

PRELIMINARY RESULTS

Year ended March 2016





Poundland® 

HIGHLIGHTS

Jim McCarthy

STRATEGIC HIGHLIGHTS

906 stores
+ 53%

STRATEGIC PROGRESS

- Transformational 99p Stores acquisition, five years growth added in one move
- Significant incremental EBITDA opportunity of at least £25m

LONG TERM POSITION STRENGTHENED

- Enhanced our position as a price-led, volume-driven value retailer
- 906 stores
- Strong in the South of England; growing presence in retail parks
- Spanish trial: ongoing

STRONG BRAND IN GROWING SECTOR

- Strong brand loved by our customers
- The value general merchandise sector continues to grow
- Discount is part of nation's shopping routine

FINANCIAL HIGHLIGHTS



FY 2016 PERFORMANCE

- Sales +18.7%
- LFL -3.9%
- Underlying EBITDA -4.1%
- Context: disruption from 99p integration and challenging trading conditions

FY 2017: A YEAR OF CONSOLIDATION

- One business with over 900 stores
- Fewer store openings
- Focus on improving core performance
- Consolidate the benefits from the acquisition

99P STORES: A TRANSFORMATIONAL ACQUISITION COMPLETED

Five years organic growth and a four month conversion programme

- In September 2015, Poundland acquired 99p Stores, the second largest single price operator
- 252 stores were acquired, 235 stores converted, with 17 closed, or being disposed of
- 130 stores now inside the M25 and a total of 350 stores in the South
- Adds circa £350 million sales in FY 2017
- £25 million incremental EBITDA underpinned
- Two thirds generated in FY 2017
- Scale brings opportunity to further improve our offer



STRATEGIC INVESTMENT

313 stores added in one year

- Opened 79 new stores gross in UK & Republic of Ireland
- Retail park store numbers increased by 60% to 139
- Republic of Ireland rollout accelerated
- Five stores opened in Spain
- Increased our sales area by 66%
- Transactional website launched Sept 2015





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FINANCIAL HIGHLIGHTS

Nick Hateley

OVERALL FINANCIAL PERFORMANCE



£ millions	Sales	Change (%)	Underlying pretax-profits	Non-underlying pretax profits	Total	Change (%)
<i>Comparable Poundland</i>	1,164	4.8	37.8		37.8	(13.5)
99p converted stores	50		2.3		2.3	
99p Stores' trading	96			(12.1)	(12.1)	
Spain	16			(3.3)	(3.3)	
Conversion/acquisition costs				(17.9)	(17.9)	
Brand amortisation			(1.1)		(1.1)	
Financial instruments			0.3		0.3	
Total	1,326	18.7	39.2	(33.3)	5.9	(83.7)

FINANCIAL REVIEW



Performance impacted by 99p disruption and market conditions

- Total comparable underlying sales grew by 4.8% to £1,164.5 million, due to new store growth
- Costs and margin controlled
- Maintained dividend cover at 3x underlying comparable Poundland EPS for the year

	FY 2016	FY 2015	Change
Total sales	1,326.0	1,117.0	18.7%
*Underlying sales (£m)	1,214.8	1,111.5	9.3%
**Comparable underlying sales (£m)	1,164.5	1,111.5	4.8%
Like-for-like sales growth	-3.9%	2.4%	
*Underlying EBITDA (£m)	56.9	59.4	-4.1%
**Comparable EBITDA (£m)	53.8	59.4	-9.4%
**Comparable pre-tax profit (£m)	37.8	43.7	-13.5%
Underlying EPS	11.7p	13.1p	-10.8%
DPS	3.65p	4.50p	-19.0%

*Underlying is core Poundland plus converted 99p Stores**Comparable underlying is core Poundland not including converted 99p Stores

KPI PERFORMANCE



Key Performance Indicator performance	FY 2016	FY 2015	Change
Number of stores : UK & Ireland	896	588	308
Number of new stores (net): UK & Ireland	60	60	
Sales: UK & Ireland (£m)	1,310.5	1,111.5	17.9%
Underlying gross margin (%)	37.3	37.1	Up 14 bp
Comparable EBITDA (£m)*	53.8	59.4	-9.4%
Comparable EBITDA margin (%)*	4.6	5.3	Down 72 bp
Underlying profit for the period (£m)	30.3	32.8	-7.5%
Net cash/ (debt) (£m)	(12.0)	13.9	

