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In the first quarter, Śnieżka's was improved

The Q1 of 2021 brought the Śnieżka Group an increase in consolidated sales revenues and profits. Proceeds from the Polish market increased by almost a fifth, which - apart from the persistently high demand for high-end products - was the result of greater number of orders from trading partners preparing for the spring peak of Poles' interest in decorative products.

In the first three months of 2021, all Group companies generated consolidated sales revenues of PLN 182.6 million, i.e. 8.8% higher than in the corresponding period of the previous year. The higher sales in Poland, which made up for the weaker performance on foreign markets, positively affected the consolidated revenues of this period.

The domestic market stood out among the main markets of the Group, where revenues amounted to PLN 126.6 million and improved by 19.5% compared to the same period of the previous year. The increase in the value of sales in Poland resulted, inter alia, from the follow-up of premiumization trend, as well as the increased level of orders placed by Śnieżka's trading partners in all distribution channels before the season, particularly in March this year.

- Also in the Q1 of this year, we observed Poles' interest in renovating and refreshing their homes with better quality products, such as our Magnat paints. Whereas, the prolonged winter resulted in a slightly smaller interest in thermal insulation systems. Ultimately, we performed well, although the main part of the renovation season is full of challenges. We also bear in mind that last year's excellent performance in the Q2 was based on factors stemming from the new pandemic reality then and the related renovation boom - comments Joanna Wróbel-Lipa, Vice President of the Management Board of FFIL Śnieżka SA.

Sales on the other main markets of the Group - in Hungary, Ukraine and Belarus - were jointly by 8.9% lower than in the previous year. This was the aftermath of, in addition to the consequences of the COVID-19 pandemic, unfavourable weather conditions, as well as changes after implementing the new operating model in the Group's foreign companies.

During the first three months of 2021, the Group's consolidated profits and margins increased at almost all levels. Earnings before interest and taxes (EBIT) was PLN 22.0 million (+ 9.7% year-on-year), and EBITDA was PLN 30.8 million (+ 9.6% year-on-year). Consolidated net profit improved by 12.9% year-on-year, to the amount of PLN 17.3 million. The profit attributable to the parent company's shareholders reached PLN 16.3 million (+ 14.8% y/y).

The Śnieżka Group's performance is significantly influenced by the seasonality related to weather conditions, therefore the sales results should be analysed after the end of the season (i.e. after the third quarter), and the financial performance: on an annual basis.

Follow-up investment and bumper dividend

The Śnieżka Group proceeds with the largest investment cycle in its history. In the Q1 of 2021, PLN 24.6 million was allocated to it, most of which was spent on the on-going construction of the new Logistics Centre in Zawada. The investment in question is scheduled to enter the key testing phase in the third and fourth quarter of this year.

Following the end of the first quarter, on April 29, the Ordinary General Meeting of FFIL Śnieżka SA made a decision to pay dividends on the basis of 2020 earnings. Its amount was set in line with the management board's recommendation at PLN 45.4 million, i.e. PLN 3.6 per share. This is nominally the highest dividend distributed in the company's history. The payment is scheduled for May 31 this year.

Facing the effects of the pandemic and the raw materials

The challenges the Group still tackles with include the unpredictable long-term impact of the COVID-19 pandemic. It can affect both the pace of economic development of countries and the purchasing power and consumers' choices.

The Group also monitors the situation on the raw materials market on an on-going basis after the end of last year and the first months of 2021, where temporary issues related to their availability occurred, which with high demand, contributed to increasing their prices.

- As yet the turmoil on the raw materials market has had little impact on the operation of our production companies and the Group's performance in the first quarter of this year. Currently, the situation as regards the availability of raw materials - with the exception of individual cases - has stabilized. Yet it is difficult to predict today the long-term consequences, including the level of prices of raw materials in many industries, not only in Poland, but also in the world in the long term - adds Joanna Wróbel-Lipa.

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