

Puilo Plc's Half-Year Financial Report for February-July 2021: Net sales increased and high profitability level continued in the second quarter

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PUUILO PLC, HALF-YEAR FINANCIAL REPORT, 15 SEPTEMBER 2021 at 08:30 AM EET

Highlights for May-July 2021

- Net sales increased 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 increased by 45.2%
- Gross profit was EUR 29.6 million (27.7) and gross margin was 37.2% (36.5%)
- Adjusted EBITA was EUR 16.8 million (16.1), which corresponds to an adjusted EBITA- margin of 21.1% (21.2%)
- EBIT was EUR 14.9 million (15.6) which corresponds to 18.6% of net sales (20.6%)
- Operating free cash flow was EUR 8.5 million (19.6)
- Earnings per share were EUR 0.13 (0.14)
- One new store was opened during the reporting period

Highlights for February-July 2021

- Net sales increased 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 increased by 33.3%
- Gross profit was EUR 51.0 million (45.5) and gross margin was 36.9% (36.7%)
- Adjusted EBITA was EUR 25.5 million (23.5), which corresponds to an adjusted EBITA-margin of 18.5% (19.0%)
- EBIT was EUR 22.2 million (22.6), which corresponds to 16.0% of net sales (18.2%)
- Operating free cash flow was EUR 15.4 million (26.2)
- Earnings per share were EUR 0.19 (0.20)
- Three new stores were opened during the reporting period

Figures are in millions of euros unless otherwise stated and have been rounded. Hence the sum of individual figures may differ from the total shown. Puilo's financial year starts on 1 February and ends on 31 January the following year. The figures in parentheses refer to the corresponding period the previous year, unless otherwise stated. The information in this report is unaudited.

Key figures

EUR million	1 May - 31 Jul 2021	1 May - 31 Jul 2020	1 Feb - 31 Jul 2021	1 Feb - 31 Jul 2020	1 Feb - 31 Jan 2021
Net sales	79.8	75.8	138.2	123.9	238.7
Net sales development (%)	5.2%	49.8%	11.5%	47.1%	40.0%
Like-for-like store net sales developm. (%)	-4.0%	33.1%	2.5%	29.6%	24.4%
Online store net sales developm. (%)	45.2%	108.9%	33.3%	146.3%	127.5%
Gross Profit	29.6	27.7	51.0	45.5	87.1
Gross Margin (%)	37.2%	36.5%	36.9%	36.7%	36.5%
Adjusted EBITA *	16.8	16.1	25.5	23.5	43.2

Adjusted EBITA margin (%)	21.1%	21.2%	18.5%	19.0%	18.1%
EBITA	15.2	15.9	22.7	23.2	42.6
EBITA margin (%)	19.0%	21.0%	16.5%	18.7%	17.9%
EBIT	14.9	15.6	22.2	22.6	41.5
EBIT margin (%)	18.6%	20.6%	16.0%	18.2%	17.4%
Net income	10.3	11.2	15.2	15.9	28.8
EPS (EUR)	0.13	0.14	0.19	0.20	0.36
Operating free cash flow	8.5	19.6	15.4	26.2	38.8
Net debt / adjusted EBITDA	1.6	2.4	1.6	2.4	2.4
Number of stores (end of period)	33	29	33	29	30
Number of personnel converted into full-time employees (FTE)	628	451	677	446	595

*** Operating profit before the amortization of Puuilo trademark**

Earnings per share has been calculated for all periods presented taking into account the free-of-charge share issue executed during the reporting period.

Puuilo's long-term targets and market outlook for the financial year 2021

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

Puuilo's long-term targets for the financial years 2021-2025:

- - Growth: Net sales above EUR 400 million by the end of financial year 2025 with annual organic growth in excess of 10 percent.
 - Profitability: Adjusted EBITA margin between 17–19 percent of net sales.
 - Dividend policy: Puuilo aims to distribute at least 80% of net income for each financial year in dividends, depending on the company's capital structure, financial position, general economic and business conditions, and future prospects.
 - Leverage: Net debt to adjusted EBITDA below 2.0x.

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.

CEO Juha Saarela's review

Puuilo's development during its first half year (February-July) as a listed company was strong. Net sales and adjusted operating profit (EBITA) increased. We were able to achieve this despite the fact that we faced an exceptionally strong comparison period from the previous year, when net sales growth was very strong. The first half of the year was characterized by the COVID-19 pandemic, which was particularly evident in the figures for the comparison period, but also in the reporting period. The company's profitability level in the first half of the year was at an excellent level.

The company's second quarter (May-July) was in line with our expectations. The company's net sales and adjusted operating profit increased and profitability was at an excellent level. For the second quarter, net sales for the comparison period were exceptionally high, resulting in a slight decline in like-for-like net sales. In the comparison period, the demand for protective and disinfection products, in particular, was extraordinary and these products were even hoarded. The impact of the pandemic also widely affected other Puuilo product groups in the comparison period. However, the overall performance of the company improved compared to the comparison period.

Puuilo is implementing its growth strategy, announced in connection with the listing, with determination. During the first half of the year, we opened three new stores: in Vaasa, Imatra and Rauma. We have previously announced that we will open our fourth new store for this financial year in Laajalahti, Espoo. The store will be opened on 16 September. In addition, on 14 September, we have announced that in the next financial year, we will open new stores in Sastamala and Lieto. We have already concluded rental agreements for these stores.

We are also determined to develop our like-for-like store network by constantly concentrating on increasing sales and developing our product offering. Within our offering of private label products, our performance has been strong. The share of private label products in net sales increased during both reporting periods and this is reflected in an improved gross profit-margin, especially during May-July, but also throughout the first half of the year.

Our high profitability level was well maintained. During the first half of the year, our profitability (adjusted EBITA) was in the range of our long-term financial target (17-19%), and in the second quarter the level of profitability was even higher and at the same level as in the corresponding period last year. The high level of profitability was a result of the above-mentioned focus on our growth strategy and our good cost control, which is deeply rooted in our culture. In accordance with the last cornerstone of our growth strategy, we also managed to increase online net sales by double-digit percentages. Our omni-channel strategy worked well, as evidenced by the strong growth in store pick-ups during the reporting period.

The needs and buying behaviour of our customers are normalizing after the pandemic. The return to so-called normal life after the summer will be supported by decisions to impose less national and local restrictions in Finland and the adaptation to the time after the pandemic.

Finally, I would like to extend my warmest thanks to our personnel for their perseverance in this long-standing exceptional situation. Together, we are very committed to achieving our long-term financial targets announced in connection with our listing.

Puulo's journey now continues as a listed company, and I would like to take this opportunity to welcome both our new and old owners and customers to shop!

Significant events after the end of the reporting period

Puulo has not had any significant events since the end of the reporting period.

Webcast and a phone conference

Puulo's CEO Juha Saarela and CFO Ville Ranta will present the report at a webcast and a phone conference for analysts, investors and the media on the publication date at 11:00 a.m. EET (10:00 a.m. CET).

The event will be held in Finnish, but questions can also be asked in English at the end of the webcast.

You can join the live webcast via <https://puulo.videosync.fi/2021-h1-tulos> or join via phone. A recording of the webcast will be available at Puulo's investor website later on the report publication day.

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Attachments

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