# Poundland faces closure of up to 200 stores amid sale talks and financial struggles



As negotiations regarding the sale of Poundland intensify, reports indicate that hundreds of stores within the 825-strong chain are at risk of closure. Since being put up for sale in March, Poundland's future has become increasingly uncertain, with bids expected early this week. The potential deal could lead to significant job losses, affecting thousands of employees as the company grapples with mounting pressures in the UK retail landscape.

Poundland, traditionally known for its £1 price tag, has been struggling to maintain profitability amid rising operational costs and stiff competition from rivals such as Tesco, Aldi, and Lidl. The firm’s management has identified up to 200 underperforming outlets as candidates for closure, reflecting a strategic pivot aimed at streamlining operations. The Times has suggested that the acquisition process might see the chain sold for as little as £1, underscoring the dire state of affairs within the business.

The circumstances surrounding Poundland’s potential sale can be attributed to several broader economic factors. The Pepco Group, which owns Poundland, has faced a considerable financial setback, posting a net loss of €662 million after taking a €775 million impairment charge due to poor performance. In light of these challenges, Pepco is shifting its focus away from fast-moving consumer goods in favour of more lucrative clothing and general merchandise. According to CEO Stephan Borchert, the company is actively exploring all strategic options, including the separation of Poundland from the group.

Financial experts have pointed to rising employer taxes and increased National Insurance contributions, which are set to further squeeze margins. This coincides with a general downturn in consumer spending as households grapple with soaring costs of living, prompting budget retailers to reassess their strategies. The demand for non-essential items has declined sharply, leaving stores with little room to manoeuvre financially. Russ Mould, an investment director at AJ Bell, elaborated on this sentiment, noting that "Poundland has come to symbolise the forgotten wasteland of UK high streets, full of copycat outlets."

Adding complexity to the sale process is the role of recent leadership changes at Poundland. Barry Williams, a former managing director, has returned to the board, tasked with implementing a turnaround strategy aimed at revitalising the brand. In an official statement, a Pepco spokesperson outlined the company's objective to simplify its business model while focusing on core strengths and a clearer pricing strategy to regain customer loyalty.

The anticipated closure of around 200 stores not only reflects Poundland's operational struggles but also signifies a troubling trend within the UK retail sector, where budget chains are increasingly squeezed by rising competition and costs. Previous anecdotes of similar chains, such as the closure of Poundworld’s 350 stores in 2018, serve as cautionary tales. Industry analysts are closely watching whether potential buyers, including noted interest from restructuring specialists like Hilco Capital and Modella Capital, will emerge with robust plans to salvage the brand.

As the bids for Poundland loom, the ramifications are likely to reverberate across the retail landscape, raising questions about the viability of budget retailing in a climate characterised by financial strain and evolving consumer expectations. With its financial future hanging in the balance, Poundland’s ability to navigate this challenging environment will be crucial in determining its legacy and ongoing relevance to shoppers across the UK and Ireland.

### Reference Map

* Paragraph 1: [[1]](https://www.dailyrecord.co.uk/lifestyle/hundreds-poundland-stores-risk-closure-35249747)
* Paragraph 2: [[1]](https://www.dailyrecord.co.uk/lifestyle/hundreds-poundland-stores-risk-closure-35249747), [[6]](https://www.theguardian.com/business/2025/mar/06/poundland-up-for-sale-as-budget-tax-changes-drive-up-costs)
* Paragraph 3: [[2]](https://www.reuters.com/business/retail-consumer/pepco-group-considers-sale-poundland-business-uk-2025-03-06/), [[3]](https://www.ft.com/content/4a343977-0705-4bdb-87fc-ecea8ffd7cdd), [[4]](https://www.reuters.com/business/retail-consumer/pepco-look-every-strategic-option-uks-poundland-2024-12-10/)
* Paragraph 4: [[4]](https://www.reuters.com/business/retail-consumer/pepco-look-every-strategic-option-uks-poundland-2024-12-10/), [[5]](https://www.reuters.com/business/retail-consumer/discounter-pepco-says-poundland-sales-slide-christmas-quarter-2025-01-16/), [[6]](https://www.theguardian.com/business/2025/mar/06/poundland-up-for-sale-as-budget-tax-changes-drive-up-costs)
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* Paragraph 6: [[3]](https://www.ft.com/content/4a343977-0705-4bdb-87fc-ecea8ffd7cdd), [[6]](https://www.theguardian.com/business/2025/mar/06/poundland-up-for-sale-as-budget-tax-changes-drive-up-costs)
* Paragraph 7: [[1]](https://www.dailyrecord.co.uk/lifestyle/hundreds-poundland-stores-risk-closure-35249747), [[6]](https://www.theguardian.com/business/2025/mar/06/poundland-up-for-sale-as-budget-tax-changes-drive-up-costs)

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## Bibliography

1. <https://www.dailyrecord.co.uk/lifestyle/hundreds-poundland-stores-risk-closure-35249747> - 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/> - Pepco Group is evaluating strategic options, including a potential sale, for its 825-store Poundland business in the UK. Despite a turnover exceeding €2 billion, Poundland faces challenges in the UK retail landscape, compounded by increased employer taxes. Following a €775 million impairment charge, Pepco reported an annual net loss of €662 million. The company plans to focus on its Pepco brand and is considering separating its successful Dealz Poland business. CEO Stephan Borchert will lead Pepco, with Barry Williams as Poundland's managing director. ([reuters.com](https://www.reuters.com/business/retail-consumer/pepco-group-considers-sale-poundland-business-uk-2025-03-06/?utm_source=openai))
3. <https://www.ft.com/content/4a343977-0705-4bdb-87fc-ecea8ffd7cdd> - Pepco Group, owner of UK discount retailer Poundland, is exploring a potential sale of the 825-store chain. Founded in 1990, Poundland 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. The company admitted that its efforts to integrate all three brands, including Pepco and Dealz, had not been successful. With around €2 billion in annual sales, Poundland is still a strong brand, but rising wage and employer costs from April will add financial pressure. ([ft.com](https://www.ft.com/content/4a343977-0705-4bdb-87fc-ecea8ffd7cdd?utm_source=openai))
4. <https://www.reuters.com/business/retail-consumer/pepco-look-every-strategic-option-uks-poundland-2024-12-10/> - Pepco Group's new CEO, Stephan Borchert, announced that the company will explore all strategic options for its struggling UK business, Poundland, following a significant non-cash impairment charge of €775 million due to poor performance. Poundland, which operates 836 stores and contributes 30% of Pepco Group's total revenue, has seen a 3.6% decline in like-for-like sales and a 21.5% drop in underlying earnings to €153 million in the year ending September 30. Borchert noted ongoing challenges in the new financial year, particularly in clothing and general merchandise, attributed to a shift to Pepco-sourced product ranges. The company aims to revive Poundland's DNA by reintroducing products priced at one pound. Further details on the strategy will be revealed on March 6 during a Capital Markets Day. Additionally, the UK government's recent tax-raising budget will result in additional costs in the lower double-digit millions of pounds for the group. ([reuters.com](https://www.reuters.com/business/retail-consumer/pepco-look-every-strategic-option-uks-poundland-2024-12-10/?utm_source=openai))
5. <https://www.reuters.com/business/retail-consumer/discounter-pepco-says-poundland-sales-slide-christmas-quarter-2025-01-16/> - Discounter Pepco Group reported a 7.3% decline in underlying revenue for its Poundland business in Britain during the Christmas quarter. The group's like-for-like revenue fell 1.1% in the fiscal first quarter, an improvement from a 3.5% decline in the previous quarter. The performance was stronger at Pepco and Dealz with increases of 1.4% and 6.6%, respectively. Poundland's decline was attributed to continued weakness in clothing and general merchandise and challenging market conditions. Following a €775 million impairment charge, the group recorded a €662 million net loss for the year. CEO Stephan Borchert emphasized the priority of improving Poundland's performance. Despite no planned net new stores for the year, total group revenue rose 3.1% to €1.93 billion, aided by the opening of 63 new stores, with group gross margin improving by over 140 basis points. Further strategic details are expected at a Capital Markets Day on March 6. ([reuters.com](https://www.reuters.com/business/retail-consumer/discounter-pepco-says-poundland-sales-slide-christmas-quarter-2025-01-16/?utm_source=openai))
6. <https://www.theguardian.com/business/2025/mar/06/poundland-up-for-sale-as-budget-tax-changes-drive-up-costs> - Poundland is to be put up for sale after the owner of the UK cut-price retail chain said it faced tough competition and increased wage costs from next month under Labour’s tax-raising plans. The Poland-based Pepco Group said it was considering “all strategic options” to spin out the struggling 825-store chain from the wider group, including a potential sale, as it focused on its more profitable Pepco brand. The move comes as WH Smith is expected to whittle down bids for its high street chain from suitors including the restructuring specialists Hilco and Alteri as well as HMV’s owner, Doug Putman. Retailers have warned of thousands of job cuts as they face higher costs from national insurance contributions (NICs) increases and slow sales growth, with UK households keeping a tight rein on spending amid rising costs of energy bills, groceries, rent and mortgages. Budget chains such as Poundland are having a particularly tough time due to rising competition from supermarkets, including Tesco, Aldi, Lidl, as well as the expansion of groups such as Savers, The Range and Home Bargains. These retailers’ slim profit margins also give them little room to absorb additional costs, while low-wage shoppers now have little spare cash for non-essentials. Last year, Poundland’s rival Poundstretcher was bought by Majestic Wine’s owner, Fortress, in its latest rescue deal, while another rival, Poundworld, closed its 350 stores in 2018. Russ Mould, the investment director at AJ Bell, said it was no surprise that Pepco had put its UK business up for sale: “Poundland was once the envy of retailers across the UK, attracting significant footfall and customers filling their baskets on every journey. Now, Poundland has come to symbolise the forgotten wasteland of UK high streets, full of copycat outlets and sandwiched between charity shops and vape stores. Finding a buyer won’t be an easy task and any deal will likely lead to store closures and job cuts. Poundland needs to be slimmed down and refocused so it has a chance of getting back on top.” Pepco Group said Pepco made the “vast majority” of its earnings and the group wanted to “further build on that strong base ultimately as a single pan-European format”. Pepco warned over annual earnings at Poundland amid “more difficult” trading conditions and as costs soared. The company said underlying earnings would come in at between €50m and €70m (£41.9m and £58.6m) after sales remained in negative territory over January and February. “Poundland is a strong brand that serves millions of customers every week and had around €2bn in annual turnover in financial year 2024, but it is also operating in an increasingly challenging UK retail landscape that is only intensifying,” it said. ([theguardian.com](https://www.theguardian.com/business/2025/mar/06/poundland-up-for-sale-as-budget-tax-changes-drive-up-costs?utm_source=openai))
7. <https://www.bbc.com/news/articles/cjll3gkx40xo> - A Grimsby discount store is set to close after just eight months of trading. Poundland confirmed its shop in Freeman Street would close on 2 July. A spokesperson for the chain said it had been "unable to secure a long term lease that would enable us to keep trading". The store was taken over by Poundland last year after its owner Pepco Group took on the leases of dozens of Wilko shops. ([bbc.com](https://www.bbc.com/news/articles/cjll3gkx40xo?utm_source=openai))