* Comparable is underlying Poundland, not including converted 99p Stores

SALES AND ATV

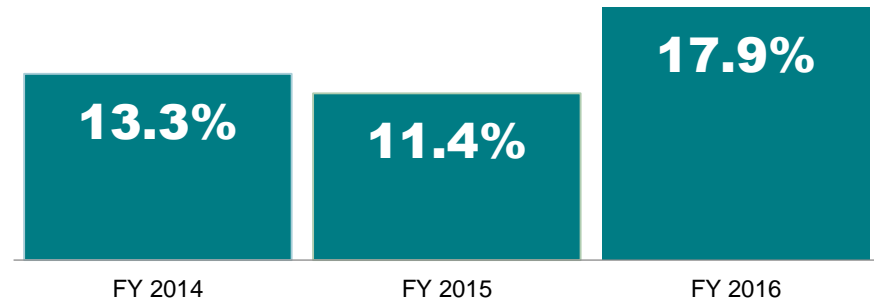
66%
More Space

Added in
FY 2016

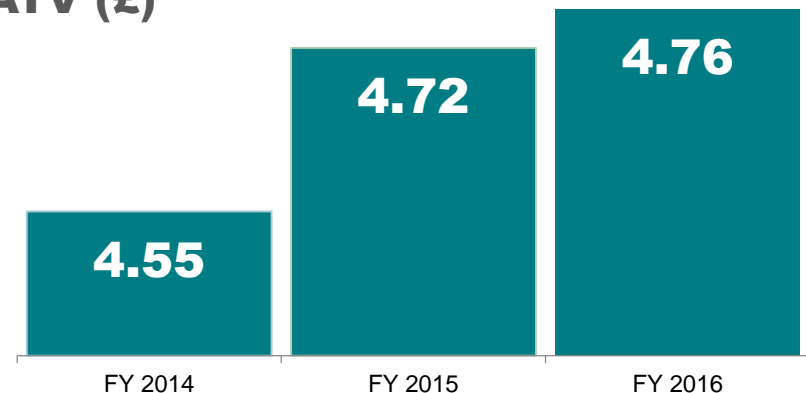
We grew our sales area by 66%

- Strong constant currency sales growth of 18.4% in UK & Ireland (17.9% actual)
- 99p Stores added £146 million to sales
- Comparable Poundland sales +4.8%
- Store opening programme in line, with 60 net new stores, after 19 closures
- Comparable ATV increased, primarily due to changes in store mix, offsetting negative impact of changing consumer shopping patterns and disruption of conversions
- Comparable customer numbers +3.4%
- Total customer numbers grew by 27%

SALES GROWTH: UK & IRELAND



ATV (£)



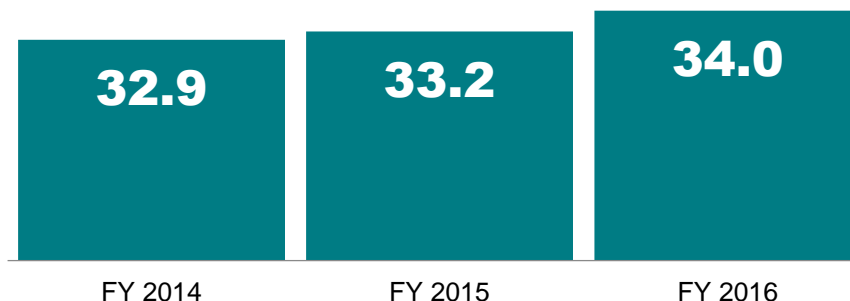
UNDERLYING GROSS MARGIN AND OVERHEAD TRENDS

- Underlying* gross margin continues to be stable
- Continued close underlying cost control
- Increase in cost ratios due to effect of falling LFL sales growth and continued investment in the business

GROSS MARGIN (%)



