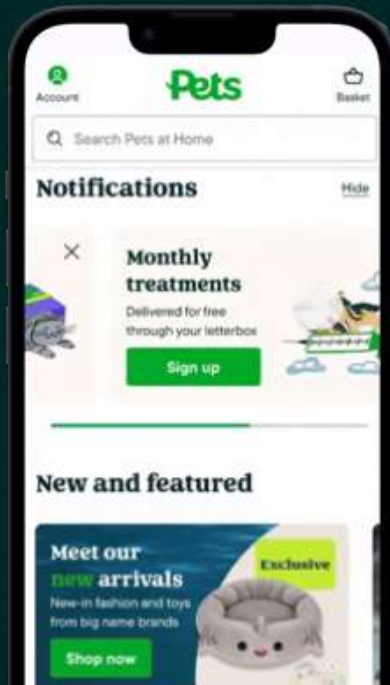


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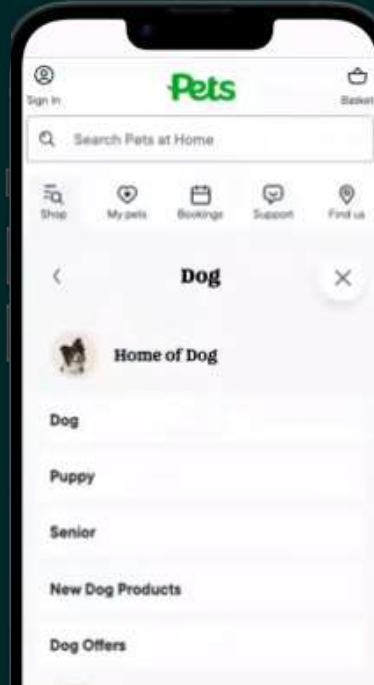


