

Excellent performance and a change in the operating model - Śnieżka summarizes 2020

In 2020, the Śnieżka Group achieved very good sales and financial results, followed by unexpected spring renovation boom and very good performance of the two most important foreign companies of the Group. It was also a busy period in terms of investments in logistics, IT and production lines. Śnieżka has also completed a key stage in the process of implementing a new operational model based on competence centres.

The past year was exceptionally successful for manufacturers of paints and agents for the protection and decoration of wood. In Poland - on the most important market for Śnieżka Group - lockdowns and other effects of the COVID-19 pandemic made that Poles spend more time in their homes. Thus, many entities decided to carry out renovation - including wall painting or other renovation works in their apartments, houses and gardens. Even greater interest in decorative products was observed in Hungary - the second essential market of the Group.

In 2020, the total sales revenues of all the Group companies amounted to PLN 821.3 million, an increase of 14.5% compared to the previous year.

- Polish consumers, similarly to Hungarian and Ukrainian ones, eagerly aimed at decorative paints, especially those of higher quality. Therefore, the COVID-19 pandemic did not have a negative impact on our performance on two major markets, but even supported them. The positive impact was noticeable mainly in the first part of the season, and in the following months the demand stabilized and returned to the pre-pandemic levels - comments Piotr Mikrut, CEO of FFIL Śnieżka SA.

At a time of heightened uncertainty, customers chose the brands they have the most confidence in. Hence, a significant role in the pandemic era was played by highly recognizable brands of the Group's, i.e. Magnať, Śnieżka, Vidaron, Rafil and Foveo-Tech on the Polish market and Poli-Farbe on the Hungarian one.

In 2020, the Group's consolidated net profit increased by 37.6%, reaching PLN 86.2 million. Consequently, the increase in consolidated sales revenues, accompanied by a lower increase in costs, the operating profit EBIT also increased - to PLN 102.5 million (+ 29.8%) and the EBITDA result - to over PLN 136.1 million (+27 , 4% y/y). The margins have also improved.

Śnieżka places importance on competence centres and logistics

In 2020, the Group, after a period of intense growth - also on the international arena - commenced implementing the changes scheduled many years ago in the operating model and management concept. The change was followed by dividing competence centres for the most important areas of the Group's operations. The key stage of this process is the transfer, at the beginning of 2021, of the Commercial Division (conducting marketing and sales activities) from the structures of FFIL Śnieżka SA to its 100% controlled subsidiary - Śnieżka Trade of Colours Sp. z o.o.

As a result of the change, FFIL Śnieżka SA - apart from the fact that it invariably sets the strategy and manages the Group - has become a competence centre in the field of supply chain management (purchasing, distribution, warehousing, logistics, information flow), IT, production and technology as

well as research and development. The parent company is also to act as a shared services centre. In turn, Śnieżka Trade of Colours has become a competence centre in the field of sales and marketing.

The strategies, processes and best practices developed by these centre companies are to further implemented in other Group companies - both in Poland and abroad (taking into account the specificity of local markets). The changes will allow the Group to increase its effectiveness and competitiveness in the long term.

Śnieżka's plans of further expansion

In addition to implementing the new operating model based on competence centres at FFIL Śnieżka and Śnieżka ToC, the Group will address further strengthening its position on key markets: Poland, Hungary, Ukraine and Belarus.

- One of the priorities in this area will be the fight for market shares in Hungary, in the most attractive product segments for us. After last year's work to increase the operational efficiency of Poli-Farbe, we are very well prepared for this, says Piotr Mikrut.

In the near future, logistics will also be an important area of the Group's development. Efficient supply chain management is a crucial element of the Group's competitiveness as a modern organization. This was reflected in the appointment of a new member of the management board of FFIL Śnieżka SA, who will be responsible for this area.

The launch of the Logistics Centre will affect a swift supply of the market with products, efficient response to current sales trends and maintenance of an optimal balance between the level of production and stock. In 2020, Śnieżka completed the first stage of the investment and proceeded with its second stage. The commissioning of the facility is scheduled for the first months of 2022.

Challenges on the horizon

Concurrently, several challenges are ahead, such as the effects of the COVID-19 pandemic, which generates high volatility in terms of both consumer trends, continuity of the supply chain and the broadly understood macroeconomic environment. In particular, the situation on the raw materials market will require painstaking monitoring and appropriate actions.

- The current problems of some suppliers pose a risk related to the temporary limitation of access to some raw materials used in production, which triggers a price increase. Similarly to most production companies in Poland, this presents us with challenges in terms of pricing and maintaining the level of achieved margins. It will be a dynamic year, but we believe that Śnieżka will perform better than the competition - adds Śnieżka's CEO.

Contact for the media:

Aleksandra Małozieć

FFIL ŚNIEŻKA SA Corporate Communication Director

Fabryka Farb i Lakierów Śnieżka SA

The company's seat: 00-854 Warszawa, Al. Jana Pawła II 23; mailing address: 39-207 Brzeźnica, ul. Dębicka 44

tel. +48 22 221 93 19 lub +48 14 681 11 11, fax tel. +48 14 682 22 22 NIP: 818-14-33-438 REGON: 690527477 KRS 0000060537

phone (014) 680-54-83, mobile +48 667 660 399

aleksandra.maloziec@sniezka.com

Marcin Gliński

NOBILI PARTNERS

mobile + 48 513 284 119

marcin.glinski@nobili.pl