# PUUILO

# NET SALES INCREASED AND HIGH PROFITABILITY LEVEL CONTINUED IN THE SECOND QUARTER

HALF-YEAR FINANCIAL REPORT, FEBRUARY-JULY 2021
PUUILO PLC
15 SEPTEMBER 2021

Juha Saarela, CEO Ville Ranta, CFO

# Our agenda today

- 1. Key figures and main events during the reporting period
- 2. Strategy, market and business review
- 3. Financial development
- 4. Sustainability in our operations
- 5. Outlook
- 6. QEA



# Key figures development, H1/2021 (February-July)

**GROWTH** 

+11.5% (+47.1%)

Net sales development

+2.5% (+29.6 %)

Like for-like net sales development

33 (29)

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

**PROFITABILITY** 

18.5% (19.0%)

EBITA-margin (adj.)

36.9% (36.7%)

Gross profit-margin, %

**EARNINGS PER SHARE** 

0.22€ (0.20€)

Earnings per share excluding the effect of listing expenses

#### **EVENTS DURING THE REPORTING PERIOD**

- Puuilo's first half was strong. Net sales, gross profit and EBITA grew.
- Puuilo Plc's shares started trading on Nasdaq Helsinki on 24 June 2021
- Puuilo's financing agreement was renewed in connection with the listing
- New stores were opened in Vaasa, Imatra and Rauma

# Key figures development, Q2/2021 (May-July)

**GROWTH** 

+5.2% (+49.8%)

Net sales development

-4.0% (+33.1%)

Like for-like net sales development

33 (29)

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

**PROFITABILITY** 

21.1% (21.2%)

EBITA-margin (adj.)

37.2% (36.5%)

Gross profit-margin, %

**EARNINGS PER SHARE** 

0.15€ (0.14€)

Earnings per share excluding the effect of listing expenses

#### **EVENTS DURING THE REPORTING PERIOD**

- Puuilo's second quarter was in line with our own expectations. The company faced strong growth figures from last year's Q2 period. Gross profit grew and profitability was at a strong level.
- Puuilo was listed on the main list of Nasdaq Helsinki and the first day of trading was 24 June 2021
- Puuilo's financing agreement was renewed in connection with the listing
- A new store was opened in June in Rauma



# Puuilo's growth strategy

- Growing the store network
- Like-for-like net sales growth in the young store network
- Increasing the share of private label products
- Maintaining and improving the high profitability
- Continuous development of the product assortment and the multichannel business model



# Puuilo's strategy supports our financial targets



#### Growing the store network



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



Increasing the share of private label products



Maintaining and improving the high profitability



Continuous development of the product assortment and the multichannel business model

# +400 MEUR

#### **NET SALES**

Net sales above EUR 400 million by the financial year ending 31 January 2026 with annual organic sales growth in excess of 10 percent.

17-19%

#### **PROFITABILITY**

Adjusted EBITA margin between 17 and 19 percent.

< 2.0x

#### **NET DEBT**

Net debt to adjusted EBITDA below 2.0x.

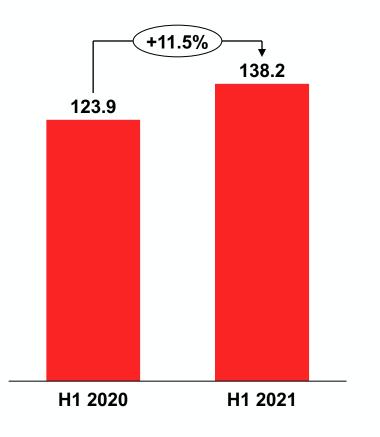
> 80 %

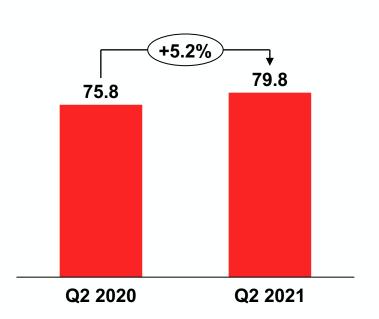
#### DIVIDEND POLICY

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



# Net sales increased, exceptionally strong comparison period visible in the figures





Net sales, MEUR

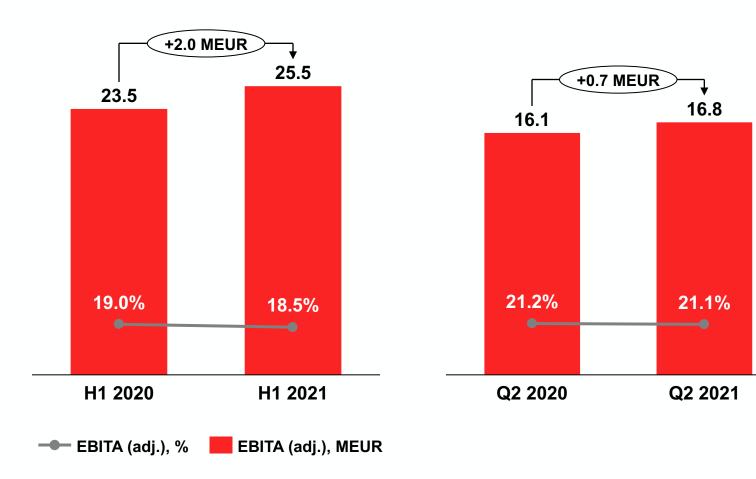
## H1 / 2021

- Net sales increased by +11.5% as a result of increased net sales in like-for-like stores, new stores and online store
- Like-for-like store net sales grew by 2.5%
- H1 net sales growth in line with the long-term financial targets (over 10% organic net sales growth).

