# Pepco considers selling Poundland for just £1 amid sharp sales decline



Poundland, the UK discount retail chain, finds itself in turbulent waters, reportedly on the verge of sale for as little as £1 due to ongoing struggles within the competitive retail landscape. Owned by Pepco Group, which has been under pressure to refocus on its more lucrative Pepco brand, Poundland has been grappling with significant financial challenges. Despite generating £1.6 billion in sales last year, the chain saw a staggering decline in like-for-like sales, plummeting by 7.3% in the last quarter of 2023. This downturn is reflective of broader pressures impacting the UK retail sector, including rising operational costs and an increasingly competitive marketplace.

In March 2025, Pepco Group announced its exploration of "all strategic options," indicating an openness toward a complete separation from its struggling Poundland division. CEO Stephan Borchert, who pointed to the need for effective decision-making in light of the mounting financial pressures, suggested that a potential sale could be on the horizon. The focus, he noted, would shift predominantly towards enhancing profitability within the Pepco brand and considering a similar exit for the well-performing Dealz Poland stores.

As interest from potential buyers heats up, Gordon Brothers, known for its asset management expertise and previous ownership of well-known brands like Laura Ashley, has emerged as a frontrunner in the acquisition race. Other interested parties include Modella Capital and Alteri, the latter being the owner of Bensons for Beds. However, the formal bidding process has yet to commence, as offers are expected next week.

The retail environment has not been particularly kind to Poundland. The financial squeeze is exacerbated by recent increases in employer taxes, which have further impacted profitability and the overall market conditions. Pepco Group, which reported that underlying earnings for Poundland were anticipated to range between €50 million and €70 million for the year, recognises that its attempts to integrate the different brands within the group have not yielded the desired results. As Pepco pivots its focus towards higher-margin clothing and general merchandise, many are questioning whether this strategy can effectively revitalise Poundland.

With Barry Williams, the former Poundland managing director, reinstated in the hope of reinvigorating the chain, Pepco is reportedly initiating a turnaround programme that aims to refine Poundland's core strengths and simplify its pricing strategy. The company has expressed confidence in Williams, who it believes has the necessary experience to steer Poundland back into the black, citing his previous successes with the brand.

However, the path ahead remains fraught with uncertainty. Analysts point out that while a turnaround is certainly possible under the right leadership and strategic adjustments, the timing and viability of such a recovery in the current market conditions present formidable challenges. As the retail landscape continues to evolve, it will be crucial for any future owners or management teams to adapt swiftly to the shifting dynamics of consumer behaviour and economic pressures that characterise the UK market today.

For now, the fate of Poundland hangs in the balance, awaiting final bids and a clearer picture of its future direction in an increasingly challenging retail environment.

### Reference Map

1. Paragraphs 1, 2, 3, 4, 5
2. Paragraph 1, 2
3. Paragraph 1, 2, 5
4. Paragraph 2, 3
5. Not referenced
6. Not referenced
7. Paragraph 6

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

## Bibliography

1. <https://www.independent.co.uk/news/uk/home-news/poundland-closures-sale-gordon-brothers-b2752964.html> - Please view link - unable to able to access data
2. <https://www.reuters.com/business/retail-consumer/pepco-group-considers-sale-poundland-business-uk-2025-03-06/> - In March 2025, Pepco Group announced it was evaluating all strategic options, including a potential sale, for its struggling 825-store Poundland business in the UK. Despite a turnover of over €2 billion, Poundland faced challenges in the competitive UK retail landscape, compounded by increased employer taxes. The company planned to focus on its more profitable Pepco brand and consider separating its successful Dealz Poland business. CEO Stephan Borchert emphasized the need to explore options to separate Poundland from the group during the financial year 2025.
3. <https://www.ft.com/content/4a343977-0705-4bdb-87fc-ecea8ffd7cdd> - Pepco Group, the owner of UK discount retailer Poundland, announced in March 2025 that it was exploring a potential sale of the 825-store chain. Founded in 1990, Poundland is known for its single price of £1 for various goods but has been facing difficulties in the challenging UK retail landscape. Pepco aims to shift focus from less profitable fast-moving consumer goods to clothing and general merchandise, as this segment has not been beneficial for the group. The company admitted that its efforts to integrate all three brands, including Pepco and Dealz, had not been successful.
4. <https://www.theguardian.com/business/2025/mar/06/poundland-up-for-sale-as-budget-tax-changes-drive-up-costs> - In March 2025, Pepco Group announced it was considering all strategic options, including a potential sale, for its 825-store Poundland chain in the UK. The decision was influenced by the UK's challenging retail environment and increased wage costs resulting from the government's budget tax changes. Pepco Group stated that it would focus on its more profitable Pepco brand and consider separating its successful Dealz Poland business. CEO Stephan Borchert emphasized the need to explore options to separate Poundland from the group during the financial year 2025.
5. <https://www.gordonbrothers.com/press-release/gordon-brothers-completes-big-lots-purchase-facilitates-going-concern-sale/> - In January 2025, Gordon Brothers, a global asset management firm, completed the purchase of Big Lots Inc. and facilitated the U.S. closeout retailer’s going concern sale. This strategic move preserved the Big Lots brand, kept hundreds of stores operational, and prevented thousands of layoffs. Gordon Brothers transferred Big Lots’ assets, including stores and distribution centers, to other retailers and companies, such as Variety Wholesalers, Inc., ensuring the continuity of the brand and employment opportunities.
6. <https://www.prnewswire.com/news-releases/big-lots-closes-sale-to-gordon-brothers-retail-partners-302342219.html> - In January 2025, Big Lots, Inc. announced the successful closure of its sale agreement with Gordon Brothers Retail Partners, LLC. This transaction enabled Variety Wholesalers, Inc. to acquire between 200 and 400 Big Lots stores, which it plans to operate under the Big Lots brand, along with up to two distribution centers. The deal aimed to preserve thousands of jobs, maximize value, and maintain the Big Lots brand, with the transition being managed closely by the Gordon Brothers and Variety Wholesalers teams.
7. <https://www.retail-systems.com/rs/Poundland_Owner_Considers_Sale.php> - In March 2025, Pepco Group, the parent company of Poundland, confirmed it was exploring a potential sale of the UK discount retailer due to mounting financial pressures and a challenging trading environment. The company reported a significant decline in profits, with underlying earnings for Poundland expected to range between €50 million and €70 million for the year. Pepco Group acknowledged the need to focus on its more profitable Pepco-branded stores across Europe and considered separating its successful Dealz Poland business.