

FOR IMMEDIATE RELEASE, 30 JANUARY 2024

Pets at Home Group Plc: Q3 FY24 Trading Statement

For the 12 week period to 4 January 2024

Resilient peak demand but below our expectations

Financial Highlights

- Q3 consumer revenue¹ up 6.0% on last year and 15.4% on a 2-year basis. Growth was supported by growing average customer spend and growth in active VIP members, up 2% YoY to 7.7m.
- Group revenue up 4.3% in Q3 to £362.4m, with Group like-for-like² (LFL) revenue up 4.4%.
 - Continued strong performance in our Vet Group with Q3 revenue up 13.4%, and LFL² up 13.3%, supported by good progress in adding vet talent and by sustained growth in average spend, driven by a blend of price and a shift to more advanced procedures.
 - Retail saw Q3 revenue up 3.5% and LFL² up 3.7%, resilient against very strong performance last year, however this growth fell below our expectations. We were pleased to see volume growth and share gains across food, against a slowing market backdrop, showing the business remains fundamentally well positioned. However, discretionary accessories trends remained soft and inflation across Retail slowed to 3.2% (from 5.6% in Q2).
- Gross margin performance improved sequentially from H1, with strong sell through of seasonal ranges meaning we exited Q3 with a clean inventory position. Our availability levels and pricing position remain very strong, the latter improving further through the quarter.

Current Trading & Outlook

- While Q3 saw resilient growth against a challenging comparative, growth in our Retail business was not at the levels we had expected. As such we now expect FY24 Group underlying PBT³ to be c£132m, which assumes no sequential improvement in our Retail business LFL run rate through Q4 as we trade against a period of exceptionally strong trading last year. Our expectations of our Vet Group performance are unchanged.
- Our balance sheet remains robust and we expect to finish the year in a net cash⁴ position, having returned over £100m to shareholders via ordinary dividends and our ongoing share buyback.

Strategic Highlights

- Our new digital platform build has progressed well and we will launch it to consumers in the coming weeks, having successfully trialed and tested it with a group of colleagues. The new platform offers a much improved customer experience and functionality across our app and website and is a key foundation for future growth, enabling us to deliver a succession of improvements in the years ahead.
- Returning accessories to growth is a key priority for the business and innovation will play a central role in this. In Q3 we introduced new premium brands including Lords & Labradors and Cocopup, and launched extended lifestyle ranges from Pawsome Paws Boutique. Innovation and the introduction of new ranges that stretch our brand appeal will remain a focus over the coming year.

- We continue to drive innovation in food, introducing new raw dog food brands across the estate, and will soon commence the roll out of Butternut Box. The transfer to Cranswick has now successfully completed.
- Year to date we have now opened 4 new pet care centres, and completed 33 refits. Within vets, we have opened 3 new practices, completed 16 extensions and converted 8 company-owned practices to Joint Venture ownership.
- Strong progress within vet talent, with improvements in recruitment, vacancy rate (down 33% YoY), and vet turnover, all underpinning robust consumer revenue performance. Our third physical clinical academy hub is in progress and we have made significant strides in our international recruitment.
- We have selected our partner for our new PMS system, Provet, a leading, cloud-based system that will unlock productivity benefits for our practice partners and enable better integration of our vets into our pet care platform. Rollout of the PMS will begin in FY25, after an initial pilot, and take 2 years to complete.
- In the year, we have fed over 1m pets for a day through our foodbank partnership with Blue Cross, and raised over £6m for charities.

Lyssa McGowan, Chief Executive Officer, commented:

“Our colleagues came together over our peak trading period to deliver a record sales performance, growing against a very strong performance in the prior year. While a slower market over peak meant our sales growth didn’t quite hit the levels we expected, the business remains well positioned to benefit from long term growth in the sector as we continue to win share and grow volumes across food and deliver differentiated performance through our unique vets business.

Importantly, we will shortly follow up launching our new distribution centre with the launch of our new digital platform, in line with our target. Our new digital platform is a key foundation of our growth strategy, bringing vastly improved user experience to our consumers, and creating opportunities to improve cross-sell into accessories and further grow share of wallet. With these foundations now in place we are well positioned for the future.”

Conference Call

Management will host a Q&A conference call for analysts and investors at 9.30am. To join the call in listen-only mode, please click on the following link (https://brrmedia.news/PETS_Q3FY24). Those wishing to participate in the Q&A session should email pets@accordience.com for call details. A recording will be available at <https://www.petsathomeplc.com/investors/results-presentations/>.

Our next scheduled update will be a pre-close update at the end of March.

1. *Consumer revenue includes total revenue across the Group including consumer sales made by Joint Venture vet practices, and therefore differs to the fee income recognised within Vet Group revenue.*
2. *Like-for-like revenue comprises total revenue in a financial period compared to revenue achieved in a prior period, for stores, omnichannel operations, grooming salons, and vet practices that have been trading for 52 weeks or more.*
3. *Underlying profit before tax (PBT) is based on pretax profit before the impact of certain costs or incomes that derive from events or transactions that fall outside the normal activities of the Group and are excluded by virtue of their size and nonrecurring nature, in order to reflect management’s view of the performance of the Group.*
4. *Net cash is defined as cash and cash equivalents less loans and borrowings.*

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About Pets at Home

Pets at Home Group Plc is the UK's leading pet care business, providing pets and their owners with the very best advice, products and care. Pet products are available online or from over 450 pet care centres, many of which also have vet practices and grooming salons. The Group also operates a leading small animal veterinary business, with over 440 veterinary general practices located both in our pet care centres and in standalone locations. For more information visit: <https://www.petsathomeplc.com/>

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulations (Regulation (EU) No.596/2014). For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Andrew Porteous, Director of Investor Relations.