

Puilo Plc: Business review for February-October 2021: Strong net sales growth and good profitability development

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PUUILO PLC, BUSINESS REVIEW, 16 DECEMBER 2021 at 08:30 AM EET

Highlights for August-October 2021

- Net sales increased by 14.8% (+33.6%) and were EUR 69.7 million (60.7)
- 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 EUR 26.0 million (22.1) and gross margin was 37.3% (36.5%)
- Adjusted EBITA was EUR 13.1 million (11.2), which corresponds to an adjusted EBITA margin of 18.8% (18.4%)
- EBIT was EUR 12.8 million (10.8) which corresponds to 18.3% of net sales (17.7%)
- Operating free cash flow was EUR 2.6 million (4.0)
- Earnings per share were EUR 0.12 (0.09)
- Earnings per share excluding listing expenses were EUR 0.12 (0.09)
- 1 new store was opened during the third quarter (no new stores)

Highlights for February-October 2021

- Net sales increased by 12.6% (+42.4%) and were EUR 207.8 million (184.6)
- 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 EUR 77.0 million (67.6) and gross margin was 37.0% (36.6%)
- Adjusted EBITA was EUR 38.6 million (34.7), which corresponds to an adjusted EBITA margin of 18.6% (18.8%)
- EBIT was EUR 34.9 million (33.4) which corresponds to 16.8% of net sales (18.1%)
- Operating free cash flow was EUR 18.0 million (30.3)
- Earnings per share were EUR 0.31 (0.29)
- Earnings per share excluding listing expenses were EUR 0.34 (0.29)
- 4 new stores were opened during the reporting period (2 new stores)

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 Aug 2021 - 31 Oct 2021	1 Aug 2020 - 31 Oct 2020	1 Feb 2021 - 31 Oct 2021	1 Feb 2020 - 31 Oct 2020	1 Feb 2020 - 31 Jan 2021
Net sales	69.7	60.7	207.8	184.6	238.7
Net sales development (%)	14.8%	33.6%	12.6%	42.4%	40.0%
Like-for-like store net sales development (%)	2.5%	19.0%	2.5%	25.9%	24.4%
Online store net sales development (%)	28.9%	89.0%	32.0%	126.0%	127.5%
Gross Profit	26.0	22.1	77.0	67.6	87.1
Gross Margin (%)	37.3%	36.5%	37.0%	36.6%	36.5%
Adjusted EBITA*	13.1	11.2	38.6	34.7	43.2

Adjusted EBITA* margin (%)	18.8%	18.4%	18.6%	18.8%	18.1%
EBITA*	13.1	11.1	35.8	34.2	42.6
EBITA* margin (%)	18.7%	18.2%	17.2%	18.5%	17.9%
EBIT	12.8	10.8	34.9	33.4	41.5
EBIT margin (%)	18.3%	17.7%	16.8%	18.1%	17.4%
Net income	10.2	7.6	25.4	23.4	28.8
EPS (EUR)	0.12	0.09	0.31	0.29	0.36
EPS excl. listing expenses (EUR)	0.12	0.09	0.34	0.29	0.36
Operating free cash flow	2.6	4.0	18.0	30.3	38.8
Net debt / adjusted EBITDA	1.5	2.2	1.5	2.2	2.4
Number of stores (end of period)	34	29	34	29	30
Number of personnel converted into full-time employees (FTE)	647	603	667	602	595

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

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

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

There have been no changes in Puuilo's long-term financial targets or growth expectations, 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%.
- Profitability: Adjusted EBITA margin between 17-19% 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 COVID-19 continues. In a pandemic situation, unpredictable and sudden changes can occur.

CEO Juha Saarela's review

Puuilo's net sales and adjusted operating profit (EBITA) again showed strong growth. The past reporting period could be described as commercially successful and developed according to our plans. The third quarter was in line with our own expectations and our net sales increased by 14.8% (+33.6%). This was a solid result for the company considering the exceptional financial figures of the corresponding period last year.

Adjusted EBITA reached 18.8% of net sales in the third quarter. The profitability development was good. As a result of our determined implementation of the strategy, we have been able to improve our gross margin. The most significant factors affecting the margin increase were the higher share of private label products, negotiations of commercial purchasing terms, as well as the implementation of accounts payable automation. We continued to achieve convincing results in controlling operational costs. We succeeded in delivering good results despite the strong comparative period. Our performance is in line with our long-term financial targets.

In the third quarter we opened one new store in Laajalahti, Espoo, a city bordering Helsinki. The store was well received by customers. The store opening was the fourth in the current financial year and it was more successful than expected. I am pleased to report that we set a new opening day sales record. This result was achieved despite the fact that our opening day marketing efforts were not as extensive as normal, due to COVID-19. This, of course, not only reinforces our view that our growth strategy works, but it also shows great regional potential in the Helsinki metropolitan area. New stores opened during this financial year are located in Vaasa, Imatra, Rauma and Espoo Laajalahti. All new stores are profitable, and the

determined implementation of our growth strategy continues. We have to date announced three new store openings for the next financial year, which will be located in Sastamala, Lieto and Tornio.

Our operating environment is still impacted by COVID-19 related disruptions, including across global supply chains. The development of the pandemic has been unpredictable. In Finland, where the restrictions imposed have been relatively strict, the hopes of the spread of the pandemic slowing down in early autumn have disappeared like a wood briquette in the fireplace. However, we believe that despite the continuation of the pandemic, our company's performance will remain strong. Our solid third quarter supports this. We succeeded in increasing like-for-like store net sales and gross margin compared to the comparative period last year when we still sold significant volumes of face masks, disinfectants and other personal protective equipment, for example. We were able to deliver stronger financial figures than in the comparative period through sales growth within our core product offering. In other words, demand for gutter brushes and tarpaulins, for example, continues to develop well. We have also carefully prepared for next year by placing orders for imported goods well in advance in order to ensure the availability of goods.

With this strong business review, I would like to wish all our shareholders, our customers and all our co-workers a pleasant festive period.

Significant events after the end of the reporting period

Markus Kaatranen was appointed Sales Director and a member of Puuilo Plc's management team on 23 November 2021. Kaatranen starts in his position no later than 1 March 2022. Puuilo's current management team member Chain Manager Tom Lång will leave Puuilo's management team no later than 28 February 2022.

Conference call and webcast

The report will be presented for analysts, investors and the media on the publication date in English at 10:00 am EET (9:00 am CET) and in Finnish at 11.30 am EET (10:30 am CET).

The conference call in English can be followed live at <https://puuilo.videosync.fi/2021-12-16-puuilo-business-review>. Participate by calling the number according to your location a few minutes before the start of the event.

The webcast in Finnish will begin at 11.30 am EET at <https://puuilo.videosync.fi/2021-q3-tulos>.

Recordings of both events will be available later the same day at Puuilo's Investors website at <https://www.investors.puuilo.fi/en>.

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Attachments

- [Download announcement as PDF.pdf](#)
- [Puuilo Plc 2021 Q3 Business Review.pdf](#)