

16 May 2023

The Śnieżka Group performs well after Q1

In Q1 of 2023, the Śnieżka Group generated sales revenues that were 6.1% higher than in the previous year and recorded an increase in profits. The performance was primarily influenced by higher sales on the most important Polish market for the Group. Śnieżka's priorities remain to develop the best possible market position and to protect margins.

In the first three quarters of this year, the Śnieżka Group generated sales revenues of PLN 201.4 million, i.e. 6.1% higher than in the previous year. This is primarily the effect of a 7.8% increase in sales y/y on the key Polish market for Śnieżka, which is responsible for approximately 70% of the Group's sales. The Śnieżka's sales increase is, inter alia, the effect of increased purchases this year by the Group's distribution partners in preparation for the renovation and construction season. The good sales performance was also supported by the implementation of a long-term pricing strategy by the Company.

Yet, unfavourable macroeconomic conditions and high uncertainty persist on the Group's key markets. This translates into a decrease in the purchasing power of consumers and careful spending. On the contrary, Śnieżka's performance is positively influenced by the continuing trend of premiumization, i.e. purchasing higher quality products, noticed primarily in Poland.

– We are satisfied with the performance achieved in this difficult and demanding environment. This was possible primarily thanks to the agility of our business model, which is based, i.a., on o recognizable, well-known brands, a wide product portfolio, optimized logistics and digitization of processes. This allows us to effectively respond to changes on the market and adapt the offer to our customers' preferences - commented Joanna Wróbel-Lipa, Vice-President of the Management Board of FFIL Śnieżka SA.

Demanding environment in Hungary and Ukraine

In Hungary, the Group faces similar challenges as on its domestic market, i.e. with falling purchasing power and unfavourable consumer sentiment. The Group's revenues on the Hungarian market in Q1 amounted to PLN 27.1 million, which accounts for 7.6% fall (21.8% y/y).

In Ukraine, the Group generated revenues of PLN 16,6 million, i.e. 89.3% (PLN 7,8 mln) higher compared to the previous year. However, the performance of Q1 of 2023 is incomparable to this obtained in the corresponding period of the previous year, as on February 25, 2022, after the outbreak of war, Śnieżka-Ukraina suspended deliveries and production. Operations were resumed on April 11, 2022, i.e. in Q2.

According to the Group's estimates, in Q1 of 2023, compared to the same period last year, there is a revival on the market of decorative paints and construction chemicals in Ukraine, particularly in its western and central regions. The situation in Ukraine still remains uncertain and demanding in many respects. Therefore, it is impossible to estimate the impact of the war in Ukraine on the future performance of the Group.

Revenues generated on the Hungarian market had a share of 13.4% in the total revenues of the Śnieżka Group in the period in question, and 8.3% on the Ukrainian market. On other markets, where the Group's products are sold, sales amounted to PLN 9.5 million, i.e. 6.0% higher than in the first three months of last year.

Profit growth in Q1

In the first three quarters of this year, the Group generated: operating profit in the amount of PLN 27.5 million (+54.5% y/y), EBITDA of PLN 37.5 million (+40.6% y/y) and consolidated net profit in PLN 17.2 million (+43.9% y/y).

– It is worth emphasizing that the Group's performance should be analysed after the end of the whole year. As in the case of the entire market, we still have to struggle with unfavourable and highly volatile macroeconomic environment. Currently, we are focusing on developing the best possible market position, while protecting our margins - adds Joanna Wróbel-Lipa.

The amount of the Group's profits at the operating and net levels generated in the period January-March 2023 was primarily affected by the increase in sales revenues. The performance was adversely affected by increases in sales costs by 4.0% and general administrative expenses by 11.6%.

As announced, capital expenditures in Q1 of 2023 were reduced and amounted to PLN 2.3 million. In 2023, the total value of capital expenditures in the Group will be significantly lower than in the previous year and, according to the current forecasts of the Management Board of Śnieżka SA, it may amount to approximately PLN 35 million.

Contact for the media:

Aleksandra Małozieć
Corporate Communication and ESG Director
FFIL ŚNIEŻKA SA
mobile +48 667 660 399
aleksandra.maloziec@sniezka.com

Dariusz Grębosz
NOBILI PARTNERS
mobile +48 513 284 119
dariusz.grebosz@nobili.pl