# PUUILO

STRONG NET SALES GROWTH AND GOOD PROFITABILITY DEVELOPMENT

BUSINESS REVIEW, FEBRUARY-OCTOBER 2021
PUUILO PLC
16 DECEMBER 2021

Juha Saarela, CEO Ville Ranta, CFO

# Our agenda today

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



# Key figures development, Q1-Q3 (Feb-Oct 2021)

**GROWTH** 

+12.6% (+42.4%)

**Net sales** 

+2.5% (+25.9%)

Like-for-like net sales

34 (29)

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

**PROFITABILITY** 

18.6% (18.8%)

EBITA margin (adj.)

37.0% (36.6%)

Gross profit margin, %

**EPS** 

0.34€ (0.20€)

Earnings per share excluding the effect of listing expenses

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

- Puuilo's February-October was strong.
   Net sales, gross profit and EBITA all increased.
- Puuilo Plc's shares started trading on Nasdaq Helsinki on 24 June 2021.
- Puuilo's financing agreement was renewed in connection with the listing.
- Four new stores, located in Vaasa, Imatra,
   Rauma and Espoo Laajalahti, were opened.

# Key figures development, Q3 (Aug-Oct 2021)

#### **GROWTH**

+14.8% (+33.6%)

**Net sales** 

+2.5% (+19.0%)

Like-for-like net sales

34 (29)

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

#### **PROFITABILITY**

18.8% (18.4%)

**EBITA** margin (adj.)

37.3% (36.5%)

Gross profit margin, %

**EPS** 

 $0.12 \in (0.09 \in)$ 

Earnings per share excluding the effect of listing expenses

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

- Strong net sales and good profitability development. Third quarter developed according to our plans and was consistently good.
- A new store was opened in Espoo Laajalahti in September. The new store had record-breaking opening day sales. The store is already profitable.
- Gross profit developed well and the growth strategy works.



# 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%.

17-19%

#### **PROFITABILITY**

Adjusted EBITA margin between 17 -19%.

< 2.0x

#### **NET DEBT**

Net debt to adjusted EBITDA below 2.0x.

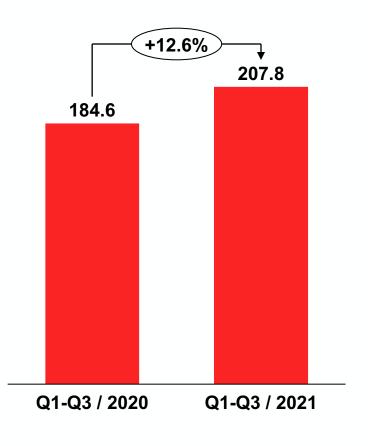
> 80%

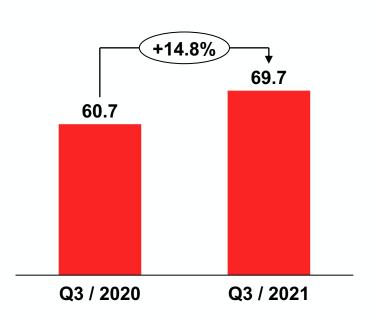
#### **DIVIDEND POLICY**

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



# Puuilo's net sales continued to show strong growth, growth rate accelerated in Q3





Net sales, MEUR

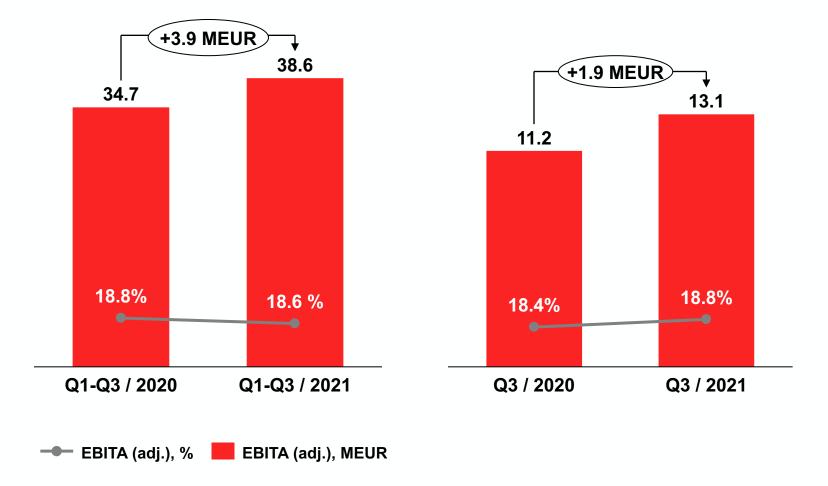
# Q1-Q3/2021

- Net sales increased by 12.6% as a result of increased net sales in like-for-like and new stores as well as the online store.
- Like-for-like store net sales increased by 2.5%.
- Cumulative net sales growth in line with Puuilo's long-term financial targets (organic sales growth in excess of 10%).

