



# 2019 Preliminary results

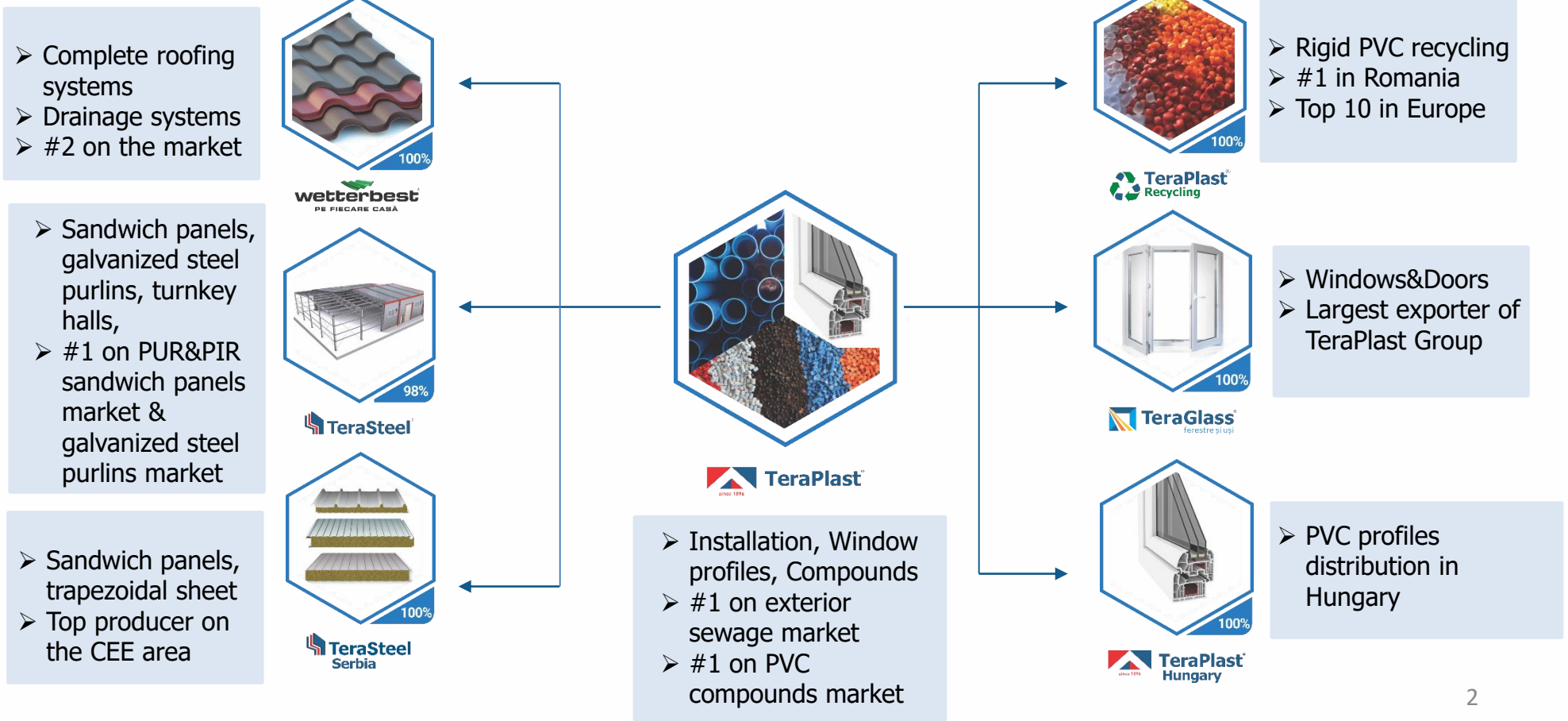
February 18, 2020



# TERAPLAST GROUP STRUCTURE



TeraPlast Group is the largest Romanian construction materials producer.



## Residential

- Roofing & drainage systems
- Interior sewage
- Electrical installation products
- Fluid storage & treatment

## Non Residential

- Galvanised purlins
- Sandwich panels
- Corrugated sheets
- Fluid storage & treatment

## Infrastructure market

- Pipes & Fittings for water and gas
- Pipes & Fittings for exterior sewage
- Manholes (pump, visiting, inspection etc.) and accessories

## Roof systems segment consolidation

- 32% Wetterbest (99%)
- 49% Cortina WTB (100%)
- 2020: 1% Wetterbest (100%)

## TeraPlast Recycling started its activity as an independent business within TeraPlast Group

## Management

- Marian Pîrvu – CEO Wetterbest
- Bela Varga – CEO TeraGlass

## Investments

- TeraPlast Group: 98 million lei
- Almost 70 million lei represent the state-aid co-financed investment projects for TeraPlast, Wetterbest and TeraGlass, out of which approximately 30 million lei represent the state aid
- The rest of the investment projects: approx. 30 mil. lei

## Development

- TeraPlast: HFFR compounds, PE pipe with protective PP layer, multilayered PP pipes, manhole bases
- TeraSteel: a new turnkey hall concept – Lead by TeraSteel
- Wetterbest: 2 roof protections – Neomat 30 & Suprem 50, 1 metal tiles profiles – Cardinal
- Wetterbest Showroom Braşov
- Wetterbest School Accreditation by the National Education Ministry

# **2019 DOMESTIC CONSTRUCTION SECTOR OUTLOOK**

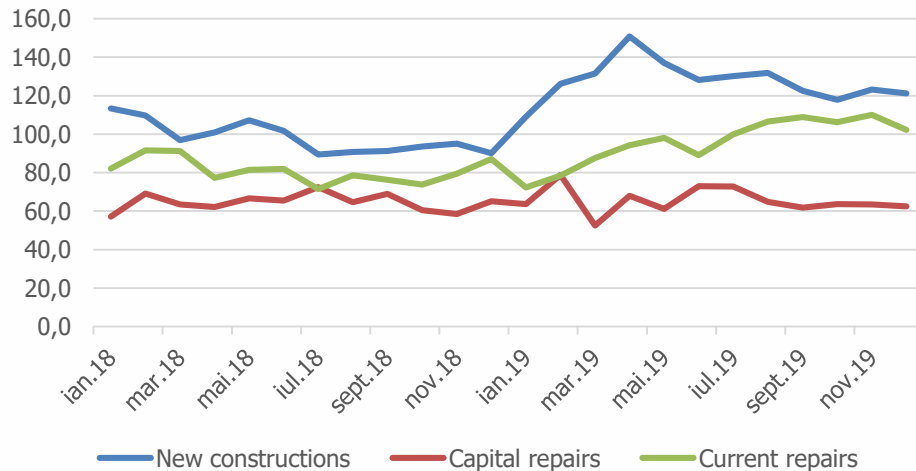
# 2019 DOMESTIC CONSTRUCTION SECTOR OUTLOOK

