

PRESS RELEASE

Teraplast Group: results for the period January - September 2015

Net profit of over 24 million lei and a turnover increasing by 18.5%, as compared to the same period of the last year

Bistrita, November 12th 2015 – Teraplast Group, the largest PVC processor in Romania and one of the leading manufacturers of materials for construction and installation market, consolidated, in the third quarter, the good evolution from the first half of the year. Profitability indicators and the incomes of the Group continued to grow, while the interest-bearing debts have decreased.

Teraplast Group includes the company Teraplast, the subsidiary Plastsistem, the subsidiary Teraglass (as of April 2015, initially Teraglass activity was organized as a business line of the company Teraplast), the subsidiary Teraplast Moldova and Politub (joint-venture).

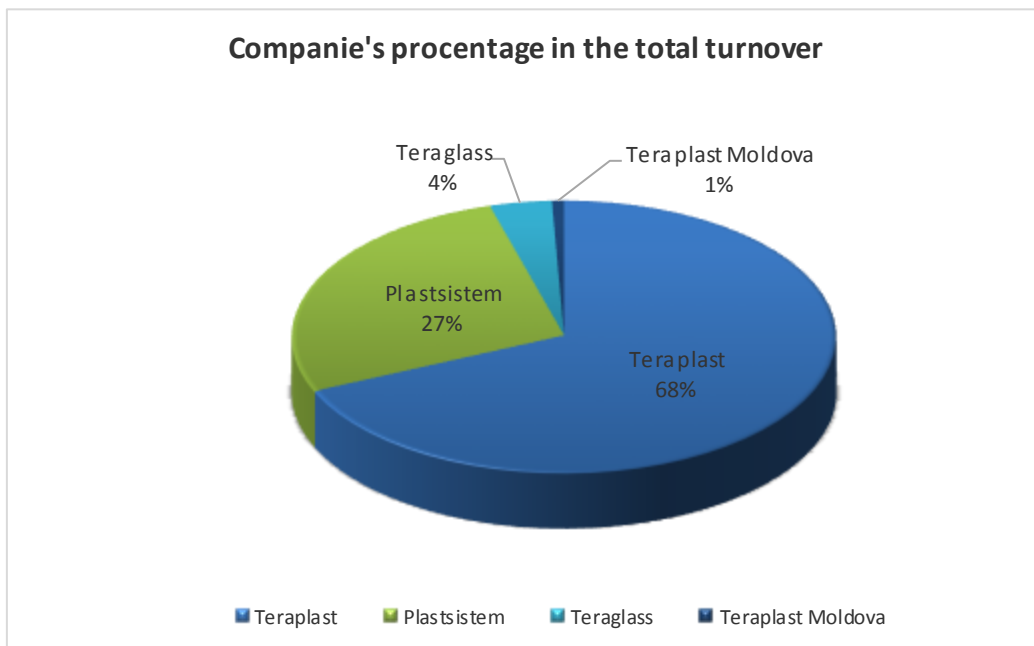
Thousand, lei	Sept 30 th 2015	Sept 30 th 2014	▲ %
Turnover	282,741	238,583	18.51
Earnings before interest and taxes (EBIT)	24,462	13,027	87.78
Net Profit/(Loss) for the period	24,162	11,297	113.88
EBITDA	35,672	24,308	46.74
Basic earnings/(loss) per share (RON)	0,084	0,039	113.88
Interest-bearing debts	51,041	55,321	(7.74)
Cash and cash equivalents	5,249	5,163	1.66

**The financials are unaudited and represent Teraplast's Group consolidated results prepared according to International Financial Reporting Standards (IFRS);*

Dorel Goia, Chairman of the Board of Directors of Teraplast: *“In the first nine months of 2015, the Group financial performance continued to improve despite of a volatile economic context. The 50% increase in the price of the main raw materials, as well as their low availability, the insolvency of some clients, but also the modest evolution of the investments, are only some of the challenges we had to face in the period January-September 2015. Still, we managed to successfully solve all these problems, and additionally the operational performance component of the business have improved significantly. In the following months the construction sector will gradually enter into the low season period, but we intend*

to make use of this period to implement operational projects on commercial and logistic levels, so that we end this year on a positive trend of the financial indicators and to be prepared for 2016”.

The consolidated turnover of Teraplast Group increased by **18.5%** in the period January-September 2015 up to **282.74 million lei**. The consolidation includes 100% elements of revenues and expenses for the companies Teraplast, Plastsistem, Teraplast Moldova and Teraglass and excludes Politub. Being a joint venture company, Politub is consolidated only in profit level, by 50%.



