

*Strictly Private & Confidential*

*July 2021*

**PEPCO**  
Group



**FY21 H1 Interim Financial Update**  
**Europe's Pre-eminent Discount Variety Retailer**  
Opportunity to deliver €1Bn+ EBITDA within 5-7 years

## Continued new store and LFL driven revenue growth

- €1,995 m (9.0%) increase in Group revenue
- 5.0% trading store LFL
- 3,246 stores trading, +14% vs prior year



## Revenue growth converting to strong profit growth

- >100bps gross margin expansion
- 14.1% yr. on yr. PBT growth
- Total PBT of €112 m



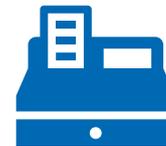
## Strategic Progress Continues

- 225 new stores including first PEPCO stores in Italy and Serbia,
- Announced acquisition of up to 29 stores in Austria, first store openings in Spain in April
- Chilled & Frozen offer added to Poundland proposition via Fultons acquisition
- Oracle ERP programme continues on plan



## Strengthened financial position

- Debt structure refinanced to 2026 of May
- Gearing target remains at ratio of c. 1.5x net debt / EBITDA (pre – IFRS 16)



# Pan-European Discount Variety Retailer: >3,200 Stores in 16 Countries

Geographic & proposition expansion opportunities creates two large scale European businesses

€3,603m LTM-March 2021 Sales

€278m LTM-March 2021 EBITDA

+12% Sales CAGR<sup>1</sup>

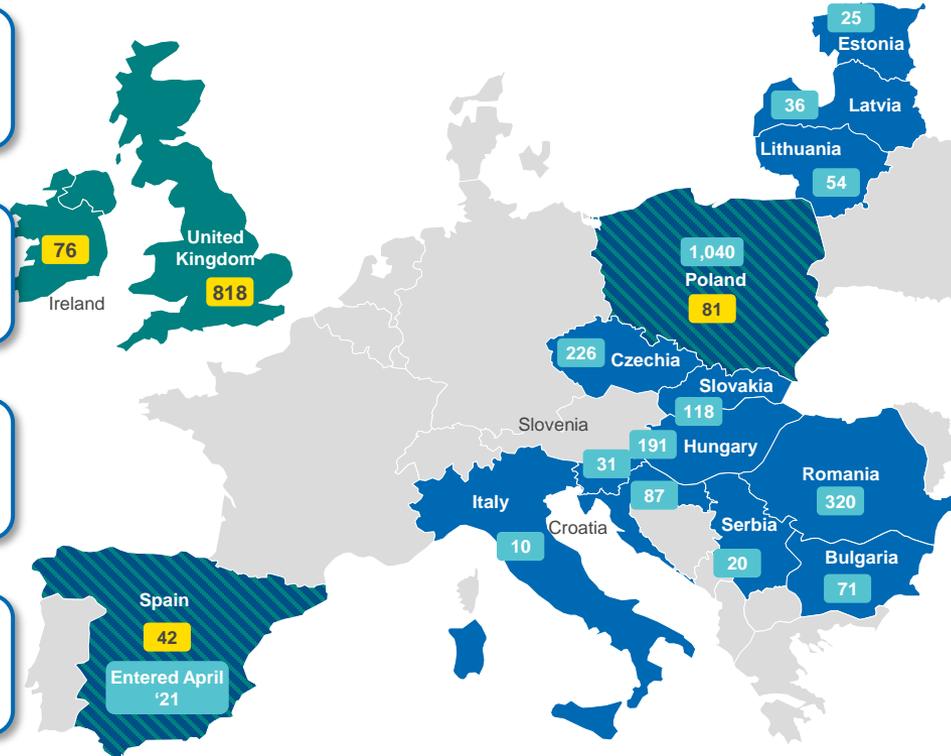
+22% EBITDA CAGR<sup>1</sup>

>3,200 Stores as at end March 2021

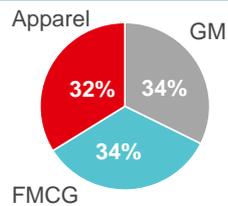
16 Countries as at end March 2021

2 Complementary Formats

~50m Customers / Month<sup>2</sup>



LTM-Feb 20 Sales Mix = €3.7bn



Group has clear capability across multiple categories

3,246 Total Stores

2,229 1,017



Source: Company Public Information. <sup>1</sup> Compounding refers to a 29 month pre-Covid period from October 2017 to February 2020. <sup>2</sup> Refers to twelve month pre-Covid period from March 2019 to February 2020.