# Q3 / 2021

- Net sales grew by +14.8 % as a result of increased net sales in like-for-like and new stores as well as the online store.
- Like-for-like store net sales increased by +2.5%.
- The impact of the coronavirus pandemic is still visible in the Q3 figures due to the strong comparative period (+19.0%). Sales of personal protective equipment and disinfection products in particular declined in Q3 compared to the comparative period.

# Adjusted EBITA increased, good profitability development in the third quarter



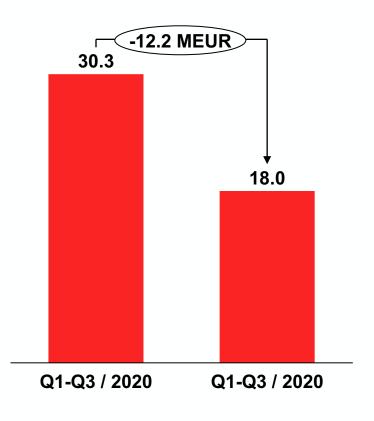
# Q1-Q3/2021

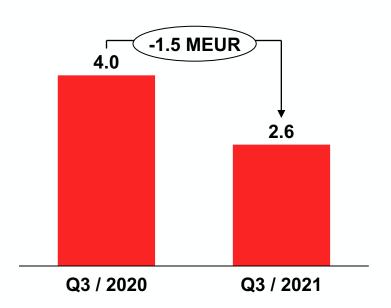
- Adjusted EBITA increased by 3.9 MEUR.
- Relative profitability good and in line with longterm targets (adj. EBITA margin between 17-19%)
- Adjusted operating profit (EBITA) increased as a result of the increase in net sales, the increase in gross margin and the control of operational costs.
- Gross profit margin increased to 37.0% as a result of a higher net sales share of private label products, negotiations of commercial purchasing terms, as well as the implementation of purchase invoice automation.

## Q3/2021

- Adjusted EBITA increased by 1.9 MEUR.
- The adjusted EBITA margin was 18.8% and the profitability development was good.
- Gross profit margin in Q3 was 37.3%.

# Operating free cash flow decreased, private label inventory build up continued in Q3





Operating free cash flow, MEUR

# Q1-Q3 / 2021

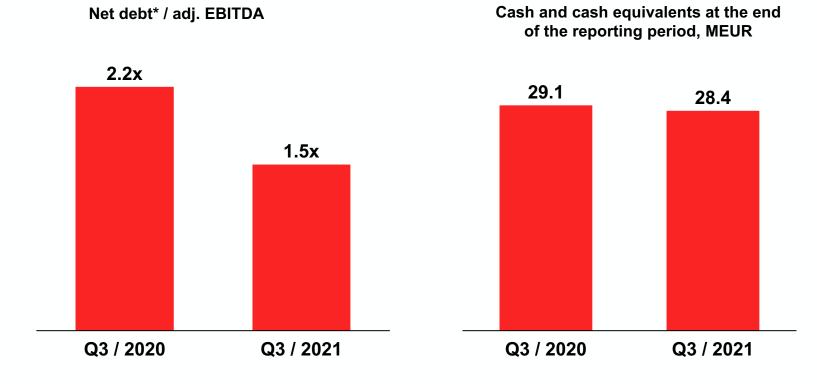
- Operating free cash flow was 18.0 MEUR.
- The decrease is a result of planned changes in working capital (inventory levels) in Q2-Q3 and the investment in the ERP system.
- Two more new stores were opened compared to the corresponding period last year.

## Q3 / 2021

- Operating free cash flow was 2.6 MEUR.
- Puuilo's import volumes and central warehouse inventories were, as planned, temporarily at record levels at the end of Q3. Currently, preparations to secure adequate stock levels for the coming financial year are very active.
- Puuilo has anticipated and prepared for the current risks related to extended delivery times and sea freight by placing orders for imported private label goods for seasonal peaks earlier than usual.
- One more new store was opened compared to the corresponding period last year.



