PETS XLON Pets At Home Group Plc

Pets at Home Group plc FY27 Interim Results · RNS 5215E · 25 November 2026

Pets at Home lifts half-year profit 44% and guides to top of forecasts

Share price	260.6p
Market cap	£1.14bn
52-week range	168.1p - 276.2p
Shares in issue	436.0m
12-month change	+26.1%

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SUMMARY

Pets at Home's interim results today showed pre-tax profit up 44.2% to £52.2m for the 28 weeks to 8 October 2026, with no exceptional items to strip out. Retail profit rose to £16.0m from £3.5m as consumer revenue grew 4.4% and operating costs fell 1.7%, while Vets added 8.6% to £48.8m. The company now expects full-year underlying profit at the top end of analyst forecasts of £90m to £101m. The interim dividend is rebased to 3.0p from 4.7p under a 50% payout policy. The recovery is real but shallow in places: a non-recurring Petplan settlement added £3.5m to Retail profit, Retail growth slowed from 4.9% in Q1 to 3.7% in Q2, and the top of the range implies a weaker second half than last year's. The Q3 update on 27 January 2027, covering Christmas, is the next test.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Group statutory revenue	£809.1m	H1 FY27 (28 weeks to 8 Oct 2026)	+3.9%
Group pre-tax profit (statutory and underlying)	£52.2m	H1 FY27	+44.2% from £36.2m
Retail underlying PBT	£16.0m	H1 FY27	up from £3.5m
Vets underlying PBT	£48.8m	H1 FY27	+8.6%
Insurance underlying loss	£(3.9)m	H1 FY27	from £(2.2)m
Petplan legacy revenue in Retail (non-recurring)	£5.3m	H1 FY27	from £1.8m
Free cash flow	£55.7m	H1 FY27	+63.8%
Adjusted net cash/(debt)	£0.3m	At 8 Oct 2026	from £(12.0)m a year earlier
Basic EPS	8.5p	H1 FY27	+48.4%
Interim dividend	3.0p	H1 FY27	from 4.7p

Sources: Interim results RNS, 25 Nov 2026

THE ANNOUNCEMENT

- Group pre-tax profit rose 44.2% to £52.2m on revenue up 3.9% to £809.1m, and statutory and underlying profit were identical. Basic EPS rose 48.4% to 8.5p, helped by buybacks.
- Retail profit rose to £16.0m from £3.5m, a 2.3% margin, including a £3.5m net benefit from the final, non-recurring Petplan settlement. Retail gross margin fell 40bps to 43.7% as last year's price cuts have not yet annualised.
- Vets profit grew 8.6% to £48.8m on a 49.1% segment margin, but Vets consumer revenue grew only 2.3%. Care Plans passed 1 million, and the new Insurance business lost £3.9m on £0.3m of premiums.
- Full-year underlying profit is now expected at the top end of analyst forecasts, which range from £90m to £101m with a £97.8m consensus.
- Free cash flow rose £21.7m to £55.7m, adjusted net cash was £0.3m before leases, and £25m of the £50m buyback is complete. The interim dividend is 3.0p (4.7p last year), payable on 8 January 2027.
- A refreshed strategy targets a Retail profit margin above 5% in the medium term, EPS growth above 10% a year, up to 10 new vet practices in FY27 rising to 15-20 a year, and Insurance breakeven 2-3 years after launch.

AGAINST GUIDANCE

Guidance has moved up a notch. In March the company said it was comfortable with consensus for FY27 underlying profit; it now expects the top end of a £90m-£101m analyst range with a £97.8m consensus, an upgrade of about £3m if the top end is taken as £101m. That would imply second-half profit of £48.8m, below the £56.6m earned in the second half of FY26, reflecting the end of Petplan income, continuing Insurance losses and Retail price cuts that only annualise in Q3. Recent short-term guidance has been reliable: FY26 underlying profit of £92.8m fell within the £90m-£100m range given. The medium-term targets, including a Retail margin above 5%, have not yet been tested.

BULL CASE

- Profit rose £16.0m with nothing to strip out, and even treating all £5.3m of Petplan revenue as profit, group profit still grew by about £12.5m and the margin widened by about 140bps.
- Cash generation improved on a like-for-like basis: excluding the £16.9m working-capital inflow, free cash flow was £38.8m against £21.8m a year earlier, and Retail swung to £17.0m from an £11.1m outflow.
- Retail volumes are growing faster than sales, food sales rose 4.4% after the range reset, and the top end of guidance implies a weaker second half than last year's even with the £20m overhead savings already banked.
- Vets has 1 million Care Plans and a capital-light joint-venture model, the balance sheet has no net debt before leases, and buybacks have cut the share count by about 13% over four years.

BEAR CASE

- Retail's recovery is thin: without the £3.5m Petplan benefit it earned £12.5m on £709.7m of revenue, growth eased from 4.9% to 3.7% between Q1 and Q2, and gross margin fell 40bps.
- Vets, which supplies most of group profit, slowed to 2.3% consumer growth from 6.7% a year earlier, and its free cash flow fell £7.7m.
- Much of the profit gain came from a £11.0m fall in administrative costs and one-off Petplan income, neither of which repeats, while Insurance is expected to lose money for two to three years.
- The upgrade is worth about £3m against consensus, the shares sit near the 276.20p top of their 52-week range, and Bank Rate at 4.00% with CPIH at 3.7% leaves little support for UK consumer valuations.

WHAT TO WATCH

- The Q3 trading update on 27 January 2027, covering December peak trading: Retail growth near the first-half pace without further price cuts would support the bull case, a slide towards low single digits the bear case.
- Any move in FY27 guidance above £101m, or a retreat from the 'top end' wording.
- At the full-year results, whether second-half cash flow holds up without another working-capital inflow and whether Vets free cash flow recovers from its £7.7m decline.
- Whether Retail gross margin stabilises once last year's price cuts annualise, the first evidence for the promised 200-300bps of improvement.

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