

**PUUILO**

# **A YEAR OF EXEMPLARY GROWTH**

**FINANCIAL STATEMENTS 2023**

**PUUILO PLC**

**27 MARCH 2024**

Juha Saarela, CEO

Ville Ranta, CFO

# OUR AGENDA TODAY

1. Key figures and main events
2. Financial development
3. Dividend proposal
4. Outlook for financial year 2024
5. Strategy and long-term financial targets
6. Sustainability overview
7. Q&A

**OPERATIONS ARE BASED  
ON TRANSPARENCY**

CAR WASHER FLUID

3 X 4 L

9,99 €



# KEY FIGURES Q4/2023 (NOVEMBER 2023–JANUARY 2024)

## GROWTH

**+12.4% (+9.7%)**

Net sales

**+1.6% (+6.8%)**

Like-for-like net sales



**42 (37)**

Number of stores at the end of the reporting period

## PROFITABILITY

**13.9% (14.2%)**

EBITA margin (adj.)

**36.7% (36.2%)**

Gross margin

## EARNINGS PER SHARE

**0.09 € (0.08 €)**

## EVENTS DURING THE REPORTING PERIOD

- Sales growth was generated by both, like-for-like and new stores. Customer flows continued their growth in old stores
- Gross margin increased. The increase was driven by lower logistics costs, a favourable sales mix strong sales growth in private label products
- Implementation of the new replenishment ordering system started during Q4
- Adjusted EBITA increased by 1.0 M€
- Two new stores were opened during the period. The store in Konala (Helsinki) was opened in November whereas store located in Varisto (Vantaa) was opened in December

# KEY FIGURES, FINANCIAL YEAR 2023 (FEBRUARY 2023–JANUARY 2024)

## GROWTH

**+14.2% (+9.7%)**

Net sales

**+5.2% (+5.5%)**

Like-for-like net sales



**42 (37)**

Number of stores at the end of the reporting period

## PROFITABILITY

**16.0% (16.5%)**

EBITA margin (adj.)

**36.6% (36.2%)**

Gross margin

## EARNINGS PER SHARE

**0.46 € (0.41 €)**

## EVENTS DURING THE REPORTING PERIOD

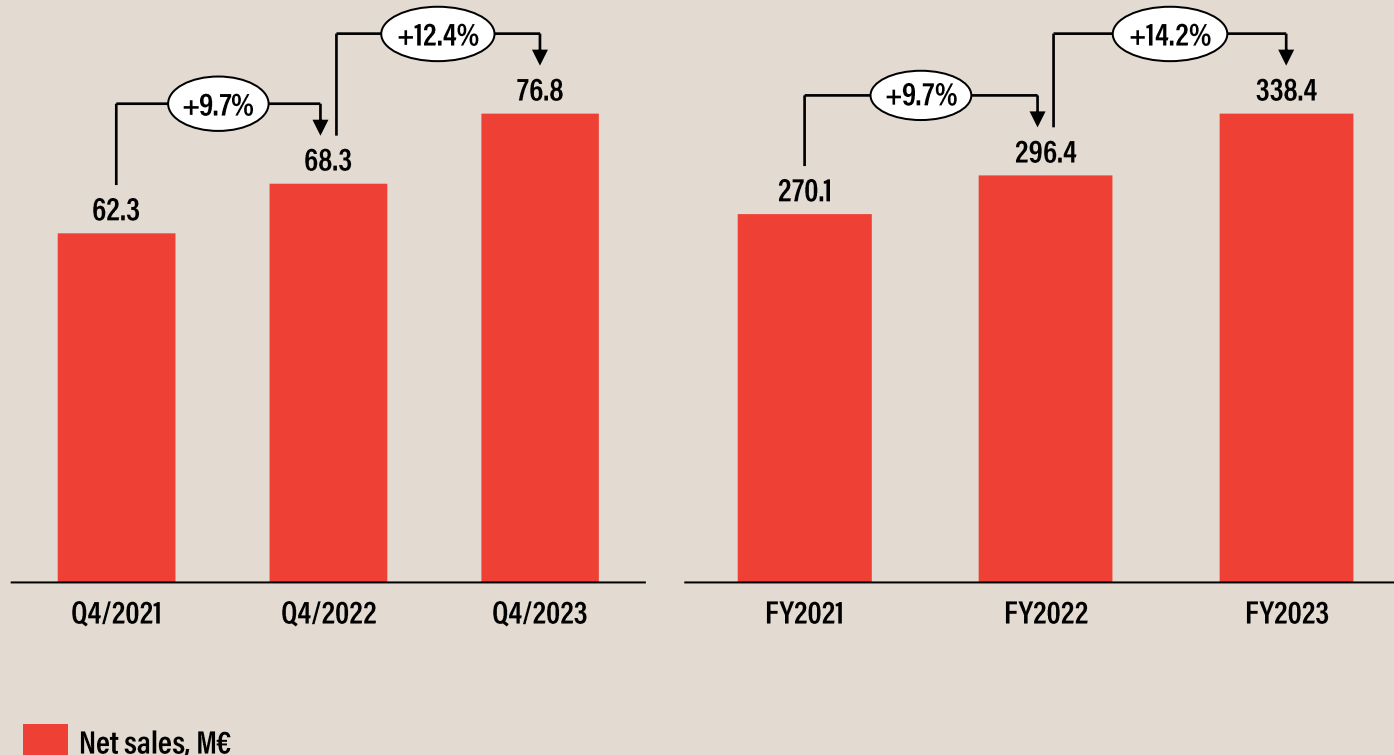
- Puuilo performed well in what was a difficult year for many retailers. In particular, the number of customers continued to grow strongly
- The share of private label products grew, rising to 20.6% of net sales
- Five new stores, located in Porttipuisto (Vantaa), Vihti-Nummela, Kerava, Konala (Helsinki) and Varisto (Vantaa), were opened
- Puuilo's store opening pace was accelerated through the acquisition of three Hurrikaani stores in Nokia, Ylöjärvi and Forssa. The stores will be converted into Puuilo stores during the first half of 2024. Nokia store was opened during February 2024, Ylöjärvi opens its doors today
- Puuilo's warehouses were centralized to DB Schenker's new logistics centre in Ilvesvuori, Nurmijärvi