Our new digital platform

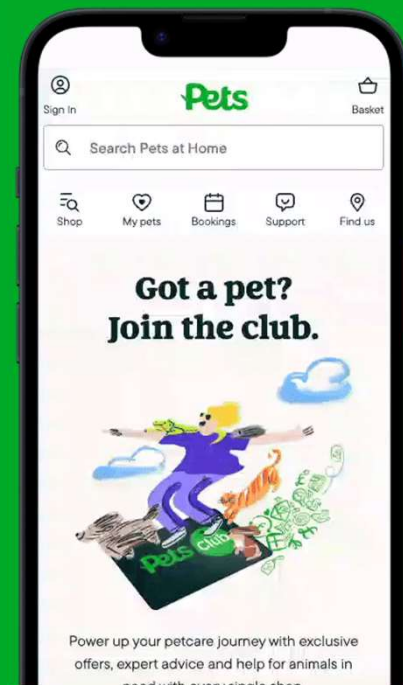
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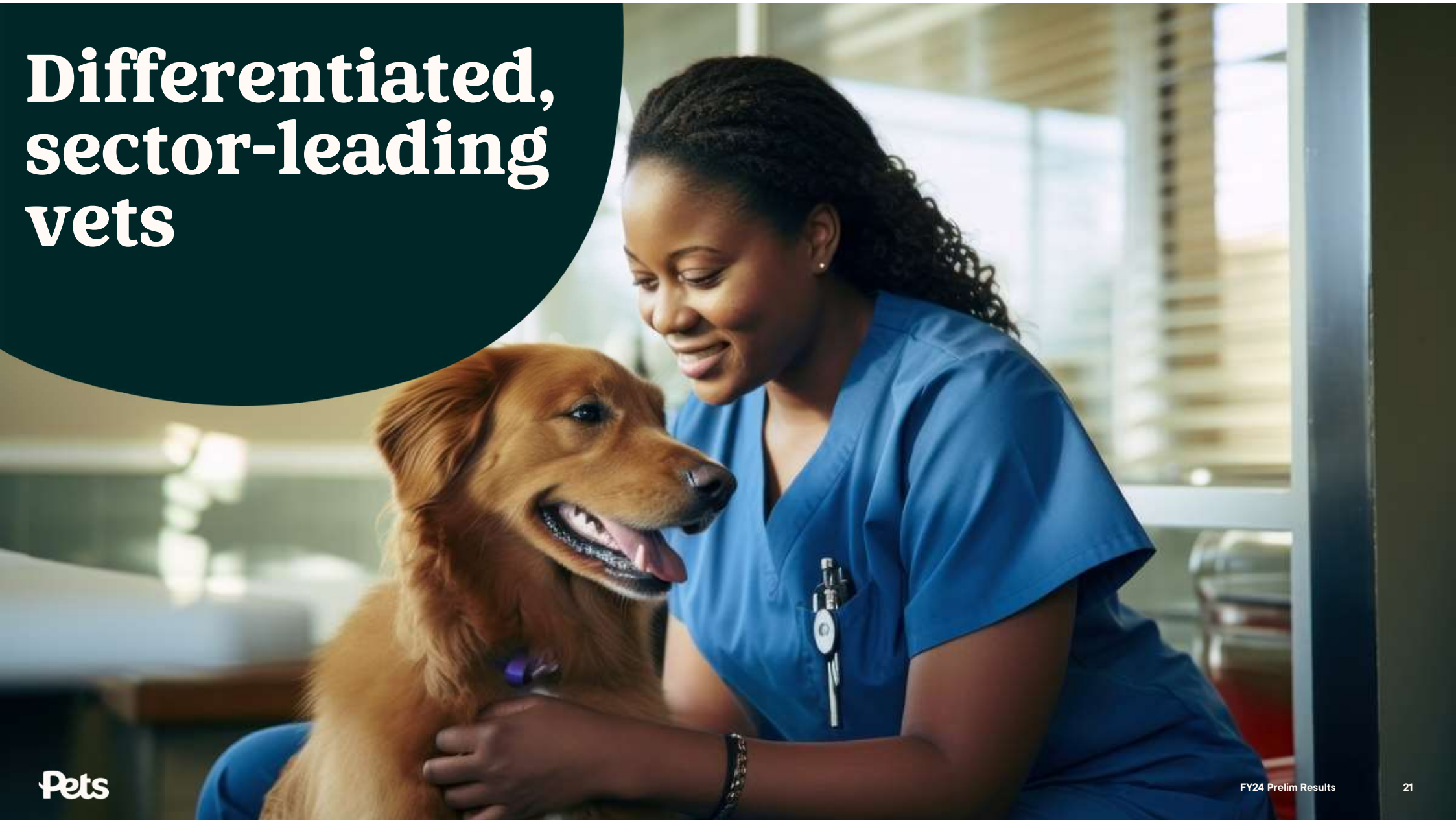
Simplified navigation and filters, and enhanced product attributes



Simplified Club enrolments



Differentiated, sector-leading vets



Our vets delivered an excellent performance in FY24

A strong year

for our partners and the group

+14%

Average Practice
Revenue

+16%

Practice
EBITDA

+11%

Average Transaction
Value

+30%

Free cash
flow

A material business

a meaningful contribution to the group

£576m

Consumer
Revenue

£62m

Profit Before
Tax

447

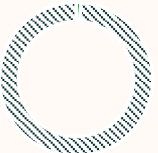
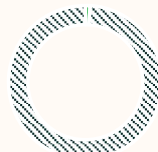
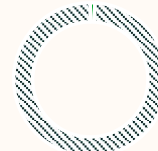
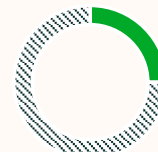

