

PRESS RELEASE

Teraplast Group: financial results for January—September 2016

Net profit of over LEI 30 million and a turnover increasing by almost 10% as compared to the similar period of 2015

Bistrita, November 10th, 2016 - Teraplast Group, the largest PVC processor in Romania and one of the leading manufacturers of materials for construction and installation market, obtained in the first nine months of 2016 increases of all financial indicators, although the infrastructure segment did not have an important contribution to this evolution mainly in the third quarter.

Teraplast Group includes the company Teraplast, the subsidiary Plastsistem, the subsidiary Teraglass (starting with April 2015; initially Teraglass activity was organized as a business line of Teraplast), the subsidiary Teraplast Moldova, the subsidiary Teraplast Logistic (starting with June 2016) and Politub (joint-venture).

Thousand, lei	Sept 30 th 2016	Sept 30 th 2015	▲ %
Turnover	310,909	282,741	9.96
Operating profit/(loss)	36,348	24,462	48.59
Net Profit/(Loss) for the period	30,330	22,208	36.57
EBITDA	47,267	40,414	16.96
Interest-bearing debts	32,056	51,041	(37.00)
Cash and cash equivalents	8,690	5,249	65.56

**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;*

**** The consolidation includes 100% of revenues and expenses for the companies Teraplast, Plastsistem, Teraplast Moldova, Teraplast Logistic and Teraglass and excludes Politub. Being a joint venture company, Politub is consolidated by equity method.*

Alexandru Stănean, Chief Executive Officer of Teraplast: *"The evolution in the period January-September 2016 could have been much better if the infrastructure segment did not have a deadlock starting with July. The infrastructure deadlock made us reconsider in negative way the estimation regarding the current year. Although the projects of water and sewage have over EUR 6 billion available financing, not even after two years and a half since the opening of the new budgetary exercise (2014-2020), the project invitations for POIM (Operational Program for Big Infrastructure) are not opened yet. Despite that in the first nine months of the year we managed to find solutions, so that we exceed the results of the similar period last year. In the following months the construction sector will gradually*

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enter into the low season period, but we intend to make use of this period to implement operational optimization projects, so that we end this year on a positive trend of the financial indicators and to be prepared for 2017”.

In the first nine months of the year Teraplast Group have obtained a **consolidated turnover** of **LEI 310.9 million**, increasing by **9.96%** as compared to the same period of 2015, evolution sustained by the domestic market context, in the first part of the year, and by the increase of the foreign market deliveries. In the first nine months of 2016, Teraplast Group's **exports** have increased by **28%** as compared to the similar period of 2015. Teraplast Group exports in Germany, Austria, Hungary, Slovenia, Czech Republic, Slovakia, Italy, Bulgaria, Serbia or Belgium.

Teraplast Group is present on the markets of installations and decoration, window profiles, sandwich panels and galvanized structures, PVC windows and doors and compounds and is on top positions on most of the markets on which is present. The parent company Teraplast is market leader in exterior sewage drains, compound and paneling and on the second position in interior sewage. The subsidiary, Plastsistem, is among the three players on sandwich panels market and, starting last year, is the leader of the galvanized steel structures market.

During the analyzed period, Teraplast Group's **net profit** amounted to **LEI 30.33 million**, increasing by 36.57% as compared to the value obtained in the first nine months of 2015. Net profit evolution at consolidated level, was primarily supported by the significant improvement of the **operating performance**, Teraplast Group achieving in the period January-September 2016 an **operating profit** of **LEI 36.34 million**, as compared to LEI 24.46 million in the similar period of 2015. In the first nine months of the year, as a result of the increasing volumes, the occupancy rate of the production capacities was much more efficient than in the similar period of the last year.

EBITDA of Teraplast Group, was also increasing, this indicator amounting over **LEI 47.26 million**, increasing by almost **17%** as compared to the similar period of 2015, and the **interest bearing debts** decreased by 37% as compared to 2015.

In the first nine months of 2016, **the cash available in the accounts** increased up to **LEI 8.69 million**, as compared to LEI 5.24 million in the similar period of 2015.

Despite the turnover evolution, the Teraplast Group's **receivables** have only increase by **5.86%**, as a result of the decrease of the medium term of cash-in from clients.

As concerns the **inventories**, their increase in this period by over **24%** was generated by the necessity of securing us from the fluctuation of the raw materials prices, strategy which, sustained also by the sales increase, have contributed to the operating efficiency registered in the first half of the year.