# FINANCIAL DEVELOPMENT

NET SALES DEVELOPMENT

# GROWTH IN CUSTOMER FLOWS CONTINUED, NEW STORE OPENINGS WERE SUCCESSFUL



## Q4/2023

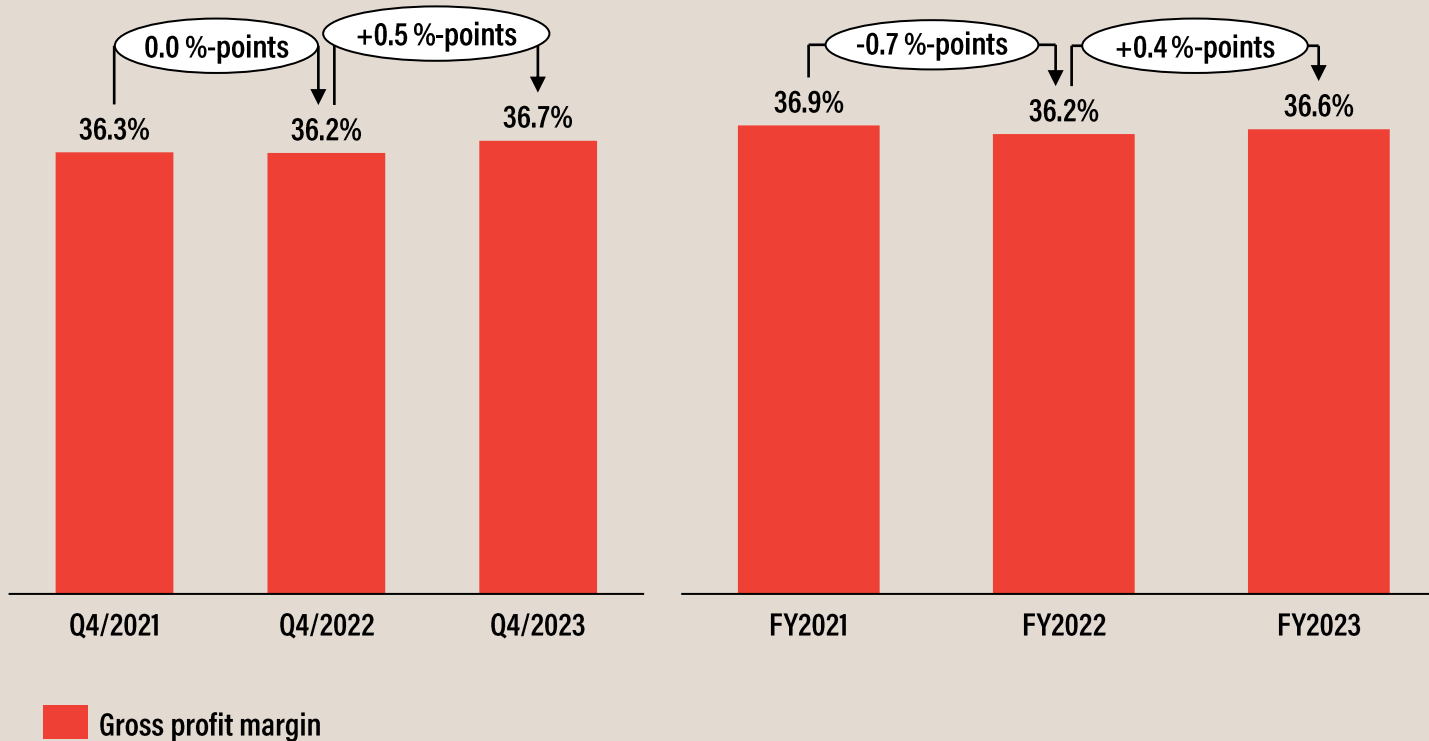
- Net sales increased by 12.4% and like-for-like store net sales by 1.6%
- Net sales increased in in like-for-like stores and new stores
- The increase in number of customers continued in Q4, totalling to 12%. Like-for-like growth was approx. 2%

## FY2023

- Net sales increased by 14.2% and like-for-like store net sales by 5.2%
- Net sales increased in both, like-for-like and new stores
- The growth in net sales was especially impacted by continued growth in the number of customers
- Like-for-like sales increased in all key product categories

**GROSS MARGIN**

**GROSS MARGIN INCREASED DURING Q4 AND FY2024**



**Q4/2023**

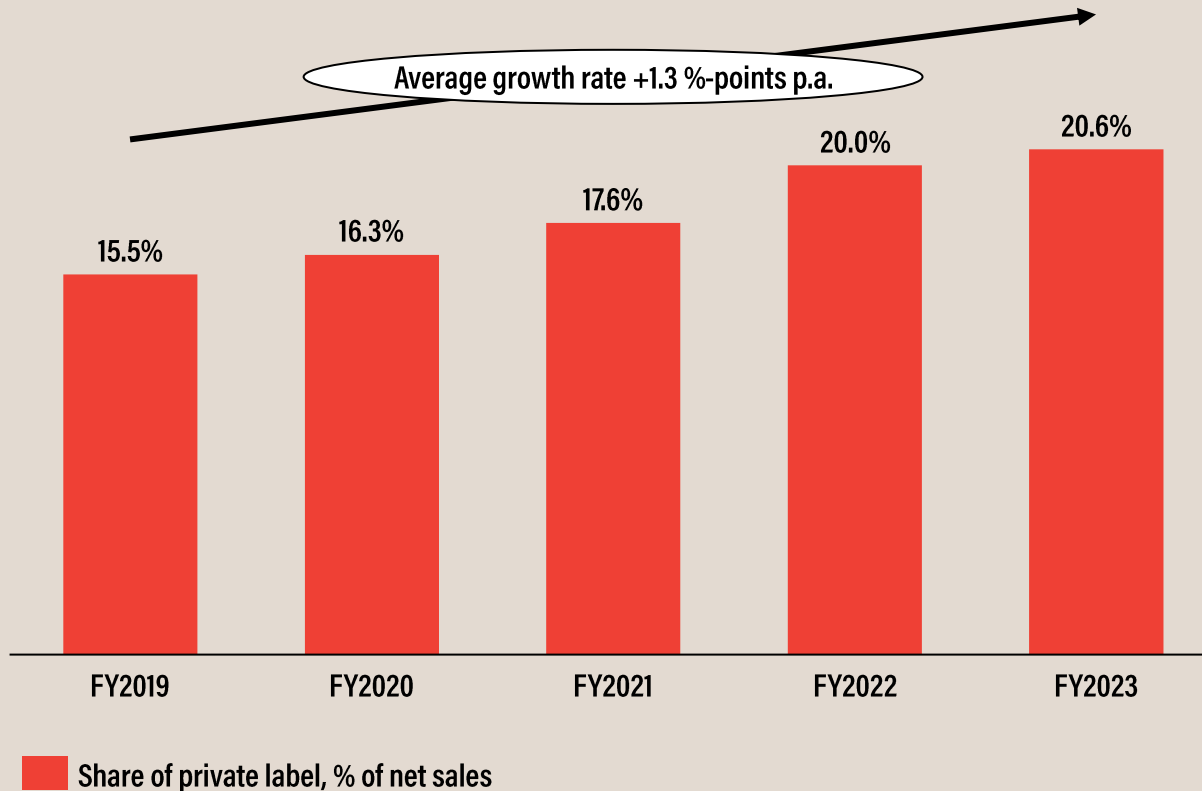
- Gross margin increased, being 36.7% of net sales
- Margin improvement was driven by lower logistics costs, a favourable sales mix and strong sales growth in private label products

**TILIKAUSI 2023**

- Gross margin increased by 0.4%-points, being 36.6% of net sales
- Positive margin development was supported by lower logistics costs, a favourable sales mix, an increase in the share of private label products, and a shift in consumer demand to prefer products in lower price points
- Inventory turnover has significantly improved year on year

**GROSS MARGIN**

**THE SHARE OF PRIVATE LABEL PRODUCTS INCREASED TO 20.6%**



**FY2023**

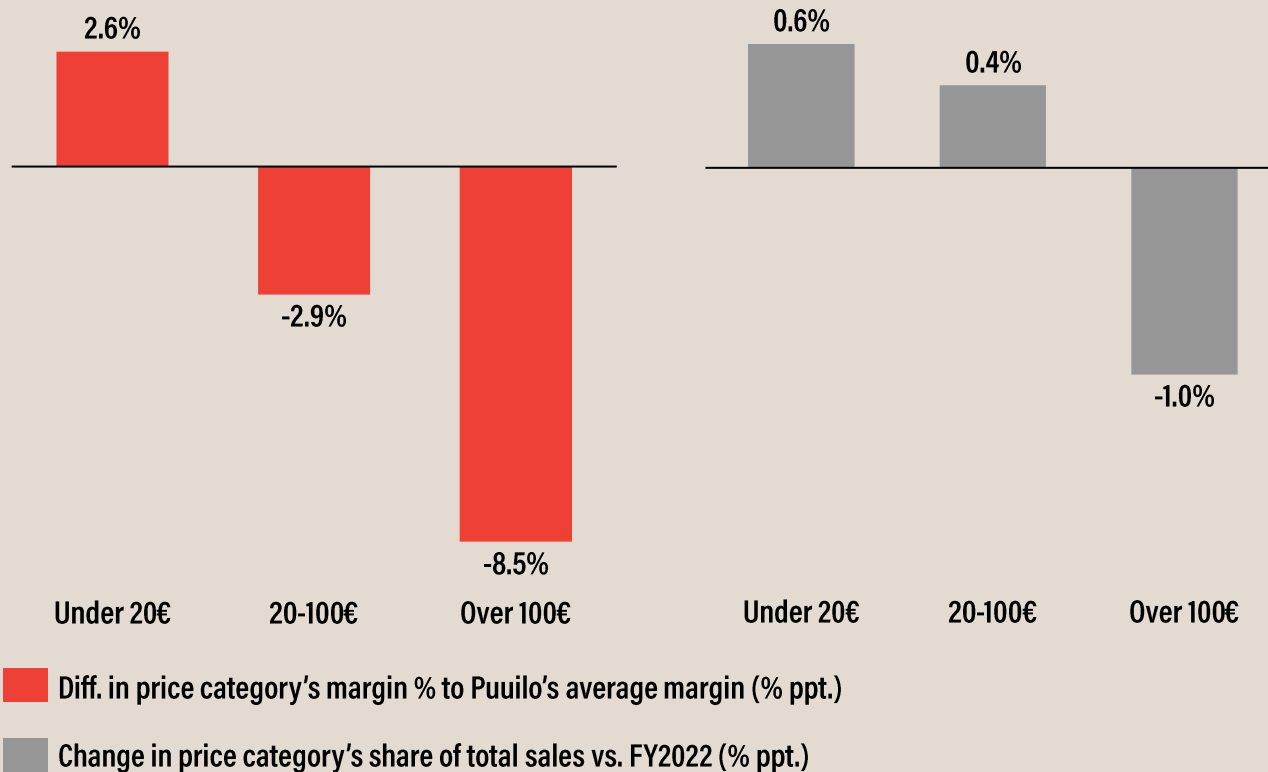
- Increasing the share of private label products in net sales is a key part of Puuilo's growth strategy
- The share of private label products increased by 0.6 %-points, being 20.6%
- The sales of private label products increased by 18.1% compared to previous year
- Growth in the share of private label products supported positive gross margin development
- Puuilo's long-term goal is to increase the share of private label products to ~30%





**GROSS MARGIN**

**INCREASED DEMAND FOR PRODUCTS IN LOWER PRICE POINTS SUPPORTED POSITIVE MARGIN DEVELOPMENT**



**FY2023**

- On average, more expensive products have lower margins
- Consumer demand shifted into products in lower price brackets
- The shift in consumer demand supported the positive margin development
- The average customer basket was 28.4 euros

