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Selena Group: our financial performance for 2020 is very strong

Selena Group, one of the leading manufacturers and distributors of construction chemicals and the owner of the TYTAN PROFESSIONAL brand, in 2020 posted sales of PLN 1.38 billion, which is an increase of 4.4% year-on-year. Despite temporary, pandemic-related limitations in the business of its counterparties, the Group's net profit was PLN 76.3 million, and operating profit (EBIT) reached PLN 127.2 million, up 100.1% compared with the same period last year.

In 2020, Selena Group recorded very good financial results and continued its growth in key foreign markets. Selena's performance was not significantly affected by temporary, local lockdowns or transitory difficulties faced by its counterparties, especially in the period from April to May last year. With raw material prices stabilized at a favourable level, and thanks to steady development of the offer of innovative and high-margin products, the company also significantly improved the gross profit margin, which at the end of the year was 33.8%, up 3.8 percentage points year-on-year.

"2020 was an extraordinary year, and most challenging time in many respects for all of us. On the one hand, we were faced with major uncertainties around the possible development of the pandemic, and on the other hand, we tried to answer the question about its impact on the economy and the overall macroeconomic situation in the world. While we know a lot more about the virus today than we did last spring, the economic impact of the pandemic is still hard to predict. For example, this unknown applies to raw material prices and currency rates, which fluctuated during the previous year, directly influencing our margin. We were able to counteract these fluctuations partly by our product offer and the extensive model of distribution channels, and today we are even better prepared to deal with these possible ups and downs," said **Jacek Michalak, CEO of Selena Group**, who also noted that the Group's very strong financial performance is owed to a number of small wins achieved during the year. *"One of these was our decision taken in March last year to set up a special team with a responsibility for developing the company's safety procedures and designing them in such a way as to minimize the impact of coronavirus on the Group's operations. This was very important as it helped us maintain the continuity of work in all our 19 production locations in the coming months, and in this way to ensure timely deliveries to our customers throughout the year, regardless of the pandemic,"* **Jacek Michalak added.**

"In addition to the measures undertaken during the transition to teleworking while securing the continuity of production, we also steadily worked on safety at our factories. We reduced the accident rate by a significant 11 p.p. compared to the previous year. Thanks to investments in robotization and automation of production lines, we also increased our production capacity," notes **Marek Tomanek, Chief Operating Officer of Selena Group**, and points out that these investments were very high during the year, despite the difficulties related to the pandemic. *"We kept costs and quality under control, strengthening our approach to managing these areas during this time. We were also greatly helped by the Planning*

Department, as it was actively and constantly looking for improvements during the pandemic, while successfully integrating production planning with the flow of raw materials across the supply chain,” **Marek Tomanek said.**

The robust financial results for 2020 were also accompanied by sales growth in all of the Group's key foreign markets, including: Ukraine, China, Kazakhstan, Romania, Spain, the USA and Central Europe, but also in Brazil, Turkey and Russia. It should be emphasized that during the whole of 2020 the situation in each of these countries was different, and the pandemic with its ensuing restrictions hit them with different intensity and timing. Despite this, after four quarters of 2020, the Group maintained the upward trend in its revenues, with a significant 63.9% of them coming from EU countries, including Poland.

“Lockdowns and restrictions introduced by governments naturally influenced the market situation in individual countries. Of course, the demand declined, but the effects of the restrictions were particularly visible in the context of availability of distribution centers, which were closed down virtually overnight. This was most apparent in Italy and Spain, which suffered the most during the first wave of the pandemic,” **says Sławomir Majchrowski, Chief Commercial Officer of Selena Group**, adding that despite these difficulties, the Group continued the execution of its strategy without major disruptions. *“Our assumptions turned out to be correct and held true even in such difficult times. Another strategic goal that we are facing as a Group is to increase geographic expansion and penetration of sales channels. Understandably, we keep our focus on introducing new products to our offer, and to this end we invest in both process digitalization solutions and new products,”* **Sławomir Majchrowski sums up.**

“Undoubtedly, what helped us in securing our margins was the fact that equipped with prior knowledge about the situation in Asian countries, we were able to prepare for development of the pandemic in other parts of the world and work out appropriate solutions in advance,” **Jacek Michalak adds** and points out that regardless of the country concerned and the phase of the pandemic it was it at a particular point in time, in each case it was critical to maintain continuity of production, logistics of deliveries and supplies. *“The technology and system solutions implemented over many years worked well here, as they facilitated effective management of individual operations and maintenance of a smooth ordering process. We continued some of these investments also in 2020, developing our production capacity and focusing on the automation and robotization of our factories. Selena Group also took advantage of support schemes in the countries of our operations, including the anti-crisis shield in Poland. These funds helped maintain many jobs and significantly contributed to mitigating the adverse economic effects of the pandemic during the last year,”* **Jacek Michalak said.**

One of the main profitability pillars and key to the very strong results at the entire Group level is also the corporate strategy, which is invariably oriented on end users, innovation and improvement of distribution channels. This approach is reflected, *inter alia*, in the last year's launch of the FAST & PRO products, which, on the one hand, help significantly speed up the construction process, and on the other change the traditional way of working into a simpler and even more modern model.

The debut of the new line of solutions was also accompanied by the first global marketing campaign, as part of which customers could not only get to know the products better, but also could benefit from dedicated workshops and webinars to learn about the practical application of those products.

“The use of various (offline and online) channels for the purposes of the campaign brought the expected results and showed that customers – especially in the era of social distancing and working from home – can be increasingly often encountered online. The integrated marketing activities in various channels resulted in thousands of satisfied users who participated in dedicated training, could use expert advice, and test our new line of FAST & PRO solutions on their own. It is worth noting that the entire campaign was run in several countries and due to its sheer size it was a major challenge for the project team. For this reason, I’m glad that even in such unusual circumstances, working largely remotely and often combining business with other duties, we managed to deliver the project. I consider it a great success, as the data and conclusions we have gathered will allow us to complement our offer more accurately and comprehensively, and at the same time more effectively adapt the distribution models of the Group’s solutions to customer expectations,” **says Christian Doelle, Chief Marketing & Strategy Officer of Selena Group.**

In 2020, the Group also continued research and development at Selena Labs, the Group’s R&D center based in Dzierżonów. One of the projects currently underway there is development of the product group of highly reflective waterproofing COOL-R® roof coating, development of hybrid products, and work on a new line of neutral silicones, further enhancing the existing standards of the Group’s products in terms of environmental protection and safety for human health. All of these solutions conform to high environmental requirements and allow low emissions to be maintained, as confirmed by Emission EC1, A+ and M1 certificates. Recently, we have also put on global markets the new Ultra Fast 70 foam developed at Selena Labs. The product turned out to be the best-selling novelty since the launch of Tytan 65 solutions.

The high efficiency of Selena’s solutions and the Group’s strong position are also confirmed by the numerous awards and distinctions that Selena received last year. In addition to the “Teraz Polska” (“Now Poland”) emblem for the Tytan Professional 60 Seconds foam adhesive, and the “Reliable Employer 2020” award granted to companies and employers that operate exemplary HR policies, Selena also won the “Investor without borders” title, a distinction awarded to foreign companies doing business in Poland, and to Polish companies successfully operating on the international front. As a strategic partner, we also took part in the Builders 4 Young Engineers project – an initiative promoting young talents under the patronage of the Minister of Infrastructure, as well as in the Young Engineer Days, an online event bringing together technical universities from all over Poland.

For more details, go to: selena.com

Additional information:

