Wynnstay Group plc

Acquisition of Pet Superstores Chain

Wynnstay, the retail and agricultural supplies business, is pleased to announce the acquisition today of Wilson’s Pet Centres Limited ("Wilson’s Pet Centres"), the Midlands based chain of pet superstores, for a gross cash consideration of up to £5.85m. After taking into account the utilisation of surplus cash in the acquired business, amounting to approximately £0.69m, the net consideration is up to £5.16m. The acquisition wholly complements Wynnstay's existing pet supplies and retailing activities, adding critical mass and giving Wynnstay a strong market position in the West Midlands region. Wynnstay expects the addition of Wilson’s Pet Centres to be immediately earnings enhancing.

Based in Bromsgrove in the West Midlands, Wilson’s Pet Centres was established in 1993. Since then, the management has built up a chain of 10 pet superstores, with locations in the south west Midlands in Evesham, Malvern, Worcester, Droitwich, Kidderminster, Northfield, Acocks Green, Stourbridge, Swadlincote and Bromsgrove. The stores, which are all leasehold, are modern and spacious, with an average floor space of 6,000 sq ft, and are typically located within retail parks. Each store offers a comprehensive range of pet care products as well as related services such as in-store pet grooming, pet behaviour courses and pet insurance. Wilson’s Pet Centres has 104 employees on a full time equivalent basis.

For the year ended 28 October 2007, Wilson’s Pet Centres generated revenues of £6.8m and pre-tax profits of £669,609. At completion, adjusted net assets stood at £1.0m (excluding surplus cash of approximately £0.69m).

Following the completion of the acquisition, the two principal directors of Wilson’s Pet Centres, who together have 42 years' experience of pet supplies retailing, will remain with the business and will lead the on-going development of Wynnstay's pet products retailing activities.

Wynnstay has a successful track record of integrating retail acquisitions and the Group believes that there is excellent potential for expanding its pet-related activities through both dedicated pet and general stores. Wilson’s Pet Centres will be rebranded under Wynnstay's existing pet brand, 'Just for Pets', and as part of the Wynnstay group, it is expected that it will benefit from opportunities to enhance purchasing, marketing and its product offering.

Of the total net acquisition consideration of up to £5.16m, £4.3m is payable in cash on completion, with the balance payable in cash in January 2009, depending on the achievement of certain financial targets during the first year. The initial payment will be satisfied from Wynnstay's existing cash resources and a new five year loan facility of £3.0m from HSBC plc carrying an interest rate of 1% over base rate.

Bernard Harris, managing director of Wynnstay, commented,

"We have been extending Wynnstay's existing retailing activities into the high growth area of pet care products for some time now and, following the launch in the Summer of our own dedicated pet store format, Just for Pets, the acquisition of Wilson’s Pet Centres is the next logical step.

Wilson’s Pet Centres is a long-established, well-run chain in the West Midlands, with a reputation for efficient and friendly customer service. Combining the business with our own is compelling and brings significant benefits, both from the point of view of cost efficiencies and ongoing growth strategies."
I am very pleased too that the senior management team at Wilson's Pet Centres will remain with the enlarged business, leading its development, and believe that there are exciting growth opportunities ahead of us.*

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