

# PUUILO

**A SUCCESSFUL SUMMER SEASON –  
STRONG GROWTH IN THE NUMBER OF CUSTOMERS**

***HALF-YEAR FINANCIAL REPORT, FEBRUARY-JULY 2023***

***PUUILO PLC***

***13 SEPTEMBER 2023***

***Juha Saarela, CEO  
Ville Ranta, CFO***

## *Our agenda today*

- 1. Key figures and main events*
- 2. Financial development*
- 3. Strategy and long-term financial targets*
- 4. Outlook for the financial year 2023*
- 5. Q&A*



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# Key figures Q2/2023 (May – July)

## GROWTH

**+17.0% (+11.9%)**

Net sales

**+8.1% (+7.9%)**

Like-for-like net sales

**39 (34)**

Number of stores (at the end of the reporting period)

## PROFITABILITY

**20.0% (20.2%)**

EBITA margin (adj.)

**37.1% (36.5%)**

Gross margin (%)

## EPS

**0.18 € (0.16 €)**

Earnings per share excluding the effect of listing expenses

## EVENTS DURING THE REPORTING PERIOD

- Net sales increased in like-for-like stores and in new stores. The growth was originated from strong growth in the number of customers in like-for-like stores.
- Gross margin level was supported by lower cost of logistics and the change in product sales mix.
- The adjusted EBITA increased by 2.8 MEUR compared to previous year.
- Puuilo's external storage services were centralized in DB Schenker's new storage facilities in Ilvesvuori, Nurmijärvi.
- A new store in Vihti Nummela was opened in June 2023 (No new stores).

# Key figures H1/2023 (February – July)

## GROWTH

**+14.3% (+7.2%)**

Net sales

**+6.8% (+2.4%)**

Like-for-like net sales

**39 (34)**

Number of stores (at the end of the reporting period)

## PROFITABILITY

**16.6% (16.4%)**

EBITA margin (adj.)

**36.9% (35.9%)**

Gross margin (%)

## EPS

**0.24 € (0.21 €)**

Earnings per share excluding the effect of listing expenses



## EVENTS DURING THE REPORTING PERIOD

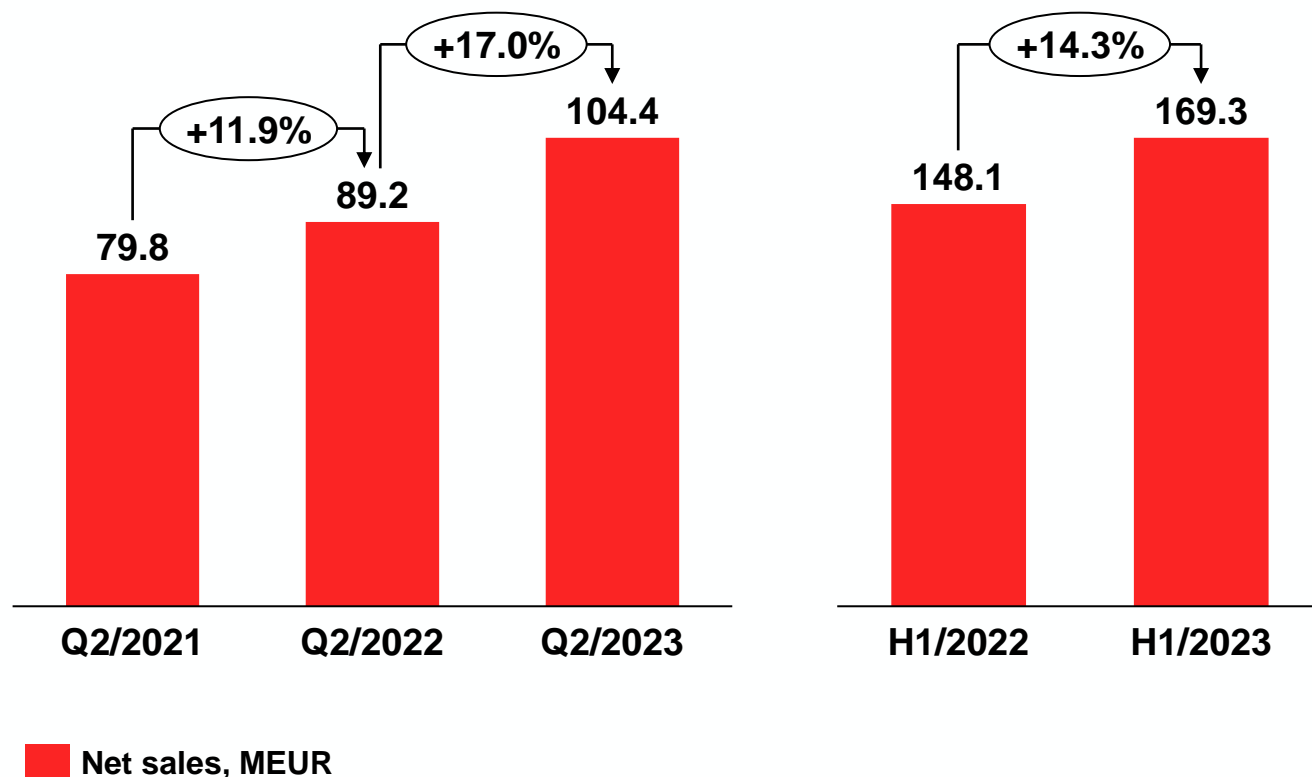
- Net sales increased in like-for-like stores and in new stores. The increase was due to the continued strong growth in the number of customers in like-for-like stores.
- Gross margin level was supported by lower cost of logistics.
- The adjusted EBITA increased by 4.0 MEUR compared to previous year.
- The ongoing process development projects are progressing as planned.
- New stores were opened in Vantaa Porttipuisto in March and in Vihti Nummela in June 2023 (No new stores).



# *Financial development*



## Net sales was driven by the strong growth in the number of customers



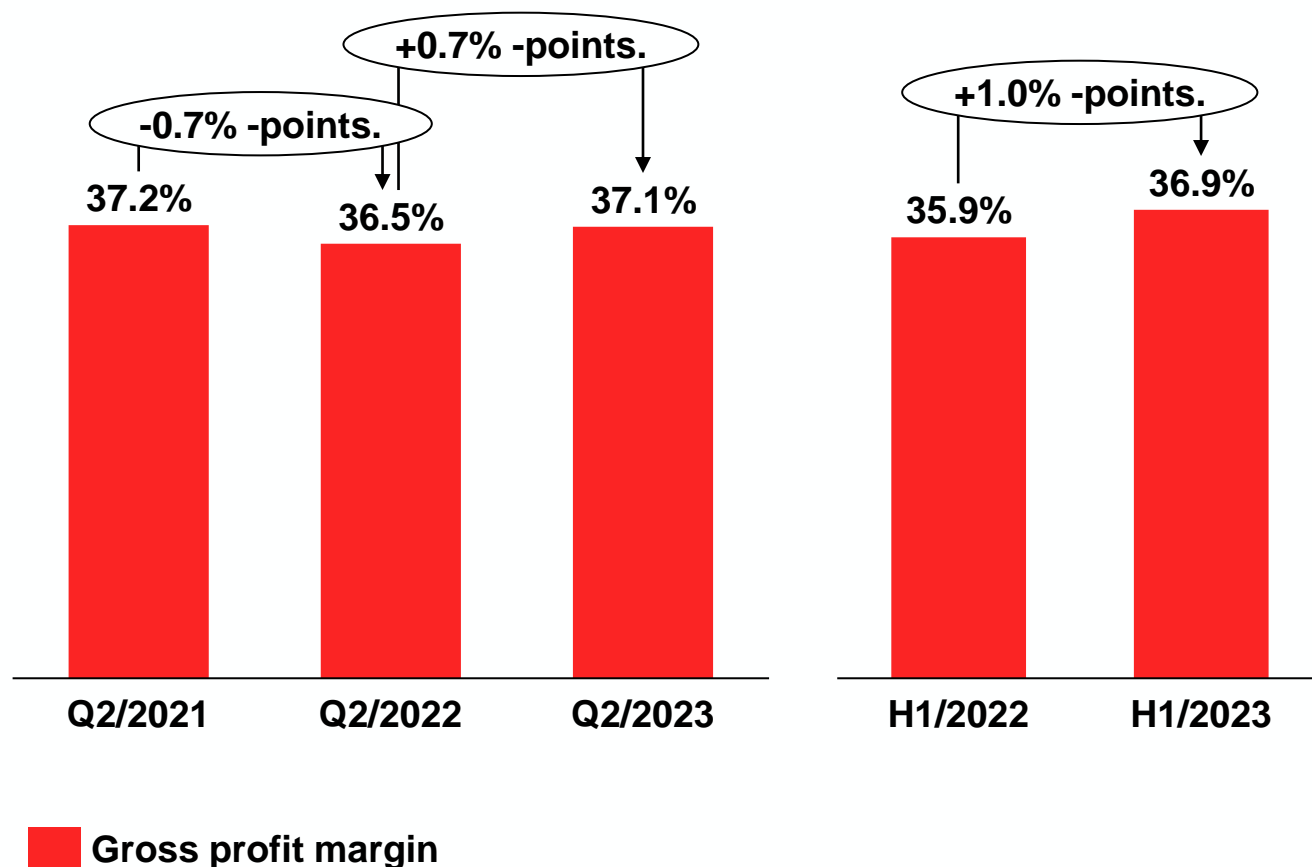
### Q2/2023

- Net sales increased by 17.0% and like-for-like store net sales by 8.1%. Quarterly net sales exceeded 100 MEUR for the first time.
- Net sales increased in like-for-like stores and in new stores. Net sales decreased in online store, but the rate of decline slowed.
- The number of customers increased by over 18%.
- All main product groups increased sales in comparative terms.

### H1/2023

- Net sales increased by 14.3% and like-for-like store net sales by 6.8%.
- Net sales increased in like-for-like stores and in new stores. Net sales decreased in online store.
- The growth was originated from strong growth in the number of customers in like-for-like stores.

## Gross margin increased, supported by a decrease in logistics costs and the product mix



### Q2/2023

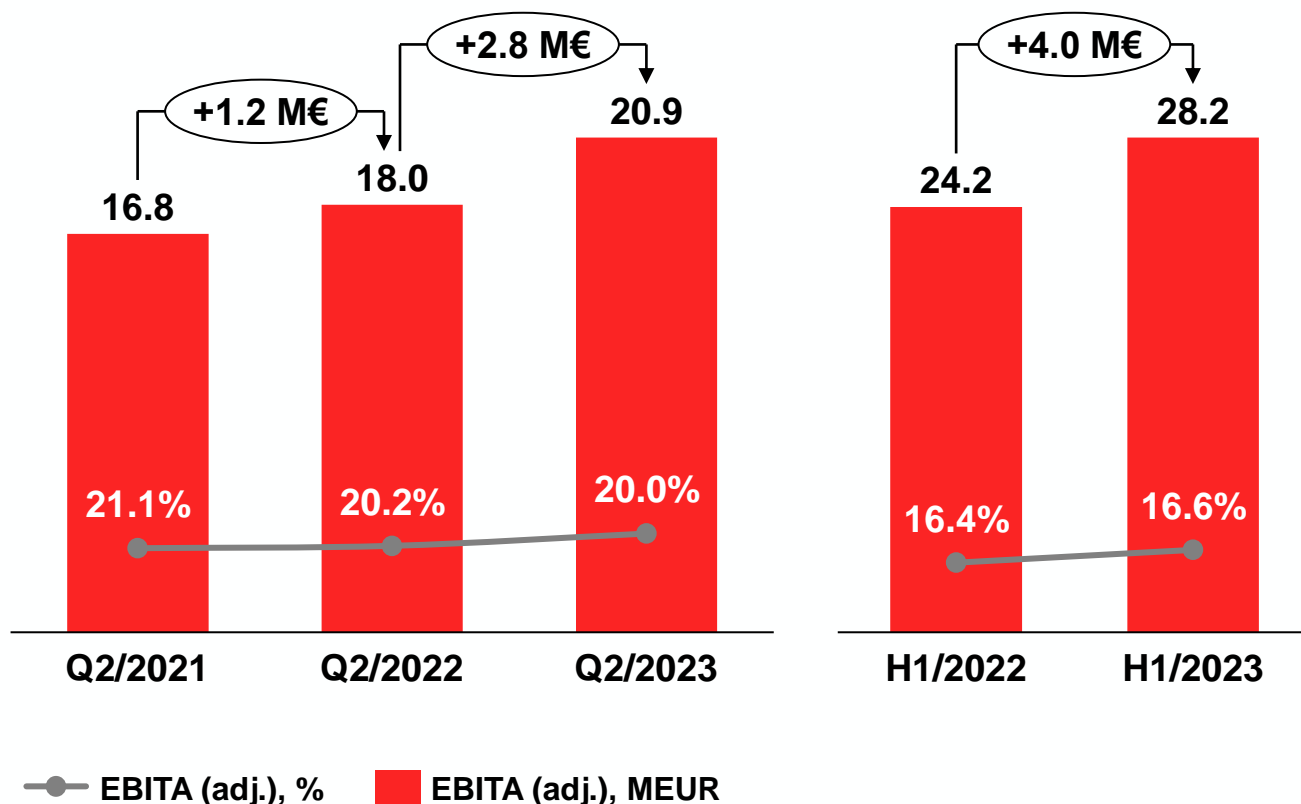
- Gross margin increased and was 37.1%.
- Gross margin level was mainly supported by lower cost of logistics and the change in product sales mix.
- In logistics, especially the price of storage and sea freight decreased to the normal level.

### H1/2023

- Gross margin increased and was 36.9%.
- The gross margin was mainly supported by the decrease in logistics costs.
- Inventory turnover has improved significantly compared to the comparison period last year.



## Adjusted EBITA and relative profitability increased



### Q2/2023

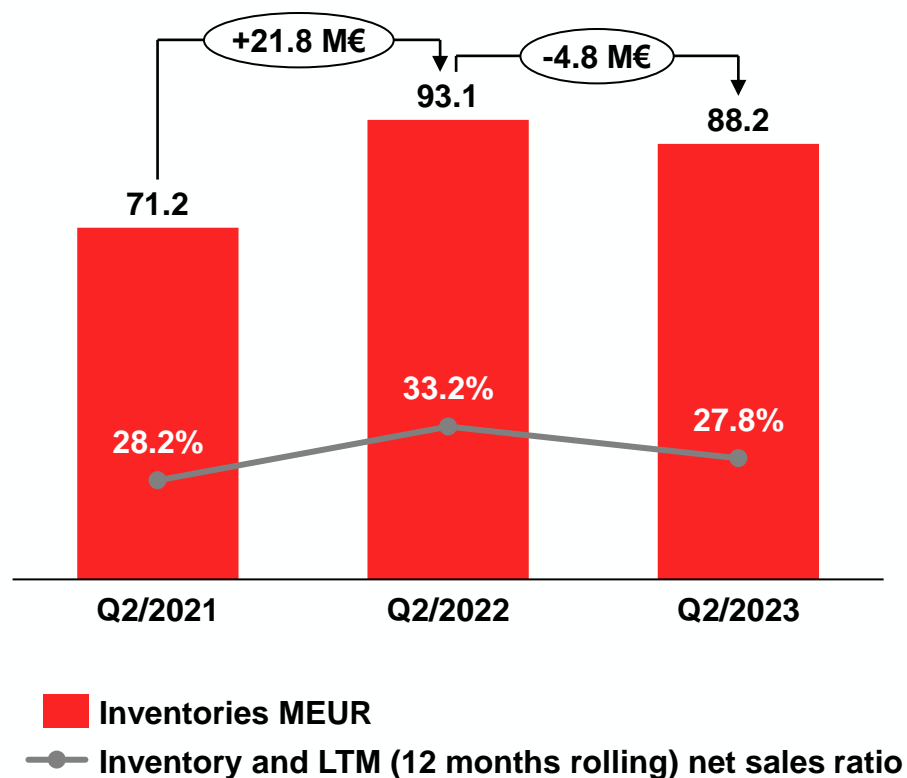
- Adjusted EBITA increased by 2.8 MEUR
- Relative profitability was 20.0% of net sales.
- The increase in gross margin level had a positive effect on EBITA.
- Cost control has been good despite high inflation.

### H1/2023

- Adjusted EBITA increased by 4.0 MEUR
- Relative profitability was 16.6% of net sales.
- Cost control has been good despite high inflation.
- The increase in personnel costs was mainly due to new stores.



## Inventory levels have decreased as planned, and inventory turnover improves

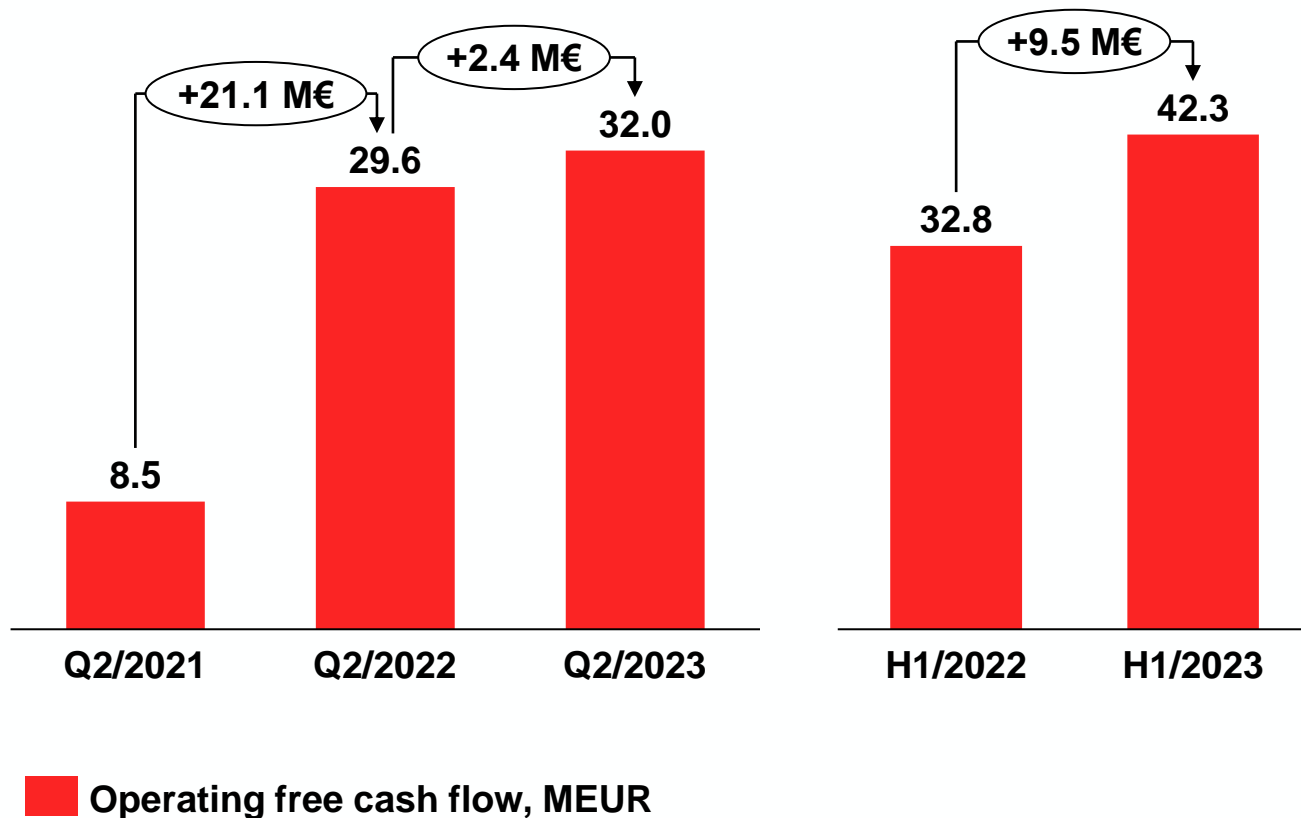


### Q2/2023

- The inventories amounted to 88.2 MEUR
- The inventory levels have decreased to the normal level compared to the same time last year despite of five new stores. The new stores contributed approximately +8 MEUR to the inventory levels.
- Inventory levels which increased as a result of the pandemic, have been successfully lowered in accordance with the plan and the inventory turnover has been significantly improved.
- The aim is to further improve inventory turnover.



## Cash and cash equivalents at a record high due to strong cash flow



### Q2/2023

- Operating free cash flow was 32.0 MEUR.
- Operative free cash flow was positively impacted by strong net sales growth, decreased inventory to the normal level and solid EBITA.
- Cash conversion, i.e. the ratio of cash flow to EBITDA continued at an excellent level.