Vet
Practices

£58m

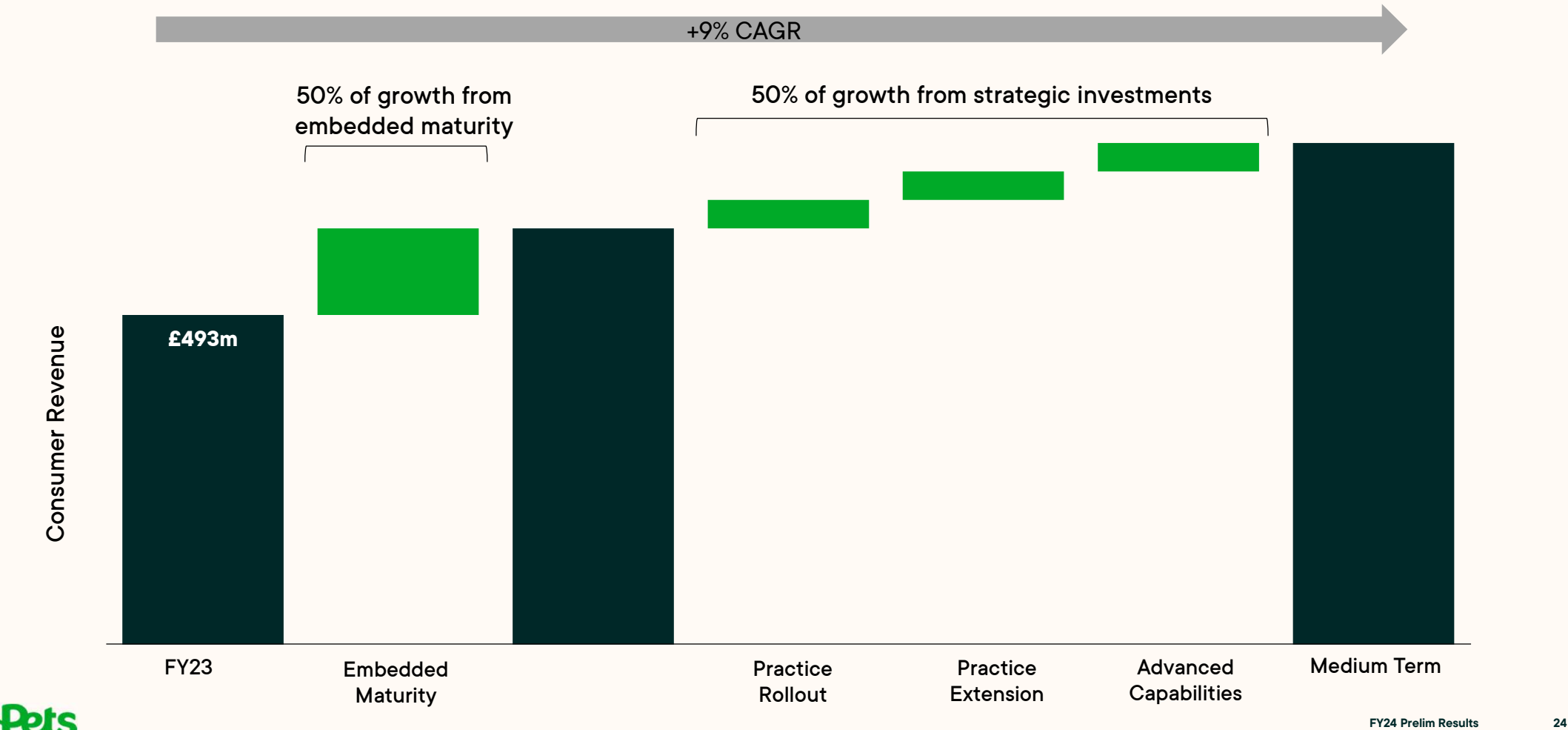
Free cash
flow

Underpinned by increased vet capacity through improved attraction, retention, and productivity

Our unique JV model insulates us from many areas of CMA concern

Concern	Our view	Potential Impact
1 Consumers may not be given enough information to enable them to choose the best vet practice or the right treatment.	Practices clearly branded as Vets for Pets. Price set locally and standard price lists displayed in practice.	
2 Concentrated local markets, in part driven by sector consolidation, may be leading to weak competition in some areas.	Most practices independently owned and operated. 2/3 of practices located in nationally spread PAH stores.	
3 Large integrated groups may have incentives to act in ways which reduce choice and weaken competition.	We operate in the first opinion market only.	
4 Pet owners might be overpaying for medicines or prescriptions.	Any impact likely to be manageable at practice level.	
5 The regulatory framework is outdated and may no longer be fit for purpose.	CMA can guide regulation but would be a Government decision. PAH would happily contribute to a review of the regulatory framework.	

Our growth strategy is pro-competitive, and we will continue to execute on our plans



An unrivalled retail proposition

Food anchors our retail growth strategy...

