LINC
LUND UNIVERSITY FINANCE SOCIETY EST 1991

Puuilo Oyj (Puuilo)

Finland | Consumer Durables | MCAP EURm 1,431

17 June 2026

Buy

Target price:	EUR 19.8
Current price:	EUR 16.9
Upside:	**17.3%**

Low Prices, High Margins

Puuilo Oyj ("Puuilo" or "the Company") is a Finnish discount retailer focused on DIY products, consumables and household goods, operating through a scalable and cost-efficient business model. Following the Company's IPO in 2021, Puuilo has accelerated its store expansion from 30 stores in 2021 to 58 stores today and plans to enter Sweden in 2027. Despite structurally stronger profitability, Puuilo's current valuation of 13.9x EV/EBIT on 2028E estimates appears to underestimate the Company's long-term growth potential and operating leverage, trading below its historical average of 16.5x EV/EBIT. The investment case is driven by continued store rollout, Like-for-Like sales growth in existing stores and increasing penetration of private label products. The investment case supports a target price of EUR 19.8 per share, implying a 17.3% upside from current levels. The valuation is based on an equally weighted DCF and peer valuation.

Key takeaways

- **Long Store Rollout Runway Supporting Visible Growth:** Puuilo operates 58 stores in Finland, and the analysts project the store count to reach 100 by 2030, in line with management's stated long-term target, with Sweden entry planned for 2027 creating additional long-term potential. Half of the current store base is less than five years old, with stores seeing significant revenue growth in the first two years before ramping up at a CAGR of 8.5%, driving operating leverage as fixed costs are spread over a growing revenue base. Together with continued store expansion, the maturation of the existing store base is expected to drive a sales CAGR of 12.8% through 2030E.
- **Private Label Expansion Driving Margin Growth:** Puuilo has consistently increased private label sales as a % of sales from 17.6% in 2021A to 23.6% in 2025A, supporting gross margin expansion from 36.9% to 38.2%. Based on the analysts' calculations, each 100 bps increase in private label penetration translates into approximately 25 bps of gross margin expansion. With penetration estimated to reach 30.0% by 2028E, the analysts project a gross margin of 39.8%, approximately 100 bps above current consensus estimates of 38.8%, which the analysts believe is not yet priced in.
- **Lean Cost Structure Driving Strong Returns:** With SG&A representing only 16.4% of sales versus a Nordic peer average of 30.0%, Puuilo's lean cost structure supports structurally higher margins. Capex accounts for only EUR 0.3m of the EUR 1.8m investment required per new store, with new stores reaching EBITDA profitability within 2 months and fully paid back within 19 months. Upcoming stores in Finland are estimated to generate a mature ROIIC of 32.3% and a cash-on-cash return of 72.3% by year 5, allowing continued expansion while returning capital to shareholders through dividends and buybacks.

Analysts	
Theodor Hedvall	Financial Analyst
Olle Fransson	Financial Analyst

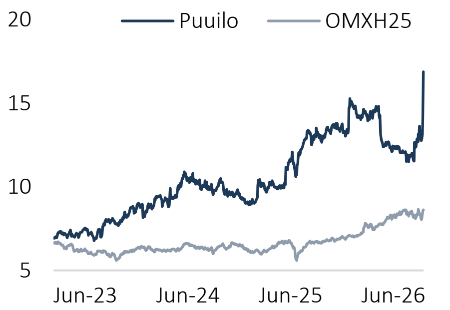
Market Data, EUR	
Exchange	Nasdaq Helsinki, Mid Cap
Shares (m)	84.8
MCAP (m)	1,431
EV (m)	1,561

Metrics & Drivers	26E	27E	28E
EV/EBIT	18.2x	16.0x	13.9x
EV/EBITDA	14.0x	12.2x	10.6x
EV/S	3.1x	2.7x	2.4x
P/E	22.6x	19.9x	17.3x
ND/EBITDA	1.2x	1.0x	0.9x

Forecast, EURm	26E	27E	28E
Total revenue	502	570	644
Rev. growth y/y	13.5%	13.7%	13.0%
Gross Profit	195	224	256
Gross Margin	38.8%	39.3%	39.8%
EBITDA	111	128	147
EBITDA Margin	22.2%	22.4%	22.8%
EBIT	86	97	112
EBIT Margin	17.1%	17.1%	17.4%

Major Shareholders	
SEB	52.6%
Markku Tuomaala	4.5%
Citibank	3.4%

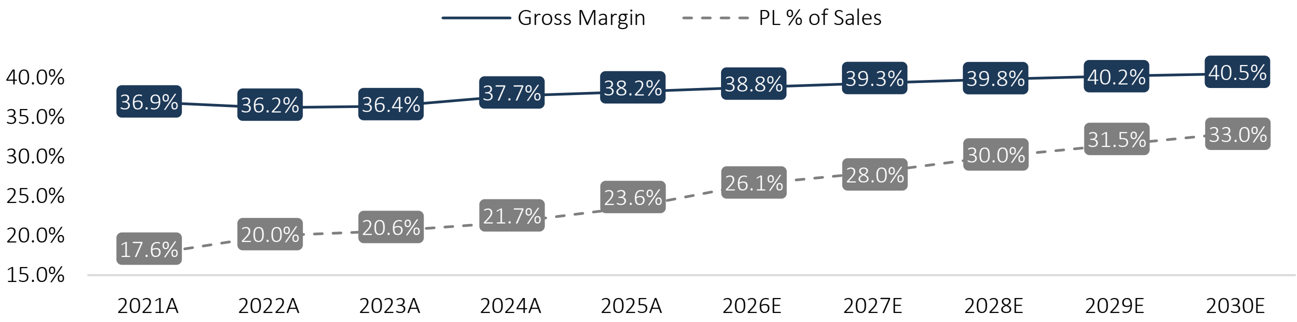
Price Development, EUR



LUND UNIVERSITY FINANCE SOCIETY EST 1991

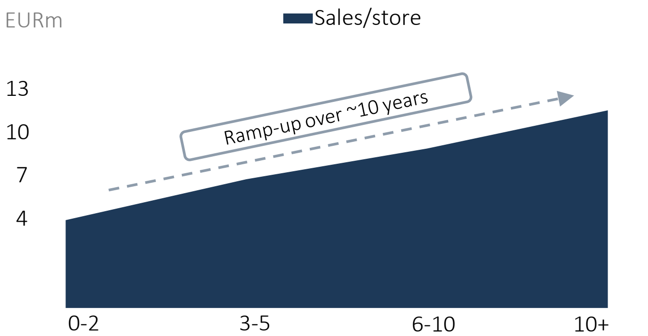
Investment thesis in charts

Private label effect on Gross profit



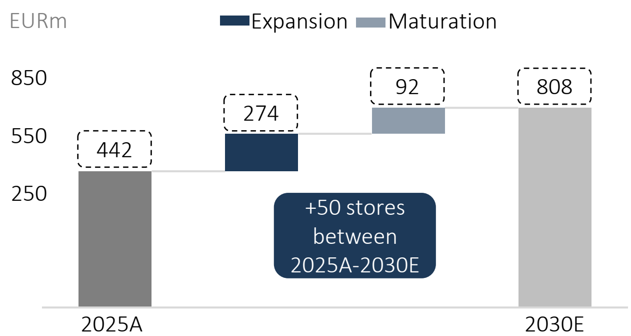
Source: the Company, Analyst estimates

+125% sales/store through maturation



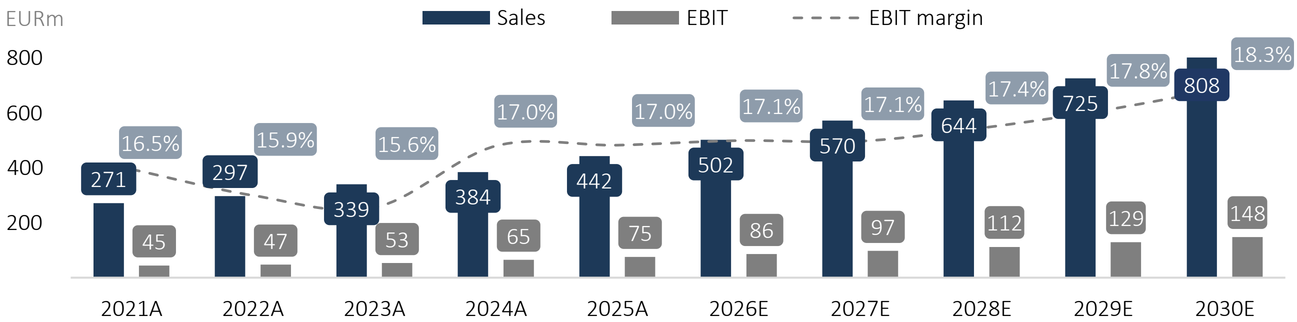
Source: the Company, Analyst estimates

12.8% revenue CAGR between 2025A-2030E



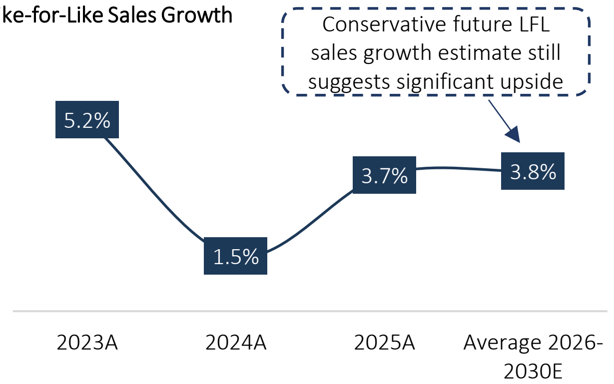
Source: the Company, Analyst estimates

Sales & EBIT forecast



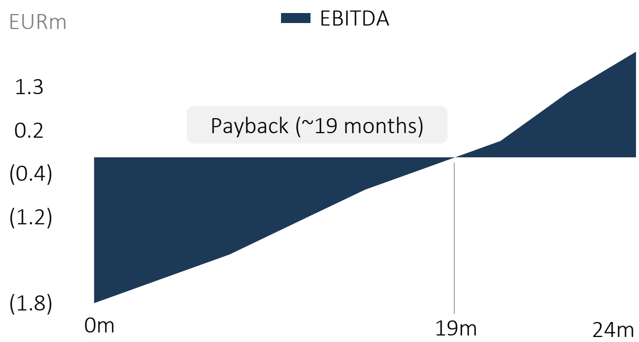
Source: the Company, Analyst estimates

Like-for-Like Sales Growth



Source: the Company, Analyst estimates

19 month payback based on cumulative store-level cash flow



Source: the Company

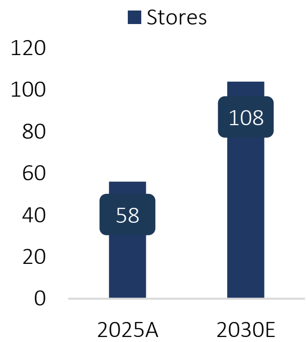
Investment thesis

Increase in Private Label Sales Driving Gross Margin Growth

Over the last few years, Puuilo has consistently increased the share of private label sales from 17.6% in 2021A to 23.6% in 2025A, supporting a gross margin expansion from 36.9% to 38.2%. The margin expansion is driven by higher profitability in private label products as Puuilo captures a larger share of the value chain. Notably, Puuilo's private label products are sold under proprietary brand names rather than the Puuilo name, making it difficult for customers to identify them as private label. This reduces the risk of brand perception impacting purchasing decisions. Historically, a 100 bps increase in private label sales has translated into approximately 25 bps of gross margin expansion. Based on the analysts' calculations, with penetration estimated to reach 30.0% by 2028E, the analysts estimate a gross margin of 39.8%, roughly 100 bps above consensus projections of 38.8%. As time progresses, identifying additional private label opportunities becomes increasingly challenging, resulting in a slower pace of private label penetration. This is specifically important to maintain an attractive assortment and remain relevant across customer segments. While customers are generally less brand sensitive in low-price everyday consumer goods categories, branded products remain important where perceived quality, reliability and brand recognition play a larger role in purchasing decisions.

