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Teraplast Group overview – leading manufacturers of materials for construction market

Consolidated key financials
9M/2016 vs 9M/2015, mil. LEI

- 9M/2016 **turnover** 310.9 mil lei + **9.96%**
- 9M/2016 **net profit** 30.3 mil lei + **36.57%**
- 9M/2016 **EBITDA** 47.2 mil lei + **16.96%**

Teraplast

Teraplast is the largest PVC processor in Romania and holds leading positions in the markets for PVC pipes (42% share), PVC compounds (25% share).

Plastsistem

Plastsistem, is among the top three players on thermal insulating panels market and the leader of the galvanized steel structures market.

Politub

Politub manufactures tubes and pipes, of medium and high density PE for the transport and distribution networks of water, gas and telecommunications, or irrigation.

Teraglass

As of April 2015 Teraplast transferred the activity of PVC windows and doors to Teraglass. Teraplast owns 100% of Teraglass.

Teraplast Logistic

As of November 2015, Teraplast decided to set up a new company, which to take over all logistic activities (warehousing and transport).

Company overview – the largest PVC processor in Romania

Stand alone key financials 9M/2016 vs 9M/2015, mil LEI

- **9M/2016 turnover** – 208.8 mil lei **+5.22%**
- **9M/2016 net profit** – 33.3 mil lei **+ 90.52%**
- **9M/2016 EBITDA** – 44.9 mil lei **+ 40.30%**

Installations & Decorations

- The main player on the external sewage market
- The second player on the internal sewage market

Window Profiles

- Among the key players in the market;
- The market share of TRP increased from 1% in 2009, to 10% in 2016

Compounds

- Teraplast is the domestic market leader for the plasticized compounds and the main supplier of PVC compounds for the cable industry in Romania.



Teraplast Group overview – Significant events during 9M/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.

Teraplast Group overview – Significant events during 9M/2016

- 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 owned shares.



Teraplast Group overview – Significant events during 9M/2016

- 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.

Teraplast Group overview – Significant events during 9M/2016

- 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.

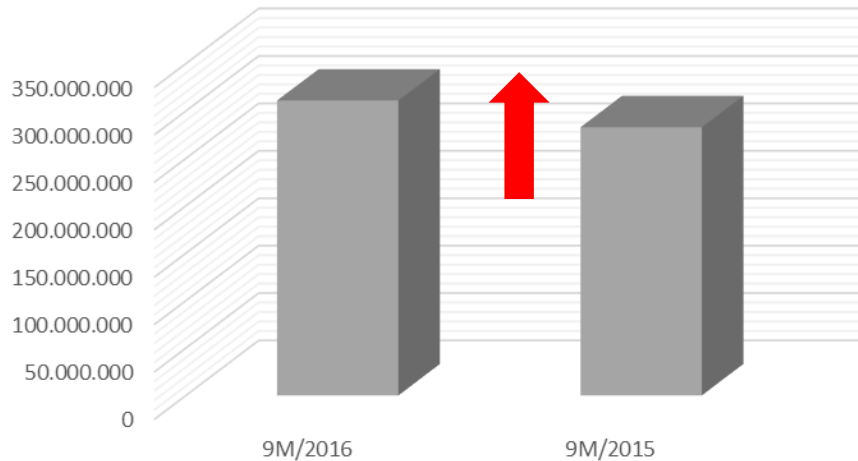


Teraplast Group overview – Subsequent events

- 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.