# Net debt to EBITDA ratio improved, financial position is stable.



- Cash and cash equivalents at a good level despite the planned temporary working capital increase.
- Net debt to EBITDA ratio decreased, mainly due to the increase in EBITDA and the share issue in connection to 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.

Q3 / 2021

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

#### **KEY FIGURES OF THE REPORTING PERIODS**

## **Q1-Q3 / 2021** (1 February - 31 October)

- Net sales increased by 12.6% (42.4%) and were 207.8 MEUR (184.6 MEUR)
- Like-for-like store net sales increased by 2.5% (25.9%)
- Online store net sales increased by 32.0% (126.0%)
- Gross profit was 77.0 MEUR (67.6 MEUR) and gross margin was 37.0% (36.6%). Gross profit margin increased as a result of a higher net sales share of private label products, negotiations of commercial purchasing terms, as well as the implementation of purchase invoice automation.
- Adjusted EBITA was 38.6 MEUR (34.7 MEUR), which corresponds to an adjusted EBITA margin of 18.6% (18.8%)
- Operating free cash flow was 18.0 MEUR (30.3 MEUR)
- Earnings per share were 0.31 EUR (0.29 EUR). EPS adjusted for listing costs were 0.34 EUR (0.29 EUR).

# Q3 / 2021 (1 August - 31 October)

- Net sales increased by 14.8% (33.6%) and were 69.7 MEUR (60.7 MEUR)
- Like-for-like store net sales increased by 2.5% (+19.0%)
- Online store net sales increased by 28.9% (89.0%)
- Gross profit was 26.0 MEUR (22.1 MEUR) and gross margin was 37.3% (36.5%). Gross profit margin increased as a result of a higher net sales share of private label products, negotiations of commercial purchasing terms, as well as the implementation of purchase invoice automation.
- Adjusted EBITA was 13.1 MEUR (11.2 MEUR), which corresponds to an adjusted EBITA margin of 18.8% (18.4%)
- Operating free cash flow was 2.6 MEUR (4.0 MEUR)
- Earnings per share were 0.12 EUR (0.09 EUR). EPS adjusted for listing costs were 0.12 EUR (0.09 EUR).

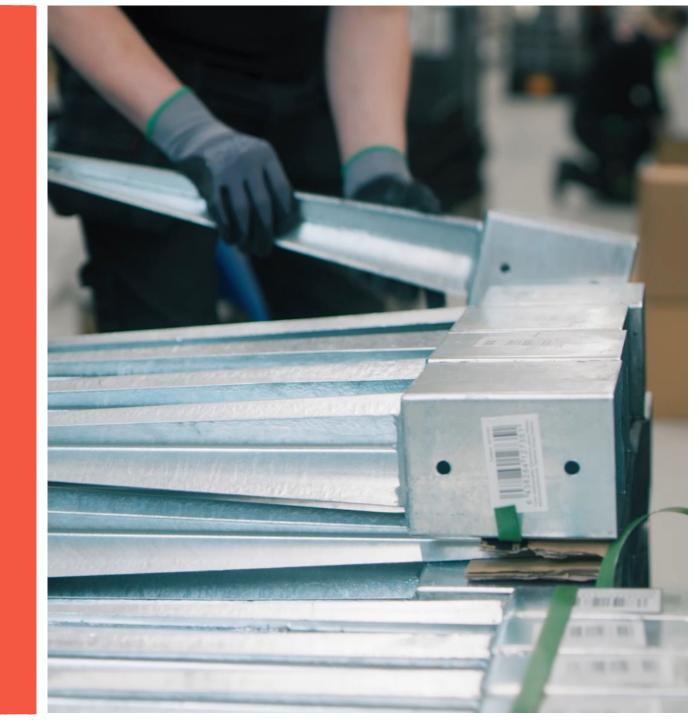




# Puuilo's market outlook for the financial year 2021

There have been no changes in Puuilo's long-term financial targets or growth expectations that were announced in connection with the listing.

The uncertainty caused by COVID-19 continues. In a pandemic situation, unpredictable and sudden changes can occur.





# Our sustainability work this year

Our main actions related to sustainability this year are:

## 1. Materiality assessment of sustainability

We have completed a **materiality assessment related to sustainability** of our operations. The main goal of the assessment is to determine the most significant prioritisations 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 recognised 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

During the first nine months of the financial year, Puuilo removed slot machines in all stores.

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







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31 March 2022

Financial statements review for 2021