

# Puulo Plc: Business Review for Q1/2023: A solid start for the financial year - growth continues

14.6.2023 08:30:00 EEST | Puulo Oyj | Interim report (Q1 and Q3)

PUUILO PLC, BUSINESS REVIEW, 14 JUNE 2023 at 8:30 AM EET

## Highlights Q1/2023

- Net sales increased by 10.3% (+0.8%) and were EUR 65.0 million (58.9)
- Like-for-like store net sales increased by 4.9% (-5.0%)
- Online store net sales decreased by 18.8% (-8.4%)
- Gross profit was EUR 23.7 million (20.6) and gross margin was 36.5% (35.0%)
- Adjusted EBITA was EUR 7.3 million (6.2), which corresponds to an adjusted EBITA margin of 11.2% (10.5%)
- EBIT was EUR 7.0 million (5.9) which corresponds to 10.8% of net sales (10.0%)
- Operating free cash flow was EUR 10.3 million (3.2)
- Earnings per share were EUR 0.06 (0.05)
- Earnings per share excluding listing expenses were EUR 0.06 (0.05)
- One new store was opened in Q1 (no 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. Puulo's financial year starts on 1 February and ends on 31 January the following year. The figures in parentheses refer to the comparison period the previous year, unless otherwise stated. The information in this report is unaudited.

## Key figures

EUR million	Q1/2023	Q1/2022	2022
Net sales	65.0	58.9	296.4
Net sales development (%)	10.3%	0.8%	9.7%
Like-for-like store net sales development (%)	4.9%	-5.0%	5.5%
Online store net sales development (%)	-18.8%	-8.4%	3.9%
Gross profit	23.7	20.6	107.2
Gross margin (%)	36.5%	35.0%	36.2%
Adjusted EBITA*	7.3	6.2	48.8
Adjusted EBITA* margin (%)	11.2%	10.5%	16.5%
EBITA*	7.3	6.2	48.2
EBITA* margin (%)	11.2%	10.5%	16.2%
EBIT	7.0	5.9	47.0
EBIT margin (%)	10.8%	10.0%	15.9%
Net income	4.8	4.2	35.1
EPS (EUR)	0.06	0.05	0.41
EPS excl. listing expenses (EUR)	0.06	0.05	0.42

Operating free cash flow	10.3	3.2	52.7
Net debt / adjusted EBITDA	1.5	1.7	1.5
Number of stores (end of period)	38	34	37
Number of personnel converted into full-time employees (FTE)	686	667	693

Puילו's financial year starts on 1 February and ends on 31 January the following year

\* Operating profit before the amortisation of Puילו trademark

### Outlook for the financial year 2023

Puילו repeats the outlook for the financial year 2023 given in its financial statements release on 30 March 2023.

Puילו forecasts that net sales and adjusted operating profit (adjusted EBITA) for the financial year 2023 in euros will increase compared to the financial year 2022.

The forecast includes elements of uncertainty arising from the energy crisis, the war in Ukraine, rising interest rates and inflation causing decline in purchasing power.

### Puילו's long-term targets

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

Puילו'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: Puילו 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.

### CEO Juha Saarela's review

Puילו's financial year has started well, and the performance met our expectations. In Q1, net sales increased by 10.3%, while like-for-like net sales increased by 4.9%. Online store net sales decreased, because customers are currently buying cheaper price category products and prefer physical stores rather than the online store. The net sales of the company in total grew quite steadily throughout the entire Q1 but the growth was accelerated towards the end of the quarter. Net sales growth is in line with our long-term targets. Our gross margin grew by 1.5 percentage points and was 36.5%. The gross margin was specially supported by decrease in logistics costs, which are now back to pre-pandemic levels. In addition, we closely monitor market pricing and react to price changes whenever it is considered reasonable. Adjusted EBITA was EUR 7.3 million (11.2% of net sales), an increase of EUR 1.1 million compared to previous year.

We have succeeded in keeping operating expenses under control well despite the high inflation. Personnel expenses increased compared to previous year due to recently opened stores and stores to be opened in near future. In addition, one-time compensation amounting to EUR 0.3 million, in accordance with the new collective agreement, has been recognised and paid in one instalment in Q1.