Investments during January – September 2016

Teraplast Group realized in the period January-September 2016 total **investments** of over **LEI 9.44 million**. For the entire year, the Group has proposed an **investment budget worth over LEI 22.95 million** (EUR 5.1 million). These investments are divided on five categories: Equipment, IT, SDVs, Constructions and Auto.

Significant events during January- September 2016

- ✓ In **January** the Board of Directors nominated the financial services company BT Securities to represent Teraplast in the share buyback process of maximum 2,000,000 own shares. The General Meeting of

Shareholders approved, in the session dated December 7th 2015, the repurchase by Teraplast SA of its own shares.

- ✓ The Board of Directors approved in **February** a „stock option plan” by which a number of Group employees will receive Teraplast SA (symbol TRP) shares, which will be purchased in the buy-back program approved by EGMS decision no. 1/07.12.2015. The shares of the „stock option plan” will be given to the beneficiaries for free. The minimum period after which the beneficiaries of the „stock option plan” can choose to receive free shares, cannot be less than 1 (one) year.
- ✓ The Board of Directors approved in **February** the beginning of the share buyback process, according and in the conditions approved by the decision no. 1 of the EGMS, dated December 7th 2015.
- ✓ The Central Depository registered in **February** in the register of shareholders of the company the share capital increase with 8.874.589 lei, by issuing 88,745,890 new shares, with nominal value of 0.10 lei/share. Following the capital increase, the new share capital of Teraplast SA will be 37,762,177 lei, divided into 377,621,770 shares, with nominal value of 0.10 lei each. The share capital increase was made into the account of all shareholders registered in the register of shareholders on January 29th 2016, to which there were allocated for free 30.72111455 new shares for each 100 owned shares.
- ✓ The General Meeting of Shareholders approved in **April** the share capital increase with 18,881,089 lei by releasing of 188,810,890 new shares, with a reference value of 0.10 lei/share. The share capital increase will be made by incorporating the reserves in amount of 18,881,089.00 lei, constituted from the 2015 net profit and by releasing of 188,810,890 new shares with a reference value of 0.10 lei/share. The new released shares will not modify the shareholders percentage and will be distributed for free to all company’s shareholders, registered in the Shareholders’ Registry, at the registration date June 24th 2016. The capital increase is made in order to support the current activity of the company. Every shareholder registered in the Shareholders’ Registry at the registration date shall receive a number of 50 new shares for every 100 owed shares.
- ✓ The General Meeting of Shareholders also decided in **April** the distribution of dividends in total value of 7,930,057 lei, the proposed gross dividend/share being of 0.021 lei.
- ✓ At the end of **May** had finished the transfer of the Teraplast Group’s logistic activities to the company Teraplast Logistic, the new company taking over all logistic activities (warehousing and transport). The shareholders of the new created company are Teraplast with 99% of share capital and subsidiary Plastsistem. The outsourcing of the logistic activities is made in the context of which Teraplast Group intends to focus on core business activities, while the related activities are to be run to separate entities.
- ✓ In **June** Teraplast began the dividends payment from the 2015 profit, the payment agent being Banca Transilvania.
- ✓ In **July** the Central Depository registered in the register of shareholders the company’s share capital increase with 18,881,089 lei, by issuing 188,810,890 new shares, with nominal value of 0.10 lei/share. Following the capital increase, the new share capital of Teraplast SA will be 56,643,266 lei, divided into 566,432,660 shares, with nominal value of 0.10 lei each. The share capital increase was made into the account of all

shareholders registered in the register of shareholders on June 24th 2016, which were allocated 50 bonus share for each 100 held shares.

- ✓ In **July** the General Meeting of Shareholders elected KPMG Audit, as Teraplast's financial auditor and the company General Consulting MGI as internal auditor.
- ✓ In **August** Teraplast filed for a government assistance in order to develop an investment project in amount of LEI 65.63 million, according to the government decision no. 807/2014. The project was not selected for financing.
- ✓ In **September** the Board of Directors decided for Teraplast to establish, as sole associate, a limited liability company in Hungary.