Turnover evolution at 9M/2016 – stand alone and consolidated

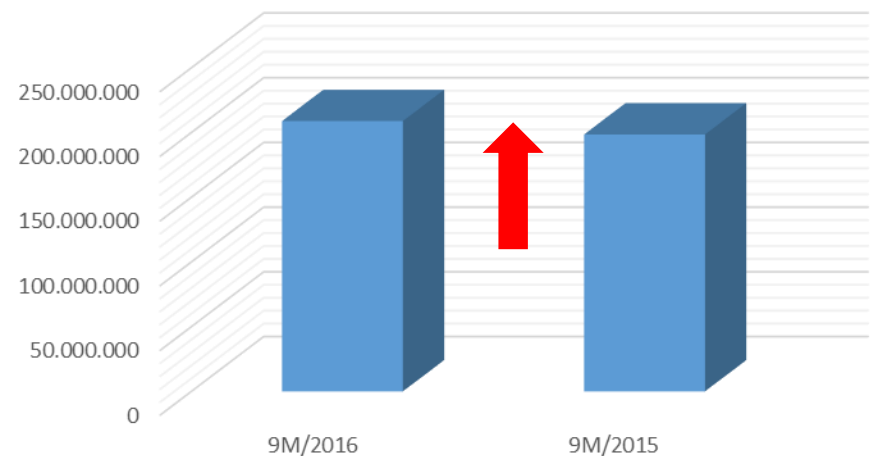
Turnover evolution - consolidated



In the first nine months of 2016, Teraplast Group’s **exports** have increased by **28%** as compared to the similar period of 2015.

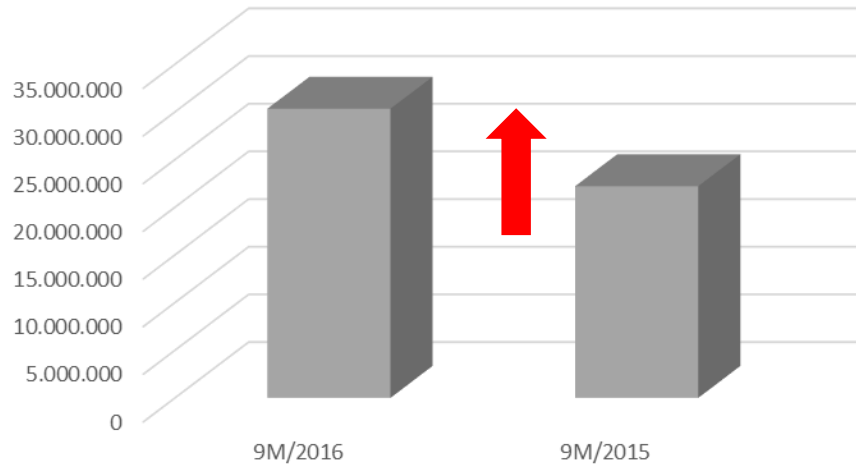
In the first nine months of the year Teraplast Group have obtained a **consolidated turnover of LEI 310.9 million**, increasing by **9.96%** as compared to the same period of 2015, evolution sustained by the domestic market context, in the first part of the year, and by the increase of the foreign market deliveries.

Turnover evolution - stand alone



Net profit evolution at 9M/2016 – stand alone and consolidated

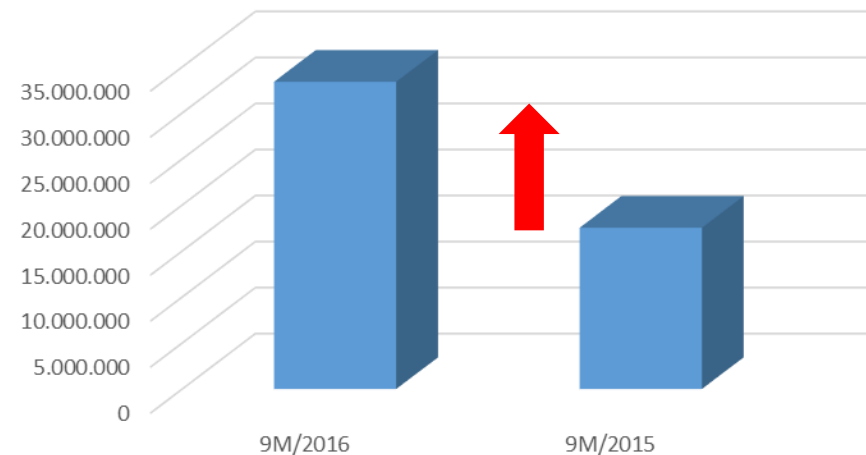
Net profit evolution - consolidated



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.

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.

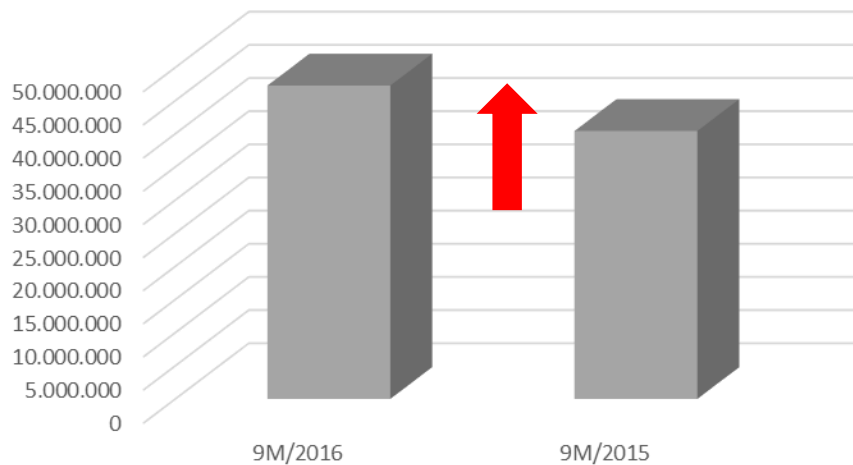
Net profit evolution - stand alone





EBITDA evolution at 9M/2016 – stand alone and consolidated

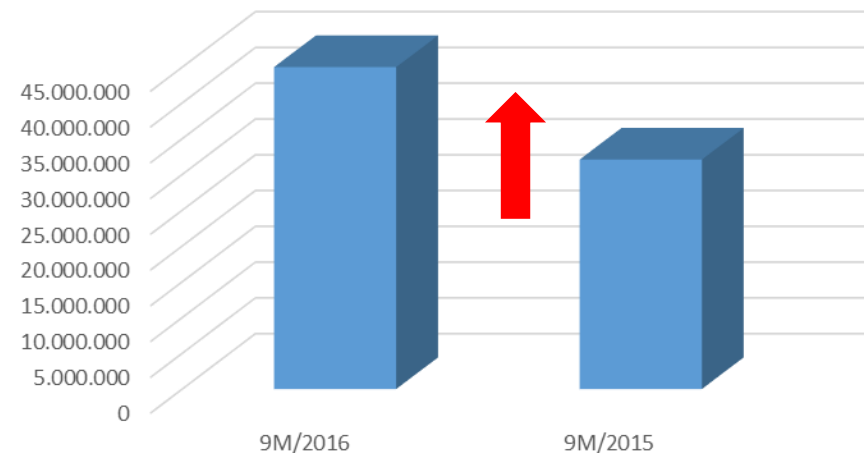
EBITDA evolution - consolidated



EBITDA of the parent company increased by **40.30%** up to **LEI 44.9 million**.

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

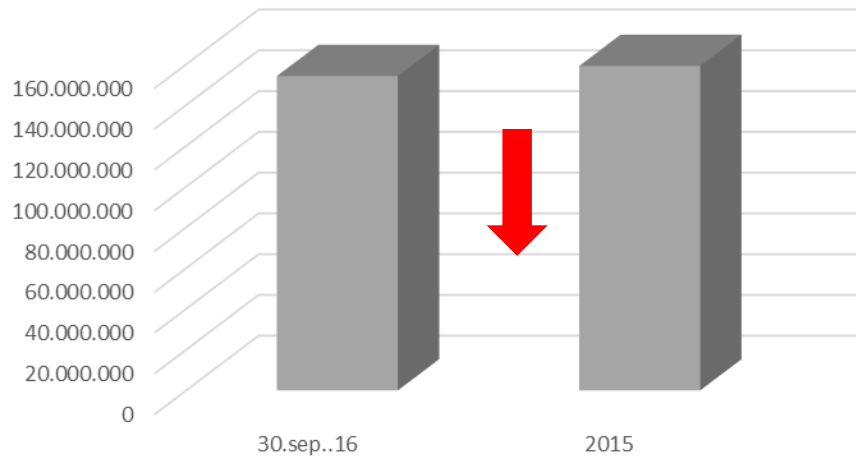
EBITDA evolution - stand alone





Non-current assets evolution at 9M/2016 – stand alone and consolidated

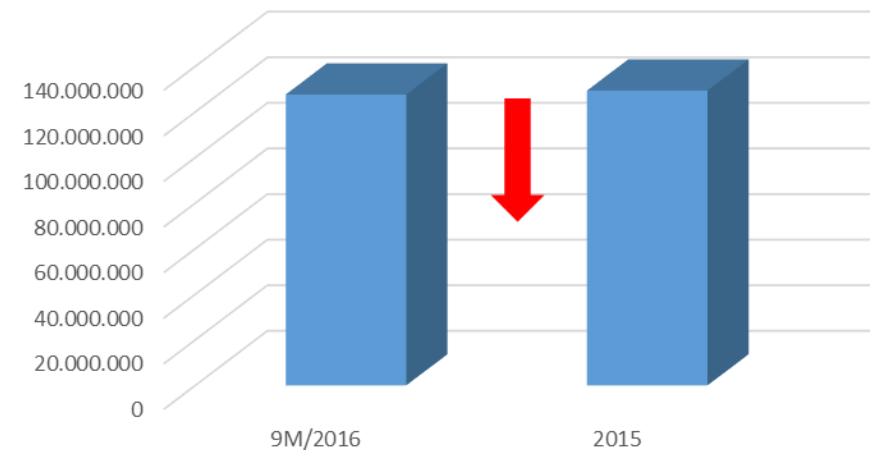
Non-current assets - consolidated



At the group level, the non-current assets were in 9M/2016 at the level of **154.2 million lei**, as compared to 159.21 million lei at 31 Dec. 2015.

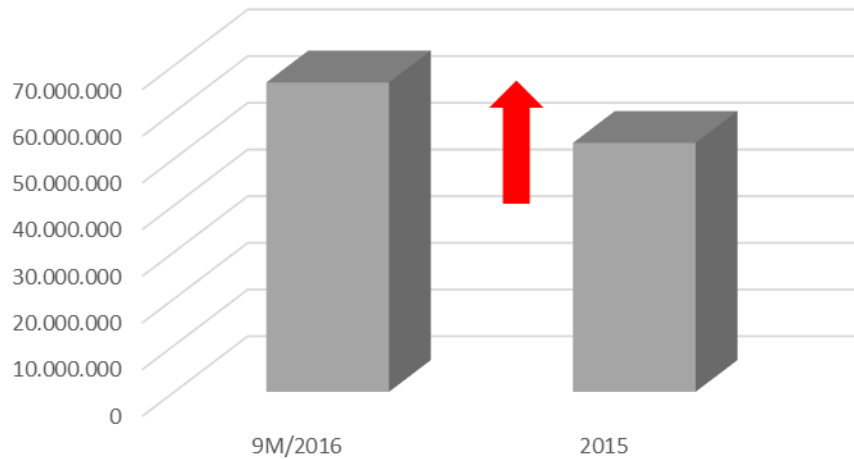
At the parent company level, the non-current assets also decreased to **127.6 million lei** at 9M/2016, as compared to 129.3 million lei at 31 Dec. 2015.

Non-current assets - stand alone



Inventories evolution at 9M/2016 – stand alone and consolidated

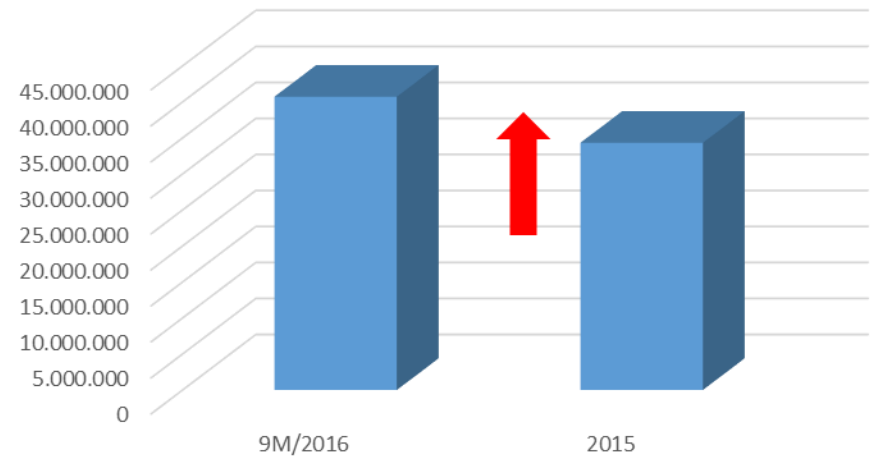
Inventories evolution consolidated



At the Group's level, inventories increased up to **66.3 million lei** at 9M/2016, as compared to 53.3 million lei at 31 Dec. 2015.

