

## PRESS RELEASE

### Teraplast financial results at September 30, 2014

- ✓ **21% increase of the net profit, as compared to January-September 2013;**
- ✓ **Increase of the turnover as compared to last year;**
- ✓ **Investments in development of approximately 5.53 million lei;**
- ✓ **Interest bearing debts decreasing by 17%, as compared to the similar period of 2013;**

**Bistrita, November 13<sup>th</sup> 2014** - Teraplast (TRP), Romanian producer of systems in the field of installations and constructions, obtained in the 9 months of 2014 a **net profit of LEI 5.81 million**, as compared to LEI 4.78 million in the same period of 2013. The 21% increase of the **net result** was sustained on one hand by the operational activity and the adopted positioning strategy and on the other hand by the improvement of the **financial result**. This last indicator was approximately 46% better in the nine months of 2014, due to the decrease of interest expenses, as a result of the liabilities value reduction and as a result of renegotiating the existing loan contracts, but also due to the decrease of the net foreign exchange expenses.

The **turnover** registered in the first nine months of the year a small increase, as compared to the same period of 2013, from Lei 174.89 million, to **LEI 175.59 million**. The turnover evolution was sustained by the new commercial politics, while the construction market context had a negative impact. According to NIS, in the first nine months of the year the volume of the construction works decreased by more than 10% comparing with the same period of the previous year, and the volume of engineering constructions decreased by more than 28%.

In the analyzed period, the company's interest bearing debts decreased by **17%**, as compared to the first nine months of 2013. In structure, **the long term liabilities** are **LEI 3.49 million** lower as compared to the first nine months of the previous year, and the value of **the short term liabilities** is reduced by **LEI 5.85 million**.

During 2014, Teraplast continued the projects of development and modernization, making **investments of EUR 5.53 million** during the period January-September. These investments targeted on one hand the expansion of the products portfolio, following the market demand, and on the other hand the replacement of certain equipment.

The new products, launched on the market, were the pipes and fittings for drilling water wells. The drilling system is made of PVC-U, material used on large scale in Europe and in the world. PVC-U has multiple advantages, the most important being the long duration of exploitation (over 50 years), the high tightness, the endurance to corrosion and not at the end the fact the PVC-U is an ecological and a recyclable material.

#### **Significant events in January – September 2014**

In **February 2014** the company signed for a EUR 1 million loan, with BRD, in order to finance the raw materials acquisition.

In **March 2014** took place some changes in the company's shareholding structure, in the sense that Dorel Goia bought the participation of 11.34%, held by SIF Banat-Crisana in Teraplast.

In **June** the company decided to renew the credit line, accessed from BRD - Groupe Societe Generale S.A, with a total value of EUR 3.3 million.

In **July 2014** the Managing Board decided to renew the financing facilities accessed from Banca Transilvania S.A., in total amount of LEI 15,000,000.

In **August 2014**, KJK FUND II, SICAV – SIF notified Teraplast about their stake raise, over 10% of the company's share capital. The voting rights of KJK FUND II, SICAV – SIF are now over 10% of the total voting rights.

The General Meeting of Shareholders approved in **August** the assignment of Ernst & Young Assurance Services as financial auditor of Teraplast and General Consulting MGI as internal auditor.

In **September** Mr. Gheorghe Grosan resigned from his position of board member, beginning with the 1<sup>st</sup> of October.

#### **Subsequent events**

The General Meeting of Shareholders decided in **October 2014** to reduce from seven to five the number of board members and the new structure of the Managing Board. According to the decision of the General Meeting of Shareholders the new structure of the Managing Board is the following: Dorel Goia, Magda-Eugenia Palfi-Țîrău, Emanoil Viciu, Razvan Stefan Lefter and Teofil-Ovidiu Muresan.

In **October 2014** the Managing Board of Teraplast elected Mr. Dorel Goia as President.

The Managing Board approved, in **November**, the end with the parties' agreement of the Chief Executive Officer mandate given to Mr. Traian Simion. The duties of Mr. Simion will be taken by Mr. Alexandru Stanean, former Chief Operation Officer of Teraplast SA. During the interim taking-over of the Chief Executive Officer mandate, Mr. Alexandru Stanean will no longer have the Chief Operation Officer duties.

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**Details about Teraplast:**

*With a tradition of over 115 years, Teraplast (TRP) is at the moment one of the main Romanian producers of systems for construction, installation and decoration markets. Company's portfolio is structured on four business lines: Installations & Decorations, PVC Profiles, PVC Compounds and Thermo-insulating joinery.*

*Teraplast is the biggest PVC processor in Romania and it holds top positions on the PVC pipes market (share of 42%), on the PVC compounds market (share of 31%) and on the PVC panels market (share of 31%). Teraplast is also the second biggest producer of PP (polypropylene) pipes, with an estimated share of 30%.*

*During the last five years the company invested over EUR 26 million in the relocation of the production capacities from Bistrita to the Teraplast Industrial Park, situated outside Bistrita. Teraplast has at Saratel production capacities in total surface of over 200.000 square meters, divided between the PVC products factory (PVC pipes plant, PVC profiles plant, window PVC profiles plant, PVC compounds plant) and the Polyolefin factory (PE manholes and tanks plant, PVC, PP and PE fittings plant and PP pipes plant).*

*Starting with July 2<sup>nd</sup> the company is listed at Bucharest Stock Exchange, by symbol TRP.*

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Appendix – press release

November 13<sup>th</sup> 2014

Profit and loss account

Indicator, LEI thousand	Sept 30 <sup>th</sup> 2014	Sept 30 <sup>th</sup> 2013	▲%
<b>Turnover</b>	<b>175,596</b>	<b>174,891</b>	<b>0.40</b>
<i>Changes in inventories of finished goods and work in progress</i>	(1,933)	1,620	(219.31)
<i>Other operating revenues</i>	139	156	(10.78)
<i>Raw materials, consumables used and merchandise</i>	(118,268)	(123,932)	(4.57)
<i>Employee benefits expenses</i>	(17,729)	(17,247)	2.80
<i>Provisions, depreciation and amortization expense</i>	(10,098)	(7,998)	26.25
<i>Profit/(Loss) from sales of tangible or intangible assets</i>	(164)	317	(151.83)
<i>Other expenses</i>	(18,225)	(18,820)	(3.16)
<b>Financial result</b>	<b>(1,712)</b>	<b>(3,191)</b>	<b>(46.32)</b>
<i>Profit/(loss) before tax</i>	7,606	5,796	31.21
<b>Net Profit/(Loss)</b>	<b>5,814</b>	<b>4,787</b>	<b>21.45</b>
<b>EBITDA</b>	<b>18,623</b>	<b>18,070</b>	<b>3.06</b>

\*The financials are unaudited and represent Teraplast's stand-alone results prepared according to International Financial Reporting Standards (IFRS);

Appendix – press release

November 13<sup>th</sup> 2014

Balance sheet

Indicator, LEI thousand	Sept 30 <sup>th</sup> 2014	Sept 30 <sup>th</sup> 2013	▲%
<b>ASSETS</b>			
<b>A. TOTAL noncurrent assets</b>	<b>125,184</b>	<b>136,617</b>	<b>(8.37)</b>
I. Intangible assets	602	888	(32.26)
II. Tangible assets	101,821	114,258	(10.89)
III. Real estate investments	13,547	12,257	10.52
VI. Investments in associated companies	9,199	9,199	-
V. Other financial assets	15	15	-
<b>B. TOTAL current assets – TOTAL</b>	<b>96,169</b>	<b>97,218</b>	<b>(1.24)</b>
I. Inventories	30,742	31,425	(2.18)
II. Receivable	63,980	61,753	3.61
III. Cash and bank accounts	1,447	4,040	(64.18)
<b>C. Prepayments</b>	<b>419</b>	<b>580</b>	<b>(27.68)</b>
<b>TOTAL ASSETS</b>	<b>221,772</b>	<b>234,415</b>	<b>(5.39)</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
Shareholders' equity	119,855	118,797	0.89
Interest-bearing debts	9,541	13,039	(13.35)
Provisions for pensions and similar obligations	286	330	(13.35)
Deferred tax	3,649	6,054	(39.72)
<b>TOTAL current liabilities - of which:</b>	<b>88,441</b>	<b>96,195</b>	<b>(8.06)</b>
Interests bearing debts	35,735	41,585	(14.07)
Trading liabilities	47,188	48,829	(3.36)
Current provisions	4,521	4,818	(6.18)
Due profit tax	997	963	3.41
<b>TOTAL SHARE CAPITALS AND LIABILITIES</b>	<b>221,772</b>	<b>234,415</b>	<b>(5.39)</b>

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