**In 2019, the total construction works volume increased by 27,6% compared to 2018.**

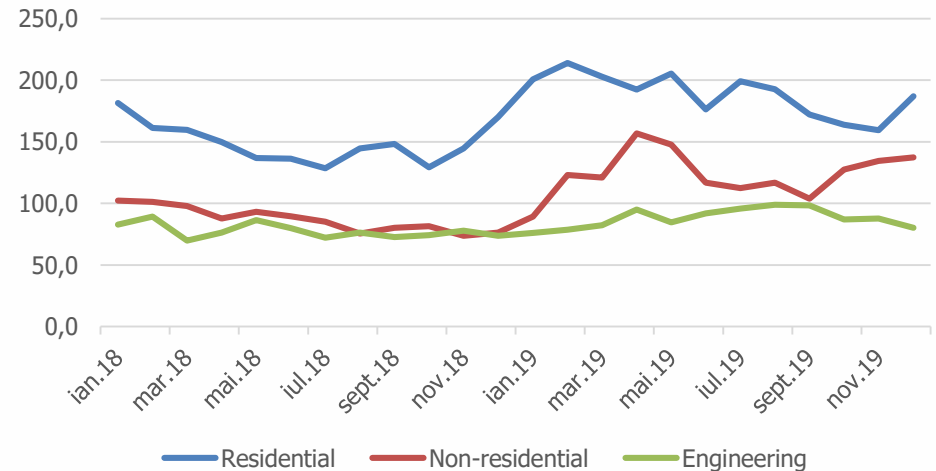
The biggest growth, by structure elements, was registered by the **new construction works** (+32,5%), followed by maintenance & current repairs (+26,3%) and capital repairs (+0,9%).

By construction objects, the biggest increase was registered by the **non-residential buildings** (+49,1%), residential buildings (+26,2%) and engineering (+16,6%).

By structure elements








By construction objects



# **2019 OVERVIEW**

# 2019 KEY FIGURES

			2019	vs. 2018
	Pipes	LM	>16 mil.	+20%
	Fittings & roto-forming	PCS	>8 mil.	+10%
	Window profiles	LM	7 mil.	+0,3%
	Compounds	TO	>14 k	+2%
	Sandwich panels	SQM	>3 mil.	+34%
	Galvanized steel purlins	TO	>7 k	+32%
	Metallic roof tiles	SQM	5 mil.	+12%
	Trapezoidal sheet	SQM	>2 mil.	+49%
	Drainage & accessories	PCS	>4 mil.	+8,2%
	Windows & doors	UNITS	>118 k	-1,2%
	Rigid PVC recycling	TO	>7 k	+29%

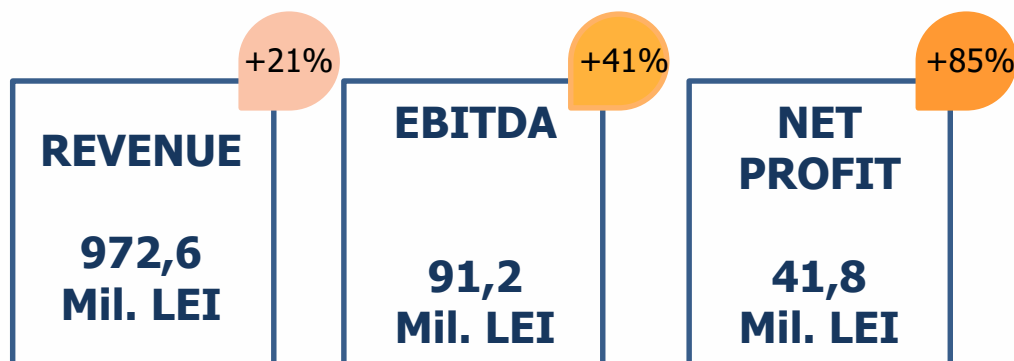
- Healthy sales increase due to the increase in quantities sold
- The new production capacities allow us to grow our business organically
- The production represents a record for the Group



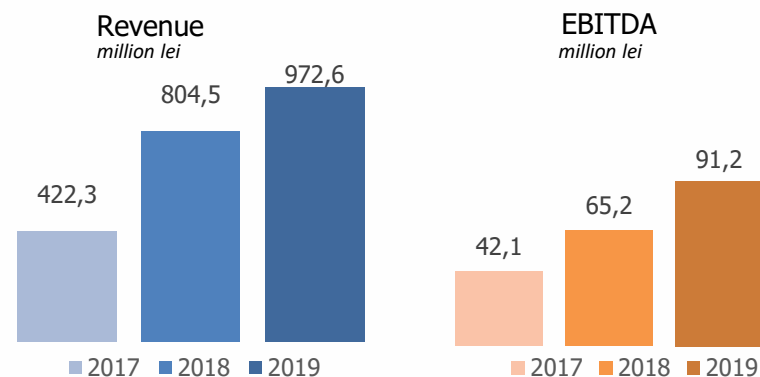
# 2019 KEY FIGURES

## TERAPLAST GROUP 2019

### 2019 Results



### 2017-2019 Evolution



- 2019, by its 98 million lei in investments, fundamentally changes the Group
- We took advantage of the favorable construction market context and improved our profitability by increasing the production volumes on most of the business lines
- The Serbian business reached maturity and the water & sewage infrastructure projects were resumed and thus contributed decisively to the sales and profitability growth

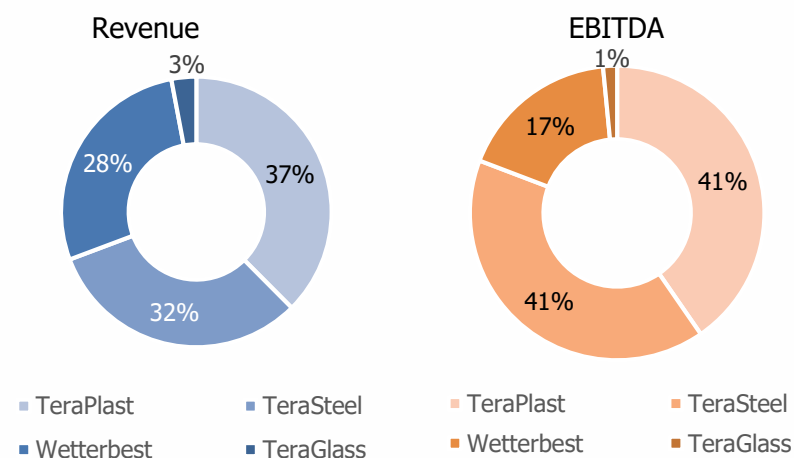
# 2019 KEY FIGURES

## TERAPLAST GROUP 2019

### 2019 Results

<i>million lei</i>		<b>2019</b>	<b>2018</b>	<b>Evolution</b>
<b>TeraPlast</b>	Revenue	365	292,6	25%
	EBITDA	37	20,6	80%
<b>TeraSteel</b>	Revenue	308,8	262	18%
	EBITDA	37,6	26,4	42%
<b>Wetterbest</b>	Revenue	269,9	221	22%
	EBITDA	15,1	14,6	4%
<b>TeraGlass</b>	Revenue	28,9	28,9	0%
	EBITDA	1,4	3,2	-56%
<b>TeraPlast Group</b>	Revenue	972,6	804,5	21%
	EBITDA	91,2	64,9	41%