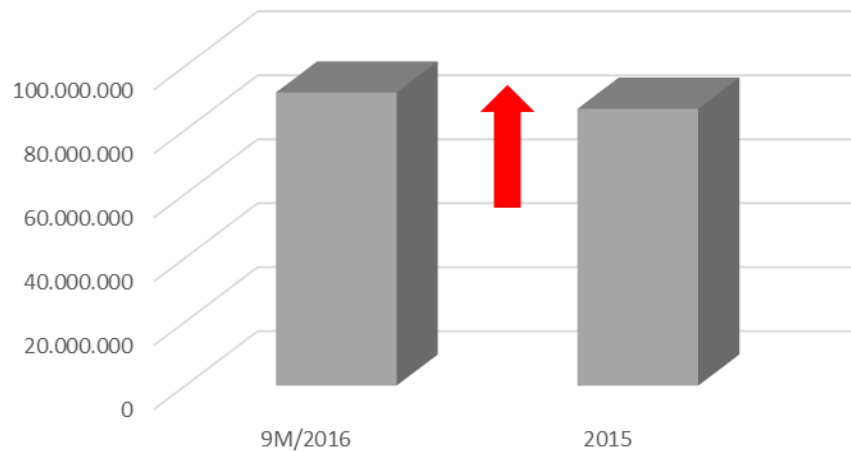
Parent company's inventories also increased up to **40.7 million lei** at 9M/2016, as compared to 34.3 million lei at 31 Dec. 2015.

Inventories evolution - stand alone



Receivables evolution at 9M/2016 – stand alone and consolidated

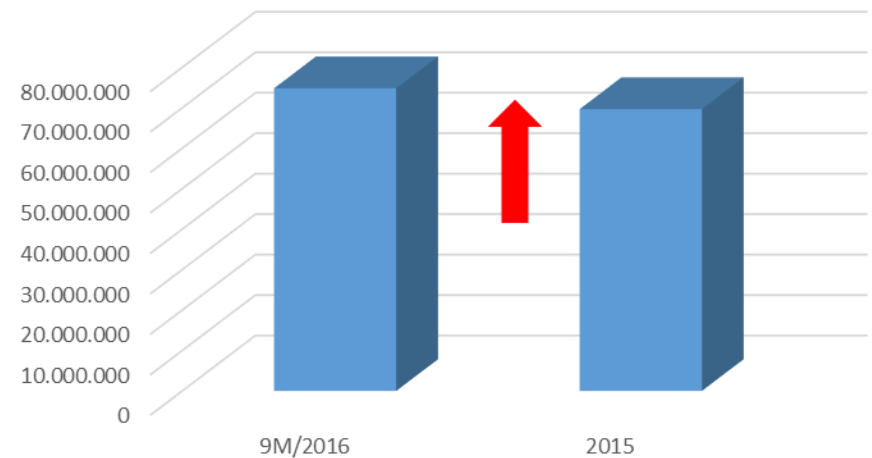
Receivables evolution - consolidated



Teraplast's **receivables** have been increasing at 9M/2016, with 7.38%, due to turnover's evolution. In addition, in 2015, Teraplast decided to insure a part of the client portfolio, which allowed the extension of payment terms for these clients.

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.