Consumer purchase power is negatively impacted by general price inflation and rising interest rates. Consumer confidence has remained low, and the card payment data reported by major banks shows a downward trend for Puילו's main market. However, Puילו's sales development is quite the opposite due to the company's defensive concept. In Q1, the number of customers increased by almost 12%, and by 6% in comparative terms. Our sales and number of customers are increasing; thus, we are constantly gaining market share. This is also strongly reflected in a survey conducted for our own customers in May. The survey indicates that we are gaining customers from our main competitors. We are not surprised by the results, but all the more pleased.

Puילו continues to grow in line with our strategy. At the end of March, we opened a new store in Vantaa Porttipuisto followed by Vihti's Nummela last week, which means that we now have 39 stores. These openings exceeded our expectations, and we served grill sausages to more than 4,000 customers in Porttipuisto opening alone. The recent

openings have been the most successful in the company's history. Next in line will be Kerava, Helsinki Konala and Vantaa Varisto, where we warmly welcome our existing and new customers.

We will continue to streamline our internal processes in order to further improve our profitability in the future. Among other things, we will introduce automatic order system and use artificial intelligence in work shift planning. In addition, we are determinedly continuing the training and developing of our personnel.

We are often asked, especially in connection with the results announcements, about the net sales development of the current quarter. I will not go into the exact numbers, but let's say that we are confident with the current state. Puuilo forecasts that net sales and adjusted operating profit (adjusted EBITA) for the financial year 2023 in euros will increase compared to the financial year 2022.

To conclude this review, I wish our shareholders, customers and personnel happy summer.

## **Significant events of the reporting period**

### **Performance matching share plan for key employees**

On 14 April 2023 the Board of Directors of Puuilo Plc decided to launch a new share-based incentive plan for the key employees of the company. The aim of the plan is to align the objectives of the shareholders and the key employees in order to increase the value of the company in the long-term.

The Performance Matching Share Plan includes one performance period, spanning approximately financial years 2023 - 2025. The performance criteria are the Total Shareholder Return of the Puuilo share (TSR) and the Adjusted EBITA of the Puuilo Group. The target group of the plan consists of a maximum of 80 persons, including the CEO, members of the Management Team, Store Managers and other key personnel. Primarily, the rewards from the plan will be paid partly in the company's shares and partly in cash by the end of May 2026. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. The rewards to be paid on the basis of the plan correspond to the value of an approximate maximum total of 678,000 Puuilo Plc shares, including the proportion to be paid in cash. The final number of shares will depend on the participants' personal share acquisitions and the achievement of the targets set for the performance criteria.

## **Significant events after the end of the reporting period**

Puuilo did not have any significant events after the reporting period.

## **Next financial reports**

Puuilo's financial year starts on 1 February and ends on 31 January the following year. The company publishes Business reviews for the first and third quarter, a Half-year financial report and a Financial statements release.

Half-year financial report February - July 2023	on 13 September 2023
Business review February - October 2023	on 13 December 2023

All financial reports are published in English and in Finnish and are available at:

[https://www.investors.puuilo.fi/en/investors/reports\\_and\\_presentations](https://www.investors.puuilo.fi/en/investors/reports_and_presentations).

## **Conference call in English and webcast in Finnish**

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/2023-q1-results>. Asking questions requires *participation in the conference call*. You can access the teleconference by registering on the link <http://palvelu.fliik.fi/teleconference/?id=10010325>. After the registration you will be provided phone numbers and a conference ID to access the conference. If you wish to ask questions, please, dial \*5 on your telephone keypad to enter the queue.

The webcast in Finnish will begin at 11.30 am EET at <https://puuilo.videosync.fi/2023-q1-tulos>.

Recordings of both events will be available later the same day at Puuilo's Investors website at [https://www.investors.puuilo.fi/en/investors/reports\\_and\\_presentations](https://www.investors.puuilo.fi/en/investors/reports_and_presentations).

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**Attachments**

- [Download announcement as PDF.pdf](#)
- [Puuro Plc Q1 2023 Business Review.pdf](#)