Subsequent events:

- ✓ The General Meeting of Shareholders elected in **October** the members of the Board of Directors, the decided structure being as follows: Dorel Goia, Magda-Eugenia Palfi-Țîrău, Teofil-Ovidiu Muresan, Razvan Stefan Lefter and Petru-Raul Ciurtin.
- ✓ In **October** The Board of Directors elected Mr. Dorel Goia as Chairman of the Board and accepted the resignation of Mr. Teofil-Ovidiu Muresan from the function of Non-executive Director. In the context of Mr. Muresan's resignation, the Board of Directors of Teraplast decided the nomination of Mr. Mircea Hotoleanu as interim Non-Executive Director, starting with October 27th 2016 until the assembly of the Ordinary General Meeting of Shareholders.
- ✓ Teraplast ended in **October** the share buyback program, which went off in the conditions approved by the decision no. 1 of the EGMS, dated December 7th 2015.

Teraplast Group details:

With a tradition of 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 260 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:

1. **Consolidated income statement, as of September 30th 2016 (Teraplast Group)**
2. **Consolidated statement of financial position, as of September 30th 2016 (Teraplast Group)**

Consolidated income statement, as of September 30th 2016 (Teraplast Group)

Thousand, lei	Sept 30 th 2016	Dec 31 st 2015	▲ %
Consolidated revenue	310,909	282,741	9.96
Other operating income	496	522	(5.00)
Changes in inventories of finished goods and work in progress	3,912	3,831	2.12
Raw materials, consumables used and merchandise	(210,291)	(200,070)	5.11
Employee benefits expenses	(26,174)	(23,757)	10.17
Provisions, depreciation and amortization expenses	(10,570)	(13,333)	(20.72)
Gains/(Losses) from the outflow of tangible and intangible assets	(233)	36	(752.47)
Gains/(Losses) from the fair value measurement of investment property	-	-	-
Other expenses	(31,702)	(25,508)	24.28
Financial costs	(4,426)	(4,875)	(9.20)
Financial incomes	3,136	3,553	(11.74)
Share of the profit or loss of the joint venture accounted for using the equity method	1,281	3,122	(58.96)
Profit/(Loss) before tax	36,338	26,262	38.37
Taxes on income	(6,008)	(4,054)	48.22
Consolidated Profit/(Loss) for the period	30,330	22,208	36.57
Total comprehensive income	30,330	22,208	36.57
Consolidated result for the period	30,330	22,208	36.57
thereof attributable to stockholders of Teraplast SA	30,221	21,711	39.20
thereof attributable to non-controlling interests	109	497	(78.11)
Number of shares	566,432,660	288,875,880	96.08
Comprehensive earnings/(loss) per share (RON)	0.053	0.075	(29.01)

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Consolidated statement of financial position, as of September 30th 2016 (Teraplast Group)

Thousand, lei	Sept 30 th 2016	Dec 31 st 2015	▲%
Assets			
Non-current assets			
Tangible assets	127,454	130,065	(2.01)
Investment property	12,115	12,115	-
Intangible assets	1,431	1,080	32.56
Investment in the joint venture accounted for using the equity method	13,217	15,935	(17.06)
Other financial investments	16	16	-
Total non-current assets	154,234	159,211	(3.13)
Current assets			
Inventories	66,303	53,356	24.26
Trade receivables	91,687	86,616	5.86
Prepayments	706	388	81.79
Cash and cash equivalents	8,690	12,556	(30.79)
Total current assets	167,387	152,916	9.46
Assets held for sale	-	-	-
Total assets	321,621	312,127	3.04
Equity and liabilities			
Equity	56,643	28,888	96.08
Subscribed share capital	56,643	28,888	96.08
Other elements of equity	951	951	-
Share premium	27,385	27,385	-
Revaluation reserves	18,566	18,566	-
Legal reserves	9,853	9,853	-
Retained earnings	90,998	97,591	(6.76)
Stockholders' equity	204,396	183,233	11.55
Non-controlling interests	309	200	54.39
Total equity	204,705	183,433	11.60
Long-term liabilities			
Loans and finance lease liabilities	7,054	10,535	(33.04)
Other long-term liabilities	0	0	-
Liabilities for employee benefits	295	295	-
Investment subsidies	3,043	3,373	(9.81)
Deferred tax liabilities	3,908	3,982	(1.85)
Total long-term liabilities	14,300	18,186	(21.37)
Current liabilities			
Trade and other payables	71,441	66,888	6.81
Loans and finance lease liabilities	25,002	38,533	(35.12)
Income tax payable	2,110	1,446	45.87

Investment subsidies – current portion	467	467	-
Provisions	3,595	3,174	13.27
Total current liabilities	102,616	110,509	(7.14)
Total liabilities	116,916	128,694	(9.15)
Total equity and liabilities	321,621	312,127	3.04

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