### Companies' proportion in the consolidated revenue



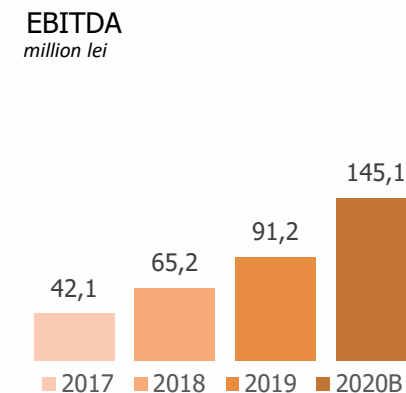
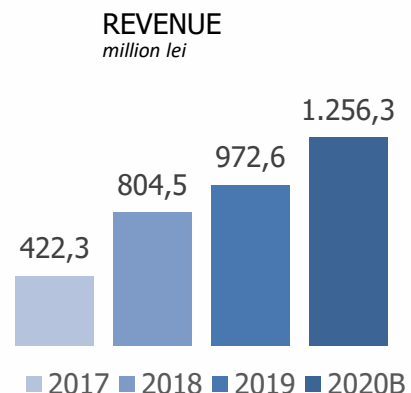
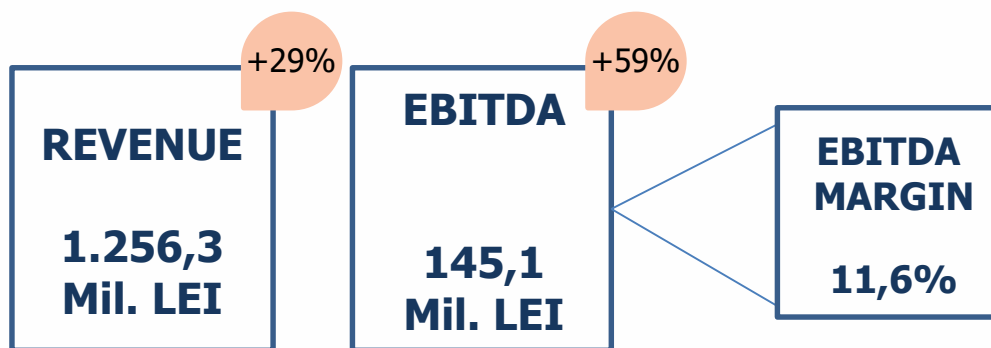
- The main focus was getting TeraPlast back into parameters, thus generating the largest increase in both revenue (+25%) and EBITDA (+80%)
- TeraSteel is the company with the best EBITDA margin
- The growth is due to the construction sector evolution and, regarding the Installation business line, to the infrastructure projects evolution
- The margin improvement of the sandwich panels segment is due to the operational and acquisition efficiency measures, as well as to the maturation of the Serbian business
- Wetterbest and TeraGlass eroded their profitability because of the massive investments in 2019, but are the main growth platforms in 2020

# **2020 BUDGET**

- We face a major challenge in 2020, namely the ramp-up of the investments made in TeraPlast, Wetterbest and TeraGlass
- We have the highest expectations from Wetterbest and TeraGlass
- We're anticipating an increase in the projects made from European Funds which will keep the demand for infrastructure projects strong
- TeraSteel Romania & Serbia will have moderate increases as they near full capacity
- We will see rising raw material prices for steel as well as for petrochemical products (PVC, Poliurethane, PE and PP)



## TERAPLAST GROUP 2020



- We expect a significant improvement in profitability – the budgeted EBITDA surpasses 145 million lei
- Wetterbest, and to a lesser extent TeraGlass, will contribute significantly to the budgeted figures
- TeraPlast has good growth premises of the Installation business line considering the positive evolution of the POIM projects
- TeraSteel has some more growth resources in Serbia
- The Compounds and Window profiles business lines will grow moderately in revenue and profitability

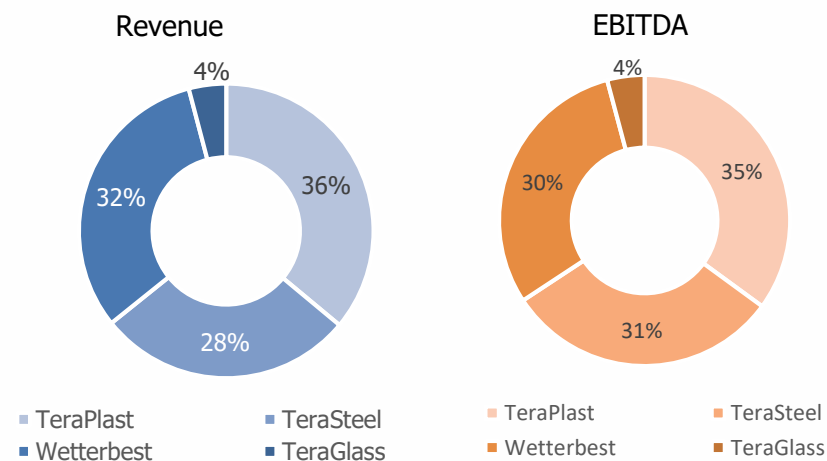
# 2020 OBJECTIVES

## TERAPLAST GROUP 2020

### 2020 Budget

million lei		2020	2019	Evolution
<b>TeraPlast</b>	Revenue	452,8	365	24%
	EBITDA	50,9	37,0	37%
<b>TeraSteel</b>	Revenue	354,2	308,8	15%
	EBITDA	44,6	37,6	19%
<b>Wetterbest</b>	Revenue	397,8	269,9	47%
	EBITDA	43,7	15,1	189%
<b>TeraGlass</b>	Revenue	51,6	28,9	79%
	EBITDA	6	1,4	322%
<b>TeraPlast Group</b>	Revenue	1.256,3	972,6	29%
	EBITDA	145,1	91,2	59%

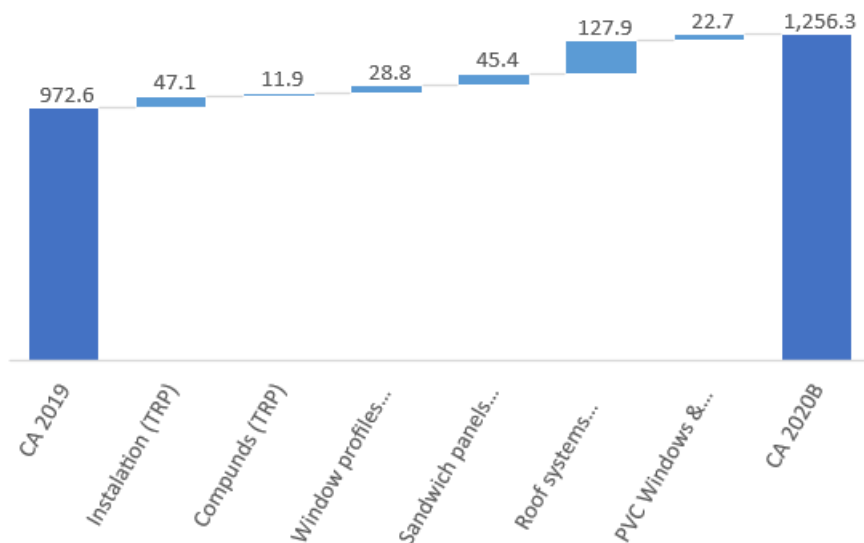
### Companies' proportion in the consolidated revenue