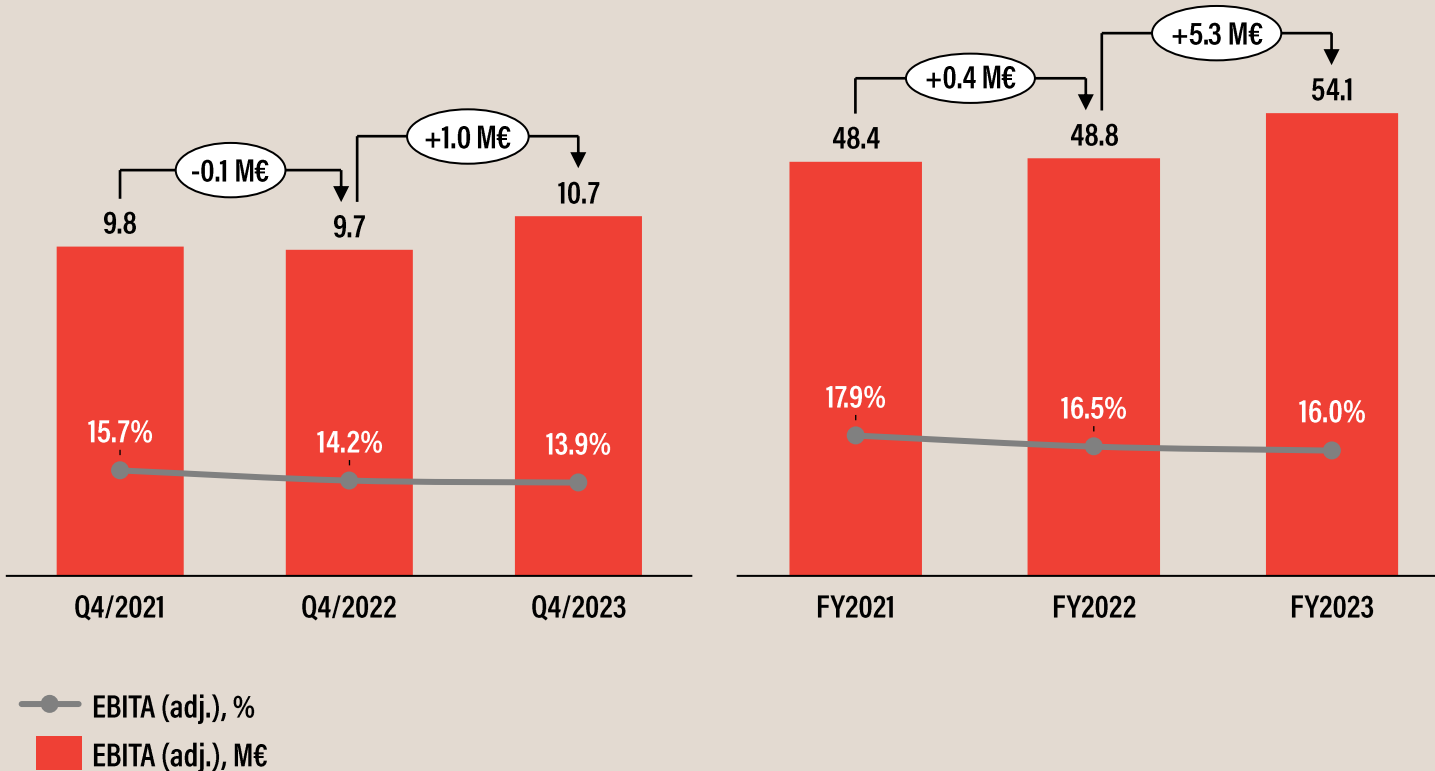


**FARMARI  
MINIATURE  
GREENHOUSE WITH  
PEAT POTS, 24 PCS**

**2.99 €**

PROFITABILITY

# ABSOLUTE EBITA INCREASED WHILE RELATIVE PROFITABILITY SLIGHTLY DECREASED



## Q4/2023

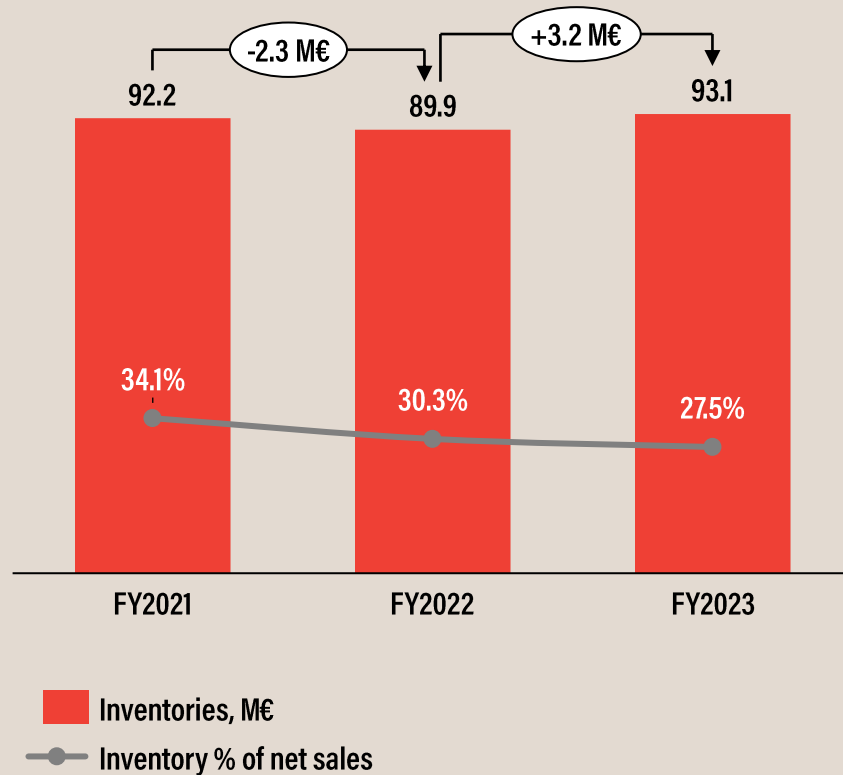
- Adjusted EBITA increased by 1.0 M€
- Relative profitability was 13.9 % of net sales
- Adjusted EBITA was negatively impacted by increase in personnel expenses
- Other expenses reflect faster implementation of growth strategy

## FY2023

- Adjusted EBITA increased by 5.3 M€
- Relative profitability was 16.0% of net sales
- Cost control has remained good considering the inflationary environment
- Personnel expenses increased mainly due to new store openings and general increase in salaries