Store Expansion and Maturation Increasing Revenue

Puuilo has accelerated its store rollout in recent years and operates 58 stores in Finland with plans to expand into Sweden in 2027. Approximately half of the stores are less than five years old, leaving room for continued growth in sales per store as the store base matures. Historically, revenue per store has increased significantly during the first 2 years and then ramped up by a CAGR of 8.5% over the following eight years. Like-for-Like sales have grown at a CAGR of 3.4% for the past 8 years with 3.7% in full year 2025. In addition, Like-for-Like customer numbers increased by 4.8% in the full year 2025 supporting further growth in existing stores. The current store network is estimated to contribute an additional EUR 92m by 2030, implying a 3.8% Like-for-Like revenue CAGR excluding store expansion. Management has communicated a target of 100 stores in Finland alone by 2030, supporting further market share gains in an overall fragmented market. Analysts have estimated 50 new stores between 2025A and 2030E of which 42 in Finland and 8 in Sweden. The upcoming 42 stores in Finland are estimated to add EUR 241m by 2030E and the stores in Sweden are expected to add EUR 33m by 2030E. In total, revenue is expected to grow from EUR 442m to EUR 808m between 2025A and 2030E, representing a CAGR of 12.8% supporting continuous earnings growth.

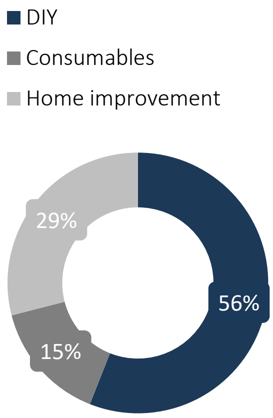


Lean Cost Structure Driving Strong Returns

Puuilo operates a lean cost structure with all stores leased and located outside city centers in a warehouse-style format, limiting fixed costs and reducing capital intensity. With SG&A representing only 16.4% of sales versus a Nordic peer average of 30.0%, the lean cost structure supports structurally stronger margins. The total capital needed to open a new store is EUR 1.8m, of which only EUR 0.3m relates to capex. On a total company level, capex represents 1.3% of sales, well below the Nordic peer average of 2.7%. Measured at EBITDA level, new stores become profitable within the first 2 months and fully paid back within 19 months based on cumulative store-level EBITDA. Upcoming stores in Finland are estimated to generate a mature ROIIC of 32.3%, based on a store NOPAT of EUR 1.2m on invested capital of EUR 3.6m, and a cash-on-cash return of 72.3% by year 5, based on cumulative EBITDA net of lease costs relative to the EUR 1.8m initial investment. This allows Puuilo to fund continued expansion through internal cash flows while returning value to shareholders through dividends and share buybacks.

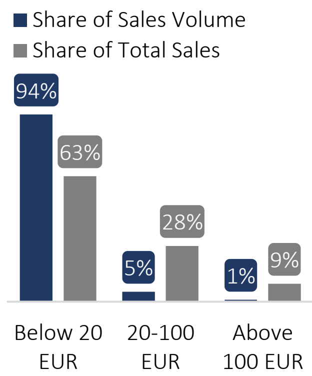
Company Overview

Puuilo Oyj, founded in 1982, is a Finnish discount retail chain specializing in DIY products, hardware, household goods, and everyday utility items, targeting both consumers and small-scale professional contractors. Puuilo's value proposition is centered around a low-price, high-volume strategy supported by an efficient and cost-focused operating model. In recent years, Puuilo has expanded rapidly to 58 stores following the IPO in 2021, with approximately half of the current store network added during the last five years. Puuilo is well known for its broad assortment of more than 30,000 stock keeping units, competitive pricing and convenient store layouts designed to enable an efficient shopping experience. This is supported by the analysts' consumer interviews, in which Finnish customers cited low prices as the primary driver for visiting Puuilo. As of Q4 2025, physical stores accounted for approximately 98.0% of sales, while e-commerce represented the remaining 2.0%, primarily functioning as a complementary channel driving in-store traffic. To maintain competitive pricing while supporting margins, the Company has increasingly focused on expanding private label offerings and intends to further increase private label penetration in the coming years.



