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Selena Group: Record revenue for the company's 25th anniversary

Revenue of PLN 541 million in the first half of 2017 – the highest growth reported in Russia, Turkey, Kazakhstan and Poland

In the first half of 2017, Selena achieved the best result in the Group's 25-year history - total sales amounted to PLN 541 million. Compared with the corresponding period of 2016, sales increased by 18%. The company posted also one of the best in history EBIT of PLN 17.2 million, while net result was under pressure from unrealized foreign exchange losses.

The Group's record revenue is due to, *inter alia*, increased share of high-margin products in the sales structure and **a growth in sales in many markets**, including the largest ones: **Russia (40%), Turkey (about 30%), Kazakhstan (over 25%) and Poland (over 10%)**. Due to the upward trend in raw material prices in the market, Selena Group's gross profit margin in H1 was under pressure but finally achieved above 30%. In response to the big swirls in the raw materials market - the company has undertaken intensive efforts to minimize the impact of rising raw material prices. Consequently, this translates into the final price of the products on offer. This situation is partially **offset by increased sales of high-margin products**, including foam adhesives (the FOAD line). This is a relatively new product category in the construction chemicals market, with **sales dynamics being twice as high** as for other products of Selena Group.

The Group's net result of PLN -4.9 million posted in H1 was significantly affected by unrealized FX differences, particularly in respect of two currency pairs: RUB/EUR and EUR/PLN. Between Q2 and Q3, Selena secured attractive financing for the largest foreign company Selena Vostok from two Russian banks, what in subsequent periods should significantly reduce the profitability impact of FX differences.

The first half of 2017 is also the period of acquisition activity for Selena. At the end of Q1, the company became the owner of Uniflex - an Italian leader specializing in the production of acrylics. The integration process of the Italian company is successful, in line with previous expectations and is focused on, among others, the purchasing department – purchasing of the largest groups of raw materials was integrated.

*"Only 3 months after the acquisition of **Uniflex**, we have achieved mutually beneficial advantages such as better payment terms and lower raw material prices due to higher purchase volumes on the cost side and we achieved cross-selling products. One of Selena Group's ambitions is to become the leader in the acrylic segment in Europe."* – stated **Jean Noël Fourel, CEO of Selena FM SA.**



In addition, the Group continues to implement a number of actions planned by the Management Board for the current year, increasing company's potential on the international market. Selena intensifies, among others. R&D, production or organization management activities, all keeping in mind end-user perspective and needs:.

"Selena is constantly delivering customer-oriented solutions with a particular focus on the application approach. Thanks to that we develop our business, but we also support the development of our clients' business. As a company we also implement savings and optimization projects. The Group is continuously increasing its production capacity and intensifying its activities in marketing, sales and development. In some Selena's companies, our business is focused on simplifying operations to achieve better business results. The Management Board also intends to strengthen Group's position in the United States and Latin America – both markets have major growth potential. This comprehensive approach, with increased work in the R&D field, will certainly deliver tangible results. Furthermore, Selena plans to systematically increase sales volumes and market shares, which will have a positive impact on the share of fixed costs in sales and will substantially offset the impact of rising raw materials prices." - added **Jean Noël Fourel, CEO of Selena FM SA.**

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, hydroinsulation 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 Bronislaw 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". Selena's modern products of highest quality are appreciated by the Group's partners and customers in 70 countries. The Group's portfolio is topped by such outstanding brands as Tytan, Quilosa, Artelit or Matisol. In April 2008, the shares of Selena FM SA, the Group's holding entity, became admitted to trading on Warsaw Stock Exchange.

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

