

Wroclaw, 27 November 2020

Selena Group: financial results after the three quarters of 2020

Selena Group, one of the leading manufacturers and distributors of construction chemicals and the owner of the TYTAN PROFESSIONAL brand, at the end of Q3 2020 posted sales of PLN 1.04 billion, which is an increase of 2.6% year-on-year despite pandemic-related limitations in the business of its counterparties. After the three quarters of this year, the Group's net profit amounted to PLN 75.7 million, and operating profit (EBIT) reached PLN 110.2 million, up 71.1% compared to the same period of the previous year.

Despite the ongoing coronavirus pandemic, Selena Group posted strong financial results during the first three quarters of the year. The Group's gross profit in this period amounted to PLN 358.8 million, and was PLN 44 million higher year-on-year. This result was driven by e.g. the continued decline in the market prices of raw materials and production input. Gross profit margin has also improved to 34.6%, up 3.4 p.p. year-on-year, helped by the constantly growing share of innovative, high-margin products in the offer, and by optimisation of formulations of selected solutions.



“The economic disruption we are facing in 2020 has come as a shock, both in terms of supply and demand. However, European and Asian economies have already entered the rebound phase. Against this background, Selena as an entity operating in the construction materials industry will suffer the consequences of the crisis in a slightly different time perspective, as the projects embarked on in previous years are still being continued. On a European scale, we can expect a drop in demand in 2021–2022 due to a decrease in new projects. Nevertheless, after the three quarters of the year, our financial performance remains robust. European markets contributed 65% of

our total revenue. Compared to the previous period, growth has also been observed in Eastern Europe and Asia.

Currently, the main challenge facing Selena's leaders is to maintain relationships with our clients during the pandemic, including through new (online) contact channels, and a dedicated product offer to help them weather the slowdown. We have introduced a new series of products to the market – FAST & PRO, which significantly accelerate work on construction sites, thus helping contractors to make up for possible time losses. These products redefine the traditional working model, making it faster, simpler and more modern. Since the beginning of our business, we have focused on innovative products adapted to the expectations of contractors in over 100 markets. This year, we are investing in the speed of application, safety and environmentally friendly solutions (including those based on renewable raw materials)”, says **Krzysztof Domarecki, CEO of Selena Group**.

“This year, we conducted the first 360° online and offline FAST & PRO campaign with a global reach (conducted in our key markets), with dedicated landing pages, contests, webinars led by experts, and samples for testing by our customers. The well-integrated activities in various channels brought the expected results. The campaign outcome has already been very satisfactory. We have provided online training to thousands of contractors. We conduct marketing activities that are cost-optimized and designed to achieve good return on investment. The outcome of these activities allows us to conclude that the construction sector, generally considered a fairly traditional branch of industry, confronted with changing trends and the pandemic, is also undergoing change, and customers can increasingly often be found online. I'm also happy that our interdisciplinary and international teams have switched to the online world very successfully, as evidenced by the financial results achieved by Selena Group! Dear colleagues, great job - thank you”, says **Christian Doelle, Chief Marketing Officer at Selena Group**.



During the first three quarters of 2020, the R&D activity at Selena Labs (Selena Group's R&D arm) was related to development of the highly reflective waterproofing COOL-R® roof coating, polyurethanes, silicones and acrylic-polyurethane hybrids. Selena Labs also continued work on products based on bio-renewable raw materials (including as part of the Horizon 2020 programme, EENSULATE and BioMotive projects) which have a positive impact on the environment. The solutions developed under these projects will respond to the needs of investors and users, including in the area of LEED, BREEAM, ECO-LABEL and carbon footprint requirements, and are in line with Selena's corporate social responsibility. Selena Group's goal each year is to put on the market at least a dozen or so new product solutions, developed by divisional teams in cooperation with the user.

Despite the forecast economic slowdown, the company does not rule out new acquisitions. Selena Group's M&A budget is EUR 100 million for allocation in such segments as waterproofing, interior finishing, roofs, windows and doors. The company is particularly interested in development in European markets: in German-speaking countries, France, Italy, Benelux, Spain and Turkey. Krzysztof Domarecki said: “New acquisitions are not motivated by price, but by the targets' readiness to merge, and by a rational assessment of the impact of the pandemic on companies over the next 3–5 years. For this reason, many M&A processes in Europe have slowed down, but we hope they will gain momentum in 2021–2022.”

For more details, go to: selena.com

Additional information:

Selena Group

Selena Group is a global leader and distributor of construction chemicals and one of the four largest global producers of mounting foams for construction. The Group's product range includes foams, sealants, adhesives, waterproofing products, insulation systems, fastenings and complementary products. The Group comprises 35 companies in 17 countries. The Group's manufacturing plants are located in Poland, Brazil, South Korea, China, Romania, Turkey, Spain and Kazakhstan. With its international experience gained in diverse markets, Selena Group can grow fast as an innovative company that develops new solutions adapted to increasing users' needs.

Selena Group received multiple awards in the most prestigious rankings, including:

- The title of "Investor without borders", a distinction awarded by the European Economic Congress 2020
- The "Teraz Polska" accolade for the TYTAN 60 SECONDS foam adhesive
- Hidden Champion in the report prepared for the European Bank for Reconstruction and Development (EBRD)
- "Forbes Diamond 2020" award
- Economic Award of the President of Poland in the "Sustainable Success" category
- The "Teraz Polska" accolade in the "Foreign Investment" category
- the "Jedynka Gazety Wyborczej" award for the "30th Anniversary Companies chosen by Gazeta Wyborcza" for significant contribution to the region's development

Awards granted to the company's founder Krzysztof Domarecki include, for example:

- Medal of Poland's 100th Independence Anniversary in recognition of his contribution to the Polish economy;
- Wektor 2017, an award from Employers of the Republic of Poland
- The "Personality of Lower Silesia" award in the "Business Stars" competition as part of the Lower Silesian Economic Plebiscite.

The Group was also awarded for the innovation of its products:

- In 2018 and 2020, for the seventh and eighth time, it was honored with the title: "Construction Company of the Year"
- Golden Emblem of the Consumer Quality Leader 2018 in the "silicones and foams" category

Selena's modern products of highest quality are appreciated by the Group's partners and customers in 100 countries. The Group's portfolio is topped by such outstanding brands as: Tytan Professional, Quilosa, Artelit and Cool-R. In April 2008, the shares of Selena FM S.A., the Group's holding entity, became admitted to trading on Warsaw Stock Exchange.