INVENTORIES

# INVENTORY TURNOVER CONTINUED ITS POSITIVE DEVELOPMENT, REGARDLESS OF FIVE NEW STORE OPENINGS



## FY2023

- Inventories amounted to 93.1 M€
- Inventory turnover improved significantly, regardless of new store openings
- During FY2023 five new stores were opened. The inventories of these stores have an effect of +8 M€ on year-end inventory
- Puuilo aims to further improve inventory turnover in the future



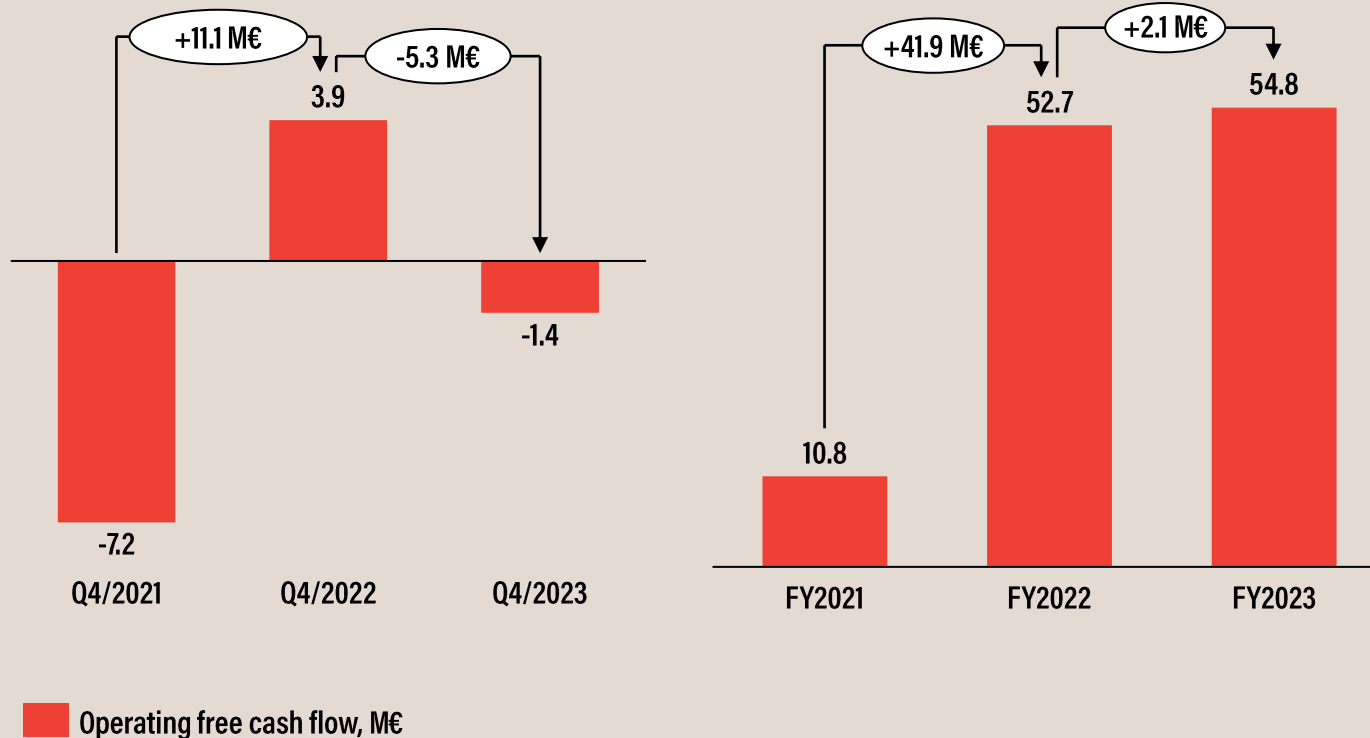
**WASH WITHOUT  
PRESSURE...  
WITH PRESSURE**

**TAMFORCE  
PRESSURE WASHER 1800 W**

**99 €**

CASH FLOW

# FY2023 CASH FLOW WAS ON A GOOD LEVEL



## Q4/2023

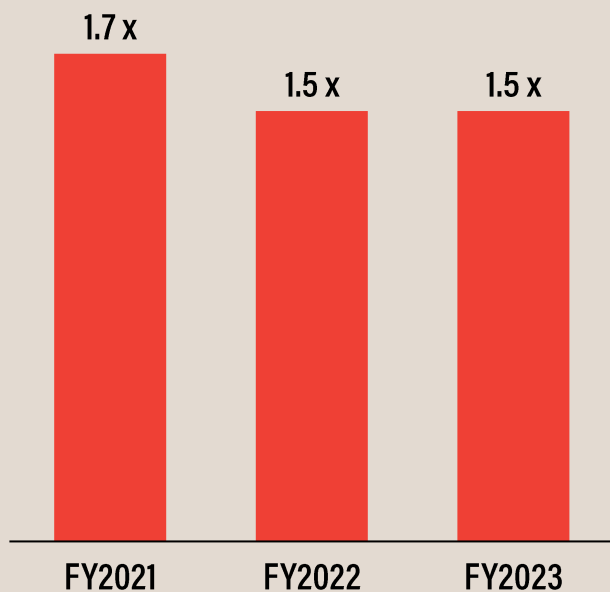
- Operative free cash flow was -1.4 M€
- Operative cash flow was especially affected by change in net working capital, which resulted in negative operating cash flow despite a good operating profit
- The change in net working capital is related to normal seasonal fluctuations in business operations