Business Model

Puuilo operates a high-volume discount retail model focused on maintaining low prices while generating strong profitability through operational efficiency. Puuilo combines a broad assortment of branded and private label products with a highly cost-efficient store format primarily located outside city centers, supporting low operating costs and limited capital expenditure requirements. This results in limited upfront investments for new stores, improving the scalability of the business model. In addition, the lean cost structure allows Puuilo to maintain competitive pricing while preserving strong profitability. This has contributed to an EBIT margin of 17.0% in 2025A, compared to a Nordic peer average of 7.4%, highlighting the structural profitability advantage of Puuilo's business model.



Market Overview

Finnish Market

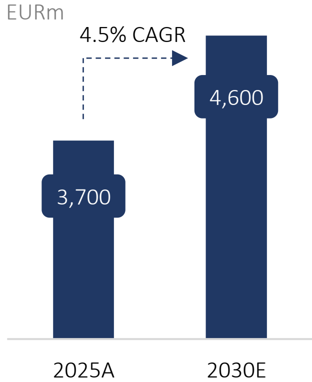
Puuilo operates within the Finnish discount retail market, a fragmented market where demand is primarily driven by price competitiveness. The Total Addressable Market (TAM) is currently estimated at approximately EUR 3.7bn and has grown at a CAGR of 3.2% over the past five years. Over the coming years, analysts at McKinsey estimate the discount retail market to grow by approximately 5.0% to 7.0% annually through 2030E. However, as a portion of this growth is expected to come from e-commerce channels where Puuilo currently maintains a limited presence, a more conservative CAGR assumption of 4.5% has been applied over the forecast period. This would imply a TAM of approximately EUR 4.6bn by 2030E.

Swedish Market

Puuilo is also expected to enter the Swedish market in 2027. The Swedish market is estimated to be approximately three times larger than the Finnish market and has historically demonstrated stronger growth, delivering an estimated CAGR of 8.0% since 2017. Analysts estimate the market to grow at a CAGR of approximately 5.5% to 6.5% through 2030E. In both markets, demand for DIY and discount retail products has proven to be relatively resilient during weaker macroeconomic periods. With highly similar consumer profiles and needs between the markets, Sweden represents a natural next step for Puuilo. A market survey of Swedish consumers and competing store managers, conducted by the analysts, indicates relatively low levels of brand loyalty among Swedish consumers, reducing barriers to entry for new market participants and supporting Puuilo's planned entry into Sweden.

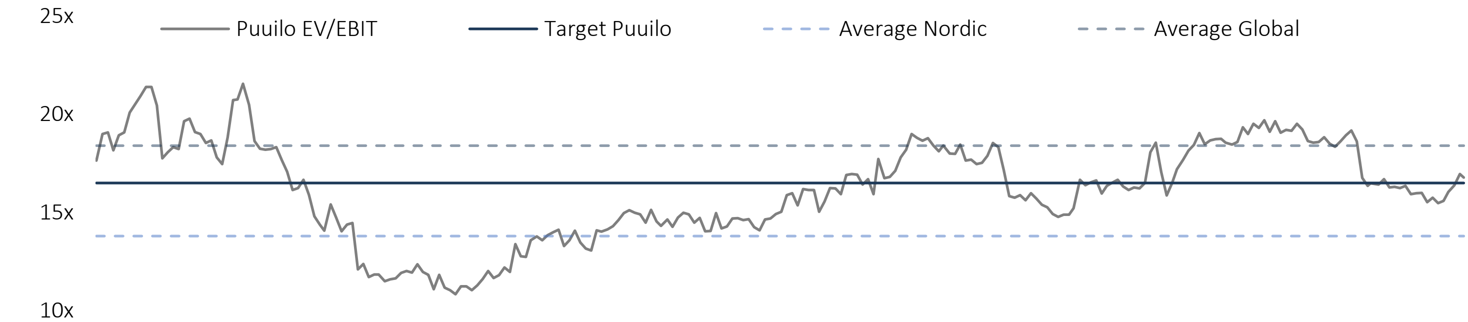
TAM Growth Coming 5 Years

EURm



Valuation

Puuilo's valuation is difficult to assess based solely on European listed peers, as few companies combine a comparable business model with similar profitability and growth profiles. While the Nordic peer group trades at 12.1x EV/EBIT on 2028E estimates, these companies only partially capture the quality of Puuilo's business model. Given Puuilo's structurally stronger profitability and superior operating efficiency, Puuilo should trade at a premium to Nordic peers. However, while global peers provide a relevant profitability benchmark, differences in size and market presence support a discount to the group's 19.2x EV/EBIT multiple on 2028E estimates. Given the limitations of the peer groups, the Company's historical average EV/EBIT multiple of 16.5x serves as a target multiple for 2028E, implying a share price of EUR 20.3 and an upside of 20.1%.



