

Wroclaw, 18 September 2020

Selena Group – a slight decrease in sales in the first half of the year compared to 2019

Selena Group, one of the leading producers and distributors of construction chemicals and the owner of the TYTAN brand – has posted sales revenue of PLN 602.2 million in H1 2020, which means a slight drop of 2.4% year-on-year. The Group's net profit was PLN 31.3 million, while EBIT came in at PLN 44.1 million. Despite temporary falls in demand caused by reduced orders for building materials, Selena is continuing its operations without major changes and so far not seen any disruptions in the supply of raw materials or production inputs.

In the first half of 2020, Selena Group achieved strong financial results. The slight decrease in sales revenue in the first half of the year was mainly due to the situation related to the global coronavirus pandemic, and the ensuing limitation of the counterparties' business activity in April and May. Still, the Group posted net profit of PLN 31.3 million. Gross profit was PLN 202.9 million, and increased by PLN 7.8 million on the back of the continued decline in raw material prices and the partial stabilisation of the prices of other raw materials in the second quarter of 2020. Gross profit margin, which stood at 33.7%, benefited from a constant increase in the share of sales of innovative products with higher margins as well as from optimisation of product formulations. The higher 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. The Group continued the upward trend in its key markets, i.e. the European Union, Eastern Europe and Asia, and the structure of its sales revenues in individual regions did not change significantly compared to the previous period. The Group expects that the pandemic will continue to affect the construction industry also in 2021 and 2022. During the lockdown, the support from the government was of great importance. The Group took advantage of state aid in eight countries. It also used the anti-crisis shield in Poland, which helped save 600 jobs in the country.

*“Polish companies have the ability of fast response embedded in their DNA. And one of the **main effects of the pandemic today is the acceleration of processes.** In the coming months, **the biggest threat to business will come from the decline in demand in the European market**, but Polish companies – accustomed to operating in crisis conditions – should be able to cope with it. We were prepared for possible outbreak-related restrictions thanks to the experience gained at our two plants in China. An efficient action plan and effective internal communication conducted by our team of experts at the Head Office **allowed us to ensure the safety of employees and their families and avoid significant downtime** (80% of Selena's raw materials are available in Europe). What also helped Selena to emerge unscathed from the first wave of the pandemic was its geographic diversification and the fact that not all economies were equally or simultaneously put in lockdown. As Europe was closing its borders, China*



was already beginning to ease restrictions in its economy. The pandemic has also accelerated the digitalisation processes, something that Selena had been partially practicing for 20 years (including international meetings held in the form of videoconferences). **With the transition to teleworking, the motivation of committed employees and the internal corporate culture** – focused on working with the user, most of our activities took place online, including training sessions, webinars and product presentations. Some of our employees – including production staff – continued to work in the traditional model with ensured appropriate personal protective equipment. I'd like to thank all employees for their mature attitude during this testing time, and for their ability to adapt to change! **The agility and responsibility** displayed by the entire Group while maintaining robust efficiency **are reflected in the really satisfactory financial results** generated in those unusual circumstances”, says Krzysztof Domarecki, CEO of Selena Group.

“The Group's results have also been helped by the **high mobility and ability of the sales force to adapt to the new conditions in the external environment**, including the development of new work standards and the digitalisation of sales process supported by the Sales Excellence team. The drop in revenues resulting from the decline in demand was mitigated thanks to cross-up selling activities, i.e. using the potential of innovative products to increase sales to existing customers. In addition, we used programmes aimed at acquiring new customers based on a wide range of innovative products. The Group also took measures to protect its margins and profits based on defined standards and price management processes”, added **Dariusz Ciesielski**, Vice President of the Management Board for Sales.



During the pandemic, Selena Group did not neglect its **support for local communities**. In cooperation with local authorities as part of the **#SelenaHelps** campaign, the first batch of **TYTAN HEALTH** (a sanitiser manufactured by Libra in Dzierżoniów) was transferred by the company free of charge to over 50 entities. 10,000 packages were sent to e.g. hospitals and medical facilities, children from the Between Heaven and Earth Foundation, and seniors. #SelenaHelps is one of the elements of the company's CSR policy.

The company also completed two digital online campaigns: a campaign to **build brand awareness under the Global Experience slogan**, and a **digital campaign for the FAST&PRO programme** promoting fast and reliable solutions for professionals, enabling a significant acceleration of construction works while maintaining high quality and reducing the related costs. FAST&PRO products (such as: **Tytan Professional drywall and 60 SECONDS foam adhesives; the Fix2GT mounting adhesive and the Ultra Fast 70 mounting foam**) bring real time and money savings for users, while ensuring quick and easy application of the products. Working time reduction is an added value in the construction industry,

especially in the face of the pandemic. The campaign covered such markets as: Poland, Russia, Spain, Kazakhstan, the Czech Republic, Hungary, Romania and Bulgaria.

Despite the pandemic restrictions, **we also continued work on large international projects**. This year, **the Polish innovative product – COOL-R® – covered 19,000 m² of the roof at the Porto Alegre airport in Brazil**, reducing the roof temperature from 86°C to 34°C. This solution increases thermal comfort and reduces operating costs of buildings, including electricity costs, while lowering CO₂ emissions to the atmosphere. COOL-R® was also used on the roof of the largest fish market in Europe.



In the first half of 2020, in addition to achieving strong financial results, **Selena Group won notable awards:**

- the **“Teraz Polska” (“Poland Now”)** award for the **TYTAN Professional 60 SECONDS** foam adhesive, handed over by the First Lady of Poland Agata Kornhauser-Duda to the CEO of Selena Group Krzysztof Domarecki and the CEO of the distribution company Andrzej Ulfig in the Presidential Palace. The advantages of foam adhesives include time savings of even 30% compared to traditional technologies, and lower costs for the environment.
- **“Investor without borders”**, an honorary title awarded by the European Economic Congress to outstanding foreign companies operating in Poland, and Polish companies successfully operating abroad. The goal of the award is to promote exemplary relations between investors, the market and the administration, i.e. relations based on partnership, transparency, trust and responsibility.
- **Reliable Employer** – an award granted to the companies that attach great importance to safety and working conditions, and to employee development. The project selects and promotes reliable employers with an exemplary personnel policy, which translates into high quality of products and services provided in the demanding Polish market.

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.