## FY2023

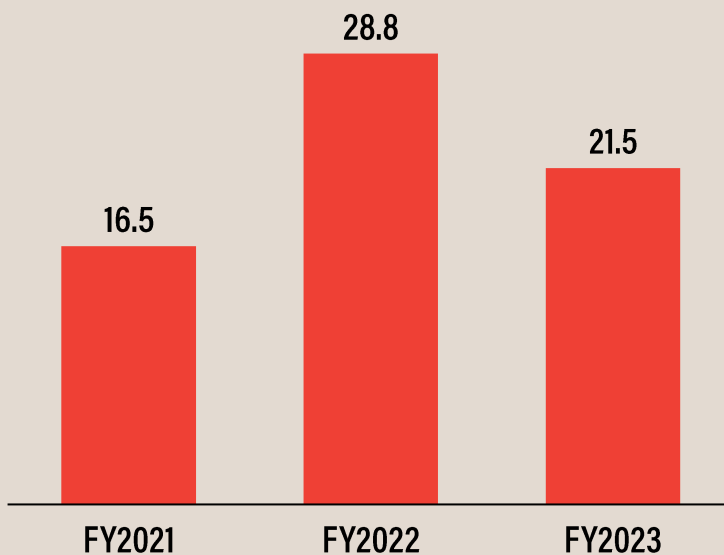
- Operating free cash flow was 54.8 M€
- Operating free cash flow was particularly affected by a good EBITA and a positive change in working capital
- Cash conversion ratio was on a good level

## FINANCIAL POSITION REMAINS STABLE

Net debt\* / adj. EBITDA



Cash and cash equivalents at the end of the reporting period, M€



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

### FY2023

- Puuilo's financial position remains stable
- The ratio of net debt to adjusted EBITDA is in line with the long-term target (below 2.0x)
- During Q3, an additional loan repayment of 20.0 M€ was made
- Puuilo's long-term loans from financial institutions were 50.0 M€ at the end of the period
- The net of financial loans and cash and cash equivalents was approx. 28.5 M€

**THIS IS WHAT YOUR CAT WOULD BUY. WITH YOUR MONEY.**

**MINTTU CAT LITTER  
SILICA 10 L  
14.90 €**

## KEY FIGURES OF THE REPORTING PERIOD

**Q4 / 2023 (1 Nov 2023 – 31 Jan 2024)**

- Net sales increased by 12.4% (+9.7%) and were EUR 76.8 million (68.3)
- Like-for-like store net sales increased by 1.6 % (+6.8%)
- Online store net sales decreased by 14.1% (+12.0%)
- Gross profit was EUR 28.2 million (24.8) and gross margin was 36.7% (36.2%)
- Adjusted EBITA was EUR 10.7 million (9.7), which corresponds to an adjusted EBITA margin of 13.9% (14.2%)
- EBIT was EUR 10.2 million (9.4) which corresponds to 13.3% of net sales (13.8%)
- Operating free cash flow was EUR -1.4 million (3.9)
- Earnings per share were EUR 0.09 (0.08)
- Earnings per share excluding listing expenses were EUR 0.09 (0.08)
- Two new stores were opened during the fourth quarter (two new stores)

**FY2023 (1 Feb 2023 – 31 Jan 2024)**

- Net sales increased by 14.2% (+9.7%) and were EUR 338.4 million (296.4)
- Like-for-like store net sales increased by 5.2% (+5.5%)
- Online store net sales decreased by 11.2% (+3.9%)
- Gross profit was EUR 123.9 million (107.2) and gross margin was 36.6% (36.2%)
- Adjusted EBITA was EUR 54.1 million (48.8), which corresponds to an adjusted EBITA margin of 16.0% (16.5%)
- EBIT was EUR 52.8 million (47.0) which corresponds to 15.6% of net sales (15.9%)
- Operating free cash flow was EUR 54.8 million (52.7)
- Earnings per share were EUR 0.46 (0.41)
- Earnings per share excluding listing expenses were EUR 0.46 (0.42)
- Five new stores were opened during the reporting period (three new stores)
- Board's dividend proposal EUR 0.38 per share, proposed to be paid in two instalments.

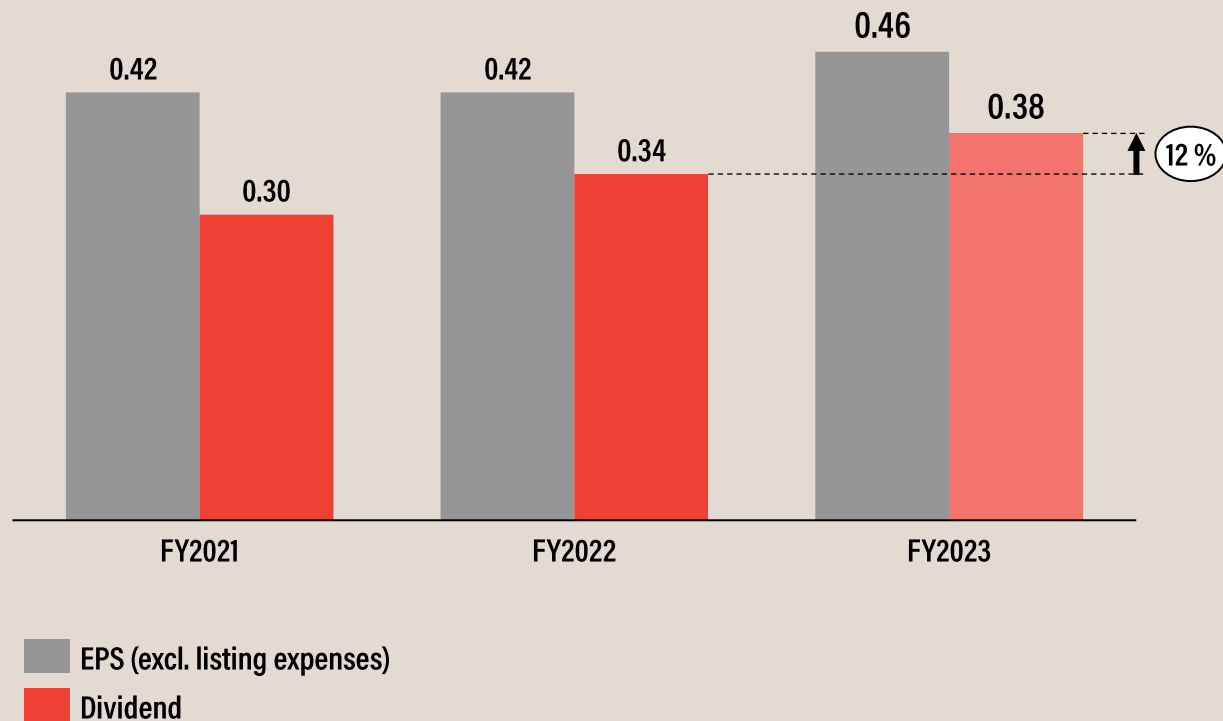




# DIVIDEND PROPOSAL

DIVIDEND PROPOSAL

# DIVIDEND PROPOSAL TO THE AGM BY THE BOARD OF DIRECTORS



## BOARD'S DIVIDEND PROPOSAL

**0.38 €/share**

- The dividend amounts to 83% of FY2023 net result
- The Board of Directors proposes that the dividend will be paid in two instalments