Peer table	MCAP	EV	Sales CAGR	EBIT Margin		EV/EBIT	
Company	EURm	EURm	2025A-2028E	2025A	2028E	2025A	2028E
Rusta	1,083	1,566	*9.8%*	*6.7%*	*8.3%*	17.9x	11.7x
Tokmanni	428	1,315	*3.4%*	*4.8%*	*5.8%*	15.7x	11.9x
Clas Ohlson	2,502	2,507	*6.3%*	*10.1%*	*12.4%*	16.7x	12.7x
Dollarama	32,210	33,172	*9.0%*	*24.3%*	*26.7%*	29.3x	23.6x
Autozone	44,362	52,709	*7.4%*	*19.1%*	*18.7%*	21.0x	14.7x
Average Nordic	**1,338**	**1,796**	***6.5%***	***7.2%***	***8.8%***	**16.8x**	**12.1x**
Average Global	**38,286**	**42,941**	***8.2%***	***21.7%***	***22.7%***	**25.2x**	**19.2x**
Puuilo	1,431	1,561	*13.4%*	*17.0%*	*17.4%*	20.7x	13.9x

DCF Valuation, EURm	
PV of cash flows	660
PV of TV	1,109
EV	**1,769**
Net Debt	130
Equity Value	1,639
NOSH (m)	85
Implied Share Price	19.3
Current Share Price	16.9
Implied Upside	**14.4%**

The DCF valuation is based on a WACC of 9.0% and a terminal growth rate of 2.0%. Forecast estimates extend through 2030E, after which key financial items are gradually normalized through 2035 to reflect lower forecast visibility over the longer term. Capital expenditure is expected to remain limited given Puuilo's asset-light business model, while depreciation and amortization as well as changes in net working capital are assumed to scale broadly in line with the pace of new store openings. The DCF valuation implies a share price of EUR 19.3, corresponding to an upside of 14.4% from current levels.

		WACC				
	EUR	*8.0%*	*8.5%*	*9.0%*	*11.0%*	*13.0%*
TGR	*1.0%*	21	19	18	13	10
	1.5%	22	20	18	13	10
	2.0%	24	21	19	14	11
	2.5%	25	23	20	15	11
	3.0%	25	24	22	15	11

		Gross Margin				
	EUR	*37.0%*	*39.0%*	*41.0%*	*43.0%*	*45.0%*
TGR	*0.0%*	14	15	16	17	18
	1.0%	15	16	18	19	20
	2.0%	17	18	19	21	22
	2.5%	17	18	20	22	23
	3.0%	18	20	22	23	25

Equally Weighted DCF and Peer Valuation

An equally weighted DCF and peer valuation results in a target price of EUR 19.8 implying an upside of 17.3%

