

Additional information
is available from:
Krystyna Kulisz,
krystyna.kulisz@selena.com,
Tel. + 48 660 413 611

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Selena: significant improvement of EBIT margin

Selena Group – global producer and manufacturer of construction chemicals – posted in 2012 consolidated sales of 1.06 bn PLN (253 m €), which is an increase of 4 per cent versus the prior year. Consolidated net profit came at 4.3 m PLN (1.0 m €), and EBIT margin amounted to 27 m PLN (6.5 m €), which is over five times more compared to 2011.

Selena reduced its operating costs in 2012. The share of costs to sales revenue dropped to 16.2 per cent for sales and marketing, and to 7.3 per cent for the general and administrative costs. **Sales gross profit margin increased to 27.6 per cent.** The results came, among other things, from the programmes introduced at the beginning of 2011, raising operational efficiency and aimed at reducing Selena Group costs of operations. Net profit achieved in 2012 was impacted by unfavourable exchange of the Polish zloty to the euro, and considerable weight of financial costs borne by the company.

Volatile conditions experienced by international economies affected Selena's sales manifold. **The largest increase, of nearly 20 per cent** as compared to the previous year, **was recorded in the Eastern Europe region.** On the other hand, in Poland, Selena witnessed a slowdown – which was clearly visible especially in the second half of the year. Central European markets stagnated. The south of the continent was affected by the persistently difficult market environment, which resulted in a sales decrease in Spain. China, despite sales growing in 2012, remains a difficult market for Selena – as for almost any other European company.

*„On many of our markets, we found the year 2012 challenging. The situation was primarily caused by the economic slowdown which severely impacted the construction industry. We compensated for the drops in sales recorded in Central and Western Europe with growths in the Eastern-European and Central-Asian countries. On the whole, **sales recorded by the Selena Group in 2012 were higher by 4 per cent compared to the previous year.** We continued the efforts we had declared earlier, thus – after several years of acquisitions and dynamic organic growth – **we refocused on improving our profitability, consolidating our businesses and integrating new entities, along with reducing our demand for working capital. The improvement of profitability we recorded came from higher sales, partly rebuilt margins and reduced costs. The measures we had introduced are of a far-reaching nature, therefore, we intend to continue the work in 2013 in order to establish a strong foundation for our future growth**” - said Jarosław Michniuk, CEO of Selena FM SA, the parent company in the Selena Group.*

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In the upcoming months, the Selena Group expects the 2012 trends to continue – most European markets to continue stagnating, whereas Russia, Ukraine and Central Asia to grow even further. The restructuring-optimising programmes initiated in 2012 will be continued. Moreover, Selena will also increase its research and development spending and focus on creating and launching new, higher margin products.

About the Selena Group

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.

[More about the company at www.selena.com](http://www.selena.com)

