

Press release

## **Wielton Group with sales growth after 1H2022. Prioritise cost discipline and supply chain security.**

- **After the first half of 2022, revenues of Europe's leading manufacturer of trailers, semi-trailers and truck bodies amounted to about PLN 1.64 billion, 25.1 percent higher than in the same period of 2021.**
- **The dynamic growth in sales revenues was the result of a 9.6 percent increase in sales volumes year-on-year, as well as price increases on products implemented by the Group.**
- **In the first six months of 2022, sales of Group companies grew faster than the markets in which they operate. Wielton maintained its leadership position in France and the industry's runner-up in Poland and the UK. German and Italian companies also strengthened their market positions.**
- **The Group generated positive EBITDA at all key companies despite record prices for raw materials and components and rapid increases in energy and fuel prices putting pressure on business margins.**
- **The Group's net results in H1 2022 were positively affected by non-recurring events recognised in the second quarter, including the revaluation of the estimate of the liability to account for the acquisition of full control of Lawrence David, the settlement of the Guillen acquisition, and the use of the zonal tax shield. Their combined impact on net income in the second quarter was PLN 53.9 million.**
- **The implemented recovery plan at Lawrence David has translated into a revival of sales and an improvement in this company's performance.**
- **The results were negatively affected by the difficult situation at the French company Fruehauf, whose results were below the Group's targets. Corrective actions have been implemented to improve efficiency.**
- **In response to market challenges, the Group continues its efforts to maintain supply chain security while maintaining high cost discipline.**

*In the first half of 2022, the Wielton Group recorded a solid 25% increase in consolidated revenues, with sales of its companies growing more rapidly than the markets in which they operate. The strengthening of market positions was particularly evident in Poland, Germany and Italy. We owe the higher revenues to maintaining the upward trend in sales volumes of our products and increasing their prices. We view our results for the first half of the year as good - despite rising production costs, we generated an EBITDA margin of up to 6.0 percent, and our backlog is at a safe level. Due to the unstable geopolitical situation and the observed cooling of demand, our efforts are currently focused on reducing the impact of the negative market environment on financial performance as much as possible. We take care both*

*to ensure the continuity of the supply chain, as well as for the Group's energy security,"* says **Mariusz Golec, CEO of the Wielton Group.**

In the period from January to June 2022, consolidated revenues of the Wielton Group amounted to about PLN 1.64 billion, increasing by 25.1 percent compared to the first half of 2021. The Group sold 11,946 units of products, 9.6 percent more than a year earlier.

Wielton maintained its position as the Polish market's vice-leader, a position it advanced to in the fourth quarter of 2021, with a market share of nearly 16 percent in the first half of the year. Registrations of vehicles from Wielton's offer increased by 21 percent. During the same period, the Polish market declined by 8 percent. The company's revenue in the Polish market increased year-on-year by 43.7 percent to PLN 335.9 million. Its backlog at the end of June totalled 5,808 units, down nearly 14 percent from last year.

In France, where the market declined by 2 percent, Fruehauf maintained its position as the industry leader with a 20 percent share, and its revenues increased by almost 11 percent to 380.9 million zlotys. The company's performance remained under pressure from the difficult labour market situation in France (problems in recruiting employees and increasing wage pressure), which negatively affected the Group's financial results. Measures have been implemented to improve the efficiency of Fruehauf, the first positive effects of which are expected in future periods.

Similar measures have already improved the financial health and revived sales of Lawrence David, the UK market runner-up. In the first six months of 2022, it maintained second place in the market with a share of 13 percent and a 17 percent increase in vehicle registrations, slightly above the overall market. Lawrence David's revenue increased 51.9 percent, to PLN 261.6 million. Year-on-year, its backlog declined by 3.5 percent, to 3,139 units.

Langendorf and Wielton GmbH stood out in the first half of 2022 with a 57% revenue increase on the German market. Such significant growth allowed them to move from ninth to sixth place in the industry with a share increase to 2.5 percent. The overall German market grew by nearly 23.5 percent during the period. In CEE, the Group registered 38 percent more vehicles than a year ago. However, despite an increase in market share to nearly 6 percent, it fell to fifth place (it was fourth a year earlier). At the same time, the market in the region grew by nearly 19 percent.

Integration of purchasing, production and sales processes is underway with the Spanish company Guillén, 80 percent of which the Group acquired in 2021. From January to the end of June 2022, Guillén, ranked seventh in the market (share of 3.6 percent), registered about 8 percent more vehicles than a year ago. At the same time, the Spanish market grew by more than 5 percent.

In January-June 2022, the Group's net profit amounted to PLN 85.8 million, compared to PLN 41.1 million a year ago and a net loss of PLN 0.8 million in 2020. EBITDA increased by 6.6 percent to PLN 97.6 million. After the first half of 2020, EBITDA amounted to PLN 23.8 million.

# WIELTON GROUP

Despite deepening cost pressures, caused by record price increases and reduced availability of raw materials and components, as well as more expensive energy and fuels, the Wielton Group generated an EBITDA margin of 6.0 percent (it was 4.5 percent in the first quarter of this year). This result was almost double than recorded in the first half of 2020 (2.9 percent). A year ago, the Group's EBITDA margin was 7.0 percent.

*Our net result in the first half of the year was positively affected by non-recurring events, including the settlement of the Guillen acquisition, the revaluation of the estimate of the liability to settle the acquisition of full control of Lawrence David, and the use of the zonal tax shield. In the second quarter, their total impact amounted to PLN 53.9 million. However, our results for the second quarter of 2022 are also a cause for satisfaction without taking into account one-time events - both operating profit and net profit increased against the second quarter of 2021 by 29% and 10%, respectively. In the first half of 2022, the Wielton Group's need to increase its cash commitment to working capital increased its net debt-to-EBITDA ratio to a still-safe level of around 3.4. At the same time, the coverage of trade liabilities by current assets was at about 1.89. In the near term, we will focus on maintaining safe, high liquidity, which will allow us to respond more effectively to changes and market risks," 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, approx. 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.