## Q2/2021

- Net sales grew by 5.2%, driven by growth in new store net sales and online net sales. Net sales growth in the comparison period was exceptional (+49.8 %).
- Like-for-like store net sales declined by -4.0%
   Development affected by the exceptionally strong comparison period (+33.1%).
- Impact of pandemic in Q2 versus comparison period especially visible in decreased sales of protective- and disinfection products, as customers stopped hoarding goods

# Adjusted EBITA increased and relative profitability at a strong level



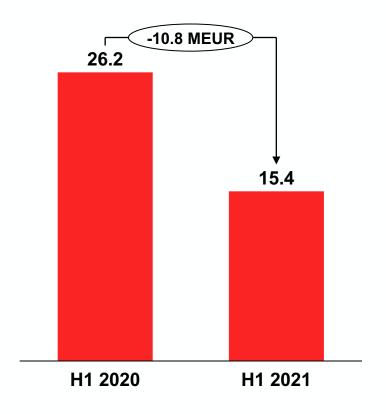
# H1 / 2021

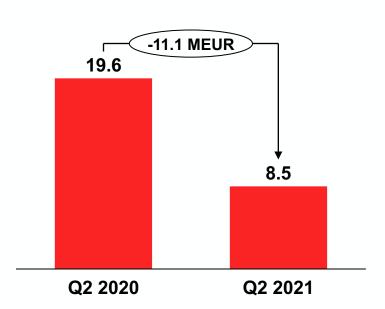
- Adjusted EBITA grew with +2.0 MEUR.
- Relative profitability as expected and in line with long-term targets (17-19%).
- Increased adjusted EBITA as a result of net sales growth, gross profit growth and good control of operating expenses.
- Gross margin increased as a result of a higher net sales share of private label products.

## Q2/2021

- Adjusted EBITA on a strong level and was
   +0.7 MEUR higher than the comparison period.
- Relative profitability 21.1% and at the same level as in the comparison period.
- The same factors as in H1 drove Q2 profitability. The gross profit-margin in Q2 compared to last year increased more than in H1 on an average.

# Operating free cash flow decreased as higher private label volumes tied up working capital





Operating free cash flow, MEUR

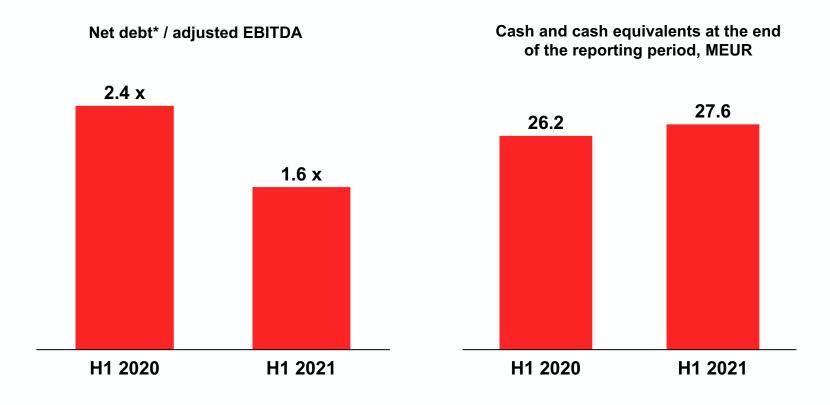
## H1 / 2021

- Operating free cash flow was 15.4 MEUR
- The development stems from deliberate actions in Q2

## Q2 / 2021

- Operating free cash flow was 8.5 MEUR. In the comparison period inventory levels were lower than normal due to the exceptionally strong demand.
- Puuilo is in accordance with its strategy increasing the share of private label products in its product offering.
   This temporarily tied up working capital. One new store more was opened than during the comparison period.
- Puuilo prepares for the next financial year's seasons earlier than normal, due to difficulties related to ocean freights situation and extended delivery times - this also tied up working capital.

# Puuilo's balance sheet was strengthened in connection with the listing and the financial position is stable



- Puuilo's bank loans were renegotiated in connection with the listing.
- The company's net debt to EBITDA ratio decreased, which was mainly a result of increase in EBITDA and the share issue in connection with the IPO.
- Puuilo's long-term loans from financial institutions were 69.7 MEUR at the end of the period. The maturity of the loans is 3 + 1 + 1 years.