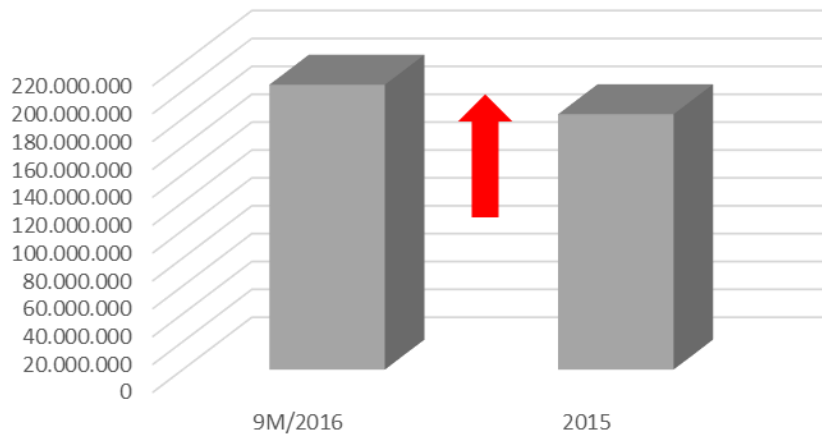
Receivables evolution - stand alone





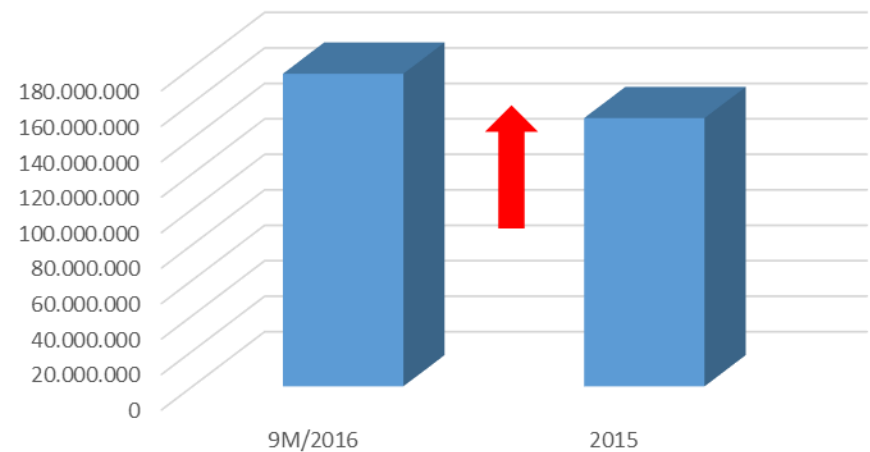
Shareholder's equity evolution at 9M/2016 - stand alone and consolidated

Shareholder's equity evolution - consolidated



At the group level, the shareholder's equity increased up to **204.3 million lei** in 9M/2016, as compared to LEI 183.2 million at 31 Dec. 2015.

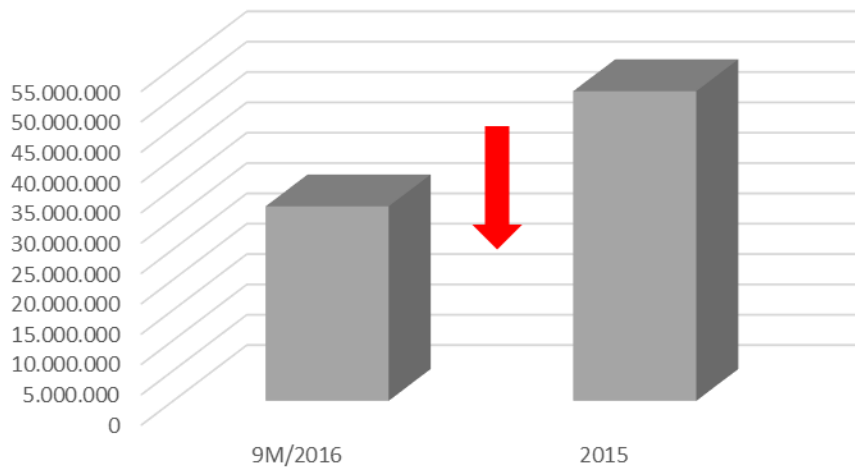
Shareholder's equity evolution - stand alone



At the parent company level, shareholder's equity increased to **LEI 176.2 million** in 9M/2016, as compared to LEI 151.2 million at 31 Dec. 2015.

Interest-bearing debts evolution in 9M/2016 – stand alone and consolidated

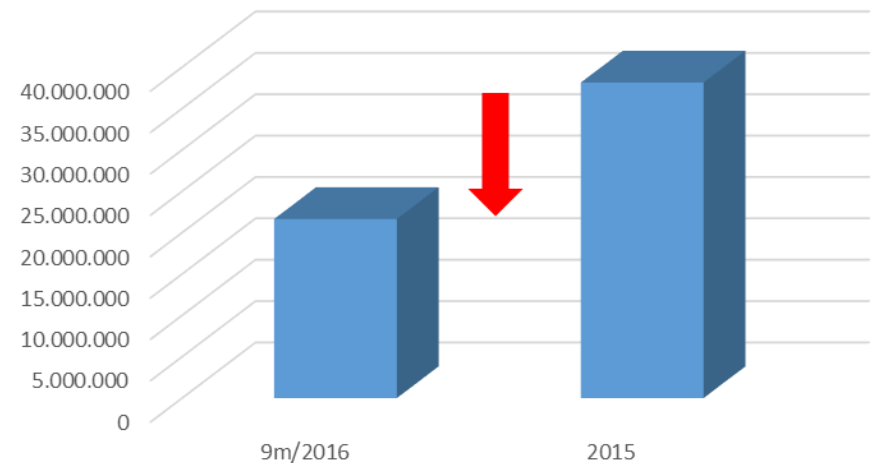
Interest-bearing debts - consolidated



In the nine months 2016 period, the **interest-bearing debts** of parent company Teraplast decreased by **43.2%**, as compared December 31st 2015.