Why food is
so
important

+4x
Uplift in
frequency¹

+60%
Uplift in non-
food spend¹

Why we are
best placed
to win

47%
Share of premium
food market

c7%
Premium food market
forecast CAGR

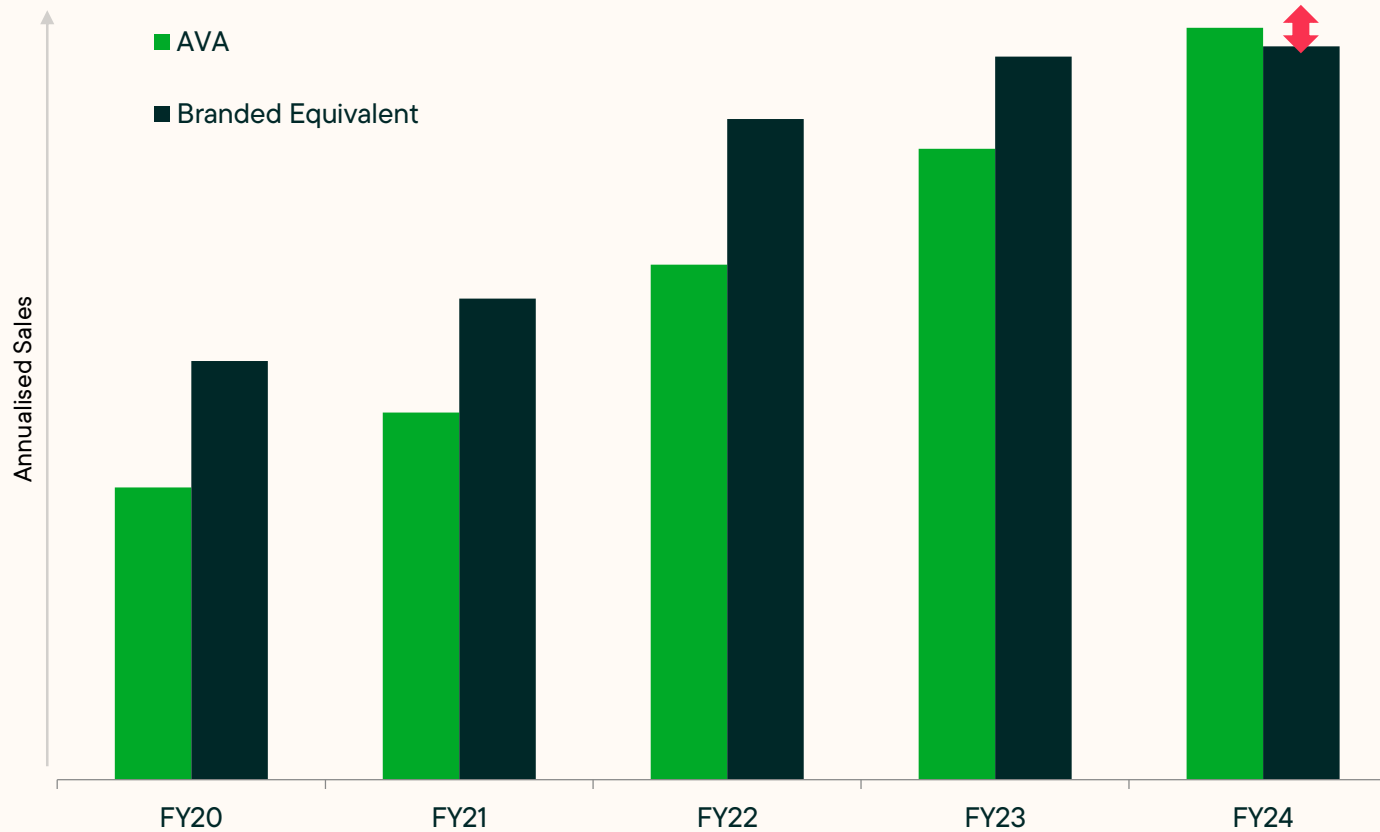
What we've
delivered in
FY24

>100
Stores with new
freezer capacity

33%
Freeze dried
sales growth



...supported by our category-leading private labels



£75m
Annual sales

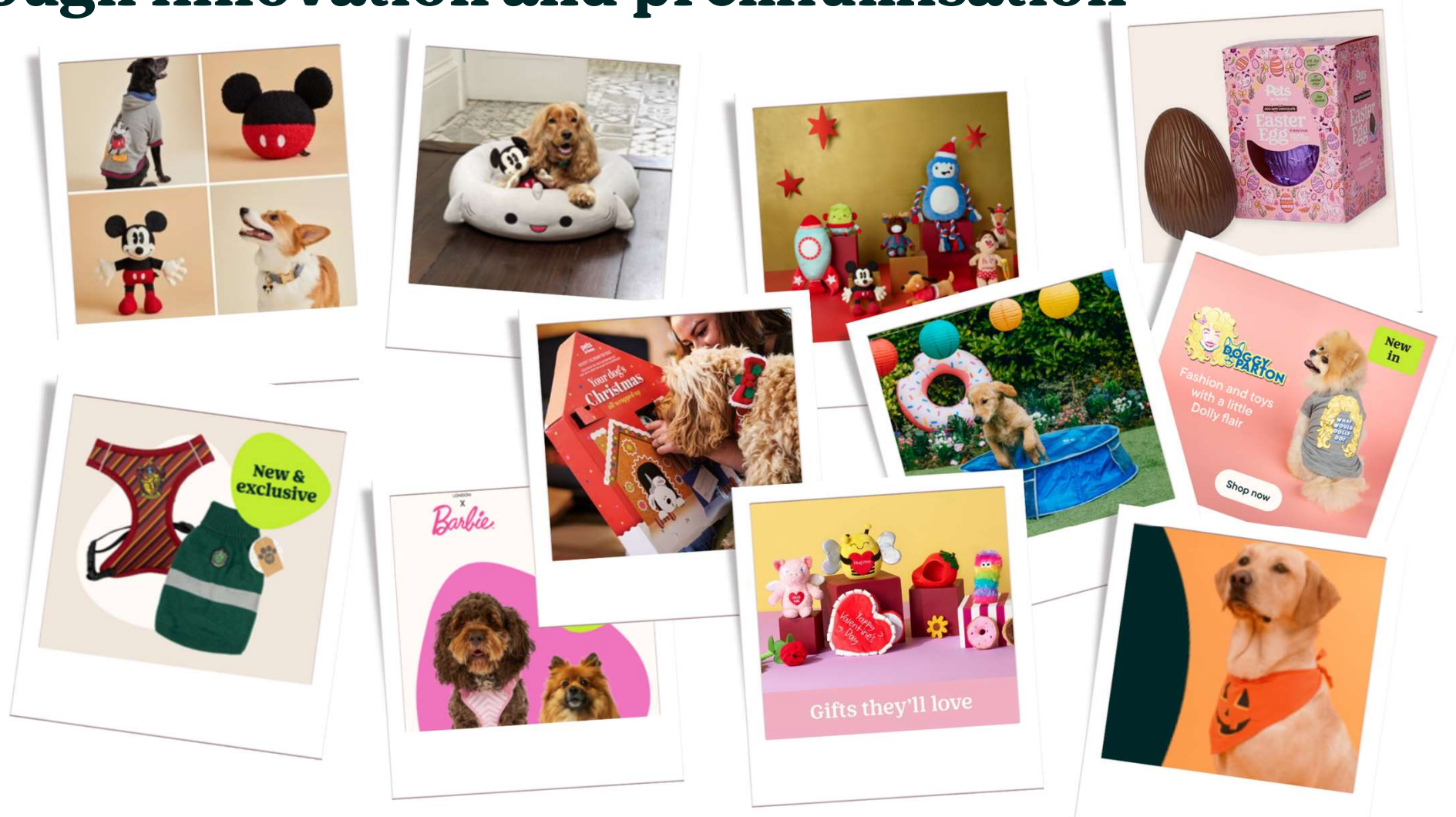
+28%
5-year CAGR



£90m
Annual sales

+4%
5-year CAGR

We have a strong plan to turnaround accessories, through innovation and premiumisation



We continue to invest in our stores to offer an engaging and rewarding experience for consumers

New pet care centres in FY24

5



Store refits in FY24

41



Rebrands in FY24

55



Financial review



We delivered a resilient performance whilst implementing our strategy...

