

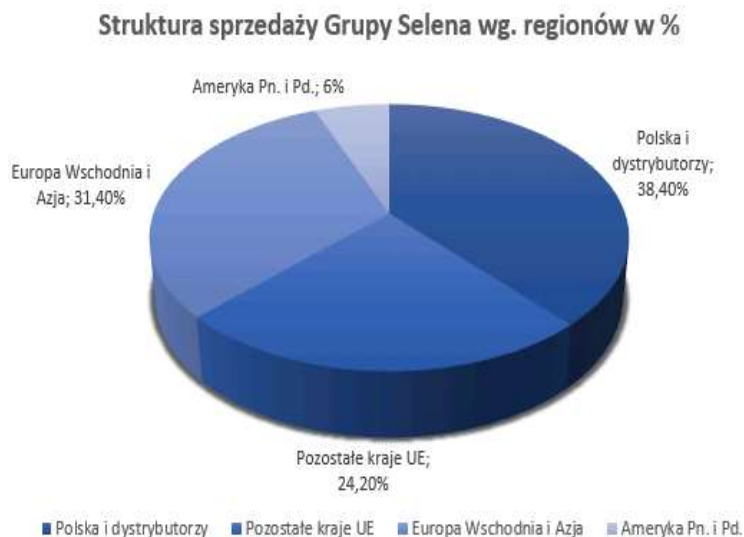
Wroclaw, 27 November 2017

Selena Group: revenue of PLN 891 million after the first three quarters of 2017

Another record performance as the effect of competitive advantages on international markets

Selena Group's revenue amounted to PLN 891.4 million after the first three quarters of 2017 - a result unprecedented in the company's history and an increase of almost 18% year-on-year. Sales rose in most key markets as a result of positive market response of i.e. the revolutionary foam adhesives category (FOAD), which sales growth dynamics is double versus other products of Selena Group, and also other innovative products. In the reporting period, EBITDA was PLN 62.3 million, and net profit was PLN 12 million. As in the previous quarter, the financial result remained under pressure from unrealised foreign exchange rate differences and the unprecedented crisis on raw material market.

The record revenue was generated thanks to good strategic decisions related to, *inter alia*, the launch of innovative solutions such as foam adhesives (FOAD) category, which revolutionises the approach to construction works and redefines both effectiveness and speed of project realization. The performance also benefited from finalisation of the process of integration between Selena and the Italian leader specialising in the production of acrylic sealants – Uniflex - company acquired by the Group in March this year, as well as from the positive integration of the companies being a part of the new joint venture House Selena in China. Significant synergies within the JV were achieved especially in the HR area and with respect to gaining fuller potential of production capacity by Selena's local factory. Selena Group's sales in China have increased by 150% year-on-year, confirming effectiveness of the new business model, in which Selena's contribution is modern technology and advanced production lines, while the Chinese partner is providing the distribution network, sales force and local market contacts. Asia is now gaining importance as one of strategic directions for Selena Group. With very good products adapted to local needs and effective sales management, Selena has seen revenue growth in most markets, including: Turkey (33%), Russia (27%), Kazakhstan (22%), Spain (11%) and Poland (10%).



It should be emphasised that Poland continues to benefit from upturn in the construction market, including in the housing segment, which positively influences the construction chemicals sector. Compared with the first three quarters of 2016, **the construction and assembly production increased by 13%, almost 21% more construction projects were started, and home completions increased by 10.6%.¹**

However, we are still faced with an extremely difficult situation in the raw materials market, where there are currently problems even with the availability of contracted quantities, as well as with drastic price increases. In the third quarter, the industry was affected by so-called force majeure – unforeseen events announced by suppliers. As a result of those factors, **gross margin reported for the three quarters of 2017 was 29.8%.**



*“The difficult situation in the raw materials market has maintained for yet another quarter, and, by all indications, is it likely to stay unchanged in the coming periods as well. Selena Group has turned some of the production cost increases to the market, but this has not been possible in all the regions. The market situation shows that the upcoming months will see equalisation of product prices for all market players, including our direct competitors, which will allow us to continue to transfer the raw material price increases to the market to a higher extent, and to improve our margins” – said **Jean Noël Fourel, the CEO of Selena FM S.A.***

Selena keeps working on further improvement of its operational effectiveness. In the reporting period, the cash conversion cycle was again reduced, this time by 8 days. In some of the Group's companies optimisation is focused on simplifying operations to improve business performance. Selena is strengthening its activity in Western markets, the United States and in Latin America, improving production efficiency, intensifying its marketing, sales and development efforts as well as mitigating the effect of full employment resulting in pressure on wages in Poland with additional investment in automation.

“We are constantly developing our portfolio of innovative products, but now Selena's R&D division is also strongly focused on finding new sources of raw materials for cost optimisation of our products. At the same time we obviously continue to work on solutions which will enhance our offer in the coming years. Soon, our R&D department is going to commission its new research and development centre in Poland. The construction works are to be completed in December 2017, while the opening ceremony is expected to take place in the second quarter of 2018. Our specialists will have at their disposal most innovative laboratory equipment, testing machines and professional equipment for polyurethane foam analyses. The new laboratory will provide employees with high safety and comfort standards.

¹ source: GUS (Central Statistics Office), 18 October 2017, preliminary data

Thanks to the optimisation actions undertaken by the Management Board, the internal integration and strong focus on user needs, Selena may close 2017 with very good sales. This scenario is supported by the forecasts pointing to GDP growth substantially in all the major markets in which the Group operates” – adds Jean Noël Fourrel.

To find out more about the company go to www.selena.com

Additional information:

Selena Group is a global manufacturer and distributor of construction chemicals and one of the third largest producers of polyurethane foam in the world. The Group's product range includes foams, sealants, adhesives, waterproofing products, insulation systems, fastenings and complementary products. The Group comprises 30 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 users' needs. Selena Group received multiple awards in the most prestigious rankings. The company was recognised by the President of Poland Bronisław Komorowski in the category “Sustainable Success” of the Polish President's Economic Awards competition and received the accolade of “Teraz Polska” in the category “Foreign Investment”. The highest quality of the Selena Group products and their modernity are recognized by partners and customers in 70 countries. Group brand portfolio opens up such top brands as: Titanium, Quilosa, Artelite or Matisol. Since April 2008 the shares of the group holding company - Selena FM SA - have been listed on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie).