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## Selena: financial performance in the first quarter of 2014

**Selena Group – global manufacturer and distributor of construction chemistry – in the first quarter of 2014 achieved consolidated sales of PLN 200.1m, up nearly 9% compared with the corresponding period of 2013. In the reporting period, the gross margin was 29.5%, meaning an increase of 2 pp year-on-year. EBIT was -PLN 5.4m compared with -PLN 8.1m posted a year before.**

The Group's sales were directly affected by the economic climate on international markets. **The key increases were noted in the following markets: Turkey – approx. 30%, both Americas – approx. 25% and Eastern Europe, including Poland – more than 20%.** In Western Europe, the signs of economic recovery were observed in Spain. On the other hand, the unstable political situation prevailed in Eastern Europe and Central Asia, which also had an impact on the sales recorded by the Selena Group. Furthermore, it must be noted that the construction chemistry sector is subject to strong seasonality. The contribution of individual quarters to Group results is as follows: Q1: 17%; Q2: 25%; Q3: 31%; Q4: 27%.

Selena has been steadily improving its operating results, which is evident in the percentage growth of the gross margin to 29.5% vs. 27.5% in the corresponding period of 2013. This is mainly a continued effect of the restructure of the Group companies and the reduced purchase prices of raw materials as a result of the efforts of the central purchasing function. Selena's net result in Q1 was -PLN 16.8m vs. -PLN 8.3m in the corresponding period of 2013. The result is primarily attributed to the one-off events connected with the political situation in Eastern Europe and Central Asia. As a result of the adverse developments, the local currencies of Russia, Ukraine and Kazakhstan depreciated significantly vs. euro. In consequence, Selena recorded FX losses of approx. PLN 10m.

*"The first quarter was marked by crisis in Eastern Europe, which pushed sales down. In spite of the depressed economy, Selena's global presence and geographical diversification helped it offset the difficulties experienced in the East with better performance in other markets. Sales rose by 9% while EBIT improved by nearly PLN 3m vs. the previous year. The net profit was affected by depreciation of the local currencies in the eastern markets. At present, we are focusing our efforts on implementing remedial programmes in the companies hit by the crisis. In other markets we are consistently pursuing our new strategy, which is to **increase innovation and product competitiveness of the Group with a view to achieving better and better trading performance. In the latter part of the year, we are planning to make up for***

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***the net loss posted in the first quarter.*** *We believe that even in the present business and political situation, which is challenging and unstable, the actions we have undertaken will ensure Selena will achieve sound financial result ” –said Jarosław Michniuk, the CEO of Selena FM SA, the parent company of Selena Group.*

**In 2013, Selena adopted its strategy for the years 2014 – 2016. The strategy sets out the Group's new mission and clearly indicates the actions and programmes to be undertaken in the years to come. The new mission statement: *Together we deliver better building performance* means an even more effective identification of customers' needs and providing products that correspond to the global trends and expectations of users in specific areas of construction, finishing and renovation works.**

The Management Board of Selena FM S.A. has recommended a dividend payment of PLN 0.28 per share payable from the 2013 profit. The Annual General Meeting will consider the recommendation on 9 June 2014.

**Additional information:**

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Selena Group is a global manufacturer and distributor of construction chemicals. Selena offers a wide range of products for professional contractors and home users – its key brands are TYTAN, ARTELIT and Spanish QUILOSA. Selena Group is among the world's three largest manufacturers of PU foam used for door and window fitting. The Group offers range of polyurethane foams, sealants, adhesives, waterproofing products, insulation systems, fixings and complementary products.

The entire Group comprises 30 companies located all over the world, including state of the art manufacturing plants in Poland, Turkey, Spain, South Korea, China, Romania and Brazil. The global experience gathered from many different markets allows the Selena Group to develop fast. Thanks to that experience Selena becomes an innovative company and is able to create solutions tailored to the needs of the users.

Selena has been distinguished as Forbes's Diamond and a Pearl of the Polish Economy.

Selena FM SA – the parent company – has been listed on the Warsaw Stock Exchange since 2008.

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