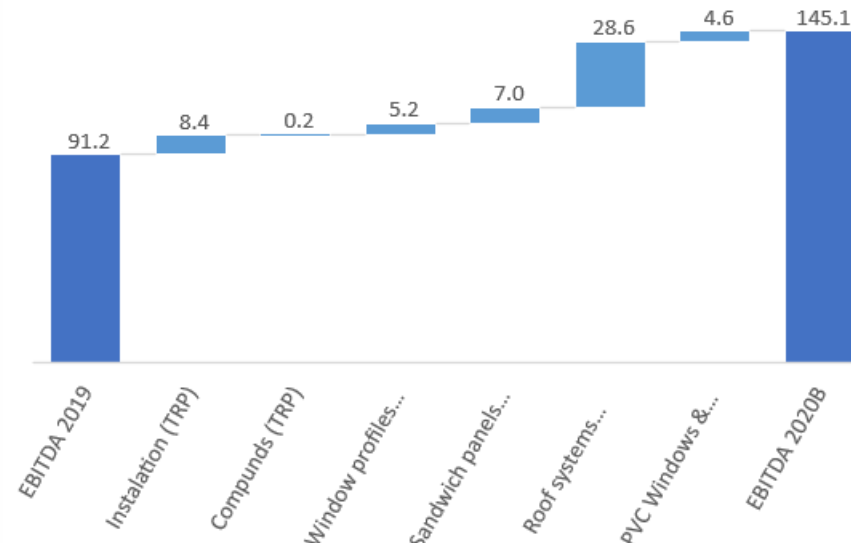
- Starting 2020, the investment projects in 2019 will show their effects
- The main contributors to the 2020 growth figures will be Wetterbest, TeraPlast and TeraSteel
- A significant increase in profitability is expected, EBITDA reaching over 145 million lei based on profitability improvement of TeraGlass and Wetterbest

# NET REVENUE AND EBITDA BRIDGE 2020B VS 2019

## Net Revenue Bridge



## EBITDA Bridge



Segment	Net Revenue (mRON)				EBITDA (mRON)				EBTIDA Margin (%)		
	2019	2020	vs 2019 (abs)	vs 2019 (%)	2019	2020	vs 2019 (abs)	vs 2019 (%)	2019	2020	vs 2019 (%)
Installation (TRP)	239.8	286.9	47.06	20%	25.2	33.7	8.42	33%	10.5%	11.7%	11%
Compunds (TRP)	64.2	76.1	11.89	19%	7.6	7.9	0.24	3%	11.9%	10.4%	-13%
Window profiles (TRP)	61.1	89.9	28.76	47%	4.2	9.3	5.17	124%	6.8%	10.4%	52%
Sandwich panels (TRS)	308.8	354.2	45.40	15%	37.6	44.6	6.98	19%	12.2%	12.6%	3%
Roof systems (WTB)	269.9	397.8	127.90	47%	15.1	43.7	28.60	189%	5.6%	11.0%	96%
PVC Windows & Doors (TRG)	28.9	51.6	22.70	79%	1.4	6.0	4.60	322%	4.9%	11.7%	136%
<b>Total TRP Group</b>	<b>972.6</b>	<b>1,256.3</b>	<b>283.72</b>	<b>29%</b>	<b>91.2</b>	<b>145.1</b>	<b>54.00</b>	<b>59%</b>	<b>9.4%</b>	<b>11.6%</b>	<b>23%</b>

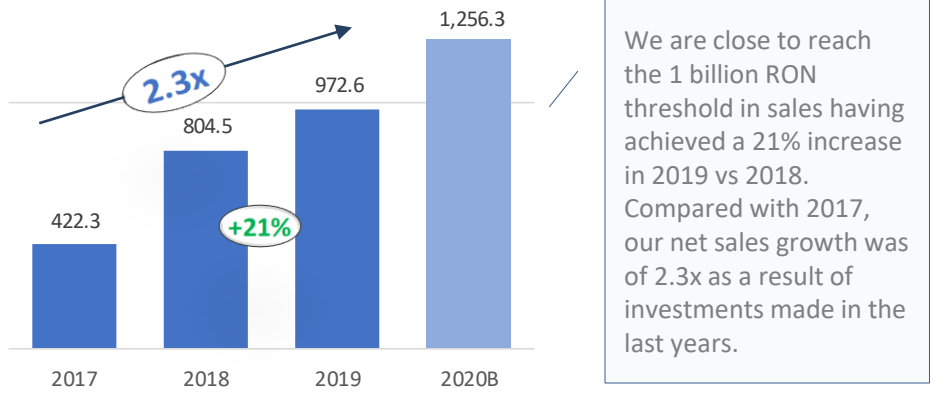
- TeraPlast Group has closed in on the RON 1 billion threshold
- 2019 turnover (RON 972,6 million) is 21% more than 2018 and double versus 2017 (RON 426 million)
- The net profit (RON 41,8 million) is 85% more than the one of 2018 (RON 22,6 million) and double versus the 2017 profit of RON 18,6 million.
- The Group's profitability (EBITDA: RON 91,2 million) is also 41% more than 2019 (RON 66 million) and double the 2017 one (RON 42,1 million)
- The number of employees has a 20% increase vs 2018 to over 1.200
- ROCE has increased from 9,3% to 15%
- The investments of RON 98 million from 2019 will bring results in 2020 and will be paramount in achieving a budgeted turnover of RON 1,25 billion



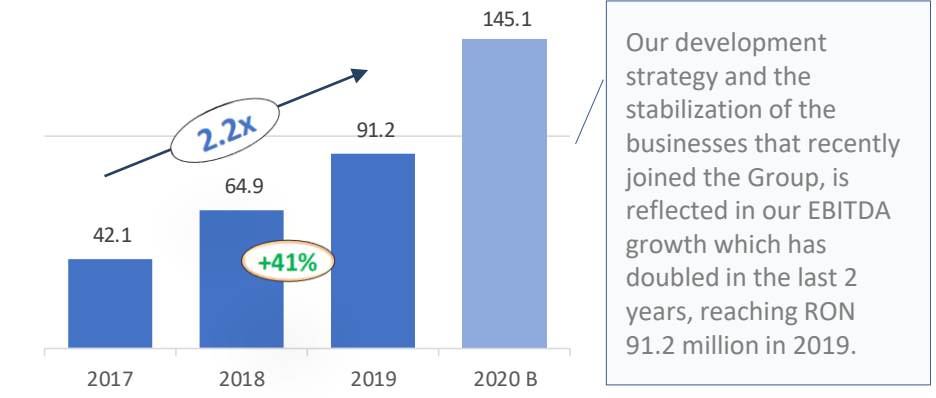
# **FINANCIAL PERFORMANCE**

# FINANCIAL PERFORMANCE SUMMARY

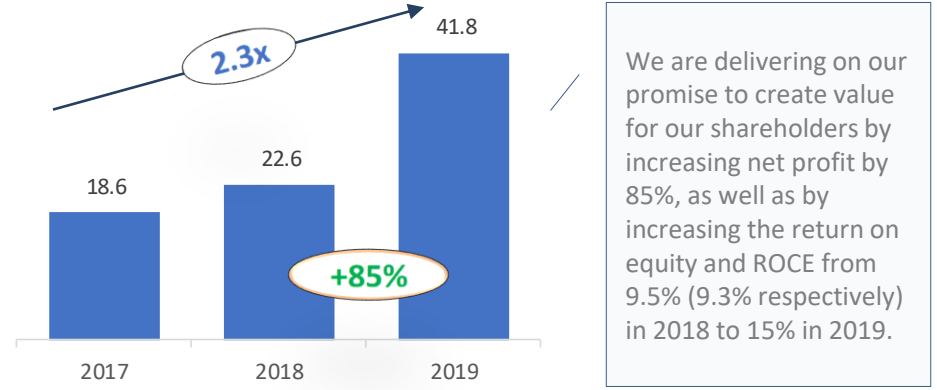
## Net Sales



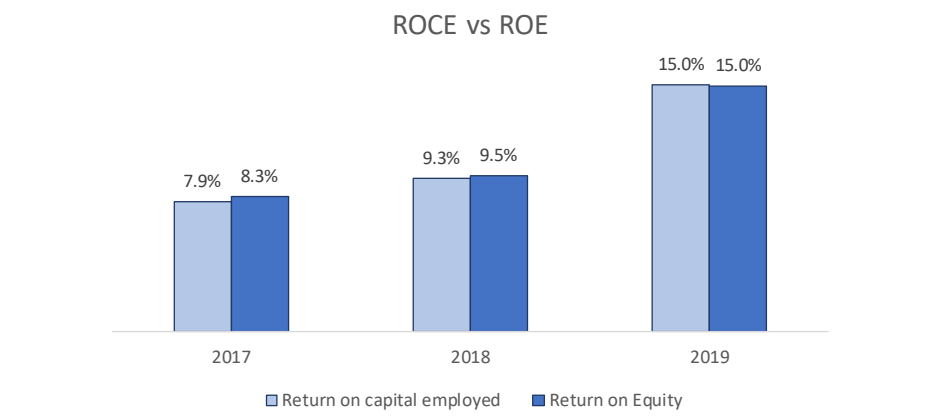
## EBITDA



## Net Profit



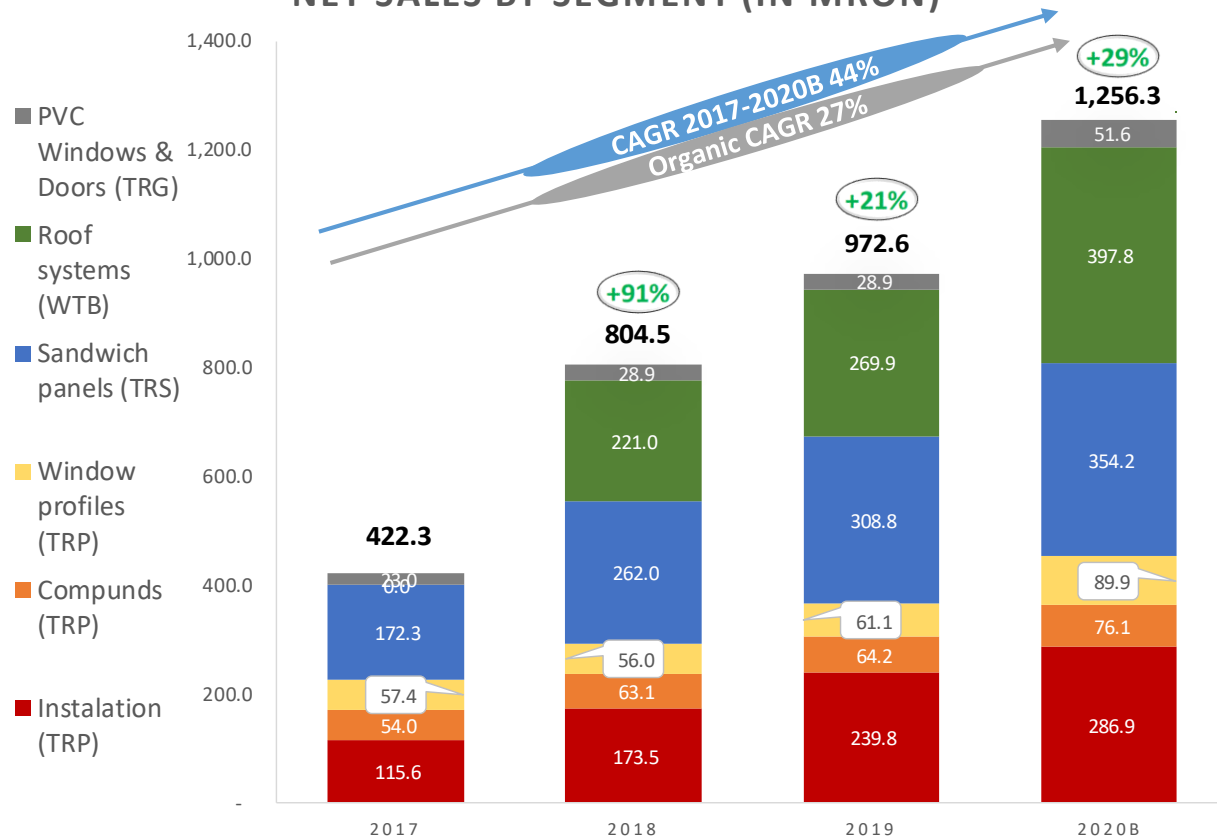
## Return on Capital Employed | Return on Equity



*In 2020, we will see the benefits of the investments made in 2019 (of RON 98 million), which will contribute significantly to reaching the budgeted RON 1.25 billion in net sales with an EBTIDA of RON 145 million.*

# NET SALES BY SEGMENT

## NET SALES BY SEGMENT (IN MRON)



*With a focus on growth, organic CAGR for the period 2017 – 2019 is 27%. Including Wetterbest acquisition, the CAGR for the same period is 49%.*

### Teraplast (TRP):

- **[Installation]** – as a market leader in 2019 for PVC Pipes, Teraplast was in the best position to win in the growing infrastructure market;
- **[Compounds]** – development plans includes HFFR (Halogen Free, Fire Resistant) production line for which we started pre-ramp up phase with customer trials and testing;
- **[Window profiles]** – facing challenges but revising business model to be closer to customers;
- **[Recycling]** – has provided an overarching activity enabling profitability growth;

### Terasteel (TRS)

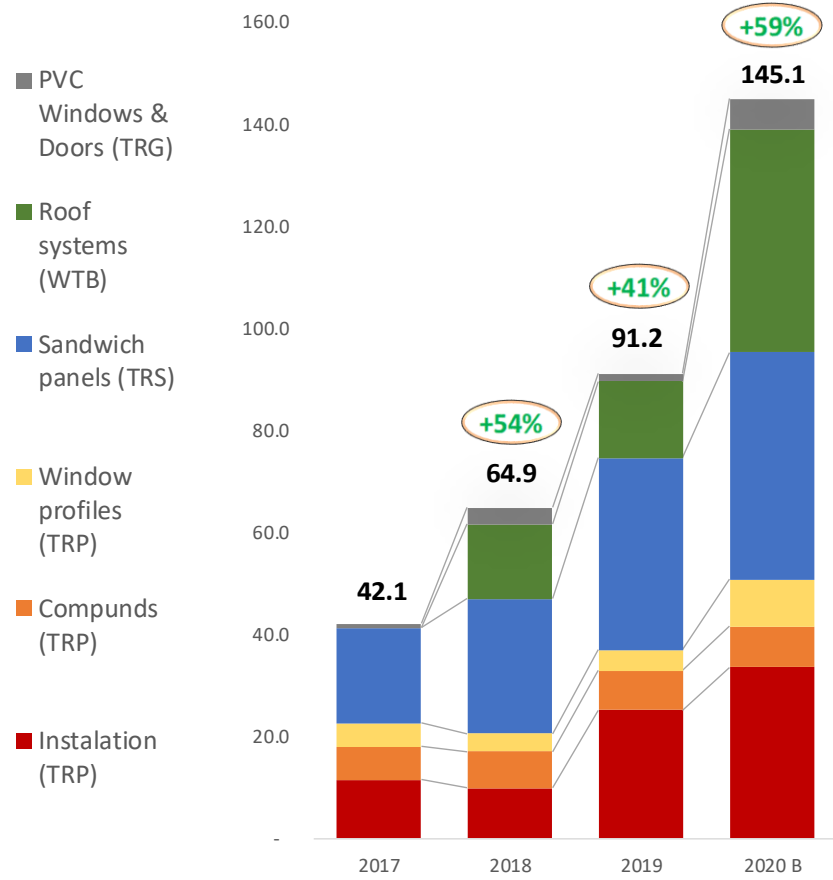
- **[Sandwich panels]** – FY18 growth was mainly driven by Terasteel Serbia which was operating through the year (production started in Sept 2017). Net Sales increased from 1.6 to 12.6 mil EUR in 2018 to a further EUR 18.3 mil in 2019. Terasteel Romania increased by EUR 7.6 in FY18 vs 17 mainly due to increase in sales of PIR panels\*. The increase in 2019 is of EUR 3 mil.

### Wetterbest (WTB)

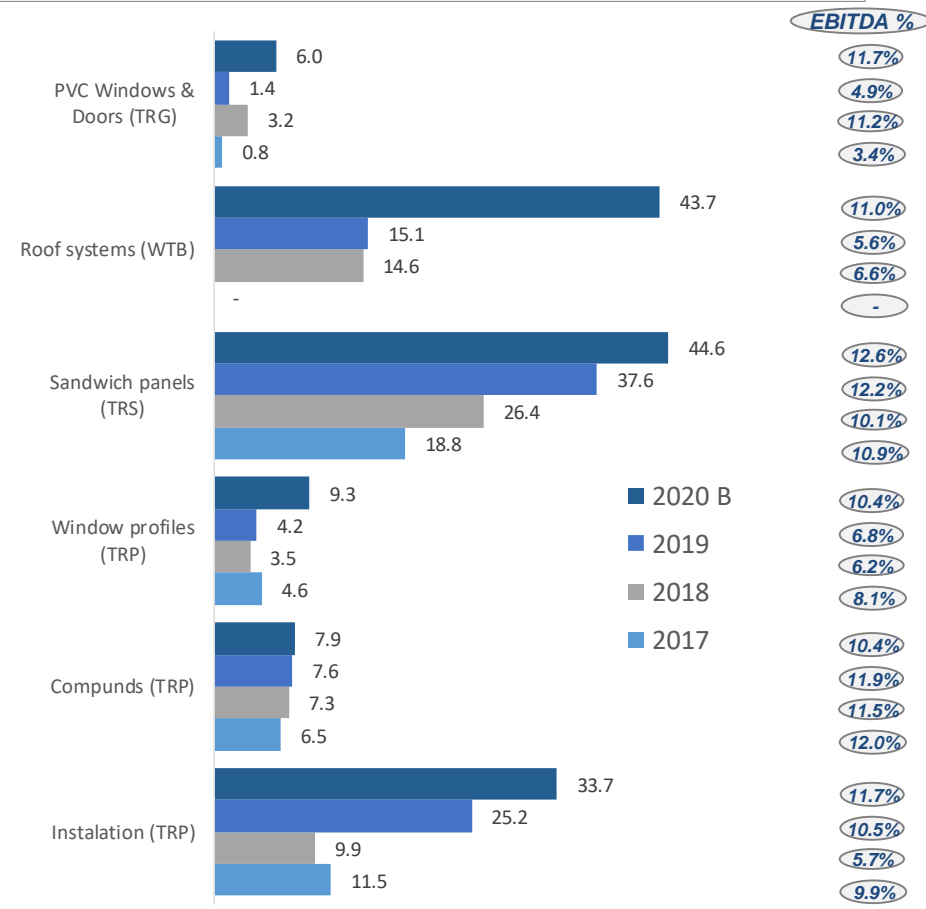
- **[Roof Systems]** – Development & relocation to the new production facilities eroded the margins; Nevertheless we managed to increase sales by 20% so we are in a unique position to increase profitability in 2020.

# EBITDA BREAKDOWN BY SEGMENT

EBITDA breakdown | Group view (mRON)



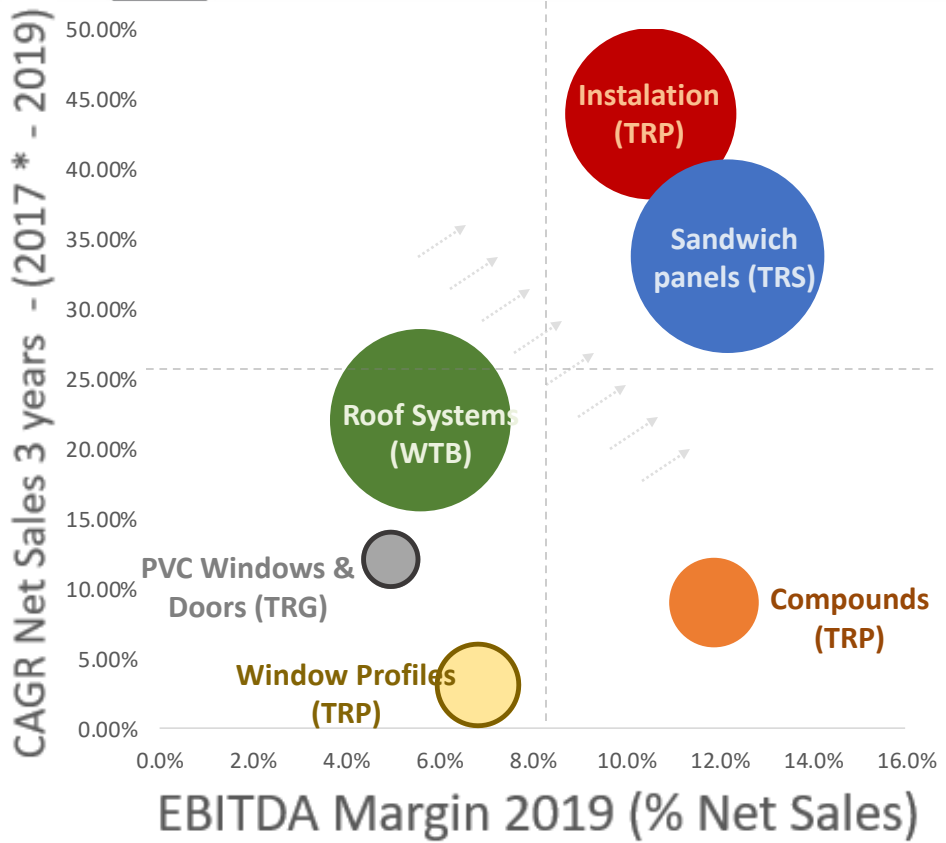
EBITDA breakdown | Segment view (mRON)



Increased volumes in infrastructure projects and innovations in product development with recycled material are the main contributors to the margin improvement for Instalation. The Serbian plant (Sandwich Panel) finalized the ramp up phase late 2018 and contributed significantly towards margin improvement for this segment in FY19.

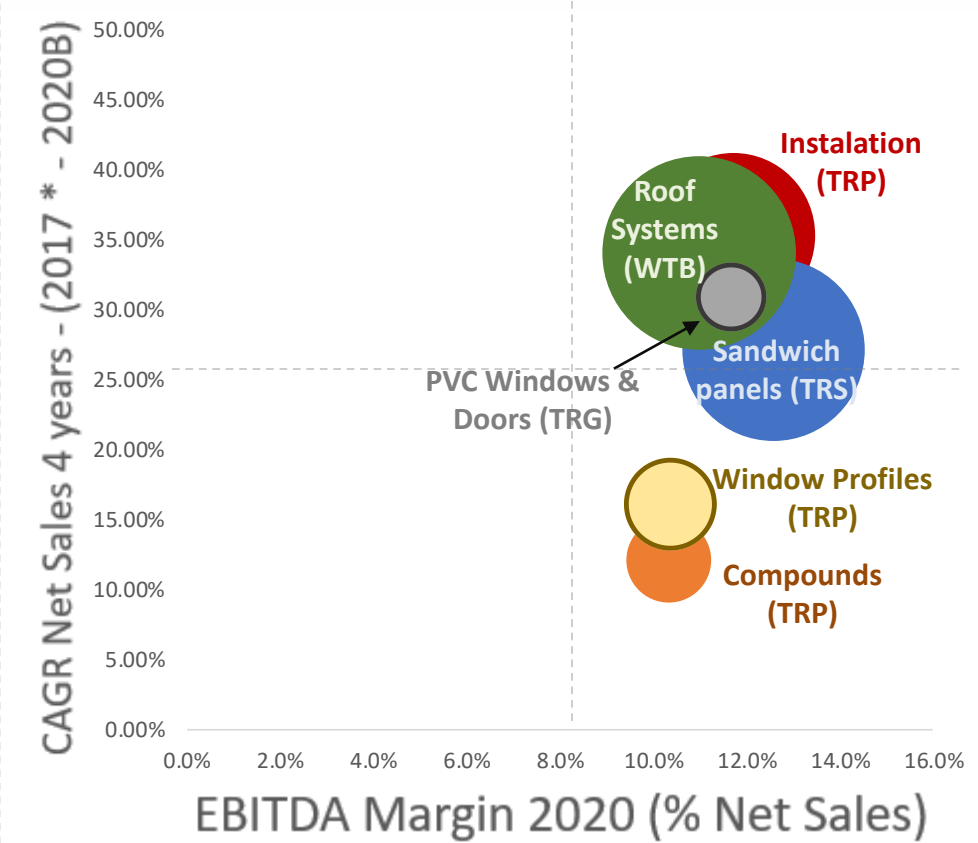
# Net Sales Growth (CAGR) / EBITDA Margin by Segment

2017 - 2019



Size of the bubble represents 2019 Net Sales  
 \* For Roof Systems, CAGR is computed for the 2 year period 2018 – 2019;

2017 – 2020B

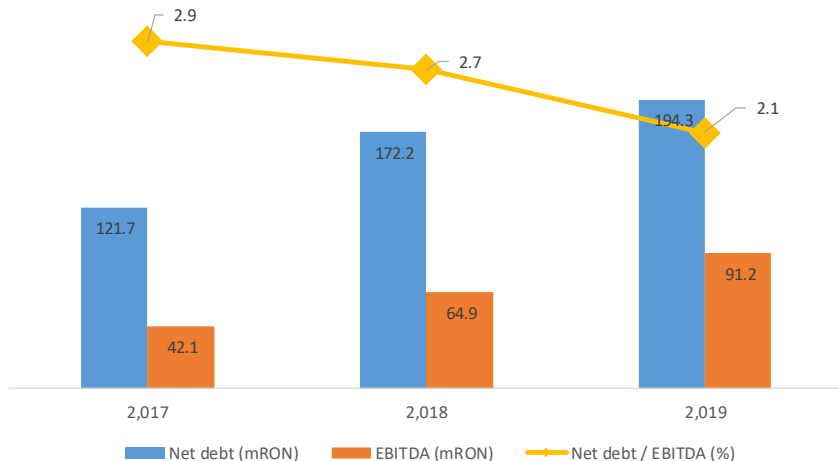


Size of the bubble represents 2020B Net Sales  
 \* For Roof Systems, CAGR is computed for the 3 year period 2018 – 2020B;

For each segment, we employ different strategies to improve either sales growth or margins and in some cases, both. While we will focus mainly on margin improvement for Sandwich Panels and Installation, we're still working on new growth opportunities. The commissioning of the new plant for the Roof Systems segment will bring significant improvements in both margins and growth.