**SUCCESSFUL TREE FELLING DEMANDS ACCURACY**

**NORRKÖPING FELLING JACK**

**199 €**



# OUTLOOK FOR FINANCIAL YEAR 2024



## OUTLOOK

# PUUILO'S OUTLOOK FOR FINANCIAL YEAR 2024

Puulo forecasts that the net sales for financial year 2024 will be EUR 380 – 410 and the adjusted operating profit (adjusted EBITA) in euros will be EUR 60 – 70.

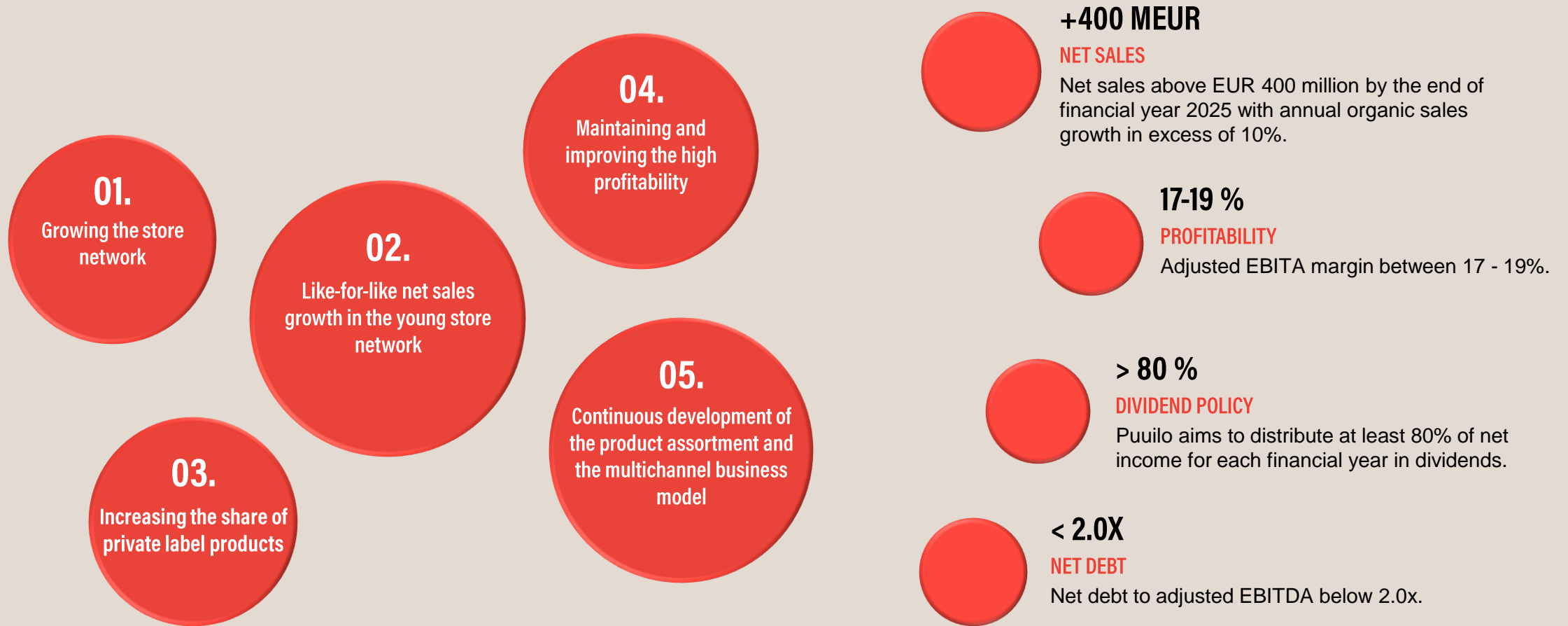
The forecast includes elements of uncertainty arising from change in purchase power and customer behaviour driven by inflation and interest rate levels. In addition, political strikes in Finland, geopolitical crises and tensions may have an impact on the availability and price level of goods.





# STRATEGY AND LONG-TERM FINANCIAL TARGETS

# PUUILO'S STRATEGY



Puuiilo will achieve the long-term net sales target clearly before the end of the strategy period.  
Updated strategy will be published at Investor Day on 23 April 2024.



## PUUILO HAS MADE STEADY PROGRESS TOWARDS LONG-TERM GOALS

	FY2021	FY2022	FY2023	Outlook FY2024	FY2025
Net sales, M€	270.1	296.4	338.4	380-410	> 400
<b>Sales growth, %</b>	<b>13.2%</b>	<b>9.7%</b>	<b>14.2%</b>		<b>&gt; 10%</b>
EBITA (adj.), M€	48.4	48.8	54.1	60-70	
<b>EBITA (adj.), %</b>	<b>17.9%</b>	<b>16.5%</b>	<b>16.0%</b>		<b>17-19%</b>
Dividend per share	0.30	0.34	0.38**		
<b>Dividend payout ratio</b>	<b>80%</b>	<b>82%</b>	<b>83%**</b>		<b>&gt; 80%</b>
<b>Net debt*</b>	<b>1.7x</b>	<b>1.5x</b>	<b>1.5x</b>		<b>&lt; 2.0x</b>

\* Net debt / Adjusted EBITDA. Net debt includes lease liabilities reported in accordance with IFRS 16.

\*\* Board of Director's proposal

Updated strategy will be published at Investor Day on 23 April 2024.

## PUUILO'S LONG-TERM FINANCIAL TARGETS

### +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

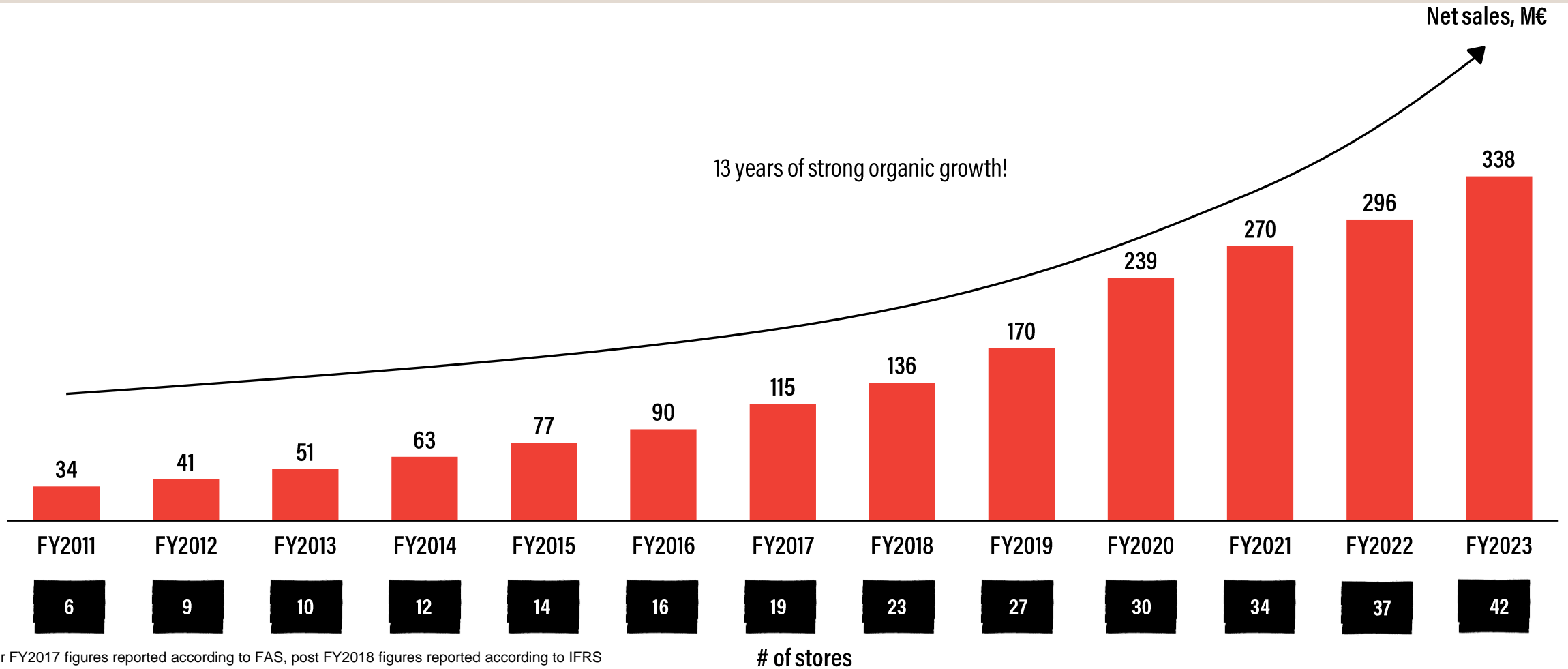
Puuiilo aims to distribute at least 80% of net income for each financial year in dividends.

### < 2.0X

#### NET DEBT

Net debt to adjusted EBITDA below 2.0x.

# YEARS OF STRONG ORGANIC GROWTH FUELED BY 3 TO 5 NEW STORE OPENINGS ANNUALLY



Prior FY2017 figures reported according to FAS, post FY2018 figures reported according to IFRS

# PUUILO'S NEW STORES

## NEW STORE OPENINGS FY2023

- Vantaa Porttipuisto, opened 30 March 2023
- Vihti Nummela, opened 8 June 2023
- Kerava, opened 17 August 2023
- Helsinki Konala, opened 8 October 2023
- Vantaa Varisto, opened 20 December 2023

## NEW STORE OPENINGS FY2024

- Nokia, opened 21 February 2024
- Ylöjärvi, opened 27 March 2024
- Forssa, opens in May
- Tampere Lahdesjärvi, opens in June
- Oulu Karjasilta, opens during Fall
- At least one additional store, est. opening during Q4



# Sustainability overview



## AN AFFORDABLE APARTMENT

JÄTKÄ-JUHO BIRDHOUSE  
32 MM ENTRANCE

11.90 €



### A RESPONSIBLE RETAILER

The share of foreign suppliers committed to BSCI or equivalent in our supply chain is 56% (44%). This corresponds approx. 80% of the sales of private label products. We continue to work to increase the share to 80% by the end of the financial year 2025.

We were able to continue on-site visits and reviews to factories abroad.



### A GOOD PLACE TO WORK

In line with our targets, we have primarily offered full-time employment. Full-time contracts accounted for 74% (78%) of total in the financial year 2023.

We aim for excellent leadership and a safe working environment. During recent years, we have put significant effort in training supervisors.

The results for the annual work satisfaction survey are above the average for retail sector, with the participation rate nearing 100%.

We will continue the current good employer development work also in the current financial year.



### CONSUME MORE SUSTAINABLY

100% of the electricity we procure ourselves is from renewable energy sources

Energy efficiency improved by changing to LED lights nearly in all stores, the remaining LED conversions will be completed during 2024.

Comparable electricity expenses have reduced by 2% (-2%).

3 new solar plants in 2023. Our goal is to install 5 new solar plants during 2024.

Comparable recycling rate decreased to 67% (69%). Our goal is to reach 73% by the end of financial year 2025.

Emissions related to transportations were 1 955 tons (1 639). The growth in emissions resulted from a substantial increase in orders to the comparison period. We note that during the comparison period, the number of orders placed was exceptionally low due to high inventory levels.

# Q&A

**Contact requests:**

**ir@puuilo.fi**

**investors.puuilo.fi**

## **NEXT FINANCIAL REPORTS AND EVENTS**

23 April 2024

Investor Day

12 June 2024

Business review Q1 (February-April 2024)

12 September 2024

Half-year financial report Q2/H1 (February-July 2024)

11 December 2024

Business review Q3 (February-October 2024)



**PUUILO**