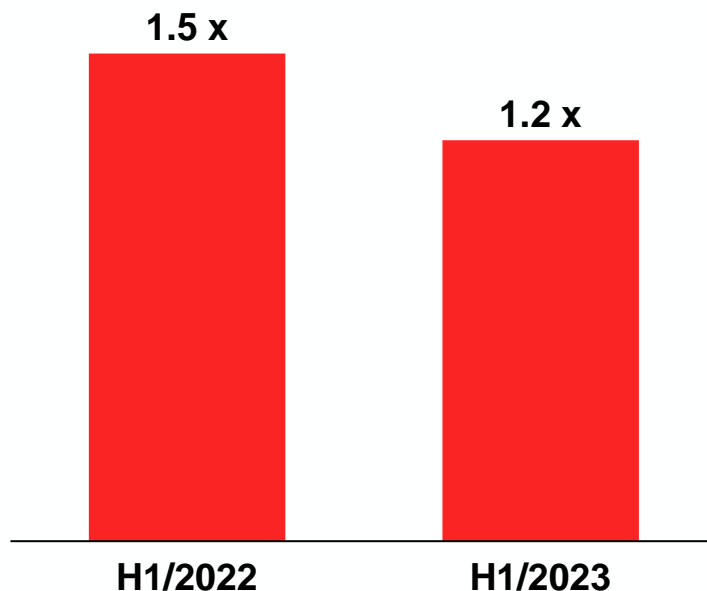
### H1/2023

- Operating free cash flow was 42.3 MEUR.
- Operative free cash flow was positively impacted by strong net sales growth and solid EBITA.

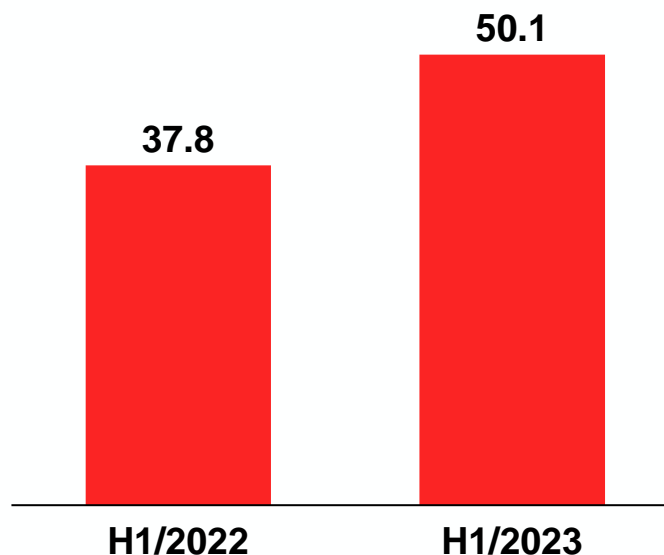


## Net debt to EBITDA ratio decreased. Financial position is very strong.

Net debt\* / adj. EBITDA



Cash and cash equivalents at the end of the reporting period, MEUR



\* Net debt includes lease liabilities reported in accordance with IFRS 16

### H1/2023

- Puuilo's financial position is very strong.
- The ratio of net debt to adjusted EBITDA is in line with the long-term target.
- Puuilo's long-term loans from financial institutions were 69.9 MEUR at the end of the period.
- The net of bank loans and cash and cash equivalents was 19.8 MEUR.



## KEY FIGURES

### Q2 / 2023 (1 May 2023 – 31 Jul 2023)

- Net sales increased by 17.0% (+11.9%) and were EUR 104.4 million (89.2)
- Like-for-like store net sales increased by 8.1% (+7.9%)
- Online store net sales decreased by 4.3% (-1.6%)
- Gross profit was EUR 38.7 million (32.5) and gross margin was 37.1% (36.5%)
- Adjusted EBITA was EUR 20.9 million (18.0), which corresponds to an adjusted EBITA margin of 20.0% (20.2%).
- EBIT was EUR 20.6 million (17.1) which corresponds to 19.7% of net sales (19.2%)
- Operating free cash flow was EUR 32.0 million (29.6)
- Earnings per share were EUR 0.18 (0.15)
- Earnings per share excluding listing expenses were EUR 0.18 (0.16)
- One new store was opened during the second quarter (no new stores)

### H1 / 2023 (1 Feb 2023 – 31 Jul 2023)

- Net sales increased by 14.3% (+7.2%) and were EUR 169.3 million (148.1)
- Like-for-like store net sales increased by 6.8% (+2.4%)
- Online store net sales decreased by 10.5% (-4.6%)
- Gross profit was EUR 62.4 million (53.1) and gross margin was 36.9% (35.9%)
- Adjusted EBITA was EUR 28.2 million (24.2), which corresponds to an adjusted EBITA margin of 16.6% (16.4%)
- EBIT was EUR 27.6 million (23.0) which corresponds to 16.3% of net sales (15.5%)
- Operating free cash flow was EUR 42.3 million (32.8)
- Earnings per share were EUR 0.24 (0.20)
- Earnings per share excluding listing expenses were EUR 0.24 (0.21)
- Two new stores were opened during the reporting period (no new stores)





# *Strategy and long-term financial targets*



# PUUILO'S STRATEGY

**01.**

Growing the  
store network

**02.**

Like-for-like net sales  
growth in the young  
store network

**03.**

Increasing the share  
of private label  
products

**04.**

Maintaining and  
improving the high  
profitability

**05.**

Continuous development  
of the product assortment  
and the multichannel  
business model

**+400 MEUR**

**NET SALES**

Net sales above EUR 400 million by the end of financial year 2025 with annual organic sales growth in excess of 10%.

