

Wrocław, 17 June 2020

Selena Group: financial results for Q1 2020

Construction industry less hard hit by the epidemic

Selena Group, one of the leading producers and distributors of construction chemicals and the owner of the TYTAN brand – posted a net profit of PLN 5.2 million in the first quarter of 2020. In this period, revenue exceeded PLN 282.2 million, up 4.3%. EBIT was PLN 9.1 million, down 10.1% year-on-year. In the first quarter, the global coronavirus pandemic did not have a major effect on the Group's financial results, but the company is already observing the outbreak's increasing adverse impact on the construction materials market in all the countries in which the Group operates.

In the first quarter of 2020, Selena Group's revenue growth was mainly driven by the sales of innovative high-margin products. In this period, gross profit margin was influenced by favourable raw material prices. Lower operating profit is the result of other operating activities.

The company estimates that the coronavirus pandemic had a lower impact on the construction industry compared with other sectors – many of the projects started in the first quarter were not put on hold, and construction works in most markets continued on schedule. However, the company has also noted a reduction in the number of new projects – and this fact will have a significant impact on the construction industry in 2021 and 2022. Selena Group benefits from government support programmes in most of the markets in which it operates, including in China, Italy, Spain, the United States and Poland.

“Selena Group's business has been protected by geographical diversification. As a result, the periods of shutting down the economy and emerging from the pandemic varied from one country to another. In the first quarter, the epidemic was only gaining strength in many markets, so it did not affect our performance in that period. By the time Europe was closing its borders, China was already beginning to ease restrictions in its economy. The situation is similar now: as Europe is restoring the activity of individual sectors, the epidemic is unfolding in the east, specifically in Ukraine and Kazakhstan. This allows us to use our experience in relation to increased safety measures in individual markets in which we operate. Understandably, at the beginning of the year we implemented detailed procedures to protect our employees and contractors. We expanded the scope of teleworking, which is a standard in Selena Group due to the international scale of our operations. It was critical for us to maintain efficient production, supply logistics and deliveries, both with regard to raw



materials and our own products. With the technology and system solutions that we have been deploying for years, we have been able to manage logistics smoothly and without any disruptions. Technology will be gaining in importance – both in the context of future global epidemic threats, and due to changes in the construction industry. Selena has been making preparations for such a situation for years by developing and implementing innovative products which facilitate and accelerate the building process. Since 2019, we have been executing an ambitious development strategy, which was reflected in the Group's financial results for 2019. The global epidemic might put these plans to a test, but it is still much too early to make any assessments. What is important is the strong support from governments around the world to help businesses to function and to protect jobs. In addition, central banks have undertaken liquidity support measures in internal markets”, **Krzysztof Domarecki, the CEO of Selena Group, summed up.**

In the first quarter, the Selena Group successfully adapted its raw materials procurement procedures and channels to the new requirements arising from the global epidemic. That has helped it maintain a smooth ordering process, with inventories being even increased with respect to some suppliers or geographical areas. An example of how effectively the Group adapted to the situation and responded fast to change is the launch of production of the TYTAN HEALTH hand sanitizer gel – the raw materials not available in Poland were imported from Europe and China, and the technological line of the Libra production plant in Dzierżoniów was retrofitted to suit the sanitizer production requirements. The continuity of work in logistics and sales is also maintained. Online channels have been strengthened to foster customer relations. The Customer Service Department is constantly verifying the availability of the product offer in all the markets in which we operate.

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 “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”



Press release

- 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.