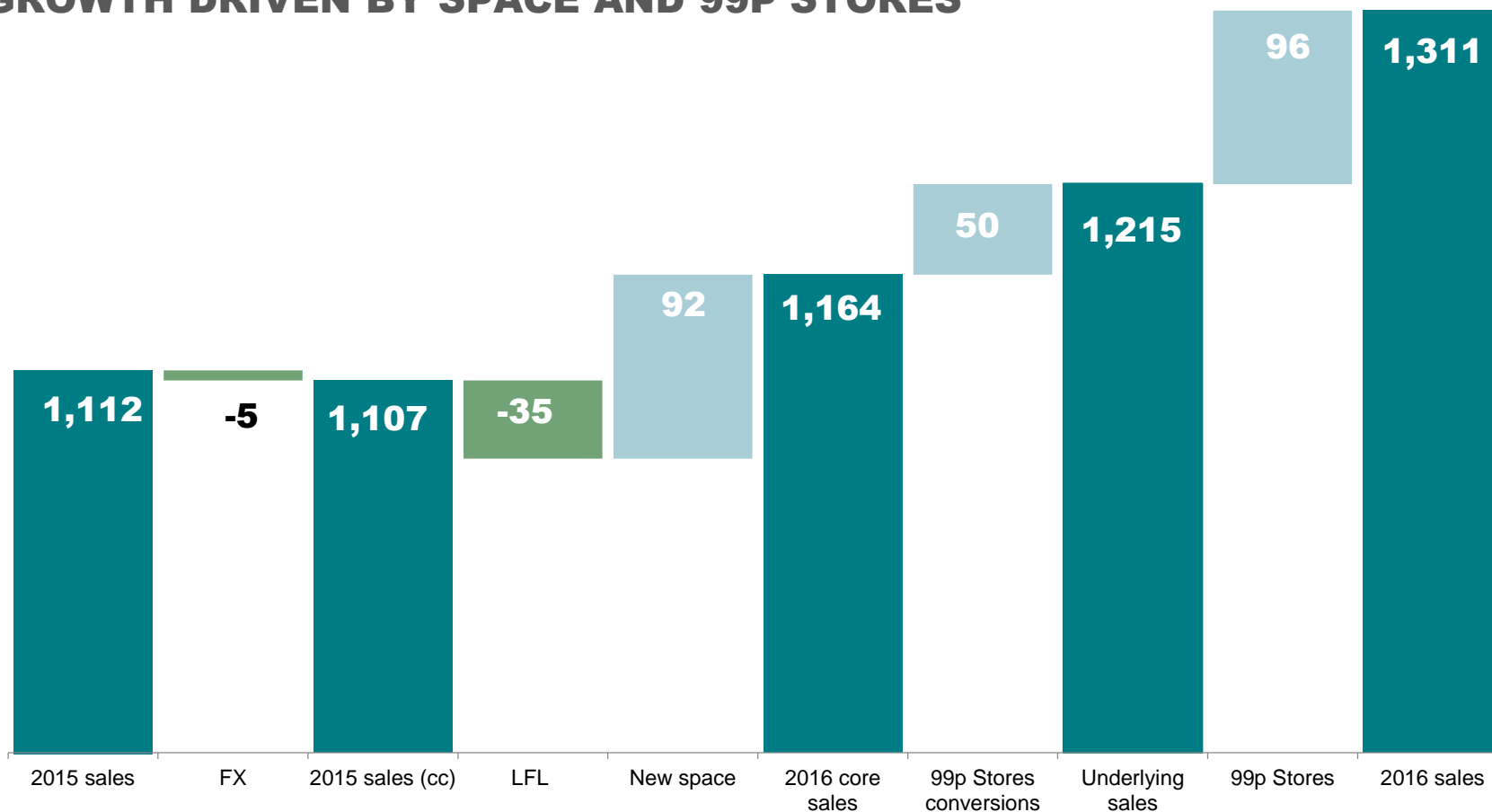
OVERHEAD TO SALES (%)