The evolution of the **Group's turnover** was supported on one hand by the construction market evolution, and on the other hand due to the gain of internal market share. Additionally, the export delivery increased by approximately **10%** as compared to the similar period of the last year.

According to the available information the construction work volume in the first nine months registered an increase of 10.5%. The data from the National Institute of Statistics show that in the period January-September 2015 the nonresidential construction works increased by 5.2% and on the residential segment decreased by 0.2%, while the infrastructure works had a positive evolution of 15.6%.

Teraplast Group is on top positions on its markets. The parent company Teraplast is among the top three players in the market segments of interior and exterior sewage drains, compound, paneling and its subsidiary, Plastsistem, is among the top three on sandwich panels and galvanized steel structures markets. In just two years, Plastsistem managed to position itself as the second largest producer of steel structural elements in the market with a share of 28% in 2014 (according to Neomar).

During the analyzed period, Teraplast Group's **net profit** amounted to **24.16 million lei**, compared to 11.29 million lei obtained in the same period last year. Net profit evolution at consolidated level, was primarily supported by the significant

improvement of the **operational performance**, Teraplast Group achieving in the period January-September 2015 an **operational profit** of almost **24.46 million lei**, as compared to 13 million lei in the same period of 2014. From the amount achieved from the operational activity, about 0.5 million represents non-recurring gains. Net profit was also supported by the improvement of the **financial result**, due to income from dividends. In 2015, Teraplast cashed dividends, worth 1.95 million, from the subsidiary Politub, as a result of 2014 profit distribution.

EBITDA of Group Teraplast, is also increasing up to **35.67 million lei**, as compared to 24.30 million lei in the same period of 2014.

In the first nine months of 2015, Teraplast Group's **interest-bearing debts** decreased by almost **8%**, as compared to the similar period in 2014. In structure, Teraplast's Group **short-term debt** decreased by **5 million lei**, and the value of **long-term debts** is by **0.75 million lei** over the value realized in the similar period of 2014.

Teraplast's Group **receivables** have been increasing in the first nine months of 2015, on one hand due to turnover's evolution, by over 18.5% and on the other hand due to the transfer of PVC windows & doors business line on Teraglass, which had an impact of 9.18 million lei in the amount of receivables. In addition, in the first half of 2015, Teraplast insured a part of the client portfolio, which allowed the extension of payment terms for these clients. However, the company continues to be prudent when offering trade credit and is constantly analyzing clients' liquidity, through the existing credit department.

Investments in the period January – September 2015

Teraplast Group realized in the first nine months of 2015 **total investments** of over **14.33 million lei**. Until the end of 2015, Teraplast Group forecasted investments worth over 19 million lei, most of these amounts being directed towards the purchase of equipment.

Significant events during January - September 2015

- ✓ In **March**, Teraplast decided to participate as a partner (51% shares) to build up a limited liability company in Republic of Moldova. The purpose of this action was to develop Teraplast's market share in this country and it is part of company's strategy to increase the value of exports.
- ✓ As of **April** 2015, Teraplast transferred its window & doors business line on a different company – Teraglass. This company is 100% owned by the parent company Teraplast.
- ✓ In **April**, the General Meeting of Shareholders set the value of maximum indebtedness that may contract the company in fiscal year 2015 – 68 million lei.
- ✓ The Board of Directors decided in **July** to renew the credit line and the letters of guarantee multi-currency limit, in total value of 15,000,000 lei, accessed from Banca Transilvania SA.
- ✓ The Managing Board decided in **August** to participate as shareholder (with 51% of capital), for the establishment of a limited liability company. The other shareholder will be a legal person and the object of activity will be commerce. The new company is to develop the presence of Teraplast Group on the external markets.

- ✓ In **August** the General Meeting of Shareholders approved the nomination of the company General Consulting MGI as internal auditor of Teraplast.

