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Selena Group: all-time high sales posted in 2017

EBITDA increased by nearly 17% YoY

Selena Group, one of the leading manufacturers and distributors of construction chemicals and an owner of the TYTAN brand, in 2017 achieved all-time high consolidated sales of PLN 1.18 billion, which is an increase of more than 16% year-on-year. Net profit amounted to PLN 6.8 million, while EBIT came in at PLN 43.4 million. In the whole of 2017, EBITDA was PLN 69.2 million, up almost 17% year-on-year. The increase in sales was achieved despite the difficult situation in the raw materials market, which affected the entire construction chemicals sector.

The company's sales increased in most of its key markets, including China (+98%), Turkey (+29%), Russia (+23%), Kazakhstan (+15%), Spain (+12%), Poland (+12%) and the United States (+7%). Thanks to diversification of its sales markets and optimisation of processes and product formulations, Selena Group saw its sales soar to PLN 1.18 billion (+16% YoY). Despite strongly adverse external factors – notably the situation in the commodities market – the Group reported an increase in sales to PLN 1.18 billion (+16% YoY), achieved higher sales margin compared with last year, and reported other operating profit which was by PLN 26 million higher than in 2016. This is an effect of the programmes designed to streamline the Group's operating activity and impose a stricter discipline on the trade credit policy. The Group's net profit was primarily influenced by the net financial income, including income from valuation of foreign currency positions. Net FX differences were negative at PLN -24.7 million and realised FX differences accounted for merely 8% of this figure.



*“The Group's sales increased more than the market, despite the slightly lower gross margin, and were driven by diversification of sales markets and appropriate sales strategy. This is all the more important as 2017 was marked by a crisis in the raw materials market. **We were faced with an unprecedented increase in raw material prices, the highest in 15 years.** The possibility of negotiating the prices of raw materials was limited, and some of them were indeed unavailable even though they had been contracted before. **Selena managed to offset this situation partly by higher sales of high-margin products.** The recorded increase in sales is also the effect of continued implementation and sales of the Group's key products, including those from the FOAM ADHESIVES (FOAD) line. This year, we have invested in expanding the distribution network and*

focused on integrating Italian Uniflex and the strongly performing Chinese joint venture with Selena Group”, says **Marcin Macewicz**, acting President of the Management Board of Selena FM SA.

Key events in 2017 included:

- **Establishment of a joint venture in China** – under an agreement between Selena Nantong Building Materials Co. Ltd and Shanghai Haozheng Construction Engineering Co. Ltd. The company's business is distribution and sales of foams, silicones and mounting adhesives in China under Selena Group's brands and the Chinese brands owned by the Partner.
- **Acquisition of a majority stake in Uniflex, an Italian company**, which allows the Group to significantly increase its production capacity and strengthen its position in Western Europe in the segment of acrylic products.
- **R&D investments and continued development of the Group's key innovative products – FOAM ADHESIVES (FOAD)**. Selena's R&D operations, conducted e.g. in a consortium with other firms as part of EU projects under the Horizon 2020 programme, in addition to improving the existing solutions also focus on looking for new formulations to ensure cost optimisation of our products. In 2017, one of the investment projects in the R&D area was the start of the construction of a new research and development centre equipped with state-of-the-art laboratory equipment.
- **The company's 25th anniversary** – last year, Selena Group together with its employees, clients and business partners celebrated, in Poland and abroad, 25 years of its market presence. During foreign events, held e.g. in **Russia, Romania, Italy, Ukraine, Turkey and Kazakhstan**, and two galas in Poland, the company summarised its achievements to date, presented its development plans and conferred awards on the employees with the longest years of service. These events were also an opportunity to build relationships and networking with the company's clients and partners and with the local media.
- Selena Group actively participated in the EXPO 2017 exhibition and in the Polish-Kazakh Forum in Astana. One of the most notable media events in that period was the visit of the **Polish President Andrzej Duda** to the **Selena Insulations** production plant in the Special Economic Zone "Astana – new city", which emphasised the importance of Selena Group's international cooperation and the Polish-Kazakh relations.

*"Integration and optimisation activities, investments in the R&D unit and strengthening Selena's senior management are the factors that contributed to the results achieved in 2017. We are aware that **2018 will be an equally demanding year**. We must not forget that we are still confronted with a difficult situation in the commodities market and are trying to transfer price increases to the market in a manner that is acceptable to clients. **We also note that the construction season has a flattening tendency**, meaning disappearance of significant differences between the low and high season in the sector. This is something we want to be well prepared for. We also need to carry out development initiatives geared towards **increasing the reach of our new products and achieving sales growth in Western Europe**. I'm convinced that **Selena, backed by its 25 years' experience and market knowledge and supported by the expertise***

of its senior management and employees, as well as by appropriate products, will be able to respond flexibly to the challenges of 2018", Marcin Macewicz adds.

To find out more about the Group, go to selena.com

Additional information:

Selena Group is a global leader and distributor of construction chemicals and one of the three 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 increasing 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". 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 Matizol. In April 2008, the shares of Selena FM SA, the Group's holding entity, became admitted to trading on Warsaw Stock Exchange.