Financial KPIs			
Consumer Revenue	Underlying PBT	FCF	EPS
£1.9bn	£132.0m	£69.0m	20.7p
+6.9% YoY	(3.2)% YoY	(29.7)% YoY	(9.0)% YoY
Strategic KPIs			
Active Pets Club Members	Average Consumer Value	% of Revenue from Subscriptions	Clinical FTE Headcount
7.8m	£178	10%	3.3k
+1.6% YoY	+5.7% YoY	+330bps YoY	+10.0% YoY

...with consumer revenue in line with our medium-term ambition

Group Consumer Revenue (£m)	FY24	FY23	YoY
Total	1,906.3	1,782.4	6.9%
Group Revenue (£m)	FY24	FY23	YoY
Total	1,476.6	1,404.2	5.2%
Like-for-like	5.1%	7.9%	
Retail Revenue (£m)	FY24	FY23	YoY
Food	814.2	744.8	9.3%
Accessories	465.5	486.4	(4.3)%
Other ¹	50.4	47.5	6.1%
Total	1,330.1	1,278.7	4.0%
Like-for-like	4.1%	7.5%	
Vet Group Revenue (£m)	FY24	FY23	YoY
Fee income from JV vet practices	89.3	77.2	15.7%
Company managed practices ²	44.6	37.5	18.7%
Other veterinary income ³	9.4	8.1	17.3%
The Vet Connection	3.2	2.7	18.5%
Total	146.5	125.5	16.8%
Like-for-like	16.5%	13.4%	

1. Includes revenue from grooming services, pet sales and insurance commissions
2. Revenue from company managed practices, which is recognised in full from the point they become wholly owned
3. Includes income generated from non-revenue based fees such as supplier income

FY24 Profit was in line with our expectations

£m	FY24	FY23	Change
Revenue	1,476.6	1,404.2	5.2%
Gross Profit	691.3	674.6	2.5%
Gross Margin	46.8%	48.0%	(123)bps
Operating Costs	(558.5)	(537.1)	4.0%
Other Income	12.7	12.2	3.8%
Interest	(13.5)	(13.3)	0.7%
Group Underlying PBT	132.0	136.4	(3.2)%
Non-underlying items ^{1,2}	(26.3)	(13.9)	
Statutory PBT	105.7	122.5	(13.7)%
Underlying PBT margin	8.9%	9.7%	(77)bps
Underlying basic EPS (pence)	20.7	22.8	(9.0)%
<i>Underlying PBT by Segment</i>			
Retail	87.4	98.8	(11.5)%
Vet Group	61.6	51.3	19.8%
Central	(17.0)	(13.7)	(23.1)%

1. FY24 non-underlying items of £21.4m (FY23: £10.1m) relate to transition costs relating to our new distribution centre, £3.7m (FY23: £2.7m) relating to restructuring of certain support functions, and £1.1m (FY23: £nil) relating to the write down of investments. In addition, in FY23 we incurred £0.1m relating to aborted project costs. All allocated against non-underlying operating costs.
2. FY24 non-underlying cost of £0.1m (FY23: £1.0m) relates to transition costs relating to our new distribution centre, recognised within non-underlying interest charge.

Strong free cash flow and a robust balance sheet...