* Underlying includes comparable Poundland plus converted 99p Stores

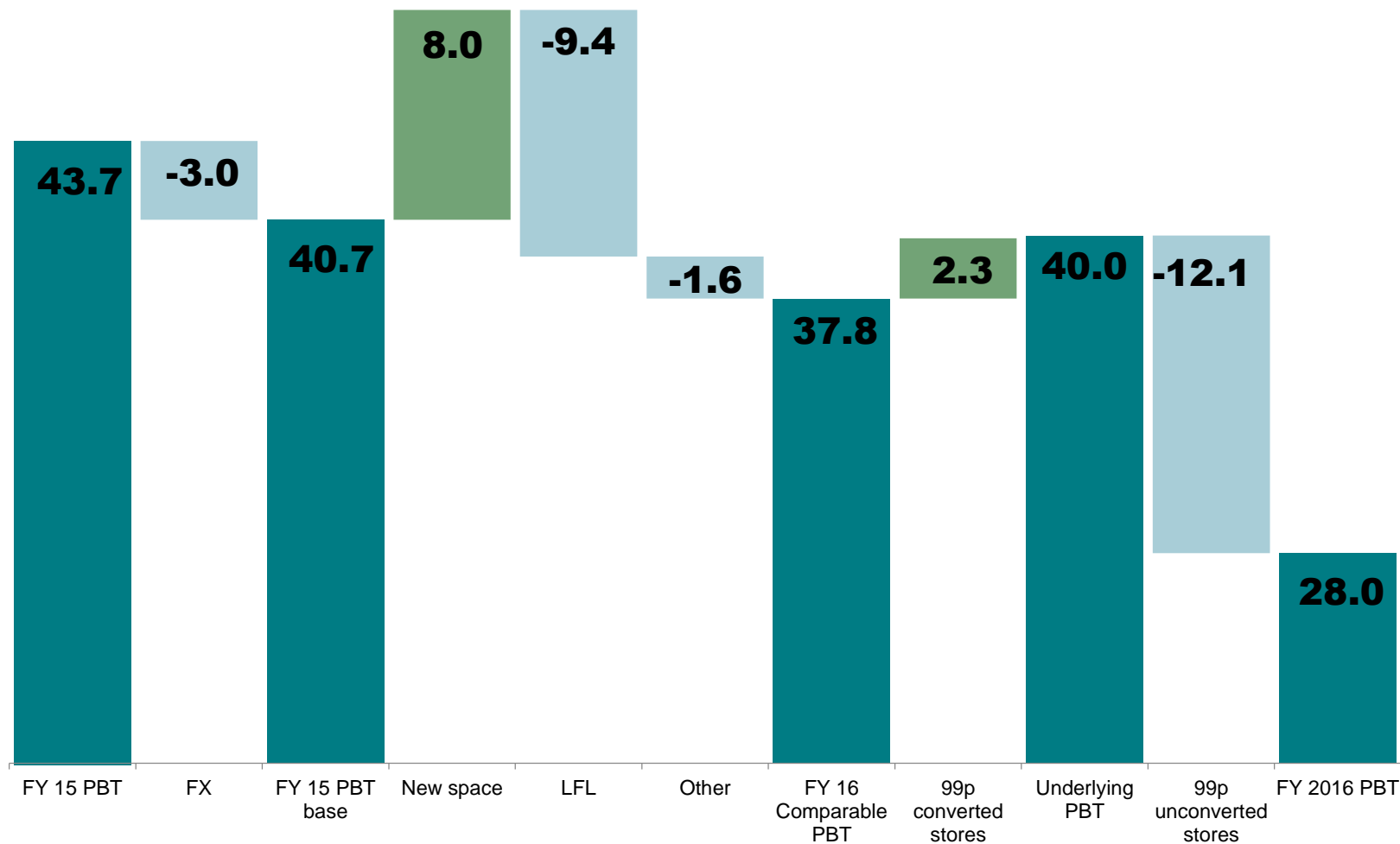
REVENUE BRIDGE (£M)

GROWTH DRIVEN BY SPACE AND 99P STORES



PROFIT BEFORE TAX BRIDGE (£M)

SHOWING EFFECTS OF FX AND 99P ON PROFITS



OUTLOOK AND GUIDANCE FOR 99P STORES ACQUISITION

**4 to 5
year
payback**

	FY 2016	FY 2017	Total
Sales (£m)	146.0	350.0	>350.0
Costs of acquisition			
<i>Acquisition payment to equity holders: cash and shares (£m)</i>	8.0		8.0
<i>Acquisition fees (£m)</i>	2.5		2.5
<i>Debt repayment (£m)</i>	24.6		24.6
<i>Capital expenditure (£m)</i>	20.1	4.0	24.1
<i>Trading losses</i>	9.8		9.8
<i>Non-underlying integration P&L costs (£m)</i>	15.0	10.0	25.0
Cost before working capital (£m)			94.0
Working capital injection into 99p Stores Ltd.	c35.0		c35.0
Incremental EBITDA			25.0
Cash payback			Four to five years

INVESTMENT IN 99P CONVERSIONS

£24.1m
Total investment

Accelerated conversion

- The table shows total investment in FY 2016 and completion of the programme in FY 2017
- Invested to deliver Poundland standards
- LED lighting, CCTV and improving back office space
- Cash payback is strong
- £24.1 million invested in converting 99p Stores versus the original plan of £15.0 million

CAPITAL EXPENDITURE (£M)

Original plan

Convert 210 stores	15.0
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Actual conversion programme

Extra 25 stores	1.2
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Additional expenditure

Fabric	2.5
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Staff/cash areas/other	1.2
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LED lighting	1.3
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CCTV	1.6
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Multi price trial	1.3
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Total spent	24.1
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CAPITAL INVESTMENT



- Main components of FY2016 capital expenditure: new store openings and 99p Stores' conversion programme
- Investment in Spain
- Investment in WMS and IT

CAPITAL INVESTMENT (£M)

	FY 2016	FY 2015
New stores	15.0	12.8
Existing stores	4.8	3.4
IT/warehouse etc	3.8	2.3
99p store conversion	20.1	
Spain	1.7	2.2
Total	45.4	20.7
% of sales	3.4	1.9

CURRENT TRADING

- Total group sales +30.1% to £300.9 million
- Underlying sales for the 11 weeks ended 12 June 2016 increased by 28.6% to £294.5 million
- Sales in Spain £4.0 million



OUTLOOK AND GUIDANCE FOR FY2017



SALES AND PROFIT

- As anticipated, trading in Q1 was affected by 99p Stores' disruption and a decline in high street footfall
- We expect Q2 will follow a similar trend
- We expect some improvement in H2, as benefits from conversions crystallise and focus on core activities impact
- Up to 30 net new stores in UK & Ireland; several new stores in Spain

NON-UNDERLYING CHARGES

- Trial store costs in Spain £2.0 million to £3.0 million
- Cost of opening new Wigan DC and double-running costs at Northampton DC circa £3.5 million
- Integration costs of 99p Stores will be circa £10 million

CAPITAL INVESTMENT

- Will be circa £25 million, including core business, completing conversion programme and Spain

SUMMARY

40%
more stores
from 99p deal

- 99p Stores acquisition transformational, five years growth; 40% more stores in one move
- Significant incremental EBITDA of at least £25 million confirmed
- 60 net new stores opened in the UK & Republic of Ireland
- Roll out in Republic of Ireland accelerating
- Spanish trial extended to November
- FY 2016 group financial performance impacted by market conditions and conversion programme
- Q1 has continued recent trading pattern; H1, as anticipated, will be challenging
- Expect H2 to show some improvement
- Strategically well-placed: strong brand in the growing discount sector, 900 stores; well represented in the South of England, growing number of retail park stores



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Q&A



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APPENDICES

FINANCIAL CALENDAR

- Q2 sales: AGM 15 September 2016
- Interims: 17 November 2016
- Q3 sales: 5 January 2016
- Q4 sales: early April

STORE RECONCILIATION

UK & Ireland	FY 2015	FY 2016
Poundland	547	843
Ireland	41	53
Total	588	896
<i>Reconciliation</i>		
Start of year	528	588
<i>Openings</i>		
Poundland	63	69
Dealz	10	10
Total	73	79
99p		252
Total	601	919
<i>Closures</i>		
Poundland	13	19
99p		4
Total	13	23
Group total	588	896



STORE PORTFOLIO BREAKDOWN

	High street and shopping centre		Retail parks		Ro I	
	2015	2016	2015	2016	2015	2016
Number of stores	464	712	83	131	41	53
Number of new stores (net)	21	36	29	33	10	10
Average store size (sq. ft.)	5,171	5,148	6,150	5,968	5,552	5,501



STORE ROLLOUT



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Poundland store roll out	64	53	52	65	50	50
Dealz store roll out	0	9	17	5	10	10
Spain pilot roll out					5	5
Net openings	64	62	69	70	65	65

	Q1	Q2	Q3	Q4	FY 2015	Q1	Q2	Q3	Q4	FY 2016
Stores opened	12	23	19	16	70	13	44	42	170	269
Stores closed	-3	-4	-2	-1	-10	-4	-1	-3	-13	-19
Net openings	9	19	17	15	60	9	43	39	157	250