

## Dynamic increase of Wielton Group's revenues. Promotion to the position of vice-leader in Poland

- After the first quarter of 2022, revenues of Europe's leading manufacturer of semi-trailers, trailers and car bodies amounted to PLN 814.2 million, 29 per cent higher than in the same period of 2021.
- The dynamic growth in sales revenue was the result of increased sales volumes yoy by 16 per cent, product price increases and the positive impact of exchange rates.
- In the first quarter of 2022, sales of Group companies grew faster than the markets in which they operate. Wielton has risen to the position of vice-leader in the industry in Poland with a 16.2 per cent share. The company registered 35 per cent more vehicles than last year.
- Business margins remained under pressure from rising raw material and component prices and rapid increases in energy and fuel prices. Despite this, the Group generated positive EBITDA in all companies.
- The Group estimated that negative developments related to the state of war between Russia and Ukraine could result in the need to write down receivables, as well as impairment losses on assets, of up to approximately EUR 4 million. Although write-downs still cannot be ruled out, there is currently no basis for doing so due to the low probability of the anticipated risks materialising.
- The Group is taking steps to offset the loss of sales in the Russian and Ukrainian markets by, among other things, intensifying sales activities in other European countries and in Africa. Further geographic and sales diversification is planned by developing cooperation with strong partners, including trailer rental companies.

*In the first quarter of 2022, sales of Wielton Group companies grew more rapidly than the market, despite the challenges faced by the industry as a whole. We recorded double-digit sales growth in Poland, Germany, Italy and CEE. Higher revenues were the result of increased sales volumes, successively introduced product price increases and the positive impact of foreign exchange rates. Undoubtedly, the European and global economies are facing difficult times due to the consequences of the war in Ukraine. In our industry, we are already seeing signs of cooling demand and customers postponing purchase decisions due to high prices associated with rising costs of components, raw materials, energy or logistics. The shortage of drivers, resulting from the outflow of Ukrainian workers (especially in Poland), doesn't help the complicated situation either. We are currently focusing on activities related to adapting the organisation to the highly volatile market situation and maintaining cost discipline," says Mariusz Golec, CEO of the Wielton Group.*

# WIELTON GROUP

In the first quarter of 2022, the Wielton Group's consolidated revenues amounted to PLN 814.2 million. Year-on-year they increased by 29 percent. The group sold 6,073 products, 16 percent more than the first quarter of 2021.

In France, where the market remained at the same level as a year ago (up 0.5 percent), Fruehauf maintained its position as the industry leader with a 19.3 percent share, and its revenues rose by 11 percent to PLN 205.2 million. At the end of March, Fruehauf's backlog stood at 2,580 units. This represents an increase of nearly 15 percent compared to last year. April saw a recovery in the French market. Fruehauf registrations totalled 434 units, compared to 397 a year ago. The company's market shares rose to 23 percent from 19.2 percent in April 2021.

After a significant increase in demand in the Polish market last year, its growth rate declined yoy by nearly 3 percent in the first quarter of 2022. Registrations of vehicles from Wielton's offer increased by 35 percent during this period. As a result, with a share of 16.2 percent, the Company rose to the position of industry runner-up. After the first three months of 2021, Wielton's market share was 11.7 percent, giving it third place in the industry. The company's revenue increased by 41 percent to PLN 154.4 million. Its backlog was 8,485 units, up nearly 29 percent year-on-year.

With a 36 percent year-on-year registration rate in January-February, Lawrence David grew much faster than the UK market (up 21 percent). Its shares rose to 15.2 percent, up from 13.4 percent a year ago. As a result, it has strengthened its position as runner-up in the UK. In Q1, Lawrence David recorded PLN 123.9 million in revenue, increasing year-on-year by 34 percent. The improved performance in the UK market was influenced by an increase in the efficiency of the production process to more than 90 percent. At the end of the first quarter of 2022, Lawrence's backlog stood at 3,977 units, 62 percent higher than a year ago.

The group also grew rapidly in Germany, where the Langendorf and Wielton GmbH shelves increased registrations by 57 percent. Their growth rate exceeded that of the overall market by more than five times. In CEE, the Group registered 37 percent more vehicles than a year ago. At the same time, the market in the region grew by 20 percent. Wielton's market shares in the CEE group rose to 5.1 percent from 4.4 percent in 2021, giving the company fifth place in the market (it was the number four player there after the first quarter of 2021). Integration is underway with the Spanish company Guillén, of which the Group acquired an 80 percent stake in 2021. The acquisition has already brought the first purchasing synergies. From January to the end of March 2022, Guillén registered nearly 21 percent more vehicles than a year ago. At the same time, the Spanish market grew by 5 percent.

In the first quarter of 2022, the Group's net profit was PLN 9.7 million, compared to PLN 19.2 million a year ago and a net loss of PLN 6.7 million in 2020. EBITDA decreased by 17 percent, to PLN 36.5 million. After the first quarter of 2020, EBITDA amounted to PLN 17.7 million. Despite the pressure caused by the significant increase in prices and the reduced availability of raw materials and components, it generated an EBITDA margin of 4.5 percent. This result was better than that recorded in the first quarter of 2020 (3.7 percent). After the first quarter of 2021, the Group's EBITDA margin was 6.9 percent.

*The manufacturing industry and its margins remain under pressure from rising costs. Recently, record expensive raw materials and components have also been joined by rising energy and fuel prices. This, combined with high inflation and rising wage pressures, will require us to take additional measures to mitigate business risks. The change in the market situation related to the hostilities in Ukraine has necessitated an increase in working capital (due to the maintenance of higher inventories and higher receivables), i.e. a greater need for cash. This, in turn, translates into an increase in net debt, and thus in the net debt/EBITDA ratio. Given the market situation, it remains at a safe level of 3.46. In the near term, we will focus on maintaining safe, high liquidity. We believe that the initiatives taken, along with maintaining our current financial discipline, will allow us to respond effectively to the challenges of the market,"* says **Piotr Kamiński, CFO of the Wielton Group.**

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#### **About the Wielton Group**

The Wielton Group is one of the three largest manufacturers of semi-trailers, trailers and car bodies in Europe and the top ten producers in the industry worldwide. Wielton Group's mission is to create and deliver the best transportation solutions for business. The Group bases its activities on four key values, which include people, initiative, quality and safety. The entire Group currently employs more than 3,600 people, with the largest number, over 2,000, working at the Wieluń plant.

Wielton S.A., listed on the Warsaw Stock Exchange, is the parent company of the Wielton Group. The Group's strength is its consistently implemented strategy, based on organic growth and acquisitions. In 2015, the Group acquired the leading Italian brands Viberti and Cardi and the French company Fruehauf. In May 2017, the Wielton Group acquired the German company Langendorf, thereby expanding its offering to include, among other things, specialised vehicles for transporting glass and precast concrete. The acquisition of Lawrence David in September 2018 allowed the Group to add more unique vehicles to its portfolio. Particularly noteworthy are home delivery bodies and pillarless curtainsider trailers. In turn, the acquisition of Guillén Desarrollos Industriales enabled the Group to expand into another important market - Spain.