**17-19 %**

**PROFITABILITY**

Adjusted EBITA margin  
between 17 - 19%.

**> 80 %**

**DIVIDEND POLICY**

Puulo aims to distribute at least 80% of net income for each financial year in dividends.

**ALLE 2.0X**

**NET DEBT**

Net debt to adjusted EBITDA below 2.0x.

# *Outlook for the financial year 2023*



## OUTLOOK

### *Puulo's outlook for the financial year 2023*

Puulo specifies the outlook for the financial year 2023 given in its financial statements release on 30 March 2023 and repeated in the Q1 business review on 14 June 2023.

Puulo now forecasts that net sales for the financial year 2023 will be EUR 325 – 355 million and the adjusted operating profit (adjusted EBITA) in euros will be EUR 50 – 60 million. Before, the company forecasted that net sales and adjusted operating profit (adjusted EBITA) in euros would increase compared to the financial year 2022.

The specified guidance is based on development in the first half of the year and the outlook for the rest of the financial year.

The forecast includes elements of uncertainty arising from the energy crisis, the war in Ukraine as well as decline in purchasing power due to rise in interest rates and inflation.

### *Puulo's long-term targets*

**+400 MEUR**

#### **NET SALES**

By the end of financial year 2025 with annual organic sales growth in excess of 10%.

**< 2.0x**

#### **NET DEBT**

Net debt to adjusted EBITDA below 2.0x.

**17-19%**

#### **PROFITABILITY**

Adjusted EBITA margin between 17 - 19%.

**> 80%**

#### **DIVIDEND POLICY**

Puulo aims to distribute at least 80% of net income for each financial year in dividends.





# *Puulo's new stores*

Store openings in FY 2023:

- Vantaa Porttipuisto, opened 30 March 2023
- Vihti's Nummela, opened 8 June 2023
- Kerava, opened 17 August 2023
- Helsinki Konala
- Vantaa Varisto

The aim for 2024 is to open at least 4 new stores!





# Q&A

Contact requests: [ir@puuilo.fi](mailto:ir@puuilo.fi)

PUUILO

Ma-Pe 8 - 20  
La 9 - 18  
Su 10 - 18

## NEXT FINANCIAL REPORTS

13 December 2023

27 March 2024

12 June 2024

Business review Q3 (February-October 2023)

Financial statements release 2023

Business review Q1 (February-April 2024)

*Photo: The opening of the Nummela store on June 8, 2023*



A welder wearing a green jacket, safety glasses, and ear protection is working on a metal structure. Sparks are flying from the welding point, creating a bright, glowing trail that curves across the frame. The background is a dark, industrial building with several windows, and the scene is set outdoors during sunset or sunrise, with a warm, golden light in the sky.

# *Puuido as an investment*



# Puilo as an investment



A leading player in the growing discount retail market in Finland



Successful concept based on wide product assortment, low prices, perceived low price level and convenient shopping experience



Growing store network and online store



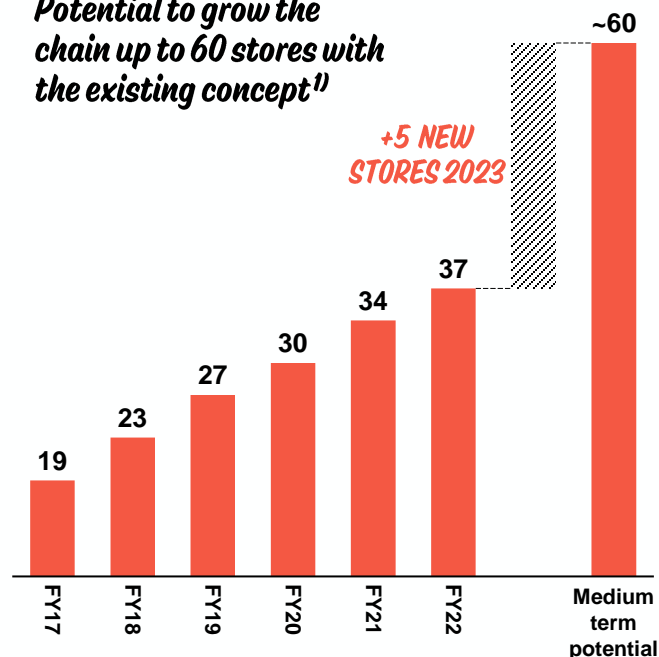
Growth clearly outperforming the market, high profitability and strong cash flow



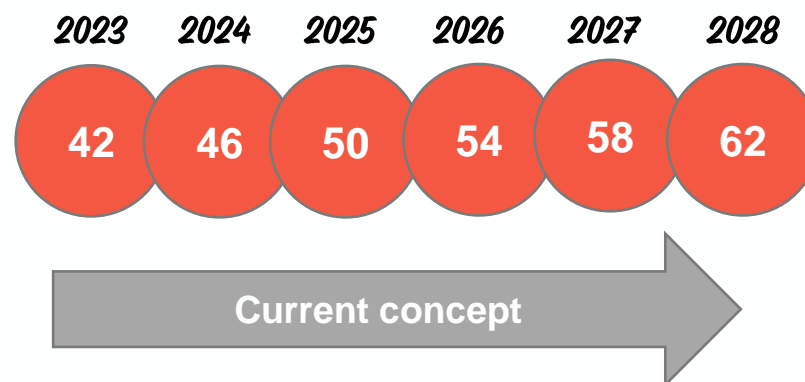
# Significant room to expand store network with proven ramp-up process

