

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

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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.

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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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