Subsequent events

- ✓ In **October** the General Meeting of Shareholders reconfirmed for another year the five members of the Board of Directors. The structure of the Board is the following: Mr. Dorel Goia (Chairman), Mrs. Magda-Eugenia Palfi-Tirau, Mr. Emanoil Ioan Viciu, Mr. Razvan Stefan Lefter and Mr. Teofil- Ovidiu Muresan.
- ✓ Teraplast acquired in **October** the pack of shares associated with a shareholding of 19.29% of Plastsistem. Teraplast holds at the moment 98% of Plastsistem, as compared to previous 78.71%.
- ✓ In **November** the Board of Directors called, for December 7th 2015, the General Meeting of Shareholders which will have on the agenda the share capital increase with 8,874,589 lei by releasing of 88,745,890 new shares, with a reference value of 0.10 lei/share, which will be distributed for free to all company's shareholders, registered in the Shareholders' Registry, at the registration date established by GMS (proposal December 23rd 2015). Every shareholder registered in the Shareholders' Registry at the registration date shall receive a number of 30.72111455 new shares for every 100 owed shares. Another point on the agenda will be the share buyback program with the following terms: maximum 2,000,000 shares (0.69% of total share capital) with reference value of 0.1 lei/share, at a minimum price equal to the stock exchange price of the transaction day and a maximum price of 1 leu/share, in the limit of 1,000,000 lei, for a period of maximum 18 months, in order to implement an employee's loyalty program.

Teraplast Group details:

With a tradition of over 120 years, Teraplast Group is currently the largest PVC processor in Romania and one of the leading manufacturers of materials for construction and installation market. The products portfolio of the Group is structured in six business lines: Installations & Decorations, Windows profiles, Compounds, Sandwich panels, Galvanized profiles and PVC windows and doors.

The production facilities of the companies in the Group are located in the Teraplast Industrial Park, developed outside Bistrita, on a surface of over 200.000 sqm. During 2007-2014 Teraplast Group invested over 200 million lei in the development and the modernization of the production capacities, but also in the products portfolio extension.

Beginning with July 2nd 2008 the biggest company in the Group – Teraplast is listed at Bucharest Stock Exchange, symbol TRP.

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Appendix:

Consolidated income statement, as of September 30th 2015 (Teraplast Group)

Thousand, lei	Sept 30 th 2015	Sept 30 th 2014	▲ %
Consolidated revenue	282,741	238,583	18.51
Other operating income	522	530	(1.38)
Changes in inventories of finished goods and work in progress	3,831	(577)	763.46
Raw materials, consumables used and merchandise	(200,070)	(167,909)	19.15
Employee benefits expenses	(23,757)	(21,655)	9.71
Provisions, depreciation and amortization expenses	(13,333)	(12,771)	4.41
Gains/ (Losses) from the outflow of tangible and intangible assets	36	(242)	114.71
Gains/(Losses) from the fair value measurement of investment property	-	-	-
Other expenses	(25,508)	(22,932)	11.23
Financial costs	(4,875)	(5,081)	(4.05)
Financial incomes	5,507	2,828	94.74
Share of the profit or loss of the joint venture accounted for using the equity method	3,122	1,810	72.54
Profit/(Loss) before tax	28,216	12,584	124.22
Taxes on income	(4,054)	(1,287)	214.99
Consolidated Profit/(Loss) for the period	24,162	11,297	113.88
Total comprehensive income	24,162	11,297	113.88
Consolidated result for the period	24,162	11,297	113.88
thereof attributable to stockholders of Teraplast SA	23,665	10,858	117.95
thereof attributable to non-controlling interests	497	439	13.13
Number of shares	288,875,880	288,875,880	0
Basic earnings/(loss) per share (RON)	0,084	0,039	113.88

*The financials are unaudited and represent Teraplast's Group consolidated results prepared according to International Financial Reporting Standards (IFRS);

*The variation sign % indicates the effect on the Group's activity;

Consolidated statement of financial position, as of September 30th 2015 (Teraplast Group)

Thousand, lei	Sept 30 th 2015	Dec 31 st 2014	▲ %
Assets			
Non-current assets			
Tangible assets	134,036	131,186	2.17
Investment property	13,358	13,358	0
Intangible assets	1,025	713	43.82
Investment in the joint venture accounted for using the equity method	16,892	13,770	22.67
Other financial investments	16	16	0
Deferred tax assets	86	-	100
Total non-current assets	165,413	159,043	4.01
Current assets			
Inventories	61,337	45,460	34.93
Trade receivables	102,781	68,185	50.74
Prepayments	576	202	183.71
Income tax recoverable	-	-	
Cash and cash equivalents	5,249	5,163	1.66
Total current assets	169,943	119,010	42.80
Assets held for sale	-	-	
Total assets	335,356	278,053	20.61
Equity and liabilities			
Equity			
Subscribed share capital	28,888	58,980	(51.02)
Share premium	27,385	42,245	(35.18)
Revaluation reserves	21,331	21,331	0
Legal reserves	8,068	8,068	0
Retained earnings	85,368	16,550	415.82
Stockholders' equity	171,040	147,174	16.22
Non-controlling interests	3,498	3,595	(2.68)
Total equity	174,538	150,769	15.77
Long-term liabilities			
Loans and finance lease liabilities	12,222	11,467	6.58
Other long-term liabilities	-	-	
Liabilities for employee benefits	389	389	0
Investment subsidies	3,517	3,858	(8.86)
Deferred tax liabilities	4,261	4,610	(7.56)
Total long-term liabilities	20,389	20,324	0.32
Current liabilities			