## STORE NETWORK GROWTH

*Potential to grow the chain up to 60 stores with the existing concept<sup>1)</sup>*

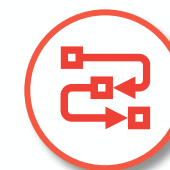


## NEW POTENTIAL STORE LOCATIONS<sup>1)</sup>



*There will be growth potential for years to come!*

## EFFICIENT LAUNCH PROGRAM



*Standardized process for new store openings*



*Track-record of successfully opening 4 new stores p.a.*

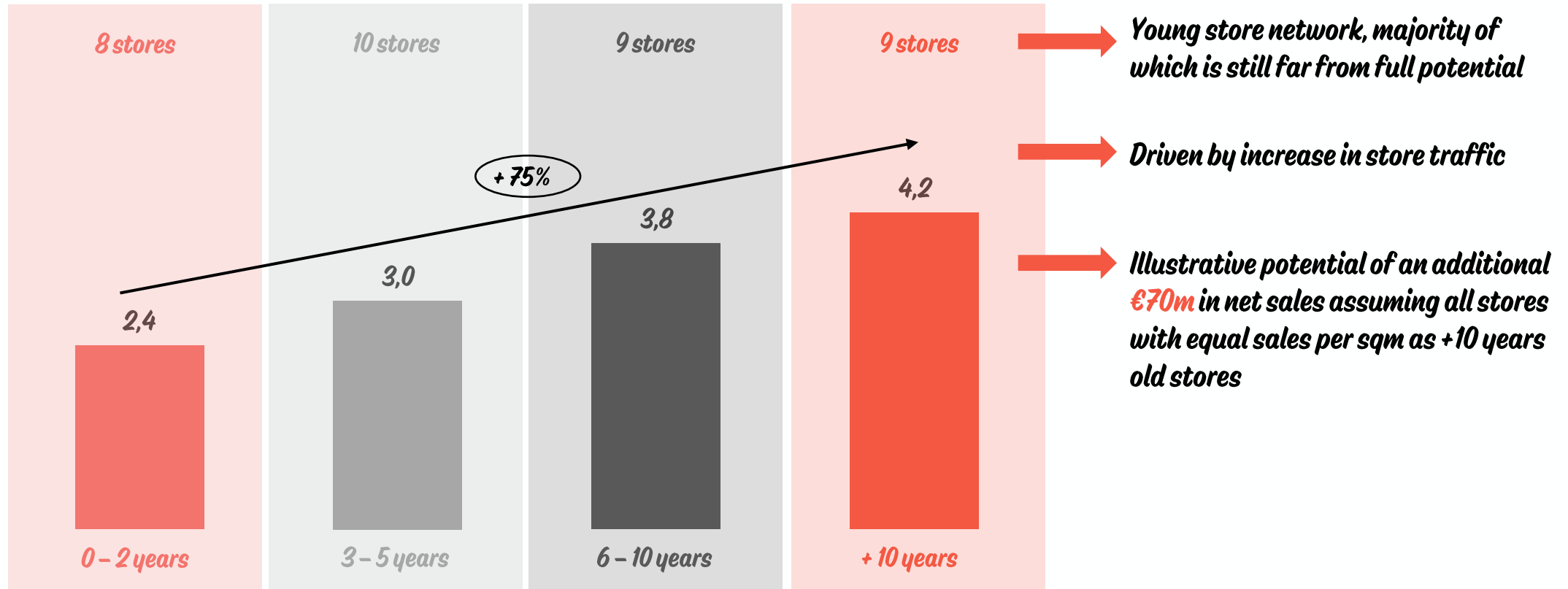


*Average new store profitable in first full month after opening<sup>2)</sup>*

Notes: 1) Management estimate; 2) Based on average of 10 most recent store openings in April 2023. Based on pricing margin (POS).

# Strong like-for-like growth driven by increasing store traffic

Average store sales for different vintage groups - €k per sqm<sup>1)</sup>

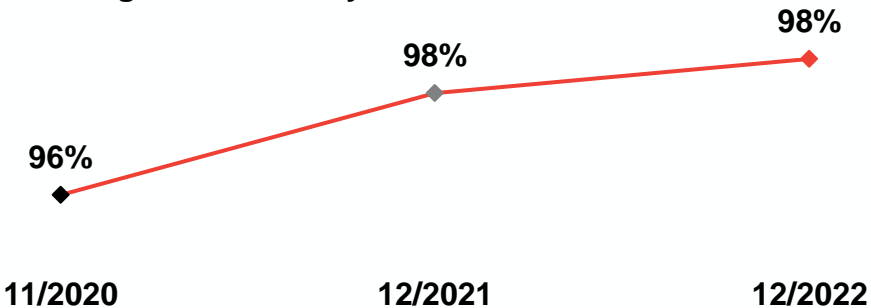


Notes: 1) FY2022 excluding Lieto, which opened in Jan 2023.