Appendix – Income Statement

Puuilo, EURm	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Revenue	338	386	442	502	570	644	725	808
y/y growth	*14.2%*	*14.2%*	*14.5%*	*13.5%*	*13.7%*	*13.0%*	*12.6%*	*11.3%*
COGS	(215)	(241)	(273)	(307)	(346)	(388)	(434)	(480)
Gross Profit	**123**	**146**	**169**	**195**	**224**	**256**	**291**	**327**
Gross Margin	*36.4%*	*37.7%*	*38.2%*	*38.8%*	*39.3%*	*39.8%*	*40.2%*	*40.5%*
Personnel Expenses	(35)	(39)	(45)	(51)	(59)	(67)	(75)	(83)
Other Operating Expenses	(21)	(23)	(28)	(33)	(38)	(43)	(49)	(54)
Other Operating Income	0.5	0.5	0.7	0.6	0.6	0.6	0.6	0.6
EBITDA	**67**	**85**	**97**	**111**	**128**	**147**	**168**	**191**
EBITDA Margin	*19.9%*	*22.0%*	*22.0%*	*22.2%*	*22.4%*	*22.8%*	*23.2%*	*23.7%*
D&A	(15)	(19)	(22)	(26)	(30)	(34)	(39)	(43)
EBIT	**52**	**66**	**75**	**86**	**97**	**112**	**129**	**148**
EBIT Margin	*15.4%*	*17.1%*	*17.0%*	*17.1%*	*17.1%*	*17.4%*	*17.8%*	*18.3%*
Finance Income	0.9	0.6	0.5	0.7	0.7	0.7	0.7	0.7
Finance Cost	(5)	(6)	(6)	(7)	(8)	(9)	(11)	(12)
EBT	**48**	**61**	**70**	**79**	**90**	**103**	**120**	**137**
EBT Margin	*14.1%*	*15.7%*	*15.7%*	*15.8%*	*15.8%*	*16.1%*	*16.5%*	*16.9%*
Income Tax	(10)	(12)	(14)	(16)	(18)	(21)	(24)	(27)
Net Income	**38**	**49**	**56**	**63**	**72**	**83**	**96**	**109**
Profit Margin	*11.2%*	*12.6%*	*12.6%*	*12.6%*	*12.6%*	*12.8%*	*13.2%*	*13.5%*

Appendix – Puuilo vs Peers

Puuilo vs Nordic Peers

KPIs, 2025A	Puuilo	Rusta	Tokmanni	Clas Ohlson
Gross Margin	***38.2%***	*43.0%*	*35.1%*	*45.6%*
EBITDA Margin	***22.0%***	*15.4%*	*12.6%*	*16.6%*
EBIT Margin	***17.0%***	*7.2%*	*4.8%*	*10.1%*
SG&A % of Sales	***16.4%***	*38.0%*	*22.9%*	*29.0%*

Puuilo vs Global Best-in-Class Peers

Dollarama	Autozone
45.1%	*52.6%*
30.4%	*22.3%*
24.1%	*19.1%*
15.0%	*32.6%*

Quality Business Model Supports Structurally Higher Margins

Lean cost structure

- Lean store staffing
- Standardized store layout
- Low rent locations

Strong operating leverage

- Fixed cost base
- Revenue scaling from 1.4 to 4.3 €k per sqm over 10 year period

Structurally higher margins

- High EBITDA & EBIT margins
- Stronger than Nordic discount retail peers

Puuilo vs Global Best-in-Class Peers

- Puuilo operates with significantly lower SG&A cost than Nordic peers driving structurally higher EBIT margins
- Lean store model and a fixed cost base enables strong operating leverage as stores mature
- Profitability in line with best-in-class global retail companies, highlighting the strength of the business model

Disclaimer

Disclaimer

These analyses, documents and any other information originating from LINC Research & Analysis (Henceforth "LINC R&A") are created for information purposes only, for general dissipation and are not intended to be advisory. The information in the analysis is based on sources, data and persons which LINC R&A believes to be reliable. LINC R&A can never guarantee the accuracy of the information. The forward-looking information found in this analysis are based on assumptions about the future, and are therefore uncertain by nature and using information found in the analysis should therefore be done with care. Furthermore, LINC R&A can never guarantee that the projections and forward-looking statements will be fulfilled to any extent. This means that any investment decisions based on information from LINC R&A, any employee or person related to LINC R&A are to be regarded to be made independently by the investor. These analyses, documents and any other information derived from LINC R&A is intended to be one of several tools involved in investment decisions regarding all forms of investments regardless of the type of investment involved. Investors are urged to supplement with additional relevant data and information, as well as consulting a financial adviser prior to any investment decision. LINC R&A disclaims all liability for any loss or damage of any kind that may be based on the use of analyzes, documents and any other information derived from LINC R&A.

Conflicts of interest and impartiality

To ensure LINC R&A's independence, LINC R&A has established compliance rules for analysts. In addition, all analysts have signed an agreement in which they are required to report any and all conflicts of interest. These terms have been designed to ensure that *COMMISSION DELEGATED REGULATION (EU) 2016/958 of 9 March 2016, supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.*

Other