# FY21 H1 – Continued strong strategic and profit progress with resilient peak trading performance across all brands

		<b>PEPCO (apparel-led multi-price)</b>	<b>Poundland Group (FMCG-led price anchored)</b>	<b>Total Group</b>
Revenue <sup>1</sup>	€m	1,017	979	1,995
Total Revenue Growth ( reported / constant currency)	%	9.5% / 15.2%	-0.5% / 3.1%	4.4% / 9.0%
Trading Store Like-for-Like Growth <sup>2</sup>	%	8.8%	1.4%	5.0%
Reported (All-Stores) Like-for-Like Growth <sup>3</sup>	%	-1.2%	-2.9%	-2.1%

➤ Positive trading performance despite a challenging trading environment affected by Covid:

- Constant currency total revenue growth of +9.0% underpinned by continued store openings across all retail brands and territories.
- Trading Stores<sup>3</sup> Like-for-Like ('LFL') growth of 5.0%, consistent with the past three years' performance pre-Covid.
- Group LFL -2.1% reflecting c.15% of trading weeks lost due to Covid-related store closures across the Group.

1. Revenues are unaudited with foreign currency revenues translated at the average rate for the month in which they are made.

2. Stores designated as Trading Stores, traded for the full seven days within each individual accounting week irrespective of other restrictions including part week closure, limitations on customer numbers and reduced customer offer.

3. LFL revenue growth is defined as year-on-year revenue growth for stores open beyond their trading anniversary.

# FY21 H1 – Continued strong strategic and profit progress with resilient peak trading performance across all brands

		PEPCO (apparel-led multi-price)	Poundland Group (FMCG-led price-anchored)	Total Group
Gross Margin Growth ( constant currency)	bps	115	57	101
Underlying EBITDA <sup>1</sup>	€m	215	108	324
Underlying EBITDA Growth	%	18.7%	12.5%	16.8%
PBT Growth	€m	116	19	112

Gross margin accretion of over 100 basis points (bps) achieved through ongoing sourcing benefits and a short-term Covid benefit from increased general merchandise revenue.

- We continue to drive operating efficiencies to expand operating margins within the FMCG-led price-anchored segment. This includes:
  - Continued reduction in the absolute levels of store rent where 44 leases were renegotiated in the period; and
  - The closure of one of Poundland’s four regional distribution centres.
- Underlying EBITDA increased by 16.8% to €324m, driven by continued revenue growth, gross margin expansion and effective cost management.
- Net debt (excluding IFRS 16 liabilities) €189m lower year-on-year, reflecting continued underlying business growth and revised trading arrangements with key product suppliers that enhanced the Group’s working capital cycle.

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3. LFL revenue growth is defined as year-on-year revenue growth for stores open beyond their trading anniversary.

4. Non-underlying items are items that are "unusual or infrequent in nature" according to the company accounting treatments.

# FY21 H1 – Continued strong strategic and profit progress with resilient peak trading performance across all brands

		PEPCO (apparel-led multi-price)	Poundland Group (FMCG-led price anchored)	Total Group
Total Number of Stores	#	2,229	1,017	3,246
Net New Stores Year-to-Date( 6 months Oct'20 to Mar'21)	#	129	96	225
Store Growth (Net New Stores) Versus Last Year	#	299	103	402
Store Growth ( Net New Store) Versus Last Year	%	15.5%	11.3%	14.1%

➤ Store expansion programme continued with 225 net additions in the half and 402 versus the end of March 2020, representing 14.1% growth year-on-year.

- 129 net new PEPCO stores in the half including strategic openings in Western Europe (Italy – 20 stores) and outside EU (Serbia – 5 stores).
- 27 new Dealz stores in the half with the roll out continuing in Spain and Poland.
- The increase in the scale of the Poundland store portfolio primarily reflects c. 80 Fultons Frozen Foods stores acquired in the half year, as part of a transaction designed to materially enhance the Group's capability and scale in this key target growth category of frozen food.

➤ 326 store refits completed to further enhance the customer proposition and increase revenue, comprising:

- 276 PEPCO refits; and
- 50 Poundland refits including the implementation of frozen food.