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Outstanding performance of the Śnieżka Group in the 2023 season

The Śnieżka Group recorded a successful season in 2023, achieving an increase in sales revenues by 8.3% y/y in the first three quarters. The sales increased by 9.0% on the Group's largest market, Poland. The share of the Ukrainian market, the third in the sales structure, again exceeded 10%, thus approaching pre-war levels. In turn, margins returned to pre-pandemic values.

For the first three quarters of 2023 the Śnieżka Group generated sales revenues of PLN 705.1 million (up by 8.3% y/y). The sales figures were primarily influenced by the increase in sales on the Polish market, which dominates the Group's total revenues (responsible for 68.8% of the Group's consolidated sales). Śnieżka also generated notably higher sales on the Ukrainian market y/y (an increase in PLN by 33.4%), which, at the same time, regained its share in the Group's revenue structure to the levels similar prior to the outbreak of the war.

The sales figures and profits in the reporting period were largely affected by the implementation of a long-term marketing and sales strategy, an element of which is the pricing policy. It assumes, inter alia: consistently implemented changes in product prices in response to rising prices of raw materials used in production as well as persistently higher costs of conducting a business activity (e.g. transport costs, logistics prices and salaries).

It should be emphasized, however, that unfavourable macroeconomic conditions still persist affecting the entire industry, where the Group operates. This includes: high inflation contributing to a decline in consumers' purchasing power and still unfavourable, although improving compared to last year, consumer sentiment indicators reflected in surveys. The Group's performance was positively influenced by the trend of premiumization, i.e. purchasing higher quality products, having been observed on the Group's key Polish market for several years. As for Śnieżka, these are the products of the Magnat and Vidaron brands.

– The 2023 season is a very successful one. Despite the difficult environment, Śnieżka turned out to be well prepared for the changing market situation. Strong foundations built over the years have borne fruit based on brands known and favoured by consumers, effectively implemented sales and marketing processes, including pricing, and largely automated and digitized production and logistics processes. We have returned to the margin levels achieved a few years ago, which was our priority this year - sums up the performance Joanna Wróbel-Lipa, vice-president of the management board, commercial director of FFIL Śnieżka SA.

Strong rebound of the Ukrainian market, lower demand on the Hungarian market

On the Ukrainian market, the Group recorded a strong year-to-year rebound after last year's deep decline. In Ukraine, the Group generated revenues of PLN 70,9 million, i.e. 33.4% higher than in the same period of 2022. In local currency, Śnieżka-Ukraine achieved 61.9% higher sales figures in the 2023 season.

Consumer sentiment and, therefore, renovation plans of Hungarians are strongly influenced by record inflation (in the entire period of January-September it reached 20.9% y/y). The weakening purchasing power of

customers reduces the demand for products of the entire industry. Consequently, the revenues generated by the Group in Hungary in the reporting period amounted to PLN 105.6 million and were 6.6% lower than a year earlier (in local currency by 6.4%). According to the Group's own data, the decline in the Group's sales was lower than the decline in sales in the entire local market.

During this period, revenues on the Hungarian market amounted to a 15.0% share in the total revenues of the Śnieżka Group (decrease by 2.4% y/y), whereas on the Ukrainian market - 10.1% (increase by 1.9% y/y). On other foreign markets, where the Śnieżka Group's products are sold, sales in total amounted to PLN 42.9 million, i.e. 9.7% higher than in the first nine months of last year and accounted for 6.1% of the total Group's revenues.

– In Poland, Ukraine and Hungary, our market shares have increased or have been maintained. This confirms that Śnieżka's wide portfolio in the decorative paints and construction chemicals market with recognizable brands, such as: Magnat, Śnieżka, Vidaron, Foveo-Tech and Rafil, responds efficiently to the customers' needs, who pursue to renovate or arrange their apartments, houses and gardens. This allows us to look ahead with optimism. We are tailoring our offer to consumers' expectations and emerging market trends. Śnieżka's ESG strategy includes, inter alia: product and environmental responsibility. Therefore, we make sure that our products have the lowest possible impact on the environment and are safe for consumers' health - adds Joanna Wróbel-Lipa.

Superb performance of Śnieżka's 2023 season

In the first nine months of this year the Group attained very good financial performance: consolidated net profit of PLN 82.5 million (an increase by 84.5% y/y), operating profit of PLN 115.9 million (an increase by 56.4% y/y) and EBITDA result of PLN 145.1 million (increase by 43.1% y/y). Net profit attributable to shareholders of the parent company amounted to PLN 77,0 mln (an increase by 93.0% y/y).

In Q3 of 2023 alone, the Group produced PLN 270.5 million in sales revenues (an increase by 9.2% y/y), PLN 55.3 million in operating profit (an increase by 74.2% y/y), PLN 65.0 million of EBITDA (an increase by 58.7% y/y) and PLN 41.2 million of net profit (an increase by 89.6% y/y). Net profit attributable to shareholders of the parent company amounted to PLN 38,7 mln (an increase by 94.2% y/y).

After 9 months of 2023, the Group's capital expenditure (CAPEX) amounted to PLN 13.1 million and was 66% lower than in the same period last year. The fall in capital expenditure stems from the Company's policy and is related to the end of the record investment cycle carried out in 2018–2022.

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