

Selena: Higher profit in 2015 despite lower sales

Selena Group – global producer and distributor of construction chemicals headquartered in Poland – posted cumulative sales of PLN 997.9m in 2015. Despite slower sales attributable to the crisis in Eastern markets, the Group achieved an operating profit (EBIT) of PLN 58.9m, increased its gross profit margin by 2 p.p and posted a net income of PLN 26.8m, up PLN 6m on 2014.

2015 saw continuation of the trends observed in the construction chemicals market in 2014. Positively contributing to the Group's results were **the American, Brazilian and Spanish markets, among others, where the Group reported satisfactory sales increases**. In addition, **sales grew in China**, mainly on the back of domestic trade development. In turn, sales were weaker in Russia and Ukraine. The Group was adversely affected by currency fluctuations – particularly the very sharp depreciation of the Kazakh tenge, Turkish lira and Brazilian real. Nonetheless, the Group's **EBIT was comparable to the figure reported in 2014**, with a continued **improvement of the gross sales margin and profit**. Now as before, results have been affected by commodity prices. Even though the market expected major reductions resulting from the nearly 70% drop in oil prices, the prices of most commodities for construction chemistry fell by mere several percent.

*“In 2015, Selena Group continued its efforts to improve profitability. Our gross profit margin **increased to 31.8%**, mainly as a result of higher margins on new products, effective work of our central procurement function and adaptation of formulations for products while maintaining their technical parameters. In the context of the global economic environment, we were not immune to currency fluctuations, but we minimised the impact by operating an **active FX hedging policy**. Our **strong diversification of sales markets** was also a helpful mitigant in this regard. Stagnation in Eastern markets was counterbalanced by growth in other markets. We are going to focus on developing our business in Western Europe and both Americas. Accordingly, we continue marketing sophisticated, high-margin products for demanding users in those mature markets. Such a strategy is bound to further strengthen Selena's position on the international front. In addition, we continue improving the Group's operational efficiency, including with the ERP system that we are now deploying”* – said Jarosław Michniuk, CEO of Selena FM SA, the Group's parent company.

Dodatkowych informacji
udziela Państwu:
Eliza Misiecka,
Magdalena Karpienko
GENESIS PR
Tel. +22 327 16 90, 607-373-273

In December 2015, **the high-class ERP** system – Microsoft Dynamics AX 2012 – was implemented in the Group's companies in Poland to support the key processes in the organisation. Due to complexity of the implementation process, work is still under way to ensure stability and performance of the system and to fine tune it to Selena's activities. For this reason, the first effects of the project are expected to be seen in the second half of 2016. The single ERP system is going to increase the Group's efficiency, including cost efficiency of our business operations.

Additional information:

Selena Group is a global manufacturer and distributor of construction chemicals headquartered in Poland. Selena offers a broad range of products addressed both to professionals and individual users. The main brands are TYTAN, ARTELIT and QUILOSA. Selena is one of the world's three largest manufacturers of polyurethane foam used for installation of windows and doors. 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 across the world. The Group's manufacturing plants are located in Poland, Brazil, South Korea, China, Romania, Turkey, Spain and Kazakhstan. The global experience achieved in various markets helps the Group grow fast. It is that experience that allows Selena to be innovative and create solutions that are adjusted to users' needs, in line with the Group's motto: "Together we deliver better building performance".

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 Selena Group's products and their innovative character are appreciated by the company's partners and customers alike, which is confirmed by the numerous awards and recognitions conferred on Selena.

In April 2008, the shares of Selena FM SA, the Group's holding entity, became admitted to trading on Warsaw Stock Exchange.

[See more details at www.selena.com](http://www.selena.com)