H1 / 2021

<sup>\*</sup> Net debt includes rental liabilities reported in accordance with IFRS 16

#### **REPORTING PERIOD KEY FIGURES**

# **H1 / 2021** (1.2. – 31.7.2021)

- Net sales grew by 11.5% (47.1%) and were EUR 138.2 million (123.9)
- Like-for-like store net sales grew by 2.5% (29.6%)
- Online store net sales grew by +33.3% (+146.3%)
- Gross profit was EUR 51.0 million (45.5) and gross margin was 36.9% (36.7%). Private label products share of total net sales increased.
- Adjusted EBITA was EUR 25.5 million (23.5), which corresponds to an adjusted EBITA-margin of 18.5% (19.0%)
- Operating free cash flow was EUR 15.4 million (26.2)
- Earnings per share were EUR 0.19 (0.20). Earnings per share excluding the effect of listing expenses were EUR 0.22 (0.20).

# **Q2 / 2021** (1 May – 31 July 2021)

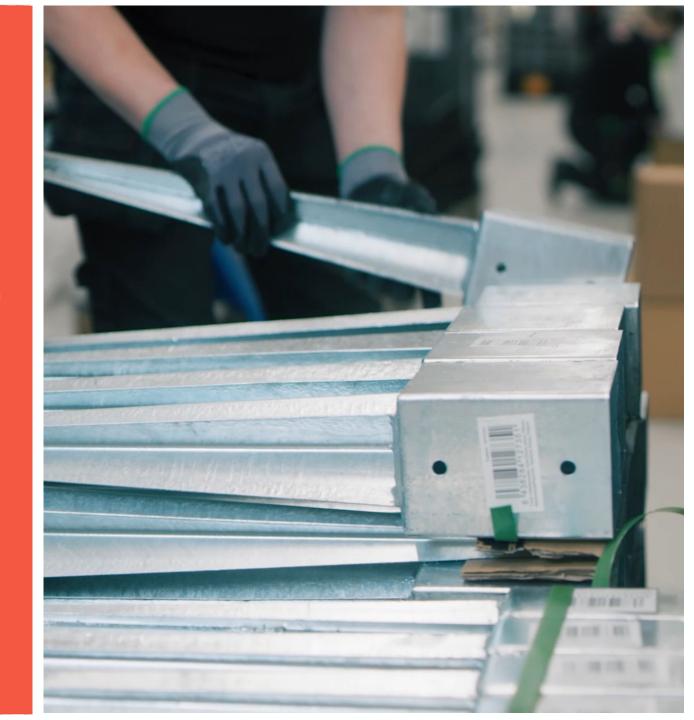
- Net sales grew by 5.2% (49.8%) and were EUR 79.8 million (75.8)
- Like-for-like store net sales declined by -4.0% (+33.1%)
- Online store net sales grew by +45.2% (+108.9%)
- Gross profit was EUR 29.6 million (27.7) and gross margin was 37.2% (36.5%). Private label products share of total net sales increased.
- Adjusted EBITA was EUR 16.8 million (16.1), which corresponds to an adjusted EBITA- margin of 21.1% (21.2%)
- Operating free cash flow was EUR 8.5 million (19.6)
- Earnings per share were EUR 0.13 (0.14). Earnings per share excluding the effect of listing expenses were EUR 0.15 (0.14).



# Puuilo's market outlook for the financial year 2021

There have been no changes to the long-term growth expectations of Puuilo that were announced in connection with the listing.

The uncertainty caused by the COVID-19 pandemic continues. In a pandemic situation, unpredictable and sudden changes can occur. After the second quarter of the financial year, Puuilo sees signs of normalization of consumer behaviour.





# Our sustainability work this year

Our main actions related to sustainability this year are:

## 1. Materiality assessment of sustainability

We are finalizing a **materiality assessment related to sustainability** of our operations. The main goal of the assessment is to determine the most significant prioritizations of the company's sustainability work.

## 2. Improving supply chain transparency

Puuilo has joined **Amfori BSCI**. The goal of this global business community is to improve social performance in global supply chains.

Negotiations with our suppliers have been started with the aim of improving the transparency and accountability of their supply chains. A supplier code of conduct has been published and we expect our suppliers to comply with it.

In the future, we will select as suppliers those who follow a recognized sustainability program and have the ability to measure their performance on sustainability related matters.

### 3. Energy and waste management

Since the beginning of the year, the electricity in all Puuilo stores has stemmed from renewable energy sources. We have started to measure recycling rates of generated waste and its carbon footprint on a store by store basis.

Sustainability work is long-term and our most important goals related to sustainability are:

In the coming years, we will systematically improve sustainability in our operations

The goal is that sustainability will become a part of everyday work for all employees at Puuilo, regardless of their job description

Puuilo will remove all slot machines in stores this year.

Gambling is a very visible part of Finnish society. Gambling terminals and slot machines can be found everywhere; in supermarkets, hospital canteens, petrol stations, DIY shops and restaurants.





Contact requests: ir@puuilo.fi

# **NEXT FINANCIAL REPORTS**

16 December 2021 Business review (August-October 2021)

31 March 2022 Financial statements review for 2021

# **PUUILO**