

PRESS RELEASE

Teraplast Group: financial results for the first quarter of 2016

Net profit of over LEI 7 million and a turnover increasing by 31% as compared to the first quarter of 2015

Bistrita, May 12, 2015 - Teraplast Group, the largest PVC processor in Romania and one of the leading manufacturers of materials for construction and installation market, achieved in the first quarter of 2015 significant increases of all financial indicators and manage to exceed the values budgeted for this period.

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 and Politub (joint-venture).

Thousand, lei	Q1 - 2016	Q1 - 2015	▲ %
Turnover	86,909	66,257	31.17
Operating profit/(loss)	8,603	4,375	96.64
Net Profit/(Loss) for the period	7,058	4,227	66.98
EBITDA	13,410	10,174	31.81
Basic earnings/(loss) per share (RON)	0,02	0,01	100.00
Interest-bearing debts	38,715	46,626	(16.97)
Cash and cash equivalents	9,121	4,677	95.02

**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;*

Dorel Goia, Chairman of the Board of Directors of Teraplast: "The first quarter of 2016 show a consistent and tenable evolution of Teraplast Group's business. We have increased both as incomes and profitability and we are confident that we shall continue on the same trend. The context of the construction market had a positive impact in the first quarter evolution and we hope not to have unpleasant surprises in the second half of the year. We mainly make mention to the environment infrastructure (sewer and water supply), for which we still deliver for the projects started on the previous EU budget (2007-2013), while for the new EU budget (2014-2020), although there are two years since the launching of it, most of the projects are at the very most in the design phase. In the context in which the new big infrastructure work won't pass in a new phase, there is the possibility to witness a deadlock of this market segment in

Sediul central:

Parc Industrial Teraplast,
DN 15A, km 45+500
Cod. 427298, Jud. Bistrita-Nasaud
Tel. 0263-238202, Fax. 0263-231221
www.teraplast.ro

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the second half of the year. If we talk about public funds, things are moving same as hard on the thermal restorations segment. The private investments only can't sustain the construction market, so the future evolution of the sector highly depends of the public investments input. We shall also continue in 2016 to develop Group's presence on the foreign markets, after in 2015 over 22% of the sales were on export."

The consolidated turnover of Teraplast Group increased by **31.17%** in the first quarter of 2016 up to **LEI 86.90 million**. The consolidation includes 100% 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 at the profit level, by 50%.

Teraplast Group is present on the markets of installations and decoration, window profiles, sandwich panels and galvanized structures, PVC windows and doors and compounds. The evolution in the first quarter was supported both by the increase of the domestic market and also the foreign market. In the first three months of 2016 Teraplast Group's **exports** have increased by almost **37%** 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 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 7.05 million**, as compared to LEI 4.22 million, value obtained in the first quarter of 2015. Net profit evolution at consolidated level, was primarily supported by the significant improvement of the **operating performance**, Teraplast Group achieving in the first quarter of 2016 an **operating profit** of **LEI 8.60 million**, as compared to LEI 4.37 million in the similar period of 2015. In the first three months of the year, as a result of the increasing volumes, the occupancy rate of the machinery was much efficient than in the similar period of the last year.

EBITDA of Teraplast Group, was also increasing, up to over **LEI 13.41 million**, as compared to LEI 10.17 million in the first quarter of 2015.

In the first three months of 2016 Teraplast Group's **interest-bearing debts** decreased by almost **17%**, as compared to the similar period in 2015. During the analyzed period, we also focused on improving the Group's cash-flow and as a result, **the cash available in the accounts** increased from LEI 4.67 million in the first three months of 2015, up to **LEI 9.12 million** in 2016.

The **receivables** of Teraplast Group were increasing in the first quarter of 2016, on one hand due to the evolution of the turnover, and on the other hand as a result of the assurance of a part of the client portfolio, which allowed us to extent the payment terms for these clients.

As concerns the inventories, their increase in this period by 42% was generated on one hand by the necessity of securing us from the fluctuation of the raw materials prices, and on the other hand in the context of sales increase and the production capacities levelling.

Investments during January – March 2015

Teraplast Group realized in the first three months of 2016 a total **investments** of **LEI 1.11 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-March 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.

Subsequent events

- ✓ 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.

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 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.

For further information, please contact the Communications Department of Teraplast: Anca Rif – Communications & Investor Relations Manager; Tel: +40-752-101.639; Email: anca.rif@teraplast.ro

Appendix:

Consolidated income statement, as of March 31st 2016 (Teraplast Group)

Thousand, lei	Q1 - 2016	Q1 - 2015	▲%
Consolidated revenue	86,909	66,257	31.17
Other operating income	163	155	5.34
Changes in inventories of finished goods and work in progress	5,639	2,946	91.41
Raw materials, consumables used and merchandise	(62,404)	(46,198)	35.08
Employee benefits expenses	(8,709)	(7,271)	19.77
Provisions, depreciation and amortization expenses	(4,187)	(4,804)	(12.84)
Gains/ (Losses) from the outflow of tangible and intangible assets	(2)	7	(133.92)
Gains/(Losses) from the fair value measurement of investment property	-	-	-
Other expenses	(8,805)	(6,717)	31.09