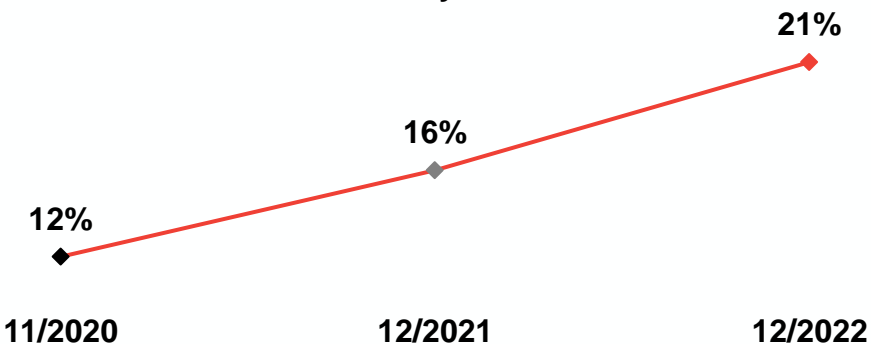
# The brand awareness and consideration of Puuilo is growing – still a lot of growth potential

## *Puuilo's brand awareness*

Aided brand awareness –  
Recognize at least by name

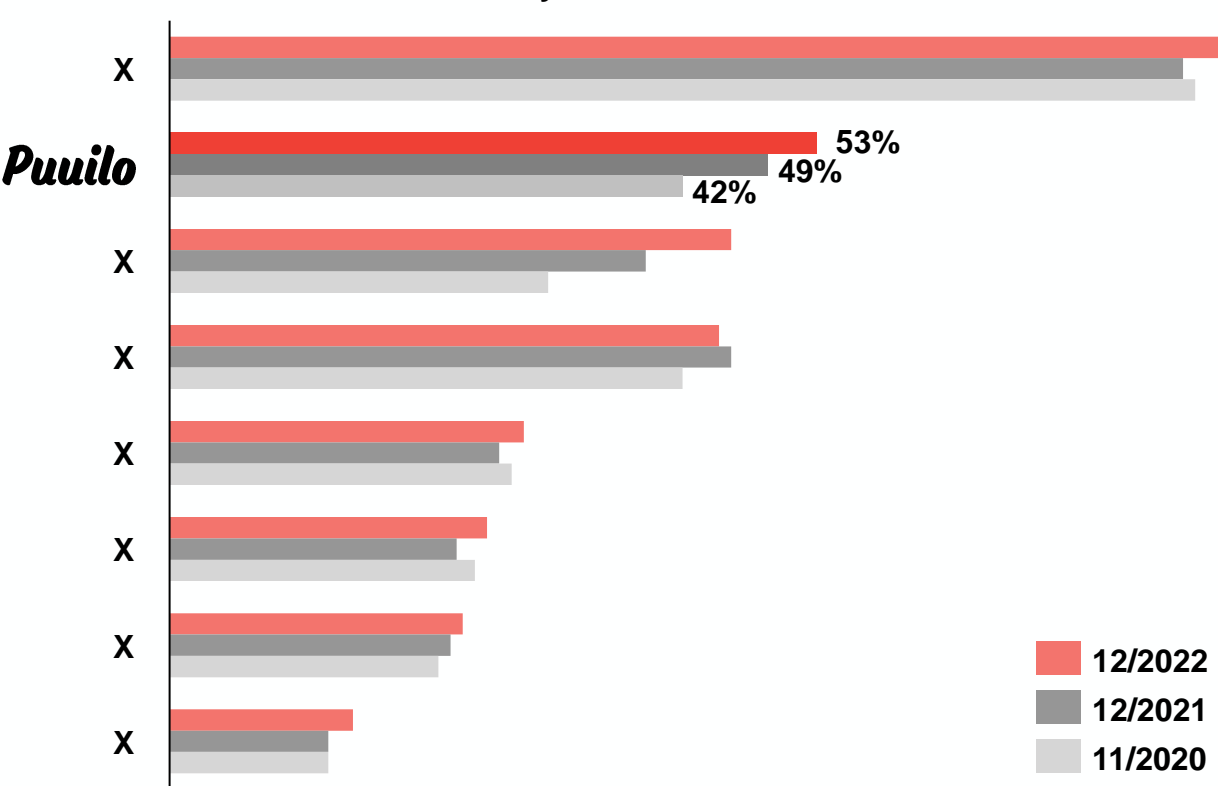


Spontaneous brand awareness –  
Which discount stores do you remember?



## *Puuilo's consideration*

Which discount store do you prefer to shop at?  
What other stores would you also consider?



Source: Research commissioned by Puuilo from business management consulting company in December 2022. (n1000)

# Increasing market share - customer satisfaction at good level

NPS

44

(2021 40)

*Why do you visit Puuilo?*

1 Good assortment

2 Price level

3 Good location

**51%** *moved shopping **to Puuilo** during the past two years*

**8%** *moved shopping **from Puuilo** during the past two years*

*The research highlights 3 key competitors, from which our customers move shopping **to Puuilo**.*

Source: Customer research commissioned by Puuilo in May 2023 (n15500)



# Long track record of strong sales growth and profitability

■ Net sales development (€m)

● Adj. EBITA margin-%