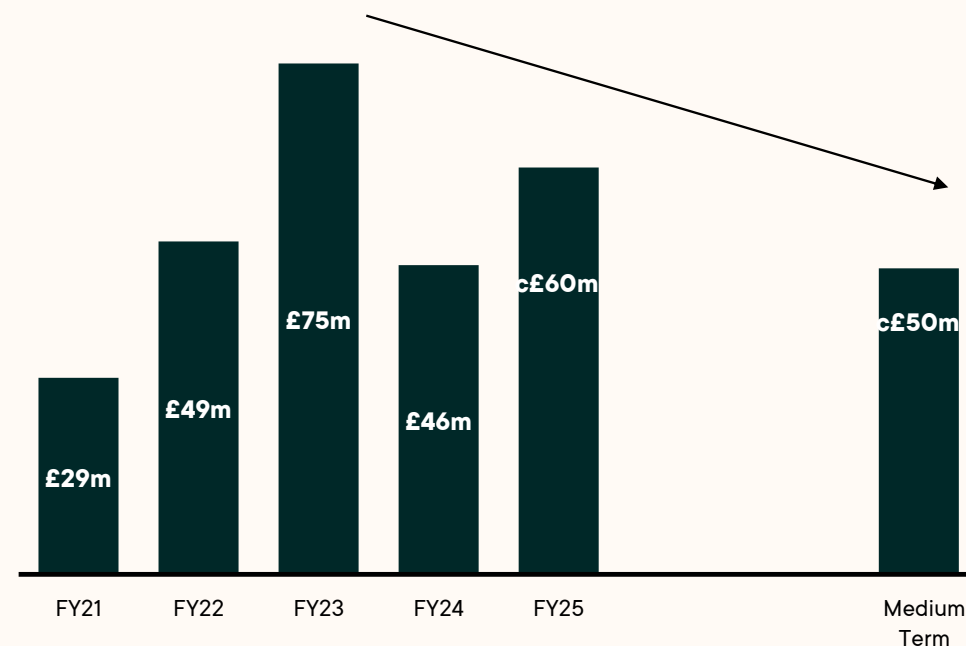
£m	FY24	FY23
Underlying net operating cash flow before working capital movement	232.9	243.3
Non-underlying items	(18.3)	(11.9)
Movement in working capital	(4.6)	19.8
Lease payments ¹	(68.4)	(68.9)
Cash receipts from lease incentives	-	22.0
Net cash capex ²	(48.5)	(77.2)
Net interest ³	(13.3)	(14.8)
Purchase of own shares for colleague share schemes	(10.8)	(14.1)
Free cash flow	69.0	98.2
Equity dividends paid	(60.7)	(58.7)
Share buyback	(50.3)	(50.3)
Investments, Acquisitions & Disposals ^{4,5}	(4.0)	(0.5)
Net loan drawdown/(repayment)	(75.0)	23.3
Net increase in cash and cash equivalents	(120.9)	12.0
Net cash	8.8	54.7
Lease liabilities	(380.9)	(421.4)
Total indebtedness	(372.0)	(366.7)
Pre IFRS 16 leverage	(0.1)x	(0.3)x
Lease adjusted leverage	1.5x	1.5x

1. Lease payments are cash payments for the principal portion of the right-of-use lease liability.
2. Net cash capex is proceeds from the sale of property, plant and equipment less costs to acquire right-of-use assets and acquisition of property, plant and equipment and other intangible assets.
3. Net interest is interest received less interest paid, interest paid on lease obligations, and debt issue costs.
4. FY24 includes £1.0m investment in Good Dog Food, £2.5m investment in joint venture (JV) practices, £1.0m relating to the acquisition of JV practices, offset by £2.1m proceeds from repayment of initial loans from JV partners.
5. FY24 disposals relates to the disposal of certain company managed practices as we converted them to joint venture partnerships.

...supported by disciplined investment, fully aligned to our strategy

£m	FY24	FY23	
Store Refit Programme	19.6	17.5	41 refits completed in FY24
Digitising the Business	9.5	7.9	Capex element of our digital platform, in addition to £27.9m in SaaS investment
Investing in our Supply Chain	6.4	43.7	Opened new DC in Stafford, now supporting 100% of stores
New Stores and Groomers	6.3	1.8	5 new stores & 2 new groomers
Vet Group	0.6	2.6	Investment in company managed practices
Other	0.7	1.5	
Capex Investment	42.9	74.9	
Investment in Vet Practices	2.7	0.4	Growth investment to support extensions, equipment, and branding
Total Capital Investment	45.6	75.3	

Capital Investment tapers to a normalised run rate of £50m pa in outer years



We have a clear plan to grow profits in FY25

One-off factors in FY24 (e.g. DC transition) will not repeat

Benefits from previous investments, particularly into digital, start to deliver

Careful management of cost base and disciplined approach to capital investment

A strong retail trading plan, having reenergised our stores and upweighted our marketing investment