# NET DEBT

Net debt / EBITDA



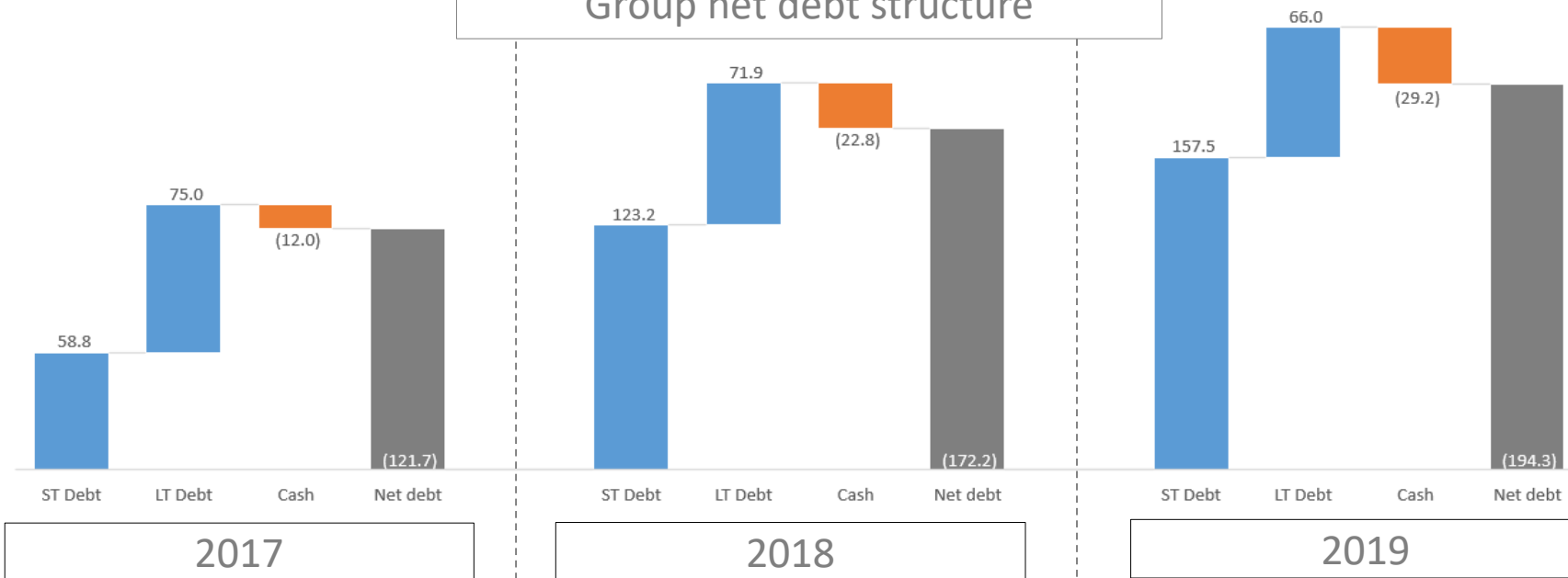
## Net debt to EBITDA

- with the significant improvements in EBITDA, we were able to use the cash generated to finance the investments while keeping the debt level low leading to a Net Debt to EBITDA of 2.1x in 2019;

## Net debt structure

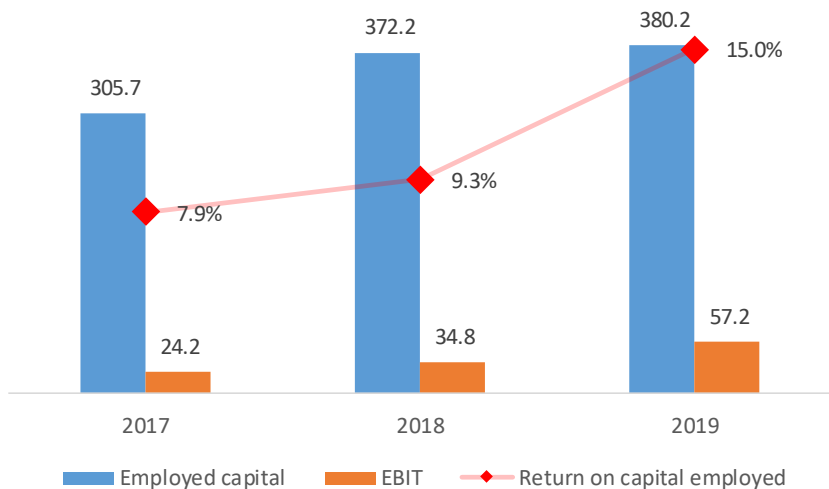
- Operating cash generated in 2019 (RON 76m) was used mainly to finance the investments made through the year (RON 98 m); the remaining part was financed through debt;
- the split between short and long term debt will be more balanced in 2020 once we take on the investment loan from EBRD;

## Group net debt structure

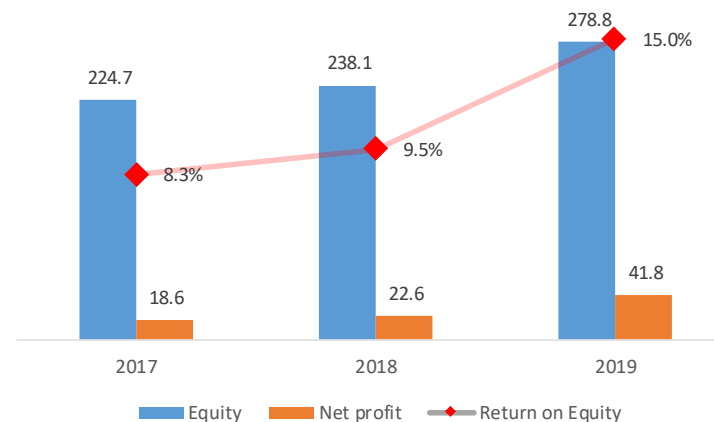


# RETURN ON CAPITAL EMPLOYED | RETURN ON EQUITY

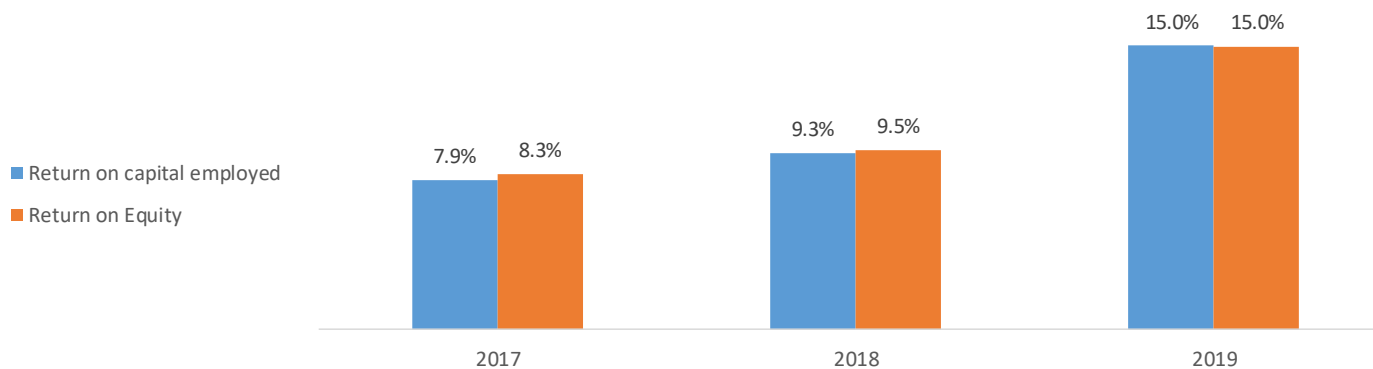
### Return on Capital Employed



### Return on Equity



### ROCE vs ROE



Following a difficult period of investments and consolidation during 2017 and 2018, Teraplast Group now reaps the rewards in terms of significant improvements in both ROCE and ROE. Having an entrepreneurial mindset and a long term commitment to both our shareholders and lenders, we seek to align the interests of our stakeholders for the larger interest of the company.

**Q&A**





# TERA PLAST GROUP



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