# Poundland sold to US firm as major store closures loom amid mounting losses



Poundland's recent sale to Gordon Brothers, a US investment firm specialising in distressed assets, marks a turbulent chapter in the budget retailer's storied history. Acquired by Polish-based Pepco in 2016, Poundland has faced ongoing operational struggles that led to its sale for a "nominal" sum. Amid declining sales—down by 6.5% in the six months leading up to March 31, 2025—the decision to divest has significant implications for its future, including the closure of numerous stores across the UK.

The restructuring plan associated with the new ownership will incorporate closures that affect a considerable portion of Poundland's 16,000-strong workforce. Locations already slated for closure in coming months include the store on Barrow Dalton Road, which will close on June 12, followed by four others in Bristol, Flint, Cowes, and Newquay throughout July and August. The scale of closures suggests a strategic shift aimed at mitigating financial losses linked to the rising operational costs, including increased employer National Insurance contributions that took effect in April.

Historically, Poundland has thrived on its low-cost business model, catering to budget-conscious consumers. However, it now competes with a diverse array of retailers, including B&M, Home Bargains, Aldi, and Lidl, all of which have aggressively expanded their market share. This diverse competition, coupled with escalating wage and operational costs, has placed substantial pressure on Poundland’s profitability. A spokesperson for Poundland suggested that regular reviews of its store portfolio would become more frequent as leases expire, determining the viability of individual locations.

The financial statistics associated with Pepco, Poundland’s former parent company, back this struggle. Despite generating substantial annual sales, the retail environment in the UK has shifted dramatically, leading to a reported impairment charge of over €1 billion attributed to Poundland's underperformance. Pepco’s broader strategy will now focus on its more profitable brands, such as Pepco and Dealz, suggesting a potential withdrawal from the UK market entirely by September 2025. Future projections indicate a bleak outlook for Poundland, with estimates suggesting EBITDA could drop to between €0 and €20 million—far below previous forecasts.

Interestingly, although Poundland is closing numerous stores, it had initially grown its footprint by converting some former Wilko locations into Poundland outlets last year. However, even these recent endeavours have not yielded the intended long-term success, with plans to close nine of these locations shortly after their opening. The retailer has reassured affected employees that they are being offered roles in nearby stores, underlining a commitment to its workforce amidst widespread closures.

Overall, the changing retail landscape and Poundland’s inability to adapt adequately to rising costs and shifting consumer habits have culminated in a critical juncture. The future viability of Poundland as part of the UK retail fabric remains uncertain, with immediate challenges that require strategic resilience from its new owners, Gordon Brothers. As the dust settles on this latest chapter, the company's ability to pivot and redefine its value proposition will be crucial in determining whether Poundland can regain its footing in a fiercely competitive market.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.express.co.uk/news/uk/2068112/poundland-sold-store-closures-list), [[2]](https://www.ft.com/content/31c6338d-74c8-4c71-ad20-337beade4c71)
* Paragraph 2 – [[1]](https://www.express.co.uk/news/uk/2068112/poundland-sold-store-closures-list), [[6]](https://www.gbnews.com/money/poundland-store-closures-wilko-sites-full-list)
* Paragraph 3 – [[2]](https://www.ft.com/content/31c6338d-74c8-4c71-ad20-337beade4c71), [[4]](https://www.ft.com/content/4a343977-0705-4bdb-87fc-ecea8ffd7cdd), [[5]](https://www.reuters.com/business/retail-consumer/pepco-group-considers-sale-poundland-business-uk-2025-03-06/)
* Paragraph 4 – [[3]](https://www.reuters.com/markets/europe/pepco-group-expects-poundland-exit-by-september-2025-05-22/), [[6]](https://www.gbnews.com/money/poundland-store-closures-wilko-sites-full-list)
* Paragraph 5 – [[7]](https://www.gbnews.com/money/poundland-store-closures-full-list-shops), [[2]](https://www.ft.com/content/31c6338d-74c8-4c71-ad20-337beade4c71)

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## Bibliography

1. <https://www.express.co.uk/news/uk/2068112/poundland-sold-store-closures-list> - Please view link - unable to able to access data
2. <https://www.ft.com/content/31c6338d-74c8-4c71-ad20-337beade4c71> - Poundland, the UK discount retailer, has been sold for a nominal sum to Gordon Brothers, a firm specialising in distressed assets. The sale follows a series of missteps by its parent company, Pepco Group, which acquired Poundland in 2016. To support the sale, Pepco will roll over a £30 million secured loan and provide an additional £30 million overdraft tied to a restructuring plan. This plan may involve store closures and job losses, affecting a workforce of 16,000 across 825 locations. Poundland's sales declined by 6.5% over the six months to March 31, 2025, after Pepco replaced its clothing and homeware ranges with products sold in continental Europe. Founded in 1990, Poundland has faced increasing competition from retailers like B&M, Home Bargains, Aldi, and Lidl, as well as rising operational costs. Gordon Brothers plans to inject up to £80 million to support the turnaround, with current managing director Barry Williams remaining in charge. Pepco aims to focus on its more profitable European brands, Pepco and Dealz, following the sale of Poundland. Despite generating around €2 billion in annual sales, Poundland operates in an increasingly challenging UK retail environment, contributing to a sharp decline in Pepco’s share value since 2021.
3. <https://www.reuters.com/markets/europe/pepco-group-expects-poundland-exit-by-september-2025-05-22/> - Pepco Group, the European discount retailer listed in Warsaw, announced its plans to exit its struggling British Poundland business by September 2025. The group, which also owns Dealz and Pepco brands, is aiming to shift away from the fast-moving consumer goods (FMCG) market. Poundland continues to experience difficult trading conditions, with revenue down 6.5% and underlying EBITDA plummeting by 75% to 22 million euros in the first half of the current financial year. The company has revised its full-year EBITDA forecast for Poundland to between 0 and 20 million euros, down from previous estimates of 50 to 70 million euros. Pepco has already recorded non-cash impairment charges totaling 1.009 billion euros due to Poundland's poor performance. Despite these setbacks, the group overall posted a 4.3% increase in revenue to 3.34 billion euros, although its underlying EBITDA dropped by 5.5% to 460 million euros. Pepco remains optimistic about its core brand, maintaining a forecast of high single-digit revenue and EBITDA growth for 2024/25 and planning to open 250 new stores. U.S.-based Gordon Brothers is reported to be the leading candidate to acquire Poundland. Shares of Pepco Group have risen 12% year-to-date.
4. <https://www.ft.com/content/4a343977-0705-4bdb-87fc-ecea8ffd7cdd> - Pepco Group, the owner of UK discount retailer Poundland, has announced that it is exploring a potential sale of the 825-store chain. Poundland, founded in 1990, is known for its single price of £1 for various goods, but it 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. 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. Pepco acknowledged interest from potential buyers and expects a decision by September. While Pepco's shares rose by 5.6% in Warsaw, they have significantly declined since its 2021 listing. Poundland's underlying profits are anticipated to drop sharply this year. Pepco will focus on the Pepco brand in the future and may consider the separation of its successful Dealz Poland stores.
5. <https://www.reuters.com/business/retail-consumer/pepco-group-considers-sale-poundland-business-uk-2025-03-06/> - Pepco Group is considering strategic options, including a potential sale, for its struggling Poundland business in the UK this year. Despite a turnover of over €2 billion, Poundland is facing a challenging retail environment, compounded by increased employer taxes. Following a significant impairment charge of €775 million, Pepco Group reported an annual net loss of €662 million. The company plans to focus on its Pepco brand and consider separating its successful Dealz Poland business. CEO Stephan Borchert will lead Pepco, with Barry Williams as Poundland's managing director. While like-for-like sales rose 1.5%, Poundland's EBITDA is expected to decline. The board has authorized a share buyback of up to €200 million.
6. <https://www.gbnews.com/money/poundland-store-closures-wilko-sites-full-list> - Poundland is closing nine former Wilko stores which it opened under the Poundland brand just months ago. It's understood employees working at the affected locations have been offered roles in nearby stores. The retailer's owner Pepco agreed to buy up to 71 Wilko stores in September, subsequently converting 64 former Wilko shops by mid-December. A spokesperson for Poundland said: "We moved really quickly to open a significant number of former Wilko stores in the final calendar quarter of 2023 so we could offer roles quickly. While it’s disappointing we haven’t been able to make a small number of them work in the long-term, all the people employed at those stores have been offered roles at nearby locations."
7. <https://www.gbnews.com/money/poundland-store-closures-full-list-shops> - Poundland is set to close three more stores across the UK next month, as the discount retailer's future hangs in the balance. The closures come as Poundland's parent company, Pepco Group, has put all 825 of its UK stores up for sale. The Clapham Junction branch in London will be the first to shut its doors permanently on May 2, just three years after opening in 2022. This will be followed by the Belle Vale shopping centre store in Liverpool, which will cease trading on May 6. The St George's Centre location in Gravesend, Kent, is also confirmed for closure, though the exact date has not yet been announced. Signs of a "closing down sale" have already appeared in the Gravesend branch, with shoppers reportedly queuing for half-price deals. Poundland set to close three more stores in weeks. The move could signal a shift in focus towards Pepco’s more profitable European operations. Rising costs in the UK — including higher national insurance contributions and an increased minimum wage — have added pressure to the business. A Poundland spokesperson said the company regularly reviews its store portfolio, particularly as leases expire or come up for renewal. Poundland has confirmed the closure of three UK stores in May: Clapham Junction Station, London – Closing on May 2; Belle Vale Shopping Centre, Liverpool – Closing on May 6; St George’s Centre, Gravesend, Kent – Closure date TBC. Poundland, a high street staple since 1990, was acquired by Steinhoff International for £610million in 2016. But the retailer has faced mounting financial challenges in recent years. The company has also faced rising losses from shoplifting.