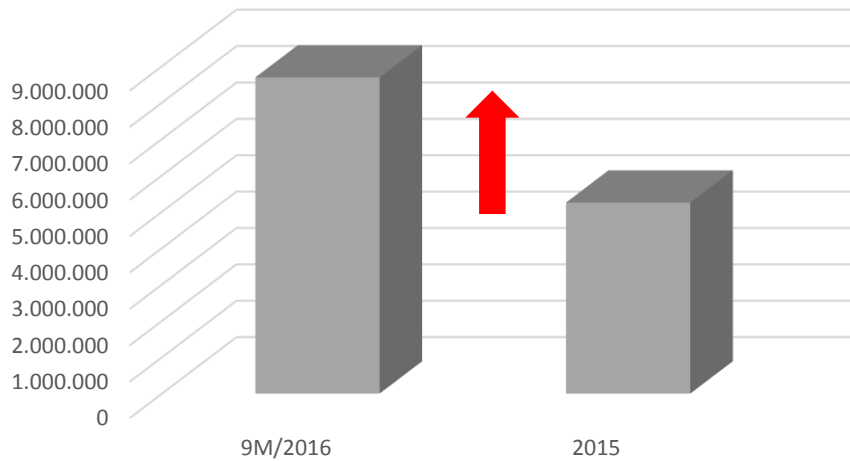
In the same period, Teraplast Group's **interest-bearing debts** decreased by over **37%**, as compared to December 2015.

Interest-bearing debts - stand alone



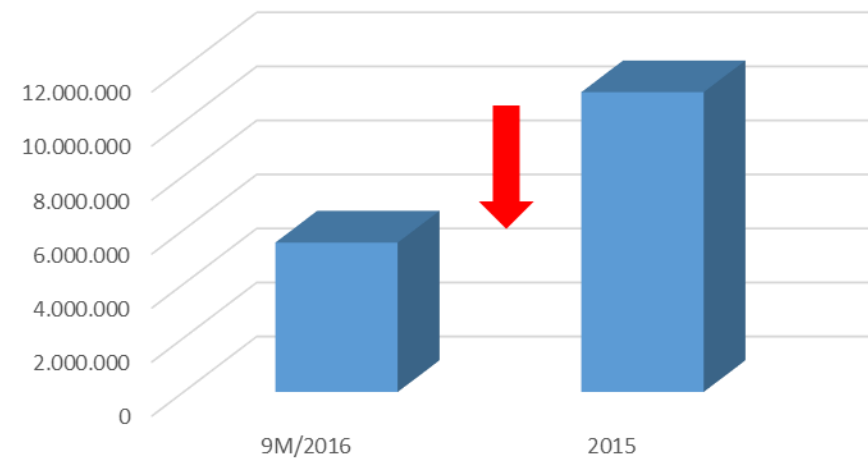
Cash and cash equivalents evolution in 9M/2016 – stand alone and consolidated

Cash and cash equivalents - consolidated



In nine months 2016, the parent company's available cash decreased to **LEI 5.5 million**, as compared to December 31st 2015.

Cash and cash equivalents - stand alone



In the same period, Teraplast Group's **available cash** increased by almost **66%**, as compared to December 31st 2015.

2016 budget – estimation regarding the achievement rate

Thousand, lei	Estimation 2016 budget achieving	Budget 2016	2015	▲%vs 2015	▲% vs budget
Turnover	405,492	473,241	393,542	3%	(14%)
EBITDA	61,025	70,524	58,994	3%	(13%)
Net profit	39,627	44,707	35,247	12%	(11%)

The new estimations for the 2016 budget achieving is based on the evolution below expectations of the constructions market, mainly on the infrastructure and thermal rehabilitation segments. During January-August 2016, the public expenses for investments were 1.3% lower. Additionally, the budgeted expenses for the EU co-financed projects decreased by over 32% in the first eight months of 2016, from LEI 9.6 billion in 2015, to LEI 6.5 billion in 2016.



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