Trade and other payables	94,883	57,927	63.79
Loans and finance lease liabilities	38,819	43,854	(11.48)
Other current financial liabilities	-	-	
Income tax payable	1,971	737	167.59
Investment subsidies	441	450	(1.91)
Provisions	4,315	3,992	8.10
Total current liabilities	140,429	106,960	31.29
Total liabilities	160,818	127,284	26.35
Total equity and liabilities	335,356	278,053	20.61

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EBITDA calculation (Teraplast Group)

Thousand, lei	Sept 30 th 2015	Sept 30 th 2014
I. Result before tax	28,216	12,584
II. Amortization and depreciation, of which:	(13,010)	(12,406)
Amortization	(11,602)	(11,770)
Tangible assets depreciation	392	489
Provisions and depreciation of inventories and receivables	(1,800)	(1,125)
III. Net financial position	632	(2,253)
Loss from foreign exchange rate	(3,025)	(2,180)
Income from foreign exchange rate	3,453	2,715
Interest income	(1,142)	(2,095)
Interest expenses	11	6
Granted discounts	(687)	(673)
Received discounts	0	1
Other financial expenses	(20)	(133)
Other financial incomes	2,042	106
III. Share of the profit or loss of the joint venture accounted for using the equity method	3,122	1,810
EBITDA	35,672	24,308

Stand-alone income statement, as of September 30th 2015 (Teraplast SA)

Thousand, lei	Sept 30 th 2015	Sept 30 th 2014
Stand-alone revenue	198,513	175,596
Other operating income	8,638	139
Changes in inventories of finished goods and work in progress	2,241	(1,933)
Raw materials, consumables used and merchandise	(135,541)	(118,268)
Employee benefits expenses	(16,755)	(17,729)
Provisions, depreciation and amortization expenses	(10,684)	(10,098)
Gains/ (Losses) from the outflow of tangible and intangible assets	32	(164)
Gains/(Losses) from the fair value measurement of investment property	-	-
Other expenses	(26,662)	(18,225)
Financial costs	(3,445)	(3,987)
Financial incomes	4,527	2,276
Profit/(Loss) before tax	20,864	7,606
Taxes on income	(3,339)	(1,792)
Stand-alone profit/(loss) for the period	17,525	5,814
Number of shares	288,875,880	288,875,880
Basic earnings/(loss) per share (RON)	0,061	0,020

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Stand-alone statement of financial position (Teraplast SA)

Thousand, lei	Sept 30 th 2015	Dec 31 st 2014
Assets		
Non-current assets		
Tangible assets	101,726	100,642
Investment property	13,358	13,358
Intangible assets	461	637
Investments in associated companies	9,533	9,199
Other financial investments	15	15
Total non-current assets	125,093	123,851
Current assets		
Inventories	34,552	33,657
Trade and other receivables	91,236	53,241
Prepayments	462	169
Cash and cash equivalents	3,504	3,458
Total current assets	129,754	90,524

Total assets	254,847	214,375
Equity and liabilities		
Equity		
Total share capital, of which:	28,888	58,980
Subscribed share capital	28,888	28,888
Share capital adjustments	-	30,092
Share premium	27,385	42,245
Revaluation reserves	18,708	18,708
Legal reserves	4,101	4,101
Retained earnings	61,899	(579)
Total equity	140,980	123,455
Long-term liabilities		
Loans and finance lease liabilities	10,478	8,187
Liabilities for employee benefits	346	346
Deferred tax liabilities	3,279	3,482
Total long-term liabilities	14,104	12,016
Current liabilities		
Trade and other receivables	61,692	39,127
Loans and finance lease liabilities	32,312	35,428
Income tax payable	1,443	357
Provisions	4,315	3,992
Total current liabilities	99,763	78,904
Total liabilities	113,866	90,920
Total equity and liabilities	254,847	214,375

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