Financial costs	(1,554)	(1,416)	9.74
Financial incomes	1,483	1,345	10.23
Share of the profit or loss of the joint venture accounted for using the equity method	425	675	(36.91)
Profit/(Loss) before tax	8,958	4,979	79.92
Taxes on income	(1,900)	(752)	152.60
Consolidated Profit/(Loss) for the period	7,058	4,227	66.98
Total comprehensive income	7,058	4,227	66.98
Consolidated result for the period	7,058	4,227	66.98
thereof attributable to stockholders of Teraplast SA	7,038	4,159	69.25
thereof attributable to non-controlling interests	20	68	(70.94)
Number of shares	377,621,770	288,875,880	
Comprehensive earnings/(loss) per share (RON)	0.02	0.01	

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Consolidated statement of financial position, as of March 31st 2016 (Teraplast Group)

mii lei	T1 - 2016	T1 - 2015	▲%
Assets			
Non-current assets			
Tangible assets	127,053	129,705	(2.04)
Investment property	12,135	13,358	(9.15)
Intangible assets	1,159	907	27.77
Investment in the joint venture accounted for using the equity method	12,361	12,945	(4.51)
Other financial investments	18	16	6.08
Deferred tax assets	-	-	-
Total non-current assets	152,726	156,931	(2.68)
Current assets			
Inventories	65,162	45,390	43.56
Trade receivables	86,915	61,210	41.99
Prepayments	592	864	(31.48)
Cash and cash equivalents	9,121	4,677	95.02
Total current assets	161,790	112,141	44.27
Assets held for sale	-	-	-
Total assets	314,516	269,072	16.89
Equity and liabilities			

Equity			
Subscribed share capital	37,762	58,980	(35.97)
Other elements of equity	951	-	-
Share premium	27,385	42,245	(35.18)
Revaluation reserves	18,566	21,332	(12.96)
Legal reserves	9,853	8,068	22.13
Retained earnings	95,277	20,656	361.27
Stockholders' equity	189,794	151,281	25.46
Non-controlling interests	220	3,663	(93.99)
Total equity	190,014	154,944	22.63
Long-term liabilities			
Loans and finance lease liabilities	9,477	11,324	(16.31)
Other long-term liabilities	-	-	-
Liabilities for employee benefits	295	389	(24.10)
Investment subsidies	3,257	3,750	(13.15)
Deferred tax liabilities	3,982	4,321	(7.85)
Total long-term liabilities	17,011	19,784	(14.02)
Current liabilities			
Trade and other payables	72,708	53,569	35.73
Loans and finance lease liabilities	29,238	35,302	(17.18)
Income tax payable	1,905	1,041	83.02
Investment subsidies	467	441	5.88
Provisions	3,173	3,991	(20.50)
Total current liabilities	107,491	94,344	13.93
Total liabilities	124,502	114,128	9.09
Total equity and liabilities	314,516	269,072	16.89

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Stand-alone income statement, as of March 31st 2016 (Teraplast SA)

Thousand, lei	Q1 - 2016	Q1 - 2015	▲%
Stand-alone revenue	60,703	46,053	31.81
Changes in inventories of finished goods and work in progress	5,094	2,981	70.85
Other operating income	28	8,528	(99.67)
Raw materials, consumables used and merchandise	(44,008)	(30,399)	44.77

Employee benefits expenses	(5,991)	(5,755)	4.09
Provisions, depreciation and amortization expenses	(3,019)	(4,213)	(28.34)
Gains/ (Losses) from the outflow of tangible and intangible assets	(2)	-	0%
Other expenses	(5,994)	(13,212)	(54.63)
Financial result	4,193	1,349	210.81
Profit/(Loss) before tax	11,004	5,333	106.34
Net profit/(loss)	9,493	4,744	100.10
EBITDA	14,230	9,825	44.83

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*Q1 2015 sales include sales of doors and windows, while in 2016 these sales are shown on Teraglass financial statements.

Stand-alone statement of financial position, as of March 31st 2016 (Teraplast SA)

Thousand, lei	Q1 - 2016	Q1 - 2015	▲ %
Assets			
A. Total non-current assets	126,706	119,509	6.02
I. Intangible assets	646	507	27.42
II. Tangible assets	88,616	96,409	(8.08)
III. Investment property	19,643	13,357	47.06
VI. Investment in the joint venture	11,257	9,221	22.08
V. Other financial investments	15	15	0.00
B. Total current assets	124,232	89,338	39.06
I. Inventories	45,742	28,821	58.71
II. Receivables	72,210	57,214	26.21
III. Income tax recoverable	-	-	--
IV. Cash and cash equivalents	6,280	3,303	90.13
VI. Assets held for sale	-	-	-
C. Prepayments	259	724	(64.23)
Total assets	251,197	209,571	19.86
Equity and liabilities			
Subscribed share capital	160,246	128,199	25.00
Loans and finance lease liabilities	7,377	8,390	(12.07)
Liabilities for employee benefits	236	346	(31.79)
Deferred tax liabilities	2,948	3,218	(8.39)

Total current liabilities, of which:	80,390	64,417	24.80
Loans and finance lease liabilities	24,131	25,382	(4.93)
Trade and other payables	51,575	39,191	31.60
Provisions	3,174	3,992	(20.49)
Income tax payable	1,510	853	77.02
Total equity and liabilities	251,197	209,571	19.86

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