Continued contribution from higher margin vet business fuelled by proven growth drivers

Our balanced capital allocation is closely aligned to our strategic priorities

Capital Allocation Priorities

1. Investment in the business

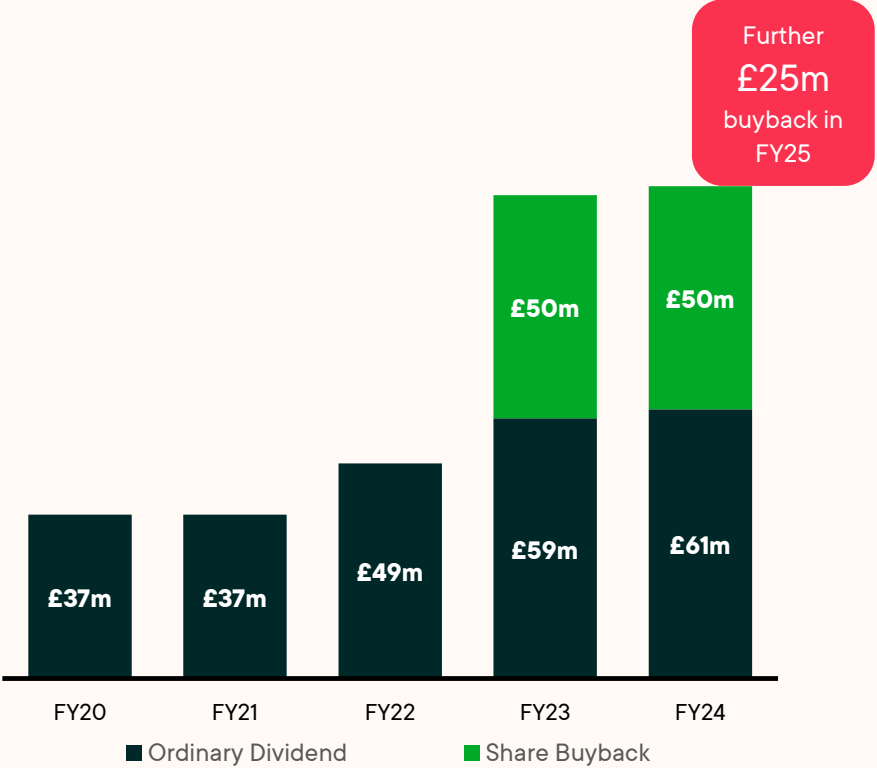
c£400m investment (c£280m capex, c£120m SaaS) over medium term, maintaining CROIC at c20%. Run rate of £50m capex pa in outer years.
2. Ordinary Dividend

Progressive dividend which approximates to 50% of EPS. e.g. Full year dividend maintained at 12.8p in FY24.
3. M&A

Strategic investments and bolt-on M&A. e.g. Acquisition of The Vet Connection for £15m in FY21.
4. Surplus Cash Returns

Via share buy backs or special dividends. e.g. £100m share buy back across FY23 and FY24.

Over £300m returned to shareholders in the last 5 years



Further returns subject to maintaining a prudent balance sheet whilst not constraining the business

Our financial framework will reward shareholders with compounding growth and strong cash flow

1.

**Grow sales
ahead of the
market**

+7%

CAGR sales growth, 300bps
ahead of market (c4%)

2.

**Grow profit
ahead of sales**

+10%

Grow PBT at 10% CAGR over
medium term

3.

**Drive strong,
improving FCF**

c70%

FCF conversion to trend
towards 70% of PBT

4.

**Reward
shareholders**

£100m

£100m share buyback FY23-
24, and progressive dividend

In summary

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Questions



Appendix



FY25 Outlook

Underlying PBT

In line with current consensus (c£144m)

Non-underlying costs

c£7m

Effective Tax Rate

26%

Capital Investment

c£60m

Shareholder returns

£25m share buyback

Disclaimer

Forward-looking statements

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Forward-looking statements may, and often do, differ materially from actual results, and there are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside of Pets at Home’s control.

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