# Poundland faces uncertain future as Pepco Group considers sale



Poundland, the UK discount retail chain, is under scrutiny as its owner, Poland-based Pepco Group, explores the potential sale of the brand amidst challenging trading conditions and upcoming fiscal changes that threaten to increase operating costs. The decision comes as the company aims to pivot its focus back towards the more profitable Pepco brand, which is identified as the primary revenue contributor within the group.

The move comes on the heels of a severe downturn in sales performance for Poundland, with Pepco reporting a decline in underlying earnings anticipated to range from €50 million (£41.9 million) to €70 million (£58.6 million) due to negative sales trends observed in January and February. Pepco stated that while Poundland boasts a significant presence, serving millions of customers weekly and generating an annual turnover close to €2 billion (£1.67 billion) in the 2024 financial year, it is facing increasing challenges within the UK retail environment.

From April 2025, new tax measures implemented by the UK Government will contribute further to Poundland's cost strains. According to Pepco, the board is "actively evaluating all strategic options to separate Poundland from the group during financial year 2025, including a potential sale." The parent company has acknowledged that the retail sector has been particularly hard hit following the tax changes announced in the previous October's Budget, which also included increased national insurance contributions and minimum wage hikes.

In an effort to address the sales downturn, Pepco plans to revert to its core strengths by increasing the availability of items priced at £1 or lower, a strategy that had seen a decline in recent years with a push towards higher-priced products. The chain’s revenue saw a significant drop of 9.3% for the three months concluding on December 31, with like-for-like sales decreasing by 7.3%, largely influenced by lower clothing sales and general merchandise following the transition to Pepco-sourced products. In light of these difficulties, Poundland has also confirmed the closure of 13 stores with only two new openings, indicating a withdrawal from expanding its physical retail presence in the near term.

Stephan Borchert, the Chief Executive Officer of Pepco Group, remarked on the mixed performance of the group, pointing to strong results from the Pepco and Dealz brands contrasted by the ongoing challenges faced by Poundland. He stated, "Getting Poundland back on track is a key priority – we are undertaking a comprehensive assessment of the business and taking immediate measures on improving cash performance and strengthening the customer proposition." Furthermore, former Poundland managing director Barry Williams, who took on the role of managing director at Pepco in September 2023, will be reinstated at Poundland as part of the strategy to rectify its trajectory ahead of any potential sale.

As various retailers brace for the impact of the forthcoming budget changes, the future of Poundland remains uncertain as Pepco Group evaluates its next steps in what it describes as an "increasingly challenging UK retail landscape."

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.retailgazette.co.uk/blog/2025/03/pepco-group-actively-exploring-poundland-sale-as-uk-retail-pressures-mount/> - This article supports the claim that Pepco Group is actively exploring the sale of Poundland due to challenging UK retail conditions and a strategic focus on the Pepco brand.
* <https://www.independent.co.uk/business/poundland-up-for-possible-sale-as-soaring-wage-costs-add-to-trading-woes-b2709957.html> - This article corroborates the challenges faced by Poundland, including soaring wage costs and tough trading conditions, which are driving Pepco Group's consideration of a sale.
* <https://www.esmmagazine.com/retail/pepco-group-considers-sale-of-poundland-business-in-uk-283908> - This article confirms Pepco Group's strategic move to focus on the Pepco brand while evaluating options for Poundland, including a potential sale, due to its significant challenges in the UK retail market.
* <https://www.retailgazette.co.uk/blog/2025/03/pepco-group-actively-exploring-poundland-sale-as-uk-retail-pressures-mount/> - The article highlights the impact of upcoming tax changes on Poundland's cost base and Pepco Group's decision to reassess its UK operations.
* <https://www.independent.co.uk/business/poundland-up-for-possible-sale-as-soaring-wage-costs-add-to-trading-woes-b2709957.html> - This article mentions the decline in Poundland's earnings and the challenges posed by increased national insurance contributions and minimum wage hikes.
* <https://www.esmmagazine.com/retail/pepco-group-considers-sale-of-poundland-business-in-uk-283908> - The article discusses Pepco Group's overall strategy, including focusing on higher-margin products and exploring options for Poundland due to its underperformance.
* <https://www.independent.co.uk/news/business/poundland-shops-sale-owners-pepco-b2709955.html> - Please view link - unable to able to access data
* <https://www.irishnews.com/news/uk/poundland-up-for-possible-sale-as-soaring-wage-costs-add-to-trading-woes-MDYKJW75F5OWNCPCMLOX4LECY4/> - Please view link - unable to able to access data